U.S. Congress.
III

Congressional Record

PROCEEDINGS AND DEBATES

OF THE

SECOND SESSION OF THE SEVENTY-THIRD CONGRESS

OF

THE UNITED STATES
OF AMERICA

VOLUME 78—PART 6

MARCH 29, 1934, TO APRIL 17, 1934

(Pages 5693 to 6792)



UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1934

AUTHENTICATED
U.S. GOVERNMENT
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Congressional Record

SEVENTY-THIRD CONGRESS, SECOND SESSION

SENATE

THURSDAY, MARCH 29, 1934

(Legislative day of Wednesday, Mar. 28, 1934)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal for the calendar day March 28 was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Kean	Robinson, Ark.
Ashurst	Couzens	Keyes	Robinson, Ind.
Austin	Cutting	King	Russell
Bachman	Davis	La Follette	Schall
Bailey	Dickinson	Logan	Sheppard
Bankhead	Dieterich	Lonergan	Smith
Barbour	Dill	McAdoo	Steiwer
Barkley	Duffy	McCarran	Stephens
Black	Erickson	McGill	Thomas, Okla.
Bone	Fess	McKellar	Thomas, Utah
Borah	Fletcher	McNary	Thompson
Brown	Frazier	Metcalf	Townsend
Bulkley	George	Murphy	Tydings
Bulow	Gibson	Neely	Vandenberg
Byrd	Glass	Norris	Van Nuys
Byrnes	Goldsborough	Nye	Wagner
Capper	Gore	O'Mahoney	Walcott
Caraway	Hale	Overton	Walsh
Carey	Harrison	Patterson	Wheeler
Clark	Hatch	Pittman	White
Connally	Hatfield	Pope	
Coolidge	Hayden	Reed	
Copeland	Hebert	Reynolds	

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from Illinois [Mr. LEWIS], the Senator from Florida [Mr. TRAMMELL], and the Senator from Louisiana [Mr. LONG] are necessarily detained from the Senate.

Mr. TOWNSEND. Mr. President, I desire to announce that my colleague [Mr. HASTINGS] is detained from the Senate on official business. I ask that this announcement stand for the day.

The VICE PRESIDENT. Eighty-nine Senators have answered to their names. A quorum is present.

COMPENSATION OF OFFICERS AND DIRECTORS OF PACKING COMPANIES

The VICE PRESIDENT laid before the Senate a letter from the Secretary of Agriculture, which, with the accompanying papers, was referred to the Committee on Banking and Currency, and the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF AGRICULTURE,
Washington, D.C., March 28, 1934.

The PRESIDENT OF THE SENATE,
Washington, D.C.

DEAR MR. PRESIDENT: On January 4, 1934, the Chairman of the Federal Trade Commission requested this Department to secure a report from the packers showing the salary schedule of the executive officers and directors in response to Senate Resolution 75, Seventy-third Congress, first session. This request by the Federal Trade Commission was made since jurisdiction over packing houses was confided to this Department by the Packers and Stockyards Act, 1921.

There are transmitted herewith salary questionnaires of Armour & Co.; Cudahy Packing Co.; Jacob Dold Packing Co.; Adolph Gobel, Inc.; Libby, McNeill & Libby; Rath Packing Co.; Swift & Co.; and Wilson & Co., Inc. The reports from the Trunz Pork Stores, Inc., and the Hygrade Food Products Corporation were forwarded to the Federal Trade Commission by these companies. Stahl Meyer, Inc., and Oscar Mayer & Co. have advised the Department that their securities are not listed on the New York Stock Exchange nor the New York Curb Exchange.

Very truly yours,

H. A. WALLACE, *Secretary.*

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following concurrent resolution of the Legislature of Puerto Rico, which was referred to the Committee on Territories and Insular Affairs:

SENADO DE PUERTO RICO.

I, Enrique Gonzalez Mena, Secretary of the Senate of Puerto Rico, do hereby certify:

That the following concurrent resolution was unanimously approved by the Senate of Puerto Rico on the 6th day of March 1934 and by the house of representatives on the 15th day of March:

"Concurrent resolution to express to our President, Franklin D. Roosevelt, and to the National Congress the gratitude of the people of Puerto Rico for the economic rehabilitation measures extended to the island, and to petition them to apply the rest of the national rehabilitation system to Puerto Rico

"Whereas the public treasury of the Government of Puerto Rico is exhausted and the borrowing capacity of said government is pledged for debts which were contracted by former administrations, and which prevent the present legislature from cooperating efficiently toward insular and municipal rehabilitation;

"Whereas the constitutional borrowing capacity of the insular government is almost exhausted on account of said debts, and that of the municipalities is in many cases overdrawn, which makes it impossible to borrow money for rehabilitation works;

"Whereas by virtue of the efforts and wisdom of our President, Franklin D. Roosevelt, Congress made extensive to this island some of the national rehabilitation measures, others are in course of study and application, and it is not yet known if the rest will be applied, this island being an integral part of the Nation and entitled to receive the benefits that may be derived from the national welfare by virtue of such measures;

"Whereas insular agriculture, the fundamental basis of our economic system, is deeply affected by the present crisis, commerce is restricted by coastwise trade laws so that it suffers from the alternate rise and fall of prices on the continent, which is its supply market, our whole economic life depending on the Nation: Now, therefore, be it

"*Resolved by the Senate of Puerto Rico (the house of representatives concurring)*, To express, as is hereby expressed, the gratitude of the Puerto Rican people to their President, Franklin D. Roosevelt, and to the National Congress, for the economic rehabilitation measures that have been put into practice on the island up to the present time, and to demand and petition that there be made extensive to the island all other rehabilitation measures that, according to our mode of life, our agriculture, industry, and commerce may be applicable without detriment to the insular economic structure for the country's rehabilitation, which will result in glory and honor to the national administration and in the profound gratitude of the people of Puerto Rico."

In witness whereof I have hereunto set my hand and caused to be affixed the seal of the Senate of Puerto Rico on this, the 19th day of March, A.D. 1934.

[SEAL] ENRIQUE GONZALEZ MENA,
Secretary of the Senate of Puerto Rico.

Mr. METCALF. Mr. President, I present a memorial addressed to both Senator HEBERT and myself. The memorial is also signed by 285 employees of investment houses in the State of Rhode Island. In their families are 505 persons dependent for their livelihood upon the salaries paid them. This memorial is presented as a prayer to the Congress to move with the utmost caution in its consideration of the proposed national securities bill now being considered by both Houses. It is the opinion of these people, all of whom have an intimate knowledge of the investment business, that their jobs will be sacrificed and the welfare

of their families jeopardized, if this measure shall become law, as now proposed.

The memorial presented by Mr. METCALF and Mr. HEBERT, numerously signed by sundry citizens of the State of Rhode Island, remonstrating against the passage of Senate bill 2693, to provide for the registration of national securities exchanges operating in interstate and foreign commerce and through the mails and to prevent inequitable and unfair practices on such exchanges, and for other purposes, was referred to the Committee on Banking and Currency.

Mr. WALCOTT presented a petition and letters in the nature of petitions from the Monroe League of Women Voters, by Edith C. Hammond, president, of Stepney Depot; Eleanor Stevenson, president of the New Milford League of Women Voters, of New Milford; the Ladies' Society of the First Congregational Church, by Eleanor B. Purple, secretary, of East Hampton; and Mrs. Blanche C. Oliver and other members of the Woman's Club of Willimantic, all in the State of Connecticut, praying for the passage of the so-called "Copeland pure food and drug bill", being the bill (S. 2800) to prevent the manufacture, shipment, and sale of adulterated or misbranded food, drink, drugs, and cosmetics, and to regulate traffic therein; to prevent the false advertisement of food, drink, drugs, and cosmetics; and for other purposes, which were ordered to lie on the table.

He also presented the petition of Local Union No. 37, Metal Polishers' International Union, of Waterbury, Conn., favoring the passage of legislation providing for a 30-hour work week, which was referred to the Committee on Education and Labor.

He also presented a memorial signed by Roger E. Case and other citizens of Bristol, Conn., remonstrating against the passage of the bill (S. 2926) to equalize the bargaining power of employers and employees, to encourage the amicable settlement of disputes between employers and employees, to create a National Labor Board, and for other purposes, which was referred to the Committee on Education and Labor.

He also presented the petition of members of the Plymouth Congregational Church, of New Haven, Conn., praying for world peace, and for the placing of embargoes on shipments of materials and on credits to nations moving toward war, which was referred to the Committee on Foreign Relations.

He also presented resolutions adopted by the directors of the Stamford Jewish Center, of Stamford, and Norwich Lodge, No. 309, Independent Order of B'rith Abraham, of Norwich, in the State of Connecticut, favoring the adoption of Senate Resolution No. 154, opposing alleged discriminations against Jews in Germany, which were referred to the Committee on Foreign Relations.

He also presented a resolution adopted by the Connecticut Federation of Democratic Women's Clubs at New Britain, Conn., favoring the prompt ratification of the World Court protocols, which was referred to the Committee on Foreign Relations.

He also presented letters and a telegram in the nature of petitions from the Committee on International Cooperation of the Roxbury League of Women Voters, of Roxbury; the Watertown League of Women Voters, by Louise Reardon, chairman, of Watertown; the Palm Sunday public congregation of Memorial Methodist Episcopal Church, of Unionville; the Meriden League of Women Voters, by Mrs. C. O. Arnold, chairman, of Meriden; and Rev. Oscar Edward Maurer, pastor of the First Church of Christ, and several other officers and members of that church, of New Haven, all in the State of Connecticut, praying for the prompt ratification of the World Court protocols, which were referred to the Committee on Foreign Relations.

He also presented resolutions adopted by the Ladies' Aid Society and the Woman's Home Missionary Society of the Methodist Episcopal Church of Kensington, and the Woman's Home Missionary Society of New London, in the State of Connecticut, favoring the passage of the so-called "Patman bill", being House bill 6097, providing higher moral standards for films entering interstate and foreign commerce, which were referred to the Committee on Interstate Commerce.

He also presented the memorial of Rev. T. J. Keena Branch, Ancient Order of Hibernians, of Bristol, Conn., remonstrating against the passage of the bill (S. 1842) to amend sections 211, 245, and 312 of the Criminal Code, as amended (relating to birth control), which was referred to the Committee on the Judiciary.

CARRIAGE OF AIR MAIL

Mr. BLACK. I ask unanimous consent to have read and then referred to the Committee on Interstate Commerce a very short letter from the Air Line Pilots' Association with reference to Senate bill 2762, now pending before the Interstate Commerce Committee.

There being no objection, the letter was read and referred to the Committee on Interstate Commerce, as follows:

CHICAGO, *March 21, 1934.*

Senator HUGO L. BLACK,
United States Senate, Washington, D.C.

DEAR SENATOR BLACK: The Pilots Association has received a copy of your bill, S. 2762, and has carefully studied same.

We are of the opinion that this is a very fine move to help clean up air commerce in this country. For instance, if the Post Office officials, the Department of Commerce officials, and, in fact, anyone connected with official Washington can continue to secure free passes on the air lines, they will continue to be obligated to them. Therefore, if your bill is not passed, your efforts to clean up the industry will fall short, because it takes very little imagination and foresight to see that a politically appointed Government official having to do with aviation, the air mail, or any phase of the air lines will be obligated after accepting free passes to visit distant relatives, go on a hunting trip, etc. Consequently, when the occasion arises to make a decision relative to control or regulation of these air lines or any phase of air commerce, the official having accepted the passes will find himself in a position obligated to decide in favor of the companies.

I have asked our executive representative, Mr. Edward G. Hamilton, to call this bill to the attention of other representatives in Washington in the interest of a better industry. I urge that you make every effort to see that this bill becomes law because its significance to your aims is far reaching.

Sincerely yours,

AIR LINE PILOTS ASSOCIATION,
DAVID L. BEHNCKE, *President.*

REVISION OF AIR-MAIL LAWS—REFERENCE OF A BILL

The bill (S. 3170) to revise air-mail laws was ordered to be taken from the table and referred to the Committee on Post Offices and Post Roads.

REPORTS OF COMMITTEES

Mr. LOGAN, from the Committee on Claims, to which was referred the bill (S. 2816) to extend the time for the refunding of certain taxes erroneously collected from certain building-and-loan associations, reported it without amendment and submitted a report (No. 572) thereon.

Mr. OVERTON, from the Committee on Commerce, to which was referred the bill (S. 2834) authorizing the Secretary of Commerce to acquire a site for a lighthouse depot at New Orleans, La., and for other purposes, reported it with amendments and submitted a report (No. 573) thereon.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, to which was referred the bill (S. 2922) to amend the act entitled "An act to promote the circulation of reading matter among the blind", approved April 27, 1904, and acts supplemental thereto, reported it without amendment and submitted a report (No. 575) thereon.

Mr. O'MAHONEY, from the Committee on Post Offices and Post Roads, to which was referred the bill (H.R. 7483) to provide minimum pay for postal substitutes, reported it with an amendment and submitted a report (No. 576) thereon.

TERRITORIAL EXPANSION MEMORIAL COMMISSION

Mr. BARKLEY. From the Committee on the Library I report back favorably, without amendment, Senate Joint Resolution 93 and ask unanimous consent for its immediate consideration.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the joint resolution will be read.

The Chief Clerk read the joint resolution (S.J.Res. 93) authorizing the creation of a Federal memorial commission to consider and formulate plans for the construction, on the

western bank of the Mississippi River, at or near the site of old St. Louis, Mo., of a permanent memorial to the men who made possible the territorial expansion of the United States, particularly President Thomas Jefferson and his aids, Livingston and Monroe, who negotiated the Louisiana Purchase, and to the great explorers, Lewis and Clark, and the hardy hunters, trappers, frontiersmen, and pioneers and others who contributed to the territorial expansion and development of the United States of America, as follows:

Whereas Thomas Jefferson, as President of the United States, insured, through the Louisiana Purchase and the Lewis and Clark Expedition, the expansion of our national domain to the Pacific Ocean; and

Whereas the early exploration and occupancy of these vast territorial additions of diversified climate and great riches, down the Ohio and up the Mississippi and Missouri Rivers and over the Santa Fe Trail and the Oregon Trail to the Pacific, stirred and broadened the Nation to a vision of our safety against encroachment from without and of our economic independence from within, that would come with a rounding out of the national boundary by the annexation of Texas and the acquisition of California; and

Whereas the national expansion of our country westward from its original confines along the eastern seaboard to include a continental empire stretching from the Atlantic to the Pacific is due in large part to the vision and genius of Thomas Jefferson and the other patriotic citizens who worked to the same end; and

Whereas there exists no adequate permanent national memorial to Thomas Jefferson, the Louisiana Purchase, the Lewis and Clark Expedition, or the other important movements and achievements connected therewith in the Mississippi Valley or elsewhere in the United States; and

Whereas the American people feel a deep debt of gratitude to Thomas Jefferson and all those who contributed to the territorial expansion of our Nation: Now, therefore, be it

Resolved, etc., That there is hereby established a commission, to be known as the "United States Territorial Expansion Memorial Commission" (hereinafter designated as the "United States Commission"), for the purpose of considering and formulating plans for designing and constructing a permanent memorial on the Mississippi River, at St. Louis, Mo., said Commission to be composed of 15 commissioners, as follows: 3 persons to be appointed by the President of the United States, 3 Senators by the President of the Senate, 3 Members of the House of Representatives by the Speaker of the House of Representatives, and 6 members of the Jefferson National Expansion Memorial Association to be selected by such association.

SEC. 2. The United States Commission may, in its discretion, accept from any source, public or private, money or property to be used for the purpose of making surveys and investigations, formulating, preparing, and considering plans and estimates for the improvement, construction, or other expenses incurred, or to be incurred.

SEC. 3. The United States shall not be held liable for any obligation or indebtedness incurred by the United States Commission, the State of Missouri, the Jefferson National Expansion Memorial Association, the city of St. Louis, Mo., or any other agency or officer, employee or agent of them, or any of them, for any purpose.

The PRESIDING OFFICER. Is there objection to the present consideration of the joint resolution?

Mr. BARKLEY. Mr. President, I will say that no appropriation is involved; the joint resolution merely provides for the appointment of a commission.

There being no objection, the joint resolution was considered, ordered to be engrossed for a third reading, read the third time, and passed.

The preamble was agreed to.

REVISION OF AIR-MAIL LAWS

Mr. McKELLAR. Mr. President, from the Committee on Post Offices and Post Roads I report back favorably with an amendment, in the nature of a substitute, the bill (S. 3170) to revise air-mail laws, and I submit a report (No. 574) thereon.

I ask consent that the reported amendment in the nature of a substitute be printed in the RECORD.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

Strike out all after the enacting clause of the bill (S. 3170) to revise air-mail laws, and in lieu thereof to insert:

"That the act of April 29, 1930 (46 Stat. 259, 260; U.S.C., supp. VII, title 39, secs. 464, 465c, 465d, and 465f), and the sections amended thereby are hereby repealed.

"SEC. 2. The term 'person', as used herein, is defined so as to include within its meaning all persons, firms, partnerships, corporations, or associations.

"SEC. 3. The Postmaster General is authorized to award contracts for the transportation of air mail by airplane between such points as he may designate, and for periods of not exceeding 3 years, to the lowest responsible bidders tendering sufficient guaranty for faithful performance in accordance with the terms of the advertisement at fixed rates per airplane-mile, with a definite weight basis of 1 cubic foot of space being considered as the equivalent of 10 pounds of air mail: *Provided*, That where the Postmaster General holds that a low bidder is not responsible, such bidder shall have the right to appeal to the Interstate Commerce Commission, under rules and regulations to be established by the said Commission, which shall speedily determine the issue, and its decision shall be final: *Provided further*, That the base rate of pay which may be bid and accepted in awarding such contracts shall in no case exceed 30 cents per airplane-mile for transporting a mail load not exceeding 300 pounds. Payment for transportation shall be at the base rate fixed in the contract for the first 300 pounds of mail or fraction thereof plus one tenth of such base rate for each additional 100 pounds of mail or fraction thereof, computed at the end of each calendar month on the basis of the average mail load carried per mile over the route during such month, except that in no case shall payment exceed 40 cents per airplane-mile: *Provided further*, That no contract or interest therein shall be sold, assigned, or transferred by the person to whom such contract is given, to any other person without the approval of the Postmaster General and the Interstate Commerce Commission; and upon any such transfer without such approval, the original contract, as well as such transfer, shall become null and void: *Provided further*, That if, in the opinion of the Postmaster Gener_l, the public interest requires it, he may grant an extension of any route, for a distance not in excess of 100 miles, and only one such extension shall be granted to any one person, and the rate of pay for such extension shall not be in excess of the contract rate on that route: *Provided further*, That the Postmaster General may designate certain routes as primary and secondary routes and may include at least four transcontinental routes, extending to termini, as nearly as practicable, on the Atlantic and Pacific coasts, as primary routes. All other routes shall be secondary routes. The character of the designation of such routes shall be published in the advertisements for bids, which bids may be asked for in whole or in part of such routes.

"SEC. 4. The Postmaster General shall cause advertisements of air-mail routes to be conspicuously posted at each such post office that is a terminus of the route named in such advertisement, for at least 30 days, and a notice thereof shall be published at least once a week for 4 consecutive weeks in some daily newspaper of general circulation published in the cities that are the termini for the route, before the time of the opening of bids.

"SEC. 5. After the bids are opened, the Postmaster General may grant to a successful bidder a period of not more than 6 months from the date of award of the contract to take the steps necessary to qualify for mail services under the terms of this act: *Provided*, That at the time of the award the successful bidder executes an adequate bond with sufficient surety, guaranteeing and assuring that within such period said bidder will fully qualify under the act faithfully to execute and to carry out the terms of the contract: *Provided further*, That if there is a failure so to qualify the amount designated in the bond will be forfeited and paid to the United States of America.

"SEC. 6. The Inserstate Commerce Commission is hereby empowered and directed to fix and determine, within 6 months prior to the expiration date of any and every contract made under this act, and at all events at a period not later than 4 years from the date of the passage of this act, the public convenience and necessity for all air-transport routes and the fair and reasonable future rates of compensation for the transportation of such mail matter by airplane common carriers and the service connected therewith, but not in excess of the rates herein provided for, prescribing the method or methods by weight or space, or both, or otherwise, for ascertaining such rates or compensation, and to publish the same, and orders so made and published shall continue in force until changed by the Commission after due notice and hearing.

"All provisions of section 5 of the act of July 28, 1916 (39 Stat. 412), relating to the procedure and administrative detail for the adjustment of rates for carriage of mail by railroads shall be applicable to the adjustment rates for transportation of mail by airplane under this act so far as consistent with the provisions of this act.

"In fixing and determining the fair and reasonable rates of compensation for such transportation of mail matter by airplane, the Commission shall not include in such rates, or provide in addition thereto, any compensation by way of subsidy or other similar payment.

"SEC. 7. It shall be unlawful for any person, or any officer thereof, holding an air-mail contract, to buy, acquire, control, or own, directly or indirectly, any interest, evidenced by stock ownership or otherwise, in any other person, if such other person is engaged, directly or indirectly, in any phase of the aviation industry.

"It shall be unlawful for any person, or any officer thereof, engaged, directly or indirectly, in any phase of the aviation industry to buy, acquire, control, or own, directly or indirectly, any interest evidenced by stock ownership or otherwise, in any person holding a mail contract.

"No person shall be eligible to bid for or hold an air-mail contract if when operations are begun under the contract, or thereafter, it has an officer, or another, who has theretofore entered into any unlawful combination or conspiracy to prevent the making of any bid for carrying the mails by airplane; or which pays an officer, or another, as a salary, including any other compensation, either directly or indirectly, a sum in excess of $17,500 per annum for full-time service.

"'Officer' as used in this section, includes a director, trustee, or whoever may individually, or in connection with others, assist in the management of any person as defined in this act.

"No person who violates any provision of this section shall be eligible to bid on or hold any air-mail contract.

"The prohibitions expressed in this section shall apply to holding companies, air-mail transportation companies, including all such persons or companies as may be engaged in the manufacture or sale of airplanes, parts of airplanes, accessories, or other materials, or articles used in connection with air-mail transportation; and shall also apply to subsidiaries, associates, affiliates, or other persons controlled by interlocking stock ownership or otherwise: *Provided*, That nothing in this section contained shall be construed to prohibit any persons holding an air-mail contract, buying, leasing, or owning, in whole or in part, a landing field or equipment thereon.

"SEC. 8. Any company alleging to hold a claim against the Government on account of any mail contract that may have heretofore been annulled may prosecute such claim as it may have against the United States for the cancelation of such contract in the Court of Claims of the United States: *Provided*, That such suit be brought within 1 year from the date of the passage of this act; and any person not ineligible under the terms of this act who qualifies under the other requirements of this act shall be eligible to contract for carrying air mail, notwithstanding the provisions of section 3950 of the Revised Statutes (act of June 8, 1872).

"SEC. 9. Each person desiring to bid on air-mail contracts shall be required to furnish in its bid a list of all the stockholders holding more than 5 percent of its entire capital stock and of its directors, and a statement covering the financial set-up, including a list of assets and liabilities; and in the case of a corporation, the original amount paid to such corporation for its stock, and whether paid in cash, and if not paid in cash a statement for what such stock was issued. Such information and the financial responsibility of such bidder, as well as the bond offered, may be taken into consideration by the Postmaster General in determining the qualifications of the bidder.

"SEC. 10. All persons holding air-mail contracts shall be required to keep their books, records, and accounts under such regulations as may be promulgated by the Postmaster General, and he is hereby authorized to examine and audit the books, records, and accounts of such contractors and to require a full financial report under such regulations as he may prescribe.

"SEC. 11. Before the establishment and maintenance of an air-mail route the Postmaster General shall notify the Secretary of Commerce, who thereupon shall certify to the Postmaster General the character of the equipment to be employed and maintained on each air-mail route. In making this determination the Secretary of Commerce, in his specifications furnished to the Postmaster General, shall determine only the speed, load capacity, and safety features and safety devices on airplanes to be used on the route, which said specifications shall be included in the advertisement for bids.

"SEC. 12. The Secretary of Commerce is authorized and directed to prescribe the maximum flying hours of pilots on air-mail lines, and safe operation methods on such lines, and is further authorized to initiate and approve agreements between air-mail operating companies and their pilots for retirement benefits to such pilots and mechanics. The Secretary of Commerce is authorized to prescribe all necessary regulations to carry out the provisions of this section and section 10 of this act.

"SEC. 13. It shall be a condition upon the awarding and holding of any air-mail contract that the rate of compensation for all pilots, mechanics, and laborers employed by the holder of such contract shall be not less than the rate of compensation paid by air-mail-line operators during 1933, as modified by decisions of the National Labor Board. This section shall not be construed as restricting the right of collective bargaining on the part of any such employee.

"SEC. 14. In order to improve national defense, promote the art of flying, and secure for air-mail and military and naval pilots the benefits of training in both military and commercial aviation a committee of not more than seven members, consisting of representatives of the Postmaster General, the Secretary of War, the Secretary of the Navy, the air-mail contractors, and of the air-mail pilots, to be designated in such manner as the Postmaster General may determine, is authorized to provide for an interchange of personnel, so that air-mail pilots who hold commissions as reserve officers in the Army, Navy, or Marine Corps may be called into active service with their respective branches, and air pilots who are regular or reserve officers of the Army, Navy, or Marine Corps may be detailed by the Secretary of War or the Secretary of the Navy, as the case may be, for training in air-mail flying. Such interchange of personnel shall not operate to reduce the pay, emoluments, or privileges of any pilot of an air-mail contractor, except that any air-mail pilot who is a reserve officer when called into active service under such interchange shall not be entitled to pay from the air-mail contractor during such active service.

"SEC. 15. All commissioned officers who are detailed for training in air-mail flying shall receive from the United States the pay, including flying pay and other allowances, now authorized in accordance with their military or naval rank, and, while detailed to such duty, shall also be paid the same rate per diem as is now payable to civilian employees of the United States under the Subsistence Expense Act of 1926, as amended. The performance by military or naval personnel of duty under this act shall in no way disturb or change their status under their respective commissions, warrants, or enlistments in their branches of the service, or any right, privilege, benefit, or responsibility growing out of such status.

"SEC. 16. All persons holding air-mail contracts, and who may employ civilian pilots and/or copilots, who now hold, or who may hereafter hold, commissions in the Army, Navy, or Marine Corps Reserve, shall, upon request of such pilots and/or copilots, grant them leave of absence but not during vacation, of not to exceed 1 month each year, when such pilots and/or copilots may be called to Government training duty with their respective branches of the service, under their respective commissions, for such period: *Provided*, That all Reserve officers performing Government duty with their respective branches of the service shall be deemed to be in the Government military service, and, if injured or killed while on such active duty, such officer and/or his dependents and beneficiaries shall be entitled to the same benefits as in the case of officers of the Army, Navy, or Marine Corps and/or their dependents and beneficiaries.

"SEC. 17. The Federal Radio Commission shall give equal facilities in the allocation of radio frequencies to those airplanes carrying mail and/or passengers during the time the contract is in effect.

"SEC. 18. It shall be unlawful for the contractor of any air-mail route to hold any other contract, or for air-mail contractors competing in parallel routes to merge or enter into any agreement, express or implied, which may result in common control or ownership.

"SEC. 19. The Postmaster General may provide service to Canada within 150 miles of the international boundary line, over domestic routes which are now or may hereafter be established and may authorize the carrying of either foreign or domestic mail, or both, to and from any points on such routes and make payment for services over such routes out of the appropriation for the domestic Air Mail Service: *Provided*, That this section shall not be construed as repealing the authority given by the act of March 2, 1929 (U.S.C., supp. VII, title 39, sec. 465a).

"SEC. 20. The Postmaster General may cause any contract to be canceled for disregard of or failure by the contractor to comply with the provisions of law herein contained and for any conspiracy or acts designed to defraud the United States with respect to such contracts. This provision is cumulative to other remedies now provided by law.

"SEC. 21. Whoever shall enter into any combination to prevent the making of any bid for carrying the mail under this act, or shall make any agreement, or give or perform, or promise to give or perform, any consideration whatever to induce any other person or concern not to bid for any contract pursuant to this act, shall be fined not more than $10,000 or imprisoned for not more than 5 years, or both.

"SEC. 22. Section 3 of the act of February 2, 1925 (43 Stat. 805), as amended (39 U.S.C., sec. 463, supp. VII), is amended so as to read as follows:

"'Air-mail postage rates shall be 6 cents for each ounce or fraction thereof.'

"SEC. 23. If any person shall willfully or knowingly violate any provision of this act, his contract, if one shall have been awarded to him, shall be forfeited, and such person shall, upon conviction, be punished by a fine of not more than $10,000 or be imprisoned for not more than 5 years."

REPORT OF PUBLIC WORKS ADMINISTRATION (S.DOC. NO. 167)

Mr. HAYDEN, from the Committee on Printing, to which was referred the letter of the Federal Emergency Administrator of Public Works, transmitting, pursuant to Senate Resolution No. 190, a report of the business of the Federal Emergency Administrator of Public Works for the period ended February 15, 1934, reported favorably thereon with the recommendation that it, with the accompanying report, be printed as a document; and

On motion by Mr. HAYDEN, it was

Ordered, That the letter from the Federal Emergency Administrator of Public Works, transmitting, pursuant to Senate Resolution No. 190, a report of the business of the Federal Emergency Administrator of Public Works for the period ended February 15, 1934, be printed as a document.

FIELD PERSONNEL OF FEDERAL CIVIL WORKS ADMINISTRATION (S.DOC. NO. 166)

Mr. HAYDEN, from the Committee on Printing, to which was referred the letter of the Administrator of Federal Civil Works, transmitting, pursuant to Senate Resolution No.

133, a report showing the number of persons employed in the field service of the administration in each salary grade, segregated by States, reported favorably thereon with the recommendation that it, with the accompanying report, be printed as a document; and

On motion by Mr. HAYDEN, it was

Ordered, That the letter from the Administrator of Federal Civil Works, transmitting, pursuant to Senate Resolution No. 133, a report showing the number of persons employed in the field service of the administration in each salary grade, segregated by States, together with the names and addresses of all persons receiving wages in excess of $2,000 per annum, be printed as a document.

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. REED:

A bill (S. 3221) for the relief of Stephen D. McNally; to the Committee on Military Affairs.

A bill (S. 3222) for the relief of the Valley Forge Military Academy, Inc.; to the Committee on Claims.

By Mr. SHEPPARD:

A bill (S. 3223) for the relief of the Farmers & Merchants National Bank of Gilmer, Tex.; to the Committee on Claims.

A bill (S. 3224) authorizing the Secretary of the Treasury to execute a certain indemnity agreement; to the Committee on Finance.

By Mr. PATTERSON:

A bill (S. 3225) for the relief of Dudley W. Houtz (with accompanying papers); to the Committee on Claims.

By Mr. COPELAND:

A bill (S. 3226) to provide for the designation of beneficiaries by employees subject to the provisions of the Civil Service Retirement Act of May 29, 1930, as amended, and for other purposes; to the Committee on Civil Service.

A bill (S. 3227) for the relief of the estate of John F. Hackfeld, deceased;

A bill (S. 3228) conferring jurisdiction upon the Court of Claims of the United States to hear, consider, and render judgment on the claim of Squaw Island Freight Terminal Co., Inc., of Buffalo, N.Y., against the United States in respect of loss of property occasioned by the breaking of a Government dike on Squaw Island; to the Committee on Claims.

A bill (S. 3229) to limit the exemption from duty of certain articles imported by residents who have not been abroad 15 days or more; to the Committee on Finance.

By Mr. THOMPSON:

A bill (S. 3230) creating the Florence Bridge Commission and authorizing said commission and its successors and assigns to construct, maintain, and operate a bridge across the Missouri River at or near Florence, Nebr.; to the Committee on Commerce.

(Mr. HATFIELD and Mr. WAGNER introduced Senate bill 3231, which appears under a separate heading.)

By Mr. REED:

A bill (S. 3232) authorizing the Secretary of the Treasury to convey certain lands, together with building thereon, to the city of New Castle, Pa., for a public library and municipal building; to the Committee on Public Buildings and Grounds.

By Mr. CONNALLY:

A bill (S. 3233) to provide for the custody and maintenance of the United States Supreme Court Building and the equipment and grounds thereof; to the Committee on Public Buildings and Grounds.

By Mr. GORE (by request):

A bill (S. 3234) to establish a Federal Stock Exchange Commission, to provide for the licensing of stock exchanges, and for other purposes; to the Committee on Interstate Commerce.

By Mr. STEPHENS:

A bill (S. 3235) to amend an act entitled "An act providing for the participation of the United States in A Century of Progress (the Chicago World's Fair Centennial Celebration), to be held at Chicago, Ill., in 1933, authorizing an appropriation therefor, and for other purposes", approved February 8, 1933, to provide for participation in A Century of Progress in 1934, to authorize an appropriation therefor, and for other purposes; to the Committee on Commerce.

By Mr. BULKLEY:

A bill (S. 3236) for the relief of W. C. Garber; to the Committee on Claims.

A bill (S. 3237) to repeal certain provisions of the act of March 4, 1933, and to reenact sections 4 and 5 of the act of March 2, 1929; to the Committee on the Judiciary.

By Mr. BORAH:

A joint resolution (S.J.Res. 96) limiting the use of appropriations; to the Committee on Appropriations.

By Mr. PITTMAN:

A joint resolution (S.J.Res. 97) to authorize an appropriation for the expenses of an examination of the United States and Turkish claims; to the Committee on Foreign Relations.

RETIREMENT SYSTEM FOR RAILROAD EMPLOYEES

Mr. HATFIELD. Mr. President, a subcommittee of the Senate Interstate Commerce Committee has had under consideration Senate bills nos. 1529 and 817, the former introduced by the distinguished Senator from New York [Mr. WAGNER] and the latter by myself.

At a subcommittee meeting this morning it was decided to report back to the full committee a revised bill involving the important principles of the two bills as originally introduced, together with a foreword or explanatory note, in which Senator WAGNER joins with me, and which gives the set-up of the retirement system for railway employees, explaining how the fund is created and maintained, and the payments are to be made by the employer and employee, which, from a retirement-insurance point of view, is more or less based upon the compensation idea, and is constructive, impressive, and convincing as to its merit.

This bill establishes the principle that industries shall provide for human depreciation as they have for years provided for property depreciation. The enactment of this measure will insure workers who have contributed 30 years' service to the success and operation of industries they will be taken care of in their old age without charity.

This bill will permit of the immediate retirement of 100,000 aged workers and the immediate employment of 100,000 unemployed railroad workers.

I ask unanimous consent to offer and introduce the new bill on behalf of the Senator from New York [Mr. WAGNER] and myself and have it referred to the Committee on Interstate Commerce.

I further ask that the bill may be printed in the CONGRESSIONAL RECORD, together with the explanatory note submitted and also that it may be printed for distribution, together with the explanatory note attached to it, for the benefit of those who do not care to make a technical study of all the facts and figures necessary to understand the workings of such pension systems.

The VICE PRESIDENT. Without objection, it is so ordered.

The bill (S. 3231) to provide a retirement system for railroad employees, to provide unemployment relief, and for other purposes, was read twice by its title, referred to the Committee on Interstate Commerce, and ordered to be printed in the RECORD, as follows:

A bill to provide a retirement system for railroad employees, to provide unemployment relief, and for other purposes

Be it enacted, etc.

SECTION 1. As used in this act:

(a) The term "carrier" means any railroad company, express company, and sleeping-car company, or other operator of transportation facilities, whether under private or Government ownership or operation, subject to the Railway Labor Act or the Interstate Commerce Act, and any subsidiary or auxiliary services used by or operated in connection with any such carrier.

(b) The term "employee" means each person who is in the service of any carrier as defined herein, or who on January 1, 1932, or thereafter, was in such service or had or now has the right to reinstatement to such service, and each person who, having had heretofore the status of being in such service, shall have such status at or after the effective date of this act, and includes each officer or representative of employee organizations related to the service who during or following employment by

any carrier is engaged in such representative service in behalf of employees.

(c) The term "board" means the Railroad Retirement Board hereby created.

(d) The term "Commission" means the Interstate Commerce Commission.

(e) The term "annuity" means regular payments at the end of each completed month during retirement, ceasing at death or at resumption of compensated service.

(f) The term "service" means the employment relation between an employee and a carrier or an employee organization.

(g) The term "service period" means, as to any employee, the period beginning with his entering the service subsequent to the effective date of this act, or prior thereto for employees at such date, and shall be the sum total of such service for one or more carriers or employee organizations, whether or not continuously performed.

(h) The term "retirement" means the status of cessation of compensated service.

(i) The term "age" means age at the latest attained birthday.

(j) The term "disability" means a condition under which an employee is totally and presumably permanently unable to discharge the duties of his regular occupation by reason of an accident or injury sustained or an occupational disease incurred in the course of his service.

(k) The term "carrier contribution" means the payment to be made by each carrier.

(l) The term "employee contribution" means the payment to be made by each employee during service after the effective date.

(m) The term "effective date" means the first day of the second month after the taking effect of this act.

(n) The term "Railroad Retirement Act" means and may be used in citing his act and subsequent amendments thereto.

SEC. 2. Each retired employee, having a service period of 5 years or more, and having attained the age of 65 years, or having completed a service period of 30 years, shall be paid an annuity, to begin on a date specified in a written application which date shall not be more than 60 days before the making of the application nor less than 6 months after the effective date of this act. Such annuity shall be based upon the service period of the employee and shall be the sum of the amounts determined by multiplying the number of years of service by 2 percent of the monthly compensation. The monthly compensation shall be the average of the monthly compensation received by the employee during any 20 months selected by him out of any 120 months of consecutive service, or if the service shall be less than 10 years, during any 2 months selected from each year of service. No part of any monthly compensation in excess of $400 shall be recognized in determining any annuity or disability payment or any employee contribution. The annuity shall not exceed 60 percent of the monthly compensation, and such 60 percent shall be reduced by 4 percent of such monthly compensation for each year the employee is less than 65 years of age at the time of the first annuity payment. No such reduction shall be made if the carrier has retired the employee because of physical or mental inability to continue in active service.

SEC. 3. Retirement shall be compulsory upon employees who, on the effective date have attained or thereafter shall attain the age of 65 years. The carrier or employee organization and the employee may, by an agreement in writing filed with the board, extend the time for retirement as to such employee, for 1 year and for successive periods of 1 year each, but not beyond the age of 70 years. Until five years from the effective date the compulsory retirement shall not apply to an employee who from and after the effective date occupies an executive position in the service of a carrier or employee organization.

SEC. 4. Any employee suffering disability shall be awarded a monthly disability payment equal to the annuity payable upon retirement at his then age, which disability payment shall not be less than $50 per month. Such employee shall be subject to medical examinations for the determination of disability and of the continuance of disability from time to time, but after 2 years of continuous disability such examination shall not be required oftener than once in each year. In event that disability has ceased or the employee shall fail or refuse to submit to such medical examination, the disability payment shall cease until disability shall again be established upon such medical examination. No disability payment shall be made when the employee shall be entitled at that time to an annuity upon retirement equal to or in excess of the disability payment. Any payment received by an employee from a carrier on account of such disability, to the extent of such payment after deducting all expenses thereon, shall operate to reduce or defer the monthly disability payment herein provided until the sum of the monthly disability payments otherwise payable hereunder shall equal the sum of such payment or payments.

SEC. 5. Every carrier shall pay as an operating expense a carrier contribution in a percentage upon its operating revenue, consisting of (1) the contribution percentage and (2) the carrier additional percentage, and every employee shall pay an employee contribution in a percentage upon the employee compensation, consisting of (1) the contribution percentage and (2) the employee additional percentage. The employee compensation shall be the compensation received for service as such employee, excluding compensation in excess of $400 per month. The contribution percentage shall be the same for all carriers and all employees and shall be determined by the board from time to time, and shall be such as to produce, as nearly as may be, the amount necessary to pay the annuities, the disability payments, and the expenses becoming payable from time to time, excluding the fully paid pro rata part of any annuity provided by a credit to the employee. Until the board shall determine on a different percentage, the contribution percentage shall be 2½ percent. Employee contributions shall be deducted by the carrier or employee organization from the compensation of its employees and shall be paid by the carrier or employee organization, together with the carrier contributions, quarterly into the Treasury of the United States. During the first calendar year, beginning with or following the effective date, the employee additional percentage shall be two tenths percent, and during each calendar year the employee additional percentage shall be increased by two tenths percent on the employee compensation. The carrier additional percentage shall be the percentage of the aggregate operating revenue which will produce an amount equal to the sum of the amounts produced by the employee additional percentage. Each employee additional percentage payment, with an equal amount from the aggregate carrier additional percentage payments, shall be accumulated to the credit of the individual employee. Such credit shall be the sole property of the employee, and the credit shall be applied, on application for an annuity, to provide a fully paid pro rata part of the cost of the annuity, and on death the credit, or the excess, if any, of the credit on entering on the annuity over the sum of the annuity payments, shall be paid to designated beneficiaries, or, in the absence of a designation, to the estate. The board shall determine and credit interest at the net rate earned and shall fix the basis for determining the cost of the annuity. Whenever the board shall determine that continued payments, without further increase in the additional percentage, will provide a credit equal to the maximum cost of the annuity at any time the annuity may be entered upon, the employee shall make future payments without further increase in the additional percentage. Whenever the board shall determine that the credit is equal to or in excess of the maximum cost of the annuity, the employee shall discontinue paying the additional percentage. Upon making application for the annuity the employee may withdraw the excess, if any, over the cost of the annuity, or may apply the excess to providing an increased annuity.

SEC. 6. The board shall have the power to provide by appropriate rules and regulations for substituting the provisions for annuities and other benefits to employees under this act, for any obligation for prior service or for any existing provisions for the voluntary payment of pensions to employees subject to this act by a carrier or by employees subject to this act, so as to relieve such carrier from its obligations under its existing pension systems and to transfer such obligations to the retirement system herein established. If the fulfillment of any such transferred obligation shall require additional contributions or larger payments than would otherwise be required under the provisions of this act, then such additional contributions shall be made by the carrier originally responsible for the creation of such obligation or for the excess amount of such payments over those which would be required under the provisions of this act. In the event that the board is unable to make satisfactory arrangements with any carrier for the substitution of the provisions under this act for its existing pension system, then and in that event the provisions of this act shall be applied to said carrier and its employees without regard to any conflict or duplication in the operation of such an existing pension system and the operation and effect of the provisions of this act.

SEC. 7. There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, such sums not in excess of the amounts received under the provisions of this act, as may be necessary to pay all annuities and disability payments, together with the expenses of administration of this act. At the request and direction of the board the Treasurer of the United States, with the approval of the Secretary of the Treasury, is authorized to invest such funds as are not immediately required for disbursements in interest-bearing bonds, notes, or other obligations of the United States and to collect the principal and interest of such securities and to sell and dispose of the same as in the judgment of the board shall be in the interest of said funds.

SEC. 8. A railroad retirement board, composed of 2 representatives of the employers and 2 representatives of employees and 1 member who is neither, shall be appointed by the President, with the consent and approval of the Senate, for terms of 2, 4, 6, 8, and 10 years, respectively, as shall be designated in the original appointment. Thereafter appointments shall be for terms of 10 years. Vacancies shall be filled by appointment for the unexpired term. The member of the board whose term shall first expire shall act as chairman. A member of the board may be removed by the President for inefficiency, neglect of duty, malfeasance in office, or ineligibility, but for no other cause. Each of said members shall receive a salary of $10,000 per year, together with necessary traveling expenses and subsistence expenses, or per diem allowance in lieu thereof, while away from the principal office of the board on duties required by this act. The members and employees of the board shall be included as employees under this act and, together with employees receiving annuities, shall be furnished free transportation in the same manner as such transportation is furnished to employees. The board shall have and exercise all the duties and powers necessary to administer this act. The board shall receive and, as may be necessary, enforce the payments required under the act, make and certify awards and payments, and account for all moneys and funds necessary thereto. The board may require such advance upon the payments of carriers as necessary to put this act into op-

eration. The board shall establish and promulgate rules and regulations and provide for the adjustment of all controversial matters, with power as a board or through any member or subordinate designated therefor to require and compel the attendance of witnesses, administer oaths, take testimony, and make all necessary investigations in any manner involving such annuities or payments, and shall maintain such offices, provide such equipment, furnishings, supplies, services, and facilities, and employ such persons and provide for their compensation and expenses as may be necessary to the proper discharge of the functions of the board. All rules, regulations, or decisions of the board shall require the approval of at least three members and shall be entered upon the records of the board and shall be a public record. The board shall gather, keep, compile, and publish in convenient form such records and data as may be necessary, and at intervals of not more than 2 years shall cause to be made actuarial surveys and analyses to determine from time to time the percentage to be required upon employee compensation and upon carrier operating revenue to provide for all annuities, disability payments, and expenses, and to assure proper administration and the adequacy and permanency of the retirement system hereby established. The board shall have power to require all employers and employees, and any officer, board, commission, or other agency of the United States, to furnish such information and records as shall be necessary for the administration of this act. The board shall make an annual report to the President of the United States, to be submitted to Congress. Witnesses summoned before the board shall be paid the same fees and mileage that are paid witnesses in the courts of the United States.

SEC. 9. This act shall be administered and construed with the intent and to the purpose of providing the greatest practicable amount of relief from unemployment and the greatest possible use of resources available for said purpose and for the payment of annuities for the relief of superannuated employees. Not later than 10 years from the effective date the board, in an annual or special report, shall make specific recommendations for such changes in the retirement system hereby created, including the plan, the benefits, and the contributions, as shall assure the adequacy and permanency of said retirement system on the basis of its experience and all information and experience then available. For this purpose the board shall from year to year make such investigations and actuarial studies as shall provide the fullest information practicable for such report and recommendations.

SEC. 10. The several district courts of the United States and the Supreme Court of the District of Columbia shall have jurisdiction to entertain an application and to grant appropriate relief in the following cases which may arise under the provisions of this act.

(a) An application by the board to compel an employee residing within the jurisdiction of said court, or a carrier subject to service of process within said jurisdiction, to comply with any obligations imposed on said employee or carrier under the provisions of this act.

(b) An application by an employee or carrier to the Supreme Court of the District of Columbia or to district court of any district wherein the board maintains an office or has designated an agent authorized to accept service in its behalf, to compel the board to set aside an action or decision claimed to be in violation of a legally enforceable right of the applicant, or to take an action, or to make a decision necessary for the enforcement of a legal right of the applicant, when the applicant shall establish his right to a judicial review upon the jurisdictional ground that, unless he is granted a judicial review of the action or decision, or failure of the board to act or to decide, of which he complains, he will be deprived of a constitutional right to obtain a judicial determination of his alleged right.

The jurisdiction herein specifically conferred upon the said Federal courts shall not be held exclusive of any jurisdiction otherwise possessed by said courts to entertain actions at law or suits in equity in aid of the enforcement of rights or obligations arising under the provisions of this act.

SEC. 11. No credit, annuity, disability, or death payment shall be assignable or be subject to any tax or to garnishment, attachment, or other legal process under any circumstances whatsoever.

SEC. 12. On the failure of any carrier to make any payment when due under the provisions of this act, such carrier shall, in addition to the payments so required, unless excused by order of the board, have such payment increased by 1 percent of the amount of such payment for each month such payment is delayed.

SEC. 13. Any employee or other person subject to this act who shall fail or refuse to make any report or furnish any information required by the board in the administration of this act or who shall fail or refuse to make any accounting required under this act, or who shall make any false or fraudulent statement or report required for the purpose of this act, or who shall make or aid in making any false or fraudulent statement or claim for the purpose of receiving any award or payment under this act shall be punished by a fine of not less than $100 nor more than $10,000, or by imprisonment not exceeding 1 year.

SEC. 14. If any provision of this act, or the application thereof to any person or circumstances, is held invalid, the remainder of the act or application of such provisions to other persons or circumstances shall not be affected thereby.

The statement in the form of a memorandum submitted by Mr. HATFIELD (on behalf of himself and Mr. WAGNER), was ordered to be printed in the RECORD, as follows:

MEMORANDUM ON PROPOSED CONSOLIDATION S. 817 AND S. 1529 IN A BILL TO PROVIDE A RETIREMENT SYSTEM FOR RAILROAD EMPLOYEES, TO PROVIDE UNEMPLOYMENT RELIEF, AND FOR OTHER PURPOSES

The subcommittee of the Committee on Interstate Commerce held hearings on S. 3892 and S. 4646 January 11 to 19, 1933, at which representatives of the employees and the carriers were fully heard. The employees were represented by the Railway Labor Executives Association and by the Railroad Employees National Pension Association, and the carriers by the Association of Railway Executives. Representatives of other transportation organizations and of associations of manufacturers and individual employees were also heard. The adjournment on March 4, 1933, prevented further consideration by the Seventy-second Congress.

The bills with some modifications were reintroduced early in the special session of the Seventy-third Congress as S. 1529 and S. 817. The pending bills incorporate changes which were suggested at the hearings, particularly in adjusting to present economic conditions the amounts of the proposed annuity payments and required contributions. Apart from these changes the bills differ only in detail from the bills heard by the subcommittee. Except as to one member, the present subcommittee is composed of the same members as the subcommittee which sat in the hearings.

Upon a full consideration of the proposals contained in the two bills and the testimony taken at the hearings, and such other data and experience as is available, it has been found practicable to combine the pending bills into one bill, which it is believed accomplishes in a practical way the purposes sought and generally agreed to be desirable, alike in the interests of the railroad industry, its employees, and the public.

STATEMENT OF THE PLAN

The different bills under consideration show a general agreement as to the plan and purpose of the proposed legislation.

It is agreed that all railroads which have been subjected to the jurisdiction of Congress are to be treated together as one employer. All persons in the service of the railroads are to be regarded as employees of the one employer. One common retirement system is to be established for making old-age and disability payments to the employees of all railroads. The old-age pension or annuity is to be based upon the wages and the length of service upon all railroads, with specified maximum limits. The payments are to be provided for from joint contributions by the railroads and the employees.

The Treasury of the United States is made the custodian of the funds. The payments to be made by the Treasury are limited to the amounts provided by the railroads and the employees, and no burden is placed on the Public Treasury.

The administration of the system is to be placed in a board of five, to be appointed by the President of the United States, with the advice and consent of the Senate.

In the consolidated bill the amount of the pension or annuity is to be 2 percent on the basic wage of the employee multiplied by the number of years of service, but is not to exceed 60 percent of the basic wage. The basic wage is to be determined upon average compensation as defined in the bill, but no compensation in excess of $400 per month is to be recognized in determining the basic wage.

Pensions are to be payable from and after age of 65, or before age 65 after 30 years of service. Retirement is to be compulsory at age 65, with a provision for an agreement by the employee and the railroad to extend the employment from year to year, but not beyond age 70. Compulsory retirement at age 65 shall not apply to executives until 5 years after the act takes effect.

If the pension payments are begun before age 65 after 30 years of service, the maximum pension payment is reduced from the 60 percent maximum by 4 percent of the basic wage for each year the employee is less than 65 years of age when the pension payments are begun. Thus, at age 60 the maximum pension is 40 percent and at age 55 it is 20 percent, and no pension at all is payable below age 51. The reduction in the maximum does not apply where the employee is retired by the railroad for mental or physical disability.

Assuming the above average wage of $1,667 the average maximum monthly old-age pension will be $83.33. By reason of reductions on account of shorter periods of service, on the assumptions herein made, the actual average will be $71.03 for pensions to be granted during the first full year of operation. Applied to the compensation received by individual employees the pensions will bear such reasonable relationship to the compensation as will encourage satisfactory retirement for the good of the service.

A payment is provided in the case of disability of an employee by accident or disease. The disability must be total and permanent and must result from the service. This disability payment is equal to the retirement annuity or pension then payable, but is not to be less than $50 per month. Any amount otherwise payable by the railroad on account of the injury or disease is deducted from the disability payment. Payments on account of disability do not, however, affect the payments to be made as an old-age pension or retirement annuity, but no old-age pension will be made while disability payments are being made.

The pension or annuity payments are to be provided by payments in a uniform contribution percentage by the employees upon their wages and by the carriers upon their operating revenues. This results at the outset in a payment of approximately one third by the employees and two thirds by the railroads. The rail-

roads are required to deduct and retain the employee percentages and to pay these with their own payments quarterly into the Treasury of the United States.

The board is to determine from time to time the contribution percentage on the wages and on the operating revenue. This is fixed at 2½ percent until the board determines otherwise. This is designed to provide a small buffer fund at the outset. It is the purpose of the contribution percentage to provide only from time to time approximately the amounts required for the current requirements for old age and disability payments and the expenses of administration.

Assuming that all who could possibly be entitled to retire and take their pensions will do so, including all who are 63 years of age and over, and all who have had 30 years of service and who are 60 years of age and over, estimates based on data submitted at full hearings before the subcommittee of the Committee on Interstate Commerce of the United States Senate held during January 1933 show that on an average basic wage of $1,667 the maximum pension payments required during the first full year of operation will not exceed $90,000,000. Of this the employees would pay about $30,000,000, and the railroads about $60,000,000. However, as the total wages are now about $1,500,000,000 and the total operating revenues are about $3,500,000,000, the 2½ percent on the combined $5,000,000,000 will require payments amounting to approximately $125,000,000 during the first full year of operation. While the amount payable in pensions will increase gradually from year to year, it is estimated that the $125,000,000 will be more than enough to meet the maximum yearly pension payments for at least each of the first 5 years. It would be entirely practicable to omit the minimum 2½-percent requirement and collect only the actual amounts required.

In addition to the contribution percentage, the consolidated bill further provides for an additional percentage payment by the employees of two tenths of 1 percent on the basic wage the first calendar year and increasing by two tenths of 1 percent each succeeding calendar year. This payment, with an equal amount paid in an additional percentage by the railroads, is to be accumulated with interest to the credit of each individual employee. This is to be used to provide a fully paid pro rata part of the pension on retirement. In case of death the credit, less the sum of the pension payments, if any, theretofore made from the credit, will be paid to such beneficiaries as the employee may designate. The fully paid parts of the old-age pensions or annuities provided by the credits will reduce the amounts required from the contribution percentages. These reductions will be made at an increasing rate until no further contribution percentages will be required for old-age pensions or annuities. Thereafter the credits will provide separately in full for the old-age pension or annuity of each employee. This end will be substantially reached in 60 years.

It is not practicable, nor is it the intention by this additional percentage, to require any considerable additional payments or to make any considerable provision for the pensions through these additional payments while the system has the very heavy burden of providing principally for pensions on account of service before the adoption of the system when no provision for the payment of such pensions was being made. The consolidated bill aims at this time and during at least 10 years to follow to impose the least possible burden on the railroads and the employees, and to use the available funds to the greatest degree in payment of old-age pensions and equally to provide relief of unemployment.

The bill specifically contemplates relief against unemployment in the immediate retirement of about 100,000 aged employees. This would permit the advancement of all presently in the service and the reemployment of approximately 100,000 from those now on the seniority lists who have been laid off and are unemployed because of the depression.

The present number of railroad employees is approximately 1,000,000, and the number was as high in 1920 as 2,000,000. It is probable that in the shift of employment the number of unemployed entitled to seniority at this time is far less than the difference between the two figures. The immediate reemployment of 100,000 would help materially in relieving the unemployment situation.

It is also certain that the industry would be greatly benefited by taking out of the service a very large proportion of aged employees, who would be replaced by younger employees—largely men with growing families, who are, perhaps, in the greatest need of the employment and the income.

It is believed that the modifications in bills S. 817 and S. 1529 embodied in the proposed consolidated bill meet in the most practical way the present economic situation, both as to the railroads and the employees, in providing immediate and certain relief for aged and disabled employees and in contributing in the greatest degree to the urgent need for relief from unemployment.

ANALYSIS OF THE BILL

Section 1 defines the terms frequently used in the bill.

Section 2 prescribes the amounts of the annuities and the conditions and manner of payment.

Section 3 provides for compulsory retirement at age 65, with specified exceptions.

Section 4 provides for payments in case of total and permanent disability resulting from the service.

Section 5 prescribes the contributions to be made by the carriers and the employees, the amounts to be credited to individual employees, and the application of these credits to the annuities and to payments in case of death.

Section 6 authorizes taking into the retirement system existing railroad pension systems under conditions to be agreed upon between the board and the carrier.

Section 7 provides for investment of the funds in United States obligations and for the necessary appropriation.

Section 8 provides for administration of the system by a board of five members and prescribes their powers and duties.

Section 9 states the purpose of the act and provides for continued investigations and recommendations to assure the adequacy and permanency of the system based on experience and data then available.

Section 10 provides for proceedings in the courts to compel compliance and for review of questions arising in administration of the system.

Section 11 provides that no annuity, disability, or death payment be assigned or be subjected to any tax of legal process.

Section 12 provides a penalty for failure of a carrier to make the required payments.

Section 13 provides penalties for failure or refusal to furnish information or for making a false or fraudulent statement or claim.

Section 14 provides a saving clause in event that any part of the bill is held unconstitutional.

CHANGE OF REFERENCE

On motion of Mr. BARBOUR, the Committee on Pensions was discharged from the further consideration of the bill (S. 2933) granting a pension to Ada B. Nafew, and it was referred to the Committee on Civil Service.

AMENDMENTS TO REVENUE BILL

Mr. COPELAND and Mr. HEBERT each submitted an amendment intended to be proposed by them, respectively, to House bill 7835, the revenue bill, which were ordered to lie on the table and to be printed.

REPEAL OF ALASKA PROHIBITION LAW—RESCINDING ACTION OF THE VICE PRESIDENT AND SPEAKER IN SIGNING SENATE BILL 2729

Mr. TYDINGS. Mr. President, I send to the desk a concurrent resolution, which I ask to have read, and when that shall have been done I shall ask for its immediate consideration.

The VICE PRESIDENT. The concurrent resolution will be read for the information of the Senate.

The legislative clerk read the concurrent resolution (S.Con. Res. 12), as follows:

Resolved by the Senate (the House of Representatives concurring), That the action of the Vice President and of the Speaker of the House of Representatives in signing the enrolled bill (S. 2729) entitled "An act to repeal an act of Congress entitled 'An act to prohibit the manufacture or sale of alcoholic liquors in the Territory of Alaska, and for other purposes', approved February 14, 1917, and for other purposes", be rescinded, and that in the reenrollment of such bill the last proviso of section 1 reading as follows: "*Provided*, That the Governor of the Territory of Alaska, from and after the passage and approval of this act, shall have the power and authority to grant pardons to persons theretofore convicted of violations of the aforesaid act of February 14, 1917.", be stricken out.

The VICE PRESIDENT. Is there objection to the present consideration of the concurrent resolution?

Mr. McNARY. Mr. President, I could not consent to the immediate consideration of the resolution.

Mr. TYDINGS. Will the Senator withhold his objection until I make a brief explanation?

Mr. McNARY. Very well.

Mr. TYDINGS. The bill which had passed both Houses and gone to the White House contained a provision that the Governor of Alaska could pardon those who were guilty of crimes under the old Volstead Act. That provision probably made the bill unconstitutional. Therefore all the concurrent resolution seeks to do is to ask that the same bill we have already passed be reengrossed with that provision eliminated. That is all there is to it.

Mr. McNARY. I see no reason why we should make an exception in this case. I think it should go over until tomorrow.

Mr. TYDINGS. Except that in this case the bill has already passed both Houses.

Mr. McNARY. I could not give my consent at this time.

The VICE PRESIDENT. Objection is made.

JOHN A. DONAHUE

Mr. McKELLAR. Mr. President, John A. Donahue was nominated for postmaster at Newburgh, N.Y., in the place of A. E. Brundage. On January 23, 1934, the nomination was referred to the Committee on Post Offices and Post Roads, and the nomination of Mr. Donahue was confirmed on February 20, 1934. By mistake one of the Senators from New York was not consulted about the matter. The commission has not yet issued.

As in executive session, I ask unanimous consent to enter a motion to reconsider the vote whereby this nomination was confirmed, and, if consent shall be granted, I will then move to request the President to return the nomination to the Senate.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Tennessee?

The Chair hears none.

Mr. McKELLAR. I now move that the President be requested to return to the Senate the notice of the confirmation of the nomination of John A. Donahue to be postmaster at Newburgh, N.Y.

The motion was agreed to.

PRODUCTION OF PUBLIC ART THROUGH THE C.W.A.

Mr. HAYDEN. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial appearing in Holland's Magazine for March 1934, relative to the production of public art through the Civil Works Administration.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From Holland's Magazine, March 1934]

THE STATE IN ART

Most of us expected many fresh departures to come out of the myriad structures set up by the hundred days legislation of 1933; but of all the triple- and quadruple-initialed agencies' activities, probably the least anticipated was the Government's entering into production of public art through the Civil Works Administration.

Startling as this would be if we were any longer capable of being startled, it is yet one of the most encouraging and refreshing of all the Federal movements to date. As a people, we have always been too little conscious of the beauties of existence; of painting, sculpture, artistic landscaping—of, to be frank, almost all the arts. We have been too close to our pioneer beginnings, to harshness and barrenness, wherein the first and all-dominating necessity was for bread and shelter; and cherishing these memories, we were in the way of becoming a permanently hard, harsh race. We have only to look at the bleak unbeauty of lines and surfaces in our public buildings to realize the path we were treading.

Now we have taken our first step away from the past's artistic sterility, and we have taken it appropriately on a national scale. Everywhere in the country today artists are at work on the walls of our post offices, city halls, public-school buildings, depicting there in color and graphic design the story of a people's rise toward civilization; the grounds of school buildings are being prepared for landscaping; municipal and regional projects for parks and for beautification of highways and for systematic planning of future urban and rural development are under way.

It is too much to expect that all of this work will be as good as it might be; certainly there will be plenty of criticism, and some of it will be sound. We may, largely, disregard that; the important thing is the evidence therein that a people is awakening to a broader way of living, and that as a result of these first steps we are taking, however stumbling, the future generations of the race will grow up into instinctive acceptance and some appreciation of beauty as a vital part of life and living.

SALARIES OF FEDERAL EMPLOYEES

Mr. HATFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD a statistical statement and classification of the basic salaries paid to employees of the Federal Government before the act of March 20, 1933, became effective. It is published by the American Federation of Government Employees based on data obtained from the Bureau of the Budget.

It presents such a clear picture of the salary situation and shows the group distribution of the amount spent for Federal salaries that it is valuable for reference and other purposes.

There being no objection, the statistical statement was ordered to be printed in the RECORD, as follows:

GOVERNMENT SALARIES

The American Federation of Government Employees republishes the civilian part of the Bureau of the Budget statement issued on January 30, 1932, which shows base salaries before the Economy Act went into effect (with its pay reductions and furloughs).

So much misinformation has been spread with respect to salaries that this table has been republished.

It will be noted that in January 1932, before the reductions, there were:

Employees drawing $1,000 or less	124,678
Other employees drawing $1,200 or less	69,040
Other employees drawing $1,800 or less	154,905
Other employees drawing $2,000 or less	68,466
Employees drawing $2,000 or less (altogether)	417,089

These are the people who have been hardest hit of all. They were in a pitiable state before the Act to Maintain the Credit of the United States Government, and since then the conditions have been even worse.

This table includes part-time employees but length of time worked does not constitute a defense of a sub-subsistence salary.

Taking this lower part of the employees of the Government, it will be seen that they received an average of $927.62 a year, or an average of $17.83 a week before the Economy Act with its cuts and slashes.

[Republished March 1934 by the American Federation of Government Employees]

Number and cost of salaries of civilian employees of the executive branch of the Government

(Compiled in January 1932 from latest available information by the Bureau of the Budget)

Salary (annual) [1]		Civil			
		Number		Salary cost	
Not less than—	But less than—	Number in group	Cumulative total	Cost for group	Cumulative cost
0	$1,000	124,678	124,678	$43,309,021.57	$43,309,021.57
$1,000	1,100	56,883	181,561	18,038,396.80	61,347,418.37
1,100	1,200	12,157	193,718	12,319,482.44	73,666,900.81
1,200	1,300	37,558	231,276	32,243,740.84	105,910,641.65
1,300	1,400	20,243	251,519	21,647,211.78	127,557,853.43
1,400	1,500	24,643	276,162	28,273,105.49	155,830,958.92
1,500	1,600	24,044	300,206	32,562,998.76	188,393,957.68
1,600	1,700	28,389	328,595	43,120,969.84	231,514,927.52
1,700	1,800	20,028	348,623	32,712,739.90	264,227,667.42
1,800	1,900	35,690	384,313	62,612,587.73	326,840,255.15
1,900	2,000	32,776	417,089	60,060,268.58	386,900,523.73
2,000	2,100	24,186	441,275	48,530,827.91	435,431,349.64
2,100	2,200	116,759	558,034	242,864,839.74	678,296,189.38
2,200	2,300	13,078	571,112	28,858,487.00	707,154,676.38
2,300	2,400	25,374	596,486	57,547,533.82	764,702,210.20
2,400	2,500	23,225	619,711	56,202,844.98	820,905,055.18
2,500	2,600	49,138	668,849	22,726,480.52	843,631,535.70
2,600	2,700	15,116	683,965	39,285,484.19	882,917,019.89
2,700	2,800	6,493	690,458	17,498,195.00	900,415,214.89
2,800	2,900	5,047	695,505	14,067,523.30	914,482,738.19
2,900	3,000	3,984	699,489	11,265,440.00	925,748,178.19
3,000	3,100	3,512	703,001	10,331,218.00	936,079,396.19
3,100	3,200	1,803	704,804	5,459,319.44	941,538,715.63
3,200	3,300	4,484	709,288	14,335,643.00	955,874,358.63
3,300	3,400	2,343	711,631	7,692,167.00	963,566,525.63
3,400	3,500	1,825	713,456	6,199,120.15	969,765,645.78
3,500	3,600	1,987	715,443	6,916,494.00	976,682,139.78
3,600	3,700	1,358	716,301	4,841,023.53	981,523,163.31
3,700	3,800	936	717,737	3,352,002.00	984,875,165.31
3,800	3,900	2,875	720,612	10,864,987.00	995,743,152.31
3,900	4,000	251	720,863	976,562.00	996,716,714.31
4,000	4,100	1,578	722,441	6,341,012.40	1,003,057,726.71
4,100	4,200	153	722,594	627,204.04	1,003,684,930.75
4,200	4,400	872	723,466	3,613,827.50	1,007,289,758.25
4,400	4,600	722	724,188	3,171,917.50	1,010,470,675.75
4,600	4,800	2,250	726,438	10,259,866.00	1,020,730,541.75
4,800	5,000	1,286	727,724	6,148,193.00	1,026,878,734.75
5,000	5,200	919	728,643	4,573,104.00	1,031,451,838.75
5,200	5,400	374	729,017	1,941,870.60	1,033,393,709.35
5,400	5,600	311	729,328	1,679,452.80	1,035,073,162.15
5,600	5,800	905	730,233	5,033,770.80	1,040,106,932.95
5,800	6,000	303	730,536	1,758,719.00	1,041,865,651.95
6,000	6,500	698	731,234	4,218,775.00	1,046,084,426.95
6,500	7,000	309	731,543	1,997,424.60	1,048,081,851.55
7,000	7,500	244	731,787	1,719,830.00	1,049,792,681.55
7,500	8,000	150	731,937	1,110,033.00	1,050,903,714.55
8,000	8,500	133	732,070	1,047,672.00	1,051,951,386.55
8,500	9,000	40	732,110	344,500.00	1,052,295,886.55
9,000	10,000	138	732,248	1,243,350.00	1,053,539,236.55
10,000	11,000	134	732,382	1,340,000.00	1,054,879,236.55
11,000	12,000	6	732,388	66,000.00	1,054,945,236.55
12,000	15,000	41	732,429	494,900.00	1,055,440,136.55
15,000	[2]	31	732,460	530,500.00	1,055,970,636.55
Total		732,460	732,460	1,055,970,636.55	1,055,970,636.55

[1] Salary of civilian employees is gross salary and includes the value of quarters, subsistence, or other facilities or services furnished by the Government.

[2] Up.

THE FEAR OF PLENTY—ARTICLE BY WALTER LIPPMANN

Mr. WHEELER. Mr. President, I ask leave to have published in the RECORD an article by Walter Lippmann, entitled "The Fear of Plenty", appearing in the Today and Tomor-

row column of the New York Herald Tribune of the issue of March 29, 1934.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Herald Tribune, Mar. 29, 1934]

TODAY AND TOMORROW—THE FEAR OF PLENTY

By Walter Lippmann

The other day in the House of Representatives a Congressman was explaining why he favored the Bankhead bill, which would make it a criminal offense to produce more than the allotted amount of cotton. He had returned recently, he said, to a farm in central Kansas where he worked as a boy, and there he saw 3 men using machinery to harvest a crop that once would have required 30 men. "This is the picture of mass production by machinery in wheat. The harvest hand is gone. The cotton picker is going. Cows are milked by machinery. Printing is a dying trade. Telephones are self-operative. Accounts are kept by machinery. The machinery is self-created. It digs its own materials out of the ground, transports them to the manufacturing plant, manufactures itself and operates itself. Every day in every way, on the farm, in the factory, in the mine, the need for human labor becomes less and less."

The Congressman has stated a view which is widely held at the present time. It is at the root of the multitudinous efforts being made to limit production and create an artificial scarcity in the midst of what is felt to be an overwhelming abundance. Is there anything wrong with the Congressman's statement; and if so, what is it?

It is not difficult, I think, to show that there is something fundamentally wrong with it. If labor-saving machinery produces unemployment, there ought to be some relation between the amount of unemployment and the amount of labor-saving machinery. Now, a few years ago Mr. T. T. Read made what is supposed to be the best available estimate of the world's output of work based upon the amount of mechanical and human energy used in different countries. The calculation was made in 1926. At that time the United States had a work output per capita which was one and a half times that of Great Britain, two and a half times that of Germany, nearly 40 times that of China, India, and Russia. But at the same time, in 1926, the United States was prosperous. In England and Germany there was serious unemployment, and in Russia, China, and India a desperately low standard of life. If the theory that labor-saving machinery is the cause of unemployment were correct, we should have had in 1926 nearly three times the amount of unemployment there was in Germany. In fact we had much less.

What is more, if the theory were correct, we should have had ever-increasing unemployment for the past hundred years. For there has been a prodigious increase in labor-saving machinery. But the fact is that, except temporarily during depressions, we have employed more and more people at higher real wages throughout that period. The explanation is not difficult to find. Take the Congressman's wheat farm, where 3 men do the work that 30 did when he was a boy. By dint of a little research in the Congressional Directory I find that the Congressman did his farming from 1884 to 1894. In 1894 the country produced 634,000,000 bushels of wheat and in 1929 it produced 813,000,000 bushels, an increase of about 30 percent in a period when the population increased about 70 percent. So, in 1894, the country was producing about 9 bushels per capita and in 1929 a little less than 7. Wheat production was actually declining. But with the aid of labor-saving machinery the individual farmer was producing more wheat. That machinery has to be made out of something. In that same period the production of pig iron multiplied seven times. To make that machinery requires fuel. In that period the production of coal multiplied three and a half times. The machinery requires fuel to operate it. In that period the production of petroleum multiplied 40 times.

That is the answer to the Congressman's argument. The three men on the farm who use machinery were not the only ones working to harvest that crop. Behind them, but out of sight, were the miners who dug the ore and the coal, the men who made the steel and manufactured the machines, the men who produce the fuel to run them, who transported and serviced them. It may not any longer take 30 men to do the work of 3 men, but it takes many more than the 3. When the Congressman exclaimed that "the machine is self-created" he showed what his illusion is. The machine is not self-created. A tractor which displaces 27 men on a Kansas farm does not displace 27 men in the United States. It takes many of those 27 men to produce the tractor and keep it running. A few are displaced, presumably on the average about 1 man in 50 per year, since total production tends to increase about 2½ percent a year. That labor power can either be directed to increased leisure or used to produce more wealth for the country as a whole and in the long run the problem of technological unemployment, so-called, cannot be of a much greater order of magnitude than this.

The idea that labor-saving machinery makes a nation poorer is a most curious but persistent illusion. In the unsettled parts of Africa, according to Mr. H. Foster Bain, a man carries on his back about 60 pounds of food and eats 2 pounds a day. That means that he can go forward 15 days and have enough food to get back alive. Now you can say, if you like, that this means work for everybody. But it really means poverty and the risk of starvation for everybody. In 1902 a man went deep into Africa to study the copper deposits of the Belgian Congo. It required five thousand men on his line of supply to take care of him, and even then he had to hurry to avoid a food shortage. That is what the lack of labor-saving machinery means. The mere task of carrying enough food for him and for the men who were carrying the food required a small army. That is one way to make employment. But it is not the way to raise the standard of life, and yet that is precisely what will be accomplished if those who are haunted by the specter of overproduction are allowed to translate their delusion into public policy.

REGULATION OF STOCK EXCHANGES

Mr. KING. Mr. President, I ask unanimous consent to have printed in the RECORD a telegram from the Salt Lake Stock Exchange protesting against the pending so-called "Fletcher-Rayburn bill", and also a memorandum prepared by the same organization setting forth some objections to the measure.

There being no objection the telegram and memorandum were ordered to be printed in the RECORD, as follows:

SALT LAKE CITY, UTAH, *March 24, 1934.*

Senators W. H. KING and ELBERT D. THOMAS, of Utah,
United States Senate:

Our members most emphatically protest the enactment of the modified Fletcher-Rayburn bill. It would destroy the mining industry of the West, in that the raising of capital for new mineral development would be impossible, and it would result in eliminating a free trading place for mining investments. It would drive United States capital into the greater development of the mineral resources of Canada and work severe financial loss on thousands of United States investors. By reason of the nature of mining, no one can place a staple value on mining shares as is done with industrial stocks, so why, to regulate speculators in New York industrials, should the mining industry be destroyed? The sections devoted to corporations are destructive to the growing corporations of the West and will increase depression and unemployment. Unanimously we ask your energetic opposition to this bill.

SALT LAKE STOCK EXCHANGE,
W. D. NEBEKER,
IMER PETT, Sr.,
J. A. BARCLAY,
Legislative Committee.

THE SALT LAKE STOCK EXCHANGE—ITS CAREER—SAFEGUARDS FOR INVESTORS—ITS RELATION TO BILLS INTRODUCED TO REGULATE STOCK EXCHANGES

To obtain a correct view of the operations of the Salt Lake Stock Exchange, it is necessary to to go into some detail as to its history and the conservative policy of the several governing boards.

The birth of mining in Utah happened in 1862—some 15 years after the pioneers took up the residence in what is now the Great Salt Lake Valley—and today Utah stands admittedly and without question America's great mining and smelting center.

It was in 1888 the Salt Lake Stock Exchange came into being, and in 1898 it was reorganized and from that time gained prestige and membership, until its present roster consists of members who are a unit in maintaining the high standing of the institution and in rendering real service to the investing public.

In 1909 the exchange erected and occupied its own building.

At this point it will be of interest to note that the production and dividends paid by Utah mines from 1862 to the present date exceed in value some $2,000,000,000.

The exchange is controlled by the annual election of a board of governors who have sole charge of its operations, devise the necessary safeguards for investors, and it is noteworthy that in some instances the service of the members of the board of governors have been continued for quite a number of years. In all these years trading has never been suspended for a regular day.

The rules of the exchange provide that only the outstanding stocks of companies are given a listing on the exchange; that there are no "wash" sales; that we have no specialists; trading is done in open market from one broker to another; that deliveries and settlements are made daily; that margins are a minor part of its business, as penny stocks are not suitable for this class of business, but where margins are required on the higher priced stocks it varies from 40 to 60 percent, and it is noteworthy that it is some 19 years since the exchange had a member in default.

The exchange has an arbitration committee to whom any public trader in stocks can appeal if he has a grievance, and it is noteworthy that the board of governors, who have the final decision in the matter, really lean backward in favor of the stock trader.

The exchange is licensed and the members bonded by and is under the control of the Utah Securities Commission, and no stock is listed without its first having passed the Utah Securities Commission. Companies are obliged to report any time that the exchange requests a sworn statement as to the conditions affecting investors in the shares.

The trading on the exchange to a large extent is in the shares of mining companies, and it has proved a valuable factor in the securing of new capital for the development of known mineralized ground; this has proved an important factor in adding to the wealth of the world. That you may readily grasp the method pur-

sued in the securing of new capital the following illustrates: an individual or group of individuals own what is considered by competent engineers valuable mineralized ground which they desire to have developed; they then form a company and transfer their ground, taking some 30 to 50 percent of the capital stock in payment of the ground, leaving the balance of its shares in the treasury to be sold to provide the development capital, and the treasury stock is not listed until distributed, thus providing a trading place for the investors. They then apply for a permit from the Utah Securities Commission, and if the permit is granted the securities commission compel them to place in escrow, until the treasury stock is financed, those shares paid for the property or to promoters, so that the owners of the property are unable in any way to dispose of stock until they have secured sufficient funds for development or the development has reached that stage where the mine is proven productive and investors are safeguarded. This provides an opportunity for investors to make profits.

Mining stocks have suffered through the years of depression but not to the extent that other stocks have suffered in the larger exchanges for the reason that the majority of the stocks on the Salt Lake Stock Exchange are quoted in cents and not in dollars. A depreciation of 5 cents on the usual board lot of mining stock does not inflict on an investor as severe a loss that a drop of $5 on a stock in the larger exchanges.

The exchange has readily complied with all codes or regulations imposed by the Utah securities commission or the Securities Act of 1933, and is willing to keep in the vanguard of progress in protecting investors.

The foregoing is the foundation on which the business of the Salt Lake Stock Exchange has been established and continued. The reader will readily see how unjust and unfair it would be to impose on this exchange the requirements of the Fletcher-Rayburn bill introduced into Congress.

The members of the exchange would not object to being registered under the Federal Trade Commission or some similar body, nor would they object to reasonable examination of all trading that takes place on the market; but it is quite evident that the foregoing bill is designed to govern the larger exchanges and in its operations would impose on the Salt Lake Stock Exchange conditions that would not only be detrimental to operations but might result in its closing and work an injury on thousands of investors all over the country. Such conditions would force trading in mining stocks into some sort of unregulated channel that would result in undesirable methods of bootlegging whereby investors would become a prey to the unscrupulous trader.

If the Fletcher-Rayburn bill, or one similar, be enacted into law, we would suggest that it does not apply to exchanges, only as far as registration and examination in cities less than 250,000 population or to exchanges trading in less than 25,000,000 shares per year. By this method those in authority would maintain a control over the exchange and in their discretion could immediately remedy any defects in the trading that would be detrimental to the investors.

It is apparent this exchange is different from other exchanges in the class of stocks traded.

We feel sure that it is not the intention of Congress to work a hardship but only to eliminate the practices which are unethical or unfavorable to investors, and it is in this spirit that we submit the foregong for consideration.

Respectfully submitted.

SALT LAKE STOCK EXCHANGE,
By J. A. BARCLAY, *President*.

NATIONAL INDUSTRIAL RECOVERY ACT

Mr. WAGNER. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial appearing in the New Republic of March 28, 1934, entitled "Employers Throw Down the Gauntlet."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New Republic of Wednesday, Mar. 28, 1934]

EMPLOYERS THROW DOWN THE GAUNTLET

Ever since the passage of the National Industrial Recovery Act the antiunion employers of the country have sought to escape the intent of the collective-bargaining provisions of that law. The latest example—that of the National Automobile Chamber of Commerce, which announces that "the industry does not intend to recognize the American Federation of Labor as such, nor to enter into any contract with it on behalf of its employees"—is merely a repetition of action that we have seen pursued in the captive coal mines of the United States Steel Corporation, the Weirton steel plant, the Budd plant, and thousands of other minor cases throughout the country. The rulers who govern the backbone of American heavy industry—steel, automobiles, and utilities—do not purpose to allow the growth of a labor movement.

The chief means of evading the law which they employ is a refurbishment of the old company union. The company union is a union of straw, a fictitious body, like a dummy corporation. Company unions have grown about five times as rapidly as genuine unions since the passage of the Recovery Act. They are organized in fact or in effect by the employers themselves. Such a union almost never covers the workers in the plants of more than one employer. Its constitution is usually handed down by the employer, and its elections are carried out under his supervision. If it has any dues at all, they are not sufficient to fill a war chest. Its officers are employees, and their union work is paid for directly or indirectly by the employer. Through undercover agents, if necessary, the employer finds it possible easily to control the actions of such a union. The widely proclaimed preference of the employer and the fear of reprisal induce employees to join this union and take part in its elections. The employer then pretends that because he is willing to negotiate with the committeemen of his own organization he is carrying on collective bargaining with representatives of the employees' own choosing.

Bargaining of this sort is, however, bargaining in name only. It is like bargaining with oneself, or bargaining between a holding company and a subsidiary corporation. No true bargain can occur unless both parties have power to decline the terms offered. In a great industry, a union covering one plant only would have no such power, even if it were thoroughly independent of the employer. For it cannot strike effectively. Still less can it do so when it has no funds, when its officers are employed and paid by the opposite party to the bargain, when its laws were framed by him and its elections are conducted by him. Employee representatives, flattered and conciliated by those who have given them their jobs and from whom they receive their pay, and conscious that the rank and file has no power to support them in a struggle, do not make demands and offer terms but rather present suppliant petitions. Even if they were honest and aggressive, they would not have the experience and skill in union activity, or the expert knowledge, to be any match for the employer. It is precisely because the employers do not want labor to be able to bargain collectively, and thus to be capable of exerting some real power over industry, that they substitute company unions for real ones. Any union that can exert power over wages or working conditions is denounced as one that wishes to "run the industry"—as the automobile executives now denounce the A. F. of L.

Just because employees have participated in an election to choose company-union officers these officers are not necessarily "representatives of their own choosing." The employees, if given real freedom of choice, might join an independent industry-wide or trade union and choose officials who are experts and are not under their employer's thumb. But they are often restrained from doing so by the employer's bitter and announced opposition to the genuine union. They fear his wrath if they join it or ask others to do so. They know that they can establish its right to bargain for them only by risking their jobs and their pay in a strike, and thus enforcing of its claims on the employer—if the strike is successful. If even one fifth of a given number of employees are willing to strike for recognition of a genuine union, one can be pretty certain that at least three fifths more would prefer to bargain through that union if they were not afraid of the employer's vengeance.

In view of these realities of coercion by employers it is an absurd distortion of the truth for the automobile executive to declare that an outstanding reason for the strike order "is the effort of professional labor leaders to get control over the automobile workers by force, by coercion, by intimidation of employees and their families by open violence and threats of strike." Imagine a handful of labor leaders invading a city and in the teeth of employers and police forcing tens of thousands of workers to submit to their authority.

As long as the right of labor to organize independently of employers and bargain through independent unions is not recognized we can have industrial peace only through industrial autocracy. If the workers are sufficiently intimidated by the employers, they may consent to remain in fact without power to protest. But that is fatal to all that the new deal is supposed to stand for. And as long as workers retain any confidence in the new deal bitter controversies are bound to arise concerning the right of union recognition.

Thus the practical rights of labor rest in the limbo where they stood before the Recovery Act was passed. Its plain intent to balance the power of organized employers, who are now given full scope under the law, by the power of industry-wide and Nation-wide labor organizations, has been obstructed in a number of the most important industries. To make that intent more explicit and enforceable, Senator WAGNER has introduced his industrial-disputes bill. Section 4 of this bill states: "Employees shall have the right to organize and join labor organizations and to engage in concerted activities, either in labor organizations or otherwise, for the purpose of organizing or bargaining collectively through representatives of their own choosing or for other purposes of mutual aid and protection." Section 5 states that it shall be an unfair labor practice for an employer or anyone acting in his interest "to attempt by interference, influence, restraint, favor, coercion, or lockout, or by any other means, to impair the right of employees guaranteed in section 4", or what is equally important, "to refuse to recognize and/or deal with representatives of his employees or to fail to exert every reasonable effort to make and maintain agreements with such representatives concerning wages, hours, and other conditions of employment." The company union is also, in effect, outlawed by forbidding employers "to initiate, participate in, supervise, or influence the formation, constitution, by-laws, other governing rules, operations, policies, or elections of any labor organization" or to contribute to its financial support or compensate its officers, or to practice any discrimination that would influence employees in their choice of an organization, with a proviso that would permit an agreement with a genuine labor organization for a union shop.

The bill also sets up a National Labor Board as a permanent organization, with full-time, paid members representing the general public, as well as unpaid members representing employers and labor. The board is empowered to enforce the law by "cease and desist orders" similar to those now issued by the Federal Trade Commission to prevent unfair trade practices, such orders being subject to court review. It also can act as arbitrator for labor disputes when the parties submit the case for arbitration. The board has full powers of investigation and subpena.

If such a law were passed and honestly enforced, the anti-union employers would find it much more difficult to evade genuine collective bargaining than they have done during the past few months. They could not form company unions or pretend that by talking with their representatives they were obeying the law. They could not, when a genuine union was formed, decline to bargain with its representatives, or announce that they did not intend to come to any agreement with it, or attempt to starve it out by a lockout—that is, by shutting down their plants. It is even doubtful whether they could—as the automobile employers have just done—distribute literature and publish advertisements urging their employees not to join unions. No wonder they are mobilizing to prevent the passage of the bill.

If employers are so obdurate against the autonomous organization of their employees even under such conservative auspices as most of the American Federation of Labor unions provide, what hope is there that they will do anything to reconstruct capitalism itself? They have been acting in regard to labor exactly as they acted before the new deal was inaugurated. They decline to grant the least iota of power to workers over working conditions, or to government, as a representative of consumers, over prices. Capitalism is behaving in the United States in 1934 just as it behaved in England in the 1890's. Collective bargaining with unions, which long since was recognized in older industrial nations, is not a revolution, Heaven knows. But the rulers of industry, whose political and economic incompetence has been so abundantly proved in the crisis, decline to accept even this moderate reform. To them, the social world does not change. Dictatorship by capital is the only formula they understand. They will cling to it, though the old order crashes about their ears.

INTERCHANGEABILITY OF USES OF OILS AND FATS

Mr. SHEPPARD. Mr. President, I present for publication in the RECORD a memorandum on the interchangeability of the uses of oils and fats, with special reference to marine animal oil, prepared by John Ruel Manning, chief technologist, Bureau of Fisheries, United States Department of Commerce.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

MEMORANDUM ON THE INTERCHANGEABILITY OF THE USERS OF OILS AND FATS, WITH SPECIAL REFERENCE TO MARINE ANIMAL OILS

At the outset permit me to make plain that the chemical, economic, and general technical principles which I have outlined in this statement apply only to saponifiable oils and fats and do not pertain to the mineral-oil industry.

The interchangeability of the uses of oils and fats in commerce and in the various industries involves both technical and economic considerations. From a technical standpoint there can be and is free interchangeability of the uses of various oils and fats. Modern methods of hydrogenation, refining, treatment, etc., make it possible to prepare practically all oils and fats for almost any industrial use. This means that it is possible chemically to use practically any animal or vegetable oil or fat in soap manufacture or in some of the other possible consuming industries of these commodities. Therefore the actual practice of the interchangeability of the uses of oils and fats is a matter of prices or other economic considerations. Formerly certain technical and economic obstacles prevented any great interchangeability. At the present time certainly no technical obstacles exist and it is doubtful that there are many economic obstacles which would hinder complete potential interchangeability. It is quite true that the specifications of the finished product may to a certain extent govern interchangeability. However, in many instances, favorable economic influences will overcome even these requirements or specifications.

The statement is quite often made that this or that particular oil or fat is not suitable for the manufacture of soap or other finished product, because of the relatively high or low content of the particular oil or fat in some specific fatty acid. This statement is not true for the following reasons: Animal and vegetable fats and fatty oils are of similar general composition since they are mixtures of compounds of glycerin and certain organic acids, which, due to their presence in fats, are called fatty acids. Obviously the variable in the composition of these materials is the fatty acid portion. For this reason the properties of the various fats and oils, and consequently their desirability for a particular use, depend primarily upon their constituent fatty acids and the proportion of these various acids present. This situation applies to all oils and fats, both marine animal, terrestrial animal, and vegetable. Without making the discussion too involved, it is a known fact among chemists and technologists that developments in hydrogenation processes have made it possible to convert unsaturated liquid oils to any desired degree of hardness. Consequently the apparent difference in the natural qualities of various fats and oils has resolved itself into little actual difference insofar as the possibilities for the interchangeability of these materials is concerned, or where hard fats are required for the particular use in question.

It is therefore readily seen that whenever economic considerations enter into the industrial picture, or, in other words, when the price of a particular oil or fat is relatively low, it is quite often advantageous and economically attractive to substitute as an ingredient of the finished product a cheaper oil or fat than the one formerly used. It is commonly known among those familiar with the uses of oils and fats that such substitution or interchangeability is actually practiced in the consuming industries whenever market conditions are sufficiently favorable.

Statistics show that there is a world surplus of oils and fats. There is a domestic surplus of oils and fats for nearly all domestic uses. With the great possibilities for the interchangeability of the uses of these oils and fats as discussed above, it is readily apparent that a highly complicated and competitive market for these raw materials exists. Even though a particular oil or fat, because of some special natural property, is favored for certain specific uses, this specific oil or fat will be affected either directly or indirectly by changes in the market for these commodities as a whole. In other words, if the supply of oils or fats intended for shortenings, for other edible use, for a source of vitamins for use in either human or animal nutrition, is more than the market can absorb, this oil or these oils and fats will affect and be affected by the supply and demand for other oils for other uses. Since the soap kettle is the principal consumer of oils and fats, it is probably one of the important, if not the most important, factors affecting the general market situation for these commodities. If an oil or fat is especially desired for some particular use and is commanding a higher price for that use than it would command for soap manufacture, and cannot find a market for this higher-priced use, it will gravitate to the market for soap manufacture.

This is just one example of how the possible and actual interchangeability of the uses of various oils and fats can and does affect markets and prices for each and every type of oils and fats under conditions of a world surplus and a domestic surplus of oils and fats.

Respectfully submitted.

JOHN RUEL MANNING,
Chief Technologist, Bureau of Fisheries,
United States Department of Commerce.

EMERGENCY AID IN EARTHQUAKE, FLOOD, ETC.

Mr. McADOO. I submit a conference report on House bill 7599 and ask unanimous consent for its immediate consideration.

The VICE PRESIDENT. The Senator from California submits a conference report, which will be read.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7599) to provide emergency aid for the repair or reconstruction of homes and other property damaged by earthquake, tidal wave, flood, tornado, or cyclone in 1933 and 1934, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the text of the bill, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert:

"That the Reconstruction Finance Corporation is authorized and empowered, through such existing agency or agencies as it may designate, to make loans to nonprofit corporations, with or without capital stock, organized for the purpose of financing the acquisition of home or building sites in replacement of sites formerly occupied by buildings where such sites are declared by public authority to be unsafe by reason of flood, danger of flood, or earthquake, and for the purpose of financing the repair or construction of buildings or structures, or water, irrigation, gas, electric, sewer, drainage, flood-control, communication or transportation systems, damaged or destroyed by earthquake, conflagration, tornado, cyclone, or flood in the year 1933, and in the months of January and February 1934, and deemed by the Reconstruction Finance Corporation to be economically useful or necessary.

"Obligations accepted hereunder shall be collateraled—

"(a) In case of loans for the acquisition, repair, or reconstruction of private property, by the obligations of the owner of such property, secured by a paramount lien except as to taxes and special assessments on the property to be acquired,

repaired, or reconstructed, or on other property of the borrowers;

"(b) In case of loans for the repair or reconstruction of privately owned water, gas, electric, communication, or transportation systems, by the obligations of the owners of such water, gas, electric, communication, or transportation systems, secured by a lien thereon; and

"(c) In case of loans for the repair or reconstruction of property of municipalities or political subdivisions of States or of their public agencies, including public-school boards and public-school districts, and water, irrigation, sewer, drainage, and flood-control districts, by an obligation of such municipality, political subdivision, public agency, board, or district, payable from any source, including taxation or tax-anticipation warrants.

"In any case in which any such loan is made, in whole or in part, for the acquisition of land in replacement of land privately owned and declared by public authority to be unsafe by reason of flood, danger of flood, or earthquake, such unsafe property shall be conveyed by the owner thereof, without cost, to the county, municipality, or district in which such property is situated.

"The corporation shall not deny otherwise acceptable applications for loans for repair or reconstruction of buildings or structures, or water, irrigation, gas, electric, sewer, drainage, flood control, communication, or transportation systems of municipalities, political subdivisions, public agencies, boards, or districts because of constitutional or other legal inhibitions affecting the collateral. The collateral obligations shall have maturities not exceeding 10 years in case of loans made under paragraph (a) of this act and not exceeding 20 years in case of loans under paragraphs (b) and (c) of this act.

"The corporation shall prescribe such regulations as will most effectively expedite the repair and construction provided for by this act and effectively carry out the emergency relief purposes of this act.

"The aggregate of loans made under this act shall not exceed $5,000,000."

And the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate to the title of the bill, and agree to the same.

W. G. McADOO,
AUGUSTINE LONERGAN,
HENRY W. KEYES,
Managers on the part of the Senate.

JOHN W. McCORMACK,
CHARLES WEST,
W. E. EVANS,
Managers on the part of the House.

Mr. McADOO. Mr. President, I move the adoption of the report.

The VICE PRESIDENT. Is there objection to the consideration of the report?

Mr. KING. Mr. President, I want to ask the Senator from California before I am ready to vote upon the conference report to what extent it modifies existing law or transcends the bounds and field of the bill which we passed.

Mr. McADOO. Mr. President, the conference report does not transcend the bounds of the bill as passed by the Senate. The bill simply transfers the power to deal with the loans covered by it to the Reconstruction Finance Corporation. It is an amendment of the original earthquake relief act which was passed last year. The bill as passed by the Senate was a substitute for the House bill, which conferred the power upon the Public Works Administration. Since the agencies employed in the administration of the original relief measure were under the auspices of the Reconstruction Finance Corporation, it was thought to be much simpler to allow them to remain with that organization.

I may say further that the advances of money provided for are not gifts. They are loans to be secured by first liens on real property, as provided in the earthquake relief bill. Wherever municipalities are involved the loans are to be made to the municipalities. The provisions of the bill also are not limited to California. They operate coextensively with the United States, where anyone can qualify under them. The present act has reference more particularly to the relief of flood sufferers in the States of Washington and Oregon, where we understand considerable damage was occasioned last fall. The report has been unanimously agreed to by the conferees representing the two Houses.

Mr. KING. I should like to ask the Senator further whether the amount carried in the bill as it passed the Senate has been increased?

Mr. McADOO. I meant to refer to that point. The amount originally carried was $3,000,000, and that was increased to $5,000,000. It was felt that the original amount was entirely too small. We all feel that $5,000,000 is as far as we should go, although the amount does not cover the damages involved. In the House bill the amount was not stated.

Mr. KING. Mr. President, I appreciate the fact it is almost a fait accompli, that we have gone so far with this character of legislation that it is probably impossible to do anything about it; but I submit we are embarking upon a rather dangerous experimentation if we are to loan money to build houses wherever a tornado or a flood destroys them. In my State of Utah there have been numerous floods to the great damage of the people, but we have never felt there was an obligation upon the Federal Government to extend credit in order to rebuild houses, roads, and so forth, which had been damaged by flood or by storms. Evidently the Federal Government is becoming a kind of great treasure house into which we all put our hands to meet every individual emergency to say nothing of public emergency.

I shall vote against the conference report.

The VICE PRESIDENT. The question is on agreeing to the conference report.

The report was agreed to.

REGULATION OF THE COTTON INDUSTRY

The Senate resumed the consideration of the bill (H.R. 8402) to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes.

The VICE PRESIDENT. The question is on the engrossment of the amendments and the third reading of the bill.

Mr. KING. Mr. President, I challenge the attention of the Senate to section 25, page 24, of the pending bill, and move to strike out the entire section. The language which is most objectionable is as follows——

Mr. BANKHEAD. Mr. President, I have no objection to the amendment.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 24, line 1, it is proposed to strike out section 25, as follows:

SEC. 25. Subsection (1) of section 8 of the Agricultural Adjustment Act, as amended, is amended by inserting at the end of the first sentence thereof the following:

"Agreements authorized by this subsection may include, among others, provisions requiring the producers who are parties to such agreements to reduce or limit acreage and/or production for market of agricultural commodities other than basic agricultural commodities, as well as of one or more basic agricultural commodities."

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

The VICE PRESIDENT. The question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

Mr. McNARY. Mr. President, is the bill now on its final passage?

The VICE PRESIDENT. The amendments have just been ordered to be engrossed, and the bill to be read a third time. The bill will be read the third time.

The bill was read the third time.

The VICE PRESIDENT. The question is, Shall the bill pass?

Mr. McNARY. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Kean	Robinson, Ark.
Ashurst	Couzens	Keyes	Robinson, Ind.
Austin	Cutting	King	Russell
Bachman	Davis	La Follette	Schall
Bailey	Dickinson	Logan	Sheppard
Bankhead	Dieterich	Lonergan	Smith
Barbour	Dill	McAdoo	Steiwer
Barkley	Duffy	McCarran	Stephens
Black	Erickson	McGill	Thomas, Okla.
Bone	Fess	McKellar	Thomas, Utah
Borah	Fletcher	McNary	Thompson
Brown	Frazier	Metcalf	Townsend
Bulkley	George	Murphy	Tydings
Bulow	Gibson	Neely	Vandenberg
Byrd	Glass	Norris	Van Nuys
Byrnes	Goldsborough	Nye	Wagner
Capper	Gore	O'Mahoney	Walcott
Caraway	Hale	Overton	Walsh
Carey	Harrison	Patterson	Wheeler
Clark	Hatch	Pittman	White
Connally	Hatfield	Pope	
Coolidge	Hayden	Reed	
Copeland	Hebert	Reynolds	

The VICE PRESIDENT. Eighty-nine Senators have answered to their names. A quorum is present. The question is, Shall the bill pass?

Mr. McNARY. On that I call for the yeas and nays.

The yeas and nays were ordered.

Mr. FESS. Mr. President, I have received several letters which indicate that there is a tremendous amount of concern over how far this kind of legislation will reach.

These letters have come from the Southern States, from people I do not know. In fact, they are the first communications I have ever had from them. I am not going to take any time other than simply to suggest that I am of the opinion that there will be terrific resentment if attempts shall be made to administer this legislation as I think it will have to be administered if it is to be operative at all.

I have a great deal of sympathy for the effort to solve the serious problem of overproduction. My office was visited this morning by the head of a committee that is dealing with exactly the same problem on a different subject. He says there are 44 companies engaged in the industry he represents, that of producing evaporated milk, and that of the 44 companies, 39 signed the code; the other 5 refused to sign it, and he gave me his experience. He is now, as the head of a committee, down here before the Agricultural Adjustment Administration to see whether they can work out the problem. He said that the five who refused to sign the code are selling in the market where he is selling, and it is a kind of competition that he cannot stand. He is losing his sales entirely; and when he presents the situation here, the Administration officials say they have no control over the five who have not signed the code. If they would sign it, the officials would have control. That would be an argument for forcing the minority into the arrangement if the whole procedure were justified. On the other hand, when this man asked if he would be permitted to withdraw his signature in order to be able to compete with those who are taking his business, the officials told him he could not do that unless those producing 75 percent of the product would consent to it.

He tells me the situation is that 75 percent of the product is produced by four great companies, located in St. Louis, Chicago, and other places. None of them is located in Ohio, and of course they will not agree to his withdrawal; so he is up against this situation: If he continues in the operation he will lose his business, because he is not permitted to sell to meet this competition; the code will not let him do so; and yet there is no control over the 5 percent. So if he is to be compelled to stay under the code he will lose his business, because he cannot sell in competition and if he asks to go out the officials say, "You cannot do it unless those interested to the extent of 75 percent, at least, will agree to your doing so."

I recognize the situation that exists, where it may be said that the largest interest is forcing those five producers to go in under the code. That would be compulsory; but, at the same time, it seems to me such action would create such resentment on the part of the individual that it could not possibly be enforced.

Here is a letter to me from a man in Fairbanks, La. The writer says:

> I am a man bordering on 80 years of age, and have been on my present farm of 100 acres for 22 years, and my principal crop has been cotton. Since 1929 I have been voluntarily reducing my cotton crop to where in 1933 I only had 43.75 acres in cotton, or less than 50 percent of my total acreage. I have 12 Negroes on my place, making up three families, which rent my land on a share basis. These families raised 8, 4, and 2 bales, respectively, in 1933, and will not be able to raise but 50 percent as much in 1934, or 7 bales. The point I am trying to get before you is that if the cotton reduction bill passes, and allows these Negroes only 50 percent of last year's crop, I am turning them over to charity, as so many others have done.

Then the writer of the letter proceeds to elaborate upon the situation, and expresses himself in rather bitter terms, and asks me to do all I can to get the matter before the Senate.

Here is a letter from a man in Virginia. He has the same kind of a story to tell. Those who think there will not be any bitterness following legislation of this kind will be interested in what the writer says in this paragraph:

> This letter is not written by any scholar, but one that knows cotton and farm life, and has enough common sense to know it will be one of the worst laws ever placed on the books at Washington.

Then, parenthetically, he makes this statement:

> I would like to add I am a Democrat, and have been at all times, and all my people are.

And then he says:

> But God help us now! So please defeat this, or we are a ruined South.

Mr. DICKINSON. Mr. President, will the Senator from Ohio yield?

Mr. FESS. I yield.

Mr. DICKINSON. In view of the fact that a great many farmers have been led to believe that this is only an emergency program, I desire to read from page 275 of the report of the Agricultural Adjustment Administration which was released on March 26, 1934, in the first place as showing the reflection of the farmers, and that they are going to be asked to cooperate, and that in the end this is going to be a long-time program:

> This is proof that farmers, when afforded the opportunity, are eager to cooperate with each other and with the Government—

Remember, "with the Government"—

> in an attack on their common problems. There is reason to believe that, building upon the emergency efforts of the present, the farmers will continue to cooperate in the execution of long-time plans designed to serve their own group interests and the best welfare of the Nation as a whole.

Which simply means that when we get deadlocked into this program it is going to be a long-time program.

Mr. FESS. I agree with the Senator.

As I stated the other day, I am not concerned about the length of the step we are taking. I am concerned about the direction in which we are going. That is very serious. In other words, if this is to be an approved course for the Nation to follow, it goes without saying that it will not stop with cotton; it will extend to other American farm products.

A friend who was in my office this morning, complaining about this measure, is not interested in cotton. He has no interest whatever in it; but he was wondering whether, if we shall pass it, we will not be opening the way for doing the same thing with reference to the agricultural products of Ohio. I stated to him that the difficulty will be that when a man wants to sow in the spring he will resent the mere suggestion that before he can do so he must get the consent, after consultation, of some bureau here in Washington; and then, later on, he will have to submit to some inspector sent out from Washington to ascertain whether the instruction of the Government given in the spring is being carried out; and

then, later on, when he comes to harvest his crop, he probably will be confronted by another inspector to say how he shall harvest it, where he shall sell it, how much he shall sell, and for what price he shall sell it.

I think every provision of this measure is un-American, and that it will produce terrific resentment.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. FESS. I yield.

Mr. VANDENBERG. Then there is a still further development, as disclosed in the last sugar bill. If the farmer misstates to someone else any terms of his relationship to the Government, he goes to jail for a year.

Mr. FESS. That is correct, and I think that what the Senator from Michigan has said is a most pertinent illustration, because sugar is certainly the next commodity to be considered under this category. There is not a bit of doubt about that.

I have a letter here from Abilene, Tex., the famous State from which our beloved Vice President comes. I will read only a paragraph of it, though it is a rather interesting letter. The writer states:

> Any clear thinker who is not bound by party ties stronger than his American instincts should appreciate the tragic calamity confronting the country under any similar compulsory legislation.

Then he adds:

> If the Bankhead bill is enacted it will ruin the greatest export item we have.

I asked the Senator from North Carolina yesterday or the day before whether he had considered the problem, whether, if there is any good to come from the control of the production of cotton, that good would inure to any man in the United States, or would inure altogether to the foreigner. I think there is no doubt that it would benefit the foreigner rather than our own citizens. I have been so informed by one of the best experts in connection with the Government today.

Mr. DICKINSON. Mr. President, will the Senator yield?

Mr. FESS. I yield.

Mr. DICKINSON. I should like to suggest that in the same report to which I have heretofore referred, at page 271, I find that the use of rented land for growing crops for direct consumption by the farm family, or for feeding livestock contributing to the farm family, is permitted in the case of cotton.

I suggest that in the State of Ohio and in the State of Iowa much corn is raised, and from the Des Moines Sunday Register of last Sunday I read this suggestion:

SOLID SOUTH PLANTING MORE ACRES IN CORN

> J. S. Russell's story, elsewhere in this issue, of the national "intentions to plant" as revealed in the Department of Agriculture's annual check-up, will repay the closest study. The map accompanying the article is particularly illuminating. Six of the seven States whose farmers contemplate increasing their corn acreage are located in the heart of the "solid South", the section from which one would naturally expect the heartiest support of all for the policies of a Democratic administration.
>
> * * * * * * *
>
> Corn yields per acre in the Southern States do not begin to compare with those of the Corn Belt. On the other hand, their total production is far from negligible. The six States indicating an acreage increase last year raised more than 170 million bushels of corn. A case might reasonably be made for requiring southern farmers, who have benefited greatly in cotton control payments, to spend a fraction of those benefits in purchasing additional corn needed for feed, instead of using retired acreage to compete with the Corn Belt. Northern States, even if they so desired, could not possibly do anything to counteract the retirement of cotton acreage in the South, while there is a distinct element of noncooperation in the planting of additional corn acres in the South.
>
> This is another impressive example of the complicated nature of the A.A.A. problem. The Bankhead bill, already passed by the House, does make some provision for correlation of the production-control program, but its compulsory aspects bring up new problems just as disconcerting.

We are encouraging the corn producer of Iowa to reduce his acreage, and also at the same time we find two distinct things happening: Competition is permitted to grow up in the South, because corn can be produced in the South, and we cannot produce cotton in the North. Also there is the further complication of the impressive program of selling highbred seed corn out in Iowa, to assist also in overcoming and counteracting the effects of the expenditure of many millions of dollars being spent for curtailing the corn acreage.

Mr. FESS. I thank the Senator.

The VICE PRESIDENT. The time of the Senator from Ohio has expired.

Mr. FESS. I will take a little time on the bill.

The VICE PRESIDENT. No amendment is pending. The question is on the passage of the bill.

Mr. FESS. I will defer what I had to say until after we vote on the bill.

Mr. ROBINSON of Indiana obtained the floor.

Mr. FESS. Mr. President——

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Ohio?

Mr. ROBINSON of Indiana. I yield.

Mr. FESS. I wished to add only one sentence, and the Senator from Indiana permits me to do so in his time.

The fact that the President at one time pronounced against compulsory acreage reduction, and the fact that the Secretary of Agriculture has never seemed to have been sold to the idea, and yet it has been supported in certain circles with more or less unanimity, has caused me to have considerable concern as to how far it will go. If such strong position as that of the President and the Secretary of Agriculture is going to be changed under any kind of persuasion, I cannot imagine where this sort of legislation will end.

DR. WILLIAM A. WIRT AND THE "BRAIN TRUST"

Mr. ROBINSON of Indiana. Mr. President, some few days ago a statement attributed to Dr. William A. Wirt was placed in the record of one of the committees in the House of Representatives by some witness who had received the statement from Dr. Wirt. Dr. Wirt undertook to say what some of the "brain trusters" of this administration had told him. Dr. Wirt said, substantially, that he had been told by a member of the "brain trust" that the country was drifting directly toward revolution; even that the present Chief Executive had been represented by the "brain trusters" to be the Kerensky of this revolution, while they were looking for the Stalin; that it would require a strong man to be the Stalin.

The statement has aroused a great deal of comment throughout the country. I suppose it was only natural to assume that members of the so-called "brain trust", and apologists for the administration, would attempt to belittle Dr. Wirt, to reflect on his ability and his very great fame. I rise this morning to give the facts, in just a few words, about Dr. Wirt.

I did not suppose anyone would ask a question such as that attributed to a prominent educator on his return from Europe yesterday or the day before, namely, "Who is Dr. Wirt?" Dr. William A. Wirt is regarded as one of the country's leading educators. Since 1907 he has been superintendent of schools at Gary, Ind. He is the originator of, and the first to put into large-scale operation the so-called "platoon or duplicate system in public education." By this method the capacity of the average school building is increased 40 percent, students have a 20 percent longer day, and no extra teachers are employed. The system has made Dr. Wirt nationally known, and has been installed in more than 150 schools. Educators from all parts of the United States come to see Dr. Wirt every year to learn about the Gary system.

Dr. Wirt has served as official adviser of the Board of Education of New York City. He has made special studies of educational methods in England, Belgium, France, and Germany, and is recognized as an authority on school administration. I suppose there is not an educator in the United States who does not know Dr. Wirt either personally

or by reputation. He is a distinguished character in the educational field.

Further than that, Mr. President, Dr. Wirt is a man of his word. He is a man of character and integrity, and if Dr. Wirt makes a statement, those who know him personally will be sure that the statement is true. Consequently, there is no doubt in the world that the statements which are alleged by Dr. Wirt to have come from members of the so-called "brain trust" were actually made by somebody connected with the "brain trust."

Events all over the country tend to substantiate what Dr. Wirt said. Books have been written by those alleged to be connected with the "brain trust" on the "Revolution in America." In the minute or two remaining of my time I desire to invite the attention of the Senate to a story appearing in the Washington Herald on Tuesday, March 27, from which I shall quote very briefly. Then I will ask that it, together with another article printed this morning in the Herald, may be incorporated in the RECORD immediately following my remarks.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. ROBINSON of Indiana. I quote now, Mr. President, from this article:

In its February issue, Fight, published by the American League Against War and Fascism, prints a map of the United States showing locations of many munition plants.

Fight is the publication of the American League Against War and Fascism, you will note.

"Hits Munition Makers" is the caption. In the text, many munition plants are identified by name and location. Text below reads:

The imperialist governments are preparing a new blood bath for the workers and farmers.

We call upon the workers of these plants to get into touch with the American League Against War and Fascism, 112 East Nineteenth Street, New York, or with the branch of the league located in your city.

We call upon all workers everywhere who have information on the manufacture of war material to mail us immediately the location of the plant, the type of war material made, and the number of workers employed.

I quote further from the Washington Herald:

In February, the first issue of the Yard Voice was distributed among navy yard workers. This propaganda publication, a single sheet as yet, is critically reviewed by the Daily Worker.

That is the Communist organ in this country—which notes that:

Of course it will be the most important means for opening the eyes of the navy yard workers to class consciousness and rally them for the final aim of the Communist Party—the overthrow of the capitalist system and the establishment of a Soviet America with all that implies. * * *

I advert now to the Young Communist League and subversive activities among youth of the land. I quote:

From the Y.C.L.'ers of all countries it is now demanded—

The Secretary of the Young Communist League of America said:

that they mobilize all forces and energy for the struggle of the youth against their compulsory fascization and militarization.

The secretary of the Y.C.L., Comrade Chemedonov, says, according to the story in the Herald, which quotes the Young Worker of February 13 issue:

Chemendonov assures youth that Soviet nonaggression treaties and American recognition do not end the danger of an attack upon the Soviet. Moreover, he tells youth bluntly:

"It is impossible for two mutually exclusive systems like the Socialist and capitalist systems to exist continually."

The February issue of Fight indicates that "youth is being enlisted in searching out and reporting factories making war supplies."

Youth also is urged to make demonstrations at factories and around docks.

The Young Fighter, published by the Trade Union Unity League, Communist, of which William Z. Foster is the head, prints the six-point pledge of the youth section, American league against war and fascism, item 2 therein reading:

"I pledge to work for the stoppage of all production and shipment of munition and war material."

I read again from the Herald, further quoting from the report of a speech made in the West, as the Western Worker, Communist organ in the West, reported it:

But when Rudie Lambert, speaking for the Workers' Ex-Service Men's League, declared that as a Communist he was going into the Army in the next imperialist war and urge the workers to turn their weapons against their class enemies, he received the greatest ovation of the entire evening.

Mr. President, there is much more along the same line. I shall not take the time of the Senate to read it. These articles show how widespread and how well coordinated and strongly controlled are the many subversive activities in this country. I ask, however, that the two articles may at this point be inserted in the RECORD.

The PRESIDING OFFICER (Mr. NEELY in the chair). Without objection it is so ordered.

The articles referred to are as follows:

[From the Washington Herald, Tuesday, Mar. 27]

REDS ORDER DRIVE TO CRIPPLE UNITED STATES DEFENSES

(By Ralph M. Easley, chairman executive council, the National Civic Federation; as told to Earl Reeves)

The Red International of Moscow has ordered the Communist Party, United States of America, into militant action in an attempt to cripple our national defense.

In current Communist literature our belated repair of long-neglected national defense is represented as arming for attack upon the soviet.

On January 13 there was published in the Daily Worker, official organ of the Communist Party, United States of America, the Thesis of the XIII Plenum of the Communist International, a document which becomes automatically standing orders for all Communist parties.

The Daily Worker quoted from the Thesis, then the American application, as follows:

"The fight against the Roosevelt war plans means the organizing of bitter resistance to every single war move, every action and utterance of the Roosevelt government leading to war. An intense spotlight of exposure must be trained on every slightest war step of Roosevelt to enlighten the masses as to where the Roosevelt government is leading them."

The Thesis itself ordered Communists "to exert every effort without losing a moment for the revolutionary preparation for the impending decisive battle for power."

ATTACKS CONSTANT

The published and platform attacks by communism upon naval construction, Army modernization, Air Corps expansion, upon the Reserve Officers' Training Corps, the National Guard, and civilian training have been bitter and constant.

The Red International uses imperative forms in its orders to its subjects throughout the world. Paragraph by paragraph the Thesis says "the Communist parties must", or "Communists must"—this being relieved by occasional use of "demand" or "obliged."

That Communists of America are obeying these latest orders, through action, is clear. Some examples follow:

1. "In fighting against war", commands the thesis, "the Communists must prepare even now for the transformation of imperial war into civil war, and concentrate their forces in each country at the vital parts of the war machine of imperialism."

In its February issue, Fight, published by the American League Against War and Fascism, prints a map of the United States showing location of many munition plants.

"Hit Munition Makers" is the caption. In the text many munition plants are identified by name and location. Text below reads:

"The imperialist governments are preparing a new blood bath for the workers and farmers.

"We call upon the workers of these plants to get into touch with the American League Against War and Fascism, 112 East Nineteenth Street, New York, or with the branch of the league located in your city.

"We call upon all workers everywhere who have information on the manufacture of war material to mail us immediately the location of the plant, the type of war material made, and the number of workers employed."

SECRET CELLS FORMED

"Secret cells" of Communists are being established as rapidly as possible, in plants making war supplies. Members act as spies. They foment trouble.

2. The Moscow thesis further directed that "the Communist Parties must intensify political educational work in the Army and Navy."

That such Communist "educational work" has already been attempted in our Army is shown by the Soldier's Voice, vol. 1, no. 1, December, known to have been distributed recently among soldiers at Monmouth, N.J., and doubtless elsewhere.

This little 8-page newspaper stirs up as many soldier grievances as possible and winds up with the declaration that "the bosses

of the United States plan to send us soldiers to destroy the Soviet Union", but—

"We as workers must refuse to do this dirty work for our masters, the bosses! Let us prepare and organize now not to fight against the Soviet Union, but for our class—the working class."

In February the first issue of the Yard Voice was distributed among navy-yard workers. This new propaganda publication, a single sheet as yet, is critically reviewed by the Daily Worker, which notes that:

"Of course, it will be the most important means for opening the eyes of the navy-yard workers to class consciousness and rally them for the final aim of the Communist Party—the overthrow of the capitalist system and the establishment of a soviet America with all that implies."

The Moscow thesis makes clear that this implies, for the United States, a replica of Russia's "Red October."

3. In the Young Worker on February 13, extracts from the speech of Comrade Chemedonov, secretary of the Young Communist International, were printed for the guidance of the Young Communist League of America.

MUST MOBILIZE

"From the Y.C.L.'ers of all countries it is now demanded", he said "that they mobilize all forces and energy for the struggle of the youth against their compulsory fascization and militarization."

Chemendonov assures youth that Soviet nonaggression treaties and American recognition do not end the danger of an attack upon the Soviet. Moreover, he tells youth bluntly:

"It is impossible for two mutually exclusive systems like the Socialist and capitalist systems to exist continually."

This makes clear that the drive to recruit youth aims to enlist them for the Soviet, and against America, in "the impending decisive battle for power." To the adult world, Moscow has been saying, "Let us live peaceably together."

YOUTH AS SPIES

The February issue of Fight indicates that youth is being enlisted in searching out and reporting factories making war supplies. Youth also is urged to make demonstrations at factories and around docks.

The Young Fighter, publisher by the Trade Union Unity League, Communist, of which William Z. Foster is the head, prints the six-point pledge of the youth section, American League Against War and Fascism, item two therein, reading:

"I pledge to work for the stoppage of all production and shipment of ammunition and war material."

In March a booklet of the Young Communist League was circulated containing this quote:

"Therefore we raised the slogan, 'Turn the imperialist war into civil war', which meant that when one of these wars for markets or colonies started and the bosses gave us guns and told us to go forward and kill other young workers, that we would take those guns, but instead of shooting down our fellow-workers across the trenches, we would, when the time was ripe, use these weapons against the capitalists."

Such things as these, per Moscow order, "concentrates forces on the vital part of the war machine."

Significantly, the Young People's Socialist League has refused a request to cooperate. They work for socialism through the ballot, not by the bullet.

4. Another section of the Moscow thesis orders "setting up fighting self-defense detachments."

5. Attacks upon national defense are made by the Communists by organizing so-called "antiwar congresses", into which many organizations or groups are drawn. Ostensibly against war, these congresses are used for agitation against defense programs.

On January 29, a "Bay Region Congress Against War and Fascism" was held in Berkeley, Calif. It was said to represent all shades of opinions, and 147 organizations. Ministers and educators spoke. It is cited as typical of the so-called "united front" tactics by which Communists obtain non-Communist support on many issues. Here, as elsewhere, Communist-drafted resolutions were passed.

PHRASE MONGERS

"Throughout the conference, the pacifist speakers were exposed in their true role as phrase-mongers", the Western Worker reported. "Dr. Aurelia Reinhardt, of Mills College, who gushed * * * thoroughly disgusted even the pacifist delegates * * *. The Rev. Lowther's speech was received very coldly.

"But when Rudie Lambert, speaking for the Workers' Ex-Servicemen's League, declared that as a Commmunist he was going into the Army in the next imperialist war and urge the workers to turn their weapons against their class enemies, he received the greatest ovation of the entire evening."

Before a congressional committee, William Z. Foster, the general secretary of the Communist Party of America and now head of its Trade Unity League, said:

"The revolutionary workers of every country have only one flag and that is the red flag, and all capitalists' flags are flags of the capitalist class, and we owe them no allegiance."

Communism in America is an efficient, organized machine.

It acknowledges allegiance to Moscow, not to Washington.

It is working on a carefully plotted plan, dictated by Moscow, and aimed at vital points.

Its openly announced objective is Soviet power in America.

[From the Washington Herald, Mar. 29, 1934]

UNITED STATES COMMUNISTS MEET SECRETLY TO INCREASE FIGHTING FITNESS—INTENSIVE CHECK-UP ON THE MEMBERSHIP ISS NOW IN PROGRESS—"TIGHTENING UP OF DISCIPLINE", AS ORDERED BY MOSCOW, IS CARRIED ON

(By Ralph M. Easley, chairman executive council, the National Civic Federation, as told to Earl Reeves)

The Red International of Moscow, through its thesis for the coming year's operations on January 13, gave orders to the Communist Party, United States of America, on preparing to go underground and on tightening up discipline and fighting fitness.

Since that time there has been increased activity in secret factions of the party. Many meetings of the type formerly held in local headquarters now are being held secretly in homes of party members.

CHECK-UP BEGUN

An intensive check-up is in process, not alone on the party membership, but throughout communistic mass organization; in which, for every party member, there are 10 to 20 aspirants to party membership.

Striking evidence regarding the tactics of communism in the United States will be given in this article from documents of the Communists themselves.

Communists recently held Lenin memorial mass meetings. One was held at Ninth and Grand Avenue, Los Angeles. Joseph Branch, director of the Communist Party school at San Francisco, spoke. He indicated that Communists within the United States consider themselves Russian subjects. He said:

"Manchuria is one of the danger spots of the world—for you here in California, fellow comrades.

"A most important point is that Manchuria borders upon our own land, our own country; it borders for approximately 2,000 miles on our country; a 2,000-mile line of the heroic Red Army.

CLASH WILL COME

"The Japanese militarists are not going to hesitate forever. At some point the clash will come.

"At that point we will have to take very serious measures to defend our country, our fatherland.

"Remember, 100 years ago Karl Marx said: 'We have no fatherland.' That was right at that time.

"But now when anyone says 'Defend your country,' tell them: "'Yes; I will defend my country. The only difference is that my country is on the other side of the world.'

"And tell them further that you intend to extend this country of yours until it extends and reaches around and engulfs the whole world."

Communism now is seeking out and publishing to its membership name and location of factories in the United States making war supplies. In the event of a Russo-Japanese war, if any of these supplies are destined for Japan, the plants manufacturing them become, in the minds of the Communists, enemies of their fatherland.

Similarly, if the United States becomes involved in war, that, in the eyes of Communists, is capitalist or imperialist war and by Communist doctrine it is necessary not only that they stop manufacture and shipment of ammunition and war supplies, but that they also strive to turn the imperialist war into civil war.

ARMY OF OCCUPATION

Many types of local citizens unwittingly cooperate with Communists. On no account should loyal citizens ever do so.

Communism is an enemy army of occupation within the United States.

Moscow ordered the building of the secret machinery which is now causing strikes, riots, and demonstrations. It is striving to cripple our national defense and seeking a strangle hold on vital sources of war supply.

The Red International has ordered such things as:

Training of small groups for strike and fight leadership, maintenance of secret organizations, tactics in street fighting methods of arming mobs, and use of barricades, such as appeared in the streets of Paris recently.

Excerpts from a Moscow document, published in six languages, with the United States heading the distribution list, follows:

Secrecy: "The question of an illegal organization must occupy the center of attention of all Communist Parties of the capitalist countries without exception.

"It is necessary to create illegal machinery immediately parallel to the legal machinery of the party. Addresses and places must be arranged for secret correspondence and secret meetings; and also for lodging illegal militants of the party. All the militants of the party should know what are the documents which should remain secret. There shall be no document left in the legal premises of the party which may give cause for (police) repression.

"As regards these premises it should be the general rule that the militant leaders should avoid being found there."

MYSTERY STRIKES

Strikes: Above all, it was emphasized that one branch of the Communist work must be secret.

"The factory cells absolutely must organize themselves immediately as illegal organizations and work with illegal methods."

These cells now cause mystery strikes and block settlements, spread unrest—and communism.

These cells also constitute communism's spy system within American industry.

In the event of revolution cell members expect to be appointed soviet directors of the plants in which they now are employed.

Riots: It must be recalled that while, at the time of armed insurrection, the watchword is, the offensive at all costs, revolutionary demonstrations are only training for war, and not real war. * * *

"To publish in advance the watchword 'armed demonstration' is to play at insurrection in an absurd fashion. Those who demand arms of the Communist Party are simply incapable of arming themselves.

"There is nothing against the spontaneous arming of demonstrators, but only against their general arming as the result of a watchword launched in advance and in the course of a period not yet ripe for armed insurrection.

CLASS WAR

"Nonresistance (against police) amounts to a betrayal of the principle of class war.

"Tactics: Organize marches of workers and starving poor in quarters inhabited by the rich * * * initiative groups to take leadership in demonstrations and all other Reds must follow the leadership of such groups * * * place closely knit groups here and there in crowds and through teamwork of the Red secret groups assume leadership of the entire gathering * * * force the police to disperse their forces. Special groups to be organized to act behind the police detachments and draw their attention away from the real center of the demonstration."

Communist demonstrators in America have used these tactics.

Such Moscow instructions should convince any reader of the true revolutionary nature of communism.

Dupes: The present Communist campaign is one of concentration on vital spots. The extraordinary conference held in New York last July ordered concentration on special factories, districts, and sections and on factory nuclei, local organizations, and street nuclei.

Except where communism has revolutionary unions of its own, it seeks strategic control at vital points, where the Nation can be crippled through other elements of the population, these being disaffected.

The sole objective of the Communists who use these groups is revolution and Soviet power in America.

This method of working was frankly revealed in the open letter which followed the extraordinary conference of last July, in a statement as follows:

"It goes without saying that it is our task to place ourselves at the head of every movement which breaks out spontaneously in the country, and to lead such movements.

"Or, where the reformist leaders stand at the head of the movement, to work for the exposure and replacement of the reformist leaders."

In other words, secretly penetrate and capture any movement which aims at reform or betterment of conditions. Turn it into channels of disrupting destructive criticism and agitation.

Again and again the Communists have done this very thing; and thus loyal citizens by hundreds of thousands have been made the unconscious tools of revolutionary communism. Loyal citizens should recognize communism for what it is and refuse to be its dupes.

A POLITE FICTION

Many have been bewildered by a polite fiction that the Third International has existed merely as a propaganda organization, having no connection with the Soviet Government. Prominent Americans, returning from Russia, have publicly stated this to be true.

It is untrue. Stalin directs both the Soviet Government and the Communist International. The latter is not merely a propaganda organization, but the actively functioning, fighting head and master of communism throughout the entire world.

Its orders are obeyed by the Communist Party of America.

Since American recognition, Stalin has acted to wipe out the always thin distinction between the Soviet Government and the Communist Party, welding the two into tightened unity. This action has been reported by Moscow correspondents, including those friendliest to the Soviet.

The directors of the Soviet are the directors of the recently speeded-up effort to bring about revolution in America.

The Senate resumed the consideration of the bill (H.R. 8402) to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes.

REGULATION OF THE COTTON INDUSTRY

Mr. BARKLEY. Mr. President, I desire to say just a word with reference to the bill now under consideration. I do not intend to enter into any discussion of its merits, but merely to put into the RECORD my own reaction and a very brief explanation of the vote which I shall cast.

I recognize that the times in which we are living are strange times, and strange remedies have to be brought forward for strange evils.

The bill now under consideration has been made temporary by the amendments which have been adopted by the Senate. I still am one of those who believe that it is of doubtful wisdom by legislation to take away from the farmer the right to cultivate the soil, the possession and title to which he has labored and struggled to obtain. Nevertheless, I recognize that almost the unanimous desire of the cotton growers of this country has been registered in behalf of the pending bill.

I do not know whether the provisions of the bill will work or not. I hope that if it shall be enacted it will work. I shall vote for it with all my fingers and toes crossed, and I want it understood that by so voting I am not in any way committing myself to any principle involved in this bill in respect to any future legislation that may come before the Senate.

There is a very small production of cotton in the State which I in part represent. There are a few counties along the Tennessee border where a little cotton is produced. I do not possess enough expert knowledge on the production and marketing of cotton to enable me to have absolute confidence in my own judgment as to what is best for the cotton producer, but I shall support this measure with the reservations stated, and with the understanding that I am doing it in order to try out the method which shall be adopted under the provisions of the bill and not in any way as a committal on my part upon that subject in the future.

That, Mr. President, is all I have to say. I have not shed any light on the subject, but my remarks were made for the purpose of explaining my own vote.

Mr. GORE. Mr. President, I do not intend to discuss the pending measure. Many of the cotton farmers in my State are in favor of the proposed legislation. Perhaps a majority of the cotton farmers in Oklahoma favor this legislation. Oklahoma is the third or fourth cotton-producing State in the Union.

I deem it both a duty and a privilege to carry out the ascertained wishes of the farmers of my State when I can do so without violating my official oath to support and defend the Constitution of the United States. I still cling to the Constitution as to the horns of the altar.

I hope this measure will prove a practical success, but I fear that the farmers are winding a boa constrictor about themselves that one day may break every bone in their bodies. I cannot conscientiously cast my vote in favor of this measure. My objections are both economic and constitutional, if that stands for anything.

Thomas Jefferson once said:

Were we directed from Washington when to sow and when to reap, we should soon want bread.

If the farmers can be told when to plant, what to plant, and where to plant it, what not to plant, and where not to plant it, then what is left of private property; then what is left of individual liberty, when we have created a desert by statute?

Mr. President, if the present measure is constitutional, then nothing is unconstitutional. It would be difficult to imagine a measure that violates the letter and the spirit of the Constitution if this measures comes within its letter and comes within its spirit.

As I view it, it takes property without due process of law. It takes property without just compensation. It takes all that land is, the rents, the revenues, and the profits arising from the land. Destroy a man's rents, revenues, and profits arising from the land and you destroy the value of the land itself.

If you destroy the value, what is left of the property itself. Of what value—of what avail is the barren fig tree? Destroy the value of property and you take property without due process of law. Upon this point I shall content myself with having read one sentence from that distinguished and fearless English jurist, Sir Edward Coke.

The PRESIDING OFFICER. Without objection, the clerk will read, as requested.

The Chief Clerk read as follows:

As according to the feudal law, the whole beneficial interest in the land consisted in the right to take the * * * rents and profits, the general rule has always been, in the language of Coke, that "if a man seized of land in fee by his deed granteth to another the profits of those lands, to have and to hold to him and his heirs, and making livery secundum forman chartes, the whole land itself doth pass. For 'What is the land but the

profits thereof?' Coke, Lit. 45, and that a devise of the rents and profits or of the income of lands passes the land itself both at law and in equity." (1 Jarv. Wills., 5th ed., and cases cited.)

Mr. DICKINSON. I ask unanimous consent to have inserted in the RECORD prior to the final vote on the passage of the bill a clipping from the Chicago Tribune headed "Iowan Discovers Tax on Hog Sale is 57 Percent of Price"; two editorials from the Atlantic News Telegraph, of Atlantic, Iowa, one headed "They'll Never Stand For It", and the other headed "The Logical Result"; and also an editorial from the New York Herald Tribune of this morning entitled "The Real 'Revolution'."

The PRESIDING OFFICER (Mr. NEELY in the chair). Without objection, it is so ordered.

The matters referred to are as follows:

[From the Chicago Tribune]

IOWAN DISCOVERS TAX ON HOG SALE IS 57 PERCENT OF PRICE

Dr. J. T. Waite, a veterinarian of Kossuth County, Iowa, was staggered to find that the processing tax on 41½ tons of hogs he marketed here this week was equivalent to 57 percent of the total market price on this huge consignment.

He sold 187 hogs, weighing 83,730 pounds, for a total of $3,300. The tax amounted to $1,884.

"People don't realize what a tax-mad administration means until it strikes home", he said.

"Where else in the world is there a product under a taxation as heavy or as unreasonable as this one. I would be well satisfied to make the profit on my hogs that the Government is getting."

Dr. Waite's highly improved farm, or "hog factory", as he calls it, turns out about 160 tons of hogs annually.

[From the Atlantic (Iowa) News Telegraph]

THEY'LL NEVER STAND FOR IT

Dispatches of Monday announced that the Bankhead bill, designed to nationalize and regiment the cotton industry by allocating to every raiser of cotton the amount of that product he can plant and cultivate and harvest, had passed the House of Representatives at Washington. If this bill becomes a law, the raiser of cotton will be forced to comply with governmental regulation and governmental dictation as to the amount he can raise for the 3 years it is effective. We are not arguing in this discussion the merits or demerits of the plan. We are simply setting forth our idea as to the reaction to such legislation. Should the Cotton Control Act become a law, inevitably other agricultural commodities will come under the same regulation. Secretary Wallace, who perhaps is the best informed of the "new dealers" on agricultural subjects, is understood to believe that if the present agricultural relief measures do not produce the desired results compulsory curtailment of crops and Government regulation of the farmer's every move are inevitable.

The farmers of the United States will never stand for any such an arrangement. Regardless of under what guise it is presented, they will never subscribe to a nationalized agriculture. They have such a set-up in Russia, and few farmers that we know want to see the country Russianized. Already, in the face of what has been done toward the control of the farmer's activities by voluntary cooperation on his part, there are rumblings of discontent, born of the governmental control of his operations. These rumblings are but a whisper compared with what will come if and when the Government sets about to make the regulation mandatory. Of all the men in the economic set-up, the farmer is the most highly individualistic. That has been the story of American agriculture from its earliest beginnings. The farmer does not want any Government functionary messing around his place telling him what to do and when to do it. Anyone who thinks he does is not in possession of the facts. Nationalization of agriculture will bring fireworks. Anyone with half an eye can see that as the result. The Democratic administration will dig its own political grave whenever it starts in on that policy.

[From the Atlantic (Iowa) News Telegraph]

THE LOGICAL RESULT

A friend of ours, in a recent conversation, decried the incursion of the Government into the affairs of every individual. He gave it as his opinion that our traditional personal liberties are gradually disappearing in a wholesale application of paternalism by Uncle Sam, and that if a halt is not called the individual citizen will soon be a helpless and spineless creature of the central government, whose every move and every activity will be regulated by government ukase.

This friend of ours is warranted in what he says. There is a tendency for the Government to mix too much in the affairs of the individual. There is a tendency away from the traditional personal liberty which has characterized the United States of America. But, seeking for the cause, we think, one does not have to probe very far.

In the last 2 decades or more there has been growing up in this country the theory that the central government is Santa Claus and that Christmas comes every day. Gradually, and at times almost imperceptibly, the dangerous philosophy has fastened itself into our reckonings that the purpose of the Federal Government is to dole out largess to various groups of its citizens and to wet-nurse their activities whatever they may be. We have been in a fair way of becoming a government by blocs. The various groups of our citizens who have sought entree to the Public Treasury have gained it largely by the threat of political reprisals against Congressmen who would not listen to reason. The result is that everybody has wanted to get something and few have offered to give anything. We have become an organized appetite and we have looked to the Federal Government to take care of the various wants and demands of groups of citizens with influential voting power.

It is the principle of human existence that one cannot get something for nothing. A price must be paid in life for all that we are able to attain. Inevitably it is an impossibility for the Government to subsidize particular groups of people in the country and not gradually assume a control over their activities. If there is too much government in business and too much governmental interference in the affairs of the individual, it is because we have brought it on ourselves. We have made a bid for it. The cause of the present tendency goes deeper than the numerous activities of the new deal. It goes back much further than these activities. It is the logical result of the insistence by groups of citizens that their Government owes them something and that the approved policy is to get everything possible out of that Government. The result is a lessening of the old independent relation borne toward the Federal Government by the average citizen. If we insist that the Government enter into all phases of our lives by acting as our guardian and our financier and our rescuer, then we should not complain if it results in a gradually increasing control by that Government of our individual affairs. The two go together. They are irrevocably linked up. It is impossible that the individual citizen can have no Government interference in his affairs but at the same time act as the guardian of those affairs in a financial way. There is no escaping this logic.

After all is said and done, our Government is pretty much representative of ourselves. If we sow the seeds of governmental participation in our individual activities, the harvest is bound to be a little more of the same. The personal liberty of the citizen is curtailed the moment he asks his Uncle Sam to act as his benefactor. The theory that the Government owes us something is a false theory, but its lure has become strong in our day. In its wake it is bound to bring more governmental messing in our lives and the consequent lessening of the vaunted personal liberty of the individual citizen. This is just as immutable a rule as the law of gravitation.

[From the New York Herald Tribune, Thursday, Mar. 29, 1934]

THE REAL REVOLUTION

The efforts to smear Dr. Wirt and to whitewash the "brain trust" should not be permitted to distract attention from the basic charges in Dr. Wirt's letter. These have little to do with Kerenskys and Stalins, but much to do with fundamental changes in our social, economic, and poltical structure involved in measures already passed by or introduced into Congress. These measures, giving life to the new deal, have made it possible for the Government in Washington to:

1. Tell the American farmer how much he may grow, and punish him with a fine if he grows more.

2. Tell American storekeepers what prices they must charge for articles they sell. (Already a man in Rochester has been arraigned for the crime of giving away a loaf of bread with a bottle of milk that he sold.)

3. Fix prices for services such as tailoring. (Already men have been punished in California, Michigan, Illinois, and Alabama for charging a few cents less for pressing a dress than the price fixed in Washington.)

4. License industries, limiting their hours of work, their output, the prices of their products, and even their right to modernize their plants.

5. Exercise powers of life or death over business operations through the arbitrary use of the tariff-making powers by the President rather than by Congress.

6. Attempt to control sources of credit through the securities bill and the stock-exchange regulations and the new banking bills.

7. Confiscate personal property through the forced surrender of gold and the subsequent devaluation of the dollar.

8. Cripple an entire industry like aviation by preferring unspecified and as yet unproved charges of corruption and collusion in obtaining contracts and by summarily canceling these contracts without a hearing or a fair trial.

These—to mention but a few of the departures from the old American system—do not signify revolution. But through most of them runs the desire to consolidate arbitrary and almost dictatorial powers in the hands of the Federal Government, and to set as a goal a sort of planned economy in which the Federal Government is to determine the entire productive activities of the country. A planned economy implies not only a surrender of individual rights to the National Government but the creation by the National Government of a large bureau of compliance (to use the new-deal terminology for what used to be called "enforcement"). We shall have to have an industrial and agricultural "cheka."

These changes lead, unless checked, to the establishment of a sort of economic despotism in place of democracy. This is the goal of much of the new deal. And this, unless we misread the sound sense that is sandwiched in with the gossip and chaff in

Dr. Wirt's letter, is what he warns against. Certainly most of his fellow countrymen have so far failed to perceive that such a danger lies ahead.

It is not too late to call a halt. The President is still in midstream and the course that some of his advisers have been urging on him has not yet been run. There can be no possible doubt as to the Nation's reaction once it knows the whole truth. Only if those who are seeking thus to effect unperceived changes in our system succeed in stifling discussion is there any fear of the outcome.

The fullest possible discussion of the new deal is therefore imperative—including the ideals as well as the acts to date of the so-called "brain trust." The service of Dr. Wirt's letter has been to facilitate such an airing. It may be that the country wishes to submit to a regimented planned economy. But before submitting it should at least have a chance to know that such a planned economy is another name for paternalism or benevolent autocracy, and that as such it is the negation of the American system under which this Nation grew great and powerful.

The PRESIDING OFFICER. The question is, Shall the bill pass? On that question the yeas and nays have been ordered and the clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. GORE (when his name was called). I have a general pair with the senior Senator from Minnesota [Mr. SHIPSTEAD]. In his absence I withhold my vote. If at liberty to vote, I should vote "nay."

Mr. McNARY (when Mr. JOHNSON's name was called). The senior Senator from California [Mr. JOHNSON] has a pair with the senior Senator from Louisiana [Mr. LONG]. If the Senator from Louisiana were present, he would vote "yea", and if the Senator from California were present he would vote "nay."

The roll call was concluded.

Mr. HEBERT (after having voted in the negative). I transfer my pair with the Senator from Illinois [Mr. LEWIS] to the Senator from Delaware [Mr. HASTINGS], and let my vote stand. If present, the Senator from Delaware would vote "nay", and the Senator from Illinois, if present, would vote "yea."

I desire to announce that the Senator from New Mexico [Mr. CUTTING] is paired with the Senator from Florida [Mr. TRAMMELL].

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from Nevada [Mr. McCARRAN], the Senator from Illinois [Mr. LEWIS], the Senator from Louisiana [Mr. LONG], and the Senator from Florida [Mr. TRAMMELL] are necessarily detained from the Senate on official business.

The result was announced—yeas 46, nays 39, as follows:

YEAS—46

Adams	Connally	Logan	Robinson, Ark.
Ashurst	Costigan	Lonergan	Russell
Bachman	Dill	McAdoo	Sheppard
Bankhead	Duffy	McKellar	Smith
Barkley	Erickson	Murphy	Stephens
Black	Fletcher	Neely	Thomas, Okla.
Bone	Frazier	Nye	Thomas, Utah
Brown	George	O'Mahoney	Thompson
Bulow	Harrison	Overton	Van Nuys
Byrnes	Hatch	Pittman	Wheeler
Capper	Hayden	Pope	
Caraway	La Follette	Reynolds	

NAYS—39

Austin	Couzens	Hebert	Schall
Bailey	Davis	Kean	Steiwer
Barbour	Dickinson	Keyes	Townsend
Borah	Dieterich	King	Tydings
Bulkley	Fess	McGill	Vandenberg
Byrd	Gibson	McNary	Wagner
Carey	Glass	Metcalf	Walcott
Clark	Goldsborough	Patterson	Walsh
Coolidge	Hale	Reed	White
Copeland	Hatfield	Robinson, Ind.	

NOT VOTING—11

Cutting	Johnson	McCarran	Shipstead
Gore	Lewis	Norbeck	Trammell
Hastings	Long	Norris	

So the bill was passed.

Mr. STEPHENS. Mr. President, I think this will be the first time I have ever made an explanation of any vote I have cast. I wish to say in regard to my vote on the so-called "Bankhead cotton bill" that the vote was cast with rather strong misgivings as to the probable effects which may come from its enactment. The measure was passed with very great doubt on my part as to its constitutionality. However, I have cast aside those misgivings. I have been willing to allow the bill to pass without any expression from me with reference to its constitutionality. I realize the serious condition of those who live in the cotton-growing States; I realize that relief should be given to them; and for that reason I have been willing to allow this chance to be taken; in other words, to let the bill be passed without any protest from me.

I am not presumptuous enough to believe, Mr. President, that if I had expressed these thoughts before the vote was taken, before the roll was called, any Senator would have been affected by what I might have said. But I did not know whether the bill would be passed, and I did not care to make this expression then because I know the strong desire of the people of the South with reference to the legislation, and I did not want, if the bill had been defeated, to have it said by anyone that I contributed to that defeat. Hence the delay in expressing myself in regard to the measure.

INCLUSION OF CATTLE AS A BASIC COMMODITY—CONFERENCE REPORT

The PRESIDING OFFICER. By virtue of an order previously made, the Senate will now proceed to consider bills on the calendar to which there is no objection.

Mr. SMITH. Mr. President, before that is done, I ask that the conference report on the so-called "cattle bill" be laid before the Senate.

The PRESIDING OFFICER. Is there objection to the request of the Senator from South Carolina.

Mr. McNARY. Mr. President, there is so much disorder in the Chamber that I did not understand the nature of the request of the Senator from South Carolina.

Mr. SMITH. I asked that the conference report on the so-called "cattle bill" be laid before the Senate.

The PRESIDING OFFICER. Is there objection?

Mr. McNARY. Mr. President, I have no objection to the consideration of the report, but I should like to have an explanation of it from the chairman of the Senate conferees.

Mr. SMITH. The conferees have agreed on the report, the nature of which will be indicated by the clerk when he reads it.

The PRESIDING OFFICER. The report will be read.

The Chief Clerk read the report, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7478) to amend the Agricultural Adjustment Act so as to include cattle as a basic agricultural commodity, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment numbered 7.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 4, and 6, and agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 6. There is authorized to be appropriated the sum of $50,000,000 to enable the Secretary of Agriculture to make advances to the Federal Surplus Relief Corporation for the purchase of dairy and beef products for distribution for relief purposes, and to enable the Secretary of Agriculture, under rules and regulations to be promulgated by him and upon such terms as he may prescribe, to eliminate diseased dairy and beef cattle, including cattle suffering from tuberculosis or Bangs' disease, and to make payments to owners with respect thereto."

And the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate to the title, and agree to the same with an amendment as follows: In lieu of the matter pro-

posed to be inserted by the Senate amendment insert "To amend the Agricultural Adjustment Act so as to include cattle and other products as basic agricultural commodities, and for other purposes"; and the Senate agree to the same.

E. D. SMITH,
ELMER THOMAS,
GEO. McGILL,
G. W. NORRIS,
CHAS. L. McNARY,
Managers on the part of the Senate.

MARVIN JONES,
H. P. FULMER,
WALL DOXEY,
CLIFFORD R. HOPE,
J. ROLAND KINZER,
Managers on the part of the House.

Mr. McNARY. Mr. President, will the Senator from South Carolina defer his request for the consideration of the report for a few moments on account of the absence of the Senator from Wyoming [Mr. CAREY], who expressed a desire to be present when the report was considered? He will be in the Chamber in a few minutes.

Mr. BORAH. Mr. President, in the meantime, we might occupy a few moments by having the Senator from South Carolina explain the conference report. We cannot be advised by hearing the numbers of the admendments read.

Mr. SMITH. Mr. President, there were included by the Senate——

Mr. McNARY. Mr. President, will not the Senator defer his request until the Senator from Wyoming may be present?

Mr. BORAH. In the meantime, I should like to know what the report is.

Mr. SMITH. I will defer my request until the Senator from Wyoming comes in, and then I will ask that the conference report be laid before the Senate.

(At this point several matters of routine business were transacted, which appear under the appropriate headings.)

Mr. McNARY. Mr. President, may I say that I have communicated with the Senator from Wyoming [Mr. CAREY] and ascertained that he has no objection, and therefore I have no objection to the consideration of the conference report at this time.

Mr. SMITH. Mr. President, I renew my request.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7478) to amend the Agricultural Adjustment Act so as to include cattle as a basic agricultural commodity, and for other purposes.

Mr. SMITH. Mr. President, the report is now before the Senate. As the Senator from Idaho [Mr. BORAH] has asked for an explanation, I will say that the Senate added certain agricultural products as basic commodities. The House agreed to those amendments. There was a certain amount provided in the bill to carry out the intent and purpose of adding of these basic commodities. That provision was retained in the bill.

There was added to the bill as it came from the House a provision for $150,000,000 for the purposes specified in the several amendments, chief among which was the purchase of certain milk cows to be distributed among needy families, and also for eradication of certain diseases, tuberculosis and other diseases, among cattle.

After consultation with the representatives of the Department it was found that there would be some difficulty not only in administration but in getting an amount sufficient to carry out the purposes of the measure, so the $150,000,000 was reduced to $50,000,000 but including the major point contained in the amendment offered by the Senator from Wisconsin [Mr. LA FOLLETTE].

The last amendment, which had to do with increasing the items that would be considered in the parity price, namely, freight, insurance, and taxes, we found was already practically included in the process, and the Senate receded on that amendment.

In the main, the major action of the conference was in the reduction of the amount of money that was asked for in the Senate amendment, reducing it from $150,000,000 to $50,000,000.

Mr. VANDENBERG. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Michigan?

Mr. SMITH. I yield.

Mr. VANDENBERG. Does the Senator say that the total amount now carried in the measure as submitted by the conference report is not reimbursable to the Treasury?

Mr. SMITH. The testimony given by the Secretary of Agriculture was that ultimately this money will all be returned to the Treasury through certain processing taxes, as he claims. He wants to start the industry without having to cripple the price level by insertion of these matters until such time as supply can be adjusted to the demand.

Mr. VANDENBERG. I wish to be sure I understand the Senator. Is the Senator now saying that the entire amount appropriated for the cattle fund is to be reimbursed from the processing tax?

Mr. SMITH. I think that is the purpose of the Department of Agriculture, though it is not so specified in this bill.

Mr. VANDENBERG. The Senator understands that in the course of the debate on the bill we were told some 15 or 20 different things respecting this particular proposition. Some Senators voted for the bill on the theory that there was going to be no processing tax, and all of it was bounty; some on the theory that the beneficiaries were going to get half of it as bounty; and some voted for it on the theory that it was all a processing tax. I was wondering if, in the final show-down, the Senator can tell me with some conclusiveness whether the money is going out of the Treasury for keeps, whether part of it is coming back, or whether all of it is coming back?

Mr. SMITH. It all depends entirely upon what is going to be the price level that may be brought about without the processing tax. If there should be sufficient recovery to bring the prices up to where parity is reached, of course, there would be no processing tax. But in adjusting affairs it is claimed that the Department will have to have a certain amount, not the entire amount, because it is believed that will not be necessary at the beginning, but if it is necessary for them to consume this amount they will do so, and under the general A.A.A. act they may impose a processing tax. My opinion is that the Treasury will be reimbursed through a processing tax to the amount that is necessary to be used out of the $200,000,000.

Mr. VANDENBERG. Is that entirely discretionary with the Department?

Mr. SMITH. That is discretionary with the Secretary of Agriculture.

Mr. VANDENBERG. In other words, if I now understand the situation correctly, this is a permissive $200,000,000 grant, and whether or not any of it is chargeable to the Treasury is dependent upon the discretion of the Agricultural Adjustment Administration? Is that a correct statement?

Mr. SMITH. That is true. The Senator has stated the situation as I understand it.

Mr. VANDENBERG. Was there any protest in the conference from the Director of the Budget against this particular use of money, or is the amount to be charged to this collateral budget which we never shall have to balance?

Mr. SMITH. There was no protest from him, but he did discuss the $50,000,000 involved in the amendment of the Senator from Wisconsin [Mr. LA FOLLETTE]. That we did discuss; but the Director of the Budget did not discuss with us the $200,000,000.

Mr. VANDENBERG. What did the Director say about the $50,000,000? Was he in favor of that?

Mr. SMITH. Yes; he thought perhaps that could be handled.

Mr. VANDENBERG. Did he suggest that we ought to provide the taxes to raise that particular amount in the same connection?

Mr. SMITH. No. What they thought could be done was that this amount could be gotten from what was known as the "relief fund" which is already provided for, and perhaps it might be gotten through the Reconstruction Finance Corporation. After we discussed that question we just made it an appropriation and left it up to them to find the money. It is here in the form of relief in one or two or three departments.

Mr. VANDENBERG. Then, this could, under certain circumstances, represent an appropriation of $250,000,000 out of the Treasury?

Mr. SMITH. It could, under certain conditions; but I do not think we are justified in assuming that all this money will come out of the Treasury. I myself think that a good portion of the $200,000,000 is going to come out of the processing tax. I think so.

Mr. VANDENBERG. But many who are supporting the bill are doing so on the contrary theory, that there will be no processing tax and no reimbursement. So the truth of the matter is that it is a blind speculation with a quarter of a billion dollars.

Mr. MURPHY and Mr. BORAH addressed the Chair.

The PRESIDING OFFICER. Does the Senator from South Carolina yield; and if so, to whom?

Mr. SMITH. I yield to the Senator from Iowa.

Mr. MURPHY. Mr. President, before the cattle bill was passed I put in the RECORD a letter from Secretary Wallace, in which he said that a processing tax would be imposed.

Mr. VANDENBERG. Then the Senator from Iowa disagrees with the Senator from South Carolina.

Mr. SMITH. No; we do not disagree, because in the discussion, when we sent for the members of the Agricultural Adjustment Administration, they were indefinite as to whether or not the amount provided here would all be raised by imposing a processing tax. If it should be necessary to use it all before we reached a parity price, it would all be collectible out of a processing tax; but they said to us that the parity price was predicated upon certain movements they had in view, and that it might not be necessary to use all this amount of $200,000,000 and have it reimbursed through a processing tax.

The Senator is just about right when he says we have made available, if necessary, $250,000,000, of which $50,000,000 has no reference to a processing tax. That is a relief fund. That is distinctly the proposition of the Senator from Wisconsin [Mr. LA FOLLETTE]. The $200,000,000 may all be used and reimbursed by a processing tax.

Mr. VANDENBERG. Or not.

Mr. SMITH. Or not; yes.

Mr. VANDENBERG. And we are entirely at the mercy of the Secretary of Agriculture and Dr. Ezekiel and the rest of them in that answer.

Mr. MURPHY and Mr. BORAH addressed the Chair.

The PRESIDING OFFICER. Does the Senator from South Carolina yield; and if so, to whom?

Mr. SMITH. I yield to the Senator from Iowa.

Mr. MURPHY. I have referred to the letter from Secretary Wallace. Here it is:

> In response to your telephone request, I wish to state that if beef cattle were made a basic commodity under the Agricultural Adjustment Act we would not plan to impose a processing tax on beef until a plan for controlling beef-cattle production and marketing through a system of contracts with producers had been developed and agreed upon by beef-cattle producers.
>
> The act provides that whenever benefit payments to producers are to be made with respect to any basic agricultural commodity, a processing tax shall be in effect with respect to that commodity from the beginning of the following marketing year. It would be our policy to levy only a small tax at the beginning and to proclaim increases in the tax only as marketing conditions in the industry had improved to the extent that the increased tax would not react unfavorably on producers. We could proclaim a marketing year beginning either in the fall or spring.
>
> Sincerely yours,
>
> H. A. WALLACE, *Secretary.*

As I read that letter, the Secretary of Agriculture will be free to use $200,000,000 in furtherance of his plans to increase the price of cattle, and he will employ some of those plans to build up the price of cattle at least in an amount sufficient to resist the impact of the processing tax, which, in my opinion, will fall largely on the producer.

Mr. VANDENBERG. Mr. President, if the Senator will permit me, does he find in the language of the letter he has read anything which undertakes to state that the entire sum is to be reimbursed?

Mr. MURPHY. I do not.

Mr. VANDENBERG. That is what I am trying to find out—how much of the appropriation we are now making is a floating appropriation at the discretion of the Secretary of Agriculture to reach in or out of the Treasury when, as, and if he sees fit.

Mr. MURPHY. If the Senator please, I submit that it is in contemplation to recover this money—in what amount I confess I do not know—but to recover money with the processing tax.

Mr. VANDENBERG. It is the Senator's confession which interests me.

Mr. MURPHY. I do not know in what amount it will be recovered. Personally, I hope that not a great deal of it will thus be recovered.

Mr. VANDENBERG. Exactly; and so do most of those who voted for the bill.

Mr. MURPHY. But the contemplation of the law, in my opinion, is that there shall be recovery through the processing tax of expenditures made, as to the $200,000,000.

Mr. VANDENBERG. In other words, the Senator's hopes and interpretations are at war with each other.

Mr. MURPHY. Exactly.

Mr. BORAH. In other words, if the processing tax is imposed, the incidence will be upon the producer.

Mr. MURPHY. In my opinion it will largely be there until supply falls short of demand.

Mr. BORAH. It will be something like the jute tax.

Mr. KING. Mr. President, I should like to ask the Senator from Iowa [Mr. MURPHY] if he justifies legislation which puts into the hands of any official—except possibly in time of war—$200,000,000, or any sum, without any limitations upon the uses to which it shall be put.

It seems to me we ought to say either that this is a gift of $200,000,000, or that it is a loan to be repaid.

I should dislike to vote for this bill, much as I might desire, if we do not know whether the amount appropriated is to be used for specific purposes or is to be used by the Secretary of Agriculture or officials in the Department as they may see fit. It seems to me it is unwise and improper legislation to turn over to an official of the Government $200,000,000 to spend as he may see fit in the execution of some plan that is not yet proposed, and which may depend upon its form upon many unforeseen contingencies.

We may not justify legislation taxing the people of the United States millions of dollars, the expenditure of which rests solely in the discretion of some Federal official.

Mr. McNARY. Mr. President, I have had no opportunity to look into the conference report. I signed the conference report upon faith and confidence in the members who attended the conference. As I read the report hurriedly, it occurred to me that the only changes made were regarding the disposal of $50,000,000 out of $200,000,000.

Unquestionably, when cattle become a basic agricultural commodity they become subject to the processing tax and all provisions of the Agricultural Adjustment Act. About that I have no doubt whatsoever.

The $50,000,000 is made available to the Department of Agriculture to treat tuberculosis in cattle, which is the policy of the country, and the annual appropriation bills carry large sums for that purpose; and this is supplemental thereto, except that it includes Bangs' disease of cattle. The policy of the country has been always for the Federal Government, in the destruction of diseased cattle, to pay one third of their value; the owner pays one third and the State pays

one third. We are not inaugurating a new policy. We are extending and supplementing the sums of money carried by the agricultural appropriation bill. Also, part of this money goes into a relief fund which may be used by the Secretary of Agriculture in any way he thinks it might better the condition of the cattle industry. To me that is perfectly plain and certain. As to the processing tax, there can be no doubt whatever that when any commodity is made a basic commodity it becomes subject to all the provisions contained in the original act.

Mr. SMITH. Mr. President, I stated frankly to both the Senators who made inquiry that after having discussed this matter back and forth we sent for members of the Agricultural Department to come down and explain what the $200,000,000 was for. Every man knew that the minute cattle should become a basic agricultural commodity, under the terms of the Agricultural Adjustment Act they would be subject to a processing tax; but the explanation given us was practically along the lines stated by the Senator from Iowa [Mr. MURPHY] and myself. The representatives of the Department said that after they had figured up about what would be necessary to put the whole act in operation at once, to make the necessary expenditures for benefits and otherwise, they estimated that $200,000,000 would be necessary to put it into operation as had been done in the case of other basic agricultural commodities. But, according to the letter read by the Senator from Iowa and the testimony before our committee, they seemed to have some mental reservation that they would not use all of the processing tax on account of certain agreements they might enter into with certain of those who were engaged in the beef-cattle business.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. VANDENBERG. In the course of their explanation, did they give the Senator any satisfactory reason as to why they need $200,000,000 as a fund for one commodity, whereas the original A.A.A. act provided only $100,000,000 for all seven of the staples of the country? Why do they need twice as much for cattle?

Mr. SMITH. The reason they gave was that that amount, in their opinion, would be necessary if they did not enter into any of the trade agreements which were signified by the letter written to the Senator from Iowa.

In all the mysteries connected with this matter it is not fair for the Senator from Michigan to ask me to stand here and unravel the mental processes of those dealing with it. I cannot do it. I can only take their word, and their word was that they might not use all this fund if they could enter into certain trade agreements. But to whatever extent there is an expense incident to getting this matter adjusted, the money will be reimbursed to the Treasury through the imposition of a processing tax. That is all I know about it.

Mr. VANDENBERG. I thank the Senator for his candor. Inasmuch as he was not able to understand it at first-hand, he will absolve me of any ignorance in not being able to understand it at second-hand.

Mr. FESS. Mr. President, will the Senator from South Carolina yield to me to ask him a question?

Mr. SMITH. I yield.

Mr. FESS. The Senator will recall that when the cattle people were here in a convention to present this subject to the Department of Agriculture, the Secretary of Agriculture communicated with various Senators. I received a letter from him asking whether, in my judgment, the opinion of the Congress would be that cattle should be added to the Adjustment Act as a basic commodiy, or whether it would be better to do what many cattlemen wanted, to have $200,000,000 paid out of the Treasury as a subsidy to cattle raisers. The question was specific as to which would be the better.

My reply to the Secretary of Agriculture was that since we are in this experimental stage, if cattle were to be included in the granting of any special assistance from the Government, it would be logical to add cattle to the Adjustment Act as an additional basic commodity, rather than to take the new field of making a direct subsidy.

I have not heard anything more than what the papers have stated, but, to be perfectly frank, it seems to me that the object was to avoid any criticism, and, at the same time get the $200,000,000, to add cattle as a basic commodity, and then ask for the $200,000,000 in addition. I may be wrong, but that seems to me to be exactly what was done.

Mr. SMITH. Mr. President, in reply to that, there was bitter opposition for a while against any processing tax, but if my memory serves me correctly, those who came before the committee who had been opposed to the processing tax were willing to forego their objections in order to get their commodity included as a basic commodity.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. CONNALLY. Let me say to the Senator from Ohio, as well as to the Senator from South Carolina, that a great many of the cattlemen, when this matter first arose, opposed it because they were antagonistic to the processing tax, but later on, when they realized there was no other way by which they could get any relief except to take their chances with the processing tax, the majority of the cattlemen from my section of the country were willing and anxious to have the bill enacted, even though it did carry a processing tax.

Mr. FESS. Do they not get the $200,000,000 just the same?

Mr. CONNALLY. No.

Mr. FESS. Is not that what they asked for?

Mr. CONNALLY. They asked for it. They have to have an operating fund, but if their commodity is included in the Agricultural Adjustment Act as a basic commodity, then it goes in just like all other basic commodities, and the law provides that if any direct benefits are paid to the cattle people, the Secretary of Agriculture shall be required to put on a processing tax.

Mr. FESS. I understand. I will say to the Senator that I am not criticizing those who were objecting to the processing tax, because if the processing tax could be passed on to the consumer, then the producer would get some benefit from the legislation; but if a processing tax is assessed on the producer and paid by him alone, he will be worse off than he was before.

Mr. CONNALLY. The chances are that the processing tax will not all be passed on to the consumer, and will not all come out of the producer. The chances are that a part of it will come out of each. Just as in the case of any other factor of cost, it is very seldom passed on 100 percent; but if the producer gets 50 percent more than he is now getting, and the consumer does have to pay a little more, the plan will be beneficial; and that is the way I think it will work.

Mr. FESS. It is a very uncertain sort of legislation. Nobody knows what is going to be done.

Mr. CONNALLY. Certainly. It is a new field; it is virgin soil; it is experimental, and we never move the world forward an inch except by the process of experimentation.

Mr. KING. Mr. President——

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Utah?

Mr. SMITH. I yield the floor. I am perfectly willing to answer any question as to what the conferees have done, and, as far as possible, to illuminate the subject; but I am not here defending the bill one way or another. I am simply upholding the conference report.

Mr. KING. Mr. President, I should like to inquire of some Senator who can give information as to whether or not this $200,000,000, or any part of it, is to be used as the Secretary of Agriculture may determine, in his discretion, whether he may impose a processing tax or not as he pleases, whether he may expend the whole or any part of it without making any provision to recoup the Treasury for a single dollar. I should like to know whether it is a gift, a gratuity, or a loan; and no one seems to be able to answer.

Mr. SMITH. Oh, yes, Mr. President; there is no question about it. I think it has been made perfectly manifest that,

to whatever extent they use any part of this $200,000,000, it is going to be subject to a processing tax to that amount to reimburse the Treasury.

Mr. KING. Mr. President, let me ask the Senator from South Carolina this question: In view of the fact that statements have been made indicating that where processing taxes have been authorized there have been or will be deficits of five or six hundred million dollars, whether we should treat all of these appropriations as gratuities or whether we should not make it clear in the bill that sufficient taxes are to be levied and collected as will meet all expenditures?

Mr. SMITH. Mr. President, I do not think there need be any question about whether money which was advanced from any other source went to reimburse the source from which it came. I do not know who is going to pay, whether the producer or the consumer. I have my ideas about what has happened up to the present; and if the Senator will recall, I stood here, when the bill providing for the Agricultural Administration was before the Senate, and stoutly opposed the processing tax, because, in the first place, I did not believe in the principle of it; it was applying a high protective tariff. In the next place, I had serious doubt as to who would pay it. I have none now; I had then. I had serious doubts. But I do not think the Department of Agriculture should be charged with squandering money outside of the provisions of law. So far as I know, they have meticulously observed the law, and wherever this tax has been imposed and collected, if the money had been advanced from some other source pending the collection of the tax, it has gone to reimburse that source, and the processing tax, whenever it shall be collected, will be, under the terms of the law, turned back to the producers ratably, according to the amount they have sold. I am not here holding any brief for the Department of Agriculture, but I do believe they are observing the law fairly and meticulously.

Mr. KING. Mr. President, the Senator from Iowa [Mr. DICKINSON] a day or two ago presented figures, which I understood had been obtained in response to an inquiry or resolution of the Senate addressed to the Department of Agriculture, which showed, if I remember his statement, that, notwithstanding the processing taxes which had been imposed with reference to those basic agricultural commodities as to which the tax had been levied, there was a deficit of five or six hundred million dollars.

If we are proceeding upon the theory that the processing tax is to recoup the Treasury for the hundreds of millions of dollars which are taken from it, and the figures submitted by the Senator from Iowa are correct, obviously we are living in a sort of fool's paradise, and we may have a deficit of more than five or six hundred million dollars growing out of the enforcement of the basic agricultural commodity measures.

Mr. McNARY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Oregon?

Mr. KING. I yield.

Mr. McNARY. Only in the interest of accuracy I am compelled to make this statement and correct the Senator from Utah. It never has been $500,000,000 or $600,000,000.

Mr. KING. I am merely stating figures which I understood the Senator from Iowa [Mr. DICKINSON] gave to the Senate a day or so ago. I have no independent knowledge as to the deficits to be incurred under the basic agricultural commodity measures.

Mr. McNARY. I do know, Mr. President.

Mr. KING. I shall be glad to get the information.

Mr. McNARY. There has been levied in the aggregate in processing taxes on wheat and cotton about $235,000,000. Therefore there could not be a loss of $500,000,000.

With respect to the situation as concerns cotton. The processing tax this year, as estimated by the Secretary of Agriculture in the release which he made Monday, clearly indicates that the accumulation from the imposition and collection of the tax will be $116,000,000; the amount advanced in the nature of benefits is $125,000,000; or a loss of $9,000,000 on cotton for the crop year of 1933–34. Necessarily there must be some variance between the processing tax and the benefit, because the estimate is made of the parity price by the Secretary of Agriculture before the tax is imposed. When he imposed the tax it was on the basis of an estimate he had made, probably based upon the best advice he had. So when the estimate of the processing tax is $116,000,000, in fact the benefits accruing were $125,000,000, or a net loss of $9,000,000. That is the situation with respect to cotton.

The report on wheat is not in, but the benefits to wheat have been $110,000,000, paid out in the same crop year. The amounts collected in the processing tax have not as yet been announced. So I repeat that the Senator's figures are quite awry; but there never can be an accurate arrangement, because one is an approximation, the other is a collection imposed by tax.

Mr. KING. Mr. President, the Senator from Iowa [Mr. DICKINSON] is now in the Chamber. I used his name a few moments ago in connection with a statement which he made a day or two ago as to the deficits resulting from the enforcement of the basic agricultural acts. The Senator referred to the processing taxes collected and, as I understood him, indicated there would be a deficit of several hundred million dollars. I shall be glad if the Senator will correct me if I am in error.

Mr. DICKINSON. What figure did the Senator use?

Mr. KING. Several hundred million. I think I stated $500,000,000 or $600,000,000.

Mr. DICKINSON. As a matter of fact, what has happened to date is that the processing tax has brought in about $235,000,000. The estimates given in the hearings before the Committee on Agriculture were that the entire A.A.A. would cost us about $855,000,000. The figures in the report are all official figures. But, of course, the processing tax will be collected between now and July 1. Therefore we do not know exactly what the deficit will be.

With reference to the particular items——

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. DICKINSON. Permit me to finish my statement and I shall yield.

With reference to the particular items in the Agricultural Adjustment Act report which has just come out, on page 284 will be found a reference to cotton for the fiscal year ending June 30, 1934. The collections of processing taxes will amount to $134,700,000 up to July 1, 1934.

Then the various credits are given for the various contributions that have been made to charitable organizations, drawbacks, and so forth, with the net collections up to June 30, 1934, of $129,700,000.

The rental payments to date for the 1933 crop were $112,000,000.

The rental payments on the 1934 crop, $50,388,000.

Total expenditures $162,000,000, with the excess of expenditures over collections of $32,688,000.

Then an estimate is given for the year 1935.

With reference to wheat, it shows an excess of expenditures over collections of $6,500,000.

With reference to corn and hogs, a total expenditure of $430,000,000.

The processing tax there, after giving credit to that, shows a net deficit of $97,045,000.

Mr. KING. May I ask the Senator what those net credits are? As a matter of fact that would be a loss, would it not? Would it not be a charge upon the Treasury of the United States.

Mr. DICKINSON. Yes; that is correct.

Mr. KING. How much were they? They would be many millions of dollars?

Mr. DICKINSON. Credit is taken in the report for what is known as the "Bankhead fund." The Bankhead fund was a fund created under the agricultural act that was allocated to the various commodities, and, of course, they took credit for that fund. They are not entitled to a credit for that fund. Besides it is purely a payment out of the Federal Treasury.

As to how much the processing tax will amount to between now and the 1st of July, I do not believe the Department officials themselves can estimate. The fact is that for this month of March it will be about $35,000,000 or $36,000,000. As we go into the months of April, May, and June, it will be less. Why? Because we have less processing of pork and less processing of wheat in those months. I do not know what it will be with reference to cotton. I do not know about the ginning of cotton.

I think we are safe in saying that with the expenditures, which are in the nature of rental benefits and the other types of benefits that have been paid out, we will have a deficit of about one-half billion dollars.

Mr. MURPHY. Mr. President, I hold no brief for the processing tax. I think the statement is not fairly made as respects that tax. Expenditures have been made that are nonrecurring. To illustrate, in the case of hogs, they bought last year 6,000,000 pigs and something over 200,000 sows. There will not be a repetition of that expenditure.

Mr. VANDENBERG. Mr. President, does the Senator mean that a hog can be killed only once?

Mr. DICKINSON and Mr. CAREY rose.

The PRESIDING OFFICER (Mr. HATCH in the chair). Does the Senator from Iowa yield; and if so, to whom?

Mr. MURPHY. I yield to my colleague from Iowa.

Mr. DICKINSON. I want to suggest that there has not been a repetition of the original purchases, but remember that the Department of Agriculture daily is making extensive purchases of hogs and paying packers for processing, and they are being distributed for emergency relief purposes. The mayor of an eastern city told me recently that the Department was shipping in so much stuff there that they did not know what in the world to do with it. They could not use it all.

So with regard to the statement that the purchase of pigs will not be recurring, it will be recurring unless we provide a way by which we can prevent the Department from doing what section 24 of the cotton bill would have permitted to be done—which section the Senator from Utah had stricken from the bill—and that is to continue to buy this stuff for emergency purposes when, as a matter of fact, the purchase is purely for the purpose of maintaining a price stabilization to avoid the real effect of the processing tax on price levels.

Mr. MURPHY. I should think the real purpose is not that which has been stated by my colleague. There is an association of purposes. To prevent what we are doing we would have to do away with poverty. We are buying pork and we are feeding it to the poor. There is a contribution to the processing of the pork and the cost of the hog by A.A.A. and the relief administration.

Mr. CAREY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Wyoming?

Mr. MURPHY. I yield.

Mr. CAREY. I should like to ask the Senator from Iowa a question with reference to his statement that such purchases would not recur. Does the Senator not think there is a possibility of another crop of pigs this year that would have to be purchased?

Mr. MURPHY. I am proceeding on the assumption that the program is being worked out, and that there will be a greatly restricted number of hogs.

To resume the thought I was expressing, this processing tax will continue long after these extraordinary expenditures shall have been made. So the disparity between income and outgo that shows today will not show after the processing tax has been in operation for a much longer period. We started the processing tax in the case of hogs with $1, and today that tax is $2.25. That tax is intended to yield the money out of which the benefits are paid to the producer. It is manifestly unfair to strike a balance today as between expenditures in connection with the program and income from the processing tax. We ought to be fair, and not seek to strike that balance until sufficient time shall have elapsed to permit the collection of sufficient processing money.

Mr. CAREY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Wyoming?

Mr. MURPHY. I yield.

Mr. CAREY. Then it will be possible for the Department of Agriculture to keep increasing the processing taxes until the money is repaid?

Mr. MURPHY. I would say to the Senator that the Agricultural Department increases the processing tax very reluctantly, because increasing the tax arrests consumption and thereby, in a way, defeats the success of its plan. It ought to appear that we cannot make cattle a basic commodity without imposing a processing tax, and our experience with hogs does not warrant the assumption that this money is going to be taken as a gratuity out of the Federal Treasury and given to the farmer.

I have stated my conviction already as to hogs, and I restate it. In my belief, practically all the processing tax comes out of the producers of hogs. If that be true, it does not lie in the mouth of any man here to assert that this appropriation intended for cattle is going to come out of the Federal Treasury.

Mr. KING. Mr. President, will the Senator yield for a question?

Mr. MURPHY. I yield.

Mr. KING. If I understood the Senator, he stated that the processing taxes would continue for some time. I was wondering when the law will deny the Agricultural Department the authority to impose a processing tax? It is not indefinite, is it?

Mr. MURPHY. The theory of the processing tax is that it will decline as prices approach parity. When prices shall have attained parity the processing tax will disappear, according to the theory of the plan.

Mr. KING. What I wanted to ask the Senator was whether or not the basic agricultural commodity law does not expire by limitation or is it to continue permanently?

Mr. MURPHY. It is an emergency act.

Mr. KING. Then, when that——

Mr. SMITH. Mr. President, may I answer the Senator?

Mr. MURPHY. I yield.

Mr. SMITH. As the Senator may remember, in the text of the original act it is stated, as it was also stated by the Department which is the proponent of the bill, that when parity shall be reached between what the farmer has to buy and what he has to sell, based upon a comparison between the two prices in a given year—and the basic years are stated in the original organic act—whenever the prices shall reach that parity, if the price of what the farmer has to buy goes up, of course, it will be necessary to keep pushing up the price of the raw material until it shall reach that parity. There is no fixed price; but when it reaches that parity, all processing taxes cease.

Mr. KING. But suppose the price does not reach that parity in the lifetime of the able Senator, then what?

Mr. SMITH. Then it will be necessary to pay the processing tax.

Mr. KING. Then this proposed law may be continued indefinitely?

Mr. SMITH. The contemplation of the law, its theory, is that the processors shall pay to the producers a tax that will make up the difference between that parity, and so long as that difference exists that tax will be placed upon the processors. Who will pay the tax remains to be seen in the actual operation of the law.

Mr. KING. Then, may I say, Mr. President——

Mr. VANDENBERG. Mr. President, may I ask the Senator a question?

The PRESIDING OFFICER. The Senator from Iowa has the floor. Does he yield to the Senator from Michigan?

Mr. MURPHY. I yield to the Senator from Michigan.

Mr. VANDENBERG. I should like to ask the Senator from Iowa this question: He says when the price reaches parity the processing tax stops. Is that correct?

Mr. MURPHY. That is my understanding of the theory of the tax.

Mr. VANDENBERG. Very well. Suppose when the price reaches parity there is still a substantial deficit in the benefit fund, how does it get itself reimbursed if the processing tax stops?

Mr. MURPHY. In that event, I presume the Federal Treasury will hold the bag.

Mr. VANDENBERG. Then we are back to the point where, in spite of the tentative language of the law, there may be a deficit chargeable to the Treasury which is not reimbursed?

Mr. MURPHY. And we may rejoice that, having reached parity, it has been worth whatever that deficit may be.

Mr. VANDENBERG. The Senator may be entirely justified in that statement, but he begs the question. He announced a moment ago that it did not lie in anyone's mouth on this floor to suggest that one nickel was coming out of the Treasury which was not to be reimbursed as a result of the passage of this bill.

Mr. MURPHY. Until such time as it shall be ascertained after the lapse of a fair time. This whole program is being arraigned on account of the existing differential between outgo and income from the processing tax. I submit that that is not fair. That is my only contention. If the time shall arrive when there still shall be a deficit, and the processing tax disappears because we have obtained parity prices, then I say that we will have well expended the differential in restoring that price and attaining the success of the program.

Mr. VANDENBERG. The Senator and I may agree upon the value received, and I think now we can also agree that somewhere in this indeterminate appropriation which we are now handing to the Secretary of Agriculture to use if, as, and when the "brain trust" pleases, there may be a nonreimbursable charge against the Treasury of the United States of any amount.

Mr. MURPHY. It may be 30 cents; it may be——

Mr. VANDENBERG. Two hundred million dollars.

Mr. MURPHY. Well, hardly.

Mr. DICKINSON. Mr. President, I rise merely to ask to have some data inserted in the RECORD. In view of this discussion I think the estimates of the Department ought to be inserted in the RECORD. They have taken cotton, wheat, corn, and hogs and made an estimate for the year 1934, for the year 1935, and for the year 1936. I ask unanimous consent that the pages covering these tables may, as to the respective commodities, be inserted in the RECORD at this point.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

EXHIBIT 1. COTTON PROGRAM

Estimated collections and expenditures covering marketing period Aug. 1, 1933, to July 31, 1935

SUMMARY

	Fiscal years		1936	Total
	1934	1935		
Net collections:				
Processing taxes [1]	$123,000,000	$121,000,000	*$7,000,000*	$237,000,000
Compensating taxes	6,700,000	14,000,000	1,300,000	22,000,000
Total net collections [1]	129,700,000	135,000,000	*5,700,000*	259,000,000
Expenditures: Rental and benefit payments	162,388,000	79,848,000		242,236,000
Excess of collections over expenditures [1]	*32,688,000*	55,152,000	*5,700,000*	16,764,000
Estimated administrative expense (see table 34 in Financial Report)				10,527,757
Balance after administrative expenses				6,236,243

[1] Figures in italics represent an excess of outgo over income.

Estimated collections of taxes and expenditures with respect to cotton

FISCAL YEAR ENDING JUNE 30, 1934

Collections:	
Processing tax (cotton), 4,600,000 bales at 4.2 cents per pound, net weight	$92,000,000
Floor stocks tax, 1,750,000 bales at 4.2 cents per pound net weight	35,000,000
Import compensating tax (cotton manufactures), 50,000 bales at 4.2 cents per pound, net weight	1,000,000
Compensating tax (jute), 162,000,000 pounds at 2.9 cents	4,700,000
Floor stocks tax (jute), 27,600,000 pounds at 2.9 cents	800,000
Compensating tax (paper)[1]	$1,000,000
Floor stocks tax (paper)	200,000
Gross revenue	134,700,000
Less refunds of processing taxes	
Charitable organizations (cotton), 50,000 bales at 4.2 cents per pound, net weight	1,000,000
Drawbacks on exports (cotton manufactures), 200,000 bales at 4.2 cents per pound, net weight	4,000,000
Total refunds	5,000,000
Net collections	129,700,000
Expenditures:	
Rental and benefit payments:	
1933 crop	112,000,000
1934 crop (one-half rental payments)	50,388,000
Total expenditures	162,388,000
Excess of expenditures over collections as of June 30, 1934	32,688,000

Estimated collections of taxes and expenditures with respect to cotton—Continued

FISCAL YEAR ENDING JUNE 30, 1935

Collections:	
Processing tax (cotton), 6,250,000 bales at 4.2 cents per pound, net weight	$125,000,000
Compensating taxes (imports of cotton manufactures), 50,000 bales at 4.2 cents per pound, net weight	1,000,000
Jute—379,310,000 pounds at 2.9 cents per pound	11,000,000
Paper, at rates stated above	3,000,000
Gross revenue	140,000,000
Less refunds of taxes:	
Charitable organizations (cotton), 50,000 bales at 4.2 cents per pound, net weight	1,000,000
Drawbacks on exports (cotton manufactures), 200,000 bales at 4.2 cents per pound, net weight	4,000,000
Total refunds	5,000,000
Net collections	135,000,000
Expenditures:	
Rental and benefit payments:	
1934 crop (one-half rental payments), second half	50,388,000
1934 crop benefit payments	29,460,000
Total expenditures	79,848,000
Excess of collections over expenditures for the fiscal year 1935	55,152,000
Deduct, deficit carried over from previous year	33,688,000
Excess of collections over expenditures, as of June 30, 1935	22,464,000

FISCAL YEAR ENDING JUNE 30, 1936

Collections:	
Processing tax (on consumption, May to July, inclusive), cotton—1,400,000 bales, at 4.2 cents per pound, net weight	$28,000,000
Compensating tax:	
Jute, 62,000,000 pounds, at 2.9 cents per pound	1,800,000
Paper, at rates stated above	500,000
Gross revenue	30,300,000
Less refunds:	
Floor stocks taxes:	
Cotton	35,000,000
Jute	800,000
Paper	200,000
Total refunds	36,000,000
Net tax loss for year	5,700,000
Expenditures:	
Shortage of collections below expenditures for the fiscal year 1936	5,700,000
Add balance carried forward from previous fiscal year	22,464,000
Excess of collections over expenditures as of June 30, 1936	16,764,000

EXHIBIT 2.—WHEAT PROGRAM

Estimated collections and expenditures covering marketing period July 9, 1933, to June 30, 1934 [a]

SUMMARY

	Fiscal years		Total
	1934	1935	
Net collections:			
Processing taxes	$105,000,000	$3,000,000	$108,000,000
Expenditures:			
Rental and benefit payments	73,000,000	29,200,000	102,200,000
Removal of surplus	8,000,000		8,000,000
Total expenditures	81,000,000	29,200,000	110,200,000
Balance [b]	24,000,000	*26,200,000*	*2,200,000*
Estimated administrative expense (see statement no. 2 in Financial Report)			4,300,000
Excess of expenditures over collections			*6,500,000*

[a] No estimate included of taxes which may be levied and expenditures which may be made in subsequent periods as provided in wheat contract; see explanation in Financial Report.

[b] Figures in italics represent an excess of outgo over income.

[1] Rates of tax on processing of paper into articles: Multi-wall bags, 2.04 cents per pound; coated bags, 3.36 cents per pound; open-mesh bags, 2.14 cents per pound; towels, 0.715 cents per pound; and gummed-paper tape, 4.06 cents per pound.

Collections of taxes and expenditures with respect to wheat

FISCAL YEAR ENDING JUNE 30, 1934

Collections:			
Processing taxes (350,000,000 bushels at 30 cents)	$105,000,000		
Floor tax (40,000,000 bushels at 30 cents)	12,000,000		
Gross revenue		$117,000,000	
Less refunds of processing taxes:			
Charitable organizations (25,000,000 bushels at 30 cents)	$7,500,000		
Drawbacks on exports (15,000,000 bushels at 30 cents)	4,500,000		
		12,000,000	
Net collections			$105,000,000
Expenditures:			
Rental and benefit payments (365,000,000 bushels at 20 cents)	$73,000,000		
Removal of surplus agricultural products (32,000,000 bushels at 25 cents)	8,000,000		
Total expenditures			81,000,000
Excess of collections over expenditures as of June 30, 1934			24,000,000

FISCAL YEAR ENDING JUNE 30, 1935

Processing tax (50,000,000 bushels at 30 cents)	$15,000,000		
Less refunds of floor stock tax	12,000,000		
Net collections			$3,000,000
Expenditures: Rental and benefit payments (365,000,000 bushels at 8 cents)	$29,200,000		
Total expenditures			29,200,000
Excess of expenditures over collections fiscal year 1935			26,200,000
Balance carried forward from previous fiscal year			24,000,000
Net deficit for program			2,200,000

EXHIBIT 3.—CORN-HOG PROGRAM

Estimated collections and expenditures covering marketing period Nov. 5, 1933, to Nov. 4, 1935

SUMMARY

Net collections:			
Processing taxes	$394,700,000		
Bankhead fund	37,000,000		
Total net collections			$431,700,000
Expenditures:			
Rental and benefit	$365,000,000		
Removal of surplus	65,000,000		
Total expenditures			430,000,000
Excess of collections over expenditures			1,700,000
Estimated administrative expense (see table 34, in Financial Report)			9,338,107
Deficit after administrative expense			7,638,107
Estimated reimbursement by Federal Surplus Relief Corporation (see table 34, in Financial Report)			3,000,000
Final estimated excess of expenditures over receipts			4,638,107

Estimated receipts and expenditures with respect to corn-hog program

SUMMARY BY FISCAL YEARS

	Total	Hogs	Corn
FISCAL YEAR 1934			
Net collections	$109,637,000	$98,675,000	$10,962,000
Expenditures	227,500,000	145,000,000	82,500,000
Excess of expenditures over collections [1]	*117,863,000*	*46,325,000*	*71,538,000*
Add Bankhead fund	37,000,000		37,000,000
Net deficit, June 30, 1934	*80,863,000*	*46,325,000*	*34,538,000*
FISCAL YEAR 1935			
Net collections	207,493,000	187,500,000	19,993,000
Expenditures	202,500,000	120,000,000	82,500,000
Balance of collections	4,993,000	67,500,000	*62,507,000*
Add deficit from previous years [1]	*80,863,000*		*34,538,000*
Net deficit, June 30, 1935 [1]	*75,870,000*	21,175,000	*97,045,000*
FISCAL YEAR 1936			
Net collections	77,570,000	69,625,000	7,945,000
Add deficit from previous years [1]	*75,870,000*	21,175,000	*97,045,000*
Net surplus [1]	1,700,000	90,800,000	*89,100,000*

[1] Figures in italics represent an excess of outgo over income.

Estimated receipts and expenditures for both corn and hogs

FISCAL YEAR ENDING JUNE 30, 1934

Collections:			
Processing taxes:			
Hogs (70,166,666 hundredweight, at 50 cents to $2) [1]	$108,000,000		
Corn (63,500,000 bushels, at 5 to 20 cents)	11,000,000		
		$119,000,000	

[1] Since this table was prepared the tax returns have been revised, postponing the date of tax increase and raising the maximum tax rate to $2.25. The total estimated allowance will be somewhat increased.

Estimated receipts and expenditures for both corn and hogs—Con.

FISCAL YEAR ENDING JUNE 30, 1934—Continued

Collections—Continued.			
Floor tax:			
Hogs (8,000,000 hundredweight, at 50 cents)	$4,000,000		
Corn (10,000,000 bushels, at 5 cents)	500,000		
		$4,500,000	
Gross revenue			$123,500,000
Less refunds of processing taxes:			
Charitable organizations:			
Hogs (3,000,000 hundredweight, at $1.50 to $2)	$5,700,000		
Corn (740,000 bushels, at 5 to 20 cents)	136,000		
		$5,836,000	
Drawbacks on exports:			
Hogs (4,916,666 hundredweight, at 50 cents to $2)	7,625,000		
Corn (2,280,000 bushels, at 5 to 20 cents)	402,000		
		8,027,000	
			13,863,000
Net collections			109,637,000
Add Bankhead fund			37,000,000
Total revenue			146,637,000
Expenditures:			
Rental and benefit payments:			
Hogs (40,000,000 head, at $2)	$80,000,000		
Corn (550,000,000 bushels, at 15 cents)	82,500,000		
		$162,500,000	
Removal of surplus pork:			
Emergency program (6,200,000 pigs and sows)	35,000,000		
Relief operations	30,000,000		
		65,000,000	
Total expenditures [2]			227,500,000
Excess of expenditures over collections as of June 30, 1934			80,863,000

FISCAL YEAR ENDING JUNE 30, 1935

Collections:			
Processing taxes:			
Hogs (105,000,000 hundredweight, at $2)	$210,000,000		
Corn (105,125,000 bushels, at 20 cents)	21,025,000		
Gross revenue			$231,025,000
Less refunds of processing taxes:			
Charitable organizations:			
Hogs (3,000,000 hundredweight, at $2)	$6,000,000		
Corn (1,320,000 bushels, at 20 cents)	264,000		
		$3,264,000	
Drawbacks on exports:			
Hogs (8,250,000 hundredweight, at $2)	16,500,000		
Corn (3,840,000 bushels, at 20 cents)	768,000		
		17,268,000	
Total refunds			23,532,000
Net collections			207,493,000
Expenditures:			
Rental and benefit payments:			
Hogs (40,000,000 head, at $3)	$120,000,000		
Corn (550,000,000 bushels, at 15 cents)	82,500,000		
Total expenditures			$202,500,000
Excess of collections over expenditures for fiscal year 1935			4,993,000
Deduct deficit carried forward from fiscal year 1934			80,863,000
Excess of expenditures over collections as of June 30, 1935			75,870,000

FISCAL YEAR ENDING JUNE 30, 1936

Collections:			
Processing taxes:			
Hogs (40,000,000 hundredweight at $2)	$80,000,000		
Corn (44,375,000 bushels at 20 cents)	8,875,000		
Gross revenue			$88,875,000
Less refunds of processing taxes:			
Charitable organizations: Corn (550,000 bushels at 20 cents)	$110,000		
Drawbacks on exports:			
Hogs (3,187,500 hundredweight at $2)	$6,375,000		
Corn (1,600,000 bushels at 20 cents)	320,000		
		6,695,000	
Floor stocks:			
Hogs	4,000,000		
Corn	500,000		
		4,500,000	
Total refunds			11,305,000
Net collections			77,570,000
Expenditures			None
Excess of collections over expenditures for fiscal year 1936			77,570,000
Deduct deficit carried forward from fiscal year 1936			75,870,000
Excess of collections over expenditures for entire corn-hog program			1,700,000

Estimated receipts and expenditures for hogs

FISCAL YEAR ENDING JUNE 30, 1934

Collections:			
Processing tax (70,166,666 hundredweight at 50 cents to $2)	$108,000,000		
Floor tax (8,000,000 hundredweight at 50 cents)	4,000,000		
Gross revenue			$112,000,000

[2] Includes administrative expenses. A total of $14,000,000 estimated administrative expenses has been included in the estimated expenditures of the entire corn-hog program covering a 2-year period.

Estimated receipts and expenditures for hogs—Continued

FISCAL YEAR ENDING JUNE 30, 1934—continued

Less refunds of processing tax:		
Charitable organizations (3,000,000 hundredweight at $1.50 to $2)	$5,700,000	
Drawbacks on exports (4,916,666 hundredweight at 50 cents to $2)	7,625,000	
Total refunds		$13,325,000
Net collections		98,675,000
Expenditures:		
Rental and benefit payments (40,000,000 head at $2)	$80,000,000	
Removal of surplus pork:		
Emergency program (6,200,000 pigs and sows)	35,000,000	
Emergency relief operations	30,000,000	
Total expenditures[2]		145,000,000
Excess of expenditures over collections as of June 30, 1934, hogs		46,325,000

FISCAL YEAR ENDING JUNE 30, 1935

Collections, processing taxes (105,000,000 hundredweight at $2)		$210,000,000
Less refunds of processing taxes:		
Charitable organizations (3,000,000 hundredweight at $2)	$6,000,000	
Drawbacks on exports (8,250,000 hundredweight at $2)	16,500,000	
		22,500,000
Net collections		187,500,000
Expenditures, rental and benefit payments (40,000,000 head at $3)		120,000,000
Excess of collections over expenditures for fiscal year 1935		67,500,000
Deduct deficit carried forward from fiscal year 1934		46,325,000
Excess of collections over expenditures as of June 30, 1935, hogs		21,175,000

FISCAL YEAR ENDING JUNE 30, 1936

Collections, processing taxes (40,000,000 hundredweight at $2)		$80,000,000
Less refunds of processing taxes:		
Drawbacks on exports (3,187,500 hundredweight at $2)	$6,375,000	
Floor stocks	4,000,000	
		10,375,000
Net collections		69,625,000
Expenditures		None
Excess of collections over expenditures, fiscal year 1936		69,625,000
Add surplus carried forward from fiscal year 1935		21,175,000
Excess of collections over expenditures, for entire hog program		90,800,000

Estimated receipts and expenditures for corn

FISCAL YEAR ENDING JUNE 30, 1936

Collections:		
Processing tax (63,500,000 bushels at 5 to 20 cents)	$11,000,000	
Floor tax (10,000,000 bushels at 5 cents)	500,000	
Gross revenue		$11,500,000
Less refunds of processing taxes:		
Charitable organizations (740,000 bushels at 5 to 20 cents)	$136,000	
Drawbacks on exports (2,280,000 bushels at 5 to 20 cents)	402,000	
Total refunds		538,000
Net collections		10,962,000
Add Bankhead fund		37,000,000
Gross revenue		47,962,000
Expenditures, rental and benefit payments (550,000,000 bushels, at 15 cents)		82,500,000
Excess of expenditures over collections as of June 30, 1934—Corn		34,538,000

FISCAL YEAR ENDING JUNE 30, 1935

Collections, processing taxes (105,125,000 bushels, at 20 cents)		$21,025,000
Less refunds from processing taxes:		
Charitable organizations (1,320,000 bushels, at 20 cents)	$264,000	
Drawbacks on exports (3,840,000 bushels, at 20 cents)	768,000	
		1,032,000
Net collections		19,993,000
Expenditures, rental and benefit payments (550,000,000 bushels, at 15 cents)		82,500,000
Excess of expenditures over collections, fiscal year 1935		62,507,000
Add deficit carried forward from fiscal year 1934		34,538,000
Excess of expenditures over collections as of June 30, 1935		97,045,000

FISCAL YEAR ENDING JUNE 30, 1936

Collections, processing taxes (44,375,000 bushels, at 20 cents)		$8,875,000
Less refunds of processing taxes:		
Charitable organizations (550,000 bushels, at 20 cents)	$110,000	
Drawbacks on exports (1,600,000 bushels, at 20 cents)	320,000	
Floor stocks	500,000	
		930,000
Net collections		7,945,000
Expenditures		None
Excess of collections over expenditures, fiscal year 1936		7,945,000
Deduct deficit carried forward from fiscal year 1935		97,045,000
Excess of expenditures over collections for entire corn program		89,100,000

Mr. LA FOLLETTE. Mr. President, I am still convinced that the sum authorized by the amendment which I offered, namely, $150,000,000, to be appropriated for the purpose of eradicating diseased cattle and for the purpose of advances to the Federal Surplus Relief Corporation for the distribution of dairy and beef products in the channels of relief, is necessary if we are to achieve a substantial improvement in the situation so far as these two industries are concerned. Nevertheless, after consulting with members of the conference committee who represented the Senate and with other Senators from the dairy States who are interested in this amendment, I am convinced that the conferees have obtained all that could be obtained in the adjustment of the differences between the two Houses, and, therefore, I feel constrained reluctantly to accept the report.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

THE CALENDAR

The PRESIDING OFFICER. Under the order heretofore entered, the calendar is in order. The first bill on the calendar will be stated.

Mr. McNARY. Mr. President, several Senators are absent, and I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Kean	Reynolds
Ashurst	Couzens	Keyes	Robinson, Ark.
Austin	Cutting	King	Robinson, Ind.
Bachman	Davis	La Follette	Russell
Bailey	Dickinson	Logan	Schall
Bankhead	Dieterich	Lonergan	Sheppard
Barbour	Dill	McAdoo	Smith
Barkley	Duffy	McCarran	Steiwer
Black	Erickson	McGill	Stephens
Bone	Fess	McKellar	Thomas, Okla.
Borah	Fletcher	McNary	Thomas, Utah
Brown	Frazier	Metcalf	Thompson
Bulkley	George	Murphy	Townsend
Bulow	Gibson	Neely	Tydings
Byrd	Glass	Norbeck	Vandenberg
Byrnes	Goldsborough	Norris	Van Nuys
Capper	Gore	Nye	Wagner
Caraway	Hale	O'Mahoney	Walcott
Carey	Harrison	Overton	Walsh
Clark	Hatch	Patterson	Wheeler
Connally	Hatfield	Pittman	White
Coolidge	Hayden	Pope	
Copeland	Hebert	Reed	

The PRESIDING OFFICER (Mr. DUFFY in the Chair). Ninety Senators having answered to their names, a quorum is present. The clerk will state the first bill on the calendar.

BILLS AND JOINT RESOLUTION PASSED OVER

The bill (S. 882) to provide for the more effective supervision of foreign commercial transactions, and for other purposes, was announced as first in order.

Mr. McKELLAR. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 506) conferring upon the President the power to reduce subsidies, and for other purposes, was announced as next in order.

Mr. REED and Mr. McKELLAR. Over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 583) relating to the classified civil service was announced as next in order.

Mr. LA FOLLETTE. Over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 316) relative to the qualifications of practitioners of law in the District of Columbia, was announced as next in order.

Mr. ROBINSON of Arkansas. Mr. President, I should like to inquire of the Senator introducing or reporting the bill what is the effect of its provisions?

Mr. McKELLAR. It is a very long bill.

Mr. ROBINSON of Arkansas. Yes. I think it had better go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 1974) to place the cotton industry on a sound commercial basis, and to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, was announced as next in order.

Mr. ROBINSON of Arkansas. Mr. President, that is the Senate bill relating to cotton production. A similar or

[2] See footnote 2, p. 5719.

identical House bill having already passed the Senate, I ask that the Senate bill be indefinitely postponed.

The PRESIDING OFFICER. Without objection, the Senate bill will be indefinitely postponed.

The bill (S. 867) to define, regulate, and license real-estate brokers and real-estate salesmen; to create a real estate commission in the District of Columbia; to protect the public against fraud in real-estate transactions, and for other purposes, was announced as next in order.

Mr. McKELLAR. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 2652) to include peanuts as a basic agricultural commodity under the Agricultural Adjustment Act was announced as next in order.

Mr. BYRD. Over.

The PRESIDING OFFICER. The bill will be passed over.

The joint resolution (S.J.Res. 29) proposing an amendment to the Constitution of the United States providing for the popular election of President and Vice President of the United States was announced as next in order.

Mr. VANDENBERG. Over.

The PRESIDING OFFICER. The joint resolution will be passed over.

The bill (S. 2359) to provide for the disposition of unclaimed deposits in national banks was announced as next in order.

Mr. REED. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 2500) to aid in relieving the existing national emergency through the free distribution to the needy of cotton and cotton products was announced as next in order.

Mr. LA FOLLETTE. Over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 1800) to provide for an investigation and report of losses resulting from the campaign for the eradication of the Mediterranean fruit fly by the Department of Agriculture, was announced as next in order.

Mr. VANDENBERG. Mr. President, with respect to this measure, I have agreed with the Senator from Florida [Mr. TRAMMELL] to submit certain amendments when he is present. In his absence, I think the bill will have to go over.

The PRESIDING OFFICER. The bill will be passed over.

REIMBURSEMENT FOR COST OF LEVEE RIGHTS-OF-WAY

The bill (S. 2796) to authorize payments for the purchase of, or to reimburse States or local levee districts for the cost of levee rights-of-way for flood-control work in the Mississippi Valley, and for other purposes, was announced as next in order.

Mr. LA FOLLETTE. I ask that the bill go over.

Mr. OVERTON. Mr. President, will the Senator withhold his objection to enable me to explain the purpose of the bill?

Mr. LA FOLLETTE. Very well.

Mr. OVERTON. This is a bill providing for certain levee rights-of-way required by various States and subdivisions in connection with the execution of the Federal flood-control plan on certain tributaries of the Mississippi River. The bill comes here with the approval of the War Department. It does not require any additional appropriation. The funds available for the purpose have already been covered by the appropriation made for flood control of the Mississippi River.

Mr. ROBINSON of Arkansas. Mr. President, I should like to supplement the statement made by the Senator from Louisiana [Mr. OVERTON]. The bill is of importance. The Attorney General, as I understand, has held that there is a liability on the Government in accordance with the terms of the bill. I hope the Senator from Wisconsin will withdraw his objection.

Mr. LA FOLLETTE. I desire to look into the measure and shall have to insist upon my objection.

Mr. ROBINSON of Arkansas. Very well.

The PRESIDING OFFICER. The bill will be passed over.

AMENDMENT OF MERCHANT MARINE ACT

The bill (S. 2835) to amend section 21 of the act approved June 5, 1920, entitled "An act to provide for the promotion and maintenance of the American merchant marine, to repeal certain emergency legislation, and to provide for the disposition, regulation, and use of property acquired thereunder, and for other purposes", as applied to the Virgin Islands of the United States, was announced as next in order.

Mr. KING. Let the bill go over.

Mr. STEPHENS. Mr. President, may I ask the Senator who made the objection to withhold it for a moment to enable me to make a statement?

Mr. KING. Very well.

Mr. McKELLAR. Mr. President, I should like to have the Senator from Mississippi explain just what it is.

Mr. STEPHENS. I shall be glad to do that. I introduced the bill at the request of Mr. Ickes, Secretary of the Interior. Very briefly he states why the bill should be enacted into law. Let me quote from his letter:

Briefly, the justification for such legislation is this. The one important port of the Virgin Islands is St. Thomas. Exports from and imports to the islands are very small. (The total population is less than 25,000.) As a port of call and transshipping, however, St. Thomas is important. It is the chief bunkering port of the Caribbean. The reason is that St. Thomas lies on a direct line from Europe to the Panama Canal and is also a port of call for vessels plying between our Atlantic ports and the east coast of South America. Most of the vessels which call are of foreign registry. The coastwise shipping laws of the United States, if applied to the Virgin Islands, would prohibit such calls. These laws became applicable to the Virgin Islands February 1, 1922, subject, however, to the power of the President to defer that application. From time to time the President has deferred that application, but it is desirable that St. Thomas, as a port of call for foreign ships, should be protected more definitely.

Mr. McKELLAR. Mr. President, a similar bill was passed last year, and a question arose as to whether it was the purpose of the Government or the Post Office Department and the Shipping Board to award a mail contract to these islands.

Mr. STEPHENS. I have no information as to that.

Mr. McKELLAR. If it has such a purpose, I would be opposed to it.

Mr. STEPHENS. I have no information on the subject. This bill simply puts into effect what the President has been doing all through the year.

Mr. McKELLAR. I am quite sure there will not be a mail contract awarded now anyway.

Mr. STEPHENS. I am sure there will not be.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 21 of the act approved June 5, 1920 (41 Stat.L. 997), entitled "An act to provide for the promotion and maintenance of the American merchant marine, to repeal certain emergency legislation and provide for the disposition, regulation, and use of property acquired thereunder, and for other purposes", is hereby amended by adding thereto the following proviso: "*And provided further*, That the coastwise laws of the United States shall not extend to the Virgin Islands of the United States."

DAVID I. BROWN

The bill (H.R. 1403) for the relief of David I. Brown was announced as next in order.

Mr. McKELLAR. Mr. President, may we have an explanation of the bill?

Mr. SHEPPARD. Mr. President, this bill comes within the usual rules followed by the committee in such cases. The soldier served 2 years and was court-martialed for a minor offense. He was given a dishonorable discharge for a very small offense. He did not desert. The committee feels, in view of his service and in view of the severity of the penalty, that at this time his record should be cleared.

The PRESIDING OFFICER. Is there objection to the consideration of the bill?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers, their widows, or dependent relatives, David I. Brown,

formerly a private of Company E, Twenty-eighth Regiment United States Infantry, shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a member of said company and regiment on the 17th day of January 1903: *Provided*, That no pay, pension, bounty, or other emoluments shall be held to have accrued prior to the passage of this act.

JOHN NEWMAN

The bill (H.R. 2509) for the relief of John Newman was announced as next in order.

Mr. KING. Let the bill go over.

Mr. CAREY. Mr. President, will the Senator withhold his objection a moment to enable me to make a statement?

Mr. KING. Very well.

Mr. CAREY. This is the case of a man who enlisted in the Regular Army and deserted, and afterward reenlisted and made a good soldier while in the service. But it was found while he was serving his second enlistment that he had previously deserted. He was tried and given a dishonorable discharge on his second enlistment because of the fact that he had deserted during his first enlistment.

Afterward he enlisted in the Canadian Army and served during the war. There is an act of Congress which relieved him of the charge of desertion on account of his first enlistment and because of his having served in the Canadian Army during the war. All the bill does is to remove the charge against him on his second enlistment, when he was dishonorably discharged on account of his desertion during his previous enlistment. Considering the man's record and his service during the war, the committee feel that it is a meritorious measure. I think, considering the man's record in the war, that the bill is a meritorious one.

Mr. KING. The Senator knows that removing the charge of desertion which resulted in a dishonorable discharge gives the man a pensionable status; so that it is more than merely removing the charge of desertion.

Mr. CAREY. He has already been relieved of the first charge through an act of Congress.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers John Newman, recently of the United States Army, shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a private from Company B, Ninth Regiment United States Infantry, on the 5th day of August 1902: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

HARRY F. STERN

The Senate proceeded to consider the bill (S. 1114) for the relief of the estate of Harry F. Stern, which was read, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the legal representatives of Harry F. Stern the sum of $18,704.89, but such payment shall not be made unless the Secretary of the Treasury receives evidence satisfactory to him that such legal representatives have paid a like sum (plus any penalty imposed by the Commonwealth of Pennsylvania) to the Commonwealth of Pennsylvania before the expiration of 90 days after the date of the enactment of this act. Such sum, payable to the Commonwealth of Pennsylvania as part of the inheritance tax imposed by the laws of such Commonwealth on the estate of the said Harry F. Stern, was erroneously paid to the United States as part of the Federal estate tax, and its recovery has been barred by the statute of limitations.

Mr. McKELLAR. Mr. President, may we have an explanation of this bill? I see the Department have recommended against it.

Mr. REED. That is true, Mr. President, as they do in all cases providing for the payment of claims for overpaid taxes.

The fact in this case is that this estate has paid double taxes. It has paid the State of Pennsylvania 80 percent of the Federal tax; it has paid the Federal Government something like 60 percent of the Federal tax; so that its total payments are almost half again as much as should have been paid, and that came about in this wise:

Mr. Stern and his wife died almost at the same time, and very heavy payments were made by both estates to the Federal Government. At the time Stern died there was an act of the legislature of Pennsylvania, recently passed, fixing our estate tax at 80 percent of whatever the Federal tax might be. That was very bitterly attacked in the courts, and pending the decision on its constitutionality in the courts, it seems not to have been enforced in Pennsylvania. By the time the decision came down, the 3-year period for a refund had gone. The attorney for the estate at first did not know that that act had been passed and that it was pending in the courts; and all this bill provides is for the refund of the excess of tax which the Treasury officials admit they have received and are holding. They admit the justice of the claim; but, following their usual practice, they say that we ought not to waive the statute of limitations, although in all good conscience it is admitted by the Treasury that the money does not belong to the United States.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ANSON H. PEASE

The bill (S. 838) for the relief of Anson H. Pease was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Interior is authorized to issue to Anson H. Pease, Crow Indian allottee no. 1322, a patent in fee to the 649 acres, more or less, of land allotted to him in the Crow Indian Reservation, Mont., under the provisions of the Act entitled "An act to provide for the allotment of the lands of the Crow Tribe, for the distribution of tribal funds, and for other purposes", approved June 4, 1920, as amended, and designated as homestead land.

REPORTS OF CONDITION OF STATE MEMBER BANKS

The bill (S. 2870) to require the publication of reports of condition of State member banks of the Federal Reserve System, and for other purposes, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the fifth paragraph of section 9 of the Federal Reserve Act, as amended (U.S.C., title 12, sec. 324), is amended by adding at the end thereof a new sentence to read as follows: "Such reports of condition shall be in such form and shall contain such information as the Federal Reserve Board may require and shall be published by the reporting banks in such manner and in accordance with such regulations as the said Board may prescribe."

QUINAIELT INDIAN RESERVATION, WASH.

The Senate proceeded to consider the bill (S. 1882) to authorize the Secretary of the Interior to issue patents for lots to Indians within the Indian village of Taholah, on the Quinaielt Indian Reservation, Wash., which was read, as follows:

Be it enacted, etc., That the Secretary of the Interior be, and he is hereby, authorized, upon application by any qualified Indian living within the Indian village of Taholah, on the Quinaielt Indian Reservation in the State of Washington, to issue to such Indian a patent for not to exceed 2 contiguous lots within said village, 1 of which lots must be occupied by said applicant: *Provided*, That where pursuant to section 10 of the act of June 25, 1910 (36 Stat.L. 858), 1 lot within said Indian village has heretofore been patented to any Indian living thereon said Secretary of the Interior is hereby authorized to patent to such Indian, or to his or her heirs in case of death, 1 additional contiguous lot wherever available. All patents issued hereunder shall be of the legal effect prescribed by said section 10 of the act of June 25, 1910, and all lots so patented to said Indians shall be disposed of as provided for in section 1 of that act.

Mr. KING. Mr. President will the chairman of the committee, the Senator from Montana [Mr. WHEELER], make an explanation of this bill? May I call his attention to what I understand to be rather a new policy upon the part of the Indian Bureau; namely, to withhold patents, because so many of the Indians to whom patents were issued soon lost the control and, indeed, the fee-simple title to their lands. They were overreached by the whites; advantage was taken of them; and hundreds and hundreds of Indians have lost

their lands and are now thrown back upon the Government. Some of them, unfortunately, have become what are denominated "blanket Indians" by reason of having lost the title to their lands. I was wondering if the bill is in contravention of the new policy announced by the Interior Department.

Mr. WHEELER. Oh, no; I do not think it is at all. This bill simply has reference to some lots in the State of Washington and has the recommendation of the Department. I will say to the Senator from Utah that the Department is scanning very, very carefully the issuance of patents, but this is a case where I am sure the Senator would agree that it would be perfectly proper.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ROCKY BOY INDIAN RESERVATION, MONT.

The Senate proceeded to consider the bill (S. 2754) to add certain public-domain land in Montana to the Rocky Boy Indian Reservation, which was read, as follows:

Be it enacted, etc., That approximately 557 acres of public-domain land in the State of Montana, described as lots 2, 4, 6, and 8, section 25; lots 2, 4, 6, and 8, section 26; lots 2, 4, 6, and 8, section 27; lots 2, 3, and 4, section 28; lot 5, of section 29, township 28 north, range 15 east; lots 2, 4, 6, and 8, section 27; lots 2, 4, 6, and 8, section 28; lots 2, 4, 6, and 8, section 29; lots 5, 7, 9, and 11, section 30, township 28 north, range 16 east, Montana meridian, in Montana, be, and the same are hereby, withdrawn from the public domain and added to the Rocky Boy Indian Reservation: *Provided*, That the rights and claims of bona fide settlers initiated under the public land laws prior to January 6, 1934, the date of temporary withdrawal of the land from all forms of entry, shall not be affected by this Act.

Mr. KING. What can the Senator from Montana tell me about this bill?

Mr. WHEELER. That is all right, too.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (S. 2018) relative to Members of Congress acting as attorneys in matters where the United States has an interest was announced as next in order,

Mr. REED. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

OPPORTUNITY FOR CONSIDERATION OF CALENDAR UNDER RULE VIII

Mr. BORAH. Mr. President, I desire to suggest to the leader of the majority and the leader of the minority that I think we are entitled to a morning hour when bills can be considered without a unanimous-consent agreement for the consideration only of unobjected bills. There are certain bills on the calendar which will be objected to from now until the end of the session by Senators who have a particular reason for doing so, and I hope the next call of the calendar will be a general call without the limitation of a unanimous-consent agreement.

Mr. McNARY. Mr. President, I find myself in accord with the views expressed by the Senator from Idaho; and I stated 2 days ago on the floor to the Senator from Arkansas that I thought the next call should be under rule VIII.

Mr. KING. Mr. President, I think the statement made by the Senator from Arkansas a few days ago in reply to an interrogation of the Senator from Oregon will be adhered to, and that early next week a day may be set aside for taking up measures of the character indicated.

FIVE CIVILIZED TRIBES OF OKLAHOMA

The Senate proceeded to consider the bill (S. 1874) relative to leasing restricted lands of Indians of the Five Civilized Tribes of Oklahoma, and for other purposes, which was read, as follows:

Be it enacted, etc., That from and after 30 days from the date of approval of this act all restricted land belonging to Indians of the Five Civilized Tribes of Oklahoma, which has been designated as tax exempt pursuant to section 4 of the act of May 10, 1928 (45 Stat.L. 495), may be leased by the owner, if an adult, or by a guardian or curator under order of a proper probate court if a minor or incompetent, for a period of 1 year without the privilege of renewal; and that all other restricted lands owned by Indians of the Five Civilized Tribes of Oklahoma may be leased for a period not to exceed 5 years without the privilege of renewal: *Provided*, That leases of restricted lands for oil, gas, or other mining purposes; leases for more than 1 year of lands designated as tax exempt; and leases for a period of more than 5 years, of restricted lands other than lands designated as tax exempt, may be made with the approval of the Secretary of the Interior under rules and regulations prescribed by said Secretary and not otherwise: *Provided further*, That no lease covering such lands shall be construed as a conveyance of an interest in lands within the meaning of section 9 of the act of May 27, 1908 (35 Stat.L. 312), requiring the approval of the county court.

Mr. KING. Mr. President, will the Senator from Oklahoma make an explanation of this bill, in view of the statement I made a moment ago as to the new policy of the Interior Department in dealing with Indian lands?

Mr. THOMAS of Oklahoma. Mr. President, Senate bill 1874 is a bill relative to leasing restricted lands of Indians of the Five Civilized Tribes of Oklahoma, and for other purposes. The bill is predicated upon a letter submitted to the Department here by the superintendent of the Five Civilized Tribes with office at Muskogee. I read two sentences from his letter which explain the reason why this legislation is pending:

Under the act of May 10, 1928, Indians of the Five Civilized Tribes were authorized to select 160 acres of their restricted land to remain nontaxable 25 years from April 26, 1931. We believe that this 160 acres so selected should not be leased by the Indians for more than 1 year without supervision and this bill is drawn and submitted with that idea in mind.

It is the opinion of the superintendent of the Muskogee office that these lands held by Indians, upon which they have their homes, should not be leased for more than 1 year at a time; and this bill gives the Secretary the power and authority to restrict such leases to 1 year in his discretion.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

FIVE CIVILIZED TRIBES

The Senate proceeded to consider the bill (S. 1657) to amend section 3 of the act entitled "An act to extend the period of restriction in lands of certain members of the Five Civilized Tribes, and for other purposes", approved May 10, 1928 (45 Stat.L. 496), as amended by the act of February 14, 1931 (46 Stat.L. 1108), which was read, as follows:

Be it enacted, etc., That section 3 of the act of May 10, 1928 (45 Stat. L. 496), entitled "An act to extend the period of restriction in lands of certain members of the Five Civilized Tribes, and for other purposes", as amended February 14, 1931, be, and the same is hereby, amended to read as follows:

"SEC. 3. That all minerals, including oil and gas, produced on or after April 26, 1931, from restricted allotted lands of members of the Five Civilized Tribes in Oklahoma, or from inherited restricted lands of full-blood Indian heirs or devisees of such lands, shall be subject to all State and Federal taxes of every kind and character the same as those produced from lands owned by other citizens of the State of Oklahoma; and the Secretary of the Interior is hereby authorized and directed to cause to be paid, from the individual Indian funds held under his supervision and control and belonging to the Indian owners of the lands, the tax or taxes so assessed against the royalty interest of the respective Indian owners in such oil, gas, and other mineral production: *Provided*, That nothing in this act shall be construed to impose or provide for double taxation and, in those cases where the machinery or equipment used in producing oil or other minerals on restricted Indian lands are subject to the ad valorem tax of the State of Oklahoma for the fiscal year ending June 30, 1931, the gross production tax which is in lieu thereof shall not be imposed prior to July 1, 1931: *Provided further*, That in the discretion of the Secretary of the Interior the tax or taxes due the State of Oklahoma may be paid in the manner provided by the statutes of the State of Oklahoma."

Mr. McKELLAR. Mr. President, is this the same kind of a bill as the preceding one?

Mr. THOMAS of Oklahoma. This is the same sort of a bill, but it covers a different question. The Congress heretofore has authorized the State of Oklahoma to tax the royalties derived from oil wells and gas wells in my State. The State has provided a rather comprehensive system of reporting, and the oil companies and the lessees must, of course, follow that system. This bill simply gives the Secretary the right to conform to those State laws in my State.

Mr. McKELLAR. Mr. President, was the proviso recommended by the Secretary of the Interior put in the bill—

That in the discretion of the Secretary of the Interior the tax or taxes due the State of Oklahoma may be paid in the manner provided by the statutes of the State of Oklahoma?

Mr. THOMAS of Oklahoma. That is the amendment.

Mr. McKELLAR. I say, is that in the bill?

Mr. THOMAS of Oklahoma. Yes; that is in the bill, and that was the particular point which the Secretary recommended—the proviso which was added to the latter part of that section.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ERNEY S. BLAZER

The bill (H.R. 3997) for the relief of Erney S. Blazer was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Erney S. Blazer, who was a member of Company E, Second Regiment United States Infantry, shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a member of that organization on the 22d day of October 1902: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

CHARLES T. MOLL

The Senate proceeded to consider the bill (H.R. 3985) for the relief of Charles T. Moll, which had been reported from the Committee on Military Affairs, with amendments.

Mr. KING. Mr. President, I see on the calendar a number of these bills. I do not like to object to them, and yet I was wondering upon what theory they are warranted, when there is no question as to the fact that the soldier deserted.

Mr. SHEPPARD. Mr. President, frequently the soldiers did not desert in cases of this kind. In this particular case there was no desertion. The soldier served for 2 years, committed a minor offense, and was courtmartialed and given a dishonorable discharge. In view of that fact, under the precedents, and the fact that he served 2 years faithfully and did not desert, the committee feels that he should have a clearance at this time. He has pursued an upright life since his discharge.

Mr. KING. When was he discharged?

Mr. SHEPPARD. About 1901.

The PRESIDING OFFICER. The amendments of the committee will be stated.

The amendments were, on page 1, line 5, after the word "Moll" to insert "who served in Company F, Fourteenth Regiment United States Infantry", and in line 8, after the words "on the", to strike out "9th day of August" and insert "3d day of January"; so as to make the bill read:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Charles T. Moll, who served in Company F, Fourteenth Regiment United States Infantry, shall hereafter be held and considered to have been honorably discharged from the military service of the United States on the 3d day of January 1901 and notwithstanding any provisions to the contrary in the act relating to pensions approved April 26, 1898, as amended by the act approved May 11, 1908: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

MAILING OF CERTAIN DRUGS AND MEDICINES

The Senate proceeded to consider the bill (S. 822) to amend the act entitled "An act to amend section 217, as amended, of the act entitled 'An act to codify, revise, and amend the penal laws of the United States', approved March 4, 1909", approved January 11, 1929, with respect to the use of the mails for the shipment of certain drugs and medicines to cosmetologists and barbers, which had been reported from the Committee on the Judiciary with an amendment, on page 1, line 4, after the word "section", to strike out "317" and insert "217", so as to make the bill read:

Be it enacted, etc., That the first proviso in the first sentence of the act entitled "An act to amend section 217, as amended, of the act entitled 'An act to codify, revise, and amend the penal laws of the United States', approved March 4, 1909", approved January 11, 1929, is amended to read as follows: "*Provided*, That the transmission in the mails of poisonous drugs and medicines may be limited by the Postmaster General to shipments of such articles from the manufacturer thereof or dealer therein to licensed physicians, surgeons, dentists, pharmacists, druggists, cosmetologists, barbers, and veterinarians, under such rules and regulations as he shall prescribe."

Mr. McKELLAR. Mr. President, may we have an explanation of that bill?

Mr. STEPHENS. Mr. President, under the present law it is permissible to transmit through the mail certain drugs and medicines, but the classes of persons to whom the permission is given is limited. The purpose of this measure is to include cosmetologists and barbers in that permission. These drugs—important drugs as they are—may be transmitted through the mail by physicians, surgeons, dentists, pharmacists, druggists, and so on. The letter from Postmaster General Farley says that he sees no reason why these other classes of persons should not have the same permission.

Mr. McKELLAR. I have no objection to the consideration of the bill.

Mr. LA FOLLETTE. Mr. President, may I ask the Senator what kind of drugs are involved?

Mr. STEPHENS. The bill relates to any kind of poisonous drugs or medicines now permitted to be shipped to physicians, surgeons, dentists, pharmacists, and druggists. Now it is desired that barbers shall have the same privilege. I am very sure that not all the poisonous drugs that are shipped to druggists and physicians will be shipped to barbers.

Mr. LA FOLLETTE. May I ask the Senator whether this measure was referred to the Department of Agriculture for a report?

Mr. STEPHENS. No; it was not, as I recall. As I said, there is a letter here from the Postmaster General, Mr. Farley, and the Department of Justice also wrote a letter regarding the bill. The report of the committee says:

The Attorney General also has stated that he has no objection to this legislation.

Mr. LA FOLLETTE. Mr. President, I will ask the Senator to let the bill go over. In the meantime I will make an investigation, before the next call of the calendar.

Mr. STEPHENS. The minority leader, the Senator from Oregon [Mr. McNARY], is the author of the bill. Perhaps he has some information as to the feeling of the Department of Agriculture on the subject.

Mr. McNARY. Mr. President, I really could not answer the question of the Senator, but in view of the very reasonable request of the Senator from Wisconsin, I think the bill should go over for the day.

Mr. STEPHENS. Of course, I do not object, if the Senator from Oregon does not, to the bill going over.

The PRESIDING OFFICER. The bill will be passed over.

A UNIFORM SYSTEM OF BANKRUPTCY

The bill (H.R. 5950) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto, was announced as next in order.

Mr. ROBINSON of Arkansas. Mr. President, this is a bill involving some controversial features, and I assume it will have to go over.

The PRESIDING OFFICER. The bill will be passed over.

TITLES TO INDIAN LANDS

The bill (S. 1891) to authorize the Secretary of the Interior to cancel restricted fee patents and issue trust patents in lieu thereof, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Interior be, and he is hereby, authorized, in his discretion, to cancel any fee patent containing restrictions on alienation, issued under any law or treaty, title to which is still held under restriction by the original Indian allottee or his heirs or successors in title; and to cause to be issued in lieu thereof, to the said allottee, his heirs or successors, a trust patent in the form and subject to all the provisions set forth in the general allotment act of February 8, 1887 (24 Stat.L. 388–391), as amended; the trust period thereon to run 10 years from date of issuance of said lieu patent.

SEC. 2. The provisions of this act shall not apply to the Osages nor to the Five Civilized Tribes in Oklahoma.

FISH AND GAME PRIVILEGES ON INDIAN RESERVATIONS IN NEW YORK

The bill (S. 2425) to repeal the act entitled "An act to grant to the State of New York and the Seneca Nation of Indians jurisdiction over the taking of fish and game within the Allegany, Cataraugus, and Oil Spring Indian Reservations", approved January 5, 1927, was announced as next in order.

Mr. COPELAND. Mr. President, I notice that this refers to Indians in my State, and I think I ought to look into the matter. I ask that it go over.

Mr. FRAZIER. Mr. President, I should like to say to the Senator from New York that this is a bill similar to one passed at the last session. It simply provides for the repeal of an act putting the Indians affected under the State law as to their hunting on the reservation. The Indians are all opposed to the present system. They say they do not get a square deal. They are arrested for shooting or fishing on their own land under the State law. They have had these privileges ever since before the time when the white people came to the United States and feel they are entitled to hunt on their own lands. They ask that the present law be repealed and that they be allowed to hunt and fish on their own property.

Mr. COPELAND. I have no objection.

There being no objection, the Senate proceeded to consider the bill, which was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the act entitled "An act to grant to the State of New York and the Seneca Nation of Indians jurisdiction over the taking of fish and game within the Allegany, Cattaraugus, and Oil Spring Indian Reservations", approved January 5, 1927 (44 Stat.L. 932), is hereby repealed.

DISPOSITION OF INDIAN LANDS

The Senate proceeded to consider the bill (S. 1135) to amend section 1 of the act entitled "An act to provide for determining the heirs of deceased Indians, for the disposition and sale of allotments of deceased Indians, for the leasing of allotments, and for other purposes", approved June 25, 1910, as amended, which had been reported from the committee affairs with an amendment.

Mr. McKELLAR. Mr. President, will not the Senator state the object of this bill?

Mr. FRAZIER. Mr. President, under the present law, when an estate is left by a deceased Indian, the heirs are determined, and oftentimes the lands, under the law, must be sold under a sort of installment payment plan. If, after a period of years, the one who buys the land fails to carry out his contract and keep up the installments, the only way by which the heirs can get back the land is to pay all the installments which have been paid up to that date. It is an absolutely unjust and unfair system, and this bill seeks to repeal that law. The bill is recommended by the Department.

Mr. McKELLAR. The Department made certain suggestions. Were all of those carried out?

Mr. FRAZIER. Absolutely.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. The committee proposes to strike out all after the enacting clause, and in lieu thereof to insert the following:

That section 1 of the act of June 25, 1910 (36 Stat. 855), entitled "An act to provide for determining the heirs of deceased Indians, for the disposition and sale of allotments of deceased Indians, for the leasing of allotments, and for other purposes", as amended by the act of March 3, 1928 (45 Stat. 161), is hereby amended to read as follows:

"That when any Indian to whom an allotment of land has been made, or may hereafter be made, dies before the expiration of the trust period and before the issuance of a fee-simple patent, without having made a will disposing of said allotment as hereinafter provided, the Secretary of the Interior, upon notice and hearing, under such rules as he may prescribe, shall ascertain the legal heirs of such decedent, and his decision thereon shall be final and conclusive. If the Secretary of the Interior decides the heir or heirs of such competent to manage their own affairs, he shall issue to such heir or heirs a patent in fee for the allotment of such decedent; if he shall decide one or more of the heirs to be incompetent, he may, in his discretion, cause such lands to be sold: *Provided*, That if the Secretary of the Interior shall find that the lands of the decedent are capable of partition to the advantage of the heirs, he may cause the shares of such as are competent, upon their petition, to be set aside and patents in fee to be issued to them therefor. All sales of lands allotted to Indians authorized by this or any other act shall be made under such rules and regulations and upon such terms as the Secretary of the Interior may prescribe, and he shall require a deposit of 10 percent of the purchase price at the time of the sale. Should the purchaser fail to comply with the terms of sale prescribed by the Secretary of the Interior, the amount so paid shall be forfeited; in case the balance of the purchase price is to be paid on such deferred payments, all payments made together with all interest paid on such deferred installments, shall be so forfeited for failure to comply with the terms of the sale. All forfeitures shall inure to the benefit of the allottee or his heirs. Upon payment of the purchase price in full, the Secretary of the Interior shall cause to be issued to the purchaser patent in fee for such land: *Provided*, That the proceeds of the sale of inherited lands shall be paid to such heir or heirs as may be competent and held in trust subject to use and expenditure during the trust period for such heir or heirs as may be incompetent as their respective interests shall appear: *Provided further*, That the Secretary of the Interior is hereby authorized, in his discretion, to issue a certificate of competency, upon application therefor, to any Indian, or in case of his death to his heirs, to whom a patent in fee containing restrictions on alienation has been or may hereafter be issued, and such certificate shall have the effect of removing the restrictions on alienation contained in such patent: *Provided further*, That hereafter any United States Indian agent, superintendent, or other disbursing agent of the Indian Service may deposit Indian moneys, individual or tribal, coming into his hands as custodian, in such bank or banks as he may select: *Provided*, That the bank or banks so selected by him shall first execute to the said disbursing agent a bond, with approved surety, in such amount as will properly safeguard the funds to be deposited. Such bonds shall be subject to the approval of the Secretary of the Interior."

The amendment was agreed to.

Mr. KING. Mr. President, may I ask the Senator whether in the investigations which were made under his direction as chairman of the Committee on Indian Affairs at that time, this question received attention?

Mr. FRAZIER. Oh, yes; it was thoroughly considered.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

INDIAN SCHOOL AT QUEETS, WASH.

The bill (S. 236) to provide funds for cooperation with the school board at Queets, Wash., in the construction of a public-school building to be available to Indian children of the village of Queets, Jefferson County, Wash., was announced as next in order.

Mr. McKELLAR. Let that go over.

Mr. WHEELER. Mr. President, will not the Senator withhold his objection?

Mr. McKELLAR. Certainly. Will the Senator explain the bill?

Mr. WHEELER. The bill authorizes an appropriation of $10,000 to build a school for Indian children, in cooperation with Jefferson County, Wash. The Indian Bureau is in favor of it, and says it will aid in conducting of the school, but the Bureau of the Budget says that the expenditure of the $10,000 is not in accordance with their plans. The Indian Office itself says it will greatly facilitate their work. Both the white children and the Indian children at this time have to go to school in a log cabin.

Mr. McKELLAR. A lot of us did the same thing.

Mr. WHEELER. That is true, and, as the Senator from New York [Mr. COPELAND] suggests, Lincoln did the same. But it is a very unhealthy condition which exists there. The appropriation is for only $10,000, and there is only one way in which these Indian schools can be carried on, or for the children to get any education and have proper facilities, and that is for the United States Government to

cooperate in the building of the schools. It means a saving to the Government rather than a loss. If this shall not be done, they will have to put the children in private boarding schools, at greater expense.

Mr. McKELLAR. How many Indian children would there be at this school?

Mr. WHEELER. I think it is stated in the report. The Department reports:

This public-school district has been operating three schools, one of which was abandoned this year through inability to conduct three separate schools. One of these schools has been operated in an old log building which was formerly a Government Indian day school known as "Queets" or "Queets River." The Indian Office has been authorizing payment of tuition for the Indian children attending this school at the rate of 60 cents per attendance day for 38 Indian pupils.

Mr. McKELLAR. A $10,000 schoolhouse for 38 children is a pretty large expenditure. May I ask the Senator to let this and the succeeding bill go over, and I will look into them by the time we have another call of the calendar.

The PRESIDING OFFICER. The bill will be passed over.

INDIAN SCHOOL AT POPLAR, MONT.

The bill (S. 1826) for expenditure of funds for cooperation with the public-school board at Poplar, Mont., in the construction or improvement of public-school building to be available to Indian children of the Fort Peck Indian Reservation, Mont., was announced as next in order.

Mr. McKELLAR. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

WILSON G. BINGHAM

The bill (H.R. 2632) for the relief of Wilson G. Bingham was announced as next in order.

Mr. KING. Let that go over.

Mr. SHEPPARD. Mr. President, may I say to the Senator from Utah that the only effect of this bill is to enable the officer to apply to the Veterans' Administration for additional compensation. He was honorably discharged from the Army as an officer in the Army, having served in France, and having been wounded and gassed.

The House passed a bill permitting him to retire as a captain if found eligible by a board, but the War Department and the Senate committee believed that he should have the status of a retired emergency Army officer and should be given an honorable discharge as such officer in order that he might test his rights to additional benefits on that basis.

Mr. KING. Mr. President, let the bill be passed over for the present.

The PRESIDING OFFICER. The bill will be passed over.

AMENDMENT OF EMERGENCY RAILROAD TRANSPORTATION ACT, 1933

The bill (S. 2411) to amend the Emergency Railroad Transportation Act, 1933, was announced as next in order.

Mr. McNARY. Let that go over.

Mr. COUZENS. Mr. President, may I ask why there is objection to that bill?

Mr. McNARY. I do not object for myself, but at the request of some other Senators who are not present at this time.

The PRESIDING OFFICER. The bill will be passed over.

JOHN L. SUMMERS

The Senate proceeded to consider the bill (S. 1857) for the relief of John L. Summers, disbursing clerk, Treasury Department, and for other purposes.

Mr. KING. Mr. President, I should like to have an explanation of that bill.

Mr. FRAZIER. Mr. President, this is a bill to straighten out the accounts of the Treasury Department and dates back over a period of years. I am informed that it has been customary since time immemorial to pass measures of this kind in order to straighten out the accounts of the Treasury.

This case involves forgeries, in some instances, and losses in other instances. The Treasurer of the United States is under bond for all the employees in his office, and in a case of this kind his bondsmen are held.

It seems that this appropriation was recommended in the last administration, and again in this administration. It is recommended that Congress pass this measure and clean up this old account. In one case there was a fraudulent raising of a check from $47.50 to $44,750. A bank at Baltimore cashed the check, and the money was paid here in the Treasury, and suit was brought against the bank in Baltimore to recover. The court there held with the bank, the case was carried up to the Supreme Court, and they held with the bank. The bank recovered the $47.50, but they are out the balance. It is not fair for the Treasury of the United States to be charged up with an account of that kind.

Mr. McKELLAR. Is it not true that the Comptroller General recommended against the bill?

Mr. FRAZIER. Parts of it, just the system, as I understand.

Mr. McKELLAR. Are there bondsmen who are interested in this legislation?

Mr. FRAZIER. I presume so.

Mr. McKELLAR. If bonds have been taken and there has been a default on the bonds, why should not the bondsmen pay them? Is it simply because it is the Government which is involved?

Mr. FRAZIER. If the bondsmen paid, they would come back on the individuals, who are former Treasurers of the United States.

Mr. McKELLAR. What is running through my mind is that if the Government takes the bond and there is a default on the bond, and the bond has to be paid, that is certainly not the fault of the Government. The Government took the bond for its own protection.

Mr. FRAZIER. That is perfectly true; but as I have stated, this practice has been in vogue for years and years. Perhaps it is all wrong, but when there has been some little irregularity or shortage, bills have always been passed to straighten out the account.

The PRESIDING OFFICER. If there be no objection to the bill, the amendments will be stated.

The CHIEF CLERK. On page 1, line 9, after the word "numbered", it is proposed to insert the numerals "342"; on page 2, line 9, after the word "numbered", insert the numerals "342"; in line 16, after the word "numbered", insert the numerals "342"; and in line 24, after the word "numbered", insert the numerals "342", so as to make the bill read:

Be it enacted, etc., That the Comptroller General of the United States be, and he is hereby, authorized and directed to allow in the accounts of John L. Summers, disbursing clerk, Treasury Department, sums aggregating $888.96 now standing as disallowances in his accounts with the General Accounting Office under various Treasury Department appropriations, as set forth in House Document No. 342, Seventy-third Congress, first session.

SEC. 2. The Comptroller General of the United States is authorized and directed to allow in the accounts of Frank White and H. T. Tate, former Treasurers of the United States; Guy F. Allen, former Acting Treasurer of the United States; and Robert G. Hilton, former Assistant Treasurer of the United States at Baltimore, Md., the sums of $34,899.70, $92.89, $362.42, and $126.67, respectively, representing unavailable funds, as set forth in House Document No. 342, Seventy-third Congress, first session.

SEC. 3. The Comptroller General of the United States is authorized and directed to settle an account to cover the claims of Blanchard Johnson, John Frank Rodzen, and Elizabeth Kennard in the sums of not to exceed $25.74, $26.59, and $126.67, respectively, representing unrecovered amounts due them, as referred to on pages of House Document No. 342, Seventy-third Congress, first session, and to certify the same to the Secretary of the Treasury for payment.

SEC. 4. The Secretary of the Treasury be, and he is hereby, authorized and directed to adjust discrepancies in certain national-bank note currency accounts in the office of the Comptroller of the Currency, covering the period from April 5, 1912, or immediately prior thereto, to November 21, 1928, as set forth in House Document No. 342, Seventy-third Congress, first session; and the Treasurer of the United States is authorized and directed to charge the sum of $27,680 against his general account, with corresponding credit therein to the fund for retirement of national-bank notes established by the act of July 14, 1890 (26 Stat.L. 289, U.S.C., title 12, sec. 122).

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

JOHN HAMPSHIRE

The bill (S. 255) for the relief of John Hampshire was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to John Hampshire, of Grants Pass, Oreg., the sum of $32,715.81 in full satisfaction of his claim against the United States for damages resulting from the suspension of work under his contract with the United States no. I–1p–71, dated July 29, 1927, for road construction and improvement in Mount Rainier National Park in the State of Washington, such suspension having been made necessary by the failure to provide adequate appropriations to permit the continuance of the work in accordance with such contract.

JOINT RESOLUTION PASSED OVER

The joint resolution (S.J.Res. 31) consenting that certain States may sue the United States and providing for trial on the merits in any suit brought hereunder by a State to recover direct taxes alleged to have been illegally collected by the United States during the fiscal years ending June 30, 1866, 1867, and 1868, and vesting the right in each State to sue in its own name was announced as next in order.

Mr. REED. Over.

Mr. STEPHENS. Mr. President, with reference to Senate Joint Resolution 31, I ask unanimous consent to file a supplemental amended report.

The PRESIDING OFFICER. Without objection, permission is granted. The joint resolution will go over.

STATE TAXATION OF NATIONAL BANKING ASSOCIATIONS

The bill (S. 2788) to amend section 5219 of the Revised Statutes, as amended (relating to State taxation of national banking associations), was announced as next in order.

Mr. LA FOLLETTE. I object on behalf of a Senator who is unavoidably detained.

Mr. GLASS. Mr. President, I wish to ask to have the bill go over for the reason that the Senator from Wisconsin perhaps has in mind. The Senator to whom he refers has not read the report. Another Senator now present has indicated his purpose to have the bill go over. I request him to read the report.

The full explanation of the bill will be found in Senate Report No. 512. The bill is unanimously reported by the Committee on Banking and Currency, and after 10 years of controversy the American Bankers Association has united in the advocacy of this bill. I would be obliged if the two Senators objecting would be good enough to read the Senate report, which comprehends a complete explanation of the bill.

Mr. OVERTON. Mr. President, I also am objecting. I have read the report accompanying the bill to which the Senator from Virginia refers. I should like to know whether or not any inquiry was made to ascertain just what intangible personal property is assessed in the different States. My objection, I will frankly state to the Senator from Virginia, is that in Louisiana it is assessed at only 10 percent of the actual cash value, as I understand. Therefore, if the bill were enacted into law, in Louisiana the shares of the stock in national banks would be assessed at only 10 percent of their actual cash value.

Mr. GLASS. I should assume that in a controversy extending over a period of 10 years the American Bankers' Association ascertained all the facts with great deliberation and care. It may be that the Committees on Banking and Currency of the respective Houses have done the same thing, but about that I cannot speak confidently. I will say, however, before the bill goes over that a single State could very much more readily alter its tax laws to comply with the requirement of 47 other States than we could adopt a tax bill here that would be adapted to a single State.

Mr. OVERTON. That is the reason why I was asking for the information, if the Senator will pardon me. I have the impression that intangible personal property is not assessed at all in some States. I may be wrong as to that.

The PRESIDING OFFICER. The bill will be passed over.

INTERNATIONAL ARMS & FUZE CO., INC.

The Senate proceeded to consider the bill (S. 2309) conferring jurisdiction upon the Court of Claims to hear and determine the claims of the International Arms & Fuze Co., Inc., which had been reported from the Committee on Claims, with an amendment, on page 2, line 21, to strike out the following proviso:

And provided further, That any judgment rendered by the Court of Claims for either the United States or the International Arms & Fuze Co., Inc., shall include interest.

So as to make the bill read:

Be it enacted, etc., That jurisdiction is hereby conferred upon the Court of Claims, notwithstanding the lapse of time or any statute of limitations, or any award or awards previously made and accepted by the International Arms & Fuze Co., Inc., to hear and determine the claims of the said International Arms & Fuze Co., Inc., growing out of contracts nos. G–1048–559–A, dated January 1, 1918, and P–19219–4797–A, dated November 5, 1918, with the United States and the amendments and modifications thereof, in accordance with the terms of these contracts, as amended and modified, together with claims for storage, services, and work incident thereto and rendered in connection therewith, and in considering the aforesaid claims the court shall give the United States credit for any and all payments heretofore made by the United States on account of said contracts: *Provided, however*, That if the Court of Claims determines that the amount due the International Arms & Fuze Co., Inc., under the claims above set forth is less than the amounts previously paid the said International Arms & Fuze Co., Inc., by the United States in connection with the said contracts, the Court of Claims shall have jurisdiction to render judgment against the International Arms & Fuze Co., Inc., for the difference between the amounts found to be due the International Arms & Fuze Co., Inc., and the amounts heretofore paid the International Arms & Fuze Co., Inc.: *And provided further*, That from any decision or judgment rendered in any suit presented under the authority of this act a writ of certiorari to the Supreme Court of the United States may be applied for by either party thereto, as is provided by law in other cases.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (S. 2864) for the relief of Weymouth Kirkland and Robert N. Golding was announced as next in order.

Mr. McKELLAR. Mr. President, may we have an explanation of that bill? If not, I ask that it go over.

The PRESIDING OFFICER. Let the bill go over.

ESTATE OF MARTIN FLYNN

The bill (S. 1998) for the relief of the estate of Martin Flynn was announced as next in order.

Mr. DICKINSON. Mr. President, this bill was considered the last time the calendar was called. There is one item in it that did not have the endorsement of the Veterans' Bureau. I have now investigated the matter and I find, instead of the amount being without interest $4,000, it should be $3,810. There was one item that was included in the way of lavatories. I ask that the sum "$4,000" be stricken from the bill and "$3,810" be inserted in lieu thereof.

Mr. McKELLAR. Mr. President, the reason for that change is to be found in the Veterans' Administration letter of February 19, to the Senator from North Carolina [Mr. BAILEY], in which they fixed the total amount at $3,025.

Mr. DICKINSON. Yes, but one item there is not included, and that is an item for plumbing and the labor in restoring the plumbing. I submitted the matter again to the Veterans' Bureau and have also talked with Colonel Griffith. The Bureau admits that in making their original estimate they did not cover the plumbing item.

Mr. McKELLAR. Can we get a certificate from the Department? I am not doubting the Senator at all, but sometimes there are misunderstandings about such items.

Mr. DICKINSON. The only point is that this claim has been running for 4 years, and we have already declined to pay interest. I am afraid if we do not get it passed soon, we will not get it through the House. I have taken the matter up with Colonel Griffith. He suggests in order to clear the record, which indicates that lavatories and plumb-

ing were not included, that I should get some proof from Iowa. If the Senator insists upon it I will get that proof.

Mr. McKELLAR. It will not take long to get it. I ask that the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

BILL PASSED OVER

The bill (H.R. 5884) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto, was announced as next in order.

Mr. McKELLAR. Over.

The PRESIDING OFFICER. The bill will be passed over.

JAMES TULLEY HAZEL

The bill (S. 896) for the relief of James Tulley Hazel was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers James Tulley Hazel, captain, Medical Corps, United States Army, September 3, 1918, shall hereafter be held and considered to have been regularly commissioned as a captain in the Medical Corps of the United States Army on the 3d day of September 1918.

BILL PASSED OVER

The bill (S. 2800) to prevent the manufacture, shipment, and sale of adulterated or misbranded food, drink, drugs, and cosmetics, and to regulate traffic therein; to prevent the false advertisement of food, drink, drugs, and cosmetics; and for other purposes, was announced as next in order.

Mr. BYRNES. Over.

The PRESIDING OFFICER. The bill will be passed over.

PROTECTION AND REGULATION OF FISHERIES OF ALASKA

The Senate proceeded to consider the bill (S. 3022) to amend an act entitled "An act to amend sections 3 and 4 of an act of Congress entitled 'An act for the protection and regulation of the fisheries of Alaska', approved June 26, 1906, as amended by the act of Congress approved June 6, 1924, and for other purposes."

Mr. McKELLAR. Mr. President, may we have an explanation of the bill?

Mr. STEPHENS. Mr. President, the bill relates to fisheries in Alaska. The Commissioner of Fisheries, Frank T. Bell, presented a memorandum to Mr. Roper, Secretary of Commerce, who sent it to the committee with his letter, saying, "I concur in the memorandum of the Commissioner."

Mr. McKELLAR. I see that the Commissioner of Fisheries has endorsed the bill, so I have no objection.

Mr. STEPHENS. We had hearings on this bill. The Delegate from Alaska was present, and the bill was unanimously agreed upon.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 3 of the act of Congress entitled "An act for the protection and regulation of the fisheries of Alaska", approved June 26, 1906, as amended by the act of Congress entitled "An act for the protection of the fisheries of Alaska, and for other purposes", approved June 6, 1924, be, and the same is hereby, amended to read as follows:

"SEC. 3. That it shall be unlawful to erect or maintain any dam, barricade, fence, trap, fishwheel, or other fixed or stationary obstruction except for purposes of fish culture, in any of the waters of Alaska at any point where the distance from shore to shore is less than 1,000 feet, or within 500 yards of the mouth of any creek, stream, or river into which salmon run, excepting the Karluk, Ugashik, Kuskokwim, and Yukon Rivers, with the purpose or result of capturing salmon or preventing or impeding their ascent to the spawning grounds, and the Secretary of Commerce is hereby authorized and directed to have any and all such unlawful obstructions removed or destroyed: *Provided, however*, That the exception hereinabove contained with reference to the Kuskokwim and Yukon Rivers shall be solely for the purpose of enabling native Indians and bona fide permanent white inhabitants along the said rivers to take from said rivers for commercial purposes and for export from the Territory of Alaska king salmon in such manner and such quantities, and at such times as the Secretary of Commerce may, by suitable regulations, from time to time permit: *Provided further*, That no person shall be deemed to be a bona fide permanent inhabitant of the said rivers who has not resided thereon, or within 50 miles thereof for a period of over 1 year, and that the term 'native Indians' as used herein shall be taken to mean members of the aboriginal races inhabiting Alaska when annexed to the United States, and their descendants of the whole or half blood. For the purposes of this section, the mouth of such creek, stream, or river shall be taken to be the point determined as such mouth by the Secretary of Commerce and marked in accordance with this determination. It shall be unlawful to lay or set any seine or net of any kind within 100 yards of any other seine, net, or other fishing appliance which is being or which has been laid or set in any of the waters of Alaska, or to drive or to construct any trap or other fixed fishing appliance within 600 yards laterally or within 100 yards endwise of any other trap or fixed fishing appliance."

SEC. 2. That section 4 of the act of Congress entitled "An act for the protection and regulation of the fisheries of Alaska", approved June 26, 1906, as amended by the act of Congress entitled "An act for the protection of the fisheries of Alaska, and for other purposes", approved June 6, 1924, be, and the same hereby is, amended to read as follows:

"SEC. 4. That it shall be unlawful to fish for, take, or kill any salmon of any species or by any means except by hand rod, spear, or gaff in any of the creeks, streams, or rivers of Alaska; or within 500 yards of the mouth of any such creek, stream, or river over which the United States has jurisdiction, excepting the Karluk, Ugashik, Yukon, and Kuskokwim Rivers: *Provided*, That nothing herein contained shall prevent the taking of fish for local food requirements or for use as dog feed: *Provided further*, That the exception hereinabove contained with reference to the Kuskokwim and Yukon Rivers shall be solely for the purpose of enabling native Indians and bona fide permanent white inhabitants along the said rivers to take from said rivers for commercial purposes and for export from the Territory of Alaska king salmon in such manner and such quantities and at such times as the Secretary of Commerce may, by suitable regulations, from time to time permit: *Provided further*, That no person shall be deemed to be a bona fide permanent inhabitant of said rivers who has not resided thereon or within 50 miles thereof for a period of over 1 year, and that the term 'native Indians' as used herein shall be taken to mean members of the aboriginal races inhabiting Alaska when annexed to the United States, and their descendants of the whole or half blood."

RICHARD A. CHAVIS

The Senate proceeded to consider the bill (H.R. 2032) for the relief of Richard A. Chavis, which had been reported from the Committee on Military Affairs with an amendment on page 10, to insert the following proviso:

Provided further, That the rights, privileges, and benefits conferred upon Richard A. Chavis by reason of the enactment of this act shall be limited to admission to a soldiers' home under the regulations governing such admission.

So as to make the bill read:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Richard A. Chavis, who served as a member of Company L, Second South Carolina Volunteer Infantry, shall hereafter be held and considered to have been honorably discharged from said service on the 19th day of April 1899: *Provided*, That no pension, pay, or bounty shall be held to have accrued by reason of the enactment of this act: *Provided further*, That the rights, privileges, and benefits conferred upon Richard A. Chavis by reason of the enactment of this act shall be limited to admission to a soldiers' home under the regulations governing such admission.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

FRED M. MUNN

The bill (S. 754) for the relief of Fred M. Munn was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Fred M. Munn, who served as a private in Troop L, Second Regiment United States Cavalry, shall hereafter be held and considered to have been honorably discharged from the military service of the United States on January 10, 1878: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

DONATION OF ARMY EQUIPMENT TO AMERICAN LEGION POSTS

The bill (S. 1328) to provide for the donation of certain Army equipment to posts of the American Legion was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of War is authorized and directed to give to each post of the American Legion to which obsolete or condemned Army rifles, slings, or cartridge belts have been loaned under authority of the act entitled "An act authorizing the Secretary of War to loan Army rifles to posts of the American Legion", approved February 10, 1920, as amended, any such

equipment now held by such post, and to cancel and release all obligations to the United States incurred pursuant to such act in connection with loans of such equipment to posts of the American Legion.

GEORGE W. BAKER

The Senate proceeded to consider the bill (S. 2104) for the relief of George W. Baker, which had been reported from the Committee on Military Affairs, with an amendment in line 5, page 1, after the words "member of", to strike out "Company D, Second Regiment Nebraska Volunteer Infantry", and insert "Company G, Twentieth Regiment United States Infantry", so as to make the bill read:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers George W. Baker, who was a member of Company G, Twentieth Regiment United States Infantry, shall hereafter be held and considered to have been discharged honorably from the military service of the United States as a member of that organization on the 19th day of January 1899: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (S. 2455) to increase the efficiency of the Medical Corps of the Regular Army was announced as next in order.

Mr. KING. Let that bill go over.

The PRESIDING OFFICER. The bill will be passed over.

MUTUAL FIRE INSURANCE COMPANY OF THE DISTRICT

The bill (S. 2857) to amend an act entitled "An act to incorporate the Mutual Fire Insurance Co. of the District of Columbia, as amended", was announced as next in order.

Mr. McKELLAR. Mr. President, will the Senator from Utah explain that bill?

The PRESIDING OFFICER. The Chair will suggest that the bill was reported by the Senator from Nevada [Mr. McCARRAN].

Mr. KING. Mr. President, I do not recall at the moment the terms of the bill, but it has received the approval of the Commissioners of the District and was carefully considered by the District Committee.

Mr. McKELLAR. Mr. President, it seems to relate to an insurance company now existing. Why should they reincorporate or have a new incorporation? I am just wondering as to that. There seem to be a number of acts on the subject.

Mr. KING. I do not recall the details.

Mr. McKELLAR. Let the bill go over for the moment.

Mr. KING. Very well.

The PRESIDING OFFICER. The bill will be passed over.

Mr. KING subsequently said: Mr. President, this afternoon during the consideration of the calendar, when Order of Business No. 542, Senate bill 2857, to amend an act entitled "An act to incorporate the Mutual Fire Insurance Co. of the District of Columbia", as amended, was reached, the senior Senator from Tennessee [Mr. McKELLAR] objected. I have explained the purport of the bill to the Senator and he has now no objection to its passage.

Mr. McKELLAR. Mr. President, I have no objection.

Mr. KING. I ask unanimous consent for the present consideration of the bill.

There being no objection, the Senate proceeded to consider the bill, which was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That sections 2 to 9 of the act entitled "An act to incorporate the Mutual Fire Insurance Co. of the District of Columbia", approved January 10, 1855 (10 Stat. 836), as amended April 12, 1866 (14 Stat. 32, ch. 41), March 25, 1870 (16 Stat. 80, ch. 35), June 14, 1878 (20 Stat. 132, ch. 195), and July 5, 1884 (23 Stat. 155, ch. 233), are hereby amended to read as follows:

"SEC. 2. The purpose and designs of this corporation shall be to insure the property of the members thereof against loss or damage by fire, lightning, sprinkler leakage, cyclone, tornado, windstorm, and hail; to insure glass against breakage; to insure the loss of use and occupancy and rents of buildings when such loss is caused by fire, lightning, cyclone, tornado, windstorm, and hail; to insure automobiles and other vehicles, and other property, against loss or damage by fire, theft, transportation, explosion, and collision; to insure against the loss of property by burglary, theft, robbery, larceny, and forgery; to insure against loss or damage by any other hazard upon any risk which is not prohibited by statute or at common law from being the subject of insurance by a fire-insurance company but not including loss or damage by reason of bodily injury to the person, nor shall such corporation do a life-insurance or fidelity or surety business; and to cede and accept reinsurance upon the whole or any part of any risk; and to have and exercise all the general powers of corporations organized under the laws of the District of Columbia, insofar as they relate to mutual fire-insurance companies: *Provided, however*, That said corporation shall forever be conducted for the mutual benefit of its members, and not for profit; and, as to its business transacted in the District of Columbia or in any State or other jurisdiction in which it is licensed, shall be subject to all laws of such district, State, or other jurisdiction governing mutual fire-insurance companies.

"SEC. 3. The policies hereafter issued by said corporation shall provide for a premium or premium deposit payable in cash without premium note, and, except as herein provided, for a contingent premium at least equal to the premium or premium deposit: *Provided*, That said corporation may issue policies without additional contingent liability of its members whenever it has a surplus of assets over all its liabilities of $100,000, or more.

"SEC. 4. All persons who shall hereafter insure with said corporation; and their heirs, executors, administrators, and assigns continuing to be insured by said corporation, shall thereby become members thereof during the period they shall remain insured by said corporation and no longer. Any public or private corporation, board, association, or estate may hold policies in the corporation. Any officer, director, trustee, or legal representative of such corporation, board, association, or estate may be recognized as acting for or on its behalf for the purpose of membership in this corporation, but shall not be personally liable upon such contract of insurance by reason of acting in such representative capacity. The right of any corporation, board, association, or estate to participate as a member of this corporation is hereby declared to be incidental to the purpose for which such corporation, board, association, or estate is organized and as much granted as the rights and powers expressly conferred.

"SEC. 5. The annual meeting of the members of said corporation shall be held at such time and place as provided in the bylaws. It shall be the duty of the president to call a special meeting of the corporation upon the written request of 20 members. Each member shall have one vote for each risk held by him on all matters properly before any meeting of the members.

"SEC. 6. The affairs of said corporation shall be conducted by a board consisting of seven directors or such greater number as may be authorized by the bylaws, selected from the members, to be elected by ballot at annual meetings of the members, for terms not exceeding 3 years, as fixed by the bylaws, and to continue in office until their successors are chosen. The board of directors shall have full power to make and prescribe such bylaws, rules, and regulations as they shall deem needful and proper for the elections herein provided and for the conduct and management of the business, funds, property, and effects of the company, not contrary to this act or to the laws of the United States, and they shall have power to alter or amend the same as the interests of the company, in their opinion, may require. Not less than a majority of the directors shall be a quorum to do business, but a less number may adjourn from time to time. Vacancies happening in the board may be filled by the remaining directors for the remainder of the term for which they were elected. The board shall choose one of their number as president, and appoint a secretary and treasurer and such other officers as may be necessary for conducting the affairs of said corporation. The persons now acting as managers shall continue as the board of directors until the next annual meeting after the passage of this act, and thereafter until their successors are duly chosen.

"SEC. 7. It shall be lawful for said company to invest and reinvest all moneys received by it in such manner, consistent with the laws of the District of Columbia relating to mutual fire-insurance companies, as the directors deem best for the interests of the company, and to acquire, hold, and sell real estate necessary or convenient for the transaction of its corporate business.

"SEC. 8. Nothing herein contained shall be construed to affect or impair in any manner whatsoever any vested right or interest in or under any existing contract of the company.

"SEC. 9. The right to alter, amend, or repeal this act is hereby expressly reserved."

SEC. 2. Sections 10 to 16, inclusive, of the said act of January 10, 1855 (10 Stat. 836), as amended April 12, 1866 (14 Stat. 32), March 25, 1870 (16 Stat. 80), June 14, 1878 (20 Stat. 132), and July 5, 1884 (23 Stat. 155), and said act of July 5, 1884 (23 Stat. 155), are hereby repealed.

Mr. KING. Mr. President, I ask that the letter appearing in the report from the Commissioners of the District of Columbia regarding this matter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

COMMISSIONERS OF THE DISTRICT OF COLUMBIA,
Washington, March 5, 1934.

Hon. WILLIAM H. KING,
Chairman Committee on the District of Columbia,
United States Senate, Washington, D.C.

DEAR SIR: The Commissioners of the District of Columbia have the honor to submit the following on Senate bill 2857, Seventy-third Congress, second session, entitled "A bill to amend an act entitled 'An act to incorporate the Mutual Fire Insurance Co. of the District of Columbia', as amended", which you referred to them for report as to the merits of the bill and the propriety of its passage.

On January 10, 1855, Congress passed an act incorporating the Mutual Fire Insurance Co. of the District of Columbia. Since that date the insurance company has been doing, within the District of Columbia, a mutual fire-insurance business covering dwelling houses and other buildings, furniture, and every description of property of its members.

Under section 3 of the original act the capital stock of this company consists of premium notes given by the insured and of the cash paid in as interest on said premium notes. These notes are payable on demand and constitute a lien in amount thereof upon all buildings insured by the said company, and upon the land on which the buildings stand and the appurtenances thereto, and goes so far as to become a lien upon the estate and interest, legal or equitable, of the assured in such buildings, lands, and appurtenances insured by the company.

By virtue of the original act the company may file in the office of the clerk of the circuit court a memorandum giving the name of the individual insured, the description of the property, the amount of the unpaid note, and the amount of the premium due, and upon the filing of the same a judgment may be entered and execution had thereon.

The present bill now seeks to eliminate the requirement of the law that a demand note be required of each policyholder and also enlarges the list of property which may be insured, such as sprinkler leakage, cyclone, tornado, windstorm, and hail, and also insures against glass breakage and the loss of use and occupancy and rents of buildings when such loss of use and occupancy and rents occurs through fire, lightning, cyclone, tornado, etc., and seeks to authorize insurance upon automobiles and other vehicles and other property against loss or damage by fire, theft, transportation, explosion, and collision; and insures against the loss of property by burglary, theft, robbery, etc. In short it seeks to cover all insurance usually done by a fire-insurance company, not including, of course, loss or damage by reason of bodily injury to person, nor does the proposed amendment permit the corporation to do a life-insurance business or fidelity business.

The proposed amendments do not seek to change the original purposes of the incorporation act. It is still a mutual company and is not operated for profit.

Section 3 of the proposed amendments eliminates the premium note required under the old incorporation law.

Section 4 permits public or private corporations, associations, or even estates to hold policies in the incorporation. Obviously as the law now stands, executors or administrators of estates cannot insure in such a company which requires the execution of demand notes.

Sections 5, 6, 7, 8, and 9 are the usual sections relating to meetings of the members of the corporation, the duties of its officers, bylaws, etc.

The incorporation act has not been modified or changed since 1884, and as the matter now stands there are many obsolete requirements which are not required of other mutual insurance companies, and while the insurance company could be dissolved and reincorporated under the general incorporation laws of the District of Columbia the officers of the insurance company feel that to do so would seriously affect the good will of the company.

The Commissioners know of no objection to the passage of the bill.

Very truly yours,

M. C. HAZEN,
President Board of Commissioners of the District of Columbia.

RELIEF OF DISTRESS, AND SOCIAL WELFARE OF INDIANS

The Senate proceeded to consider the bill (S. 2571) authorizing the Secretary of the Interior to arrange with States for the education, medical attention, relief of distress, and social welfare of Indians, and for other purposes, which had been reported from the Committee on Indian Affairs, with an amendment, in section 4, page 2, line 21, after the word "report", to strike out "to Congress on or before the first Monday in December of each year" and insert "annually to the Congress", so as to make the section read:

SEC. 4. That the Secretary of the Interior shall report annually to the Congress any contract or contracts made under the provisions of this act, and the moneys expended thereunder.

The amendment was agreed to.

Mr. JOHNSON. Mr. President, I have been asked by the Delegate from Alaska to have this bill, if there be no objection, made applicable as well to the Territory of Alaska. That may be accomplished by inserting on page 1, line 5, after the word "State" the words "or Territory"; in line 7 of the same page, after the word "State" by inserting the words "or Territory"; in line 8 of the same page, after the word "State" by inserting the words "or Territory"; in line 5, page 2, after the word "State", by inserting the words "or Territory"; and in line 18, page 2, after the word "States", by inserting the words "or Territories." I can see no objection to making the bill applicable to Alaska, because the Delegate says the Indian tribal conditions there are similar to those in the States. I move the amendments suggested by me.

The PRESIDING OFFICER. The question is on the amendments offered by the Senator from California.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Interior is hereby authorized, in his discretion, to enter into a contract or contracts with any State or Territory having legal authority so to do, for the education, medical attention, agricultural assistance, and social welfare, including relief of distress, of Indians in such State or Territory, through the qualified agencies of such State or Territory, and to expend under such contract or contracts moneys appropriated by Congress for the education, medical attention, agricultural assistance, and social welfare, including relief of distress, of Indians in such State.

SEC. 2. That the Secretary of the Interior, in making any contract herein authorized with any State, or Territory, may permit such State to utilize for the purpose of this act, existing school buildings, hospitals, and other facilities, and all equipment therein or appertaining thereto, including livestock and other personal property owned by the Government, under such terms and conditions as may be agreed upon for their use and maintenance.

SEC. 3. That the Secretary of the Interior is hereby authorized to perform any and all acts and to make such rules and regulations, including minimum standards of service, as may be necessary and proper for the purpose of carrying the provisions of this act into effect: *Provided*, That such minimum standards of service are not less than the highest maintained by the States or Territories with which said contract or contracts, as herein provided, are executed.

SEC. 4. That the Secretary of the Interior shall report annually to the Congress any contract or contracts made under the provisions of this act, and the moneys expended thereunder.

The title was amended so as to read:

A bill authorizing the Secretary of the Interior to arrange with States or Territories for the education, medical attention, relief of distress, and social welfare of Indians, and for other purposes.

LOANS BY FEDERAL LAND BANKS TO INCORPORATED ASSOCIATIONS

The bill (S. 2997) authorizing loans by Federal land banks to incorporated associations and corporations in certain cases, and for other purposes, was announced as next in order.

Mr. McNARY. Over.

Mr. ROBINSON of Arkansas. Mr. President——

The PRESIDING OFFICER. The bill will be passed over.

Mr. ROBINSON of Arkansas. Mr. President, I did not ask that the bill go over.

Mr. McNARY. Mr. President, I suggested that the bill go over because I did not think that it could be presented in 5 minutes.

Mr. CAREY. Mr. President, I think I can present it in that time; at any rate, I will try to do so.

Mr. McNARY. Very well.

Mr. CAREY. Mr. President, the Federal Farm Loan Act in its present form provides that loans may be made only to individuals—the words used are "individual persons"—and the purpose of this amendment to the act is to make possible loans to those engaged in agriculture whose business is incorporated. In the western States nearly all the live-stock companies, or a great many of them, at any rate, are now organized as corporations, in many instances that being considered the easier method of conducting the business. Many of them are small companies with capital as low as $5,000 or $10,000 and up. It is the custom for them to incorporate. Under the present law they cannot obtain any benefit from the Federal farm land banks. This amendment to the act will permit them to borrow on condition that all the stockholders endorse the paper for a loan. There is also a provision that the farm loan commissioners may waive that requirement when a majority of the stock-

holders sign the paper. Further than that, there is a restriction that loans may not be made unless all the stockholders are engaged in the farming business.

Mr. ROBINSON of Arkansas. Has the Senator information as to the amount that will probably be needed to meet the requirements of this bill.

Mr. CAREY. I cannot give that information. I can say to the Senator that there is no objection to this bill from the Farm Credit Administration. I introduced another bill, and they requested certain amendments, and this bill was introduced with the changes made to cover the amendments which they asked to have adopted.

Mr. ROBINSON of Arkansas. The amendments suggested by the Farm Credit Administration have been incorporated in the bill?

Mr. CAREY. They are included in the bill.

Mr. KING. Mr. President, may I ask the Senator a question?

Mr. CAREY. Certainly.

Mr. KING. If I understand this bill, it permits private individuals to obtain credit and loans.

Mr. CAREY. No; it is intended to permit corporations composed of people who are stockholders, all of whom are actually engaged in agricultural pursuits, to obtain loans. It will not permit loans to a corporation which is engaged in some other activity as well as in farming. All the stockholders of a corporation which would be entitled to a loan under this proposal would have to be actively engaged in farming unless the loan commissioner should waive the restriction.

The PRESIDING OFFICER. Is there objection to the consideration of the bill?

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That paragraph "Sixth" of section 12 of the Federal Farm Loan Act, as amended (U.S.C., title 12, sec. 771), is further amended by adding at the end thereof the following new sentence: "As used in this paragraph the term 'person' includes an individual, an incorporated association, and a corporation; but no such loan shall be made to a corporation (1) unless all the stock of the corporation is owned by persons actually engaged, or shortly to become engaged, in the cultivation of the farm to be mortgaged as security for the loan, except in a case where the Land Bank Commissioner permits the loan if a majority of the stock of the corporation is so owned, and (2) unless all the stockholders of the corporation assume personal liability for the loan."

SEC. 2. (a) The first sentence of the sixth paragraph of section 7 of the Federal Farm Loan Act, as amended (U.S.C., title 12, sec. 716), is amended to read as follows: "Ten or more persons who are the owners, or about to become the owners, of farm lands qualified as security for a mortgage loan under section 12 of this act, may unite to form a national farm-loan association."

(b) The sixth paragraph of such section 7 is further amended by adding at the end thereof the following new sentence: "As used in this section, the term 'person' includes an individual, an incorporated association, and a corporation which is eligible for a loan under section 12 of this act."

SEC. 3. (a) The first sentence of the fifth paragraph of section 9 of the Federal Farm Loan Act, as amended (U.S.C., title 12, sec. 745), is amended by striking out the words "any natural person" and inserting in lieu thereof "any person."

(b) The fifth paragraph of such section 9 is further amended by adding at the end thereof the following new sentence: "As used in this section, the term 'person' includes an individual, an incorporated association, and a corporation which is eligible for a loan under section 12 of this act."

BILL PASSED OVER

The bill (S. 3046) creating the Sistersville Bridge Commission and authorizing said commission and its successors and assigns to construct, maintain, hold, and operate a highway bridge across the Ohio River at or near Sistersville, W.Va., was announced as next in order.

Mr. VANDENBERG. Over.

The PRESIDING OFFICER. The bill will be passed over.

PERRY RANDOLPH

The Senate proceeded to consider the bill (S. 1314) for the relief of Perry Randolph, which had been reported from the Committee on Military Affairs with an amendment, on page 2, line 1, after the word "passage", to insert the following proviso:

Provided further, That the rights, privileges, and benefits conferred upon Perry Randolph by reason of the enactment of this act shall be limited to admission to a soldiers' home under the regulations governing such admissions.

So as to make the bill read:

Be it enacted, etc., That in the administration of the pension laws or any laws conferring rights, privileges, or benefits upon persons honorably discharged from the United States Army Perry Randolph shall be held and considered to have been honorably discharged as a private, One Hundred and Twelfth Ammunition Train, Thirty-seventh Division, United States Army, on July 26, 1918: *Provided*, That no compensation, retirement pay, back pay, pension, or other benefit shall be held to have accrued by reason of this act prior to its passage: *Provided further*, That the rights, privileges, and benefits conferred upon Perry Randolph by reason of the enactment of this act shall be limited to admission to a soldiers' home under the regulations governing such admissions.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ELMER E. C. ARMSTRONG

The bill (S. 1431) for the relief of Elmer E. C. Armstrong was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of the pension laws or any laws conferring rights, privileges, or benefits upon persons honorably discharged from the United States Army Elmer E. C. Armstrong shall be held and considered to have been honorably discharged from the Thirty-third Company United States Coast Artillery Corps on August 14, 1902: *Provided*, That no pension, pay, or bounty shall be held to have accrued prior to the passage of this act.

AUGUST R. LUNDSTROM

The bill (S. 2378) for the relief of August R. Lundstrom, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of the pension laws August R. Lundstrum, late of Company L, Eighteenth Regiment United States Infantry, shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a member of said organization on the 6th day of April 1903: *Provided*, That no bounty, back pay, pension, or allowances shall be held to have accrued prior to the passage of this act.

EMMA F. TABER

The bill (H.R. 4056) for the relief of Emma F. Taber, was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby authorized and directed to pay to Emma F. Taber, out of any money in the Treasury not otherwise appropriated, the sum of $3,500 in full settlement of all claims against the Government of the United States for expenses and attendance charges incurred by her on account of injuries sustained by being struck by a Government-owned motor vehicle in Dorchester, Mass., on September 12, 1931: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

PHYLLIS PRATT AND HAROLD LOUIS PRATT

The Senate proceeded to consider the bill (H.R. 472) for the relief of Phyllis Pratt and Harold Louis Pratt, a minor, which had been reported from the Committee on Claims with an amendment, on page 1, line 5, after the name "Pratt", to strike out "and" and insert "in her own right and as legal guardian of", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Phyllis Pratt in her own right and as legal guardian of Harold Louis Pratt, a minor, the sum of $5,000 in full settlement of all claims against the Government of the United States as reimbursement to them for the loss suffered by them in the death of their husband and father, Louis Daniel Pratt, whose death occurred on April 21, 1929, without fault on his part or on their part, through the collision of a trimotored Ford airplane belonging to the Maddux Air Lines, Inc., of Los Angeles, Calif., bearing factory no. 5-AT-10, license

no. NC 9636, near San Diego, Calif., with an airplane belonging to the War Department of the United States, which was then and there operated in a wrongful and negligent manner by Lt. Howard Keefer, a United States pilot, then and there flying under orders and in line of duty: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

LOTA TIDWELL

The bill (H.R. 2342) for the relief of Lota Tidwell, was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That sections 15, 17, 18, and 20 of the act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916, as amended, are hereby waived in favor of the widow of Chambliss L. Tidwell, a civilian employee of the Mississippi River Commission, who contracted pulmonary tuberculosis in such service, and his case is hereby authorized to be considered and acted upon under the remaining provision of such act, and that such widow shall be subrogated to all rights of said deceased.

LUCY MURPHY

The bill (H.R. 469) for the relief of Lucy Murphy was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Lucy Murphy the sum of $5,000 in full settlement of all claims against the Government of the United States as reimbursement to her for the loss suffered by her in the death of her husband, Maurice Murphy, whose death occurred on April 21, 1929, without fault on his part or on her part, through the collision of a trimotored Ford airplane belonging to the Maddux Air Lines, Inc., of Los Angeles, Calif., bearing factory no. 5-AT-10, license no. NC 9636, near San Diego, Calif., with an airplane belonging to the War Department of the United States, which was then and there operated in a wrongful and negligent manner by Lieut. Howard Keefer, a United States pilot, then and there flying under orders and in line of duty: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

PRIMO TIBURZIO

The Senate proceeded to consider the bill (H.R. 881) for the relief of Primo Tiburzio, which had been reported from the Committee on Claims with an amendment, on page 1, line 6, after the words "sum of", to strike out "$1,500" and insert "$1,000", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Primo Tiburzio, of Columbus, Ohio, the sum of $1,000 in full settlement of all claims against the Government of the United States as compensation for the death of his daughter, Mary Tiburzio, who was killed when struck by a United States mail truck on September 18, 1930: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

CHARLES J. EISENHAUER

The Senate proceeded to consider the bill (H.R. 2639) for the relief of Charles J. Eisenhauer, which had been reported from the Committee on Claims with amendments, on page 1, line 4, after the word "pay", to insert "out of any money in the Treasury not otherwise appropriated"; and, in line 5, after the words "sum of", to strike out "$1,500" and insert "$1,000", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized to pay, out of any money in the Treasury not otherwise appropriated, the sum of $1,000 to Charles J. Eisenhauer, of Brooklyn, N.Y., in full settlement of all claims against the Government of the United States for injuries sustained June 2, 1919, in the city of Brooklyn, N.Y., when struck by an automobile truck of the United States Marine Corps: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

BILL PASSED OVER

The bill (S. 1214) for the relief of Zinsser & Co. was announced as next in order.

Mr. KING. Mr. President, I should like some information respecting this bill.

The PRESIDING OFFICER (Mr. DUFFY in the chair). The bill was reported by the present occupant of the chair, who cannot very well at this time explain the measure. Therefore it might as well go over and be taken up later.

CLAIMS OF ARMY DISBURSING OFFICERS

The Senate proceeded to consider the bill (S. 1544) for the relief of certain disbursing officers of the Army of the United States and for the settlement of individual claims approved by the War Department, which had been reported from the Committee on Claims, with an amendment, on page 1, line 9, after the word "Department", to strike out "$74.37" and insert "$77.37", so as to make the bill read:

Be it enacted, etc., That the Comptroller General of the United States be, and he is hereby, authorized and directed to credit in the accounts of the following disbursing officers of the Army of the United States the amounts set opposite their names: Selden B. Armat, major, Finance Department, $60.91; Francis J. Baker, major, Finance Department, $25; Edwin F. Ely, major, Finance Department, $77.37; Clarence M. Exley, major, Finance Department, $92.02; Eugene M. Foster, captain, Finance Department, $19.65; Peter Hanses, captain, Quartermaster Corps, $10.70; Thomas B. Kennedy, captain, Finance Department, $60.30; Montgomery T. Legg, major, Finance Department, $178.47; Harry B. Lovell, captain, Finance Department, $34.78; Samuel B. McIntyre, late colonel, Finance Department, $31,37; Jacob R. McNiel, captain, Finance Department, $180.23; Hilden Olin, colonel, Finance Department, $59.57; Herbert E. Pace, major, Finance Department, $91; Joseph F. Routhier, first lieutenant, Finance Department, $96.53; Philip A. Scholl, captain, Finance Department, $333.82; Edwin B. Spiller, major, Finance Department, $18.27; George N. Watson, major, Finance Department, $178; and Lawrence P. Worrall, captain, Finance Department, $11.28; said amounts being public funds for which they are accountable and which comprise minor errors in computation of pay and allowances due military personnel, who are no longer in the service of the United States, and which amounts have been disallowed by the Comptroller General of the United States.

SEC. 2. That the Comptroller General of the United States be, and he is hereby, authorized and directed to credit in the accounts of Francis J. Baker, major, Finance Department, $105.57, public funds for which he is accountable, paid to members of the National Guard of Florida and Tennessee for armory drill pay.

SEC. 3. That the Comptroller General of the United States be, and he is hereby, authorized and directed to credit in the accounts of Edward T. Comegys, major, Finance Department, the sum of $22.70, public funds for which he is accountable and which were paid by him to Wilmot A. Danielson, major, Quartermaster Corps, for mileage performed under War Department orders, and which

amount was disallowed by the Comptroller General of the United States.

SEC. 4. That the Comptroller General of the United States be, and he is hereby, authorized and directed to credit in the accounts of Otto W. Gralund, major, Finance Department, the sum of $73.80, public funds for which he is accountable, and which were paid to a former officer of the United States covering commutation of quarters and from whom it is impossible to make collection.

SEC. 5. That the Comptroller General of the United States be, and he is hereby, authorized and directed to credit in the accounts of Carl Halla, major, Finance Department, the sum of $323.48, public funds for which he is accountable and which were paid Maj. (then Capt.) Maurice L. Miller, Infantry, covering loss of personal property and whose claim was approved by the Acting Secretary of War on August 6, 1925, and disallowed by the Comptroller General of the United States.

SEC. 6. That the Comptroller General of the United States be, and he is hereby, authorized and directed to credit in the accounts of Peter Hanses, captain, Quartermaster Corps, the sum of $43.80, public funds for which he is accountable and which were paid to 14 citizens' military training camp students covering mileage from their homes to Camp Harry J. Jones, Ariz., collection of which amount cannot be effected.

SEC. 7. That the Comptroller General of the United States be, and he is hereby, authorized and directed to credit in the accounts of Thomas B. Kennedy, captain (retired), Finance Department, the sum of $58.50, public funds for which he is accountable and which were paid to 12 Reserve Officers' Training Corps and citizens' military training camp students on account of mileage from their homes to Fort Sheridan, Ill., collection of which amount cannot now be effected.

SEC. 8. That the Comptroller General of the United States be, and he is hereby, authorized and directed to credit in the accounts of Edwin J. O'Hara, major, Finance Department, the sum of $86.26, public funds for which he is accountable and which were paid to Howard S. Miller, lieutenant colonel, Coast Artillery Corps, covering mileage under proper orders of the War Department and which payment was disallowed by the Comptroller General of the United States.

SEC. 9. That the Comptroller General of the United States be, and he is hereby, authorized and directed to credit in the accounts of Edwin M. Lawton, disbursing clerk, War Department, the sum of $38.61, public funds for which he is accountable and which were paid to James R. Kyle, a civilian employee of the Quartermaster General's Office, and disallowed by the Comptroller General of the United States.

SEC. 10. That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Frank B. Strunk, former private, Battery C, Three Hundred and Thirty-seventh Regiment United States Field Artillery, the sum of $44.75, being the amount he had paid for one second Liberty Loan bond by deduction from his pay as an enlisted man and which bond was lost in the mails.

SEC. 11. That the Comptroller General of the United States be, and he is hereby, authorized and directed to allow credit in the accounts of Clarence M. Exley, major, Finance Department, the sum of $22.56, representing public funds for which he is accountable, being payment of mileage of two officers of the Army traveling on orders of the War Department, which now stand as disallowances on the books of the General Accounting Office.

SEC. 12. That the Comptroller General of the United States be, and he is hereby, authorized and directed to allow credit in the accounts of William A. MacNicholl, major, Finance Department, the sum of $145.70, representing public funds for which he is accountable, being payment of mileage and expenses to an officer of the Army traveling on orders of the War Department, which now stand as disallowances on the books of the General Accounting Office.

SEC. 13. That the Comptroller General of the United States be, and he is hereby, authorized and directed to allow credit in the accounts of Arthur O. Walsh, captain, Finance Department, the sum of $84.60, representing public funds for which he is accountable and which comprise minor errors in computation of pay and allowances due military personnel who are no longer in the service of the United States, which now stand as disallowances on the books of the General Accounting Office.

SEC. 14. That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Austin H. Brown, major, Finance Department, the sum of $46.58, being the amount he has refunded to the United States on account of disallowances in his account as a disbursing officer.

SEC. 15. That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Alexander T. McCone, first lieutenant, Field Artillery, $124; and to John C. Hamilton, first lieutenant, Cavalry, $132, being the amounts originally paid to them by disbursing officers of the Army and which amounts they have refunded to the United States by reason of disallowances by the Comptroller General of the United States covering traveling expenses while studying foreign languages in Europe under proper orders of the War Department.

SEC. 16. That the Comptroller General of the United States be, and he is hereby, authorized and directed to credit the accounts of Fred W. Boschen, lieutenant colonel, Finance Department, United States Army, in the sum of $1,165.58, being payments made by him to officers of the Regular Army for traveling expenses and disallowed by the Comptroller General.

SEC. 17. That the Comptroller General of the United States be, and he is hereby, authorized and directed not to require refund from the following-named officers of the Army of amounts originally paid them by a disbursing officer of the Army covering traveling expenses while studying foreign languages in Europe under proper orders of the War Department, which amounts were later disallowed by the Comptroller General: Thomas G. Peyton, major, Cavalry, $236.60; Leo V. Warner, captain, Field Artillery, $235.60; Francis B. Valentin, first lieutenant, Air Corps, $132; and Reginald W. Hubbell, first lieutenant, Quartermaster Corps, $561.38.

SEC. 18. That the Comptroller General of the United States be, and he is hereby, authorized and directed to credit in the accounts of the following disbursing officers of the Army of the United States the amounts set opposite their names: Herbert Baldwin, captain, Finance Department, $10; Philip C. Blackmore, major, Ordnance Department, $11.70; Jerome Clark, major, Finance Department, $10.05; Edward T. Comegys, major, Finance Department, $97.31; John M. Connor, first lieutenant, Finance Department, $29; Edward Dworak, major, Finance Department, $40.44; Frank F. Fulton, captain, Finance Department, $68.40; John B. Harper, major, Finance Department, $5.45; Laurence V. Houston, captain, Field Artillery, $20.73; Royal G. Jenks, captain, Finance Department $36.89; Robert J. Kennedy, captain, Finance Department, $6.50; Edwin J. O'Hara, major, Finance Department, $40.77; Walter H. Sutherland, captain, Finance Department, $2; and Ernest W. Wilson, captain, Finance Department, $102.91; said amounts being public funds for which they are accountable and which comprise minor errors in computation of pay and allowances due military personnel who are no longer in the service of the United States, and which amounts have been disallowed by the Comptroller General of the United States.

SEC. 19. That the Comptroller General of the United States be, and he is hereby, authorized and directed to credit in the accounts of the finance officer Panama Canal Department, Quarry Heights, Canal Zone, the sum of $34.75, public funds for which he is accountable and which represent the amount paid by his agent officer with the Pan American Flight on vouchers which have been submitted but which are not acceptable by the General Accounting Office.

SEC. 20. That the Comptroller General of the United States be, and he is hereby, authorized and directed to credit in the accounts of Edward T. Comegys, major, Finance Department, United States Army, the sum of $57.70, public funds for which he is accountable and which were paid by him covering shipment of household goods and personal effects of Capt. John J. Atkinson, Field Artillery, United States Army, upon his permanent change of station: *Provided*, That there shall be no charge raised against Captain Atkinson by reason of this shipment.

SEC. 21. That the Comptroller General of the United States be, and he is hereby, authorized and directed to credit in the accounts of Kinsley W. Slauson, captain, Quartermaster Corps, United States Army, the sum of $118.50, public funds for which he is accountable and which were paid to officers of the Regular Army for traveling expenses, and disallowed by the Comptroller General of the United States: *Provided*, That the amounts so paid shall not be charged against any moneys otherwise due the payees.

SEC. 22. That the Comptroller General of the United States be, and he is hereby, authorized and directed to credit in the accounts of John B. Harper, major, Finance Department, United States Army, the sum of $90.90, public funds for which he is accountable and which amount was paid for the transportation of personal property of G. V. Heidt, lieutenant colonel (retired), United States Army, upon his retirement, which amount has been disallowed by the Comptroller General: *Provided*, That no refund on this account shall be demanded of Lt. Col. G. V. Heidt, United States Army, retired.

SEC. 23. That the Comptroller General of the United States be, and he is hereby, authorized and directed to credit in the accounts of Dana W. Morey, major, Finance Department, United States Army, the sum of $37.85, public funds for which he is accountable and which were stolen by a person or persons unknown, some time between July 20 and 22, 1929, from the safe in the finance office at Fort McPherson, Ga.

SEC. 24. That the Comptroller General of the United States be, and he is hereby, authorized and directed to credit in the accounts of Oliver T. Simpson, captain, Finance Department, United States Army, the sum of $78.30, public funds for which he is accountable and which represent overpayments to an enlisted man and a citizen's military training camp trainee, and which amount has been disallowed by the Comptroller General of the United States.

SEC. 25. That the Comptroller General of the United States be, and he is hereby, authorized and directed to credit in the accounts of James T. Stockton, lieutenant colonel, Texas National Guard, formerly a United States property and disbursing officer for the State of Texas, the sum of $215.83, public funds for which he is accountable and which were paid by him to former officers and enlisted men of the National Guard of Texas, and to a civilian caretaker of the National Guard of Texas, and which amounts have been disallowed by the Comptroller General.

SEC. 26. That the Comptroller General of the United States be, and he is hereby, authorized and directed to credit in the accounts of Arthur L. Webb, major, Finance Department, United States Army, the sum of $50.40, public funds for which he is accountable, and which represent payments made to Reserve Of-

ficers' Training Corps students, which payments have been disallowed by the Comptroller General of the United States.

SEC. 27. That the Comptroller General of the United States be, and he is hereby, authorized and directed to credit in the accounts of Ernest W. Wilson, captain, Finance Department, the sum of $89, public funds for which he is accountable and which amount was paid to a contractor for services rendered and which payment has been disallowed by the Comptroller General of the United States on the grounds that the lower bid was not accepted. The War Department did not consider the lower bidder equipped to render the necessary service and approved payment to the next higher bidder.

SEC. 28. That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Thomas H. Emerson, major, Corps of Engineers, the sum of $150; and to James M. Loud, lieutenant colonel (retired), the sum of $75; being the amount due these officers for deductions made from their pay and now due them as directed by the Supreme Court of the District of Columbia.

SEC. 29. That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any moneys in the Treasury not otherwise appropriated, to Edwin K. Wright, first lieutenant, Infantry, United States Army, $1,631.17, or so much of such sum as shall have been collected from him prior to the passage of this act, representing a loss from the peculations and irregularities of a noncommissioned officer in the commissary at Fort Wright, Wash., during the period June 1 to July 26, 1929, while Lieutenant Wright was temporarily acting as post quartermaster: *Provided*, That no part of this shortage shall be later charged to Lt. Edwin K. Wright, Infantry.

SEC. 30. Any amounts which otherwise may have been due any of the disbursing officers mentioned herein, or, in the case of deceased officers, may have been due their heirs, for any other purpose, and which amounts or any part thereof have been used as a set-off by the Comptroller General to clear disallowances in said officers' accounts mentioned herein, shall be refunded to such disbursing officers or their heirs: *Provided*, That any amounts refunded by any of said disbursing officers, or their heirs, to the United States on account of said disallowances, shall also be refunded to such disbursing officers or their heirs.

SEC. 31. That the Comptroller General of the United States be, and he is hereby, authorized and directed to credit in the accounts of Earl I. Brown, colonel, Corps of Engineers, United States Army, the sum of $9,341.35, representing public funds for which he is accountable and being the amount paid by him in April 1920 to the Sheridan-Kirk Contract Co. in connection with the construction of Lock and Dam No. 31 on the Ohio River under contract dated November 6, 1912.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ELMER KETTERING

The Senate proceeded to consider the bill (S. 2584) for the relief of Elmer Kettering, which had been reported from the Committee on Claims, with an amendment, to strike out all after the enacting clause and insert:

That the Secretary of the Treasury be, and he is hereby, authorized and directed to redeem in favor of Elmer Kettering, Mellette, S.Dak., United States registered notes nos. L–1230844 and L–1230845 (uncalled) in the denominations of $100 each of the Victory Liberty Loan 4¾-percent convertible gold notes of 1922–23, registered in the name of Elmer Kettering, with interest from December 15, 1922, to May 20, 1923, without presentation of the notes which are alleged to have been stolen in a mail robbery after having been assigned in blank by the registered payee: *Provided*, That the said notes shall not have been presented to the Department: *And provided further*, That the said Elmer Kettering shall first file in the Treasury Department a bond in the penal sum of double the amount of the principal of the said notes and the final interest thereon payable May 20, 1923, in such form and with such corporate surety as may be acceptable to the Secretary of the Treasury with condition to indemnify and save harmless the United States from any claim on account of the notes hereinbefore described.

Mr. COOLIDGE. Mr. President, this is a bill to reimburse one Kettering for two Victory Loan bonds, of $100 each, which were purported to have been lost in transportation between a point in South Dakota and a bank in Minneapolis. I move to amend committee amendment in lines 13 and 14, on page 2, by striking out "with interest from December 15, 1922, to May 20, 1923"; and in lines 21 and 22, by striking out, "and the final interest thereon payable May 20, 1923."

The bill as amended will allow the payment of $200, provided satisfactory bond in twice the amount shall be filed with the Treasury Department.

The PRESIDING OFFICER. The question is on agreeing to the amendments offered by the Senator from Massachusetts to the amendment reported by the committee.

The amendments to the amendment were agreed to.

The amendment as amended was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

MABEL S. PARKER

The Senate proceeded to consider the bill (S. 2672) for the relief of Mabel Parker, which has been reported from the Committee on Claims with an amendment on page 1, line 5, after the name "Mabel" to insert the initial "S.", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he hereby is, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Mabel S. Parker, of Pipestone, Minn., the sum of $205.95, in full satisfaction of her claim against the United States for transportation charges incurred in shipping her automobile from White River, Ariz., to Pipestone, Minn., pursuant to an authorization by the Commissioner of Indian Affairs on October 20, 1932, such claim having been subsequently disallowed by the Comptroller General.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read "A bill for the relief of Mabel S. Parker."

BILLS AND RESOLUTION PASSED OVER

The bill (S. 3085) relating to the operations of the Reconstruction Finance Corporation, and for other purposes, was announced as next in order.

Mr. KING. Let that bill go over. I should like to examine it.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 3138) authorizing the Reconstruction Finance Corporation to aid in financing exports and imports was announced as next in order.

Mr. VANDENBERG. Over.

The PRESIDING OFFICER. The bill will be passed over.

The resolution (S.Res. 213) authorizing the appointment of an assistant clerk to certain Senators was announced as next in order.

Mr. McNARY. Over.

The PRESIDING OFFICER. The resolution will be passed over.

CRIME OF EXTORTION BY TELEPHONE, TELEGRAPH, ETC.

The bill (S. 2249) applying the powers of the Federal Government under the commerce clause of the Constitution to extortion by means of telephone, telegraph, radio, oral message, or otherwise, was considered, ordered to be engrossed for a third reading, read the third time and passed, as follows:

Be it enacted, etc., That whoever, with intent to extort from any person, firm, association, or corporation any money or other thing of value, shall transmit in interstate commerce, by telephone, telegraph, radio, or oral message, or by any other means whatsoever, any threat (1) to injure the person, property, or reputation of any person, or the reputation of a deceased person, or (2) to kidnap any person, or (3) to accuse any person of a crime, or (4) containing any demand or request for a ransom or reward for the release of any kidnaped person, shall upon conviction be punished by imprisonment for such term of years as the court, in its discretion, shall determine: *Provided*, That the term "interstate commerce" shall include communication from one State, Territory, or the District of Columbia to another State, Territory, or the District of Columbia.

PROTECTION OF TRADE AGAINST INTERFERENCE BY VIOLENCE, THREATS, ETC.

The Senate proceeded to consider the bill (S. 2248) to protect trade and commerce against interference by violence, threats, coercion, or intimidation, which was read, as follows:

Be it enacted, etc., That the term "trade and commerce", as used herein, shall include trade or commerce between any States, with foreign nations, in the District of Columbia, in any Territory of the United States, between any such Territory or the District of Columbia and any State or other Territory, and all other trade or commerce over which the United States has constitutional jurisdiction.

SEC. 2. Any person who, in connection with or in relation to any act in any way or to any degree affecting, burdening, hindering, destroying, stifling, or diverting trade or commerce or any article or commodity moving or about to move in trade or commerce—

(1) Commits or threatens to commit any act of violence, intimidation, or injury to a person or property, or commits any act which is declared to be unlawful by the criminal laws of the State, District, or Territory where the act is committed; or

(2) Extorts or attempts to extort money or other valuable considerations; or

(3) Coerces or attempts to coerce any person, firm, association, or corporation to join or not to join an association, firm, corporation, or group, or to buy or rent commodities or services from particular sources, persons, firms, or corporations, or to make payments directly or indirectly to any person, association, firm, corporation, or group except for a bona fide consideration; or

(4) Coerces or attempts to coerce any person, firm, association, or corporation to do an act which such person, firm, association, or corporation has a legal right not to do, or to abstain from doing an act which such person, firm, association, or corporation has a legal right to do—

shall, upon conviction thereof, be guilty of a felony and shall be punished by imprisonment from 1 to 99 years, and in addition, by a fine which shall be at least commensurate with the amount of the unlawful gain.

SEC. 3. Any person charged with violating this act may be punished in any district in which any part of the offense has been committed by him or his associates or his conspirators.

Mr. KING. I should like an explanation of that bill.

Mr. ASHURST obtained the floor.

Mr. STEPHENS. Mr. President——

Mr. ASHURST. I yield to the Senator from Mississippi for a moment.

Mr. STEPHENS. Mr. President, it is recognized that crime has reached very large proportions and because of that condition a resolution submitted by the Senator from New York [Mr. COPELAND] was reported by the Committee on the Judiciary, and a very interesting investigation on this subject was had. Based on that, and other considerations as well, 7 or 8 bills were introduced, some at the suggestion of the Department of Justice, some by individual Senators. All such bills were referred to the Committee on the Judiciary. We had before that committee the Attorney General and one of his assistants. Each one of the bills was gone over very carefully. The Department of Justice through the Attorney General submitted a memorandum in which it was stated as follows:

This is a proposed Federal antiracketeering statute based on the interstate commerce power.

In the past such persons have been prosecuted in the Federal courts for incidental violations of law, such as mail frauds or income-tax evasions. The nearest approach to prosecution of racketeers as such has been under the Sherman Antitrust Act. This act, however, was designed primarily to prevent and punish capitalistic combinations and monopolies, and because of the many limitations engrafted upon the act by interpretations of the courts, the act is not well suited for prosecution of persons who commit acts of violence, intimidation, and extortion. Furthermore, the Sherman Act requires proof of a conspiracy, combination, or monopoly, and it is often difficult to prove that the acts of racketeers affecting interstate commerce amount to a conspiracy in restraint of such commerce, or monopoly. Moreover, a violation of the Sherman Act is merely a misdemeanor, punishable by 1 year in jail plus $5,000 fine, which is not a sufficient penalty for the usual acts of violence and intimidation affecting interstate commerce.

The accompanying proposed statute is designed to avoid many of the embarrassing limitations in the wording and interpretation of the Sherman Act, and to extend Federal jurisdiction over all restraints of any commerce within the scope of the Federal Government's constitutional powers. Such restraints, if accompanied by extortion, violence, coercion, or intimidation, are made felonies, whether the restraints are in form of conspiracies or not. The proposed statute also makes it a felony to do any act affecting or burdening such trade or commerce if accompanied by extortion, violence, coercion, or intimidation.

In the hearings to which I have referred it was stated that the tax on the American public, resulting from crimes of this character and others closely related, is about $13,000,000,000 a year. That is why the Attorney General is so very much interested and that is why the committee, after giving full consideration, unanimously adopted a favorable report.

If there is any particular feature of the bill about which any Senator would like to inquire, I shall be glad to answer if I can.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

PUNISHMENT FOR AVOIDING PROSECUTION OR THE GIVING OF TESTIMONY

The bill (S. 2253) making it unlawful for any person to flee from one State to another for the purpose of avoiding prosecution or the giving of testimony in certain cases was announced as next in order.

Mr. KING. Mr. President, I should like an explanation, but, with my present views, I shall ask that the bill go over.

Mr. VANDENBERG. Mr. President, I am particularly interested in this particular measure, because it relates to the crime problem in southeastern Michigan, where a large city is on the rim of an interstate boundary. Precisely the same conditions exist wherever a large city is close to a State boundary. At the present time the chief difficulty in handling and policing the situation in any one of such cities is the fact that when a criminal is apprehended, the witnesses against him immediately put themselves beyond the jurisdiction of the State courts. For instance, in Detroit the "fade-away" and "hide-out" is in Toledo. In Chicago the "fade-away" and "hide-out" is in Indiana or southwestern Michigan. That situation exists wherever a large city is close to a State boundary line or to an interstate boundary line.

The prosecuting attorney of Wayne County, who has made an amazing record in Detroit in law enforcement, told our committee that he asked no further cooperation from the Federal Government than this simple statute which would permit him to be protected against fugitive witnesses. It is the only way by which the Federal Government can make a contribution of this character. I submit this is a thoroughly simple exercise of authority. According to the testimony submitted to the crime-investigating committee, headed by the able Senator from New York [Mr. COPELAND], it is fundamental in the local self-reliance of our police officials in those communities which are close to State boundaries.

Mr. ROBINSON of Arkansas. Mr. President, this bill is one of a series comprehended by Calendars Nos. 563 to 569, inclusive. As stated by the Senator who has just spoken, it is a material part of the antiracketeering program, and I sincerely hope that the bill may be considered and passed. It will be quite helpful to the Department of Justice and to all public authorities in enforcing the criminal laws.

Mr. STEPHENS. Mr. President, will the Senator from Arkansas yield?

Mr. ROBINSON of Arkansas. Certainly.

Mr. STEPHENS. I invite the Senator's attention to Calendar 570, which is another one of the series of very great importance.

Mr. ROBINSON of Arkansas. Yes; that is true. I desire to correct the number to include nos. 563 to 570, both inclusive.

Mr. ASHURST. Mr. President, as the Senator from Arkansas [Mr. ROBINSON] has correctly said, this is one of the numerous bills of the group which we call the antigangster legislation.

I read for the RECORD at this point a memorandum from the Department of Justice in support of the bill. Said the Attorney General:

This bill provides that a Federal offense is committed by any person who flees from one State with intent either to avoid prosecution for a felony under the laws of the place from which he flees or to avoid giving testimony in any criminal proceeding in such place. While this bill would undoubtedly extend Federal criminal jurisdiction in a marked degree, yet it would afford an opportunity for the apprehension of the roving class of criminals who are responsible for so many of the crimes of violence in our country. Although drastic in nature, it is my opinion ultimately some relief must be provided for those who suffer from offenses committed by criminals who flee from the scene of crime beyond the jurisdiction of the State wherein the crime is committed and eventually escape punishment entirely. I advocate the most serious consideration for this act.

Mr. WALSH. Mr. President, may I ask the Senator from Arizona if all of these bills are approved by the Attorney General?

Mr. ASHURST. Yes; all the bills to which the Senator from Arkansas referred, beginning with Order of Business 563 and down to and including 570, have been submitted to and approved by the Department of Justice. They have not only been expressly approved by the Department of Justice, but the Attorney General himself appeared before the Senate Committee on the Judiciary, and I am not using too strong a word when I say he vehemently urged the passage of the bills.

Mr. WALSH. Without exception?

Mr. ASHURST. Yes; without exception.

Mr. ROBINSON of Arkansas. Mr. President, may I add a further word? It is simply intolerable, to take an illustration of which I am familiar, to have a witness or other person needed in a criminal prosecution in the city of Fort Smith, Ark., step across the line into Oklahoma and thus defeat the ends and aims of justice. The bill, in my judgment, is necessary for a proper enforcement of the law.

Mr. KING. Mr. President, I appreciate the importance of legislation which is within the purview of the Federal Government to deal with racketeering and gangsters. The criminal records of gangsters and racketeers have aroused the country and led to a demand for their control. Undoubtedly, if the States exercised the authority possessed by them and zealously enforced their criminal laws, many of the crimes which have shocked them would not have been committed. However, I am sure that the States and their officials will be more earnest in the future in curbing the crimes referred to and punishing law violators.

Referring to the bill which we are now discussing, making it unlawful for any person to flee from one State to another for the purpose of avoiding prosecution or the giving of testimony in certain cases, any State has the power to deal with these questions, and to enact laws providing that any person charged with a felony who flees from a State shall be guilty of an offense and be subject to prosecution therefor. Section 2 of the bill provides that if a witness, to avoid giving testimony in any criminal proceedings, goes beyond the boundaries of the State, though perhaps the offense charged against the person is only a misdemeanor, he subjects himself to a fine of $5,000 and imprisonment not longer than 5 years.

The State may pass a law declaring that witnesses who seek to avoid testifying and who flee the State may be punished. By this measure we are taking a position that the States are incompetent to deal with matters with which they have complete authority to deal and which are exclusively within their jurisdiction.

Mr. ASHURST. Mr. President, will the Senator from Utah yield to me for a moment?

Mr. KING. I yield to the Senator.

Mr. ASHURST. I appreciate, as I believe we all do, the earnestness of purpose and the legal talent of the Senator from Utah (Mr. KING); but when we reflect upon the present condition of affairs in this country, and remember that there are, as I am reliably advised, more gangsters under arms in the United States at this hour than there are men under arms in the entire United States Army, we realize the necessity for taking drastic measures to deal with gangsters.

These gangsters are equipped with machine guns, sawed-off shotguns, and other lethal weapons. They have, in large part, no consideration for human life; and society therefore, in order to survive, must be bold, and zealous; and we are required to bring into requisition every ounce of energy that we constitutionally may.

I do not doubt that many able lawyers and other conscientious men believe that the separate States should handle this or that question. I regret to say, however, that it is beyond the power of an individual State properly to cope with the gangster menace.

I advert for a moment to the case of a Mr. Bremer, who was kidnaped, and who later was returned, and the abductors captured. When the facts shall become known, the superbly able and clever service performed by the Department of Justic will read like a romance. Senators will be amazed to know the efficiency of that Department, and with what almost telepathic instinct our Department of Justice moved to apprehend these men. It could not have been done by a State.

Mr. VANDENBERG. Mr. President, in the famous Oklahoma kidnaping case, the crime occurred in Oklahoma; the money passed in Minnesota; the kidnaped person was recovered in Texas; and the chief conspirator was arrested in Ohio. There is a fine cameo example of the fact that crime is now mobile and interstate, and crime detection has to be equally mobile in order to catch up with it.

Mr. ASHURST. I cannot possibly add anything to the Senators' statement.

Mr. COPELAND. Mr. President, let me invite the attention of my friend from Utah [Mr. KING] to the situation as regards fugitive witnesses. It was testified before our committee by prosecuting attorneys that the greatest difficulty they had in bringing to book the various criminals lay in the fact that the witnesses were intimidated, or bought off, and fled from the jurisdiction of the State. So, after long consideration and taking much testimony, it was determined that the only way in which we could deal with the fugitive witness was in the manner here prescribed.

Of course the State could make it a felony for a witness to flee the jurisdiction of the court, but the State would have no power to bring the witness back. In this case, however, if he is an important witness to a murder, or to a gang operation, and flees to another State, he becomes guilty of a felony, and may be brought back by the district court or by the Federal Government. So there can be no doubt that in apprehending criminals and in bringing them to book this is an important bill, and one which should be passed.

The PRESIDING OFFICER. Is there objection to the consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (S. 2253) making it unlawful for any person to flee from one State to another for the purpose of avoiding prosecution or the giving of testimony in certain cases, which had been reported from the Committee on the Judiciary, with amendments.

Mr. STEIWER. Mr. President, I should like to ask a question, if I may. Referring to the bill now under consideration, I find limitations on the jurisdiction or upon the venue of the court in the very last line of the bill. The language is:

> Violations of this act may be prosecuted only in the Federal judicial district in which the crime was committed.

The crime does not consist in fleeing from a Federal judicial district. The crime consists in fleeing under certain circumstances from a State or Territory or possession. It might conceivably be that in that State there would be more than one judicial district. Did the committee consider whether the provision I have just read introduces any obscurity into the measure, or raises any question about the jurisdiction of the court that would try the crime?

Mr. ASHURST rose.

Mr. COPELAND. Mr. President, may I answer the Senator?

Mr. ASHURST. Yes.

Mr. COPELAND. There was back of this provision another thought that was particularly prominent in the mind of the Senator from Michigan [Mr. VANDENBERG], that if the witness were brought back to the jurisdiction of the court from which he fled it might happen that he would be within the jurisdiction of the State court after he had been dealt with as a Federal prisoner, and he might ultimately be brought in as a material witness in the State case, which might be a murder case.

Mr. STEIWER. I think the purpose just explained by the Senator is a very proper purpose. I raise no challenge as to the purpose. When, however, we limit jurisdiction to the judicial district in which the crime was committed, inasmuch as the crime is not committed necessarily in a judicial district, but the crime consists in flight from a

State, I still wonder whether or not we have not left in the law some obscurity or ambiguity that may make trouble.

Mr. COPELAND. I should not have any objection to such a change as the Senator has in mind; but suppose the witness should flee from Detroit to Columbus, Ohio, and he should be dealt with in the court in Columbus, Ohio, for having committed a felony against the United States. The State officials in Detroit would not be benefited at all in the event the witness should be dealt with afterward by the court in Columbus, because he would be outside the State of Michigan, and could not be dealt with anyway by the State of Michigan.

Mr. STEIWER. I agree thoroughly that the accused ought to go back to the State from which he flees, but in my mind there is a reasonably serious question as to the effect of that limitation.

Mr. VANDENBERG. Mr. President, I think the Senator from Oregon is misinterpreting the word "crime." The word "crime" at this point does not refer to the violation of this measure; it refers to the original felony from which the witness is a fugitive.

Mr. COPELAND. It might be well to insert there the word "original", so that it would read:

Only in the Federal judicial district in which the original crime was committed.

Mr. VANDENBERG. That is the point.

Mr. COPELAND. That is what the Senator from Michigan has in mind, and what we had in mind.

Mr. STEIWER. I confess I was not construing the bill as the Senator from Michigan construes it. I had understood that the crime was the crime here defined, for which a penalty is provided.

Mr. COPELAND. No.

Mr. STEIWER. If the language refers to the original crime, I think there would be no question about it.

Mr. ROBINSON of Arkansas. Mr. President, as a legal proposition I think the question raised by the Senator from Oregon is an important one. Ordinarily, in interpreting a statute, the court would hold that the word "crime", where used, would mean the crime defined in the statute itself.

Mr. COPELAND. If we should insert the word "original", that would remove the ambiguity; would it not?

Mr. ROBINSON of Arkansas. In all probability that would make it clear.

Mr. COPELAND. I move that the bill be amended in that way.

Mr. ROBINSON of Arkansas. I think it should read "in which the original crime was alleged to have been committed", because otherwise it would be necessary to prove that a crime had been committed before a prosecution could be commenced under this statute.

Mr. VANDENBERG. Yes.

Mr. COPELAND. I will accept the language suggested by the Senator from Arkansas.

The PRESIDING OFFICER. Is there objection to the amendment proposed by the Senator from New York, as modified by the language proposed by the Senator from Arkansas?

The Chair hears none; and the amendment, as modified, is agreed to.

Mr. KING. Mr. President, I shall not object to the consideration of this bill. I shall vote against it, however, because I believe it will be abused in its administration. I doubt its constitutionality; and I have not any doubt on earth that in the hysteria now existing, and that which may follow, persons will be imposed upon, will be arrested and prosecuted under the Federal law, where the facts and circumstances will not warrant it.

We are assuming that the States are wholly impotent to deal with questions which properly arise under their authority. We are challenging the competency of the States to govern their own affairs. We are substituting a Federal criminal code for the criminal codes of the States.

The PRESIDING OFFICER. The amendments reported by the Committee on the Judiciary will be stated.

The amendments were, on page 2, line 2, after the word "than" to insert "$5,000", and in line 3, after the word "than", to insert "5 years"; so as to make the bill read:

Be it enacted, etc., That it shall be unlawful for any person to flee from any State, Territory, or possession of the United States, or the District of Columbia, with intent either (1) to avoid prosecution for a felony under the laws of the place from which he flees, or (2) to avoid giving testimony in any criminal proceedings in such place in which the commission of a felony is charged. Any person who violates the provisions of this act shall, upon conviction thereof, be punished by a fine of not more than $5,000 or by imprisonment for not longer than 5 years, or by both such fine and imprisonment. Violations of this act may be prosecuted only in the Federal judicial district in which the original crime was alleged to have been committed.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

TRANSPORTATION OF KIDNAPED PERSONS IN INTERSTATE COMMERCE

The bill (S. 2252) to amend the act forbidding the transportation of kidnaped persons in interstate commerce was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the act of June 22, 1932 (U.S.C., ch. 271, title 18, sec. 408a), be, and the same is hereby, amended to read as follows:

"Whoever shall knowingly transport or cause to be transported, or aid or abet in transporting, in interstate or foreign commerce, any person who shall have been unlawfully seized, confined, inveigled, decoyed, kidnaped, abducted, or carried away by any means whatsoever and held for ransom or reward or otherwise, shall, upon conviction, be punished by imprisonment in the penitentiary for such term of years as the court, in its discretion, shall determine: *Provided*, That the term 'interstate or foreign commerce' shall include transportation from one State, Territory, or the District of Columbia to another State, Territory, or the District of Columbia, or to a foreign country, or from a foreign country to any State, Territory, or the District of Columbia: *Provided further*, That if two or more persons enter into an agreement, confederation, or conspiracy to violate the provisions of the foregoing act and do any overt act toward carrying out such unlawful agreement, confederation, or conspiracy, such person or persons shall be punished in like manner as hereinbefore provided by this act: *And provided further*, That in the absence of the return of the person or persons so unlawfully seized, confined, inveigled, decoyed, kidnaped, abducted, or carried away and the apprehension of the person or persons offending against the provisions of this act for or during a period of 3 days, it shall be presumed that such person or persons have been transported in interstate or foreign commerce, but such presumption shall not be conclusive."

DEFINITION OF CERTAIN CRIMES AGAINST THE UNITED STATES

The bill (S. 2575) to define certain crimes against the United States in connection with the administration of Federal penal and correctional institutions and to fix the punishment therefor, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That any person employed at any Federal penal or correctional institution as an officer or employee of the United States, or any other person who instigates, connives at, willfully attempts to cause, assists in, or who conspires with any other person or persons to cause any mutiny, riot, or escape at such penal or correctional institution; or any such officer or employee or any other person who, without the knowledge or consent of the warden or superintendent of such institution, conveys or causes to be conveyed into such institution, or from place to place within such institution, or knowingly aids or assists therein, any tool, device, or substance designed to cut, abrade, or destroy the materials, or any part thereof, of which any building or buildings of such institution are constructed, or any other substance or thing designed to injure or destroy any building or buildings, or any part thereof, of such institution; or who conveys or causes to be conveyed into such institution, or from place to place within such institution, or aids or assists therein, or who conspires with any other person or persons to convey or cause to be conveyed into such institution, or from place to place within such institution, any firearm, weapon, explosive, or any lethal or poisonous gas, or any other substance or thing designed to kill, injure, or disable any officer, agent, employee, or inmate thereof, shall be punished by imprisonment for a period of not more than 10 years.

SEC. 2. That section 11 of the act of May 14, 1930 (ch. 274, 46 Stat. 327; U.S.C., title 18, sec. 753j), be, and the same is hereby, amended to read as follows:

"That any person not authorized by law or by the Attorney General who introduces or attempts to introduce into or upon the grounds of any Federal penal or correctional institution any narcotic drug, weapon, or any other contraband article or

thing, or any contraband letter or message intended to be received by an inmate thereof, or any person who transmits or attempts to transmit or who aids or assists or attempts to aid or assist in transmitting any letter or message from any Federal penal or correctional institution or any inmate thereof otherwise than in accordance with the rules and regulations governing the transmittal of letters and messages from such institutions, shall be guilty of a felony and shall be punished by imprisonment for a period of not more than 10 years."

SEC. 3. All acts and parts of acts in conflict herewith are hereby repealed.

PUNISHMENT FOR KILLING OR ASSAULTING FEDERAL OFFICERS

The Senate proceeded to consider the bill (S. 2080) to provide punishment for killing or assaulting Federal officers, which had been reported from the Committee on the Judiciary with an amendment, on page 1, line 3, after the word "murder" to strike out "assassinate", so as to make the bill read:

Be it enacted, etc., That whoever shall murder or otherwise kill any civil official, inspector, agent, or other officer or employee of the United States engaged in the performance of his official duties, or on account of the performance of his official duties, shall be punished as provided under section 275 of the Criminal Code.

SEC. 2. Whoever shall forcibly resist, oppose, impede, intimidate, or interfere with any civil official, inspector, agent, or other officer or employee of the United States engaged in the performance of his official duties, or shall assault him on account of the performance of his official duties, shall be fined not more than $5,000, or imprisoned not more than 3 years, or both; and whoever, in the commission of any of the acts described in this section, shall use a deadly or dangerous weapon shall be fined not more than $10,000, or imprisoned not more than 10 years, or both.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (S. 2845) to extend the provisions of the National Motors Theft Act to other stolen property was announced as next in order.

Mr. KING. I object. Let that bill go over.

Mr. ASHURST. Mr. President, before the able Senator from Utah leaves the Chamber, I understand that he has objected to the present consideration of Senate bill 2845.

Mr. KING. Yes; I ask that it go over.

Mr. ASHURST. Very well.

The PRESIDING OFFICER. The bill will be passed over.

OFFENSES AGAINST BANKS

The Senate proceeded to consider the bill (S. 2841) to provide punishment for certain offenses committed against banks organized or operating under laws of the United States or any member of the Federal Reserve System, which had been reported from the Committee on the Judiciary with amendments, on page 1, line 9, after the word "property", to insert the words "or money or any other thing of value"; on page 2, line 2, after the word "property", to insert the words "or money or any other thing of value"; on page 2, line 7, after the word "property", to insert the words "or money or any other thing of value"; on page 2, line 22, after the word "property", to insert the words "or money or any other thing of value", so as to make the bill read:

Be it enacted, etc., That as used in this act the term "bank" includes any member bank of the Federal Reserve System, and any bank, banking association, trust company, savings bank, or other banking institution organized or operating under the laws of the United States.

SEC. 2. Whoever, not being entitled to the possession of property or money or any other thing of value belonging to, or in the care, custody, control, management, or possession of, any bank, takes and carries away, or attempts to take and carry away, such property or money or an other thing of value from any place (1) without the consent of such bank, or (2) with the consent of such bank obtained by the offender by any trick, artifice, fraud, or false or fraudulent representation, with intent to convert such property or money or any other thing of value to his use or to the use of any individual, association, partnership, or corporation, other than such bank, shall be punished by a fine of not more than $5,000 or imprisonment for not more than 10 years, or both.

SEC. 3. Whoever breaks into, or attempts to break into, any building or part thereof used as a place of business by any bank, with intent to commit in such building or part thereof so used any offense defined by this act or any felony under any law of the United States or under any law of the State, District, Territory, or possession where such building is located, shall be fined not more than $5,000 or imprisoned not more than 10 years, or both.

SEC. 4. (a) Whoever, by force and violence, or by putting in fear, feloniously takes, or feloniously attempts to take, from the person or presence of another any property or money or any other thing of value belonging to, or in the care, custody, control, management, or possession of, any bank shall be fined not more than $5,000 or imprisoned not more than 20 years, or both.

(b) Whoever, in committing, or in attempting to commit, any offense defined in subsection (a) of this section, assaults any person, or puts in jeopardy the life of any person by the use of a dangerous weapon, shall be fined not less than $1,000 nor more than $10,000 or imprisoned not less than 5 years nor more than 25 years, or both.

SEC. 5. Whoever, in committing any offense defined in sections 1, 2, or 3 of this act, or in avoiding or attempting to avoid apprehension for the commission of such offense, or in freeing himself or attempting to free himself from arrest or confinement for such offense, kills any person, or forces any person to accompany him without the consent of such person, shall be punished by imprisonment for not less than 10 years, or by death.

SEC. 6. Jurisdiction over any offense defined by this act shall not be reserved exclusively to courts of the United States.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

RETIREMENT OF CLASSIFIED CIVIL-SERVICE EMPLOYEES

The bill (S. 2527) to amend the act of May 29, 1930, for the retirement of employees in the classified civil service, was announced as next in order.

Mr. COUZENS. Mr. President, I shall ask that this bill go over, unless there is an explanation.

Mr. GIBSON. Mr. President, I will be very glad indeed to give any information I can in the absence of the chairman of the committee.

Mr. COUZENS. The bill had better go over, if the chairman is not in the Chamber.

The PRESIDING OFFICER. The bill will be passed over.

ERNEST B. BUTTE

The bill (H.R. 305) for the relief of Ernest B. Butte was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Ernest B. Butte, late of Company L, Twenty-ninth Regiment United States Infantry, shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a private of that organization on the 13th day of March 1906: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

HARRY LEE SHAW

The bill (S. 1557) for the relief of Harry Lee Shaw was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of the pension laws or any laws conferring rights, privileges, or benefits upon persons honorably discharged from the United States Army, Harry Lee Shaw shall be held and considered to have been honorably discharged as a captain, Medical Corps, United States Army, on December 5, 1918: *Provided*, That no compensation, retirement pay, back pay, pension, or other benefit shall be held to have accrued by reason of this act prior to its passage.

WARREN F. AVERY

The bill (H.R. 6822) for the relief of Warren F. Avery was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Warren F. Avery, a private of Engineers, unassigned, United States Army, shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a member of that organization on the 31st day of January 1929: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

ALFRED HOHENLOHE AND OTHERS

The bill (S. 1932) for the relief of Alfred Hohenlohe, Alexander Hohenlohe, Konrad Hohenlohe, and Viktor Hohenlohe by removing cloud on title, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Interior is authorized and directed to convey by appropriate quitclaim deed to Alfred Hohenlohe for life, with remainder to Alexander, Konrad, and Viktor Hohenlohe, their heirs and assigns, all the right, title, and interest of the United States in and to lots 68 and 69 in Abner B. Kelly, trustee's subdivision of part of square 628, as per plat recorded in Liber W.B.M., folio 273, of the records of the office of the surveyor of the District of Columbia. The true intent of this bill is to relinquish and abandon, grant, give, and concede any and all right, interest, and estate, in law or equity, which the United States is, or is supposed to be, entitled to in part of said land by escheat because of the death of Catharine B. Hohenlohe, an Austrian citizen, unto her husband, Alfred Hohenlohe, and her minor children, Alexander Hohenlohe, Konrad Hohenlohe, and Viktor Hohenlohe, all Austrian citizens: *Provided, however*, That said Alfred Hohenlohe, Alexander Hohenlohe, Konrad Hohenlohe, and Viktor Hohenlohe, as such aliens, shall sell or otherwise dispose of said interest within 10 years, as provided by the United States Code, title 8, section 73, or such further period as shall be secured to them by any treaty between the United States and the Republic of Austria, or be subject to the same liabilities of escheat proceedings on behalf of the United States as are provided by title 8, of the United States Code, or as shall hereafter be provided by law, said period of 10 years to commence to run from the date on which said quitclaim deed shall have been executed by the Secretary of the Interior pursuant hereto.

LEAVE OF ABSENCE OF EMPLOYEES OF THE DEPARTMENT OF AGRICULTURE

The Senate proceeded to consider the bill (S. 2096) equalizing annual leave of employees of the Department of Agriculture stationed outside the continental limits of the United States.

Mr. McKELLAR. Mr. President, may we have an explanation of that bill?

Mr. SMITH. Mr. President, I do not see the author of the bill, the Senator from Arizona [Mr. HAYDEN] in the Chamber, but I am perfectly familiar with the features of the bill, and I think it ought to be enacted, because, as anyone reading the report will see, those employed under the Department of Agriculture in foreign countries have different leaves of absence from those at home. I see the Senator from Arizona now in the Chamber, and I turn the matter over to him.

Mr. HAYDEN. Mr. President, I might say that the Senate, at a former session of the Congress, passed an identical bill recommended by the then Secretary of Agriculture. The pending bill is recommended by the present Secretary of Agriculture.

The PRESIDING OFFICER. Is there objection to the bill?

There being no objection, the bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the provisions of the act of June 30, 1914 (U.S.C., p. 58, sec. 535), and the act of July 24, 1919 (U.S.C., p. 58, sec. 536), with respect to annual and cumulative leave for certain employees of the Department of Agriculture stationed in Alaska, Hawaii, Puerto Rico, the island of Guam, and the Virgin Islands shall hereafter apply to all employees of said Department assigned to permanent duty at any place outside the continental limits of the United States.

DESCHUTES NATIONAL FOREST

The bill (S. 2924) to include within the Deschutes National Forest, in the State of Oregon, certain public lands within the exchange boundaries thereof, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the act entitled "An act authorizing the adjustment of the boundaries of the Deschutes National Forest, in the State of Oregon, and for other purposes", approved February 2, 1922, is amended by adding at the end thereof the following new section:

"SEC. 2. Such lands in public ownership within 6 miles of the exterior boundaries of the Deschutes National Forest, in the State of Oregon, as may be found by the Secretary of Agriculture to be chiefly valuable for national-forest purposes, may be added to the Deschutes National Forest by proclamation of the President, subject to any valid existing claims in such lands."

ST. LOUIS RIVER BRIDGE, MINNESOTA

The bill (S. 3144) to legalize a bridge across the St. Louis River at or near Cloquet, Minn., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the bridge now being constructed over St. Louis River at or near Cloquet, Minn., by the highway department of the State of Minnesota, if completed in accordance with plans accepted by the Chief of Engineers and the Secretary of War as providing suitable facilities for navigation, and operated as a free bridge, shall be a lawful structure, and shall be subject to the conditions and limitations of the act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

MIGRATORY-BIRD REFUGES

The bill (S. 2934) to facilitate the acquisition of migratory-bird refuges, and for other purposes, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 6 of the Migratory Bird Conservation Act, approved February 18, 1929 (U.S.C., supp. 4, title 16, sec. 715; 45 Stat. 1222), is amended to read as follows:

"SEC. 6. That the Secretary of Agriculture may do all things and make all expenditures necessary to secure the safe title in the United States to the areas which may be acquired under this act, but no payment shall be made for any such areas until the title thereto shall be satisfactory to the Attorney General, but the acquisition of such areas by the United States shall in no case be defeated because of rights-of-way, easements, and reservations which from their nature will in the opinion of the Secretary of Agriculture in no manner interfere with the use of the areas so encumbered for the purposes of this act; but such rights-of-way, easements, and reservations retained by the grantor or lessor, from whom the United States receives title under this or any other act for the acquisition by the Secretary of Agriculture of areas for wild-life refuges, shall be subject to rules and regulations prescribed by the Secretary of Agriculture for the occupation, use, operation, protection, and administration of such areas as inviolate sanctuaries for migratory birds or as refuges for wild life; and it shall be expressed in the deed or lease that the use, occupation, and operation of such rights-of-way, easements, and reservations shall be subordinate to and subject to such rules and regulations as are set out in such deed or lease or, if deemed necessary by the Secretary of Agriculture, to such rules and regulations as may be prescribed by him from time to time."

SEC. 2. That when the public interest will be benefited thereby, the Secretary of Agriculture is authorized, in his discretion, to accept on behalf of the United States title to any land which he deems chiefly valuable for wild-life refuges, and in exchange therefor to convey by deed on behalf of the United States an equal value of lands acquired by him for like purposes, or he may authorize the grantor to cut and remove from such lands an equal value of timber, hay, or other products, or to otherwise use said lands, when compatible with the protection of the wild life thereon, the values in each case to be determined by said Secretary. Timber or other products so granted shall be cut and removed, and other uses exercised, under the laws and regulations applicable to such refuges and under the direction of the Secretary of Agriculture and under such supervision and restrictions as he may prescribe. Any lands acquired by the Secretary of Agriculture under the terms of this section shall immediately become a part of the refuge or reservation of which the lands, timber, or other products or uses given in exchange were or are a part and shall be administered under the laws and regulations applicable to such refuge or reservation.

SEC. 3. That when the public interest will be benefited thereby the Secretary of the Interior is authorized, in his discretion, to accept on behalf of the United States title to any lands which in the opinion of the Secretary of Agriculture are chiefly valuable for migratory-bird or other wild-life refuges, and in exchange therefor may patent not to exceed an equal value of surveyed or unsurveyed, unappropriated, and unreserved nonmineral public lands of the United States in the same State, the values in each case to be determined by the Secretary of Agriculture. Before any such exchange is effected notice thereof reciting the lands involved shall be published once each week for 4 successive weeks in some newspaper of general circulation in the county or counties in which may be situated the lands proposed to be granted by the United States in such exchange. Lands conveyed to the United States under this section shall be held and administered by the Secretary of Agriculture under the terms of section 10 cf the aforesaid Migratory Bird Conservation Act of February 18, 1929, and all the provisions of said section of said act are hereby extended to and shall be applicable to the lands so acquired.

SEC. 4. That an exchange under the terms of this act shall in no case be defeated because of rights-of-way, easements, and reservations existing or retained in or in respect to lands conveyed to the United States which from their nature will, in the opinion of the Secretary of Agriculture, in no manner interfere with the use of the areas so encumbered for the purposes of this act; but such rights-of-ways, easements, and reservations retained by the grantor, from whom the United States receives title, shall be sub-

ject to rules and regulations prescribed by the Secretary of Agriculture for the occupation, use, operation, protection, and administration of such areas for the purposes of this act; and it shall be expressed in the deed that the use, occupation, and operation of such rights-of-way, easements, and reservations shall be subordinate to and subject to such rules and regulations as are set out in such deed or, if deemed necessary by the Secretary of Agriculture, to such rules and regulations as may be prescribed by him from time to time. In effecting any such exchange the value of such rights-of-way, easements, and reservations shall be considered in determining the relation of the value of the lands received by the United States to that of the land conveyed by the United States.

PAUL JELNA

The Senate proceeded to consider the bill (H.R. 3032) for the relief of Paul Jelna, which had been reported from the Committee on Military Affairs with an amendment, on page 1, line 10, to strike out the proviso, "That no back pay, pension, or other emolument shall accrue prior to the passage of this act", and to insert in lieu thereof the following:

That no pay, pension, privilege, or other emolument shall accrue by virtue of this act prior to its passage, or subsequent thereto.

So as to make the bill read:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers, their widows or dependent relatives, Paul Jelna, who was a private of Company A, Twenty-ninth Regiment United States Infantry, shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a private of that organization on November 30, 1902: *Provided*, That no pay, pension, privilege, or other emolument shall accrue by virtue of this act prior to its passage, or subsequent thereto.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

PERISHABLE AGRICULTURAL COMMODITIES

The bill (H.R. 6525) to amend the act known as the "Perishable Agriculture Commodities Act, 1930", approved June 10, 1930, was announced as next in order.

Mr. ROBINSON of Arkansas. Mr. President, this appears to be a bill of considerable importance. I should like to have some discussion of it, and an explanation of its provisions.

Mr. JOHNSON. Mr. President, this is a bill which is amendatory of the act which is now in force, the design of the amendment being to cover the particular cases where the matters were covered loosely in the original act. It is a long bill, and it is difficult in a brief period to explain it. Nevertheless, if I explain to Senators some of the vicissitudes which have been undergone, perhaps that will be ample.

The measure was introduced by Representative BUCK in the House of Representatives. He himself is a very large grower of fruits, and is thoroughly familiar with the production of perishable commodities. After full study of the subject the House committee reported the bill, and it was passed. It came to the Senate, a subcommittee was appointed by the Committee on Agriculture and Forestry at the instance of the Representative; that subcommittee reported favorably to the general committee, and the general committee has reported the bill, and submitted a written report.

The bill consists of an amendment designed to correct the weaknesses in the original act, which are all recited in the report of the House committee. The bill is approved by the Department of Agriculture; it is approved, I think, substantially by all of the cooperatives of consequence which exist in the country. It has general approval of everybody engaged in the production of perishable goods.

Mr. ROBINSON of Arkansas. Mr. President, in view of the explanation made by the Senator from California, I have no objection to the consideration of the bill.

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed.

HENRY BARTELS

The bill (S. 1432) for the relief of Henry Bartels, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of the pension laws or any laws conferring rights, privileges, or benefits upon persons honorably discharged from the United States Army Henry Bartels shall be held and considered to have been honorably discharged as a private, Eightieth Company, United States Coast Artillery Corps, on December 10, 1903: *Provided*, That no pension, pay, or bounty shall be held to have accrued by reason of this act prior to its passage.

WILLIAM EDWARD TIDWELL

The Senate proceeded to consider the bill (S. 1594) for the relief of William Edward Tidwell, which had been reported from the Committee on Military Affairs with an amendment, on page 1, line 9, to strike out the words, "That no back pay, compensation, benefit, or allowance shall be held to have accrued prior to the passage of this Act", and to insert in lieu thereof:

That no pay, pension, privilege, or other emolument shall accrue by virtue of this act prior to its passage, or subsequent thereto.

So as to make the bill read:

Be it enacted, etc., That in the administration of any laws conferring rights and privileges upon honorably discharged officers and enlisted men who have served in the Army of the United States between April 6, 1917, and November 11, 1918, William Edward Tidwell shall be held and considered to have been honorably discharged from the military service on August 7, 1919: *Provided*, That no pay, pension, privilege, or other emolument shall accrue by virtue of this Act prior to its passage, or subsequent thereto.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

CONDUCT OF FEDERAL OFFICEHOLDERS IN ELECTIONS

The bill (S. 1884) to prevent the use of Federal official patronage in elections and to prohibit Federal officeholders from misuse of positions of public trust for private and partisan ends, was announced as next in order.

Mr. ROBINSON of Arkansas. Mr. President, let us have an explanation of the bill.

Mr. STEIWER. Mr. President, if I may take just a moment, I will attempt to make an explanation.

In the first place, I regret to say that the title of the bill is misleading. The clerk in entering the title upon the calendar reproduced it faithfully enough, but by reason of the fact that the title is misleading, it would lead to the conclusion that the bill is intended to apply to all elections and to all Federal officeholders. That conclusion is not correct.

Examination of the bill shows that the bill applies only to political conventions having for their aim the nomination or election of the President or Vice President, and it applies to nothing else. The bill is also limited to appointive officers of the Government; it has no application to Representatives or Senators, or other elective officials. The purpose of the bill is to prevent appointive officers, of the character of United States attorneys, we will say, or United States marshals, from attending political conventions as delegates, and in some cases misrepresenting the will of the constituency or the State from which they come.

Mr. ROBINSON of Arkansas. Mr. President, I desire to have an opportunity to make a further study of the bill, and I shall ask that it go over.

Mr. STEIWER. The bill is of some little importance, and I think it proper that it go over.

The PRESIDING OFFICER. The bill will be passed over.

GEORGE W. HESS

The joint resolution (S.J.Res. 90) to retire George W. Hess as director emeritus of the Botanic Garden was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Resolved, etc., That George W. Hess, Director of the United States Botanic Garden, is hereby retired from active service in such position, and shall hereafter be carried on the rolls of the legislative branch of the Government with the title of Director Emeritus and Consultant of the United States Botanic Garden, and shall receive a salary at the rate of $3,000 per annum, payable monthly out of funds appropriated for expenses of the Botanic Garden.

LEAVE OF ABSENCE TO SETTLERS OF HOMESTEAD LANDS

The Senate proceeded to consider the bill (S. 2568) granting leave of absence to settlers of homestead lands during the years 1932, 1933, and 1934, which had been reported from the Committee on Public Lands and Surveys with amendments, on page 1, line 7, after the word "himself", to strike out the word "and" and insert the words "and/or", and, on page 2, at the end of the bill, to insert a proviso, so as to make the bill read:

Be it enacted, etc., That any homestead settler or entryman who, during the calendar years 1932 or 1933, found it necessary, or during 1934 should find it necessary, because of economic conditions, to leave his homestead to seek employment in order to obtain the necessaries of life for himself and/or family or to provide for the education of his children, may, upon filing with the register of the district his affidavit, supported by corroborating affidavits of two disinterested persons, showing the necessity of such absence, be excused from compliance with the requirements of the homestead laws as to residence, cultivation, improvements, expenditures, or payment of purchase money as the case may be, during all or any part of the calendar years 1932, 1933, and 1934, and said entries shall not be open to contest or protest because of failure to comply with such requirements during such absence; except that the time of such absence shall not be deducted from the actual residence required by law, but a period equal to such absence shall be added to the statutory life of the entry: *Provided*, That any entryman holding an unperfected entry on ceded Indian lands may be excused from the requirements of residence upon the conditions provided herein, but shall not be entitled to extension of time for the payment of any installment of the purchase price of the land except upon payment of interest, in advance, at the rate of 4 percent per annum on the principal of any unpaid purchase price from the date when such payment or payments became due to and inclusive of the date of the expiration of the period of relief granted hereunder.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

CONVEYANCE OF LANDS TO NEBRASKA

The Senate proceeded to consider the bill (S. 2566) authorizing the conveyance of certain lands to the State of Nebraska, which had been reported from the Committee on Indian Affairs with an amendment, to strike out all after the enacting clause and to insert:

That there is hereby granted to the State of Nebraska for institutional purposes the property known and designated as the "Genoa Indian School", located at Genoa, Nebr., such grant to include the land and buildings and such equipment as may be designated by the Secretary of the Interior: *Provided*, That this grant may be effective at any time prior to July 1, 1934, if before that date the Governor of the State of Nebraska on behalf of the State files an acceptance thereof with the Secretary of the Interior: *Provided further*, That the right is reserved by the Secretary of the Interior to retain until July 1, 1934, dormitory and other space needed for the housing and care of Indian pupils now accommodated at said school: *Provided further*, That as a condition precedent to this grant Indians residing within the State of Nebraska will be accepted in State institutions on entire equality with persons of other races, and without cost to the Federal Government.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

FEDERAL CREDIT UNION SYSTEM

The bill (S. 1639) to establish a Federal Credit Union System, to establish a further market for securities of the United States, and to make more available to people of small means credit for provident purposes through a national system of cooperative credit, thereby helping to stabilize the credit structure of the United States, was announced as next in order.

Mr. ROBINSON of Arkansas. Mr. President, this bill has just recently been reported; it is quite an important measure, and I suggest that it go over.

Mr. SHEPPARD. Mr. President, I have no objection to that course; but in order to perfect the bill, I desire to move the adoption of an amendment on the part of the committee. It would provide for the elimination of section 16, the section exempting the credit union from Federal taxation.

The PRESIDING OFFICER. Is there objection to the consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

The PRESIDING OFFICER. The clerk will state the amendment proposed by the Senator from Texas.

The CHIEF CLERK. On page 14 it is proposed to strike out lines 2, 3, and 4, reading as follows:

TAXATION

SEC. 16. Federal Credit Unions, but not the members thereof, shall be exempt from all Federal taxation except taxes upon real property.

The amendment was agreed to.

The PRESIDING OFFICER. The bill will be passed over.

Mr. SHEPPARD. Mr. President, I ask unanimous consent to insert in the RECORD at this point a letter addressed to the Senator from Florida [Mr. FLETCHER], Chairman of the Committee on Banking and Currency, in favor of the bill, signed by a prominent credit-union official.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

CHICAGO, ILL., *March 18, 1934.*

Hon. DUNCAN U. FLETCHER,
Chairman Committee on Banking and Currency,
United States Senate, Washington, D.C.

DEAR SIR: The undersigned respectfully petition that your Committee on Banking report favorably and that the Senate enact Senate bill 1639. If this bill is enacted, it will authorize the organization of credit unions anywhere in the United States and will give credit unions in a given State the right to set up their own central credit union for their mutual protection in time of industrial depression, which will supply them at all times with a central credit union for purposes of rediscount. We respectfully call to the attention of your committee the immediate and outstanding importance of Federal legislation on this subject, which importance is based on the following considerations:

(1) The credit union is concerned with a national problem. It is the only agency capable of creating credit resources for wage workers and small farmers at normal interest rates. This small-loans business is now carried on by usurious money lenders; it totals in a single year more than $2,000,000,000, with the result that usurious money lending constitutes one of the primary factors in the destruction of cash buying power. Credit unions, developing nationally and rapidly, would quickly be able to solve this problem, saving for their members hundreds of millions of dollars annually now dissipated in usurious interest overcharges. The return of prosperity depends on the buying power of average people—the sort of people who belong to credit unions.

(2) The credit union development is interrupted by the fact that there are no credit union laws in 10 States, and by the further facts that in some States, State taxation is already excessive, while the organization State fees are so high as to discourage from organizing credit unions in many States the sort of wage workers and small farmers who greatly need this service.

(3) The credit unions are deserving of the cooperation of your committee. Operating under the same supervision as State banks in 38 States, subject to the same rules, 2,350 credit unions with 450,000 members have come through the depression without any involuntary liquidations, and have established an extraordinary record for honest and efficient management. We are justified, on the record, in urging rapid national credit-union expansion.

Representing credit-union members in the States hereinafter indicated, thoroughly familiar with credit-union problems and the potential capacity of credit unions to perform, if rapidly extended nationally, a major service in the matter of industrial recovery, we respectfully urge that Senate bill 1639 be reported and enacted. Thanking you for your cooperation in this matter.

Respectfully submitted.

T. J. O'Shaughnessy, president Illinois Credit Union League, 153 credit unions, 32,000 members in Illinois; Sol Cohen, president Chicago Post Office Employees' Credit Union, 4,700 members; Roy F. Bergengren, executive secretary Credit Union National Extension Bureau, Boston, Mass.; C. O. Skorstad, managing director Minnesota Credit Union League, over 160 credit unions, many thousand members; Joseph S. DeRamus, managing director Illinois Credit Union League; Thomas W. Doig, director Minnesota Credit Union League; N. L. Brainard, personnel department, Swift & Co. (there are over 35 credit unions of employees of this company, with thousands of members); Claude E. Clarke, in charge of credit-union development in Ohio, 50 credit unions, thousands of members; Charles W. Jones, president Indiana Credit Union League, over 100 credit unions, many thousand members; Harold C. Winchester, director J. B. Lyon Co. Credit Union, Albany, N.Y., director New York Credit Union League; Claude R. Orchard, president Armour & Co. Credit Union at Omaha, Nebr., has organized 95 credit unions, to which thousands of Armour employees belong; Rev. Fr. William M. McGuire, director of Genoa Credit Union, typical credit union within a Catholic parish at Genoa, Ill.; Earl Rentfro, managing director Missouri Credit Union League, over a hundred credit unions and many thou-

sand members; A. Neal Hutchins, president Iowa Credit Union League, over 100 credit unions and many thousand members; B. F. Hillebrandt, president of the Missouri Credit Union League, director Kansas City Power & Light Employees Credit Union; Garfield Seibert.

FEES IN NATURALIZATION PROCEEDINGS

The Senate proceeded to consider the bill (H.R. 3521) to reduce certain fees in naturalization proceedings and for other purposes.

Mr. McKELLAR. Mr. President, may we have an explanation?

Mr. WALSH. Mr. President, there are certain committee amendments which should be adopted in connection with this bill. Let me explain the bill very briefly.

At the present time an alien who came into the United States before June 23, 1921, of whose arrival no record is found, must pay $20 for a certificate of registry, in order to have his admission legalized so that he can apply for citizenship. By the provisions of this bill this fee is reduced to $10.

The fee for a certificate of arrival under this bill will be reduced from $5 to $2.50; the fee for receiving and filing a declaration of intention and the issuing of a duplicate thereof would be reduced from $5 to $2.50; the fee for making, filing, and docketing a petition for citizenship and for final hearing would be decreased from $10 to $5.

The fee for the issuance of new certificates of citizenship or declarations of intention in place of those lost, mutilated, or destroyed, would be reduced from $10 to $1.

At the present time it frequently costs an alien from $75 to $100 to get naturalized. Everyone agrees that these fees are exorbitant, and both the Department of Labor under the previous administration and the Department of Labor under this administration agree that these fees should be reduced. For years citizens and organizations interested in the problems of our aliens have been urging these reductions, and I have introduced bills to accomplish this for several years.

Mr. ROBINSON of Arkansas. May I ask the Senator whether the committee report is unanimous?

Mr. WALSH. The committee report is unanimous, and I ask to have the report of the committee printed in the RECORD in connection with the discussion.

The PRESIDING OFFICER. Without objection, it is so ordered.

The report referred to is as follows:

[S.Rept. No. 556, 73d Cong., 2d sess.]

REDUCTION OF IMMIGRATION AND NATURALIZATION FEES

Mr. COOLIDGE, from the Committee on Immigration, submitted the following report (to accompany H.R. 3521):

The Committee on Immigration, to whom was referred the bill (H.R. 3521) to reduce certain fees in naturalization proceedings, having considered the same, report favorably thereon with the recommendation that the bill be passed with the following amendments:

Wherever in the bill the words "supp. VI" occur, substitute therefor the words "supp. VII".

On page 2, line 5, in the word "Subdivisions", strike out the letter "s"; also in the same line strike out "(a) and".

On page 2, line 9, at the end of the line, strike out "(a)".

On page 3, line 1, after the word "amended", insert the following new matter: "as follows: Wherever in said subdivision the words 'a fee of $10' occur they shall be amended to read 'a fee of $1'; and".

On page 3, after line 11, add a new section to read as follows:

"SEC. 6. Subdivision (b) of section 1 of the act of March 2, 1929 (45 Stat. 1513), as amended (U.S.C., supp. VII, title 8, sec. 106 (a) (b)), is amended as follows: Whenever in said subdivision the words 'a fee of $20' occur they shall be amended to read 'a fee of $10'."

On page 3, in line 8 and in line 11, strike out "$10" and substitute therefor "$25".

The bill as reported is an embodiment of S. 2638 and S. 2639, introduced by the senior Senator from Massachusetts [Mr. WALSH], designed to reduce by 50 percent the present fees required under the naturalization and immigration laws for the naturalization and registry of aliens. The committee have considered these two bills together with H.R. 3521 and have incorporated the essential provisions of all three bills into the amended bill.

At the present time an alien who came into the United States before June 23, 1921, of whose arrival no record is found, must pay $20 for a certificate of registry, in order to have his admission legalized so that he can apply for citizenship. By the provisions of this bill this fee is reduced to $10.

In addition, the present fee required for certificate of arrival would be reduced from $5 to $2.50; the fee for receiving and filing a declaration of intention and the issuing of a duplicate thereof would be reduced from $5 to $2.50; and the fee for making, filing, and docketing a petition for citizenship and for final hearing would be reduced from $10 to $5.

Also, the fee for the issuance of new certificates of citizenship or declarations of intention in place of those lost, mutilated, or destroyed would be reduced from $10 to $1. As to alien veterans, who served in the military or naval forces of the United States at any time after April 5, 1917, and before November 12, 1918, it is provided they shall not be required to pay this fee.

H.R. 3521, as it was reported (H.Rept. No. 289) and passed by the House of Representatives, was endorsed by the Labor Department. The two Senate bills, S. 2638 and S. 2639, whose main features are incorporated in this bill, as reported, were approved by the Secretary of Labor in a letter addressed to the Chairman of the Committee on Immigration dated March 9, 1934, as follows:

DEPARTMENT OF LABOR,
Washington, March 9, 1934.

Hon. MARCUS A. COOLIDGE,
United States Senate.

MY DEAR SENATOR COOLIDGE: I desire to refer to your letters of February 9, forwarding S. 2638 and S. 2639, and requesting the Department's views on these bills.

I wish to advise you the Department endorses both the bills. S. 2638 is similar to H.R. 3521, except that the House bill also includes the reduction of fees for the issuance of certificates for the purpose of obtaining recognition as a United States citizen by the country of former allegiance, and for certificates of derivative citizenship. The House bill likewise exempts veterans from the payment of fees for the issuance of duplicate naturalization papers. That bill has received the endorsement of the Department.

Very truly yours,

FRANCES PERKINS.

In connection with efforts to reduce fees for naturalization, the following excerpts from the report of the National Council on Naturalization and Citizenship, printed in the CONGRESSIONAL RECORD of February 6, 1934, are of special interest:

FOREIGN LANGUAGE INFORMATION SERVICE,
New York City, January 20, 1932.

Hon. DAVID I. WALSH,
United States Senator from Massachusetts,
Washington, D.C.

MY DEAR SENATOR WALSH: I have been asked to forward to you a report from the National Council on Naturalization and Citizenship dealing with the subject of naturalization fees and the effect of the increased fees. I think you will find in this report a wealth of important material on this subject. We are all hoping that you can make effective use of it in support of your bill to cut naturalization fees 50 percent.

You are privileged to use this report or the material it includes in any way that you feel will be effective. I may say that the report as sent you is a first draft which the committee in charge has rushed in order that you might have the material at the earliest possible moment. The National Council hopes to be able to print the report. Before this is done some minor changes may be made, but it will stand substantially as I am sending it.

With assurances of our cooperation, I am

Sincerely yours,

READ LEWIS, *Director.*

FOREWORD

The National Council on Naturalization and Citizenship is composed of member organizations and of individual men and women affiliated with national and local civic bodies representing every part of the United States. Its purpose is to promote coordinated effort in behalf of assimilation of the alien and education for good citizenship. It is designed to be of practical help to agencies interested in prospective citizens by assembling information and acting as a clearing house.

The large decrease in the number of persons applying for citizenship following the passage of the amendment to the naturalization law which increased the fee for naturalization caused the National Council on Naturalization and Citizenship to undertake a Nation-wide study to determine the effect of the increased fee.

The report now presented has been prepared with much care and thought. The evidence gathered shows that the present fee of $20 seriously discourages the naturalization of our alien population. After a review of the data secured, the National Council on Naturalization and Citizenship at its annual meeting held in 1931 unanimously adopted a recommendation that the high fee for naturalization be reduced.

Thanks are due the many civic agencies throughout the country who have assisted in assembling material for this report. Let us hope their efforts will aid in the correction of a situation which works a disadvantage to the alien and to the entire country, and that the emphasis in the requirements of citizenship will be transferred from a monetary to a more idealistic plane.

Respectfully submitted.

ROBT. C. DEMING,
Chairman Executive Board.

CONCLUSIONS

The data submitted in this report show that there had been a steady growth of progress in the naturalization of aliens up to 1929.

There were more aliens naturalized in 1929, before the new law went into effect, than the admission of new aliens over 21 into this country. Since the passage of the new amendment increasing the fee, there has been a definite decline in the process of incorporation of the alien throughout the country.

Whereas since the passage of the Cable Act in 1922 women were becoming naturalized in increasing numbers each year up to 1929, the high fee has affected them very markedly and fewer women are now being naturalized.

Practically all observers agree that the present fee for naturalization is entirely too high.

Many civic agencies agree and insist that the present fee is responsible for the decrease in naturalization.

Many observers believe that the present economic situation undoubtedly aggravates the detrimental effect of the high fee on aliens who desire to become citizens.

The present cost of administering the naturalization law has increased by only 11½ percent more than the cost in 1929. The excess in receipt of fees amounts to 1,052 percent more than in 1929. There is, therefore, no need for the high increase in fee to balance the Budget.

COMMENTS

Naturalization is in a sense a part of the educational and assimilation process of the alien in this country. The effort to make a citizen out of an adult alien is analogous to the education required in teaching civics and citizenship to a native child. We do not expect any revenue from the education of the child who is to be our future citizen. Why should we require revenue for incorporating the alien into our community life?

One of the most potent arguments that made restriction of immigrants acceptable to the country was that we would be able to assimilate the alien already within our gates. The economic argument for restriction of immigration was by itself a debatable one and by many considered fallacious. The World War had taught us that there were great groups of unassimilated aliens in our country, and a great post-war Americanization movement was inaugurated to hasten the assimilation process of the aliens.

Now, are we going to retard the assimilation of the very alien whose bulk loomed large and whose future assimilation was planned when our Government adopted the restricted-immigration program?

We have a bloc of aliens in this country amounting to over 5,000,000 people. At the rate we are going at present, it will take more than a generation to naturalize them. Economically, socially, and culturally they are isolated. Are we going to put greater obstacles in their path than they experienced before?

We have cut their cultural bridges to their old fatherlands behind them by our restrictive immigration measures. Shall we at the same time build a Chinese wall around them here so that the new fatherland is closed to them? It must not be forgotten that the effect of alienage is not confined to the actual 5,000,000 but to their immediate descendants as well. Particularly grave hardships are imposed in making naturalization difficult for those aliens whose families are still abroad.

There can be only one effect in this increase of cost which with unemployment is deterring many aliens from becoming naturalized. That effect is the perpetuation of a permanent body of noncitizens who will constitute an alien bloc of the population, which history shows has always led to a serious social problem.

The high fees should be reduced.

Respectfully submitted.

CECILIA RAZOVSKY,
Chairman Subcommittee on Effect of Increased Fee on Naturalization, National Council on Naturalization and Citizenship.

Additional facts are to be found in House Report 289, Seventy-third Congress, second session, as follows:

Prior to March 2, 1929, the total amount of fees for entire naturalization procedure, from the filing of a declaration of intention to the issuance of a certificate of citizenship, was $5. Since March 2, 1929, and at present under existing law, this total amount has been increased to $20. This bill adjusts the required total to $10.

From the annual reports of the Commissioner of Naturalization, it is established as a fact that the increased fees fixed by the act of March 2, 1929, operated as a deterrent to naturalization, although revenue received from fees did increase.

During the fiscal year ending June 30, 1929, the excess of net receipts from naturalization fees as compared with the cost of administering the naturalization law was $192,911; whereas, during the next year ending June 30, 1930 (the first year increased fees were required during a full fiscal year), the excess of net receipts from naturalization fees as compared with the cost of administering the naturalization law rose to the large sum of $1,648,101. This is an increase of over 749 percent in 1 year.

On the other hand, the number of aliens seeking naturalization was radically reduced when these 2 fiscal years are compared, to wit:

Fiscal year	Intentions filed	Petitions filed	Certificates issued
June 30:			
1929	260,645	254,799	224,197
1930	62,138	111,209	167,637
	Percent	*Percent*	*Percent*
Decrease in 1930 as compared to 1929	[1] 76	[1] 56	[1] 24

[1] Over.

There seems to have been a growing tendency to discriminate much against the alien in the matter of employment during these days of vast increase of unemployment, while on the other hand Congress increased the financial requirements for naturalization, thereby making it more difficult for an alien to become a citizen.

Your committee feels that a sound public policy would be to help deserving aliens to become citizens by reducing the financial burdens in the form of excessive naturalization fees rather than subjecting these same deserving aliens to the continued discrimination because they are aliens when they seek to remain self-supporting by honest employment. It has been said that as a class the unnaturalized aliens in our midst are the worst sufferers from our economic depression today.

The Department of Labor has expressed no objection to this bill.

Numerous representatives of welfare organizations and workers in Americanization activities appeared before the committee to express their conviction that the present rate of fees charged by the Government is acting as a deterrent to the proper rate of assimilation of aliens here into citizenship and they all urged that this bill speedily be enacted into law. There was no opposition to this bill expressed during public hearings before your committee.

The PRESIDING OFFICER. The amendments reported by the committee will be stated.

The CHIEF CLERK. On page 1, line 5, it is proposed to strike out "VI" and insert "VII"; on page 2, line 5 to strike out "Subdivisions (a) and" and insert "Subdivision (b)"; on page 2, line 9, to strike out "VI" and insert "VII"; on page 2, line 10, to strike out "(a)"; on page 2, line 15, to strike out "VI" and insert "VII"; on page 2, line 25, to strike out "VI" and insert "VII"; on page 3, line 1, after the word "amended" to insert as follows: "Wherever in said subdivision the words 'a fee of $10' occur they shall be amended to read 'a fee of $1'"; on page 3, line 6, to strike out "VI" and insert "VII"; on page 3, line 10, to strike out "$10" and insert "$25."; on page 3, line 13, to strike out "$10" and insert "$25"; and to add a new section at the end of the bill so as to make the bill read:

Be it enacted, etc., That the first paragraph of section 13 of the Naturalization Act of June 29, 1906 (34 Stat. 596), as amended (U.S.C., supp. VII, title 8, sec. 402), is amended to read as follows:

"SEC. 13. That the clerk of each and every court exercising jurisdiction in naturalization cases shall charge, collect, and account for the following fees in each proceeding:

"(1) For receiving and filing a declaration of intention and the issuing of a duplicate thereof, $2.50;

"(2) For making, filing, and docketing a petition for citizenship, and issuing a certificate of citizenship if the issuance of such certificate is authorized by the court, and for the final hearing on the petition, $5."

SEC. 2. Subdivision (b) of section 32 of the act of June 29, 1906, and subdivision (a) of section 33 of the act of June 29, 1906, which were added thereto by section 9 of the act of March 2, 1929 (45 Stat. 1512), as amended (U.S.C., supp. VII, title 8, sec. 399(b), (b) and (c), and sec. 399(c), (a)), is amended as follows: Wherever in said subdivisions the words "a fee of $10" occurs they shall be amended to read "a fee of $5."

SEC. 3. Section 5 of the act of March 2, 1929 (45 Stat. 1512), as amended (U.S.C., supp. VII, title 8, sec. 380 (a)), is amended to read as follows:

"SEC. 5. For every certificate of arrival issued for naturalization purposes a fee of $2.50 shall be paid to the Commissioner of Naturalization, which fee shall be paid over to and deposited in the Treasury in the same manner as other naturalization fees."

SEC. 4. Subdivision (a) of section 32 of the act of June 29, 1906, which was added thereto by section 9 of the act of March 2, 1929 (45 Stat. 1512), as amended (U.S.C., supp. VII, title 8, sec. 399(b), (a)), is amended as follows: Wherever in said subdivision the words "a fee of $10" occur they shall be amended to read "a fee of $1"; and by adding at the end thereof the following: *"Provided,* That an alien veteran as defined in section 1 of the act of May 26, 1926 (44 Stat. 654; U.S.C., supp. VII, title 8, sec. 241 (a)), shall be required to pay the fee required by this subdivision."

SEC. 5. In all naturalization proceedings in which an alien applying for certificate of citizenship is represented by counsel, there is hereby established a limit of $25 for counsel's fees, except where legal action before a court requires extended legal service when the court may approve a reasonable fee in excess of $25.

SEC. 6. Subdivision (b) of section 1 of the act of March 2, 1929 (45 Stat. 1513), as amended (U.S.C., supp. VII, title 8, sec. 106 (a), (b)), is amended as follows: Whenever in said subdivision the words "a fee of $20" occur they shall be amended to read "a fee of $10."

The amendments were agreed to.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time, and passed.

JOHN O'GORMAN

The Senate proceeded to consider the bill (S. 1442) for relief of John O'Gorman, which had been reported from the Committee on Military Affairs, with an amendment, on

page 1, line 6, after the word "man", to insert "(carried on War Department records as John O. Gorman)", so as to make the bill read:

Be it enacted, etc., That in the administration of the pension laws or any laws conferring rights, privileges, or benefits upon persons honorably discharged from the United States Army John O'Gorman (carried on War Department records as John O. Gorman) shall be held and considered to have been honorably discharged as a private, Company F Eighteenth Regiment United States Infantry, on January 29, 1903: *Provided*, That no pension, pay, or bounty shall be held to have accrued by reason of this act prior to its passage.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (H.R. 7035) to provide revenue, equalize taxation, and for other purposes, was announced as next in order.

Mr. LA FOLLETTE. Over.

The PRESIDING OFFICER. The bill will be passed over.

GEORGE G. SLONAKER

The bill (H.R. 2990) for the relief of George G. Slonaker was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the United States Employees' Compensation Commission is hereby authorized to consider and determine, in the same manner and to the same extent as if application for the benefits of the Employees' Compensation Act had been made within the 1-year period required by sections 17 and 20 thereof, the claim of George G. Slonaker, on account of injury to his left eye, and subsequent blindness, alleged to have been proximately caused by his employment as an incinerator operator by the United States Government at Camp Colt, Pa., from March 1918 to November 1918: *Provided*, That he shall file a notice of such injury and claim for compensation therefor not later than 60 days from the date of enactment of this act: *And provided further*, That no benefits shall accrue prior to the enactment of this act.

MARY ELIZABETH O'BRIEN

The bill (H.R. 4252) for the relief of Mary Elizabeth O'Brien was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That sections 17 and 20 of the act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", are hereby waived in favor of Mary Elizabeth O'Brien, a former employee of the United States Veterans' Bureau: *Provided*, That no benefits shall accrue prior to the approval of this act.

JOE SETTON

The bill (H.R. 4268) for the relief of Joe Setton was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Joe Setton, of New York City, the sum of $500. Such sum represents the amount of a bond forfeited to the United States by the said Joe Setton, such bond being conditioned upon the voluntary departure of his mother, Sabout Setton, from the United States at the expiration of 1 year after her admission to the United States as a nonimmigrant alien. Due to illness, she was unable to depart, but the said Joe Setton made no application within the prescribed period for an extension of time of her temporary visit, having no knowledge that such extension was necessary: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be fined in any sum not exceeding $1,000.

LISSIE MAUD GREEN

The bill (H.R. 5007) for the relief of Lissie Maud Green was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the United States Employees' Compensation Commission is hereby authorized to consider and determine the claim of Lissie Maud Green, widow of Charles F. Green, as to whether said Charles F. Green suffered an injury causing his death July 30, 1921, while employed in the Postal Service as a rural letter carrier, compensable under said act and after the date of its enactment, in the same manner and to the same extent as if said Charles F. Green or Lissie Maud Green had made application for the benefits of said act within the 1-year period required by sections 17 and 20 thereof: *Provided*, That no benefits shall accrue prior to the approval of this act.

HENRY A. RICHMOND

The Senate proceeded to consider the bill (S. 2003) for the relief of Henry A. Richmond, which had been reported from the Committee on Claims with an amendment, on page 1, line 8, after the word "authorities", to insert a proviso, as follows:

Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

So as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Henry A. Richmond the sum of $500 in compensation for bond forfeited for John A. Golding, now within the jurisdiction of the Federal authorities: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

LAURA GOLDWATER

The Senate proceeded to consider the bill (H.R. 4253) for the relief of Laura Goldwater, which had been reported from the Committee on Claims with an amendment, on page 1, line 6, after the words "sum of", to strike out "$5,000" and to insert "$2,500", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Laura Goldwater the sum of $2,500 for damages in full settlement of all claims against the Government of the United States, suffered by her by reason of being struck and seriously injured by a Government mail truck: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

STANLEY A. JERMAN

The bill (S. 1132) for the relief of Stanley A. Jerman, receiver for A. J. Peters Co., Inc., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the claim of Stanley A. Jerman, receiver for A. J. Peters Co., Inc., for forage delivered by the said A. J. Peters Co. to the Quartermaster Corps, War Department, during the late World War, and the years 1917 to 1919, inclusive, and used by the War Department, for which no payment whatever has ever been made under the following contracts and orders: P.O. 20847, P.O. 21212 to P.O. 21217, both inclusive, P.O. 21219, P.O. 21319, P.O. 21320, P.O. 21469, P.O. 21494, 51, contract dated March 31, 1917, P.O. 2350 to P.O. 2352, both inclusive, P.O. 20260, P.O. 20836 to

P.O. 20838, both inclusive, be, and the same is hereby, referred to the United States Court of Claims with jurisdiction to hear and determine the same to judgment, notwithstanding the statute of limitations: *Provided*, That the petition is filed within 6 months from the date of this act.

DON C. FEES

The bill (S. 2863) for the relief of Don C. Fees was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Comptroller General of the United States is hereby authorized and directed to allow in the accounts of Don C. Fees, disbursing clerk, Department of Justice, the sum of $446.16, paid by him under authority and direction of said Department for the purchase, repair, maintenance, and operation of one motorcycle with side van for transportation of freight, which was disallowed by said Comptroller General.

EAST BAY MUNICIPAL DISTRICT

The Senate proceeded to consider the bill (S. 2084) granting and confirming to the East Bay Municipal District, a municipal utility district of the State of California and a body corporate and politic of said State, and a political subdivision thereof, certain lands, and for other purposes, which had been reported from the Committee on Public Lands and Surveys, with amendments, on page 3, to strike out lines 10, 11, and 12; on page 3, line 21, to strike out "Lot 4, the north half, and the north half south half southwest quarter" and insert "All the unpatented portion of the west half"; on page 4, line 6, to strike out "The south half northeast quarter southeast quarter, the south half" and insert "The southwest quarter"; on page 4, line 17, to strike out after the words "as to", to strike out "said last-mentioned lands" and insert "the lands described in section 2 hereof"; in line 19, after the word "claims", insert a colon and the following proviso: *Provided further*, That there be reserved to the United States all coal, oil, gas, and other minerals, together with the right of the United States, its grantees or permittees, to prospect for, mine, and remove the same; on page 5, line 3, to insert a new section as follows: SEC. 4. That the rights hereby granted shall revert to the United States if abandoned or transferred to any person, association, or corporation other than to the State or to another municipal corporation; so as to make the bill read:

Be it enacted, etc., That there is hereby granted to the East Bay Municipal Utility District, a municipal utility district of the State of California and a body corporate and politic of said State and a political subdivision thereof, the following described lands of the United States situate in the counties of Amador and Calaveras, State of California, to wit:

The southeast quarter southeast quarter section 22; the northeast quarter southwest quarter, and the south half southeast quarter section 23; the northwest quarter northeast quarter, and the north half southeast quarter section 24; the southwest quarter, the south half northwest quarter, and the northwest quarter northwest quarter section 26, all in township 5 north, range 10 east, Mount Diablo base and meridian.

All the unpatented land in the east half northwest quarter section 15, containing approximately 47.36 acres; the south half northeast quarter, and the north half southeast quarter section 17; and all the unpatented land in section 18 (the same being a fractional portion of the southeast quarter northeast quarter, and a fractional portion of the northeast quarter southeast quarter, and containing approximately 15.58 acres), all in township 5 north, range 11 east, Mount Diablo base and meridian; and the Secretary of the Interior is hereby authorized to issue patent to the said district for the same.

All of the above-described land is now held by said district by virtue of that certain license no. 567, heretofore issued to said district by the Federal Power Commission. Upon this grant becoming effective said license is terminated and the parties thereto relieved of all obligation by reason thereof, and the fee title of the district to its dams, spillways, conduits, tunnels, power house, power lines, and other structures now constructed in whole or in part on said lands and the right to maintain and operate the same is fully confirmed.

SEC. 2. That there is hereby further granted to the said East Bay Municipal Utility District the following-described lands of the United States situate in the counties of Amador and Calaveras, State of California, to wit:

The northeast quarter southeast quarter, and the south half southeast quarter section 1; all the unpatented portion of the southwest quarter southeast quarter section 3, containing approximately 20.90 acres; and all the unpatented portion of the northeast quarter southwest quarter section 10, containing approximately 4.60 acres, all in township 5 north, range 11 east, Mount Diablo base and meridian.

All the unpatented portion of the west half northwest quarter section 5, containing approximately 72.16 acres; lot 1, the south half northeast quarter, the south half northwest quarter, and the north half southwest quarter section 6 (the same being all the unpatented land in said section 6 and containing approximately 281.13 acres), all in township 5 north, range 12 east, Mount Diablo base and meridian.

The southwest quarter southeast quarter, and the south half southwest quarter section 32, all in township 6 north, range 12 east, Mount Diablo base and meridian; and the Secretary of the Interior is hereby authorized to issue patent to the said district for the same: *Provided*, That as to the lands in this section described, this grant shall in no way operate to interfere with the right of any settler or other claimant under the mineral or public-land laws to complete a claim to any portion of said land heretofore lawfully initiated and now valid and subsisting, and as to the lands described in section 2 hereof the title of the district shall be subject to any such valid and subsisting claims: *Provided further*, That there be reserved to the United States all coal, oil, gas, and other minerals, together with the right of the United States, its grantees or permittees, to prospect for, mine, and remove the same.

SEC. 3. That the grant of the said lands hereinbefore described is made in aid of the water supply of said district for itself and its inhabitants, and the said district shall pay for the said lands the sum of $5 per acre.

SEC. 4. That the rights hereby granted shall revert to the United States if abandoned or transferred to any person, association, or corporation other than to the State or to another municipal corporation.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from California state the purpose of the bill?

Mr. JOHNSON. The East Bay Municipal Utility District, which is publicly owned, furnishes water to the city of Oakland and the various cities adjacent thereto. In counties adjoining Calaveras and Amador, I think they are, there are certain lands over which the utility district has to pass to get the water. They are endeavoring to acquire those lands from the United States Government. The lands in question are valuable, in reality, for no other purpose. All mineral rights are reserved under the terms of the bill.

Mr. ROBINSON of Arkansas. Is the object of the bill to secure or complete the water supply?

Mr. JOHNSON. Yes; the purpose is to provide a right-of-way for water.

Mr. ROBINSON of Arkansas. I have no objection to the consideration of the bill.

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time, and the bill was read the third time, and passed.

The title was amended so as to read: "A bill granting and confirming to the East Bay Municipal Utility District, a municipal utility district of the State of California and a body corporate and politic, of said State, and a political subdivision thereof, certain lands, and for other purposes."

LOTTIE W. M'CASKILL

The bill (H.R. 6084) for the relief of Lottie W. McCaskill was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Lottie W. McCaskill the sum of $271. Such sum represents the amount paid by the said Lottie W. McCaskill to the United States to cover the shortage in her accounts as postmaster at Cassatt, S.C., caused by the theft in the year 1928, on the night of December 29, of postal funds and stamps, etc., from said post office.

REIMBURSEMENT OF CITY OF NEW YORK FOR TRANSPORTING TROOPS

The bill (S. 1694) for the relief of the city of New York was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to the city of New York, out of any money in the Treasury not otherwise appropriated, the sum of $764,143.75, expended by said city of New York in enrolling, subsisting, clothing, supplying, arming, equipping, paying, and transporting troops employed in aiding to suppress the insurrection against the United States in 1861 to 1865.

CHARLES A. LEWIS

The Senate proceeded to consider the bill (S. 1527) for the relief of Charles A. Lewis, which had been reported from the Committee on Claims with an amendment, to strike out all after the enacting clause and to insert:

That in the administration of the act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916, as amended, the United States Employees' Compensation Commission is hereby authorized to consider and determine the claim of Charles A. Lewis in the same manner and to the same extent as if said Charles A. Lewis had made application for the benefits of said act within the 1-year period required by sections 17 and 20 thereof: *Provided*, That no benefits shall accrue prior to the approval of this act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

MILDRED F. STAMM

The Senate proceeded to consider the bill (S. 2233) for the relief of Mildred F. Stamm, which had been reported from the Committee on Claims with an amendment on page 1, line 3, to strike out the words "That the sum of $2,000 be, and is hereby, appropriated", and to insert the words, "That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay"; on page 1, line 7, after the word "Columbia", to insert the words, "the sum of $1,000"; on page 2, line 3, after the word "Stamm", to insert a colon and the following proviso:

Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

So as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Mildred F. Stamm, of Washington, D.C., the sum of $1,000 in full compensation for injuries, permanent and otherwise, resulting from a driver of a United States Naval Air Station truck negligently running into and upon Mildred F. Stamm while she was in an automobile at Sixteenth Street and Constitution Avenue NW., Washington, D.C., on the 12th day of February 1932, and said injuries resulting from no fault of the said Mildred F. Stamm: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The PRESIDING OFFICER. That completes the call of the calendar.

PRESENTATION OF FALSE WRITTEN INSTRUMENT

Mr. ASHURST. Some time ago the Senate passed Senate bill 2686, but previously the House had passed a companion bill thereto, H.R. 8046. I ask that the House bill be laid before the Senate, because I am going to ask unanimous consent for the immediate consideration of the House bill and the indefinite postponement of the Senate bill if it may be recalled from the House. First, I ask that the House bill, which I ask to have laid before the Senate, be read by title.

The PRESIDING OFFICER. The clerk will read.

The Chief Clerk read as follows:

A bill (H.R. 8046) to provide a penalty for the knowing or willful presentation of any false written instrument relating to any matter within the jurisdiction of any department or agency of the Government with intent to defraud the United States.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill to which the Senator from Arizona has referred?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed.

Mr. ASHURST. I move that the House be requested to return Senate bill S. 2686.

The motion was agreed to.

RETIREMENT OF CIVIL-SERVICE EMPLOYEES

Mr. COUZENS. When Calendar No. 571—Senate bill 2527—was reached I entered an objection because there was no one here to explain the bill. Since then I have read the report, and I ask unanimous consent that the bill may be considered.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the bill (S. 2527) to amend the act of May 29, 1930, for the retirement of employees in the classified civil service.

Mr. KING. Mr. President, let the report be read.

Mr. COUZENS. I asked that it go over, but I have since read the report. It is a bill that has been passed several times in both Houses.

Mr. McKELLAR. It really ought to be passed.

Mr. KING. I have no objection.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the act of May 29, 1930, for the retirement of employees in the classified civil service and in certain positions in the legislative branch of the Government, is hereby amended to include all other employees in the legislative branch.

INTERNAL-REVENUE TAXATION

Mr. FESS obtained the floor.

Mr. HARRISON. Will the Senator from Ohio yield for a moment?

Mr. FESS. For what purpose?

Mr. HARRISON. Mr. President, there seems to be some confusion respecting the program. I was very hopeful that this afternoon we might begin consideration of the tax bill and proceed for a while. There are a good many amendments concerning which there is no controversy and we could get those behind us. I thought we could probably get along far enough so that we might take a recess until Monday. I know Senators are tired. I realize there is a pretty strong sentiment in favor of taking some rest. If I may call up the bill, I will ask unanimous consent to make a brief explanation of it. I do not think the explanation will take at the outside more than 10 minutes.

Mr. FESS. Mr. President, I regret very much that I can not yield. If I am to do what I desire to do today, I do not want to defer the time of beginning later than 4 o'clock.

Mr. HARRISON. If the Senator will permit me, I will ask unanimous consent that House bill 7835, being the revenue bill, be taken up for consideration with a view to its being made the unfinished business.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and lays before the Senate House bill 7835.

The Senate proceeded to the consideration of the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes.

CANCELATION OF AIR-MAIL CONTRACTS

Mr. FESS. Mr. President, I feel like apologizing to the Members of the Senate for rising so late in the afternoon to discuss a subject which has been before us with more or less intensity of interest for several weeks. I have been awaiting an opportunity for this discussion so as not to interfere with the business regularly before the Senate and not to be guilty of the practice of dragging something into the debates which would be out of order.

The proceedings of the Senate have been so crowded that up to this moment I have not had the opportunity to pay attention to some of the statements which were made in reference to the air-mail situation when the subject was discussed by the leader of the majority side of the Senate, the distinguished Senator from Arkansas [Mr. ROBINSON]. I desire to do so now only because of the announcement which was made by the Postmaster General yesterday, the release of which I have before me, to the effect that steps are being taken to make temporary contracts for carrying the air mail under certain limitations. I have also just observed that the Chairman of the Committee on Post Offices and Post

Roads of the Senate, the Senator from Tennessee [Mr. McKELLAR], has submitted a report on permanent legislation dealing with this subject. I have not had an opportunity carefully to examine that report, but only hastily have read it since it was sent to the desk.

The announcement of the Postmaster General includes this statement:

> No air-mail company whose contract has been annulled for fraud and collusion may bid for a temporary contract, and no company will be eligible to bid which has as any of its officers or directors any person who has entered into or proposed to enter into any combination to prevent the making of competitive bids for carrying the mail or who has made any agreement or given or performed, or promised to give or perform, any consideration whatever to induce any other person not to bid for any other mail contract.

Mr. President, that is the offensive item of the announcement of the Postmaster General. Of course, I am not resisting the plan of the administration to return air mail to the commercial companies. There never should have been a change from commercial to Army operation of the air mail. There is not anyone who is fair-minded who does not admit that that was a dismal blunder; and the sooner it can be corrected, whether it be done on a basis of saving somebody's face or not, the better it will be, and any effort to do the obviously proper thing ought to be commended by everyone.

I have hastily examined the report submitted by the Chairman of the Committee on Post Offices and Post Roads relative to the new proposal for permanent legislation. I am in accord with the purpose of new legislation not because we could not make improvements under the present law but because there would be greater facility in accomplishing improvements in the mail service if in some aspects the law were liberalized. For that reason I would give my assent to such a proposal as has been discussed in the House of Representatives. The bill which has just been reported does not include all the offensive provisions contained in the announcement of the Postmaster General, in that the limitation it proposes is to the effect that no company whose officers attended the meeting in the Postmaster General's office May 19, 1930, or June 4, 1930, shall be eligible to bid, but opens the way for such a company to make a bid by eliminating such officers.

Mr. McKELLAR. Mr. President, will the Senator from Ohio yield to me?

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Tennessee?

Mr. FESS. I yield.

Mr. McKELLAR. If the Senator will examine section 7 of the bill as reported by the committee, he will find that the inhibitions are practically the same as the inhibitions in the Post Office Department's advertisement.

Mr. FESS. Does the Senator from Tennessee refer to section 7?

Mr. McKELLAR. I refer to section 7 of the bill, which covers the matter entirely.

Mr. FESS. I must confess, Mr. President, that I did not have an opportunity to examine it carefully, as I saw the bill as reported only about 20 minutes ago, and was not able to read it all. If the bill as it has been reported is, as the chairman of the committee states, the same in substance, as the Postmaster General's statement, then, of course, the bill should not be enacted; and it cannot be enacted until there shall be a complete discussion of what it involves.

The kaleidoscopic movement of the last few weeks in reference to the air-mail business is quite interesting to the American public. Contracts were canceled upon the basis, as announced, of information which had been brought to the Department through a special committee which was investigating the air-mail situation. That committee, however, has not been an investigating committee; it has been a prosecuting committee. That committee has proceeded on the basis of making allegations and then proceeding to get only testimony that could confirm those allegations, and avoiding all testimony that would be against those allegations. So far as the committee has gone, it has been ex parte, and no opportunity has as yet been given for subpenaing witnesses whose testimony might refute the allegations which have been made. In the testimony which has been adduced there has not been any more definite information along that line than the testimony itself which is now of record.

Mr. President, the Postmaster General announced in a letter to the chairman of that committee that the basis of the cancelation of the air-mail contracts was that it was alleged that they were illegal; and the first element of illegality specifically mentioned was the extension for 6 months of five contracts which were expiring. That position has been abandoned after it was clearly understood that Postmaster General Brown operated under the law and in specific pursuance of the statute giving authority to extend, not beyond 6 months, any contract made by the Postmaster General for carrying the mails.

Another allegation that has later been abandoned is that the procedure was illegal on the ground that competitive bidding was not had and that contracts were let without such bidding. The truth about the matter is that the only two new contracts that were let by the preceding Postmaster General, nos. 33 and 34, were let by competitive bidding. Therefore, the allegation that the contracts were not let by competitive bidding falls because of the simple fact that they were, in fact, let by competitive bidding.

A further allegation is that the contracts for extensions were let without requiring competitive bidding. The contracts that were let in the form of extensions were let in order to give to passenger lines not carrying mail mail contracts and to require mail contractors not carrying passengers to equip their planes for the purpose of carrying passengers. The principle of making contracts by negotiation was adopted in order that passenger lines, many of them short and not able to keep out of the red, and, perhaps, not able to continue, should get the additional aid of a mail contract so as to increase their revenue.

That was done not by competitive bidding, and never was intended to be, because it was not a subject of competitive bidding. It involved a line owned by a company carrying passengers between two cities, and the only question was whether that line should be given the additional help of a mail contract or whether it should be refused. It was not a subject of competitive bidding. That would have been out of order at that time, because most of the lines were owned by one company.

That provision was written in the law specifically for that purpose, and consequently the contracts which were made by negotiation were in direct pursuance of specific law. So that argument has not only fallen but it has been totally abandoned by those who were alleging fraud.

The next point that Mr. Farley announced in his letter to Chairman BLACK was that the law was violated in the granting of extensions. Even the distinguished Democratic leader in this body contested that point on the ground that extensions were so much longer than the original base, and argued that it was not in pursuance at least of the spirit of the law.

The facts are that there were extensions made that were longer than the original base, and the very one the Senator from Arkansas [Mr. ROBINSON] mentioned is a concrete example. I refer to the Northwest Airways. The basic line was from Chicago to the Twin Cities. They wanted to extend to Duluth and Winnipeg. They wanted to extend also to the coast. If it should be extended to Mandan, the distance from the Twin Cities to Mandan would be longer than the distance between Chicago and the Twin Cities, but the basic line in which the investment was made and where the values were found was the line between the second largest city of the country and the largest center of population in the Northwest. So it was a substantial, profitable line, and the only question was whether that line could be extended toward the West. When the Senators from Minnesota and the Dakotas and Montana requested the Postmaster General to exercise the power, under the extension privilege written into the law, to extend the line, there

was only one line that could be extended, there was only one company operating in that area, and that was the Northwest Co., and the extension was made.

There is a line from the far West, from Seattle eastward to Spokane. There is only one broken link that has yet to be filled in, and that is from Mandan across Montana to Spokane, Wash. The Department of Commerce right now is undertaking to complete that link. To complete it, of course, means that airways must be established, together with lights and stations. A man cannot start out in a plane over country like that and fly it without having ground organization.

The Commerce Department and the Government would not permit it. When the Commerce Department shall have completed that link, which ought not to be unduly delayed, they will have from Chicago to the Twin Cities and on through the West to Spokane and Seattle a full transcontinental line. There was no violation of the spirit of the law or the letter of the law in that extension. When it is made perfectly clear that there is law for it and that the preceding Postmaster General operated under the law then that position is abandoned.

The allegation that the Postmaster General had no authority to extend for 6 months no longer holds. The same thing is true about negotiations. The same thing is true of competitive bidding, and also of extensions. All those charges having been abandoned, now comes the distinguished Democratic leader in this body, for whom every man in the Chamber has admiration, and assails the Postmaster General on the one last line that has not yet been abandoned.

The Senator from Arkansas [Mr. ROBINSON], speaking for the administration on March 13, alleged that the contracts were canceled because of violation of section 432 of title 39, United States Code. That section reads as follows:

> Combinations to prevent bids: No contracts for carrying the mail shall be made with any person who has entered, or proposed to enter, into any combination to prevent the making of any bid for carrying the mail, or who has made any agreement, or given or performed, or promised to give or perform, any consideration whatever to induce any other person not to bid for any such contract; and if any person so offending is a contractor for carrying the mail his contract may be annulled; and for the first offense the person so offending shall be disqualified to contract for carrying the mail for 5 years, and for the second offense shall be forever disqualified.

That is the final reliance. All the other charges are abandoned. This is the only one left; and so it is alleged that there was fraud through collusion leading to agreements to prevent bids on the one hand, and agreements not to bid on the other.

Those are the two items which, if they are true, would make the parties guilty.

Mr. President, what are the facts touching the charges made by the leader of the Senate relative to contracts and their cancelation under the authority conferred by section 432 of title 39 of the United States Code?

That section authorizes the annulment of a mail contract held by a mail contractor who, first, has entered or proposed to enter a combination to prevent the making of a bid for carrying the mail; or, second, who has made an agreement or given or performed or promised to give or perform any consideration to induce any other person not to bid for a contract for carrying the mail.

Those two items are the only ones that are offered as a basis for this charge.

No charge of misconduct on the part of any air-mail contractor has up to date been made in respect to bidding or refraining from bidding on any contracts except the two covering service on routes nos. 33 and 34, known respectively as the southern and central transcontinentals. It is, therefore, pertinent to inquire who were the air-mail contractors on the 25th of August 1930, when the bids were received for air-mail services on routes nos. 33 and 34, and in what respect, if any, such air-mail contractors offended against the provisions of section 432 of title 39, cited by the Senator from Arkansas.

On August 25, 1930, the following were the holders of air-mail contracts, together with the routes held by them, respectively:

No. 1: National Park Airways, Salt Lake City to Great Falls. When Mr. Brown was asked why there had not been an extension of National Park Airways, his reply was, "There was no place to which it could be extended." National Park Airways ran from Salt Lake City up into the central portion of Montana.

No. 2: United Aircraft & Transport Corporation, a famous line touching the great centers of population, operating from San Francisco to Chicago, Seattle to San Diego, Salt Lake City to Portland, New York to Chicago, Chicago to Kansas City, Kansas City to Dallas and Fort Worth. That company was operating those lines at the time these bids were opened on routes 33 and 34.

No. 3: Northwest Airways, operating from Chicago to the Twin Cities.

No. 4: What is known as the "Thompson Aeronautical Corporation", operating from Cleveland to Detroit, Detroit to Chicago, Detroit to Bay City and Grand Rapids.

No. 5: Eastern Air Transport, operating from New York to Atlanta originally, and then its route was extended on down to Miami. That is the company that in operating in 6 years had but two losses, while the Army, operating over the same route, had two losses in 63 days.

No. 6: The Clifford Ball Line, which ran from Cleveland to Pittsburgh. Mr. Ball was anxious to have an extension of his line from Pittsburgh on to Washington; and it was over that line that there was so much confusion because Mr. Brown would not allow a person of the character of Mr. Ball to undertake the traffic from the Capital City across this center over the Allegheny Mountains into Cleveland, tapping the lines from the East to the West.

No. 7: The Western Air Express. That was the very profitable line of Mr. Hanshue, which ran from Los Angeles to Salt Lake City.

No. 8: The Aviation Corporation, which has come in here for such bitter denunciation, apparently because it was well financed, and picked up 20 or more short, disconnected lines, poorly managed, without financial ability, and made them into a complete system which could serve the country.

Mr. BLACK. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Alabama?

Mr. FESS. I yield.

Mr. BLACK. I understood the Senator to say that the Aviation Corporation had been bitterly denounced, apparently because it was well financed. May I ask the Senator if he is familiar with how it was financed, and how much it paid to be financed?

Mr. FESS. Mr. President, I will permit the chairman of the committee to make his speech in his own time.

Mr. BLACK. The Senator has made a certain statement, and I assumed that he knew what he was talking about. Evidently he does not.

Mr. FESS. I do; and the Senator from Alabama can have all the time he desires in replying to what I am saying.

The Aviation Corporation has been a target for attack, not only in the committee—which is little but a smearing committee, and that was its purpose—but it has been attacked here on the floor, evidently because it represented in its stockholders the strongest financial men in a great center. It never could have done what it did if it had not been so substantially supported by the adequate funds that were necessary to furnish a successful service.

Yet there are men here who are going to assail a corporation which could carry out a contract let to it by the Government because somebody who was irresponsible and without ability to carry out a contract could not get it.

In the discussion of this very corporation, Mr. Letson's name has been bandied here and there. Mr. Letson stated not 10 days ago before the Post Office Committee that he did not have adequate resources and was not sufficiently competent and responsible to perform a contract of this

kind, and told the Postmaster General that he could not do it. That was said less than 10 days ago before the Post Office Committee; and yet men in this body will quote Letson against himself, and say he was discriminated against because the Aviation Corporation was allowed to have a contract that it is said he ought to have had.

That corporation, Mr. President, had the line from Boston to New York. That was an important short line. It had the line from New York to Montreal. That was not so important. It had the line from Albany, Buffalo, Cleveland, Columbus, and Cincinnati to Louisville. That was rather an important line. It had the line from Chicago to Cincinnati, and the line from Chicago to St. Louis. That is the line upon which Lindbergh got his training. It had the line from Evansville to St. Louis, and from Kansas City on to Omaha. It had the line from Chicago, Evansville, and Nashville to Atlanta. It had the line from Atlanta and Mobile to New Orleans, and the line from New Orleans to Houston, and the line from Fort Worth to Galveston, and the line from Fort Worth to San Antonio on to Brownsville.

Take the air map I have here on my desk and look at that corporation's lines. Before the corporation was formed, there was a hodge-podge of these short lines, on none of which air service could be successful. When this corporation was organized, sufficiently backed by adequate finance, a different situation existed.

We have an air map that ought to be the pride of the country. The individual maps are too small to be seen at any distance; but I have all of them here, showing the lines of every one of these companies before the contract was made, and showing also the lines of the companies after the contract was made.

This is the eighth company I have named of those which were in existence at the time contracts nos. 33 and 34 were let. They were let after competitive bidding.

It should be noted that the Pittsburgh Industries Corporation, which subsequently acquired Clifford Ball's line from Cleveland to Pittsburgh, and a 5-percent interest in Transcontinental and Western Air, to which the contract for route no. 34 was sublet, and Transcontinental Air Transportation, which subsequently acquired a 47½ percent interest in Transcontinental and Western Air, had no mail contracts on August 25, 1930. That must not be overlooked. These short lines, which were made up into a complete system, were passenger lines without mail contracts, and the purpose was to aid the passenger service by mail contracts, not merely for the convenience of the people in the mail business but to build a great aviation industry in the United States; not alone to employ our own labor and have American capital invested but to put us in such a position that in case of war we would be the equal of any nation on earth in the air in national defense. That was the purpose of the leader who builded out of these disjointed and disconnected short lines the great system which became finer than any other air system in the world.

At the time this contract was let, on which there were bids, this company, of which I am speaking, had no mail contract. While there has been much loose talk about a conference of air-mail operators held at the Post Office Department May 19, 1930, it is clear from the memorandum made by the superintendent of air mail, who was present, and the report of the chairman made to the Postmaster General, that the conference dealt solely with suggestions for additional air-mail service proposed to be authorized by sections 7 of the Watres Act providing for the extension of existing air-mail routes without competitive bidding, and that no consideration whatever was given by the conference to any additional service which might be authorized under the contract feature of the Watres Act providing for competitive bidding.

I mean by that statement that the conference, which has been denominated "the spoils conference", had nothing to do except to determine how, in the recognition of pioneer equities in existing lines, there might be given to them mail contracts, and that was the only thing they were called together to contemplate or to discuss.

Mr. President, I spoke a few days ago about the preceding meetings in 1929 with the Postmaster General, three in number, in the Post Office Department, of all of the operators who were under contract under the law of 1928. They had been called into three meetings, which represented a period of 3 months, for the purpose of ascertaining whether they could find a common yardstick upon which a change in the cost of carrying mail could be made. Instead of having the poundage basis, with $3 a pound for a service of 125 miles, they wanted to know how they could arrive at some other more equitable basis at a cheaper rate for the Government, and, at the same time, put the service on a basis that would insure, in time, that it would be self-sustaining, when a subsidy would not be needed.

There never was any suggestion that these meetings were the result of any conspiracy, or that there was collusion, or that there was any element of fraud. It was thought perfectly proper; it was the only sensible thing to do; and everyone not animated by a desire to bring disrepute to someone who differed from him would admit it was a perfectly legitimate and proper course to pursue.

As soon as the law was enacted which had been worked out immediately following these meetings in order to grant the Postmaster General the authority necessary to build an air service, the most reasonable thing would have been to have these men immediately called into a conference. The law was passed in April, and the conference was held the next month, within a month of the enactment of the law. It was the most reasonable thing to do; it was the proper thing to do.

Mr. President, the Postmaster General was dealing with 25 different companies, all of them holding contracts, which he knew he was going to require to equip themselves to carry passengers when they did not want to carry passengers, because they did not, first, want to run the risk of fatalities and the heavy insurance expense, the liability of fines, and the cost of equipment; but the Postmaster General had insisted that a mail carrier must take on a passenger service so that he could recoup the expense of the operation, and as he recouped it by getting passenger revenue the cost to the Government would be reduced until the company would be self-supporting.

They did not want to do it, but he required them to do it. Of course, the lines which were carrying passengers wanted mail; that was a foregone conclusion. But in determining upon giving a mail contract to a passenger carrier they would necessarily encounter some obstacles, especially where two cities were connected by two routes. He would not be inclined to give contracts to both of them unless he could give one three contracts, say, and allow it to sublet to the other one of the three. He could do it in that way. That, in fact, was one of the things he had in mind in carrying out the law, the only purpose of which was to enable the passenger-carrying companies to find a basis on which they could have mail contracts. With these conflicting ideas, two or three claiming they had pioneer rights, any company, wherever it touched a city through which mail went, would claim it had an equity in the right to carry the mail.

Mr. Brown did the only sensible thing to do—he called these people into conference with the purpose of finding on what basis they could reach an adjustment that passenger carriers could be given, on a basis of safety to them and proper recognition to the Government, the additional revenue that would come from carrying the mail.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. FESS. I yield.

Mr. McKELLAR. It appears in the proof which was offered before the Committee on Post Offices and Post Roads that 30 gentlemen were invited to the conference; that each of the 30 got a mail contract; and that none of those who were not invited and who were not present got a contract.

Mr. FESS. Mr. President, that is the sort of thing that we have heard all the way through in the committee.

Mr. McKELLAR. That is the testimony of the witnesses who appeared before our committee.

Mr. FESS. Mr. President, there was no one invited who could not qualify. The Postmaster General did not exclude anyone who could not qualify, but evidently no one was so arrogant as to want to come in there when he could not qualify. In the face of that, one of them said that he could not qualify, but he did not think that there was any reason why he should not come in, and he was there. So Mr. Brown——

Mr. McKELLAR. Mr. President——

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Tennessee?

Mr. FESS. Just a moment, Mr. President. Mr. Brown states that anyone who wanted to come in could have come in. There were no closed doors. There was no secrecy. Everything was in the open. The qualifications under the law were specified. Anyone who could qualify was invited. The Postmaster General had no way of knowing whether there were people there who could not qualify, because he could not know all who were there. If every man who was in there got a contract it was not because there was a conspiracy or collusion. It was because of the fact that there was justification for the contract that the contract was allowed.

Mr. McKELLAR. Mr. President, is it not true that the representative of the Pittsburgh Aviation Industries, Inc., which company had never flown a route a mile, was there and got a contract?

Mr. FESS. Mr. President the Pittsburgh Aviation Industries Corporation is a holding company which had purchased short lines and some long ones, all of them qualified to bid. The company was the possessor of different lines that were qualified to bid.

Mr. McKELLAR. Not at that time. That was afterwards.

Mr. FESS. Oh, yes, they were.

Mr. McKELLAR. Not at that time. They were separate companies.

Mr. FESS. No; Mr. President.

Mr. McKELLAR. The Pittsburgh Aviation Co. had no contract.

Mr. FESS. That is the difficulty. The Senator from Tennessee has joined the group of those expecting to have proof made by ex parte testimony, and refusing to bring in those who can give all the facts. Why are those people not brought in?

Mr. Letson was brought in, and the Senator from Tennessee was embarrassed in his questions of Mr. Letson when he asked him whether he was very badly or very well treated. Mr. Letson stated that he had been fairly treated. When Mr. Letson was expected to testify against Mr. Brown on the ground that he was not included, Mr. Letson stated that he was disqualified because he could not have bid on that contract. He said that in the Senator's own committee, and I have his testimony here.

Mr. McKELLAR. Mr. President——

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Tennessee?

Mr. FESS. I yield.

Mr. McKELLAR. I know the Senator does not want to get his facts wrong.

Mr. FESS. No, Mr. President; I do not.

Mr. McKELLAR. Or to do me an injustice.

Mr. FESS. I would not do the Senator from Tennessee any injustice.

Mr. McKELLAR. I know that.

Mr. FESS. The Senator knows that.

Mr. McKELLAR. Therefore I want to correct the statement he makes, because I know he has been misinformed about it.

When the hearings were held before the Post Office Committee, I invited by telegram or by direct invitation every one who was even suggested as a witness. I sent telegrams to all the companies which had representatives at the meetings. I wrote them letters asking them to come. I sought in every way to get testimony on all sides. Mr. Letson was one of the few who came. He testified that he formed a company while here in order to get a contract. He did not get one just at that time, but afterward he testified that the Postmaster General, though finding that Letson was the lowest bidder by 39 cents on a transcontinental contract, did not allow Mr. Letson's lowest bid, although it was backed up by cash and by a company and by property.

Mr. FESS. Mr. President——

Mr. McKELLAR. Just one moment.

Mr. FESS. I will read the testimony of Mr. Letson.

Mr. McKELLAR. The then Postmaster General did not allow that, but afterward he required the American Airways Co. to sublet a contract to this man, and, as I recall, he was the thirtieth man in the meeting who received a contract.

Mr. FESS. Mr. President, the Senator from Tennessee does not mean to commend Mr. Brown, but he has done so in that last statement. Mr. Letson had a short line. He had to fly it within certain limits of the day. It made a very fast trip every hour. The Senator from Tennessee asked him why it was that he was put under the pressure of flying so rapidly, and he stated that he could not do night flying; that he had to do it in the daytime. That in order for his line to be of any value he had to get his mail to Denver in time for the Transcontinental to pick it up at a certain time in the afternoon, and that required him to fly at terrific speed, which was the subject of some criticism.

The Letson Co. was not capable, and admitted the incapacity, to bid on either one of lines 33 or 34. At the same time when Mr. Letson came in to Mr. Brown, as shown by the testimony that was given before the committee of which the Senator from Tennessee is chairman, Mr. Brown told him that he could not be given the contract because he did not have the necessary equipment. Mr. Letson said, "Then I suppose I am through", and Mr. Brown said, "No; you are not through. I will arrange, if I can, to have the Aviation Co., or any other company that gets the contract, sublet to you so that you will be a part, as a feeder, of the system, and you in that way will be given an air-mail contract."

But he could not be a bidder on the Transcontinental Line when he operated a route covering but the short distance from St. Louis to Denver. It was simply impossible for him to be a bidder under those circumstances, and he was told so frankly. He admitted that he could not do it. Mr. Brown took care of him by seeing that there was given to him a contract by subletting. That is not a subject of condemnation. That is a subject of commendation, because the then Postmaster General did it in order to avoid injury to Mr. Letson.

Mr. President, after a recognition of this situation it is apparent that no combination was made or proposed at the conference of May 19, 1930, to prevent the making of bids on routes nos. 33 and 34, advertised by the Post Office Department 10 weeks later; nor did the conference by any agreement promise or attempt to induce any person or persons not to bid on routes nos. 33 and 34. That is the charge that has been made on the floor of the Senate as the last resort after all the other allegations have been abandoned.

It is pertinent to ask, What evidence is there that after the conference of May 19, 1930, all the operators who held domestic air-mail contracts on the 25th of August 1930, the day when the bids were received for services on routes 33 and 34, offended against the provisions of section 432?

It must not be overlooked that the cancelation affected 34 contracts. The charge that there was a conspiracy not to bid, or to prevent bidding, is not limited to nos. 33 and 34; it is extended to 34 contracts, and includes every one from 1 up to 34, including 33 and 34.

What evidence is there that 32 contractors were in a conspiracy to agree not to bid, or to prevent bidding? All of them are now charged with fraud. On what basis? The only basis now alleged is that there was a conspiracy to agree not to bid, or agree that they would induce others not to bid for a consideration. I think it is the most un-American

thing that has ever occurred in our history to charge all those people with fraud.

The sole evidence of such conspiracy is the fact that none of the companies bid on routes numbered 33 and 34, except the Aviation Corporation through its subsidiary, Robertson Aircraft Corporation, on route 33, and Western Air Express on route 34.

Will any sane person allege that merely because other companies refrained from bidding they were therefore in a conspiracy, the existence of which is supported merely by allegation and loose testimony, which the companies in question have never been given an opportunity to refute?

It must be borne in mind that when bids were received on routes nos. 33 and 34, 10 months after the stock-market collapse of 1929, it was absolutely impossible to obtain capital from the public for any aviation enterprise. There was no market for aviation securities. Moreover, the Postmaster General had announced that the air-mail operators would be required to carry pasesngers in order to obtain substantial revenues from sources other than the Post Office Department. The specifications for services on routes nos. 33 and 34 for the first time in the history of the air mail required the furnishing of passenger-transport equipment. The Watres Act just passed by Congress set up a new and untried method of payment for air-mail service. The operators all realized that if the Postmaster General's plans for developing a passenger-transport industry worked well they propably already had plenty of mileage to fly, and that if those plans worked badly every operator probably already had more than enough route mileage.

Properly to serve route no. 33 required permanent and working capital of not less than $3,000,000. Properly to serve route no. 34 required permanent and working capital of not less than $5,000,000.

United Aircraft & Transport Corporation, which had absorbed Boeing and National Air Transport, Eastern Air Transport, a subsidiary of North American Aviation, Aviation Corporation, and perhaps Western Air Express, were the only air-mail contractors financially able to undertake mail and passenger operations on either of routes nos. 33 or 34.

Mr. President, we did have 25 or more aircraft corporations or companies, but of all those it is stated in the testimony of Mr. Brown, as recorded in the hearings of the committee, only 4 were equipped to bid or to carry on the service, and only 4 of them were regarded by him as capable. These four were United Aircraft and Transport Corporation, Eastern Air Transport, the Aviation Corporation, and possibly Western Air.

United Aircraft and Transport Corporation already had a coast-to-coast operation. The acquisition of another transcontinental route would probably have been a violation of the antitrust laws. Moreover, the officials of that company were exceedingly reluctant to undertake the transportation of passengers over mountainous territory.

Eastern Air Transport had carried no passengers and was very reluctant to assume that responsibility. To the eastward of its line from New York to Atlanta it had important territory to develop which was subsequently served by an extension from Richmond to Raleigh to Charleston to Savannah and to Jacksonville. It was obliged to provide adequate passenger-transportation facilities to serve practically the entire Atlantic seaboard as well as appropriate facilities connecting with Pan American's Central and South American services at Miami. Obviously, Eastern Air Transport was not interested in any transcontinental operation.

Aviation Corporation had acquired a large number of short lines in both Northern and Southern States. Those disjointed lines, because they required a multiplicity of bases and operating managements, if they were to be saved from bankruptcy, must be welded together into a system having a transcontinental trunk line. Route no. 33 offered such an opportunity.

Western Air Express was the only air-mail contractor financially able to assume the responsibility of service on route no. 34 and interested in acquiring it. Owned entirely in the West and regarding itself as a western company, Western Air Express wished to confine its operations to the territory west of the Missouri River. However, in order to save its large investment in its passenger line from Los Angeles to Kansas City, it joined with Transcontinental Air Transport, which already had an investment of not less than $5,000,000 in the passenger air line from Columbus to Los Angeles, in making a joint bid on route no. 34.

Mr. President, I have taken time to point out the different companies that were carrying passengers at the time these contracts were made, all of which were in the mind of the Postmaster General, who desired to see whether he could add to their passenger revenue the revenue that would be justified by the mail contracts. In addition there were probably only 4 companies that were capable of making bids, and 1 of those companies, the Transcontinental group, would be necessarily avoided because it would not seem reasonable to give to 1 company 2 routes and thus stifle all competition in the carrying of mail between the oceans. That situation had to be considered.

The other one was the Eastern Air that served the Atlantic coast. It did not want this additional service. Consequently when the charge is made that there were agreements entered into, the charge falls as a result of the most simple examination of the facts surrounding the situation.

National Park Airways was a small and struggling enterprise, flying from Salt Lake City north to Great Falls, Mont. It could not take on a contract by bids for carrying mail across the continent.

Northwest Airways, owned largely by St. Paul and Minneapolis bankers, was flying from Chicago to the Twin Cities, and wished to develop northward to Winnipeg to connect with the Canadian air services, and westerly paralleling the Northern Pacific, Great Northern, and Milwaukee railway services.

The Thompson Aeronautical Corporation, the name of which was subsequently changed to Transamerican Airlines, and later was absorbed by the Aviation Corporation, was struggling for existence in southern Michigan, carrying passengers in the summertime from Cleveland to Detroit across Lake Erie, and maintaining a mail service from Detroit to Chicago.

I am mentioning these companies and giving their termini in order that it may be perfectly obvious that they could not have bid on the transcontinental routes about which these charges are made.

Clifford Ball, flying between Cleveland and Pittsburgh, because of unethical practices was unable to obtain a route certificate from the Post Office Department, and could not be considered in any sense a potential bidder on routes nos. 33 and 34.

It thus appears that Aviation Corporation and Western Air Express were the only air-mail contractors on August 25, 1930, who were interested in either nos. 33 or 34 and had the financial resources properly to serve these routes.

When it is understood that Aviation Corporation was not interested in route no. 34, but was vitally interested in route no. 33 because many of its operations were in territory south of route no. 33, and when it is understood that Western Air Express was primarily interested in saving its investment between Los Angeles and Kansas City on route no. 34 and could not properly be interested in two transcontinental operations, it becomes perfectly apparent that the sole bid received on route no. 33, the joint bid of Aviation Corporation and Halliburton—Robertson Aircraft Corporation and Southwest Air Fast Express—and the joint bid of Western Air Express and Transcontinental Air Transport on route no. 34 were without collusion between the successful bidders on routes nos. 33 and 34, and without collusion with any other air-mail operator or operators.

The bidding was limited to the two companies that were capable of making a contract and keeping it; and the only thing left would be to show that these two companies were in a conspiracy against one another. It seems to me that is too silly to claim the attention of any sensible man.

With all the facts before us, the contract between the Aviation Corporation and Halliburton and the contract between the Aviation Corporation and Western Air Express and Transcontinental Air Transport evidence business transactions that were in every respect legal and ethical.

Mr. Halliburton, who operated from Dallas northward through Oklahoma and Missouri, elected to bid on the southern transcontinental route no. 33. He entered into a contract with the Aviation Corporation under the terms of which he might sell out to the Aviation Corporation, he might buy the Aviation Corporation's interest, or the two might conduct a joint operation. The election, so far as Halliburton was concerned, was to sell. It was entirely proper for Western Air and Transcontinental Air Transport to buy from the Aviation Corporation that portion of Halliburton's fixed assets which were useful in connection with the operation of route no. 34, and it was entirely proper for them to acquire from the Aviation Corporation the interest which the Aviation Corporation had in Western Air Express, in view of the fact that the Aviation Corporation and Western Air Express were to become competitors for transcontinental business.

It appears, therefore, that there is no evidence worthy of credit that all of the air-mail contractors engaged in a conspiracy to effect collusion with respect to bidding on routes nos. 33 and 34, or that any two or more of such operators engaged in such a conspiracy. Only conclusive evidence that every air-mail operator engaged in such a collusive conspiracy could justify the annulment of all the domestic air-mail contracts under the provisions of section 432 of title 39 of the United States Code, upon which the Senator from Arkansas based his argument.

Mr. President, I desire to state again that there is absolutely no justification for the charge that any of the air-mail contracts were awarded through collusion among contractors or any other illegal practice.

The facts about the meetings of air-mail and air-passenger operators held at the Post Office Department May 19 and June 4, 1930, are as follows:

I must express regret that in order that this matter may be cleared up it seems necessary that I take some time at this late hour in the afternoon.

The Air Mail Act of April 30, 1930, known as the "McNary-Watres Act", when it was introduced in the House contained a provision designed to assist air-passenger carriers who had no mail contracts, because it was believed that the development of air-passenger traffic was essential to the permanence of the air-transport industry. The language to which reference is made was as follows:

Provided, That when, in his opinion, the public interests shall so require, he (Postmaster General) may award such contracts by negotiation and without advertising for or considering bids. In awarding air-mail contracts the Postmaster General will give proper consideration to the equities of air mail and other aircraft operators with respect to the routes which they have been operating and the territories which they have been serving.

That provision was originally written into the law. Some persons, led largely by Mr. KELLY of the House committee, thought that provision ought not to be retained in the law.

Opposition to the awarding of contracts by negotiation developed in the Committee on Post Offices and Post Roads, to which this legislation was referred, and the language quoted was finally stricken from the bill, although the last clause, directing the Postmaster General to give proper consideration to the equities of air-mail and other aircraft operators, was given approval in the discussions of the bill in the committee and on the floor of the House.

In lieu of the language above quoted, the following provision was inserted in the act:

Provided, That where the air mail moving between the designated points does not exceed 25 cubic feet, or 225 pounds per trip, the Postmaster General may award to the lowest responsible bidder, who has owned and operated an air transportation service on a fixed daily schedule over a distance of not less than 250 miles and for a period of not less than 6 months prior to the advertisement for bids, a contract at a rate not to exceed 40 cents per mile for a weight space of 25 cubic feet, or 225 pounds. Whenever sufficient air mail is not available, first-class mail matter may be added to make up the maximum load specified in such contract.

When it was decided to strike from the bill the authority to buy mail space in passenger planes by negotiation, believing that it would be impossible to develop commercial aviation through the air passenger lines that had no air-mail contracts, he (Postmaster General) succeeded in inserting in section 5 of the bill, after the phrase: "Orders that may be issued by the Postmaster General for meeting the needs of the Postal Service and adjusting mail operations to the art of flying" the following: "And passenger transportation", having decided that passenger operations essential to permanence of the air transportation industry must be developed, if at all, by compelling the air-mail contractors to carry passengers.

There is the authority to enter into the negotiations. That is written specifically into the law.

The passenger carriers who had no air-mail contracts, but who had been very active in urging the passage of the bill were greatly disappointed that the proviso for their relief had been stricken from the bill. A representative of one of them told the Postmaster General that some of the passenger carriers were complaining that he had not made a vigorous fight for the clause in which they were interested and suggested the propriety of inviting the passenger carriers who had no air-mail contracts and the air-mail contractors to meet together with him for the purpose of advising them with respect to the Department's effort to secure the passage of the bill in substantially its original form and further to see if under the law as it was enacted any relief could be afforded to the passenger carriers who had no air-mail contracts through the cooperation of the air-mail contractors and the Post Office Department. The suggestion was made that relief might be afforded in one or both of two ways:

First. By giving additional daylight mail schedules to air-mail contractors and permitting them to sublet the same to passenger operators who had no air-mail contracts and whose operations paralleled air-mail routes; and

Second. By giving extensions under the provision of section 6 of the act to air-mail operators and authorizing the subletting of the same to passenger carriers that had no air-mail contracts.

Mr. President, that is perfectly clear. If one of these companies had but two trips, and they were allowed a third trip, they would be permitted to sublet that third trip to another company which carried passengers but no mail. That is one way by which the Government could protect an air-passenger-carrying company by assuring it a mail contract.

If we examine section 7 of the Watres Act we find this language:

The Postmaster General when, in his judgment, the public interest will be promoted thereby, may make extensions or consolidations of routes which are now or may hereafter be established.

So that when the Postmaster General exercised the power of building an air route by extending another line from a base over a new territory, he did it specifically in pursuance of the law. That was one of the methods by which a passenger-carrying company not carrying mail might secure a mail contract.

The air-transport operators who had no mail contracts and the air-mail contractors were accordingly invited to meet with the Postmaster General on the 19th of May, 1930. In opening the meeting the Postmaster General traced in detail the various legislative proceedings connected with the introduction and passage of the McNary-Watres Act, stressing the Department's effort to preserve the provisions designed to prevent the abandonment of air-passenger operations. It was stated to the meeting the practical difficulties in the way of giving them relief under the provisions of law adopted in lieu of the authority to buy mail space by negotiation, although that language had been written into the act to assist the passenger carriers. The evidence

shows that the Postmaster General repeated to the meeting the suggestion made for their relief by the subletting of operations from the air-mail contractors, without approving the same, however, as he had serious misgivings with respect to its practicability and soundness. The judgment of the operators was invited with respect to the plan suggested, and they were told in a general way the ideas of the Department so far as they had been formulated for extending the Air Mail Service throughout the country and their opinions were invited as to what air-mail and other aircraft operators in the language of the original proviso of the McNary-Watres bill had equities with respect to any of the routes then in existence or under consideration. The meeting was then turned over to the operators. Later in the day the Postmaster General was informed that they had recessed for the purpose of consulting their counsel and executives. Mr. Earl Wadsworth, Superintendent of Air Mail, who was present at the meeting, made a memorandum of the proceedings as follows:

The Postmaster General invited representatives of passenger air lines to meet with him in conference at 2 p.m. on May 19 for the purpose of discussing the provisions of the Watres bill insofar as it offered aid to the passenger lines.

The following persons were present: Messrs. Russel, Hanshue, Wooley, and Bishop, of Western Air Express; Messrs. May and Patterson, of Stout Airlines; Messrs. Maddux Sheaffer, Cuthel, Furlow, of T. A. T. Maddux Air Lines; Messrs. Coburn and Hinshaw, of Aviation Corporation; Messrs. White and Johnson, of United Aircraft Corporation; Messrs. Doe and Elliott, of Eastern Air Transport; Mr. Henderson, of National Air Transport; Messrs. Marshall and Denning Thompson Aeronautical Corporation; Messrs. Robbins and Hahn, of Pittsburgh Aviation Industry; Mr. Van Zant, Mr. Lou Holland, of U.S. Air Transport; Mr. Ted Clark, representing Earl Hilliburton; and Lawrence King, from Detroit.

The Postmaster General opened the meeting by discussing the general provisions of the Watres bill and invited suggestions from those present as to the ways and means of assisting the passenger operators, inasmuch as it is understood none of the so-called "strictly passenger lines" are breaking even and it is apparent that they will need some assistance if they are to continue. The Postmaster General expressed the desire to know whether it is going to be possible for the so-called "pioneers" to agree among themselves as to the territory in which they shall have the paramount interest. He outlined certain prospective routes that were in contemplation somewhat as follows: A southern transcontinental route from Los Angeles to San Diego, thence to Fort Worth and Dallas; also a route from New York to St. Louis and Kansas City and Los Angeles; from St. Louis to Tulsa and Fort Worth; from St. Paul to Winnipeg; possibly from St. Paul and Minneapolis to Omaha; possibly a route south from Cheyenne; and possibly one from Albany to Boston. He referred to the plan mentioned below.

Colonel Henderson said: "I believe it is quite possible for this group to work out a plan." He asked for instruction from the P.M.G. as to some policy. He mentioned extensions and then assigning such extensions to some operator who has no mail contract. He indicated the air-mail contractors would be willing to agree to such a plan.

Mr. Maddux feels that if they do not receive an air-mail contract they could not live, and he hoped the bill would take care of this. He would rather see the plan worked out as mentioned above than competitive bidding. He said "That is the view of T.A.T."

Mr. Mayer said: "I think the suggestion is a good one rather than to have competitive bidding." He thinks the routes we have worked out with the directors on their certificates are fair, etc.

Mr. Clark said: "I would prefer the plan suggested rather than competitive bidding."

Mr. Lou Holland said: "I think it should be worked out by agreement, as I am afraid that competitive bidding will result in wild promotions."

Mr. Hanshue said: "We are willing to do anything within reason to work out the plan rather than to go into competitive bidding."

Mr. White: "I feel sure that the entire group would be delighted to go into such a conference and work it out along the lines suggested."

Mr. Coburn: "I believe there is a community of interests among the operators in the Department, and they are ready to cooperate and find out how to do it."

The Postmaster General asked everyone to speak if there were any objections to the plan suggested and said that this was the appropriate time to express their opinions or objections thereto. No one rose in objection to the plan.

Mr. MacCracken suggested grouping the representatives together according to locality in order to work out the details of the plan or any other plan that might be gotten up, suggesting they might even have four committees, or an eastern and a western committee.

Colonel Henderson thinks those who have air-mail contracts should be organized into one committee and those who have no air-mail contracts should be organized into another committee.

Mr. Cuthel suggested that certain members of this group present to the Postmaster General a grouping of companies to deal with southern and mid-transcontinental routes.

The Postmaster General decided to permit the operators to use the room in which the meeting was held for the purpose of organizing themselves into such groups as may be agreed upon and to report back to the Postmaster General when they had reached a conclusion with regard to the suggested plan. He suggested that they stick to the routes outlined.

The Department on May 19 gave the following statement to the press:

In order to acquaint themselves with the provisions of the Watres bill, recently made a law through the signature of President Hoover, representatives of every large passenger- and air-mail-carrying concern throughout the country conferred today with Postmaster General Brown, Assistant Postmaster General Glover, and other officials of the Department in charge of the Air Mail Service. This is the first time that operators of the large passenger lines have had an opportunity to talk with the Postmaster General and exchange views with him since the Watres measure became a law.

A general discussion of air-mail and passenger-carrying business, together with prospects for their future development, took place at today's meeting. The Postmaster General explained to those who attended the conference the limitations placed on him under the terms of the Watres Act, which fixed the maximum that can be paid for carrying the mails to $1.25 a mile and a charge of 40 cents a mile for each passenger transported.

Before the close of today's session it was agreed that the operators present should prepare a map of the United States, which will show in detail plans for a network of passenger and air-mail routes to cover the country and which will be determined at future conferences with the Postmaster General.

The companies represented at today's conference were Western Air Express, Aviation Corporation, National Air Transport, Thompson Aeronautical Corporation, Pittsburgh Aviation Industries, Ford Co., United States Air Lines, Earl Haliburton, United Aircraft Corporation, Curtiss-Wright, Transcontinental Air Transport, and Eastern Air Express.

The evidence shows that on the 4th of June the air-passenger operators who had no mail contracts and air-mail contractors reassembled either in a body or by a committee and submitted to the Postmaster General a report of their deliberations, which is as follows:

Hon. WALTER F. BROWN,
Postmaster General of the United States,
Washington, D.C.

MY DEAR MR. POSTMASTER GENERAL: Pursuant to your invitation, representatives of the air-transport operators met on Monday, May 19, to formulate recommendations for the extensions of the Air Mail Service, with a view to the participation in this service of air-transport operators now engaged exclusively in passenger and express service.

This committee has held numerous sessions during the time which has intervened since the first meeting, and a list of those attending one or more of these sessions is hereto attached.

The committee also submits with this report a map indicating its recommendations as well as the problems which remain unsolved.

The committee has made a study of 12 routes, and has agreed upon recommendations as to 7 of these; while as to the remaining 5 there are still some matters in controversy.

RECOMMENDATIONS

No. 3. Omaha to St. Paul and Winnipeg—Northwest Airways, now flying entire route.

No. 4. Albany to Boston—Aviation Corporation.

No. 7. Denver to Kansas City—United States Air Lines, now flying route.

No. 8. Pueblo to Fort Worth and Dallas—Western Air Express, now flying route.

No. 9. Pueblo to El Paso—Western Air Express, now flying route.

No. 11. Great Falls to Lethbridge—National Parks Airways, only party in interest.

No. 12. Seattle to Vancouver—United, first schedule; Varney Air Lines.

Second schedule

ROUTES WHICH ARE STILL THE SUBJECT OF NEGOTIATION

No. 5. Pittsburgh to Washington and Norfolk: Final terms not yet arranged.

No. 1. Los Angeles, San Diego, El Paso, Dallas, to Atlanta.

No. 6. Dallas to Louisville: Atlanta to Dallas—Eastern Air Transport and Delta Air Service; Louisville to Dallas—Aviation Corporation and Curtiss Flying Service; Los Angeles, San Diego, El Paso to Dallas—Western Air Express and Aviation Corporation.

No. 2. Los Angeles, Albuquerque, Kansas City, St. Louis, Columbus, Pittsburgh, Philadelphia, and New York.

No. 10. Amarillo, Oklahoma City, Tulsa, and St. Louis (Tulsa cut-off).

Kansas City to New York—Transcontinental Air Transport and Pittsburgh Aviation Industries; Los Angeles to Kansas City, Amarillo, Oklahoma City, Tulsa, to St. Louis—Western Air Express

and Transcontinental Air Transport; Amarillo, Oklahoma City, Tulsa and St. Louis cut-off—Western Air Express, Southwest Air Fast Express, Transcontinental Air Transport.

Because the line of N.A.T. (United) south of Kansas City seemed to stand in the way of a proper solution of several of our problems, United has suggested that it abandon its line south of Kansas City and take over some other line of equal value; such line to be one that might be properly operated in connection with United's other lines. This would permit the clearing of the mid-Transcontinental of its N.A.T. contract between Wichita and Kansas City, and would open the N.A.T. line south of Kansas City and Wichita for proper disposition in harmony with the Postmaster General's ideas. The suggestion has been made that Southwest Air Fast Express might operate the service on C.A.M. 3 south of Wichita and south of Kansas City.

The operators interested in the routes under controversy have all agreed to submit the issues to the Postmaster General in the hope that a satisfactory solution may be reached. They request that an opportunity be afforded them to present their claims for consideration on the respective routes in such manner and at such time as may be designated by the Postmaster General.

That is the report to the Postmaster General by the chairman of the meeting on June 4, 1930.

Mr. WADSWORTH'S memorandum of the proceedings of the June 4 meeting is as follows:

At 3:15 p.m. on June 4 the representatives of passenger air lines met in conference with the Postmaster General here in the Department.

Mr. McCracken, who had been named as chairman of the operators' committee, presented to the Postmaster General a report together with a map indicating the result of the deliberations of these gentlemen.

The Postmaster General stated he would carefully consider this report and he would inform them of any results that might be reached. Thereupon the Postmaster General, Mr. Glover, and Mr. Wadsworth retired from the room to the office of the Postmaster General and the report was carefully read.

After reading over the report several times, it was decided to submit to the Comptroller General the question of just how far the Department could go in granting extensions to existing routes. It was thought best to do this before we took any further action with reference to this matter. The Postmaster General indicated that he would take the matter up with the Comptroller General himself and seek to obtain a decision with regard thereto.

In a short while Mr. Glover informally returned to the room where the operators were waiting and informed them that the Department was somewhat disappointed in their report, inasmuch as they had in effect "taken all the meat and left the bones". They were told, however, that the report would be carefully studied and any decisions reached would be indicated to them.

As a result thereof, the operators indicated they were preparing a supplemental report and would submit the same.

This report of the operators was placed on file and no further consideration was given to it, for the reason it was shown that the Postmaster General had reached a definite conclusion that the plan previously suggested of affording aid to the passenger carriers who had no mail contracts was impracticable and unsound, and if passenger operations were to be developed by the Post Office Department in order to lighten the burden of the air-mail services and ultimately create an economically independent transportation industry, the air-mail contractors themselves must be forced to develop a passenger and express business.

The only extensions suggested by the report quoted which the Department subsequently authorized were extensions which the Department had under consideration before the meeting of May 19, and which would have been made whether the industry approved or disapproved the same.

There is no evidence that any suggestion of dividing air-mail operations among the companies represented at the May 19 and June 4 meetings was ever made, and the Postmaster General declared was never contemplated, and no suggestion with respect to bidding on air-mail contracts or refraining to bid on air-mail contracts was made at either of those meetings or at any other time.

The facts are that the only air-mail companies of major importance, the central and southern transcontinental operations, were awarded under the provisions of the law relating to competitive bidding to the lowest responsible bidder.

Mr. President, I stated in the outset that I regret that this investigation has been conducted on the basis of making a charge and then undertaking to prove it. It is not an investigation. It is a prosecution. We now hear it said that a criminal angle has been given to the whole procedure as if that is to be complained of, when under the statute under which they claim these contracts should be annulled it would not be a criminal matter but only a civil matter. If there is any criminal tinge given to this matter, who is responsible for it? How has this investigation been conducted? Who has gone on the radio and what has been said over the radio in all this matter of dealing with the aircraft industry?

Mr. President, a distinguished woman walked into the editorial rooms of a great newspaper of America and announced that a report of the proceedings of the investigation was not reaching the people of the country; that the only thing that reaches the public is that which is news suggesting something that ought not to have been done. In the language of Victor Hugo:

To those whose noses are tuned to the stink of scandal, this is news.

That is what the American public has been fed in all this investigation. That little woman made the statement that the report is not being made, and evidently she was asked her opinion. She said:

THE CANCELATION OF THE AIR-MAIL CONTRACTS

To the NEW YORK HERALD TRIBUNE:

Mr. Lippmann questions whether the air-mail "blunder" marked the turn of the political tide in the minds of any but "partisan Republicans." He believes that "the public is certain to conclude that the error was due to an excess of zeal, and that no sinister purpose was involved", and that "it will not be easy to make very much political capital out of a patently honest mistake."

It must be admitted that the press has not reported the hearings of the Black and Post Office Committees of the Senate, and that the public so far has been kept in the dark as to the evidence in the case. Were it possible to conceal the facts indefinitely, then perhaps Mr. Lippmann's estimate of public opinion would prove correct. But the truth will out, and the record is there for all who seek to read.

It goes without saying that no political capital should be made of the deaths of the Army flyers, but those few Democrats who still dare call their soul their own, as well as Republicans, and indeed all fair-minded Americans, realize that it is not a partisan question, but an American question, and that such utter lack of justice strikes at the most basic law of our land, namely, the inalienable right of every American citizen to be considered innocent until proved guilty, and to receive a fair trial. The cancelation of these contracts is the most important of all the many arbitrary actions taken by this administration, because by it is revealed the attitude of the administration toward the people, the mental processes by which it reaches decisions, and its standards of justice and honor.

In this case of the Government versus the people, the conviction preceded the trial. The trial has been unique in legal annals because the offense became the defense, and the defense has been sitting as its own jury. The victims—innocent or otherwise—have not been heard. To date the Government has failed either to justify its action or to sustain a single charge. In its attempt to do so it has retreated step by step. Another retreat from Moscow. The testimony of Mr. Letson, president of the United States Airways, before the Senate Post Office Committee was illuminating because it shattered the contention of the Government that his line should have been allotted the contract instead of T.W.A. on the ground that he was the lower bidder. Mr. Letson told the committee that he had himself admitted to Postmaster General Brown that his bid had been on a "fradulent premise." He further told the committee that he could not have qualified in any way, nor could he have complied with the provisions in the contract had it been granted to him.

As for the charge of "collusion", the hearings show that the shoe is on the other foot. Collusion there was, but to bring about the cancelation of the contracts, not to obtain them originally. I refer Mr. Lippmann to the testimony of Mr. Harry P. Williams, of the Wedell-Williams Air Service (T.R. 7823), in which he informed the Black committee that, with Mr. Cord as its "moving spirit", the Scheduled Independent Air Transport Operators was formed with the objective of getting "the ins out and the outs in" on mail contracts. To create an investigation in order to get the old contracts canceled, and then by new legislation substitute themselves. Legislation containing the clause—now in dispute—"no person shall be eligible to bid for or hold an air-mail contract if it or its predecessor is asserting or has any claim against the United States because of a prior annulment of any contract by the Postmaster General", would undoubtedly help keep the fellows out who had contracts and let those in who did not.

Before the Senate Post Office Committee appeared Mr. W. I. Denning, who, at the request of Senator O'MAHONEY, provided the Senate with a list of companies which had operated 6 months or more and which have no mail contracts: Braniff Airways, Rapid Airlines, Bowen Airways, Hanford Airlines, Pacific Seaboard Airlines, Inc., and Robertson Airplane Service Co. Mr. Denning represented the Scheduled Independent Air Transport Operators' Association. Three other lines could qualify on this list: Reed Airline,

Wedell-Williams Air Service, Wyoming Air Service; but they were excluded by Mr. Denning. Mr. Denning expanded on Senator O'MAHONEY's request, and, though clearly outside his rights, with no member of the committee present, dictated and inserted into the record a statement by way of amendment which, if adopted, would mean that the only lines eligible to bid on the new contracts would be those listed by Mr. Denning. The statement definitely shows that although they have claimed to have been "squeezed out", they want to squeeze out anyone else who might try to start in the same manner they did.

Thus the finest air service in the world, and the $500,000,000 investment of thousands of innocent investors, none of whom have received any dividends, but who had faith in the future of the enterprise, and the courage to pioneer, has been damaged and scrapped by a stroke of the pen. By the freedom with which the Government disregarded all laws in the annulment of these contracts, the public is warned that all Government contracts are but a scrap of paper. No industry or business is safe if by a sudden whim the Government should decide to eliminate it or confiscate it. There is nothing to prevent the Government from repudiating its bonds if it is actuated by the principles applied in this case.

It is not the "legend of its infallibility" which is impaired, but the confidence of the people in the justice and integrity of their Government. It will not be on a merely political basis that men will fight for their constitutional rights. I for one do not believe that the American people are so dense as to require a surgical operation on their brains to realize the crass injustice of the cancelation of these contracts, when the underlying "sinister purpose" is finally revealed.

VIRGINIA MURRAY BACON.

WASHINGTON, D.C., *March 22, 1934.*

Mr. President, this is the thing that cannot be condoned. This is the wrong that cannot be forgotten. If the Postmaster General wants to do the only decent thing, if he desires to follow the only proper American procedure, he should renew all these contracts with the companies whose contracts have been canceled, and then notify them that they will be given a certain period within which to show that they are not guilty of the charge he has made. Then in a proper court procedure where the Postmaster General is not only given an opportunity to prove his case but the party charged is also given an opportunity to be heard in his own right, if he is found guilty there is not a single fair-minded person in the United States who will not say that anything the Postmaster General may do in the way of annulling these contracts will be approved. It cannot be done, however, on the basis on which it has been done; and I regret that we have gotten into a state of mind here where we are not willing to do the only proper and fair thing.

The administration has already admitted that what was done was a dismal mistake. As I stated the other day, while, of course, the President would have to be held responsible for the acts of any Cabinet officer——

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. FESS. I yield.

Mr. ROBINSON of Arkansas. The Senator from Ohio from time to time has made a number of statements which I have not asked him to give me time to deny. He has said that the administration has abandoned certain contentions, and has admitted that it has made mistakes in connection with this matter. I merely wish to state that that is incorrect. It has done no such thing.

Mr. FESS. Mr. President, of course I accord to the Senator from Arkansas the same right to make any statement upon the basis of his own judgment that I claim for myself. I claim that the administration has abandoned every single allegation except the one that was made by the Senator from Arkansas the other day; and I also claim that in all the steps taken thus far there is an opportunity to undo the wrong, to get out of this unfortunate situation, to get the Army out of the air-mail business. It ought to be done, and there is an effort to do it and to get the air mail back to private enterprise; but the manner in which it is being done is a pitiable procedure. Notwithstanding the fact that it may be merely a face-saving procedure, it is not even that.

The only proper thing to do would be to proceed to renew the contracts that were canceled, and then proceed in court, and give everybody a chance to be heard. When the men who have been thus charged, without a right to be heard, shall have been heard, if it shall have been proven that the allegation is true, nobody will have anything further to say.

Mr. McKELLAR. Mr. President, do I understand the Senator to say that he is in favor of the bill which has just been reported from the Post Office Committee?

Mr. FESS. No.

Mr. McKELLAR. I judge that the Senator is, if he feels that way about it.

Mr. FESS. No; I am not in favor of the provision which the Senator says is the same as the action of the Postmaster General, which prohibits bidding on the part of companies that had any representative in the meeting of May 19.

Mr. President, it is hard to say these things, because it is not my nature to make statements of this kind; but notice the language "the spoils conference." Where was that expression coined? That is not judicial language. It never was born in the chambers of a court. That is the language of high command of partisan politics. That expression was born in the precincts of political strategy. Every adverse paper carries the headlines, "the spoils conference." I am not so silly as not to know where that language came from. It is seized upon as having the force of a label. Friendly newspapers would say, "The so-called 'spoils conference'." The purpose of the other phraseology is, without proof and without trial, to carry conviction to the people of the country that this was a fraudulent performance.

Not only that, but the Senator from Arkansas—I can understand why he did it—took a playful expression found in a letter from Mr. Glover, where he said, "We must all hang together, or we shall all hang separately", and the Senator sees in that collusion and an expression about a transaction that he claims was fraudulent.

Mr. President, the Postmaster General was in Nova Scotia when these bids were opened. He was on his vacation. Under the last administration there were three men who were always consulted in reference to any contract that was let in connection with the carriage of the mail. If it was air mail, one of those men was the Second Assistant Postmaster General, under whose jurisdiction the air mail was. Another was the Superintendent of Mails. The third, in this case, was Mr. Gove, a civil-service employee of long standing in the Post Office Department.

Mr. Glover was going away. These bids were being opened. Reports from the heads of divisions were always laid before the Postmaster General for approval or disapproval. Mr. Glover, about to go away, addressed a note to the other two saying, "We must get together and see what our report will be, so that when the Postmaster General comes back one of us shall not be for this, and another for that, and another for that"; and then he used the playful expression of Benjamin Franklin in the convention which adopted the Declaration of Independence, "We must all hang together, or we shall all hang separately."

It is suggested that that is an evidence of fraud. Of course, one who is suspicious, and is on the scent of something that he thinks exists, might use an expression like that as corroborative of what he is trying to prove; but there is no real proof in a phrase of that sort.

Mr. President, I assert again that there is not a scintilla of evidence that is corroborated that there was anything wrong or illegitimate in the meetings of May 19 or June 4.

I intended to back up the statements I have made by reading the testimony before the committee. I desire to present, and I am going to present, the contrast between the testimony given by Mr. Brown and the testimony given by Mr. Farley, in order that the country may know whether Mr. Brown knew anything about the air-mail business, and that the country may know how much Mr. Farley knows about the air-mail business. I shall not do that tonight, however. I shall suspend my remarks now until a later time.

Mr. McKELLAR. Mr. President, I ask unanimous consent that the substitute air-mail bill reported today from the Committee on Post Offices and Post Roads be printed in the RECORD.

There being no objection, the bill (S. 3170) to revise air-mail laws, was ordered to be printed in the RECORD, as follows:

[Omit the part in black brackets and insert the matter printed in italic]

TO REVISE AIR-MAIL LAWS

Be it enacted, etc., [That the act of April 20, 1930 (46 Stat. 259, 260; U.S.C., supp. VII, title 39, secs. 464, 465c, 465d, and 465f), is hereby repealed.

[SEC. 2. The term "person", as used herein, is defined so as to include within its meaning all persons, firms, partnerships, corporations, or associations.

[SEC. 3. The Postmaster General is authorized to award contracts for the transportation of air mail by airplane between such points as he may designate, and for periods of not exceeding 3 years, to the lowest responsible bidders tendering sufficient guaranty for faithful performance in accordance with the terms of the advertisement at fixed rates per airplane-mile, with a definite weight basis of 1 cubic foot of space being considered as the equivalent of 10 pounds of air mail: *Provided,* That where the Postmaster General holds that a low bidder is not responsible, such bidder shall have the right to appeal to the Interstate Commerce Commission, which shall speedily determine the issue, and its decision shall be final: *Provided further,* That such rates in no case shall exceed 30 cents per airplane-mile for the first 300 pounds of mail or fraction thereof, and not exceeding 6 cents per airplane-mile for each additional 200 pounds of mail or fraction thereof, computed at the end of each calendar month on the basis of the average load for the route for such month: *Provided further,* That in no case shall the rate exceed 40 cents per airplane-mile: *Provided further,* That no contract or interest therein shall be sold, assigned, or transferred by the person to whom such contract is given, to any other person without the approval of the Postmaster General and the Interstate Commerce Commission; and upon any such transfer without such approval, the original contract, as well as such transfer, shall become null and void: *Provided further,* That, if, in the opinion of the Postmaster General, the public interest requires it, he may grant an extension of any route, for a distance not in excess of 100 miles, and only one such extension shall be granted to any one person, and the rate of pay for such extension shall not be in excess of the contract rate on that route: *Provided further,* That the Postmaster General may designate certain routes as primary and secondary routes and may include four transcontinental routes, extending to termini, as nearly as practicable, on the Atlantic and Pacific coasts, as primary routes. All other routes shall be secondary routes. The character of the designation of such routes shall be published in the advertisements for bids, which bids may be asked for in whole or in part of such routes.

[SEC. 4. The Postmaster General shall cause advertisements of air-mail routes to be conspicuously posted at each post office that is a terminus of the route named in said advertisement, for at least 30 days, and by publication at least once a week for 4 consecutive weeks in some daily newspaper of general circulation published in the cities that are the termini for the route, before the time of the opening of bids.

[SEC. 5. After the bids are opened, the Postmaster General may grant to a successful bidder, a period of not more than 6 months from the date of award of the contract, to take the steps necessary to qualify for mail services under the terms of this act: *Provided,* That, at the time of the award, the successful bidder executes an adequate bond with sufficient surety, guaranteeing and assuring that, within such period, said bidder will fully qualify under the act faithfully to execute and to carry out the terms of the contract: *Provided further,* That, if there is a failure so to qualify, the amount designated in the bond will be forfeited and paid to the United States of America.

[SEC. 6. The Interstate Commerce Commission is hereby empowered and directed to fix and determine, within 6 months prior to the expiration date of any and every contract made under this act, and at all events at a period not later than 4 years from the date of the passage of this act, the public convenience and necessity for all air-mail routes and the fair and reasonable future rates of compensation for the transportation of such mail matter by airplane common carriers and the service connected therewith, but not in excess of the routes herein provided for, prescribing the method or methods by weight or space, or both, or otherwise, for ascertaining such rates or compensation, and to publish the same, and orders so made and published shall continue in force until changed by the Commission after due notice and hearing. Said Commission shall have power to grant a 3-year extension of contracts to contractors found by the Commission to be giving good service, or it may advertise for bids as herein provided and for the same term; but new routes shall only be let upon competitive bidding.

[All provisions of section 5 of the act of July 28, 1916 (39 Stat. 412), relating to the adjustment of rates for carriage of mail by railroads shall be applicable to transportation of mail by airplane under this act so far as consistent with the provisions of this act.

[SEC. 7. It shall be unlawful for any company holding an air-mail contract to buy, control, or own directly or indirectly any stock or interest in any other company, which other company is engaged directly or indirectly in any phase of the aviation industry, whether the other company be a holding company, or a company transporting mail or holding a mail contract, or a company engaged in the manufacture or sale of airplanes, airplane parts, or other materials or accessories generally used in air transportation.

[It shall be unlawful for any company or corporation, engaged directly or indirectly in any phase of the aviation industry, whether such company be a holding company, a company transporting mail or holding a mail contract, or a company engaged in the manufacture or sale of airplanes, airplane parts, or other materials or accessories generally used in air transportation, to buy, acquire, hold, or own directly or indirectly any stock ownership or interest in a corporation or company holding a mail contract whether such company buying, acquiring, holding, or owning such stock or interest, does so directly or does so indirectly through subsidiaries, associates, affiliates, or interlocking stock ownerships. No person shall be eligible to bid for or hold an air-mail contract, which has any officer or director in any holding company holding stock, directly or indirectly, in any company engaged in any phase of the aviation industry, or in any other company engaged in the manufacture or sale of airplanes, parts, or other materials or accessories generally used in air transportation; no person shall be eligible to bid for, or to hold, an air-mail contract if at the time of bidding, it has an officer who was a representative at, or in, any meeting held for the purpose of rearranging the air-mail map of the United States in the Office of the Postmaster General, at Washington, in May or June 1930, but any such company alleging to hold a claim against the Government on account of any mail contract may prosecute such claim as it may have against the United States for the cancelation of such contract in the Court of Claims of the United States, provided that such suit be brought within 1 year. No person shall be eligible to bid on or hold an air-mail contract if such person, through its officers, has entered into any combination to prevent competitive bidding for carrying the mails, or has made any agreement, or given or performed, or promised to give or perform, any consideration whatever to induce any person not to bid for any such contract, or has, as an officer or director, any person who has heretofore entered into any combination to prevent the making of any bids for carrying the mails, or which pays any officer, director, and/or employee as a salary and/or bonus and/or commission, or other compensation whatsoever, a sum in excess of the rate of $17,500 for a calendar year for full-time service.

[SEC. 8. All persons desiring to bid on air-mail contracts shall be required to furnish in said bid a list of the stockholders and directors and a statement covering the financial set-up, including a list of assets and liabilities; and in the case of the corporation, the original amount paid to such corporation for its stock, and whether paid in cash, and if not paid in cash, a statement showing for what such stock was issued, and the financial responsibility of such bidder, as well as the bond offered, may be taken into consideration by the Postmaster General or Interstate Commerce Commission in determining the qualifications of the bidder.

[SEC. 9. All persons holding air-mail contracts shall be required to keep their books, records, and accounts under such regulations as may be promulgated by the Postmaster General, and he is hereby authorized to audit the books of such contractors and to require a full financial report under such regulations as he may prescribe; and the Postmaster General is further authorized to reduce the mail pay rates to any air-mail contractors at the end of each fiscal year if, in auditing the books of such contractor, he is of the opinion that the public interest requires such action.

[SEC. 10. Before the establishment of an air-mail route, the Postmaster General shall notify the Secretary of Commerce, who thereupon shall certify to the Postmaster General the character of equipment to be employed and maintained on each air-mail route. In making this determination, the Secretary of Commerce in his specifications furnished to the Postmaster General shall only determine the speed, load, capacity, and safety features and devices on airplanes to be used on the route, which said specifications shall be included in the advertisement for bids.

[SEC. 11. The Secretary of Commerce shall, and he is hereby authorized and directed to, prescribe the maximum flying hours of pilots and/or copilots on air-mail lines, the minimum pay of pilots and/or copilots on such lines, safe operation methods, and authorized to approve any plans made by air-mail operating companies for retirement or annuity benefits to pilots and/or copilots.

[SEC. 12. The Secretary of Commerce shall have authority to promulgate all necessary regulations to carry out the provisions of sections 9, 10, and 11 hereof.

[SEC. 13. On such air-mail routes as are established, the contractor shall be required, without additional compensation, to carry air pilots of the United States Army, Navy, or Marine Corps, or of Reserve Corps as copilots. The advertisements for the routes shall state fully the conditions and requirements, as prescribed by the Postmaster General, under which copilots shall be employed. All commissioned officers who are detailed to the above duty shall receive from the United States, the pay, including flying pay and other allowances now authorized in accordance with their military rank, and while detailed to such duty, shall also be paid the same rate per diem as is now payable to civilian

employees of the United States under the Subsistence Expense Act of 1926, as amended.

[SEC. 14. The performance by military personnel of duty hereunder shall in no way disturb or change their military status under their respective commissions, warrant, or enlistments in their respective branches of the service, or any right, privilege, benefit or responsibility growing out of said military status.

[SEC. 15. All persons awarded air-mail contracts, and who may employ civilian pilots and/or copilots, who now hold, or who may hereafter hold, commissions in the Army, Navy, or Marine Corps Service, shall, upon request of such pilots and/or copilots, grant them leave of absence but not during vacation, of not to exceed 1 month each year, when such pilots and/or copilots may be called to Government training duty with their respective branches of the service, under their respective commissions, for such period: *Provided*, That all Reserve officers performing Government duty with their respective branches of the service shall be deemed to be in the Government military service, and, if injured or killed while on such active duty, such officer and/or his dependents and beneficiaries shall be entitled to the same benefits as in the case of officers of the Army, Navy, or Marine Corps and/or their dependents and beneficiaries.

[SEC. 16. The Federal Radio Commission shall give equal facilities in the allocation of radio frequencies to those airplanes carrying mail and passengers during the time the contract is in effect.

[SEC. 17. It shall be unlawful for the contractor of any air-mail route to hold any other contract, or for air-mail contractors competing in parallel routes to merge or enter into any agreement, express or implied, with the object in view of common control or ownership.

[SEC. 18. The Postmaster General may provide service to Canada within 150 miles of the international boundary line, over domestic routes which are now or may hereafter be established and may authorize the carrying of either foreign or domestic mail, or both, to and from any points on such routes and make payment for services over such routes out of the appropriation for the domestic Air Mail Service: *Provided*, That this section shall not be construed as repealing the authority given by the act of March 2, 1929 (U.S.C., supp. VII, title 39, sec. 465a).

[SEC. 19. The Postmaster General may cause any contract to be canceled for disregard or failure by the contractor to comply with the provisions of law herein contained and for any conspiracy or acts designed to defraud the United States with respect to such contracts. This provision is cumulative to other remedies now provided by law.

[SEC. 20. Whoever shall enter into any combination to prevent the making of any bid for carrying the mail under this act, or shall make any agreement, or give or perform or promise to give or perform, any consideration whatever to induce any other person or concern not to bid for any contract pursuant to this act, shall be fined not more than $10,000 or imprisoned for not more than 5 years, or both.

[SEC. 21. Section 3 of the act of February 2, 1925 (43 Stat. 805), as amended (39 U.S.C., sec. 463, supp. VII), is amended so as to read as follows:

["Air-mail postage rates shall be 6 cents for each ounce or fraction thereof."

[SEC. 22. If any person shall willfully or knowingly violate any provision of this act its contract shall be forfeited, and such person shall upon conviction be punished by a fine of not less than $1,000 nor more than $10,000 and be imprisoned for not less than 6 months nor more than 5 years.]

That the act of April 29, 1930 (46 Stat. 259, 260; U.S.C., supp. VII, title 39, secs. 464, 465c, 465d, and 465f), and the sections amended thereby are hereby repealed.

Sec. 2. The term "person", as used herein, is defined so as to include within its meaning all persons, firms, partnerships, corporations, or associations.

Sec. 3. The Postmaster General is authorized to award contracts for the transportation of air mail by airplane between such points as he may designate, and for periods of not exceeding 3 years, to the lowest responsible bidders tendering sufficient guaranty for faithful performance in accordance with the terms of the advertisement at fixed rates per airplane-mile, with a definite weight basis of 1 cubic foot of space being considered as the equivalent of 10 pounds of air mail: Provided, That where the Postmaster General holds that a low bidder is not responsible, such bidder shall have the right to appeal to the Interstate Commerce Commission, under rules and regulations to be established by the said Commission, which shall speedily determine the issue, and its decision shall be final: Provided further, That the base rate of pay which may be bid and accepted in awarding such contracts shall in no case exceed 30 cents per airplane-mile for transporting a mail load not exceeding 300 pounds. Payment for transportation shall be at the base rate fixed in the contract for the first 300 pounds of mail or fraction thereof plus 0.1 of such base rate for each additional 100 pounds of mail or fraction thereof, computed at the end of each calendar month on the basis of the average mail load carried per mile over the route during such month, except that in no case shall payment exceed 40 cents per airplane-mile: Provided further, That no contract or interest therein shall be sold, assigned, or transferred by the person to whom such contract is given, to any other person without the approval of the Postmaster General and the Interstate Commerce Commission; and upon any such transfer without such approval, the original contract, as well as such transfer, shall become null and void: Provided further, That if, in the opinion of the Postmaster General, the public interest requires it, he may grant an extension of any route, for a distance not in excess of 100 miles, and only 1 such extension shall be granted to any one person, and the rate of pay for such extension shall not be in excess of the contract rate on that route: Provided further, That the Postmaster General may designate certain routes as primary and secondary routes and may include at least 4 transcontinental routes, extending to termini, as nearly as practicable, on the Atlantic and Pacific coasts, as primary routes. All other routes shall be secondary routes. The character of the designation of such routes shall be published in the advertisements for bids, which bids may be asked for in whole or in part of such routes.

Sec. 4. The Postmaster General shall cause advertisements of air-mail routes to be conspicuously posted at each such post office that is a terminus of the route named in such advertisement, for at least 30 days, and a notice thereof shall be published at least once a week for 4 consecutive weeks in some daily newspaper of general circulation published in the cities that are the termini for the route, before the time of the opening of bids.

Sec. 5. After the bids are opened, the Postmaster General may grant to a successful bidder a period of not more than 6 months from the date of award of the contract to take the steps necessary to qualify for mail services under the terms of this act: Provided, That at the time of the award the successful bidder executes an adequate bond with sufficient surety, guaranteeing and assuring that within such period said bidder will fully qualify under the act faithfully to execute and to carry out the terms of the contract: Provided further, That if there is a failure so to qualify the amount designated in the bond will be forfeited and paid to the United States of America.

Sec. 6. The Interstate Commerce Commission is hereby empowered and directed to fix and determine, within 6 months prior to the expiration date of any and every contract made under this act, and at all events at a period not later than 4 years from the date of the passage of this act, the public convenience and necessity for all air-transport routes and the fair and reasonable future rates of compensation for the transportation of such mail matter by airplane common carriers and the service connected therewith, but not in excess of the rates herein provided for, prescribing the method or methods by weight or space, or both, or otherwise, for ascertaining such rates or compensation, and to publish the same, and orders so made and published shall continue in force until changed by the Commission after due notice and hearing.

All provisions of section 5 of the act of July 28, 1916 (39 Stat. 412), relating to the procedure and administrative detail for the adjustment of rates for carriage of mail by railroads shall be applicable to the adjustment rates for transportation of mail by airplane under this act so far as consistent with the provisions of this act.

In fixing and determining the fair and reasonable rates of compensation for such transportation of mail matter by airplane, the Commission shall not include in such rates, or provide in addition thereto, any compensation by way of subsidy or other similar payment.

Sec. 7. It shall be unlawful for any person, or any officer thereof, holding an air-mail contract, to buy, acquire, control, or own, directly or indirectly, any interest, evidenced by stock ownership or otherwise, in any other person, if such other person is engaged, directly or indirectly, in any phase of the aviation industry.

It shall be unlawful for any person, or any officer thereof, engaged, directly or indirectly, in any phase of the aviation industry to buy, acquire, control, or own, directly or indirectly, any interest evidenced by stock ownership or otherwise, in any person holding a mail contract.

No person shall be eligible to bid for or hold an air-mail contract if when operations are begun under the contract, or thereafter, it has an officer, or another, who has theretofore entered into any unlawful combination or conspiracy to prevent the making of any bid for carrying the mails by airplane; or which pays an officer, or another, as a salary, including any other compensation, either directly or indirectly, a sum in excess of $17,500 per annum for full-time service.

"Officer" as used in this section, includes a director, trustee, or whoever may individually, or in connection with others, assist in the management of any person as defined in this act.

No person who violates any provision of this section shall be eligible to bid on or hold any air-mail contract.

The prohibitions expressed in this section shall apply to holding companies, air-mail transportation companies, including all such persons or companies as may be engaged in the manufacture or sale of airplanes, parts of airplanes, accessories, or other materials, or articles used in connection with air-mail transportation; and shall also apply to subsidiaries, associates, affiliates, or other persons controlled by interlocking stock ownership or otherwise: Provided, That nothing in this section contained shall be construed to prohibit any persons holding an air-mail contract, buying, leasing, or owning, in whole or in part, a landing field or equipment thereon.

Sec. 8. Any company alleging to hold a claim against the Government on account of any mail contract that may have heretofore been annulled may prosecute such claim as it may have against the United States for the cancelation of such contract in the Court of Claims of the United States: Provided, That such suit be brought within 1 year from the date of the passage of

this act; and any person not ineligible under the terms of this act who qualifies under the other requirements of this act shall be eligible to contract for carrying air mail, notwithstanding the provisions of section 3950 of the Revised Statutes (act of June 8, 1872).

Sec. 9. Each person desiring to bid on air-mail contracts shall be required to furnish in its bid a list of all the stockholders holding more than 5 percent of its entire capital stock and of its directors, and a statement covering the financial set-up, including a list of assets and liabilities; and in the case of a corporation, the original amount paid to such corporation for its stock, and whether paid in cash, and if not paid in cash a statement for what such stock was issued. Such information and the financial responsibility of such bidder, as well as the bond offered, may be taken into consideration by the Postmaster General in determining the qualifications of the bidder.

Sec. 10. All persons holding air-mail contracts shall be required to keep their books, records, and accounts under such regulations as may be promulgated by the Postmaster General, and he is hereby authorized to examine and audit the books, records, and accounts of such contractors and to require a full financial report under such regulations as he may prescribe.

Sec. 11. Before the establishment and maintenance of an air-mail route the Postmaster General shall notify the Secretary of Commerce, who thereupon shall certify to the Postmaster General the character of the equipment to be employed and maintained on each air-mail route. In making this determination the Secretary of Commerce, in his specifications furnished to the Postmaster General, shall determine only the speed, load capacity, and safety features and safety devices on airplanes to be used on the route, which said specifications shall be included in the advertisement for bids.

Sec. 12. The Secretary of Commerce is authorized and directed to prescribe the maximum flying hours of pilots on air-mail lines, and safe operation methods on such lines, and is further authorized to initiate and approve agreements between air-mail operating companies and their pilots for retirement benefits to such pilots and mechanics. The Secretary of Commerce is authorized to prescribe all necessary regulations to carry out the provisions of this section and section 10 of this act.

Sec. 13. It shall be a condition upon the awarding and holding of any air-mail contract that the rate of compensation for all pilots, mechanics, and laborers employed by the holder of such contract shall be not less than the rate of compensation paid by air-mail-line operators during 1933, as modified by decisions of the National Labor Board. This section shall not be construed as restricting the right of collective bargaining on the part of any such employee.

Sec. 14. In order to improve national defense, promote the art of flying, and secure for air-mail and military and naval pilots the benefits of training in both military and commercial aviation a committee of not more than seven members, consisting of representatives of the Postmaster General, the Secretary of War, the Secretary of the Navy, the air-mail contractors, and of the air-mail pilots, to be designated in such manner as the Postmaster General may determine, is authorized to provide for an interchange of personnel, so that air-mail pilots who hold commissions as Reserve officers in the Army, Navy, or Marine Corps may be called into active service with their respective branches, and air pilots who are regular or Reserve officers of the Army, Navy, or Marine Corps may be detailed by the Secretary of War or the Secretary of the Navy, as the case may be, for training in air-mail flying. Such interchange of personnel shall not operate to reduce the pay, emoluments, or privileges of any pilot of an air-mail contractor, except that any air-mail pilot who is a Reserve officer when called into active service under such interchange shall not be entitled to pay from the air-mail contractor during such active service.

Sec. 15. All commissioned officers who are detailed for training in air-mail flying shall receive from the United States the pay, including flying pay and other allowances, now authorized in accordance with their military or naval rank, and, while detailed to such duty, shall also be paid the same rate per diem as is now payable to civilian employees of the United States under the Subsistence Expense Act of 1926, as amended. The performance by military or naval personnel of duty under this act shall in no way disturb or change their status under their respective commissions, warrants, or enlistments in their branches of the service, or any right, privilege, benefit, or responsibility growing out of such status.

Sec. 16. All persons holding air-mail contracts, and who may employ civilian pilots and/or copilots, who now hold, or who may hereafter hold, commissions in the Army, Navy, or Marine Corps Reserve, shall, upon request of such pilots and/or copilots, grant them leave of absence but not during vacation, of not to exceed 1 month each year, when such pilots and/or copilots may be called to Government training duty with their respective branches of the service, under their respective commissions, for such period: Provided, That all Reserve officers performing Government duty with their respective branches of the service shall be deemed to be in the Government military service, and, if injured or killed while on such active duty, such officer and/or his dependents and beneficiaries shall be entitled to the same benefits as in the case of officers of the Army, Navy, or Marine Corps and/or their dependents and beneficiaries.

Sec. 17. The Federal Radio Commission shall give equal facilities in the allocation of radio frequencies to those airplanes carrying mail and/or passengers during the time the contract is in effect.

Sec. 18. It shall be unlawful for the contractor of any air-mail route to hold any other contract, or for air-mail contractors competing in parallel routes to merge or enter into any agreement, express or implied, which may result in common control of ownership.

Sec. 19. The Postmaster General may provide service to Canada within 150 miles of the international boundary line, over domestic routes which are now or may hereafter be established, and may authorize the carrying of either foreign or domestic mail, or both, to and from any points on such routes and make payment for services over such routes out of the appropriation for the domestic Air Mail Service: Provided, That this section shall not be construed as repealing the authority given by the act of March 2, 1929 (U.S.C., supp. VII, title 39, sec. 465a).

Sec. 20. The Postmaster General may cause any contract to be canceled for disregard of or failure by the contractor to comply with the provisions of law herein contained and for any conspiracy or acts designed to defraud the United States with respect to such contracts. This provision is cumulative to other remedies now provided by law.

Sec. 21. Whoever shall enter into any combination to prevent the making of any bid for carrying the mail under this act, or shall make any agreement, or give or perform, or promise to give or perform, any consideration whatever to induce any other person or concern not to bid for any contract pursuant to this act, shall be fined not more than $10,000 or imprisoned for not more than 5 years, or both.

Sec. 22. Section 3 of the act of February 2, 1925 (43 Stat. 805), as amended (39 U.S.C., sec. 463, supp. VII), is amended so as to read as follows:

"Air-mail postage rates shall be 6 cents for each ounce or fraction thereof."

Sec. 23. If any person shall willfully or knowingly violate any provision of this act, his contract, if one shall have been awarded to him, shall be forfeited, and such person shall, upon conviction, be punished by a fine of not more than $10,000 or be imprisoned for not more than 5 years.

THE TARIFF AND THE DEBTS—ADDRESS BY SENATOR ROBINSON OF INDIANA

Mr. McNARY. Mr. President, on Tuesday evening, March 24, 1934, the able senior Senator from Indiana [Mr. ROBINSON] made an interesting address over the National Broadcasting Co. network on the subject, The Tariff and the Debts, which I ask unanimous consent to have inserted in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

ADDRESS OF SENATOR ARTHUR R. ROBINSON MADE OVER NATIONAL BROADCASTING CO. NETWORK TUESDAY EVENING, MARCH 27, 1934

Americans are opposed to cancelation of the war debts and would justly condemn any Congress that would give to one man the autocratic power to release our foreign debtors from their obligations to the American people. Yet that vast authority would be accorded the Chief Executive by enactment of the pending administration bill to empower the President, without check of Congress, to negotiate reciprocal trade agreements with foreign countries. And there is much evidence indicating that the administration leans strongly to cancelation or at least reduction.

In this bill Congress faces one of the most momentous pieces of legislation yet presented. The implications of the measure are so far-reaching that, if the bill is passed, the President will not only be authorized to do as he pleases about the debts but he will also have the absolute power of life and death over American industry and agriculture.

The purpose of a tariff levy is to protect American labor, industry, and agriculture from the undermining influences of foreign goods and agricultural products produced by cheap labor abroad, working under much lower standards of living than our own people. Thus if we had no import duty on manufactured goods, the land would be flooded with products of European and oriental manufacture. We place a duty on commodities, representing the difference between the cost of production here and abroad, in order that our own producers may compete on a parity with the imported goods. We want our own factories to run and our own toilers to have work. We must protect the American wage earner in order to uphold the American wage scale and the American standard of living. Only thus can we get out of the depression. A tariff is our first line of economic defense. Shattering this economic defense is as dangerous as depriving our people of the security of adequate national defense against foreign aggression.

We have a tariff on agricultural products to protect the American farmer. If there were no protective duty, we would find foreign wheat and other commodities pouring into our metropolitan centers. We would see great areas of the beet-sugar States made barren. Into our seaboard regions would come butter and other dairy products from Europe and the range lands of South America; Australia and South Africa would send us wool and hides to the detriment of American sheep and cattle raisers.

Free-traders claim that admitting goods without a tariff permits the city wage earner to be supplied with the necessities of life at a low price. The free-trader forgets, however, that when we

turn the American market over to foreign goods which undersell the commodities made by the American wage earner, there is no demand for the latter's product; he loses his job and the net result is increased unemployment.

That would never aid recovery; it would have the opposite effect. With decreased purchasing power the wage earner would be unable to buy the products of American industry and American agriculture and the depression would only be aggravated. In short, a lowering of tariffs would mean extending an invitation to foreign nations to dump their cheap products on our shores, thereby bringing our living standards down to those of alien lands.

Passage of the bill now pending would deal one of the most dangerous blows to the Constitution which has been threatened in the entire administration program. The Congress has abdicated much of its constitutional power to the Executive under the guise of emergency. With disturbing swiftness since last March we have seen our liberties vanishing to the point where it is now fair to question whether or not we are still living under a representative form of government. If this bill passes, there will be no question. The journey toward Executive dictatorship will be virtually ended—so far have we gone from government of, for, and by the people to a government by Executive fiat and unchecked bureaucracy.

Under the Constitution the tariff-making authority is lodged in the Congress, which is in turn responsible to the people. Now, however, Congress is directed to give the President absolute power to effect trade agreements without knowing what kind of pacts will be made, without knowing what industries will be sacrificed, without knowing anything at all beforehand. Regardless of the action taken by the Executive, Congress would be helpless. Nor is this vast delegation of power considered as emergency legislation. It is to be a permanent innovation.

It has been the policy of the administration to hold out glittering promises of prosperity to gain support for its measures. The trade-agreement arguments now advanced are in line with this practice. We are told that our export trade will go far toward restoring prosperity, notwithstanding the fact that not more than 6 to 7 percent of our total production is sold abroad. Ninety to ninety-five percent of all American production is sold in the American market, and that market must be preserved for the American people. Otherwise there can be no return to prosperous times. We have been witnessing the rise of dictatorship and the decline of constitutional government, step by step, with the passing of legislation clothing the Executive with autocratic power. Unless a halt is called on such procedure, representative government in America will soon have perished.

The methods pursued in this proposed legislation give rise to grave suspicion. The bill was drawn by someone in the executive department of the Government and sent to the House of Representatives for introduction—although the constitutional and traditional procedure is for Congress to initiate and to pass legislation. On March 5 it was announced that hearings would be held beginning March 8—the hearings to last 1 week. The administration had a year to prepare for these hearings, while those who might be opposed to the plan were given only 3 days' notice.

While the hearings were being conducted, Mr. Sayre, Assistant Secretary of State, who is reported to have drafted the bill, appeared. He was asked if he could give the committee some idea of the bargaining that would be undertaken. He said:

"* * * I don't feel that it is quite possible to reveal the approaches the foreign governments made in confidence to the State Department. I think, really, sir, it would not be politic or wise or fair to reveal such approaches as have been made."

Here we have a member of our own State Department admitting that foreign approaches have been made to our Government, yet he refuses to disclose the slightest information as to the character of those approaches, even to the direct representatives of the people.

The bill would empower the President to enter into reciprocal agreements without advising with or consulting Congress either before or after the agreements are made. This vast authority would not only be given to the Executive but he would be permitted to exercise it secretly and as he alone saw fit. The constitutional power of the Senate to ratify treaties would then become a dead letter.

Thus the administration takes another step forward in bureaucratic control; authority is to be placed in the Executive, who in turn must delegate much of it to subordinates and bureaucrats who are not selected by nor responsive to the electorate.

The pending legislation is inconsistent with the President's own recovery program which is in itself nationalistic. This proposed measure in its purpose and scope would be another step toward internationalism, whereas the present recovery effort must be essentially nationalistic. Efforts have been made to raise the wages of labor and to shorten the working week. To do this, employers have had to face increased costs and the result has been a rise in prices to the consumer. It would seem that the logical concomitant of the recovery program would be an increase rather than a decrease in tariff rates for the adequate protection of the American wage earner.

We are living in a world replete with rabid nationalism. Quotas, embargoes, and trade limits are the order of the day. The more progressive countries of the world are becoming more self-contained. They are manufacturing more goods which they formerly had imported, and are producing agricultural commodities formerly brought in from other lands. How can we, with prudence and safety, embark on a policy which directly controverts our own recovery program and which is out of tune with the times?

The alleged purpose of the contemplated agreements is to increase our export trade. But in order to augment this trade, we would be compelled to make certain concessions—such concessions would be in the form of lower duties on now dutiable products. This would in effect, of course, be letting down the bars for foreign dumping. It naturally follows as an inescapable consequence that some of our industries would have to be sacrified.

But what industries are to be scrapped or guillotined for the sake of this burst of export trade? No answer has been made to this question, although it has repeatedly been propounded by objectors to the bill. Under the proposed measure an industry would not know its fate until the newspapers announced that a trade agreement had been secretly consummated. It would not know the provisions of any proposed agreement until the matter was signed, and then it might perchance be forced to dismantle its plants and discharge its employees.

Under this iniquitous proposal factories would be closed and farm lands in many sections laid waste by the dumping of foreign goods on our shores. Thus every American industry and great sections of our farm areas are subjected to the threat of being arbitrarily condemned to death without a hearing, without a trial, without recourse or appeal from the verdict of the executioner. Such practice would be un-American and opposed to the American tradition of fair play.

It is said by the President that "no sound and important American interest will be injuriously disturbed." But this assurance is not convincing. We cannot hope to make great gains in the export market unless some American industries and the American farmer are sacrificed. The bulk of our principal imports is now on the free list and hence not available for the purposes of tariff bargaining.

Accordingly it would seem to be better policy to use this free list as a lever to force or threaten duties in return for concessions from foreign governments rather than to reduce the duties which form a bulwark of protection to our people.

The internationalists forget that the greatest market in the world is our own American market. Real recovery lies in the path that will develop fully this market and put the millions of unemployed to work. From 90 to 95 percent of our total trade is in the domestic market—the rest is in the export field. The importance of the home market is such that we should not allow ourselves to be placed in the position of having the tail wag the dog. Let us face the facts. Our foreign trade will decrease in comparison as foreign countries become more and more self-contained through added development of their own manufactures and increased production of their own agricultural commodities. The fact is that the heyday of foreign trade is past—we must look to the American market and develop our domestic trade to the utmost.

One of the most pernicious effects which would undoubtedly follow passage of this bill is cancelation of the war debts. Of course, such a step is directly opposed to the sentiment and the wishes of the American people. It has been widely reported in the press, and not denied, that Europe expects reciprocal trade pacts to be the first step to reduction or cancelation of their obligations to the American people.

Europe demands two things in return for trade concessions—lowering of our protective barriers and cancelation or drastic reduction of the war debts. That the administration has given the debtor nations considerable encouragement in this direction is not seriously disputed.

It has been reported by the press throughout the country, and not denied, that Europe was given to understand that the President intended to ask for power to negotiate trade treaties in order that the final settlement of the war-debt problem would be taken out of the hands of Congress. The advocates of cancelation aver that no settlement can be made of the debt problem until we alter our trade and tariff policy—they say that the debt question will be settled when the Executive gets complete authority to negotiate reciprocal trade agreements. This bill provides such power; and if enacted, we might as well bid goodbye to the billions of dollars due the American taxpayers from Europe.

To summarize briefly, the pending bill should be defeated because:

It is one more step toward absolute dictatorship.

It is not consistent with the traditional and constitutional practices of representative government.

It contains a potential death threat to American industry and American agriculture and can only mean the inevitable lowering of the American wage scale and the American standard of living.

It is not consistent with our own recovery program or with the trend of world affairs.

It would mean drastic reduction and perhaps cancelation of the war debts.

It is our business to get out of the depression and back to prosperous times. Passage of this proposed measure would only add to our difficulties.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

REPORTS OF COMMITTEES

The VICE PRESIDENT. Reports of committees are in order.

Mr. PITTMAN, from the Committee on Foreign Relations, reported favorably the following nominations:

Carol H. Foster, of Maryland, now a Foreign Service officer of class 4 and a consul, to be a consul general of the United States of America; and

George S. Messersmith, of Delaware, to be Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Austria.

Mr. DILL, from the Committee on the Judiciary, reported favorably the following nominations:

J. Charles Dennis, of Washington, to be United States attorney, western district of Washington, to succeed Anthony Savage, resigned; and

James M. Simpson, of Washington, to be United States attorney, eastern district of Washington, to succeed Roy C. Fox, whose resignation was effective at the close of February 28, 1934.

Mr. McADOO, from the Committee on Patents, reported favorably the following nominations:

Leslie Frazer, of Utah, to be Assistant Commissioner of Patents vice Fred M. Hopkins; and

Bryan M. Battey, of New York, to be Assistant Commissioner of Patents vice Millard J. Moore, retired.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The VICE PRESIDENT. The reports will be placed on the calendar.

ASSISTANT COMMISSIONER OF PATENTS

Mr. KING. Mr. President, I ask unanimous consent for the present consideration of the nomination of Leslie Frazer, of Utah, to be Assistant Commissioner of Patents. I have spoken to the leader upon the other side, the Senator from Oregon [Mr. McNARY], and he has stated that that is agreeable to him.

The VICE PRESIDENT. Is there objection to the request of the Senator from Utah? The Chair hears none.

The question is on the confirmation of the nomination of Mr. Frazer. Without objection, the nomination is confirmed.

The calendar is in order.

FEDERAL HOME LOAN BANK BOARD

The legislative clerk read the nomination of Fred W. Catlett, of Washington, to be a member of the Federal Home Loan Bank Board.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

THE JUDICIARY

The legislative clerk read the nomination of William T. Mahoney to be United States marshal for division no. 1, district of Alaska.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk proceeded to read the nominations of sundry postmasters.

Mr. McKELLAR. Mr. President, I ask unanimous consent that the nominations of postmasters in Alabama and Arkansas, on the first page of the calendar, be confirmed en bloc.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the nominations referred to are confirmed en bloc.

Mr. McKELLAR. I ask that the nominations of postmasters in Georgia, Iowa, Missouri, and New Hampshire, appearing on page 2 of the calendar, may be passed over.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the nominations referred to will be passed over.

Mr. McKELLAR. The remainder of the nominations on that page should be confirmed; and on page 3, those in New York and North Dakota should be confirmed, and those in Oklahoma and Oregon should remain on the calendar. My reason for this request is that by mistake one of the Senators from each of the States where the nominations are held over was not consulted.

The VICE PRESIDENT. Is there objection to the request of the Senator from Tennessee? The Chair hears none. The nominations for which the Senator asks confirmation are, without objection, confirmed en bloc. The others are passed over.

IN THE ARMY

The legislative clerk proceeded to read sundry nominations for appointments and promotions in the Regular Army.

Mr. SHEPPARD. I ask that the Army nominations be confirmed en bloc.

The VICE PRESIDENT. Without objection, the nominations are confirmed en bloc.

MARINE CORPS

The legislative clerk proceeded to read sundry nominations for promotions in the Marine Corps.

Mr. ROBINSON of Arkansas. Mr. President, I suggest that the same order be made with respect to the nominations for promotions in the Marine Corps.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the nominations are confirmed en bloc.

PUBLIC HEALTH SERVICE

The legislative clerk proceeded to read sundry nominations for promotions in the Public Health Service.

Mr. ROBINSON of Arkansas. Mr. President, I ask that the nominations in the Public Health Service be confirmed en bloc.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the nominations are confirmed en bloc.

RECESS TO MONDAY

The Senate resumed legislative session.

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate take a recess until Monday next at 12 o'clock noon.

The motion was agreed to; and (at 6 o'clock p.m.) the Senate took a recess until Monday, April 2, 1934, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate March 29 (legislative day of Mar. 28), 1934

MEMBER OF THE FEDERAL HOME LOAN BANK BOARD

Fred W. Catlett to be a member of the Federal Home Loan Board.

ASSISTANT COMMISSIONER OF PATENTS

Leslie Frazer to be Assistant Commissioner of Patents.

UNITED STATES MARSHAL

William T. Mahoney to be United States marshal for division no. 1, District of Alaska.

PUBLIC HEALTH SERVICE

TO BE PASSED ASSISTANT SURGEONS

Mason V. Hargett	Erwin W. Blatter
Cassius J. Van Slyke	Russell Thomas

APPOINTMENT BY TRANSFER IN THE REGULAR ARMY

TO AIR CORPS

Second Lt. William Gordon Beard.
Second Lt. Julian Merritt Chappell.
Second Lt. John Joseph Hutchison.
Second Lt. Arnold Leon Schroeder.
Second Lt. John Francis Wadman.

PROMOTIONS IN THE REGULAR ARMY

Ned Bernard Rehkopf to be colonel, Field Artillery.

Thruston Hughes to be lieutenant colonel, Adjutant General's Department.

Benjamin Bowering to be major, Coast Artillery Corps.

Charles Theodore Skow to be captain, Air Corps.

John Jordan Morrow to be first lieutenant, Air Corps.

Mercer Christie Walter to be first lieutenant, Field Artillery.

Theodore John Dayharsh to be first lieutenant, Coast Artillery Corps.

PROMOTIONS IN THE NAVY

MARINE CORPS

John H. Russell to be major general commandant of the Marine Corps.

Harry Lee to be major general (temporary).
Douglas C. McDougal to be brigadier general.
John Dixon to be lieutenant colonel.
James B. Hardie to be captain.
William R. Williams to be first lieutenant.
Roger T. Carleson to be first lieutenant.
Frank G. Dailey to be first lieutenant.
Douglas C. McDougal, Jr., to be second lieutenant.

POSTMASTERS

ALABAMA

Thomas S. Christian, Alexander City.
James F. Creen, Jr., Blue Mountain.
Francis G. Rowland, Childersburg.
Lewis A. Easterly, Hayneville.
Julian J. Chambliss, Hurtsboro.
William C. Stearns, Lanett.
John W. Johnson, Langdale.
Maurice F. Law, Linden.
Jesse B. Adams, Ozark.
James R. Moody, Russellville.
Bettie T. Forster, Thomasville.
Ferne W. Rainer, Union Springs.
Roy G. Carpenter, Winfield.

ARKANSAS

William W. Harris, Earl.
Ambrose D. McDaniel, Forrest City.
Harmon T. Griffin, Lake City.
Sue M. Brown, Luxora.
Elmer McHaney, Marmaduke.

KANSAS

Samuel N. Nunemaker, Hesston.

MICHIGAN

Frank C. Jarvis, Grand Rapids.

NEW YORK

Thomas J. Hartnett, Hempstead.
Fannie Schwartz, Long Beach.
Thomas F. Clancy, Wantagh.

NORTH DAKOTA

Harold R. McKechnie, Calvin.
Anthony Hentges, Michigan.

HOUSE OF REPRESENTATIVES

THURSDAY, MARCH 29, 1934

The House met at 11 o'clock a.m.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Almighty God, draw near to all who need wisdom and direction; throw Thy light upon all the scenes of our lives and give good cheer to any who may sit in darkness. Heavenly Father, Thou dost call us to a life of service without pride or fear, without self-will or murmuring, and it requires obedience to Thy holy will and law. Do Thou arm us with the might of conviction, with the sternness of principle, and with constancy of purpose. O help us to seek and to strive for the supreme gifts of life, namely, a peaceful conscience, a pure heart, and a clean character. Blessed Lord, we rejoice that behind Thee there is supernal glory and with Thee there is all the fullness of beauty, mercy, and love. O God, we wait; we pray in reverent humility as we approach the dark of Calvary's Cross. Oh, may we bow down and feel the sovereignty of the uttermost depths of divine love. At this altar of heaven's and earth's utmost sacrifice, every sin of human experience is condemned and every inspiration that saves flows from our Savior's breast. O Immortal Love: it tempers the fiery law, in it faults are forgiven, sorrows are borne together, and struggles are shared. Oh, let the whole earth move toward its majesty and power. Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate having proceeded to reconsider the bill (H.R. 6663) entitled "An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1935, and for other purposes," returned by the President of the United States to the House of Representatives, in which it originated, with his objections, and passed by the House on a reconsideration of the same, it was

Resolved, That the said bill pass, two thirds of the Senators present having voted in the affirmative.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7599) to provide emergency aid for the repair or reconstruction of homes and other property damaged by earthquake, tidal wave, flood, tornado, or cyclone in 1933 and 1934.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7478) to amend the Agricultural Adjustment Act so as to include cattle as a basic agricultural commodity, and for other purposes.

SUGAR CONTROL

Mr. KLEBERG. Mr. Speaker, by direction of the Committee on Agriculture, I ask unanimous consent that that committee may be allowed to sit during sessions of the House today and tomorrow and that it may file not later than midnight tomorrow a report on the bill H.R. 8861, to include sugar beets and sugar cane as basic agricultural commodities under the Agricultural Adjustment Act, and for other purposes.

Mr. KNUTSON. Mr. Speaker, reserving the right to object, is the gentleman referring to the bill H.R. 8861, introduced by the gentleman from Texas [Mr. JONES] on yesterday?

Mr. KLEBERG. Yes.

Mr. KNUTSON. And are we to understand that the Committee on Agriculture will conclude hearings on this important legislation in 2 days?

Mr. KLEBERG. The hearings have been concluded.

Mr. KNUTSON. Are not the sugar people to be given an opportunity to be heard?

Mr. KLEBERG. I may say to the gentleman from Minnesota that the hearings on the bill have been concluded; and my pending request is submitted by the unanimous direction of the entire committee, now in session.

Mr. KNUTSON. Over how long a time did the hearings extend?

Mr. KLEBERG. I cannot give the gentleman the exact number of days, but the hearings extended over the past 2 or 3 weeks.

Mr. VINSON of Kentucky. Mr. Speaker, will the gentleman yield?

Mr. KNUTSON. I yield.

Mr. VINSON of Kentucky. Do I understand the gentleman from Minnesota, who has shown interest in the sugar-beet question, wants to prevent a committee of the House from considering this important question?

Mr. KNUTSON. I want to know whether or not this matter has had proper consideration in the committee; and I am asking for information.

Mr. KLEBERG. I assure the gentleman that it has.

Mr. KNUTSON. I would like to get the opinion of the gentleman from Michigan [Mr. WOODRUFF].

Mr. WOODRUFF. Mr. Speaker, is the bill under discussion H.R. 8861, the bill introduced yesterday afternoon by the gentleman from Texas [Mr. JONES]?

Mr. KLEBERG. While I cannot give the gentleman the exact number, that is the bill.

Mr. WOODRUFF. Do I understand the gentleman to say that the committee has given this bill the proper amount of consideration?

Mr. KLEBERG. I may say that the committee has given it full and complete consideration for 2 or 3 weeks.

Mr. WOODRUFF. I read this bill this morning, and I shall be greatly surprised if the gentleman assures me now that every member of this committee has even read this bill.

Mr. KLEBERG. I may suggest to the gentleman from Michigan that this bill is the actual result of over 3 weeks' exhaustive study and hearings on this matter.

Mr. WOODRUFF. Do I understand the gentleman from Texas to say that the bill has the approval of the members of the House Committee on Agriculture?

Mr. KLEBERG. I am asking permission now for the committee to sit during the sessions of the House today and tomorrow in order that the committee may go over the bill again and see whether it should be changed or amended in any detail.

Mr. WOODRUFF. Mr. Speaker, reserving the right to object, in view of the fact the committee is inclined to give this bill further consideration than it has already received, because it could not already have received much consideration inasmuch as it was introduced only yesterday afternoon, I do not intend to press my objection but would like some information.

Mr. KLEBERG. I may suggest to the gentleman that the bill to which he refers happens to be in accordance with the procedure of representative government, and the committee joined in ordering my request today by the chairman of the committee.

Mr. WOODRUFF. Does the gentleman go so far as to assure the House that the provisions of this bill meet the approval of every member of the Committee on Agriculture?

Mr. KLEBERG. I might suggest to the gentleman from Michigan that the unanimous consent I have sought is asked by direction of the committee and for the purpose of giving the committee time in which to go over this subject again, although it has already been gone over in great detail. In addition, may I say to the gentleman from Michigan, it is important to all interested in sugar production and the sugar industry of the United States to have this bill passed as expeditiously as possible.

Mr. WOODRUFF. I do not agree with the gentleman. I still reserve the right to object, Mr. Speaker.

Mr. KNUTSON. Let us have a little more information.

Mr. WOODRUFF. Mr. Speaker, reserving the right to object, I think perhaps we can expedite business if the gentleman will be a little patient. The gentleman having said that the members of the Committee on Agriculture desire more time, not having given this particular bill the consideration they wish to give it, I shall not object.

Mr. KLEBERG. I have previously made the statement that the bill is the result of a most complete and exhaustive study. Hearings were held on this question and I am here representing the committee in making this request.

Mr. WOODRUFF. The gentleman has addressed himself to me.

Mr. VINSON of Kentucky. Mr. Speaker, I ask for the regular order.

Mr. KNUTSON. The regular order would be a no quorum.

Mr. BYRNS. If the gentleman wants to oppose what the sugar-beet representatives want he may make a point of no quorum.

Mr. KNUTSON. I want to get some information. I have looked this bill over and it is a drastic piece of legislation. May I ask the gentleman from Texas if this bill was drafted by the Committee on Agriculture?

Mr. KLEBERG. I repeat that this bill is the result of exhaustive hearings and the bill we have under consideration we are anxious to report not later than tomorrow night.

Mr. WOODRUFF. This bill was not drawn by the Committee on Agriculture, it was drafted in the Department of Agriculture and sent up here to be introduced by the gentleman from Texas [Mr. JONES].

Mr. KLEBERG. I can only speak for one member of the committee, so far as the gentleman's statement is concerned, but I represent the committee insofar as this unanimous-consent request is concerned.

Mr. McGUGIN. Mr. Speaker, reserving the right to object, may I ask the gentleman how long the hearings were?

Mr. KLEBERG. I could not give the gentleman the exact number of days, but at least 2 or 3 weeks.

Mr. McGUGIN. The committee has had it long enough to reach the determination that the ax is to be laid to the American sugar industry.

Mr. KLEBERG. The gentleman is, of course, entitled to his unsupported opinion. He will oppose relief, I am sure.

Mr. VINSON of Kentucky. Mr. Speaker, I demand the regular order.

The SPEAKER. The regular order is demanded. Is there objection to the request of the gentleman from Texas?

There was no objection.

NAZI PROPAGANDA INVESTIGATION

Mr. KRAMER. Mr. Speaker, I present a privileged report on House Resolution 199 (Rept. No. 1103) from the Committee on Accounts and ask for its immediate consideration.

The Clerk read as follows:

House Resolution 199

Resolved, That the expenses of conducting the investigation authorized by H.Res. 198, incurred by the special committee appointed to investigate Nazi propaganda activities in the United States and related questions, acting as a whole or by subcommittee, not to exceed $25,000, including expenditures for the employment of experts, and clerical, stenographic, and other assistants, shall be paid out of the contingent fund of the House on vouchers authorized by such committee, signed by the chairman thereof, and approved by the Committee on Accounts; and the head of each executive department is hereby requested to detail to said special committee such number of legal and expert assistants and investigators as said committee may from time to time deem necessary.

With the following amendments:

In line 5, strike out the figures "$25,000" and insert the figures "$10,000", and at the end of the resolution add the following: "that the official committee reporters shall be used at all hearings held in the District of Columbia."

Mr. SNELL. Mr. Speaker, reserving the right to object, I understand this resolution is presented with the full approval of the Committee on Accounts?

Mr. KRAMER. Yes.

Mr. SNELL. And nothing is said about the number of investigators to be employed?

Mr. KRAMER. No.

Mr. SNELL. Of course the Committee on Accounts is justified in bringing this resolution in because the House itself authorized the investigation, so I do not see that there is anything else to be done about the matter.

Mr. KRAMER. Mr. Speaker, I move the previous question on the amendments and the resolution.

The committee amendments were agreed to.

The resolution was agreed to.

A motion to reconsider was laid on the table.

THE SO-CALLED "SOLDIERS' BONUS"

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting a radio address which I made over the radio last night.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address delivered by myself over the General Broadcasting System's

network March 28, 1934, at 9:30 p.m., on the subject The so-called "Soldiers' Bonus":

Ladies and gentlemen of the radio audience, March 12, 1934, the House of Representatives by a vote of 295 for, to 125 against, passed the bill H.R. 1, providing for the full and immediate payment in cash of the adjusted-service certificates. This bill is now pending in the United States Senate, and it is not known when that body will act upon it.

NOT A BONUS—A DEBT

This proposal is often referred to as the "bonus bill." An adjusted-service certificate does not represent a bonus; it represents a debt that has been acknowledged by Congress to a veteran of the World War for services rendered. Three million six hundred thousand World War veterans hold these certificates; the average value is $1,000. About 85 percent of the certificates have been pledged for loans; there is a remainder due at this time, after deducting prior loans and interest to October 1, 1931, of about $2,200,000,000.

The term "soldier bonus" is a misnomer; it is a soldier debt.

If you favor paying these certificates never use the word "bonus." You condemn the cause you advocate if you do. The words "adjusted-service certificate" should be used instead.

In order to persuade the Congress of the United States to enact a law providing for the full cash payment of the adjusted-service certificates the burden is upon us to show (1) that the face value of each certificate is really past due, although payable in 1945, and (2) that the Government can pay the debt at this time without detriment to the general welfare. We made that showing in the House of Representatives on March 12, last, when the bill received the approval of that body. We showed further that the payment of the debt at this time would benefit all the people of the Nation and promote the general welfare.

CERTIFICATES DUE OCTOBER 1, 1931

When the war was over bills were introduced in Congress providing for the adjustment of the pay of those who were in the military service. The private soldier drew $30 a month during his service. From this pay deductions of from $10 to $20 a month were often made for his dependents, $6.60 a month was deducted for a life-insurance premium; he also paid for altering and mending his clothing and shoes, as well as other incidental expenses. After thorough and deliberate consideration Congress declared that the lowest paid civilian laborer during the war received between $1 and $1.25 more per day for services than the veteran received. Congress, on three different occasions passed bills confessing a debt to the veterans for adjusted pay. The amount agreed upon was $1 additional for each day one served in the United States and $1.25 a day additional for each day one served overseas. The last bill which passed Congress became a law, but instead of making the payment in cash an adjusted-service certificate, or an I O U, marked "negotiable", payable in 20 years, was given to the veterans; the ones who were entitled to receive $50 or less were paid in cash. In this bill we are not asking for the 25-percent increase for waiting, which Congress said was reasonable. That part is eliminated. If a veteran is given the $1 and $1.25 a day as of the time the services were rendered, with a reasonable rate of interest from that time, he was entitled to an amount equal to the face or maturity value of his adjusted-service certificate October 1, 1931. Therefore the certificates were really due October 1, 1931, although made payable in 1945.

GOVERNMENT'S MONEY PLANT

We have in Washington, D.C., a modern, up-to-date manufacturing plant employing 4,500 people. It is the Bureau of Engraving and Printing. Each day the Bureau of Engraving and Printing turns out new bills—paper money, the same kind of money you are using. Eighty percent of all the money is paper money. The Bureau of Engraving and Printing turns out each year between three and five billion dollars of new crisp greenback money.

It is true that a large amount of this money is to replace old worn-out bills, but a substantial part of it is new additional money that is being printed for the national banks and Federal Reserve banks when they deposit Government bonds with which to get that money.

I wish somebody would explain to me how it is safe and sound, and you are not jeopardizing the gold standard or gold-reserve standard or the sound-money system for the banks to take Government bonds, deposit them with the Secretary of the Treasury, and get money in return for them, and yet it would be unsound and unsafe for the veterans holding Government obligations to do the same thing.

SAME KIND OF MONEY NOW IN CIRCULATION

This bill H.R. 1 provides that United States notes shall be issued to pay these certificates. That is the same kind of money that is in circulation today. It will be just exactly like the money you use every day. It will be backed in identically the same manner as the present United States notes. The Gold Standard Act of 1900 will apply to this money. This means that every dollar of the money that is issued will be backed by all the gold in the general fund of the United States Treasury, and we have in the general fund of the Treasury today $3,126,000,000. You will recall that a while back, in connection with revaluation, as one witness expressed it, the Government reached out into thin air and drew down almost $3,000,000,000 in free gold. This money is in the Treasury of the United States, unallocated, unencumbered, and unobligated. You can lay $2,000,000,000 aside for the stabilization fund and still have enough remaining to back this money with a 40-percent gold reserve and still have plenty of gold left.

So, having the gold to back the money to pay, and the debt can be paid without a bond issue, without increasing the taxes, without incurring any other obligation in any fashion, do not you think that we are fortunate that we can put the money into circulation in this manner where it can benefit everybody?

HOW DOES MONEY GET INTO CIRCULATION?

The Government, under existing law, sells a bank a thousand-dollar bond drawing 3⅜-percent interest, or $33.75 interest for a year. The bank immediately redeposits the bond with the same United States Treasury that sold it to the bank, and receives in return therefor $1,000 in new money. Fifty dollars of the money is left on deposit with the Treasury. The bank gets the use of the money and also gets interest on the bonds deposited. There is a small charge of one half of 1 percent against the bank for expenses in connection with the issuance and reissuance of the money. Therefore, banks can take Government obligations due in 1945 and receive new money in return for them, and at the same time get interest on the obligations. Why is it not fair to let the veteran take his obligation, made payable in 1945, and receive money in a similar manner? There is no difference in the two obligations. They are both made payable in 1945; they are both backed by the credit of this Nation; they are both obligations of this Nation. Money purchased one, services purchased the other. If it is fair for the bank, it is fair for the veterans.

IF THIS BILL IS ENACTED

First. It will save the Government more than a billion dollars, or $112,000,000 a year for 12 years. It will not cost the taxpayers one cent, but will save them over a billion dollars.

Second. It will save the Government more than $10,000,000 in administration expenses of the Adjusted Compensation Act between now and 1945.

Third. It will pay a debt heretofore confessed by the Government to the veterans for services rendered.

Fourth. It will be granting to the veterans the right to deposit a Government obligation and receive in return therefor new currency, the same right that is now enjoyed by Federal Reserve banks and all national banks.

Fifth. It will prevent the veterans from losing a valuable equity by releasing them from the payment of compound interest on their loans. Veterans who have borrowed 50 percent under the present law will have very little remaining in 1945. It is not right for the Government and the banks to consume these valuable equities by requiring the veterans to pay compound interest on their own money.

Sixth. It will require no bond issue, no increase in taxes, no additional interest payment by the Government. The debt must be paid some time. Everybody will be helped if it is paid now.

Seventh. The Treasury holds in the general fund $3,126,000,000 in gold. It is unencumbered. This does not include the gold owned by the Federal Reserve banks. This is sufficient gold to issue $8,000,000,000 in new currency without reducing the gold reserve less than 40 percent. No nation on earth has ever claimed that more than a 40-percent gold reserve as a reserve for issuing money is required.

Purchasing power must be placed in the hands of the masses. In this way it can be distributed quickly without the possibility of graft or favoritism. It is the best plan that has been proposed to be used as a vehicle to convey additional money into the hands of those who will buy goods. It will start the country back on the road to recovery.

EVERYBODY BENEFITED

The money will go into every nook and corner of the Nation. It will increase the per capita circulation of money about $18. Every community will get a share. It will go to every class, race, and creed; every occupation, avocation, and trade will be benefited; it will be deposited in the banks, which will increase the reserves of the banks and make credit easier to obtain. This money will be spent, thereby causing an expansion of consumption; it will not be hoarded but will immediately go into the channels of trade and production. It will benefit the general welfare as well as the veterans. It will provide buying power for the people.

Do not overlook these facts:

First. The question of buying power is the greatest question confronting us.

Second. Our problem is not so much overproduction as it is underconsumption. If the people of America and the world had the buying power to purchase what they actually need of the comforts and necessities of life it is very doubtful that we would have overproduction of any commodity.

Third. Therefore any proposal that will distribute buying power should receive serious consideration.

Fourth. Ex-United States Senator Robert L. Owen of Oklahoma, a former national banker and framer of the Federal Reserve Act, recently pointed out in a letter to Senator FLETCHER, chairman of the Committee on Banking and Currency in the Senate, that there has been a shrinkage and contraction of the currency of $1,600,000,000 during the past 12 months; there has been a contraction of commercial checking deposits of $20,000,000,000 since the depression begun; that the effect of this contraction has been to destroy the value of property in terms of money and to give money a very extraordinary value in terms of property; that banks, under these conditions, are apparently unable or unwilling to expand these deposits by loans and to restore the volume of

credit which we previously had; that the Government alone can expand the currency money to replace the check money contracted. I hope you read Senator Owen's statement in full. It appears in the CONGRESSIONAL RECORD of March 22, at page 5090.

THE REAL REASON FOR OPPOSITION

Let me tell you the real reason the payment of these certificates in new money is opposed. The ones who oppose it will tell you that $2,200,000,000 is not too much money to put into circulation at this time; they will also tell you that the method of payment is sound and is not in violation of governmental policies, but they tell you that if Congress ever commences to issue money in this way, it will probably continue to issue money instead of tax-exempt, interest-bearing bonds—that it would be a bad precedent—that bonds instead of money should be issued so that the interest burden will act as a check on the issuance of Government obligations. Further, that banks, insurance companies, and other concerns need interest-bearing, tax-exempt Government obligations to keep their surplus funds invested in. This argument is as imbecilic as our present policy of issuing and distributing money is idiotic.

ACTUAL MONEY INSTEAD OF BONDS

One of these days the American people will consider the question of Government bonds and Government currency at the same time. When they do, as Thomas A. Edison said, there will be no more tax-exempt, interest-bearing bonds issued by the Government. Money will be issued instead. Any government that can issue a dollar bond, interest bearing, that is good, can issue a dollar bill that is not interest bearing that is good.

The banks of the Nation are loaded to the brim with Government bonds. What incentive have they to loan money to industry when the Government is keeping them up? If they need more money to buy more Government bonds they can deposit a part of the Government bonds on hand and get it.

DIEHARD REACTIONARIES

I know the argument made by the diehard reactionaries against a proposal to issue currency instead of bonds. They will say that the issuance of so much money will cause wild inflation. We can control that feature. Under the present system banks can issue 10 credit dollars to every one actual dollar in its possession. As we increase the money supply we can change the banking requirements so that they cannot issue so many credit dollars to every dollar. If we were to gradually pay off the national debt with new money we could change the banking laws so that the banks could not issue more than two credit dollars to every one dollar and thus avoid undue inflation. These same reactionaries will tell you that it is perfectly safe and sound for them to issue credit dollars to the same amount. There is a considerable difference to the people in credit money, bankers' money, and money issued by the Government. Someone is paying interest on the bankers' money or credit every day it is outstanding; no one is paying interest on money issued directly by the Government while it is outstanding. In 1932 our people's interest burden was 10 billion dollars out of a national income of only 40 billions.

IDIOTIC MONEY SYSTEM

Most of the currency in actual use and circulation today is Federal Reserve notes. They are issued to the 12 Federal Reserve banks by the Government. I have in my possession a Federal Reserve note issued to the Federal Reserve Bank of Richmond, Va. It is for $10; it was made at the Bureau of Engraving and Printing here in Washington; it looks like what is known as a "greenback." Did this bank pay the Government anything for this note? Yes; about 26 cents a thousand dollars worth, the cost of printing. It also deposited some of the bank depositors' gold and eligible paper as security. Does this bank agree to redeem this note? No; the Government printed on it this language, "The United States of America will pay to the bearer on demand $10." Therefore the Government agrees to redeem it; it represents a blanket mortgage on all the property of all the people of this Nation, and further it represents a first mortgage on the incomes of all the people. Does the Government charge this bank anything for the use of this great privilege? Not a penny; section 16 of the Federal Reserve Act states that the bank shall pay an interest charge—seems to be mandatory—but the Federal Reserve Board set the zero rate of interest which is the prevailing rate at this time. These institutions are also exempt from all taxes except on their real estate. Who owns Federal Reserve banks that have this great privilege? The member banks own them; not a penny of stock is owned by the Government or the people.

Every dollar of money acquired in this way may be used by these banks as a reserve for the issuance of 10 additional credit dollars to the people who pay interest on it every day it is outstanding. The Federal Reserve bank of New York has purchased $796,755,000 of Government interest-bearing tax-exempt securities. It paid Government credit for these securities. The Government continues to pay interest to this bank on these securities although they have been purchased with Government credit. If you were to give someone the money to pay off the mortgage on your home would you continue to pay interest on the mortgage after your agent had fully paid the amount due the holder? That is what the Government is doing. All 12 of the Federal Reserve banks hold $2,431,895,000 of Government securities purchased in a similar manner.

The Constitution of the United States says that Congress shall coin money and regulate its value. This great privilege has been farmed out to a few large bankers. We want Congress to regain and exercise this power. The issuance of the $2,200,000,000 to veterans in payment of this debt will be a long step in that direction.

RECIPROCAL TRADE AGREEMENTS

Mr. DOUGHTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R. 8687) to amend the Tariff Act of 1930.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H.R. 8687, with Mr. PARSONS in the chair.

The Clerk read the title of the bill.

Mr. TREADWAY. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Chairman, tomorrow happens to be Good Friday, and I suppose it would be apropos to preface what I have to say with an allusion to the story of the Good Samaritan. You will remember the gentleman who went down the road from Jerusalem to Jericho. The priest passed him on one side and the Levite on the other. Then came the Good Samaritan, and if I remember my scriptural language correctly, it says, "He came where he was". There were no brass bands. There was no heralding. He just came where he was. I want to approach my consideration of this matter in the same fashion by coming right where it is.

After all, this is nothing more than an effort to find an outlet for our surplus agricultural commodities. I live right in the heart of the Corn Belt, where we market corn by the bushel and by the gallon, and therefore I am vitally interested. I am also interested in the industries in my district. May I point out what I deem to be some of the weaknesses of this bill which seeks to confer so much power upon the Chief Executive, with the possibility of prejudicing such industries in my district as might be deemed inefficient. This may seem like a sectional appeal, and yet I believe that both industry and agriculture in all other districts in the Nation are affected in the same manner and in the same proportion as in the Sixteenth District of Illinois.

First, let me reaffirm my interest in agriculture and say that prosperity begins with the soil. I yield to no man in my desire to increase farm prices and bring prosperity to the land.

This bill seeks to bring about higher prices by finding a foreign demand or outlet for surplus agricultural products. Create a demand which approximates supply and prices will rise. That is elemental.

So academically stated, the matter is simple enough. However, in practice it is not so simple. There are obstacles. First, I believe the potentialities of foreign outlets are highly overrated. Look at the report released on Monday of this week by the A.A.A. a formidable 400-page report, and note on page 46, how wheat production since 1895 has increased 80 percent. This does not include China or Russia. Population has not kept pace with production of foodstuffs. Note that our exports have decreased in direct proportion to the increase of production in Europe and other continents. Note the comment that other nations have and still are expanding production to acquire a condition of self-sufficiency. Precisely what hope have we of finding much of an outlet under such conditions?

On page 99, note that German hog production doubled since 1921 and in 1934 was the highest on record. Note also that Denmark increased hog production to nearly 5 times the post-war level. This dissipates all mystery as to what happened to our export trade in lard and pork. What advantageous bargains can we drive under such conditions with other countries for agricultural surpluses. None that I can envision. But we can open to them the greatest free market in the world and take a chance on imperiling our own living standards.

Let us assume that there are some substantial outlets. Then what? Manifestly other nations will ask us to accept manufactured goods in return. Mr. Wallace, who bulks

large in administration matters and for whom I cherish nothing but respect, states the case succinctly enough. In his brochure on "America Must Choose" he states that his leanings are toward internationalism, that international planning calls for adjustments in factories, and that some factories must be retired. Which shall be retired? He says those that are least efficient. Who is to determine? Obviously, the President by the power conferred in this bill will determine. I do not say he would consciously prejudice or sacrifice any industry but think of the uncertainty created by conferring such power.

In my district is a wire mill which suffers from competition by Belgium wire manufacturers. In fact, low wage scales and inadequate duties make it possible for Belgium wire producers to pay the duty, sell through mail order outlets and considerably undersell the factory in my district.

In that same district is a corn products plant which, as a reward for complying with the N.R.A., and doing its utmost to create a market for American corn, must suffer from competition with millions of pounds of imports of sago, arrowroot, cassava, and tapioca starch which can be so cheaply raised and processed in Java and Santo Domingo. Are they to be retired?

Distillers who seek to aid the farmer by processing corn into spirits are at the mercy of heavy imports of blackstrap molasses and find it difficult to compete in price. Are they to be placed on the block?

A pottery in my district suffers from Japanese competition despite the fact that they comply with the N.R.A. and seek to create more employment in their plant. I might interpose at this point that General Johnson, the sergeant of recovery, indicated in the pottery code, when transmitting it to the President, that pottery was not a major industry because it did not employ over 50,000 persons. One might cherish some misgivings about the entire pottery industry in view of that statement. Are they to be harmed or aided by higher tariffs? Particularly, when pottery imports from Japan increased by 69 percent in 1933 over 1932.

Just how will agriculture be benefitted by taking away one domestic customer in the person of an American worker and substituting a foreign customer. It would be an intriguing performance but not very salutary, or helpful. Unless they are given proper protection, the time will come when such industries can no longer exist against cheap foreign competition and those now gainfully employed will cease to be purchasing consumers of farm products in the same proportion as they now are.

Mr. MAY. Will the gentleman yield?

Mr. DIRKSEN. For a brief question; yes.

Mr. MAY. Then, I take it, the gentleman is in favor of giving the President the power to exclude these products by raising the tariff on them under the power conferred in this bill?

Mr. DIRKSEN. Yes; if it were so used but the traditional policy of the party is against such use. There will be no danger of raising rates. The danger lies in lowering rates. It will be on the side of lowering rates to find benefits to agriculture, which I favor, but which I am convinced cannot be found.

I am as much if not more interested in the farmer than in industry because of the emergency condition of the farmer and because of the need of rebuilding his purchase power. We have heard so much speculation as to what is wrong. Some say overproduction. Others say underconsumption. I incline to the latter view. I am like the little colored boy who sat among a pile of watermelons, with distended stomach, unable to eat any more. Some kindly gentleman came along and asked, "What's the matter, too much melon?" The little boy said, "Nope, too little nigger." [Laughter.]

That is it. Too little consuming capacity. What has happened to it during these last 20 years? For one thing a decrease in the per capita consumption of wheat amounting to 1 bushel per person or around 120,000,000 bushels per year. A decrease in the per capita consumption of meat of about 13 pounds per person per year. That is another outlet for grain taken away. A slowing up of population increase. In 1920 the excess of births over deaths per 1,000 was 10.6; in 1931 it was but 6.9. There has been greater efficiency in the feeding of livestock so that it requires less feed to achieve the same market weight as in previous years. Finally, there is the frightful displacement of horses and mules by trucks, tractors, and cars so that 35,000,000 acres with a production potentiality of 875,000,000 bushels of grain, which formerly raised fuel for farm and draft animals, now goes into surplus. Supply has increased, demand has decreased, and prices have fallen. It is not a mystery.

Foreign trade can help us but very little, and for that little we are willing, if we pass this bill, to invite them to send manufactured goods into our market and further aggravate conditions. It will retard instead of aid recovery.

Now it is only fair to suggest that I should offer some alternative unless I believe in the philosophy of defeatism and resignation to the inevitable. That is a fair and proper suggestion. Here is my suggestion:

First, stop imports of such products as are in competition with the farmer. Imports of corn are practically nil. But that is not the difficulty. The trouble lies in imports of starch, which is a derivative of corn. As much as 180,000,000 pounds per year has been imported, equal to 9,000,000 bushels of corn. Think of it, and it comes in duty free. Now this bill does not permit the transfer of free items to the dutiable list or of dutiable items to the free list. Therefore the farmer gets no benefit so far as starch importations are concerned.

Next, embargo all blackstrap molasses except such quantity as is necessary to supply manufacturers for mixing with feeds. As much as 300,000,000 gallons have been imported in a single year for conversion into alcohol, both for commercial and beverage purposes, thereby replacing corn. Assuming that feed manufacturers require 100,000,000 gallons, the other 200,000,000 gallons at the rate of about 6 gallons being equivalent to a bushel of corn would displace 33,000,000 bushels of corn. Think of that. Talk about foreign markets! Let us first save our own market. In 1932, out of 146,000,000 gallons of alcohol produced in this country, 124,000,000 was produced from blackstrap molasses. It is time that kind of hoodwinking of the American farmer was stopped.

Finally, let us convert corn and other grains into anhydrous alcohol and compel its use in gasoline as motor fuel. A 5- or 10-percent mixture would be sufficient to take care of all the agricultural surplus of this Nation and constitute a steady market for years to come. It is time we were recognizing the fact that agriculture is a chemical industry. Instead of telling the farmer what he cannot raise, let us be a bit more positive and tell him what he may raise. If we must have professors in Government, let us have scientific professors, like the chemical professors who gave this country rayon, soap, paint, lacquer, films, artificial ice, alkalies, corn products, explosives, perfumes, dyes, and what not. Let us swap chemical test tubes and formulas for textbook theories and on the fallow lands which result from crop reduction show farmers how to raise long-leaf pine for pulp purposes, tung trees for oil, china grass for long fiber, artichokes for sugar, and a lot of other things. Such a program could be evolved in short order and would be durable and permanent.

[Here the gavel fell.]

Mr. TREADWAY. I yield the gentleman 1 minute.

Mr. DIRKSEN. I am sorry, but 1 minute does not permit of anything in the nature of an exhaustive discussion of this matter; so, Mr. Chairman, I ask unanimous consent to extend and revise my remarks in the RECORD and yield back the 1 minute.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. TREADWAY. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. JENKINS].

Mr. JENKINS of Ohio. Mr. Chairman, I take this time to clear up any misunderstanding that may have resulted from the speech delivered by the gentleman from Ohio [Mr. IMHOFF] a few days ago.

The gentleman represents the district in which is located the headquarters of the pottery manufacturers of this country. The gentleman in his speech indicated clearly that he expected to support this bill and gave as his reason the fact he thought it would be for the best interests of the pottery industry that he vote accordingly.

As I stated in my speech a few days ago, the pottery industry has its headquarters in that district. It is the largest pottery district in the United States. Ninety percent of the pottery manufactured in the United States comes from the association that has its headquarters in that district.

I have made an investigation to find out how this industry stands on the question. I have in my hands a telegram which I propose to read. It is addressed to me and comes from the president of this great association, and here is what he states:

SEBRING, OHIO, *March 28, 1934.*

Hon. THOMAS A. JENKINS,
Member of Congress:

The membership of the United States Potters' Association, which comprises about 90 percent of all the active potteries in the United States, is opposed to the new tariff bill for the reason that it believes there is great danger in it to our industry. The pottery industry as a whole is in deplorable condition due to inadequate protection on imports from Japan and other countries having the benefit of Government subsidies and also operating with pauperized labor. About 7,500 pottery workmen are without employment. This represents about 35 percent of total number employed. If reasonable import quotas are soon established, this unemployment situation should soon be cured, and a great number of pottery workers taken off the relief and C.W.A. work. We respectfully beseech you to work against the enactment of this bill.

C. L. SEBRING,
Vice Chairman Executive Committee United States Potters' Association and President Sebring Pottery Co.
F. A. SEBRING,
President Limoge China Co.

I also have a telegram signed by James M. Duffy, president of the National Brotherhood of Operative Potters. This is an organization affiliated, I presume, with the American Federation of Labor; in other words, it is an organization of the pottery workers of that district and the telegram states:

EAST LIVERPOOL, OHIO, *March 29, 1934.*

CONGRESSMAN THOMAS JENKINS,
House Office Building:

President Roosevelt's plan for authority to negotiate reciprocal-trade agreements for foreign nations in my judgment would not be in the interest of American pottery workers. Please accept my thanks for your efforts in behalf of justice to the people whom I represent.

JAMES M. DUFFY,
President The National Brotherhood of Operative Potters.

Now, ladies and gentlemen, these telegrams are a sufficient proof to show exactly how the pottery industry, both as to the owners and as to the workers, stands on the proposed tariff bill. There need be no further discussion with reference to how the pottery industry in Ohio and in the United States stands on this unreasonable and unnecessary and un-American bill.

In the remainder of my remarks I should like to give you some important facts which I received this morning. The great trouble now with the pottery industry is importation of cheap pottery from Japan.

In last January, all the countries of the world sent into this country 1,209,152 dozen of pottery. Pottery is reckoned by the dozen and not in dollars. Out of that 1,209,152 dozen Japan sent 1,093,555 dozen.

In the last month, February 1934, the world sent into this country 955,924 dozen, and out of that Japan sent 810,422 dozen. I want to direct your attention to two of the methods by which goods enter into the commerce of this country: One is known as a "consumption entry" and the other known as a "warehouse entry." The consumption entry is used when the duty is paid at once, possession taken of the goods, and the goods enter into the markets of trade. The warehouse entry is used when the importer does not wish for any reason to pay the duty at that time, so the goods go into a Government bonded warehouse to be held there subject to the duty's being paid and the importer's taking possession of the goods. As coming events cast their shadows before them, it seems a very significant fact that during the months of January and February of this year there were 617,225 dozen, or 7,406,700 pieces of competitive ware from Japan placed in the warehouses. If this is continued month by month, you can readily appreciate the immense stock on hand there will be from which to fill current and future orders, thus offsetting for many months to come any remedial relief the pottery manufacturers of the United States might get.

The pottery industry of Japan is subsidized. It uses all the pauper labor it can procure. The Japanese Government furnishes the pauper labor, with the result that the labor employed in the industry in that country, as compared with the labor in this country, is like comparing $1 to $1,000. Here in the United States 60 percent of the cost of pottery is represented by labor. In the year 1929 labor drew $20,100,000 from the pottery industry. In 1933, owing to the influx of this foreign pottery unrestricted, the industry is disorganized and discouraged. [Applause.]

As I have previously indicated, the wages of the American potter are some 1,000 percent higher than the wages of the Japanese potter. The Japanese manufacturer profits by his pauper labor, by the 40-percent depreciation of the yen, by the subsidy received from both the Imperial Government of Japan, and from the prefecture in which the manufacturer is located. To compete against such a situation it is certainly obvious that American labor—the highest paid in the world, enjoying the highest living standards in the world—must inevitably gravitate toward the impossible coolie standard of living. No tariff on Japanese ware can reconcile these conditions. The only effect of a higher tariff would be to exclude completely the products of England, France, Germany, and so forth, and make a gift of all the American market to Japan. Only a quota, a limitation of the imports of this ware from Japan not to exceed that of any other country of the world, or an absolute embargo would give the proper relief. The pottery industry must have relief if it is to endure and if the thousands of idle men are to find work. It is unthinkable that this administration, in its efforts to rehabilitate industries and put men to work, acquiesces in the market of this important industry to be controlled by fully 40 percent by the foreigner, and about 90 percent of that by the products of pauper Japanese labor.

I believe comment on some remarks made by the able Chairman of the Ways and Means Committee in his discussion of this bill, as reported on page 5259 of the CONGRESSIONAL RECORD of March 23, is pertinent. Mr. DOUGHTON stated as justification for this bill:

> Numerous acts delegating such powers have been enacted, and, as a matter of fact, sections 337 and 338 of the present Hawley-Smoot-Grundy Tariff Act contains provisions delegating powers to the President equally as broad, if not more so, than those proposed by this bill.

That is far from the facts. There is no analogy that can be drawn. Section 337 is a reprisal section against unfair practices in import trade—the unfair acts in the importation of articles into the United States, the effect or tendency of which is to destroy or substantially injure an industry. Condition precedent to action by the President is the investigation and recommendation of the fact-finding body created by Congress—the United States Tariff Commission. The President does not act of his own initiative and without obtaining the facts adduced before this Commission by open hearings of the interested parties. Entirely different from the secret manipulations permitted by this bill.

Section 338 is for the protection of our commerce against the discriminations of foreign countries and whenever the President finds that any foreign country imposes any unequal imposition or discrimination he is authorized to take the necessary prescribed steps in retaliation. Action under this statute is also predicated upon the investigations and reports of the Tariff Commission. So you see, gentlemen, how fallacious is the chairman's statement.

However, to follow Mr. DOUGHTON's argument to a logical sequence, if the President has the power "equally as broad, if not more so, than those proposed in this bill"—why the bill? You cannot paint the lily. You cannot emphasize the powers he claims the President already possesses by a repetition, of legislation conferring that power. No, my friends; the intent and purpose of this bill is away beyond that.

I quote again from Mr. DOUGHTON's testimony on the same page stating:

> During the hearings we were told that many times in recent months cargoes of American products at sea were recalled because of some new overnight restriction. That shows how other nations change their laws to the detriment of the United States.

The gentleman made a very unhappy reference there. He puts forward as one of the controlling reasons why the President should be given this vast power in this quoted reference. As a matter of fact, if in any of these alleged instances an overt act has been committed; if there has been any discrimination against the commerce of the United States; if there has been any unfair trade practice, sections 337 and 338 of the Hawley-Smoot Tariff Act clothes the President with full and ample powers to act in the premises. If the President has not acted to correct these conditions complained of when he already has full congressional authority to act, why may it be assumed that under some other bill conveying the same authority he will be better able to act? It is a ridiculous inference.

The truth of the matter, gentlemen, is that the foreign countries are nationalistic and protect their industries to the fullest against the foreign competition. In order to give this full measure of protection they have established quotas. Twenty-two European countries adopted the volume or quantitative limitation of imports through quota or license system, which was done as a means of putting their unemployed to work, to rehabilitate and develop their industries. So, after a given quantity of merchandise in a given period of time enters the country, the doors are closed and no more can come in until the new quota goes into effect. No such care and attention is paid to the American industries in protecting their products and in keeping their labor supplied with work. On the contrary, our markets are thrown wide open to the dumping of foreign-made goods while our own workmen walk the streets and while we appropriate and expend hundreds of millions of dollars to create artificial employment so that some of the thousands of idle can be fed. In the face of all this, in face of our factories either closed or working half time, this bill seeks to increase this dumping and actually bankrupt industries for some illusory benefit that may be derived in increasing our 5- or 6-percent export trade at the sacrifice of our 92- or 95-percent production and consumption.

Under leave to extend my remarks, I wish to have printed in the RECORD the following statistics:

	1929		1931		1932		1933	
	Dozens	Value	Dozens	Value	Dozens	Value	Dozens	Value
Czechoslovakia	773,765	$908,047	264,857	$274,210	218,460	$220,458	130,615	$156,083
France	423,293	863,662	76,518	210,652	43,411	104,413	28,841	72,414
Germany	3,356,500	3,987,348	1,135,991	1,409,322	719,450	867,399	633,997	879,353
United Kingdom	1,935,806	3,786,939	959,807	1,545,317	804,119	844,332	813,779	982,463
Japan	7,231,829	4,523,390	4,612,928	1,900,430	4,935,226	1,145,109	7,138,571	1,904,919
All other countries	940,759	954,448	218,243	287,560	145,386	172,362	129,426	158,758
Total	14,661,952	15,023,834	7,268,341	5,717,491	6,866,052	3,354,073	8,875,229	4,153,990

NOTE.—While the imports from Japan were approximately the same for 1929 and 1933, the value of the 1933 imports was but 45 percent of the 1929 values, due to depreciation of the yen.

Mr. TREADWAY. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. EVANS].

Mr. EVANS. Mr. Chairman and members of the Committee, I take this opportunity of saying a few words with reference to what I read in the RECORD this morning from the gentleman from California [Mr. BUCK] in his speech on yesterday.

The gentleman from California read into the RECORD and commented on a telegram he received from the San Francisco Chamber of Commerce in support of this bill, and from the gentleman's remarks the deduction could be fairly drawn that the agricultural interests of the State of California were in favor of the enactment of this legislation.

I do not believe that is a correct deduction in any sense of the word. The facts are—and I know this, because I have received hundreds of letters and telegrams from different sections of California—urging the defeat of this legislation. Many of these letters and telegrams were from agricultural interests.

Mr. KNUTSON. Will the gentleman yield?

Mr. EVANS. I yield.

Mr. KNUTSON. My colleague will recollect that it was testified by one of the witnesses before the Ways and Means Committee that one of the things that could be done would be to increase the importation of wines from France. That would be at the expense of California, would it not?

Mr. EVANS. It would be the ruination of the wine-producing interests if the restrictions on the importation of wines were permanently or even temporarily lifted. The grape growers of California are having a life-and-death struggle to rehabilitate themselves, so that they can compete with foreign competition with the protection they now have.

Mr. KNUTSON. If your people in California would be willing to live on the same level that they do in France, where they keep cattle in the house and wear wooden shoes, I think they could compete all right.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. EVANS. Yes; I yield to my good friend from Massachusetts.

Mr. McCORMACK. Does the gentleman think there is any likelihood of any such situation arising as that expressed by the gentleman from Minnesota under any President of the United States, whether Democrat or Republican, if such power were vested in the President?

Mr. EVANS. I believe the gentleman from Minnesota [Mr. KNUTSON] might be justified in making at least some of these deductions from what we hear threatened in connection with this legislation.

Mr. McCORMACK. Does the gentleman believe that the exercise of power would be to the destruction of Californian products? Has the gentleman any fear of the exercise of any such power, and to such an extent?

Mr. EVANS. I am not prepared to say that I have a fear to that extent, but I am prepared to say that I have a very deep and grave fear that California's agricultural interests, wine producers and otherwise, will be seriously and dangerously affected by this legislation.

Mr. WOODRUFF. Mr. Chairman, will the gentleman yield?

Mr. EVANS. Yes.

Mr. WOODRUFF. As a matter of fact, the newspapers have carried a story within the last few weeks of this administration's giving to the country what might be considered as a forerunner of what is to come, when it entered into an agreement with France and lifted the embargo against the importation of wines and liquors from that country in the amount of $10,000,000, and got as a return the privilege

of importing into France $1,000,000 worth of apples and pears, giving France the benefit of a trade agreement at 10 to 1.

Mr. EVANS. Exactly. Then when our apples reached the docks in France, we found that France had put an excise tax on American apples which made them unmarketable in that country.

Mr. Chairman, I must finish now what I rose to say. I do not intend to gainsay the correctness of the telegram read by the gentleman from California [Mr. BUCK] from the San Francisco Chamber of Commerce. The San Francisco Chamber of Commerce is reputed to be, and I am sure is, largely made up of men and women who are interested in foreign trade, and that organization is not at all representative of the agricultural interests of California. The president of the San Francisco Chamber of Commerce, and the man who sent the message to the gentleman from California [Mr. BUCK], is Mr. J. W. Mailliard, Jr., a member of the firm of Mailliard, Schmiedell & Co., importers and exporters of San Francisco. Of course, those who are engaged in foreign trade are for the bill. They are against tariffs as a rule. The San Francisco Chamber is dominated by Mr. Mailliard, its president, and Mr. Mailliard is in the foreign-trade business. Those who oppose this bill are endeavoring to protect American trade and American producers. We are more interested in looking after this part of the business, which is 95 percent of the whole, than we are in fostering the 5 percent which goes abroad, and in which the president of the San Francisco Chamber is interested.

There is an organization in California which is quite representative of the entire agricultural interests of the State of California and the industrial interests of the State of California, and all other business and interests of the State, and that is the California State Chamber of Commerce. It is made up of representatives of all the chambers of commerce of the State, including the Chamber of Commerce of the City of San Francisco and the Chamber of Commerce of the City of Los Angeles, and hundreds of other chambers of commerce in the State; and that organization on March 23, 1934, sent the following telegram to me and to other Members of this body:

SAN FRANCISCO, CALIF., *March 23, 1934.*

Hon. W. E. EVANS,
House Office Building, Washington, D.C.:

The California State Chamber of Commerce is of the opinion that flexible provisions of Tariff Act of 1930 provide Tariff Commission and President with all necessary means of changing tariff schedules to meet changing conditions. Congressional H.R. 8430 proposes to give President power to change tariff schedules 50 percent by reciprocity treaties with other nations and without hearings. Such power would affect numerous tariff schedules vital to California. California State Chamber is opposed to vesting such broad power in any individual and believes it would result in uncertainty that would be extremely detrimental and disturbing to California agriculture. No changes should be made in tariff schedules without thorough investigation by Tariff Commission with adequate hearings. Proposed legislation would furnish opportunity for political pressure to be exerted in such way as to favor large industries of wide political influence at expense of small industries of less political influence. California State Chamber urges that H.R. 8430 be not passed, in view of fact that Tariff Commission and President already have power for adjustments with provision for full hearing by all interested parties.

NORMAN H. SLOANE,
General Manager California State Chamber of Commerce.

There is the real reaction of the industrial and agricultural interests of the State of California with reference to this legislation. In this connection I ask unanimous consent to insert in the RECORD at this point a letter received by me from the Los Angeles Chamber of Commerce, of March 24, in opposition to this bill.

The CHAIRMAN. Without objection, it is so ordered.

The letter referred to follows:

LOS ANGELES, CALIF., *March 24, 1934.*

Hon. W. E. EVANS,
House Office Building, Washington, D.C.

DEAR CONGRESSMAN EVANS:

Subject: H.R. 8430

With the help of several of our committees, we have been giving very careful study to tariff bill H.R. 8430.

Fundamentally, and regardless of the sincerity of purpose of the Chief Executive, we believe that all reciprocal trade arrangements should be subject to open and full public hearings before their consummation is approved.

Undoubtedly, reciprocal trade contracts with foreign countries can only be successfully negotiated if it means that those countries are going to be enabled to find a larger market for their products within the United States in return for a larger market for our products or some other valuable consideration associated with our general trade.

It would seem, therefore, wise and desirable that the Chief Executive should be safeguarded in connection with these matters by the proviso that a proper public hearing should be held; this would bring out any opposition which might exist to the particular arrangement, but at the same time, such opposition would have to be very sincere and worthwhile if it could sustain its position at a public hearing in face of the Government evidence that no real harm would result to any particular group through such a proposed reciprocal treaty.

Certain it is that in the formation of a national tariff policy and incidental legislation, the national code authorities under the N.R.A. and A.A.A. should be directly consulted. These authorities would be in position to provide the administration with much valuable information as to the relative position of various industrial and producing groups here, under such reciprocal treaties.

It seems to be the consensus of opinion all along the line in all groups, agricultural and otherwise, that without full public hearings it would be difficult for the Government to obtain sufficient information on which to base intelligent action for the benefit of the country as a whole.

As further interesting data bearing on this whole subject, we are sending you a memorandum prepared by Mr. Matson, manager of our Foreign Commerce and Shipping Department, dealing with the general question of tariffs, and would call your particular attention to his comments, starting with paragraph 6 on the matter of reciprocal trade arrangements.

We earnestly hope that this important matter will receive careful consideration as to providing proper safeguards in the interest of the country as a whole.

Very truly yours,

LOS ANGELES CHAMBER OF COMMERCE,
A. G. ARNOLL, *Secretary and General Manager.*

Mr. EVANS. The gentleman from California [Mr. COLDEN] in his speech yesterday criticized the Hawley-Smoot tariff bill. He said California products had not been protected. He surely has not examined the rate schedules in that bill. Nearly every rate was increased on California's agricultural products, and California agriculture is now calling for still higher rates. He complains about the failure of a tariff on oil. It was not the fault of the California delegation that a tariff was not placed on oil. We did all we could for it, but we could not get everything we wanted. We certainly cannot rely on the Democrats to give us a tariff on oil. We will never get additional tariffs by wrecking what tariff structures we now have.

Mr. TREADWAY. Mr. Chairman, I yield 3 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Chairman, the gentleman from Massachusetts [Mr. TREADWAY] has just told me that I am to have 3 minutes to speak. On October 24, 1932, I happened to go to the White House to pay my respects to President Hoover. He greeted me by saying, "Congressman, will you do me a favor?" I have not had many Presidents ask me to do them a favor, and I said right away that I should be glad to. He then said, "Will you answer a telegram just sent me by 180 college professors and economists, and ask them to specify what rates in the tariff bill they consider to be too high?"

I sent the following telegram at the expense of the Republican National Committee—not my own, because it cost two or three hundred dollars—to all the college professors who signed the round-robin petition to President Hoover, calling upon him to "remove world barriers raised by the Hawley-Smoot Tariff Act."

WASHINGTON, D.C., *October 24, 1932.*

You recently petitioned President Hoover asking elimination of "inequalities" 1930 Tariff Act. To determine those inequalities you must have made a painstaking study of all tariff rates and industries affected by them. Consequently, you must be in position to inform me what rates you found to be too high. Your views on the tariff coincide so closely with those of Governor Roosevelt that I ask whether you have conferred with him, and if he intends to generally reduce tariff rates if elected, and especially what his position is regarding tariffs on sugar, oil, lumber, copper, and coal.

HAMILTON FISH, Jr., M.C.

Although I sent that telegram to each one of the 180 college professors I received back only 6 answers, and none

of them was able to specify, except in general terms, what rates in the Tariff Act of 1930 were too high. The professors absolutely failed to specify what rates should be reduced. That is exactly the situation before the Congress today. The Democrats have been talking in general terms about the high rates in the 1930 tariff bill; but when they come down to particularize on any schedule or on any item, they fail to specify what rates are too high. American labor declines to compete with the poorly paid labor of Europe or Asia or the forced labor of Soviet Russia. The protective-tariff system has built up the industries of the United States, and the attitude of the President puts in peril the welfare of our workingmen.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. TREADWAY. Mr. Chairman, I yield the gentleman 5 minutes more.

Mr. WOODRUFF. Mr. Chairman, will the gentleman yield?

Mr. FISH. Yes.

Mr. WOODRUFF. Is it not a fact that this administration has already reduced the tariff on all specific rates approximately 40 percent by reducing the gold content of the dollar?

Mr. FISH. There is no question about that.

Mr. WOODRUFF. And that reduction in specific rates has already taken place?

Mr. FISH. That is my belief, that is my understanding, and that is my conviction. Furthermore two thirds of the value of our imports come in duty-free. Most European countries have erected tariff barriers considerably higher than our own.

Mr. TRUAX. Mr. Chairman, will the gentleman yield?

Mr. FISH. Oh, let me go on a little further, and then I will give gentlemen some questions to ask.

Mr. TRUAX. I have one now.

The CHAIRMAN. Does the gentleman yield?

Mr. FISH. Not just now. We have heard a great deal of talk from the Democratic side about the years 1928 and 1929. Mr. Chairman, we on this side of the House have nothing to apologize for for the high degree of prosperity that existed in this country from 1921 to 1929 under a protective-tariff system and Republican administrations. It is unfortunate that American industry and labor are being assailed and menaced by repeated attacks by this administration on the protective tariff. Back in 1928 Alfred E. Smith, the Democratic standard bearer, came out openly for the maintenance of American protective principle as being in the interest of American labor and industry. There never was a time in our history due to world depression when adequate tariff protection was more urgently needed to keep the wheels of industry turning and labor employed and to safeguard the American market for the products of our own labor.

It is the purpose of the Republican Party—when we emerge from the depression, as emerge we will—to continue to uphold the high standard of wages and living of the American people.

Between 1921–29 we gave to the American people the highest degree of prosperity that was ever known in any country in the history of the world. During those years the American people were the best paid, the best housed, the best fed, the best clothed, and the most contented in the world. [Applause.] We gave the American people an overabundance of prosperity, a surplus of prosperity, and they abused it; they were wasteful and extravagant, and they followed the big international bankers of New York and gambled and speculated and tried to get rich overnight. It was not because we had failed as a party to give the people prosperity or because the protective-tariff system had failed. It was because in those years, under the protective-tariff system and under the sound principles and policies of the Republican Party for three administrations, we had given to the country the greatest degree of prosperity it has ever known. Because that prosperity was abused, the inflation of 1929 was brought on, but that is not the fault of the Republican Party.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. FISH. I will yield in a moment.

Mr. COCHRAN of Missouri. The gentleman said he would give us something to ask about.

Mr. FISH. I will give you some more.

Now, it was not the Republican Party that caused this inflation. It was the people back home, you and I, who went money-mad, trying to get rich overnight; you and I who bought the bonds and stocks and securities that were fed to us by the international bankers.

Mr. COCHRAN of Missouri. That is what I want to ask the gentleman about.

Mr. FISH. I do not yield now. I want to give you something to really ask about. I will proceed. The American people bought all those bonds and stocks and securities. What did they buy them with? They bought them with good American money, made under Republican administrations, owing to the prosperity of those times. They were led astray by the bankers, such as Albert Wiggin, of the Chase National Bank, and Charlie Mitchell of the National City Bank, often buying worthless bonds and securities and also foreign bonds, many of which have defaulted. The enormous inflation was caused by the mania of the American people to buy all kinds of securities. Did the Democratic Party at that time point out the menace of that inflation? Oh, no. Your chief spokesman is Professor Fisher, of Yale; on monetary matters, what did he say? He said back in 1929 that the high prices would prevail; that we had not yet reached the peak.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. FISH. The American people, because of years of prosperity and abundance, had money with which to buy stocks and bonds and to invest or speculate. This caused a great inflation and the overproduction of factories, the overproduction of goods, and the overproduction of real estate. Naturally, that inflation was bound to crash. It did, and the pendulum swung back; but it did not stop at normalcy. It went down and down into the depths where we have been for a number of years past. There is only one way out of those depths, and that is through sound American policies. What is needed today is not less tariff protection but more tariff protection. What is needed more than anything else are the sound, constructive principles of the Republican Party. [Applause.]

Mr. COCHRAN of Missouri. Will the gentleman yield now?

Mr. FISH. Oh, yes; I yield.

Mr. COCHRAN of Missouri. The gentleman pictured the situation with reference to the hundreds of thousands of people trying to get rich overnight, who lost everything they possessed in 1929.

Mr. FISH. Millions of them.

Mr. COCHRAN of Missouri. And the gentleman pictured the situation with reference to the crash and the subsequent developments, and the gentleman knows that the people of the country were robbed by these stock manipulators.

Mr. FISH. I do not deny it.

Mr. COCHRAN of Missouri. Now, the gentleman knows just what happened. He has demonstrated he knows. In view of that, I want to ask the gentleman if he will support a bill to regulate stock exchanges so that we will not have a recurrence of what happened in 1929?

Mr. FISH. I certainly will support any sound and constructive bill to regulate the stock exchange. I will not support one that destroys legitimate business.

Mr. COCHRAN of Missouri. Is the gentleman willing to support a bill that will stop such practices as were shown by the investigation held by the Senate committee?

Mr. FISH. I want to do that; yes. You bring in sound, constructive legislation along those lines and I will support it.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 3 minutes to the gentleman from New York [Mr. REED].

Mr. REED of New York. Mr. Chairman, on yesterday I mentioned something of the dangers of the so-called "reciprocal trade agreements." It is not my purpose to become hysterical about legislation. What I am interested in is to see this House, on both sides of the aisle, take into consideration some of the practical aspects of things, and to legislate in the same way as if you sat on a board of directors of some business concern in your own district.

The things that we do here are very far-reaching. Once we have legislated away our power, we vest that power in one man or a group of men such as the "brain trust", which has the power of life and death over industries which are the lifeblood of the communities from which we come.

Now, it happens that I have the honor to represent a district that is very much interested, very vitally interested, in the production of grapes. In my section we have something like 30,000 acres of grapes. In Michigan they have a large acreage. In Ohio, in western Pennsylvania, in Nebraska, in Oregon, and in the great State of California thousands upon thousands of people depend for their livelihood upon what they realize from their vineyards. If you will visit western New York, I shall be pleased to show you some of the finest apple country, some of the finest peach country, that can be found anywhere in the United States. You on the Democratic side and you men on the Republican side represent great fruit districts. Those districts mean everything to the people who have invested their money in developing these great fruit orchards.

I want you to get the significance of this, because at the present time some departments are sending their attachés or representatives to various countries to work out a program of goods that can be shipped into this country in competition with our own.

At least two countries in South America are developing fruit growing in a very large way. The purpose of these countries in opening up vast areas to fruit production is for export. Government aid, which is a part of the program, will place these countries in a position to invade our market at a great advantage over our fruit growers. Our farmers ought not to be sacrificed without an opportunity to be heard. This bill, if passed in its present form, will deprive our fruit growers of such an opportunity.

The CHAIRMAN. The time of the gentleman from New York [Mr. REED] has expired.

Mr. TREADWAY. Mr. Chairman, I yield myself the balance of my time. I may say at the beginning that three other gentlemen asked for recognition, but either they are engaged with committees or did not realize that the House met at 11; were they here, I would yield to them.

Mr. Chairman, at the outset of my closing remarks on this measure on the Republican side, I wish particularly to bear emphasis on the form of government under which we live. A great deal has been said in the committee and on this floor by the advocates of the measure that other countries have the opportunity to change tariff rates overnight, and, therefore, a very great advantage over our method of procedure. I am glad we have not such procedure. In the first place, this country has prospered under its constitutional form of government. The Constitution recognizes as one of the three coordinate branches of government the legislative branch; and I, therefore, say that it is our duty to retain our established methods of procedure.

Another outstanding reason in my mind why our form of government is preferable from the standpoint of business and the interests of the people is that, if there were any authority in this country for changing tariff rates overnight, business would be upset all the time; there would be absolutely no permanency were business forced to carry on in this country under such a system.

Our opponents frequently urged, when previous tariff legislation was under consideration, the argument that, during the long period of preparation of a measure and its consideration in Congress, business was upset; that nobody knew what the rates were to be; that nobody knew from day to day what was to be the final decision of Congress on a specific rate; and, therefore—if during the period of the year we have been preparing a measure, business has constantly knocked at our door here and said, "We do not know where we are at; there is nothing permanent"—by the same token—if we adopt this idea of foreign governments that we should change our business methods overnight, make a different rate of entry on foreign goods—no business man in this country is going to know just where he is from day to day. This is especially true in view of the fact that all these bargains, trades, and swaps are, through the nature of the bill and the admission of every advocate of the bill, to be made in secret, behind closed doors, with representatives of foreign governments, without a hearing, and without the slightest opportunity of our industries' knowing just where they are.

So if the Democrats, acting under the whip of the administrative leaders and the "brain trust" of college professors (there are some good college professors; we had a speech from one yesterday, a man with whom I am proud to be associated, and I refer to our colleague from Ohio, Mr. WEST; if every college professor were in his class, we would not have as good an argument to oppose their suggestions); if we want to be led by that kind of dictatorship, here is our chance. I, for one, prefer that we go along in the manner in which this country has prospered, with legislation being enacted here in wide-open spaces of congressional halls, rather than behind the closed doors of foreign embassies. I lay this down with all the power of expression I can bring to the subject in these few closing minutes of this debate.

Mr. Chairman, a prejudiced jury under control of party domination is about to bring in a verdict of "guilty" against American industry. There will be an appeal, however, from this verdict to the court of public opinion, consisting of the voters of the country, who will reverse the decision of this House in the congressional elections of next November.

The Republican Party has with great satisfaction accepted the challenge of the administration. As this debate is now closing the evidence as submitted may be reviewed. At the outset, however, a preliminary statement is in order.

For a year Congress, following the mandate of the people, has with considerable unanimity supported the program of the administration. Features of this program were so dramatic and startling and the stage was so well manipulated that the people eagerly grasped the opportunity to travel over uncharted seas, without compass or navigating instruments to guide them to an unknown port. The year's experience has failed to bring the ship of state into harbor, and new experiments are still being offered.

The effect of H.R. 8687, although a new proposition, is much better understood by the people than any previous suggestions of legislation by the administration. The people have known for many years that the tariff is the cornerstone of the foundation of the development of American industry and American standards of living. An effort to overthrow the tariff strikes directly at the homes of the people. More and more as time has progressed have the two parties been coming together, or, to state it more correctly, the Democratic Party, through its platforms, has shown its recognition of the merits of the Republican system of a protective tariff. The first departure from this recognition is contained in H.R. 8687, wherein not only is the tariff attacked but the Constitution of the United States under which this country has developed and prospered for 150 years.

Mr. Chairman, the pending bill destroys the principle of protection of the home market; it would sacrifice domestic industry, agriculture, and labor for the benefit of foreign interests; and it would surrender the taxing power of Congress to the President and his subordinates in violation of both the letter and spirit of the Constitution. As the Republican Party has always stood for constitutional government and the preservation of the home market for our own people, it becomes the duty of the Republican minority to fight for the preservation of these fundamental principles. If it is partisanship to fight for principles, then, by Heaven, we are proud to be partisans.

Our Democratic friends have no principle to fight for in this bill. On the other hand, the bill violates many of the fundamental principles for which they have stood in the past, and they are thus forced to make excuses for it. There is not a single Democratic Member, I venture to say, who would vote to give the authority contained in this bill to a Republican President, and I think I can safely assert that no Republican President would ever ask for it.

Let us now briefly review for the final decision of the jury, before the appeal to the people, the evidence submitted by the administration and by industry before the Ways and Means Committee and before the House of Representatives.

The argument is made that foreign countries are rapidly winning away our foreign trade, and that the bill provides the only method for regaining it. We are told that because Mussolini and Hitler and Stalin have the power to make tariff changes over night, we should set up in this country similar authority of dictatorship. To this I cannot agree.

Mr. Chairman, I strenuously deny that we are called upon to sacrifice our home industries in order to sell small surpluses abroad. Yet the bill places in the hands of one man the power to destroy every domestic industry dependent upon tariff protection. It would give the President the power to sacrifice one domestic industry for the supposed benefit of another, without notice or hearing to the industry affected, and without review of the President's action by Congress, in anticipation that he will sell some surplus products in the foreign markets. This is a superhuman power that only a dictator would ask for.

How absurd it is to say "Can not the President be trusted to exercise this power wisely, and in the best interest of the country?" To that there are two answers: First, that we cannot possibly be benefited by destroying one industry to build up another; and second, that the power thus given to the President must of necessity be delegated by him to subordinates and members of his "brain trust" who hold no elective office under the people and in whom the people have not placed their trust and confidence.

We are asked to place this power in the hands of the President, or those to whom he may delegate it, without the least advance knowledge of how it will be used. We know neither what the administration proposes to sell abroad nor what it proposes to take in return. Doubtless if the Congress knew in advance the domestic industries which would be sacrificed in these secret negotiations with foreign countries, it would not be disposed to grant this authority to the President. I am sure he must have had this fact in mind when he had the bill prepared so as to secure advance congressional approval of the agreements which he proposes to enter into.

During the hearings on the bill the minority members of the Ways and Means Committee tried to obtain some information along this line from the members of the Cabinet who testified before us. In every instance we were told that it would not be possible for Congress to have this information. The Secretary of State said:

> I would prefer not to undertake to lay open to other governments the details of our methods of making bargains and undertaking negotiations.

Similarly, the Assistant Secretary of State, Mr. Sayre, said:

> I do not feel that it is quite possible to reveal the approaches of foreign governments made in confidence to the State Department.

The Secretary of Agriculture was a little more frank in his testimony before the committee than some of the other witnesses. When asked what benefits would come to domestic industries under the bill he said:

> As producers, those who produce for the export market would be beneficially affected by this bill; those which are so inefficient that they cannot meet foreign competition would, in case the powers of this bill were exercised to lower the tariff, be perhaps unfavorably affected.

Asked what industries he considered inefficient, the Secretary named, among others, the beet- and cane-sugar industries of the United States. At page 60 of the hearings he said:

> The sugar-beet industry, as measured from the standpoint of free world competition, is inefficient.

Asked if he would approve of the expansion of the growing of cane sugar in Florida, he replied:

> I would not, unless it is an efficient industry, and it is clearly not; they cannot produce as cheaply there as they do in Cuba.

Apparently the Secretary's test of efficiency is whether an industry can produce its goods as cheaply as the rest of the world. This is evident from the following colloquy of the Secretary with the gentleman from New York [Mr. REED]:

> Mr. REED. Would you favor lowering the tariffs on things Germany produces and ships to this country and which we produce here in our own country?
>
> Mr. WALLACE. If Germany can produce them more efficiently than we can, it would be of benefit to our consumers, and our consumers certainly represent the eventually dominant interest in our population.

It may be of interest to some Members to know that in a report furnished the Senate by the Tariff Commission the following articles, among others, were said to be produced in foreign countries more advantageously than in the United States: Dyes, olive oil, china and porcelain, graphite, marble, manganese ore, pocket cutlery, safety razors and blades, watches, cane and beet sugar, cheese, eggs, winter vegetables, long-staple cotton, cotton handkerchiefs, flax, crin vegetal, straw hats, dolls and toys, hides and skins, women's and children's gloves, and sponges.

In addition to the articles I have named there are hundreds of other articles in this list. The same report also contains a list of articles on which the duty is more than 50 percent, the inference being that any article requiring a duty in excess of that amount is inefficient from the standpoint of world competition. It is significant that this list contains 97 items under the agriculture schedule, including such important products as wheat and butter.

Mr. Chairman, it is a cause of deep regret to differ absolutely in the meaning of words of the English language from my intimate friend and associate, the Chairman of the Ways and Means Committee. He and other speakers on the Democratic side for this measure have found great comfort in quoting from the speech of a private citizen, formerly a Member of this House, and a very keen debater and an eminent Secretary of the Treasury, the Honorable Ogden L. Mills.

I quote the words of Chairman DOUGHTON, on page 5257 of the RECORD of March 23, when in his speech he used this sentence:

> No more severe condemnation of the Hawley-Smoot-Grundy Tariff Act and the policy of isolation than that expressed by Mr. Mills in the above quotation has ever, in my opinion, been made by anyone high in either party.

If the gentleman from North Carolina [Mr. DOUGHTON] is resting his case on what is conceived by him and other Democratic speakers as a very definite agreement with their viewpoint, let us analyze the language very briefly.

Mr. DOUGHTON. Will the gentleman yield?

Mr. TREADWAY. I yield to the gentleman from North Carolina.

Mr. DOUGHTON. May I state that we are not resting our case on the assertions of any one man.

Mr. TREADWAY. I think that is probably true, but the gentleman has quoted Mr. Mills as one of his very best authorities.

Mr. DOUGHTON. I did quote his language, and I put a certain interpretation on the language.

Mr. TREADWAY. I have his language right here to quote also. I have the very paragraph that the gentleman quoted.

Mr. DOUGHTON. The gentleman has put a certain interpretation on my remarks, which I have no objection to, but I do not agree with his interpretation.

Mr. TREADWAY. I do not agree with the gentleman's interpretation of Mr. Mills' language.

This is the language of Mr. Mills to which the chairman was referring:

We will have to abandon the present policy of isolation and intense nationalism and to some extent modify recent tariff practices. I have never understood that a sound system of protection, based on the difference of cost of production at home and abroad, means the erection of impassable trade barriers, the destruction of our commerce with the rest of the world, and the sacrifice of the efficient farmer to save the inefficient manufacturer.

If I understand the English language, what Mr. Mills actually said was that if we maintain a system of sound protection, based upon the cost of production at home and abroad, we are not erecting impassable trade barriers, nor destroying our commerce with the rest of the world, nor sacrificing the efficient farmer to save the inefficient manufacturer.

We who served with him know the efficiency of Mr. Mills' language, and I will put my understanding of the quotation Mr. DOUGHTON made against Mr. DOUGHTON'S understanding of it. Mr. Mills definitely says that in making reciprocal agreements our basis should be the difference in cost of production between the two countries. We have no better argument for our opposition to the bill than Mr. Mills' own words, as quoted by Mr. DOUGHTON.

Mr. Chairman, what does American industry think about this bill? The committee heard two witnesses representing the two great industrial organizations in the United States, namely, the Chamber of Commerce of the United States and the National Association of Manufacturers. These representatives of industries employing millions of American workers testified definitely in opposition to the bill. I asked Mr. Farrell, representing the United States Chamber of Commerce this question:

Mr. TREADWAY. * * * You are not then in sympathy with the idea that has been expressed here of the possibility of doing away with some of our own industries here in order to get goods in from other countries?
Mr. FARRELL. No, sir.

Mr. Emery, representing the National Association of Manufacturers, evidenced a similar feeling when he said:

I trust the committee will not understand in speaking for our tariff committee that I am depreciating in the least the advantages of foreign trade. But I do wish to insist upon making clear a comparison between jeopardizing the vast domestic trade of the United States enjoyed to such an extraordinary degree by its own people, and the possibilities of foreign trade, which in many directions are limited by the facts of our importation and experience.

Both these organizations placed themselves on record as favoring the maintenance of the principle of protection. Thus, the Chamber of Commerce definitely requested that—

Congress write into the law the definite limitation that no rate be lowered to a point where American industry and agriculture shall be subjected to destructive foreign competition.

Similarly the National Association of Manufacturers asserted its belief in the—

Necessity of maintaining reasonable methods of protection where demonstrable foreign competition adversely threatens American industries and their capacity for employment.

Mr. Samuel Crowther, the eminent writer and economist, presented to the committee an unanswerable argument against the bill when he said:

Let us see what foreign trade is. Why do we sell anything abroad? It is to exchange some wealth we have produced for some wealth that someone else has produced * * *. Now, if we produce that same wealth here as the foreigner, should we not buy it at home rather than abroad?

Reference has been made during the debate to past utterances of Democratic Members in which they opposed the transfer of tax- and tariff-making authority to the President, no matter how strictly it was confined or restricted. The CONGRESSIONAL RECORD is filled with their vehement protestations against the flexible tariff provisions. Now, however, we find these same Democrats deserting their Jeffersonian principles in favor of the centralization of authority in the hands of one man. It will be interesting to recall some of the remarks made by these gentlemen upon other occasions.

Our former colleague from Georgia, Mr. Crisp, said:

Gentlemen, think what a potential power the power to make tariff rates would be in an election year.

Our former colleague from Texas, the present Vice President said:

I want you all to turn over in your minds and see what it means for Congress, representing the people of America, to surrender its rights to levy taxes. Remember this, gentlemen, when the legislative body surrenders its tariff powers and obligations to the Executive—under our system of government, a majority can do that, but you can never recover them except by a two-thirds vote of the House and Senate.

In a joint statement issued on September 29, 1929, the Democratic members of the Senate Finance Committee referred to the flexible provisions of the 1930 tariff bill as "an entering wedge toward the destruction of a basic principle of representative government", and stated that in their opinion, if the provisions referred to were enacted, it would be questionable if there would ever again be a tariff bill originated and enacted by Congress.

Reference was made in the debate the other day to a statement by the Chairman of the Judiciary Committee, the gentleman from Texas [Mr. SUMNERS], in which he said that—

We are accumulating about the President of the United States powers so great that no human being in human history has been able, and no human being ever will be able, to possess without their abusive exercise.

That statement was made over 2 years ago, before Congress abdicated practically all of its powers in favor of the Executive.

The Secretary of State, Mr. Hull, both as a Member of this body and of the other legislative body, strongly condemned the delegation of tariff-making powers to the President. He referred to the present flexible tariff provisions as "subversive of the plain functions of Congress" and as an "unjustifiable arrogance of power and authority to the President."

The gentleman from Kentucky [Mr. VINSON] stated on this floor just a little more than 2 years ago that he was against the delegation of tariff-making authority to the President. He further said:

We do not advocate autocracy and bureaucracy, yet there are men who permit their growth in the name of expediency. * * * The fathers who wrote the Constitution never contemplated the placing of the power to fix rates in the hands of the President.

The Chairman of the Ways and Means Committee, Mr. DOUGHTON, in opposing the flexible provisions of the 1930 tariff bill, said:

The fathers who framed the Constitution wisely, in my opinion, left to Congress the initiating and enacting of laws raising revenue. The flexible provision giving the President the power to raise or lower tariff rates to the amount of 50 percent renders nugatory in spirit and practical effect this provision of the Constitution.

In the same speech he viewed with alarm the growing tendency toward centralization of authority in the President, saying:

In my opinion, we have gone a long way too far already in centralization of power in the Executive head of the Government.

Referring to the flexible provisions, he said:

If this bill is enacted into law he will have the power of life and death over industry, all manufacturing enterprises, and complete autocratic power affecting agriculture.

It is the following statement, however, to which I particularly wish to direct the attention of the House:

My friends, this is too dangerous and alarming to contemplate. With all this power vested in the President of the United States, he becomes a colossus. It is too much power and authority to lodge in any man who ever has been, is now, or ever will be President of the United States.

The gentleman then went on to say:

It seems that the more power men are given the more they are obsessed with a morbid gluttony for increased power. My friends, it is time to pause and call a halt, to stop, think, look, and listen before we go over the yawning precipice just ahead of us.

Mr. Chairman, the flexible provisions of the Tariff Acts of 1922 and 1930 delegated to the President no discretionary legislative authority, but that is exactly what the present bill does.

For the purpose of making clear the difference between the President's authority under the flexible tariff provisions and that under the pending bill, I shall paraphrase the language of the two measures and set forth their respective provisions in parallel columns.

FLEXIBLE TARIFF PROVISIONS OF 1922 AND 1930 TARIFF ACTS	RECIPROCAL TARIFF BILL (H.R. 8687)
Under the flexible tariff provisions, Congress lays down the definite legislative policy that tariff rates shall be maintained at such a level as to equalize the difference in foreign and domestic production costs, thus insuring domestic agriculture and industry against destructive foreign competition.	Under the bill, the President is given the authority, "whenever he finds that any existing duties or other import restrictions are unduly burdening and restricting the foreign trade of the United States", (1) to enter into foreign trade agreements with foreign governments and (2) to proclaim such modifications of existing duties and other import restrictions as are required or appropriate to carry out any foreign trade agreement that he has entered into.
When a request is made for a change in rate, the Tariff Commission first makes an investigation to determine the difference in production costs of the foreign and domestic articles, and then reports its findings to the President. The President then proclaims the change in duty recommended if in his judgment it is necessary to equalize such production costs. He cannot modify the Tariff Commission's findings, but must either proclaim the rate recommended by the Commission or leave the statutory rate unchanged.	No proclamation may be made increasing or decreasing any existing duty by more than 50 percent, or transferring any article between the dutiable and free lists.
It is provided that in no case may the Tariff Commission specify an increase or decrease in duty exceeding 50 percent of the rate expressly fixed by statute, nor may any article be transferred between the dutiable and free lists.	

It will be observed in comparing the provisions of these two measures that under the flexible tariff the President has no discretionary authority in rate making. He can only proclaim the increase or decrease in duty recommended by the Tariff Commission as being necessary to carry out the legislative rule that duties shall equalize foreign and domestic production costs. Under the pending bill the President has discretionary authority in rate making.

While advocating reciprocity, the Republican Party has never advocated it to the extent that in order to secure foreign trade we should surrender the home market to foreign competitors. Neither has the party advocated giving the President discretionary and final authority in the negotiation of foreign trade agreements.

I deny that the McKinley Tariff Act of 1890 delegates tariff-making authority to the President. The Democrats can find nothing in that act either to embarrass the Republicans or to bolster their case. There the President had no authority to fix rates, since Congress both prescribed the articles which could be used as a basis for negotiation and fixed the rates which should be imposed if the President found the countries exporting any of the specified articles to the United States discriminated against our commerce. Furthermore, that measure did not propose to promote our export trade by reducing the rates on dutiable commodities, but by threatening to place retaliatory duties on articles otherwise free of duty.

The reciprocal trade agreements concluded by the President under the Dingley Tariff Act of 1897 were negotiated under similar authority, with Congress prescribing both the articles which could be used as a basis for negotiation and the retaliations or concessions in duty, as the case might be.

The Tariff Act of 1897 also authorized the President to negotiate general reciprocity treaties with foreign countries, but no treaty negotiated by him could become operative until it had been ratified by the Senate and approved by the Congress. Similar authority was given in the Democratic Tariff Act of 1913. Under the pending bill Congress retains no right of approval or rejection. Therefore, the authority granted is not comparable with that under these prior acts.

Reference has also been made to other acts of Congress as far back as 1794, which it is contended are precedents for delegating discretionary authority to the President. As I have previously stated these prior delegations of authority go not to the making of the law but to its execution. Thus the authority granted is administrative, not legislative. Under the pending bill the President's authority is clearly legislative.

Mr. Chairman, this proposed secret bartering with foreign nations not only permits the President to regulate foreign commerce and to adjust tariff duties, but it also fits into the administration's program of planned economy. The Secretary of Agriculture, in his recent article, America Must Choose, has given the country some light upon this phase of the subject, and unless I miss my guess we are going to hear a lot more about America Must Choose in the coming months, particularly next November.

Both the Secretary of State and the Democratic Members in charge of the bill deny that reciprocity has anything to do with the foreign-debt question, but as was pointed out at the hearings by the eminent economist, Samuel Crowther, these debts have a very direct bearing upon the question. The following colloquy occurred between Mr. Crowther and the gentleman from Tennessee [Mr. COOPER], and is found at page 457 of the hearings:

Mr. COOPER. The point is this, the question of foreign debts is in no way connected with this proposed bill.

Mr. CROWTHER. It does not make any difference, you can say heaven is not connected with the stars, but it does not make any difference, and if you say it does you are mistaken.

Again, on page 463, Mr. Crowther says:

Secretary Wallace wrote a pamphlet, America Must Choose, in which he sets forth this problem. That pamphlet was circulated by the Carnegie Foundation and the World Peace Foundation, and they have been the two leading advocates of debt cancelation.

Before thinking too much about weeding out our domestic industries, it would be well for the administration to point out where we are going to sell our surplus products abroad, and what products we will be able to dispose of, and at what prices. What do we have that the world wants which we can sell cheap enough to gain the foreign market from some other country? What does the world have that we want or need aside from the articles we are already importing?

We now import everything we need under the existing tariff act. So far as Europe is concerned, we are practically self-contained, and the articles which we must of necessity import from other countries are for the most part free of duty. We can expand our agricultural exports to manufacturing countries only by importing manufactured goods to the disadvantage of our own manufacturers. Likewise, we can expand our exports of manufactured goods to agricultural countries only by importing farm products to the disadvantage of our own agricultural producers. Therefore, we have nothing to gain by reciprocity.

It must be kept in mind that once we reduce the duties on our manufactured and agricultural products, and allow foreign countries to ship their goods into our rich domestic market, there is no assurance that any of our export industries will benefit by the sacrifice of the domestic producers of these goods. Foreign tariffs are known to be padded for bargaining purposes, and any reductions to our exporters may be wholly illusory. Also, our exporters are not guaranteed a foreign market, but only an opportunity to compete in the foreign market. If they cannot undersell the world, they cannot expect to get world trade. It then becomes pertinent to ask what domestic exports, if any, outside of automobiles and machinery, can be sold at a profit in world markets? Our wheat must compete with that of Canada, Argentina, and Australia. Our cotton must compete with that of Egypt, Brazil, India, and other low-wage countries. With the growth of manufacturing in such countries as Japan and Czechoslovakia, our own manufacturers are faced with ruinous competition in world markets.

Mr. Chairman, the argument is made that we should lower our tariff barriers, whatever they may be, and let the other countries of the world build up their purchasing power by

disposing of their surplus products in our markets, thereby enabling them, it is said, to buy more of our surpluses. But, Mr. Chairman, what about the purchasing power of the millions of men who are out of work in this country, and the additional millions dependent upon them for support? Before we take so much interest in the rest of the world, why not build up a little more purchasing power at home, and then our people will be able to buy more of the world's products without the necessity of tariff reciprocity, and without destroying our own industries and throwing millions more out of employment.

Perhaps we are our neighbor's keeper, as the Good Book says, but what has it profited us in the past? We spent millions to save the starving throughout the world; we spent millions to aid those stricken by disaster of one kind or another; we spent both men and billions to make the world safe for democracy; and how has it benefited us? Our past kindnesses have been forgotten, and even the loans we made have been defaulted. Before we destroy any of our own industries, it might be well if we could know how many industries the foreign countries are going to destroy in order that they can take more of our products.

We should not close our eyes to the fact that the domestic policies of all the countries of the world, at the present time, are essentially nationalistic. While the President would have us lead the way toward a reduction of world tariff barriers, we are likely to end up as we did not so many years ago when we sank our battleships in an effort to promote world peace while the other world powers tore up their blueprints. So far as our ability to negotiate is concerned, we have only to recall the recent experience we had in exchanging $1,000,000 worth of our apples for $10,000,000 worth of French champagne. We were bested 10 to 1 to start with, and then France refused to take the apples after they were shipped. As someone has well said, we have a habit of winning all our wars and losing all our conferences, and I know of no reason to think that tariff negotiations are going to be any exception.

Mr. Chairman, we come, then, to decide whether the pending bill, giving the President such broad and unprecedented powers over the tariff, international trade, and the future of every domestic industry, should be enacted. We are asked to vote the President the power to sit down in secret conference with foreign nations and determine the tariff rates which shall apply to foreign imports. We are asked to vote him the power to say what our people shall produce at home and what they shall buy abroad. We are asked to vote him the power to obliterate one industry for the benefit of another, and to do this without notice or hearing, or without reserving to Congress the right to approve or disapprove his action. We are asked to vote him the power to lower tariff rates and admit increased quantities of cheap foreign goods, produced at starvation wages, when our own people are walking the streets in search of work and women and children are crying for food. We are asked to do this when, even in the most prosperous times, our export trade was less than 10 percent of our production of movable goods. We are asked to do this when 94 percent of the national income is from domestic trade. And we are asked to do this when we have at home the richest market in the world, in which is done one half the world's business.

I say, Mr. Chairman, that the prosperity of this country does not depend upon its foreign trade but upon its domestic trade. It does not depend upon the purchasing power of the 2,000,000,000 people in the world outside the United States but upon the purchasing power of the 120,000,000 people within our own boundaries. With us foreign trade is secondary. With other countries it often is more important than domestic trade.

When we set out to raise the purchasing power of the rest of the world we should remember that it can only be done by reducing the purchasing power of our own people. And when we set out to break down world tariff barriers, the result will be not to bring the standard of living of other countries up to ours but to bring our standard down to theirs.

In conclusion, I wish only to say that the decision which must be made upon the issues thus presented is a momentous one. The future of this country and the welfare of our 120,000,000 citizens is at stake. We must now decide between representative government and nationalism on the one hand, and autocracy and internationalism on the other. I am glad to say that the vote of the Republican minority will be upon the side of the Constitution and our own people.

In effect, the issue presented by this bill is a case of the administration versus the American people. The people are the supreme court of last resort, and they will eventually decide the question by their ballots. The Republican Party invites and awaits with expectancy the opportunity to meet this issue before the people in November. [Applause.]

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield the remainder of my time, 49 minutes, to the gentleman from Kentucky [Mr. VINSON].

Mr. VINSON of Kentucky. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD and to include therein excerpts and tables from certain papers to which I shall refer.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. VINSON of Kentucky. Mr. Chairman, throughout the consideration of this important measure it has been very evident that our Republican friends feel that at last they can take issue with the Democratic administration.

The statement of the distinguished gentleman from Massachusetts [Mr. TREADWAY], ranking minority member on the Ways and Means Committee, is conclusive that this tariff measure will be in the forefront in the political campaign now approaching. Our friends are always anxious to create fear in the minds of industry and the people, through mysterious ill effect that will follow the adoption of policies sponsored by the Democratic Party. If one thing has been demonstrated in this panic period, it is that the Democratic Party is worthy of the confidence of the people because of its leadership, vision, and courage. There is no chance to place responsibility for conditions upon the Democratic Party as of March 4, 1933. For 12 years our Republican friends were in control of the affairs of this Government. There was not a single day in this period that the Democratic Party could make a single law or determine policy with reference toward its administration. In all the economic history of this country there was never a darker hour than that which dawned on March 4, 1933. The sun was in eclipse. It was unable to break through a single cloud. This national gloom, amounting almost to despondency, was dissipated in the confident voice of that man of action, Franklin Delano Roosevelt, as he gave utterance to that memorable inaugural address. Industry, labor, agriculture, and the people generally of this country responded to his words of courage and his practical efforts to do the job. This bill is a major spoke in the wheel; and even after weeks in which the tom-toms have been sounded, our friends on the left are unable to present any real opposition to the bill.

Mr. Chairman, the distinguished gentleman who preceded me says that he welcomes the opportunity for the American people to express themselves at the polls upon this issue. In this hope, he must hear the voice of the American people in its last expression, 1932. He may have some hope that a different expression now will be heard; but according to his own statement just made, I am inclined to think that, in his heart of hearts, he is doubtful of any change in American opinion. He has just said that this Congress would not grant the powers conferred upon the present President to any Republican President. I call to his attention the fact that this bill will be in effect after the people speak in 1936, in the election of a President. The President then elected will have such powers. So, in effect, he is conceding that Franklin Delano Roosevelt will be reelected in 1936.

This able legislator refers to the tariff as being the foundation stone of American prosperity and standard of living. If the American people ever expressed their views, if their voice has ever been heard, it was that the Smoot-Hawley tariff bill is not the foundation stone of American industry, prosperity, or standard of living.

OPPONENTS SET UP STRAW MEN

Mr. Chairman, as I see it, fear is the strongest motivating power in the world, with the exception of love. When fear grips the hearts and souls of strong, stalwart people, they become craven, cowardly, and weak. I say here and now, with all the friendliness that exists between individual Members on both sides of the aisle, that this debate shows bitter, partisan, political utterances, speeches made for home consumption, theories adduced that could only come from the minds of men who are overwhelmed with fear. If they are not so overwhelmed, it is a deliberate attempt to create fear in the American people. The whole opposition is one inspired by fear. The most trivial arguments come from distinguished legislators. They could come only from fear. They set up imaginary men of straw in order to knock them down.

For instance, I heard that splendid young statesman, the gentleman from Illinois [Mr. DIRKSEN], talk about corn and the effect of importations of corn upon the domestic product. He said he represented a district in the Corn Belt and that it was going to wreck his people and destroy their interests and rights. This is a splendid thing to talk to the folks back home, to say that these cursed Democrats did not have the interests of the corn farmer in their minds when they passed this bill—that it was this tariff bill that affected adversely the price of corn.

Mr. Chairman, when we consider that in 1932 there were only 348,000 bushels of corn imported into this country and that same year the domestic production was 2,900,000,000 bushels-plus; when we consider that the imported corn was only one eightieth of 1 percent of the domestic production, we know it could have no effect on the domestic price, we can easily see what fear will do. It is pure political buncombe.

Mr. KNUTSON. Will the gentleman yield?

Mr. VINSON of Kentucky. The gentleman was so gracious to me on several occasions in refusing to yield, I know he recognizes my position.

Mr. KNUTSON. What is the present rate on corn, may I ask?

Mr. VINSON of Kentucky. The present rate is 25 cents a bushel, and along about 1931 Canada came along and put on a retaliatory tariff of 25 cents a bushel. We have not benefited by the tariff. The tariff is not effective on corn. Any child knows that. [Applause.]

Mr. KNUTSON. May I suggest to the gentleman that Canada does not produce corn?

Mr. VINSON of Kentucky. Of course, it does not in proportion to our production, but they retaliated against our corn farmers because we had this tariff on corn. They put a tariff on corn and prevented our selling corn which we had for sale to the Canadian consumer. That is the very point involved here. This Canadian barrier was there when our corn was selling for less than 10 cents a bushel.

Other countries have set up tariff barriers against our commodities and our products. The Smoot-Hawley bill reached the zenith in protectionism. My friends prate about the glories of America and its prosperity, but it was all prior to the Smoot-Hawley tariff bill of 1930.

Occasionally our friends in their desperation refer to the Democratic tariff policy as tending toward free trade. Since I have been in Congress, I have not seen or heard a free trader. I know of no one on the Democratic side of the House who does not believe that American industry, labor, and agriculture should be protected against a flood of foreign-made goods that would destroy our industries, our wage scales, and the price for agricultural products. But there is a difference between a reasonable tariff upon the articles which would benefit our people and the tariff that has practically destroyed industry, deprived labor of its opportunity to have a living wage, and bankrupted the farmers of America. The facts are that the Smoot-Hawley tariff law was the most important factor in bringing on the panic. It was too much tariff. It seems to me that the tariff question might be likened to the use of salt—no one would deny that a reasonable use of salt on certain edibles is not only pleasant to the taste but necessary to produce the taste. At the same time, no one would suggest that where a few grains of salt were necessary to produce the condition desired that they would douse it with a spoonful of salt.

THE GOLD STANDARD

Mr. KNUTE HILL. Will the gentleman yield on that very point?

Mr. VINSON of Kentucky. I shall have to decline to yield, because my time is running on.

Then the distinguished gentleman from New York [Mr. FISH] comes on and he brings up a new theory, a new idea in economics, that going off the gold standard and devaluing the gold in the dollar have lowered the tariffs in this country; but when attempt was made to question him; he declined to yield.

Mr. Chairman, the record is unquestionable. It caused an increase in the cost of imports from gold-standard countries. The depreciation of our currency had a salutary effect so far as our exports were concerned, so far as the tariff walls of other countries were concerned, but so far as our own country was concerned, it was an added barrier, and it requires this sort of legislation to equalize the situation.

Our friends talk about our being unable to compete with foreign countries because of added cost due to the National Recovery Act. Going off the gold standard and the devaluation of the gold dollar automatically increased costs of imports from gold-standard countries at least 50 percent. This increase is somewhat less when the imports come from countries which have already depreciated their currency. This increase more than makes up any additional cost due to the National Recovery Act. This bill does not change the present tariff rates, except those affected by foreign-trade agreements.

No lesser authority than Hon. Daniel C. Roper, Secretary of Commerce, is presented upon this point. In his testimony before our committee on the pending bill, he met this fallacious argument squarely. We quote from pages 65 and 66 of the Ways and Means Committee hearings on this bill:

* * * with the recent devaluation of the American dollar to 59 cents, it now takes nearly 69 percent more dollars to pay for any particular foreign import shipment than it did a year ago, assuming the foreign price has not changed. There has thus been brought into operation an additional all-around tariff protection or handicap on imports, which has been in only small measure offset by increased costs of production or prices of domestic products resulting from the N.R.A., or other recovery measures. In other words, prices in this country could increase to approximately 70 percent over a year ago before domestic producers would be under any increased pressure from foreign imports, except insofar as the exchange values of particular foreign currencies have also depreciated—and very few have depreciated as much as the American dollar * * *.

Fear, Mr. Chairman, as I have stated, is the most potent thing that moves man save the power of love. Oh, how many years have we heard about the gold dollar, its sanctity and its sacredness. The gold standard was held up to be the cause of our strength and our prosperity even when it had ceased to be of benefit. We did not know much about the mechanics of money back in those days—folks were afraid to think of it. The gentlemen who benefited by having the gold dollar remain in its swollen condition said it would mean wreck, ruin, and havoc to America if we went off the gold standard. Some of us had pulled the curtain aside and were not frightened—we were radicals invading the sacred precincts of the temple of the international bankers.

We went off the gold standard, and from that moment to now we are approaching the prosperity of former days.

The high apostle of industry spoke of that to our committee. James A. Farrell, former President of the United States Steel Co., now connected with the National Chamber of Commerce in this country, when asked by a gentleman, expecting a different answer, said the only trouble about our being off the gold standard was that we had not gone off 18 months earlier.

AGRICULTURE AND INDUSTRY ARE TO BE HELPED—NOT HURT

My friends, there have been some statements made that I know could only come through the heat of debate—state-

ments made on the floor of the House in this debate where the words were not properly chosen.

For instance, one gentleman on the minority side, on Monday last—page 5457 of the RECORD—made the statement that a witness before the Agricultural Committee representing the Department of Agriculture said that "Any industry that needs the protection of a tariff is an inefficient industry." I could not believe that anyone could have made that statement, and I asked the gentleman to insert in the RECORD that part of the testimony.

Before we could get to that, the minority leader and other gentlemen on that side of the aisle had concluded from the words of the Member of the House that the Secretary of Agriculture had made that statement.

The gentleman was quick to admit that it was not the Secretary of Agriculture who made such statement but some representative of the Agricultural Department. The gentleman inserted the testimony. When you look at it on page 5458 of the RECORD, you will not find that such statement was made by the witness.

This is the evidence involved:

Mr. BOILEAU. Do you want to say, then, as a general statement, that those agricultural commodities that require a protective tariff are necessarily economically not justified for production in this country?

Mr. WEAVER. Well, I would like to know what commodities you have in mind. There might be some.

Mr. BOILEAU. Well, for instance, there is a tariff that is rather high on dairy products. It is necessary to have that tariff in order to protect the domestic dairyman.

Mr. WEAVER. I would rather not comment upon that particular tariff. My impression is, as to most agricultural tariffs, that they are of doubtful benefit to agriculture as a whole.

Mr. BOILEAU. I disagree with that, of course.

Then the distinguished and capable minority leader [Mr. SNELL), page 5434 of the RECORD, got "sort of het up" and made the statement that the Secretary of Agriculture announced that all inefficient industries must be destroyed.

Now, my friends, that statement has been made again and again on this floor and in the press; it probably has gone to the country that such is the attitude of the Secretary of Agriculture. I ask any fair man or woman to read the hearings before any committee of this Congress, and he will not find that that philosophy is expressed. He did not express it before the Agricultural Committee, he did not express it before the Ways and Means Committee.

He said it would be good policy that inefficient industries should not expand, but nowhere, so far as I can find, did he say that there should be a destruction of such industry or any industry within the confines of this country.

TIME LIMIT FOR BILL

They bring up many reasons for opposition to the bill. They talk about no time limit to the bill. Some have gone so far as to say that if we had a time limit on the measure, they might support it.

Let me say to my Republican friends that you are going to have an opportunity to support an amendment of that character that will be offered by the Ways and Means Committee as a committee amendment.

My very capable colleague, the gentleman from Massachusetts [Mr. MCCORMACK], moved in committee this morning the adoption of such an amendment, and you will have an opportunity to limit the provisions of this act to a period of 3 years from the date of its enactment. [Applause].

I am glad you are applauding on the Republican side. How many of you will vote for the bill if that amendment is adopted? Not a single one.

Mr. FREAR. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Kentucky. Yes.

Mr. FREAR. I am proposing to offer an amendment limiting it to 1 year. Will the gentleman vote for that?

WAR DEBTS NOT TO BE REDUCED OR CANCELED

Mr. VINSON of Kentucky. I shall follow the committee amendment. I do not believe a 1-year period is sufficient to get maximum results. I am fearful that the gentleman is proposing something on which he might be able to make a stronger speech to his people than he will be when another amendment will be offered by the Committee on Ways and Means, as a committee amendment. The gentleman is one of the most capable men in the House. He is adroit, he is capable, he is a profound student. He looked down through this bill, and he thought that he could see some political significance in respect to war debts. He made a strong speech on the floor of the House in regard to war debts and their position on foreign-trade agreements. He quoted from the testimony of the witness, Samuel Crowther, in regard to war debts, and he said we could not have any reciprocal tariff agreement unless the war-debt question could come in, and it could come in only through a reduction or a cancelation. I am stating substantially his viewpoint.

This morning I offered in committee the following amendment as a new section:

SEC. 3. Nothing in this act shall be construed to give any authority to cancel or reduce in any manner the indebtedness of any foreign country to the United States.

If and when that amendment is adopted—and it will be adopted—the gentleman will not have an opportunity in speaking to his constituents in Wisconsin to say that reduction or cancelation of our war debt is going to be involved in these foreign-trade agreements.

Mr. FREAR. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Kentucky. Yes.

Mr. FREAR. That amendment, as drawn, is extremely limited. I have one that is more general, that will cover far more and prevent any opportunity——

Mr. VINSON of Kentucky. I must decline to yield further. This amendment is limited, the gentleman says, when it states that "nothing in this act shall be construed to give any authority to cancel or reduce in any manner any of the indebtedness of any foreign country to the United States." One could not have broader language than that, I submit.

Mr. FREAR. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Kentucky. Yes.

Mr. FREAR. I suggest a substitution.

Mr. VINSON of Kentucky. The gentleman may do that, I say that when gentlemen go back home, they can talk with greater force in respect to amendments offered and not adopted than they can in regard to anything involving war debts. There has never been anything in this bill that gave power to the President of the United States to reduce or cancel war debts, but the intimations in certain speeches of gentlemen, outright charges in others, and certain other things that we have learned, indicated that it was the purpose of our Republican friends to drag that into the political campaign. That is out of it now.

RECIPROCAL AGREEMENTS AUTHORIZED UNDER M'KINLEY AND DINGLEY ACTS

Our good friend, the distinguished minority leader, made a profound statement. It was as good a political speech as could be prepared from his angle. It was a splendid speech. On page 5437 of the RECORD, Mr. SNELL said:

Mr. Chairman, while I am in favor of reciprocal tariff agreements such as were contemplated under the McKinley and Dingley tariff laws which would not be disadvantageous to our domestic market but upon terms representing true reciprocity, I am unalterably opposed to opening our markets to foreign-made goods by bartering away our American industry.

If that does not cover the ground, the English language cannot do it. He favors reciprocal-trade agreements, not treaties, that were made under the McKinley Act and under the Dingley Act, where we sought to secure advantage for our products and commodities by taking certain articles from the free list and putting them on the dutiable list—sugar, coffee, tea, molasses, hides (McKinley Act)—a power that is not granted in this bill. He favors doing that in order to get advantage in commerce, but says that under this bill he is not in favor of opening our markets to foreign-made goods by bartering away our industries.

Mr. DOUGHTON. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Kentucky. Yes.

Mr. DOUGHTON. Surely my colleague must be in error. Surely the minority leader did not want to put a tax on coffee.

Mr. VINSON of Kentucky. He said that he was in favor of reciprocal-trade agreements such as could have been made under the McKinley Act and the Dingley Act. The McKinley Act authorized the President to take coffee, tea, sugar, molasses, and hides from the free list and put them on the dutiable list, thereby raising the cost of these articles to the coffee and tea drinkers and the sugar consumers in this country, articles which we do not produce.

My distinguished friend, Mr. SNELL, favors reciprocal-trade agreements—

Which would not be disadvantageous to our domestic market but upon terms representing true reciprocity.

But he says:

I am unalterably opposed to opening our markets to foreign-made goods by bartering away our American industry.

My friends, if that is not getting on both sides of this proposition, in a little more than six lines of printed matter, it cannot be done. Certainly, the purpose of the reciprocal-tariff agreements contemplated under the McKinley-Dingley tariff laws required our taking foreign-produced goods in exchange for domestically produced goods. Certainly no one contemplated under the McKinley-Dingley tariff laws that such agreement would be disadvantageous to our domestic markets.

So, I say to the capable minority leader that when he favors reciprocal-tariff agreements contemplated, and in fact executed, under the McKinley-Dingley law, he should espouse the passage of this bill, because the purpose of this legislation is to permit of reciprocal-tariff agreements advantageous to our domestic market. There will be the same thought in the negotiation of these agreements that prevailed in the negotiations of the agreements under the Republican legislation—the McKinley-Dingley Acts and that is, that the trade agreements will be of such nature as that advantages will be secured unto American industry and agriculture. Mr. SNELL was willing to open our markets to foreign-made goods under the acts referred to, to secure advantages to our home producers; Mr. SNELL was willing to barter away American industry and agriculture under the McKinley and Dingley Acts. So, I submit that when the gentleman admits favoring reciprocal-tariff agreements under the McKinley-Dingley tariff laws, that he should favor this legislation, or to put it mildly, be less vicious in his attitude toward it because the question of advantage, benefits to American industry and agriculture runs through this legislation, from the first word to its last expression, help rather than hurt is the motivating force behind this legislation.

THIS LEGISLATION BACKED BY MANY PRECEDENTS

My friends, we are proceeding with the legislation today, backed by precedents that began in 1794. This is not a new proposition. This did not develop overnight. This has been in the economic structure of this country for more than 100 years. The platform promulgated at Chicago in 1932, upon which Democrats were elected, upon which the American people gave their expression of opinion, said:

We advocate a competitive tariff for revenue, with a fact-finding Tariff Commission free from Executive interference, reciprocal-tariff agreements with other nations, and an international economic conference designed to restore international trade and facilitate exchange.

Our Republican friends, some of them, endeavor to carry the words "free from Executive interference" away from the fact finding of the Tariff Commission, and hook them as a limitation upon the next phrase that deals with reciprocal-trade agreements. This language is in cold print—this just cannot be done.

They cannot change the language, they cannot change the punctuation, they cannot make anyone who can read believe that it reads that way. Our present policy, as expressed in this bill, did not start in 1932. Back in 1924 the Democratic platform had something to say about such trade arrangements. Among other things, it said:

We denounce the Republican tariff laws which are written in great part in aid of monopolies and thus prevent that reasonable exchange of commodities which would enable foreign countries to buy our surplus agricultural and manufactured products with resultant benefit to the toilers and producers of America. Trade interchange, on the basis of reciprocal advantages to the countries participating, is a time-honored doctrine of Democratic faith.

When the Democrats and administration forces stand behind this bill, they are simply carrying out another platform pledge that was made to be carried out, and not simply manufactured upon which men could be elected.

In January last the Senate called upon the Tariff Commission to make a recommendation with reference to tariff treatment, and on March 29 they submitted a letter to the Senate that deals with this important subject. Among other things they said:

Congress might frame a law for bilateral tariff bargaining which would authorize the President, when he had arranged a tariff bargain with a certain foreign country, the concession by the foreign country being a reasonable return for a concession by the United States to issue a proclamation stating those facts and naming the reduced rates on specific articles imported into the United States.

It has been thought about longer than that. Here comes the spokesman of industry, the gentleman who appeared before our committee representing the National Chamber of Commerce, which the gentleman from California [Mr. EVANS] said was in existence mainly to promote foreign trade. That is the first time I ever heard such a statement. I know the gentleman said it in good faith, possibly with reference to his local organization, but a chamber of commerce promoted primarily for foreign-trade purposes was a new thought to me. In May of last year this National Chamber of Commerce at its annual meeting favored the initiation of negotiations for agreements like this, as follows:

The safeguarding and advancement of our foreign trade should be the purposes of a vigorous foreign commercial policy of our Government. Adaptation of our American economic structure to present world conditions calls for most careful scrutiny of existing policies. Keeping in mind always the necessity of assuring stability to our internal industrial and agricultural enterprises, through reasonable protection for American industry, our Government should have power to initiate reciprocal tariff arrangements with foreign countries where such bargaining would be clearly in our national interest. Such agreements would complement our existing flexible tariff in establishing for our country a tariff policy fair alike to our home industry and our competitors abroad.

My friends, when you take the Democratic platform of 1924 and of 1928, and when you take the study made by the Tariff Commission under Mr. Hoover, and when you take the utterances of the chamber of commerce, we are following a beaten path with reference to this sort of policy. It is a policy not to harm American industry or American agriculture but a policy to help them.

President Roosevelt will use care and caution in purpose to help domestic agriculture and industry.

I make that last statement upon no lesser authority than the President of the United States. I quote from his message requesting this authority, dated March 2, 1934:

Other governments are to an ever-increasing extent winning their share of international trade by negotiated reciprocal-trade agreements. If American agricultural and industrial interests are to retain their deserved place in this trade, the American Government must be in a position to bargain for that place with other governments by rapid and decisive negotiation based upon a carefully considered program, and to grant with discernment corresponding opportunities in the American market for foreign products supplementary to our own.

* * * * * * *

I would emphasize that quick results are not to be expected. The successful building-up of trade without injury to American producers depends upon a cautious and gradual evolution of plans.

* * * * * * *

The exercise of the authority which I propose must be carefully weighed in the light of the latest information so as to give assurance that no sound and important American interest will be injuriously disturbed. The adjustment of our foreign-trade relations must rest on the premise of undertaking to benefit and

not to injure such interests. In a time of difficulty and unemployment such as this, the highest consideration of the position of the different branches of American production is required.

* * * * * * *

Legislation such as this is an essential step in the program of national economic recovery which the Congress has elaborated during the past year. It is part of an emergency program necessitated by the economic crisis through which we are passing.

These quotations make it apparent to all that the policy of care and caution will be followed in the exercise of the powers herein conferred. That its purpose is to "build up trade without injury to American producers"—its purpose is to help rather than hurt, or, as the President so well says:

The exercise of the authority which I propose must be carefully weighed in the light of the latest information so as to give assurance that no sound and important American interest will be injuriously disturbed. The adjustment of our foreign-trade relations must rest on the premise of undertaking to benefit and not to injure such interests. In a time of difficulty and unemployment such as this, the highest consideration of the position of the different branches of American production is required.

Mr. KNUTSON. Will the gentleman yield for a question?

Mr. VINSON of Kentucky. I yield.

Mr. KNUTSON. Did my friend notice in the morning paper that the textile manufacturers of Poland have entered into a contract to purchase 200,000 bales of cotton from Russia?

CANADA NOW SETTING UP SIMILAR MACHINERY

Mr. VINSON of Kentucky. But if we had granted this authority to our Executive, we might have been in a position to secure that purchase for the American cotton producer.

I want to call the gentleman's attention to another article that appeared in a newspaper, and I think I should say now it was through the vigilance of the gentleman from Oklahoma [Mr. McCLINTIC] that I am permitted to bring this to your attention. I know it will have weight with the distinguished gentleman from Minnesota [Mr. KNUTSON]. It is a paper dated March 26, last Monday. It is printed in Montreal. The paper is the Montreal Daily Star.

The headline reads:

Dominion marketing board is set up.

The subheadline:

To control prices and exports.

My friends, even while we were debating this question, our nearest neighbor, our friend on the north, is putting into operation machinery similar to this in order to protect its agriculture and its industries.

Further subheadlines:

Wide powers given under act introduced in Commons. Watch imports.

I read from the paper:

Powers are provided to limit or increase the export from Canada of any regulated product at any time, and to control interprovincial trade as well.

I now read from the paper what purports to be a quotation from the bill itself:

The Government is also empowered "to restrict the importation into Canada of any natural product which enters Canada in competition with a regulated product, and the Governor in Council shall have power to make regulations to provide for the licensing by the Minister of Imports" or otherwise enforce the restrictions.

So we have it brought to us, even during consideration of this bill, that one of our best customers is now considering legislation of like character to this. We must confer this authority to act before we lose all chances to secure our portion of the world trade. We should hasten the day of rehabilitation in this respect.

Since January 1, 1933, there have been 68 foreign-trade agreements entered into by countries in which agreements our country was not a party.

Mr. McCORMACK. Will the gentleman yield?

Mr. VINSON of Kentucky. I yield.

Mr. McCORMACK. May I suggest to my friend that in the political opposition to anything that the Democratic Party might undertake, the Republican Party in the House has diverted itself from its traditional policy and has been forced and has accepted a policy of economic isolation?

Mr. VINSON of Kentucky. I do not know whether that is the policy of the membership on the minority side in this debate or not. Some of them take that position. Some of them take the other position, and some of them take both positions. It is a question of just which part of their speeches they will use for home consumption when they want to keep the home fires burning. In regard to that proposition, we have heard the Secretary of Agriculture attacked as a nationalist and abused because of the curtailment program.

Then we have heard him accused of being an internationalist; but when you read the document quoted "America Must Choose", you will see that Secretary Wallace states that, in his opinion, the American Congress and the American people will take the middle of the road; that they will use the good of nationalism and the benefits that would come from increasing our export trade, or what my friends might be pleased to term "internationalism."

WE ARE LOSING EXPORT TRADE

But, Mr. Chairman, let me call your attention to the fact that something has happened to us; it has already happened; we have got to operate, and it is going to be a major operation, because the official figures tell me that world exports in 1929 were $33,000,000,000 plus; that in 1933 they were $11,000,000,000 plus, a 67-percent reduction.

They tell me that the export trade of the United States in 1929 was $5,100,000,000 plus; in 1933, $1,100,000,000 plus. In other words, while the exports of the world were lowered by a ratio of 3 to 1, those of Uncle Sam dropped by a ratio of 4½ to 1. The story with regard to world imports is $35,600,000,000 plus for 1929 and $12,000,000,000 minus for 1933—3 to 1, whereas the figures on imports for Uncle Sam were $4,300,000,000 plus in 1929 and $1,100,000,000 in 1933, or a ratio of 4 to 1.

When we consider the entire world trade, exports, and imports, it will be found that the reduction in the world's trade is 2½ to 1, roughly, whereas for Uncle Sam the ratio is 4 to 1.

In other words, you might say that it was declining world trade that put us in this condition; but not only did we suffer our proportionate share of the decline in world trade, but we lost 2.9 percent more than our actual percentage of the world trade; and we lost it because foreign countries have entered into these trade agreements and are taking our markets for that which we produce in both field and factory.

They talk about fear of imports. Why, Mr. Chairman, who expressed any fear of imports back in 1929, unless they were tariff hogs? Our industries were thriving, the wheels were turning, the smoke was rolling out of the stacks, men had full dinner pails and something in their pay envelops; they had happy homes and happy families; men were at work, and this country was prosperous. Yet that was a time when our imports were four times their present figure. Then we heard expressed no fear of imports.

Let me say to my friends on the minority side, and I ask them to consider this seriously, that since the beginning of time, since the creation of nations, no country has acquired front rank amongst the nations of its time unless it had developed its commercial possibilities and entered into world trade. Think it over when you talk about nationalism and being self-contained. You can go back to the Phoenicians, the Carthaginians, the Greeks, and the Romans, and from that point follow history right down to the present time and you will find nothing to lessen the force of this statement.

I wonder what makes Great Britain a world power, that little dot in an ocean, that island kingdom which could be lost entirely in any one of a dozen of its possessions! Her success is due because she has applied the lessons of history to her trade relations with her possessions. That is why Great Britain in days gone by occupied and today still occupies its position in world affairs.

CONSTITUTIONALITY

I shall merely touch the argument raised with respect to the constitutionality of the bill because this phase of the matter was ably treated by other gentlemen, particularly the gentleman from Washington, Mr. HILL, the gentleman from Ohio, Mr. WEST, our distinguished chairman, the gentleman from North Carolina, Mr. DOUGHTON, and others.

Mr. Chairman, I expected to hear a real attack upon the constitutionality of this bill when the distinguished jurist, the gentleman from Pennsylvania, Mr. BECK, took the floor. I heard every word he uttered, I read every word he put in his prepared statement, but nowhere does he point to a single decision of the Supreme Court that would indicate that this bill was unconstitutional. From his statements I gather he fears it will be upheld constitutionally. He makes a great speech, highly logical and persuasive if it were first impression. I frankly say I took this view from reading general statements respecting delegation of power. But I was wrong. Our Supreme Court has settled this question many times—so clearly and unmistakably that it is not open to serious discussion at this time. He said that Congress could not delegate legislative power to the President. No one disagrees with that statement; we could not do it if we wanted to. The fact of the matter is, however, that for more than 100 years the Supreme Court has been passing upon statutes conferring similar powers; and they have said that this is not a delegation of legislative power; it is by legislation, placing discretion in the hands of the Executive to enforce and execute legislative enactments.

No one would claim this bill was unconstitutional who stopped to think about the Payne-Aldrich bill where power was lodged in the President to determine within minimum rates and maximum rates what tariff should be laid on certain classes of imports. If my memory serves me correctly, there were 134 proclamations put into execution under the authority granted in that bill. The question of constitutionality was raised, but the Supreme Court upheld this placing of discretion in the hands of the Executive. And so with the Dingley Act, and so with the McKinley bill; and we have it in the law today.

My friend from Massachusetts [Mr. TREADWAY] referred to section 336 and talked about the Tarff Commission. In it you have a yardstick and the fact-finding body named. However, in section 338 no Tariff Commission is mentioned, and no yardstick is contained; in that section it is a question of the President of the United States determining whether discrimination has been suffered by an American industry at the hands of any foreign country; and that is what this bill does.

In order that there can be no doubt about the powers conferred by section 338 of the Smoot-Hawley Act, I insert it in full herewith:

SEC. 338. DISCRIMINATION BY FOREIGN COUNTRIES

(a) Additional duties: The President when he finds that the public interest will be served thereby shall by proclamation specify and declare new or additional duties as hereinafter provided upon articles wholly or in part the growth or product of, or imported in a vessel of, any foreign country whenever he shall find as a fact that such country—

(1) Imposes, directly or indirectly, upon the disposition in or transportation in transit through or reexportation from such country of any article wholly or in part the growth or product of the United States any unreasonable charge, exaction, regulation, or limitation which is not equally enforced upon the like articles of every foreign country; or

(2) Discriminates in fact against the commerce of the United States, directly or indirectly, by law or administrative regulation or practice, by or in respect to any customs, tonnage, or port duty, fee, charge, exaction, classification, regulation, condition, restriction, or prohibition, in such manner as to place the commerce of the United States at a disadvantage compared with the commerce of any foreign country.

(b) Exclusion from importation: If at any time the President shall find it to be a fact that any foreign country has not only discriminated against the commerce of the United States, as aforesaid, but has, after the issuance of a proclamation as authorized in subdivision (a) of this section, maintained or increased its said discriminations against the commerce of the United States, the President is hereby authorized, if he deems it consistent with the interests of the United States, to issue a further proclamation directing that such products of said country or such articles imported in its vessels as he shall deem consistent with the public interests shall be excluded from importation into the United States.

(c) Application of proclamation: Any proclamation issued by the President under the authority of this section shall, if he deems it consistent with the interests of the United States, extend to the whole of any foreign country or may be confined to any subdivision or subdivisions thereof; and the President shall, whenever he deems the public interests require, suspend, revoke, supplement, or amend any such proclamation.

(d) Duties to offset commercial disadvantages: Whenever the President shall find as a fact that any foreign country places any burden or disadvantage upon the commerce of the United States by any of the unequal impositions or discriminations aforesaid, he shall, when he finds that the public interest will be served thereby, by proclamation specify and declare such new or additional rate or rates of duty as he shall determine will offset such burden or disadvantage, not to exceed 50 percent ad valorem or its equivalent, on any products of, or on articles imported in a vessel of, such foreign country; and 30 days after the date of such proclamation there shall be levied, collected, and paid upon the articles enumerated in such proclamation when imported into the United States from such foreign country such new or additional rate or rates of duty; or, in case of articles declared subject to exclusion from importation into the United States under the provisions of subdivision (b) of this section, such articles shall be excluded from importation.

(e) Duties to offset benefits to third country: Whenever the President shall find as a fact that any foreign country imposes any unequal imposition or discrimination as aforesaid upon the commerce of the United States, or that any benefits accrue or are likely to accrue to any industry in any foreign country by reason of any such imposition or discrimination imposed by any foreign country other than the foreign country in which such industry is located, and whenever the President shall determine that any new or additional rate or rates of duty or any prohibition hereinbefore provided for do not effectively remove such imposition or discrimination and that any benefits from any such imposition or discrimination accrue or are likely to accrue to any industry in any foreign country, he shall, when he finds that the public interest will be served thereby, by proclamation specify and declare such new or additional rate or rates of duty upon the articles wholly or in part the growth or product of any such industry as he shall determine will offset such benefits, not to exceed 50 percent ad valorem or its equivalent, upon importation from any foreign country into the United States of such articles; and on and after 30 days after the date of any such proclamation such new or additional rate or rates of duty so specified and declared in such proclamation shall be levied, collected, and paid upon such articles.

(f) Forfeiture of articles: All articles imported contrary to the provisions of this section shall be forfeited to the United States and shall be liable to be seized, prosecuted, and condemned in like manner and under the same regulations, restrictions, and provisions as may from time to time be established for the recovery, collection, distribution, and remission of forfeitures to the United States by the several revenue laws. Whenever the provisions of this act shall be applicable to importations into the United States of articles wholly or in part the growth or product of any foreign country, they shall be applicable thereto whether such articles are imported directly or indirectly.

(g) Ascertainment by Commission of discriminations: It shall be the duty of the Commission to ascertain and at all times to be informed whether any of the discriminations against the commerce of the United States enumerated in subdivisions (a), (b), and (e) of this section are practiced by any country; and if any when such discriminatory acts are disclosed, it shall be the duty of the Commission to bring the matter to the attention of the President, together with recommendations.

(h) Rules and regulations of Secretary of the Treasury: The Secretary of the Treasury with the approval of the President shall make such rules and regulations as are necessary for the execution of such proclamations as the President may issue in accordance with the provisions of this section.

(i) Definition: When used in this section, the term "foreign country" means any empire, country, dominion, colony or protectorate, or any subdivision or subdivisions thereof (other than the United States and its possessions), within which separate tariff rates or separate regulations of commerce are enforced.

It is evident that no fact-finding commission is set up in this section, nor is there any yardstick, the absence of which in this bill is the cause of such complaints. This power in the President, originally coming into the law in a Republican administration, confers this exercise of discretion upon the President "when he finds that the public interest will be served." The fact-finding is imposed upon the President of the United States, who, of course, may use such agency as he sees fit. There is no measuring rod in this section.

The language of the pending bill, in first part of section 1, sets forth its purpose. The gentleman from Massachusetts

[Mr. TREADWAY] said they were pretty words. They are more than pretty words; they are a legislative expression of conditions, purposes, and intent.

The language, which is so very important, follows:

PART III—PROMOTION OF FOREIGN TRADE

SEC. 350. (a) For the purpose of expanding foreign markets for the products of the United States (as a means of assisting in restoring the American standard of living, in overcoming domestic unemployment and the present economic depression, in increasing the purchasing power of the American public in the present emergency, and in establishing and maintaining a better relationship among various branches of American agriculture, industry, mining, and commerce) by regulating the admission of foreign goods into the United States in accordance with the characteristics and needs of various branches of American production so that foreign markets will be made available to those branches of American production which require and are capable of developing such outlets by affording corresponding market opportunities for foreign products in the United States, the President, whenever he finds that any existing duties or other import restrictions are unduly burdening and restricting the foreign trade of the United States or that the purpose above declared will be promoted by the use of the powers herein conferred, is authorized."

Then whenever the President finds that "any existing duties or other import restrictions are unduly burdening and restricting the foreign trade of the United States or that the purpose above declared will be promoted by the use of the power herein conferred", he may enter into these foreign-trade agreements and issue a proclamation within limits increasing or decreasing the rates that are now on the books by not more than 50 percent.

SUBSTANTIAL AID TO AGRICULTURE AND INDUSTRY

There is no imposition of tariff rates. There is no imposition of tax levies in this bill. The rates remain on the books as is with this discretionary power in the hands of the President.

The gentleman from Michigan [Mr. WOODRUFF] talks about 90 percent domestic consumption and 10 percent export production. This looks like 9 to 1. But, Mr. Chairman, when you consider this vast array of articles treated by the gentleman from Ohio [Mr. WEST] and the percentage of their production that goes into the export trade, you will see a vastly different picture. When you think of the proportion of cotton, wheat, tobacco, lard, and rice that goes into the export trade, you will see a different picture; 55 to 60 percent of our cotton production goes to the export trade; wheat 20 percent, tobacco 40 percent, lard 50 percent, and rice 30 percent.

Mr. Chairman, it is estimated here that 7,000,000 American citizens are involved and are dependent in large degree upon our export trade. I think this figure is small. I will tell you why I think it is small. There are 432,000 tobacco farms in this country. If you take the farmer, his wife, and family as an average of 5, and 1 tenant with an average family of 3, you have a total of 8. That is 3,456,000 people right there. Forty percent of the product goes into the foreign trade, which means that practically a million and a half people growing tobacco are dependent upon keeping open to tobacco the markets of the world.

I submit the following statements which I found most interesting:

The value of the exports of the following principal articles in 1932 was the lowest in years, to wit:

Articles:	*Lowest since*
Meat products	1870
Animal fats and oils	1889
Leather	1894
Wheat, including flour	1905
Oil cake and meal	1918
Rubber and manufactures	1915
Tobacco, unmanufactured	1917
Cotton, raw (with one exception, 1931)	1903
Cotton manufactures	1911
Sawmill products	1890
Other wood manufactures	1893
Coal and coke	1910
Petroleum and products	1915
Iron and steel mill products	1903
Copper and manufactures	1895
Machinery of all classes	1915
Automobiles, including engines and parts	1915

Extent of decrease in exports in 1932 as compared with 1929

Article		1929	1932
Meat products	pounds	1,273,000,000	[1] 824,000,000
Milk, condensed	do	116,000,000	[1] 88,000,000
Sardines	do	123,920,000	[1] 53,247,000
Salmon, canned	do	40,967,000	[1] 24,222,000
Wheat	bushels	164,000,000	136,000,000
Oats	do	16,000,000	4,000,000
Rye	do	9,000,000	1,000,000
Corn	do	42,000,000	4,000,000
Oranges	boxes	4,223,000	3,534,000
Apples	bushels	26,264,000	21,318,000
Tobacco leaf	pounds	566,000,000	432,000,000
Anthracite coal	tons	3,406,000	1,303,000
Bituminous coal	do	17,429,000	8,814,000
Leather boots and shoes	pairs	4,807,000	1,100,000
Rubber boots and shoes	do	12,372,000	[1] 3,009,000
Automobile tires	number	2,796,000	908,000
Cigarettes	do	8,456,000,000	2,417,000,000
Rosin	barrels	1,133,000	1,011,000
Turpentine	gallons	14,175,000	13,520,000
Cotton yarn	pounds	27,491,000	[1] 14,272,000
Hosiery	dozen pairs	5,779,000	[1] 1,849,000
Lumber	board-feet	3,078,000,000	[1] 1,646,000,000
Gasoline and benzol	barrels	60,801,000	33,900,000
Kerosene	do	19,820,000	10,867,000
Gas and fuel oil	do	35,715,000	17,831,000
Lubricating oil	do	10,653,000	6,732,000
Iron and steel:			
Plates and sheets	tons	541,000	79,000
Skelp iron or steel	do	131,000	25,000
Tinplate, etc	do	250,000	40,000
Structural shapes	do	400,000	33,000
Rails	do	146,000	11,000
Wrought pipe, boiler tubes	do	291,000	[1] 94,000
Copper	do	499,000	164,000
Locomotives, steam	number	207	[1] 23
Sewing machines, cabinets, attachments, parts	dollars	12,189,000	[1] 4,929,000
Typewriters	number	229,190	[1] 87,574
Printing machinery	dollars	19,061,000	[1] 8,668,000
Agricultural machinery	do	140,801,000	[1] 57,403,000
Automobiles, trucks	number	536,000	66,000
Motorcycles	dollars	4,843,000	1,869,000

[1] Represent figures for 1931 (1932 not available).

THE AMERICAN PEOPLE LIKE ACTION

May I read to you a statement made by ex-President Hoover which, to my mind, is typical of the attitude of the gentlemen on the left. I say that, in my opinion, he did not follow the viewpoint expressed. This is taken from a speech he made at Cleveland, Ohio, on October 2, 1930:

The economic fatalist believes that these crises are inevitable and bound to be recurrent. I would remind these pessimists that exactly the same things were once said of typhoid, cholera, and smallpox. If medical science had sat down in a spirit of weak-kneed resignation and accepted these scourges as uncontrollable visitations of Providence, we should still have them with us. This is not the spirit of modern science. Science girds itself with painstaking research to find the nature and origin of disease and to devise methods for its prevention. That should be our attitude toward these economic pestilences. They are not dispensations of Providence. I am confident in the faith that their control, so far as the causes lie within our own boundaries, is within the genius of modern business.

President Hoover failed to practice what he preached, and it was because of that inaction, because of that lack of leadership, that the American people turned to a man of action and a man of leadership.

Today in this Chamber we are called upon for action. If you are satisfied with the old idea of "let well enough alone", "make no effort to cure the ills which visit us", "make no effort to secure world markets for American commodities and American products", then you ought in good conscience vote against this bill. On the contrary, if you believe in action, if you have the confidence that you claim you have in the President of the United States, if you have faith in the President, who has brought us a long way on the road to recovery, be not afraid, have a little stiffening in the spine, be men of action, and support this legislation which comes into being as the President says, not to hurt industry in this country but to help it. If you have this viewpoint, support the measure. In my judgment, the fears so well expressed will never be realized. The American farmer and American industry will receive benefits. American families will have happier homes, and we will have discharged another obligation placed upon us by the people of the United States in carrying out the platform pledge of our party and the purpose of Franklin Delano Roosevelt, our President. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. All time has expired. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That the Tariff Act of 1930 is amended by adding at the end of title III the following:

"PART III—PROMOTION OF FOREIGN TRADE

"SEC. 350. (a) For the purpose of expanding foreign markets for the products of the United States (as a means of assisting in restoring the American standard of living, in overcoming domestic unemployment and the present economic depression, in increasing the purchasing power of the American public in the present emergency, and in establishing and maintaining a better relationship among various branches of American agriculture, industry, mining, and commerce) by regulating the admission of foreign goods into the United States in accordance with the characteristics and needs of various branches of American production so that foreign markets will be made available to those branches of American production which require and are capable of developing such outlets by affording corresponding market opportunities for foreign products in the United States, the President, whenever he finds that any existing duties or other import restrictions are unduly burdening and restricting the foreign trade of the United States or that the purpose above declared will be promoted by the use of the powers herein conferred, is authorized from time to time—

"(1) To enter into foreign trade agreements with foreign governments or instrumentalities thereof; and

"(2) To proclaim such modifications of existing duties and other import restrictions, or such additional import restrictions, or such continuance, and for such minimum periods, of existing customs or excise treatment of any article covered by foreign trade agreements, as are required or appropriate to carry out any foreign trade agreement that the President has entered into hereunder. No proclamation shall be made increasing or decreasing by more than 50 percent any existing rate of duty or transferring any article between the dutiable and free lists. The proclaimed duties and other import restrictions shall apply to articles the growth, produce, or manufacture of all foreign countries, whether imported directly or indirectly, except that nothing in this section shall be construed to prevent the granting of exclusive preferential treatment to articles the growth, produce, or manufacture of the Republic of Cuba: *Provided*, That the President may suspend the application to articles the growth, produce, or manufacture of any country because of its discriminatory treatment of American commerce or because of other acts or policies which in his opinion tend to defeat the purposes set forth in this section; and the proclaimed duties and other import restrictions shall be in effect from and after such time as is specified in the proclamation.

"The President may at any time terminate any such proclamation in whole or in part.

"(b) As used in this section, the term 'duties and other import restrictions' includes (1) rate and form of import duties and classifications of articles, and (2) limitations, prohibitions, charges, and exactions other than duties, imposed on importation or imposed for the regulation of imports."

Mr. TREADWAY. Mr. Chairman, I offer an amendment which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. TREADWAY: Beginning with the word "for", in line 6, on page 1, strike out all the language down to and including the words "United States", in line 9, page 2.

Mr. TREADWAY. Mr. Chairman, the language that I propose striking out is purely a lot of well-put-together words that mean absolutely nothing. If we are writing law, let us write law. If we are writing professional English, let us write that, but not intrude it in the Halls of Congress. If anyone can show me that any part of the language that I have moved to strike out will in any way add to the efficiency or the efficacy of this law, if passed, I will withdraw the amendment. As was explained in the committee, it shows the purpose of the legislation. The purpose of the legislation is when you enact something. This is just a further illustration that we are being led around like a bull with a ring through his nose. We are being led around by the nose by some "brain trust" professors who are fond of the English language and their powers to express it. There is a page and a half of useless words. They sound well and perhaps might mean something in the right place, but when you are enacting a law they do not mean a continental thing. So why waste good English? Why do they not use their good English in getting up lectures or to address their college classes instead of bringing such language as this into the Halls of Congress and asking us to carry their language into law.

Why, it is the most absurd thing conceivable, Mr. Chairman, that we are expected, like a class in college, to need their well-sounding words. I can conceive of the author of this language on a rostrum before his college class, possibly of freshmen—I think they might be from the way this language reads—and I can see the awe on the faces of these boys when they are looking up at this college professor and thinking what a great man he is because he uses so many fine, high-sounding words. We have graduated from that freshman professorial-teaching group and we are here as Representatives of the people, and let us act as such and not be led around by the nose and told the kind of language we ought to use because some man has a power of expression which should be used for the benefit of freshmen in college rather than for grown men who are Members of the Congress. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I hope the amendment of the gentleman from Massachusetts [Mr. TREADWAY] will not be adopted. It is a case of Greeks bearing gifts. Of course, this side of the House is not going to take advice or be governed by those on the other side, who have fought this bill at every turn, who are opposed to every word, line, and every section of it, and their only motive, purpose, and real object is to try to defeat the bill.

I am sure the Membership on this side of the House who favor this legislation and believe it will bring great benefits to the American people are not going to allow its enemies to write the bill.

Mr. COOPER of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. I yield to the gentleman from Tennessee.

Mr. COOPER of Tennessee. Mr. Chairman, as the chairman of the committee so well knows, various other measures reported by this and other committees and enacted during this recovery program have carried language which corresponds to the language carried in this bill. It is a very vital part of the bill itself. It sets forth the purposes of the legislation and from a legal standpoint and from the standpoint of construction in the courts it is of the very greatest importance to the legislation.

It is necessary for this provision to be contained in this bill, which sets forth the very purposes to be accomplished by the legislation, and, certainly, the amendment of the gentleman from Massachusetts should not be adopted. This very language will be looked to by the courts of the country if they should be called upon to pass on this legislation, and it is of vital importance to the measure that this provision be contained in the bill.

Mr. McCORMACK. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the gentleman from Massachusetts [Mr. TREADWAY], in offering the amendment that he has, clearly evidences that no matter what the Democratic Party might do with reference to the tariff, the gentleman from Massachusetts would oppose it because of political reasons.

There is no question but that throughout the country the thinking press and the fair press are realizing that the opposition of the Republican Party to this measure is purely partisan, without regard to whether or not legislation of this kind is beneficial or might be beneficial to the general welfare of the country.

In one of the cities located near Mr. TREADWAY's district, Springfield, Mass., is located a newspaper, the Springfield Republican, and in an editorial under the title of "Tariff Bargaining Power", it says:

The President's tariff bill is afoul of partisan obstruction and is undergoing, first of all, a major attack as unconstitutional. For this reason, the bill might well place a time limitation on the delegated power, say 3 or 4 years, thus forcing the President to ask for a renewal later on in case he should desire to continue his policy of promoting foreign trade by special agreements without being obliged to obtain in each case the approval of two thirds of the Senate. With a time limitation, the Supreme Court would probably find the law the easier to sustain.

The foreign trade relations of all nations are in such a depressed and chaotic condition that the Executive of our own Government should be empowered to exercise greater freedom from the Senate veto in negotiating commercial treaties. The requirement of a two-thirds Senate majority for any treaty is a serious obstacle to trade development.

Other governments are not thus handicapped. In cases where the approval of a legislative body is still necessary, as in Great

Britain, only a simple majority in a body controlled by the responsible ministry is needed, while the numerous dictatorships that have sprung up throughout the world may act without the least hindrance to reach out for foreign markets by special trade bargaining.

Great Britain's economic position would be almost hopeless if the British executive were tied down like the President of the United States in pushing exports. The British revival has been slow, although there has been perceptible improvement. The physical volume of industrial production in the United Kingdom has increased only 3 percent since the rise began as against 20 percent for the United States.

The present British Government banks heavily on its new protective-tariff policy; thus the home market is safeguarded for domestic industries. But the home market cannot begin to consume British production of goods. "Recovery" for Britain means recovery of foreign markets, so far as that is now possible. Sir John Simon's recent laudation of the new British tariff policy was based mainly on the fact that the tariff has not caused a recent decline in exports. But it is through an improved bargaining position that the British Government facilitates better trade relations. Special trade agreements and treaties furnish the method for promoting exports. These treaties require nothing but a simple majority in the Commons for their approval, and the approval could not be denied without throwing the Government out of power.

The constitutional basis for the delegation of a limited tariff power to the President is in the flexible tariff system already sustained by the United States Supreme Court. What President Roosevelt asks for in bargaining authority would in effect place him merely on an equality with other great nations, including Great Britain. If this country wants its exports stimulated, it knows perfectly what it must do.

This is a newspaper located in what was once one of the strongest Republican cities in Massachusetts, but it has now seen the light and reason and the people of this city are now taking the course of the Democratic Party, which they should have taken years ago.

The gentleman from Massachusetts says that the expressions of purposes set forth in the bill are useless. The gentleman is incorrect. This language sets forth not only the purposes which the Congress hopes and intends to obtain by the passage of this legislation but it also constitutes a direction to the President of the United States in the use of the powers conferred upon him. What does the Congress of the United States say? The Congress of the United States says, in the language which the gentleman undertakes to strike out, that one of the purposes desired to be accomplished, constituting a direction to the President of the United States in the making of such agreements, is to "restore the American standard of living", a purpose which we should all desire to see accomplished. Such a direction and such a purpose are of particular benefit to all our people, particularly those living in the industrial areas.

The other purposes therein described constitute a direction and a declaration of purpose; and in the event of this bill's passing and being submitted to the Supreme Court on the question of its constitutionality, the Supreme Court, as it has in other cases, would, in part, look to the purposes which the passage of the legislation sought to bring about.

So this has a legal significance. It is not merely inserting high-sounding words. This language sets forth the definite policy of Congress in the passing of this bill, and it also sets out the direction which the executive branch of the Government should and must take in carrying out the powers necessarily delegated.

So it is not unnecessary language; it is important language, not only to set forth the purposes which we desire but it also constitutes a direction to the President of the United States, and I hope that the amendment injected for partisan purposes will be defeated. [Applause.]

Mr. CELLER. Mr. Chairman, I rise in opposition to the pro-forma amendment. Mr. Chairman and Members of the Committee, I am interested in the suggestion of the gentleman from Massachusetts and shall oppose it; but I wish to address myself to a provision which I think should be in this bill; and if it is not included in the bill, I shall vote against it.

I refer to the time limit. I am willing to trust the President of the United States with all the powers embraced in this bill, and they are indeed stupendous, gigantic, unprecedented powers, but I wish that the President shall be limited as to the time he may exercise these powers.

The majority report says that the bill is designed to meet an emergency. If it is designed to do that—and I am sure it is to meet an emergency—when the emergency shall have gone glimmering, these powers should cease. I understand the gentleman from Massachusetts [Mr. MCCORMACK], a member of the committee, is to offer such an amendment.

Mr. CULLEN. Will the gentleman yield?

Mr. CELLER. Yes.

Mr. CULLEN. I want to say to the gentleman that such an amendment as he has indicated is to be offered to the bill by the chairman of the committee.

Mr. CELLER. I just commented on that, and I am glad to have it reiterated by a member of the committee. It is imperative that the amendment should be adopted. We are giving the President great powers under the National Recovery Administration and the Agricultural Adjustment Administration and all the other alphabet bureaus and commissions, but I believe it is time to determine our bearings. If we are to grant the powers during an emergency, let it be for an emergency and not a permanent affair. As the bill now reads, it embraces a permanent policy. There is no time limit.

I understand the gentleman from Massachusetts will offer the amendment that the powers granted herein shall be for the duration of 3 years.

Very well and good. I believe and earnestly suggest that the gentleman go one step further, because the President will have the right, if that amendment carries, within 3 years to enter into an agreement with foreign nations or subdivisions thereof, which agreements shall be for a longer period than 3 years, and so I would appeal to the intelligence of the committtee that there be added an amendment or a provision that no agreements shall be made within the period of 3 years which in terms shall be longer than 3 or, say, 4 years from the effective date of this bill. Without such added limitation, the President could enter into an agreement effective within the 3 years for a duration of 50 years. We should not permit that. That goes far beyond emergency.

[Here the gavel fell.]

The pro-forma amendment was withdrawn.

The CHAIRMAN. The question is on the amendment of the gentleman from Massachusetts [Mr. TREADWAY].

The question was taken, and the amendment was rejected.

Mr. TREADWAY. Mr. Chairman, I offer another amendment.

The Clerk read as follows:

Page 2, line 10, after the word "finds", insert a comma and the following: "after investigation by the Tariff Commission." And on page 3, after line 22, add the following new subsection:

"(c) In the course of the investigation required under subsection (a) of this section, the Tariff Commission shall hold hearings and give reasonable notice thereof, and shall afford reasonable opportunity for parties interested to be present, to produce evidence, and be heard at such hearings."

Mr. TREADWAY. Mr. Chairman, it seems to me that this is an extremely important amendment. I suggested the idea to my Democratic colleagues in the committee, and they saw fit not to accept the suggestion. It is not in accordance with our "brain trust", but for a long time, in several tariff bills, we have carefully included the right to be heard and the power of investigation of the Tariff Commission. The bill before us takes away all that power, places dictatorial right in the hands of the President of the United States, and gives positively no opportunity for hearings to interested parties. If the Congress of the United States sees fit to adopt star-chamber procedure in dealing with the industries of this country, I suppose very likely the Democrats will vote down this amendment; but I want to have it definitely and positively understood that the majority in this House will put itself on record as not giving American citizens an opportunity to be heard before they are condemned in their industrial life. That is the question before you now. Will you have a court, a Tariff Commission, where industrial representatives can be heard and definite and positive decisions rendered by them, or will you close the door to all such

opportunity and rest in the hands of one person the power to control industry in this country?

That applies to industry, agriculture, commerce, and everything else. In other words, will you here this afternoon add to the power of a dictatorship, leading to a dictatorship, or are we still free American citizens, who believe in the right of trial before conviction? It applies as much to industry, commerce, and agriculture as it does to crime. The worst criminal cannot be convicted without a fair and impartial trial. He is innocent until proven guilty. Why has not American industry, agriculture, and commerce the same right to be heard by an impartial jury, and place their case before the jury before conviction is had, and why are people not to be given that chance?

The CHAIRMAN. The time of the gentleman from Massachusetts, [Mr. TREADWAY], has expired.

Mr. DOUGHTON. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Massachusetts.

During this entire debate there has been the most desperate effort on the part of the minority and those who oppose this legislation to scare, frighten, and alarm the American people as to some great injury that will result from the enactment of this legislation. The lamentations of Jeremiah were mild as compared with the lamentations that we have heard with respect to the dire things that will happen as a result of this legislation.

On one day last week the minority leader of the House made a political speech, a stump speech, in which he declined to yield, and in which he used the strongest language possible in an effort to alarm the American people.

The most important thing this country has today on which to rebuild and restore itself from the economic disaster wrought by the previous administration is confidence. There was no such thing as confidence prior to President Roosevelt's inauguration on March 4, 1933. Thank God, confidence has been restored. Regardless of that, in their desperation to make some political capital out of this legislation, our Republican friends would circulate rumors trying to excite, alarm, and disconcert the American people.

Let me read the language of the distinguished minority leader:

> Rumor has it that we have agents in Europe making deals now.

Not a scintilla of evidence offered; not an authority cited; no person mentioned. Rumor! Rumor!

> One is free cement from Belgium. How will the cement manufacturers on the Atlantic seaboard like that? Another is free lumber from Russia. How will the Northwest like that?

Rumor!

> How will the Northwest like that?
> There are many others which mean the destruction of American industry.

Now, I am pleased to read a letter I received this morning from the distinguished Secretary of State, whom you all know. There is no higher authority on tariff questions in the world than Secretary Hull. There is no man of higher character living. There is no man in whom the people have greater confidence. He was shocked by this statement of the minority leader. This is what he says:

MARCH 29, 1934.

DEAR MR. DOUGHTON: In his discussion of the tariff-bargaining bill on March 28, Mr. SNELL is reported as having said: "Rumor has it we have agents in Europe making deals now. One is for free cement from Belgium. How will the cement manufacturers from the Atlantic seaboard like that? Another is for free lumber from Russia. How will the Northwest like that? And there are many others, all of which means the destruction of American industries."

Mr. SNELL's statements, based on rumor, have since been passed around as facts.

Oh, yes. Rumors must go to the American people to alarm them, regardless of the effect such rumors may have upon the industry of the country and regardless of the confidence our people may have in the President of the United States, all for political expediency and political capital. Circulate rumors and let those rumors be passed around as facts, regardless of consequences.

Secretary Hull's letter continues:

> Therefore I should like to deny the gentleman's statement.

The CHAIRMAN. The time of the gentleman from North Carolina [Mr. DOUGHTON] has expired.

Mr. DOUGHTON. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. DOUGHTON (continuing to read):

> I should like to deny the truth of such statements, and would appreciate your making public my denial. There is no truth whatsoever in these statements. There are now no negotiations involving tariff reductions in progress with any foreign country except Cuba, and in the negotiations with Cuba no offer or commitment of any kind has been made by the United States regarding concessions on products imported from that country.

Mr. TREADWAY. Would the gentleman kindly tell us whose letter he is reading?

Mr. DOUGHTON. I am reading a letter I received from Secretary Hull, made in reply to the speech of Minority Leader SNELL when he said that rumor had it that we had agents in different countries for the purpose of making trade agreements.

Mr. TREADWAY. May I not ask the gentleman if Mr. Hull's assistant, Mr. Sayre, did not say that requests for these negotiations had reached the State Department?

Mr. DOUGHTON. Possibly he said "requests." Of course he may have said "requests"; but the statement of the minority leader was that according to rumor we had representatives in foreign countries already negotiating.

Mr. TREADWAY. If the distinguished chairman will yield further, a few days ago we read that a former Ambassador to Italy, Mr. Childs, had been sent abroad to negotiate and find out the commercial status of various things. What does that mean? Have we not representatives in foreign countries? Why send a man traveling around to find out what kind of business can be done?

Mr. DOUGHTON. That is doubtless some more rumor. You people believe everything you read in the press.

Mr. TREADWAY. All right; then tell us what Mr. Childs is now abroad to do?

Mr. DOUGHTON. I do not know anything about what takes him abroad any more than does the gentleman from Massachusetts, nor do I know as a fact that he is abroad.

Mr. TREADWAY. Well, he certainly has gone abroad.

Mr. DOUGHTON. I have something to attend to here without following Mr. Childs or anybody else abroad.

Mr. COOPER of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. COOPER of Tennessee. May I point out that the statement of the Assistant Secretary of State to the committee was that some countries of the world had approached the State Department with regard to the possibility of negotiating some trade agreements; but nothing definite had been done, and nothing definite had developed up to that time.

Mr. DOUGHTON. Why, certainly.

Mr. COOPER of Tennessee. He indicated nothing whatever with reference to lumber and these different items mentioned in the speech of the minority leader.

Mr. DOUGHTON. My good friend from Massachusetts continuously harped on the "brain trust"; he rolled those words under his tongue like a sweet morsel: "Brain trust!" Well, it better be a "brain trust" than a "bone trust"; it better be a "brain trust" than a "Teapot Dome trust". [Applause.] Thank God, there has been no "Teapot Dome trust" yet developed, nor will there be under the administration of President Roosevelt. Of all the people in the world, those on the other side of the aisle should be the last to utter the word "trust."

Mr. TREADWAY. May I ask if the Democratic majority needs any kind of a trust to assist them in making legislation?

Mr. DOUGHTON. Judging by what has resulted from legislation sponsored by the gentleman's side of the House in the past, I should think that modesty, I should think that common decency would require, after the failure you have made, and after the distress and suffering that has come to this country as a consequence of legislation for which at least the gentleman's party was responsible, the Members on the other side of the aisle should hesitate to give advice on any subject. [Laughter and applause.]

Mr. TREADWAY. I am sorry they are so embarrassing. I am terribly sorry about that; but, nevertheless, I must say that my good friend from North Carolina is proceeding along the regular Democratic program of dealing in glittering generalities. In spite of the remarks he has been making here, he has not designated a single item about which any swapping is going to be done; he has not designated a single tariff barrier that ought to be removed; he is just trying to throw sand in the eyes of the public.

Mr. DOUGHTON. Mr. Chairman, I did not yield for a speech.

Mr. TREADWAY. I am sorry these questions are embarrassing to the gentleman.

Mr. DOUGHTON. Now, so far as the majority's attempting, or being foolish enough to attempt, to convince the other side that there was any good in this legislation or any other piece of Democratic legislation, of course, that is an impossibility. The man who discovers perpetual motion and puts it into successful operation will be dead and forgotten a thousand years before the man is born who could convince that side that anything good could come from the Democratic Party. [Applause.]

Now, my friends, the responsibility of this legislation is on the majority side of the House. Of course, I do not blame those on the other side of the aisle for their attack, for they are in such desperate straits for political capital; they will offer every conceivable amendment they can think of that might possibly weaken the bill.

[Here the gavel fell.]

Mr. McCORMACK. Mr. Chairman, I ask unanimous consent that the time of the fighting Chairman of the Ways and Means Committee be extended 5 minutes.

Mr. FREAR. Mr. Chairman, reserving the right to object, and I shall not object, may I ask the chairman of the committee if other members of the committee will be given an opportunity to be heard when they ask for time?

Mr. DOUGHTON. Certainly; I am not going to shut them off.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. COOPER of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. I yield.

Mr. COOPER of Tennessee. I simply want to call the gentleman's attention to a few facts in connection with this particular amendment. The gentleman from Massachusetts said that the distinguished chairman is not specific.

The amendment proposed by the gentleman from Massachusetts would strike at the very heart of this measure and the purposes sought to be accomplished by the enactment of the measure. May I call attention to the fact that under the operation of section 315 of the Fordney-McCumber Act the average length of time for investigation by the Tariff Commission was 30 months? Under the operation of section 336 of the Smoot-Hawley tariff bill the average length of time for investigation under the Tariff Commission was 11 months. If this measure has to be weighted down with this cumbersome procedure, of course you cannot accomplish the purposes intended.

Mr. DOUGHTON. That is manifestly true, as everyone knows, and the minority realizes that they cannot defeat this bill. They are hoping to emasculate or weaken it so that it will not accomplish the purposes for which it was written.

I appeal to the Members on the majority side of the House to stand by the bill as written. This bill has been thoroughly considered by the committee. Many amendments were offered and some were adopted. The bill is satisfactory to the administration. There are one or two perfecting amendments that will be offered a little later, but outside of these I hope every amendment will be voted down. I am not disposed to impugn anyone's motive, but I have watched the progress of this bill in the committee and on the floor of this House, and the minority are so desperate in their efforts to make political capital and to frighten and scare the country that they will offer any amendment which they think will destroy and defeat the bill.

Mr. Chairman, the responsibility is on the majority, and we must meet it and discharge our duty to the country. We have brought this bill in without any caucus, without any rule, and submit it to the intelligent judgment of the House, and we are willing to submit it to the intelligent judgment of the American people and be responsible to the country for its consequences.

[Here the gavel fell.]

Mr. FREAR. Mr. Chairman, I move to strike out the last word, and support the amendment as introduced by Mr. TREADWAY.

Mr. Chairman, the suggestion has just been made on the other side that it takes 30 months to make a change by the Tariff Commission. May I say that the value of these 30 months was well expended, because 32 of the applications were increases to protect the industries of the United States and 5 were reductions.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. FREAR. Not at this time. I shall be glad to do so later. Thirty-two of these amendments were for increases in order to protect the local industries of the United States. Five were for decreases. Fortunate they were who had protection. Here is a proposal to put through in 30 minutes any kind of unreciprocal agreement.

Who is going to hear or determine these questions? May I read two lines for those of you who represent industries, and I do not care whether it is agriculture, as it is in my district, or not. I do not care whether they are large factories, and a hundred thousand may be dependent on this bill. I have no politics to discuss. Frankly, I voted against the last tariff bill. I do not think you gentlemen over there are as good friends of the President of the United States as we are on this side who are trying to protect him from the dangers that exist. I believe he is honest. There is no question in this regard. It is the delegation of authority, from which he is certain to suffer when it injures by reduction of tariff rates their business. There is no protection against that danger. I will go further and say that the President does many things with which I agree, and the gentlemen over there, my Democratic friends, who want us to express confidence in the President, only a day or so ago voted against him by over 150 of the majority Members, and have no right to criticize us when we talk about business and not politics. I recollect that only 3 or 4 years ago the chairman of the committee was predicting that the whole country was going to be turned over to a Napoleonic system simply because of the flexible tariff. This is not a flexible tariff. You can change a rate through Secretary Wallace in 24 hours, and in even less time. Industry has no chance for a hearing. Of course, the President will not determine personally a single schedule in any agreement. This is the situation as expressed in the bill. Not a single tariff expert or Congress has any voice in the matter. May I read a part of the bill that explains itself?

> Whenever he finds that any existing duties or other import restrictions are unduly burdening and restricting the foreign trade of the United States or that the purpose above declared will be promoted by the use of the powers herein conferred—

And so forth.

There is not one suggestion in all this bill, so far as I can gather, that the President is to exercise the 50-percent limitation except to reduce tariffs—to reduce tariffs without any publicity. If this be the case, and I ask the gentlemen to correct me if I am mistaken, because I would not misrepresent it in any way, the President is given authority to raise, but there is nothing suggested in this preamble about

a raise in tariff rates. He is going to reduce any and every one of thousands of rates. If he is going to reduce, I say to you that with all the thousands and hundreds of thousands of industries of the United States, not one will have an opportunity to be heard, and I care not who they may be. The agricultural interests of my State are just as important to me as the tobacco interests of the gentleman from Kentucky, who has previously discussed this question, and these interests, particularly the dairy interests of my State and the Northwest, are menaced by the unrestricted power carried by this bill.

Heretofore we have had the Tariff Commission make the investigation and report its finding on the comparative cost of production at home or abroad. No one under this bill makes an investigation. No one knows what may come from these secret findings or these so-called "reciprocal agreements." I care not what your politics are, and I repeat, I am not discussing politics. Who is going to decide these questions? To whom are you going to sell these goods that are exported? Where are you going to get the exchange for throwing our markets open to the world? Here is the greatest market, with half of the world's business. There are a hundred governments anxious to come into this great pasture. They have little to offer. Practically every importation aside from free list displaces American products. We know that. They are anxious to get into our market, a market that has 50 percent of all the commerce of the world and of all the business of the world. Naturally these competitors surrounding us on every side expect to gain from the western Santa Claus. We are not looking for or expecting anything. That is impossible compared with these cheap-labor countries.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. FREAR. I yield to the gentleman from Kentucky.

[Here the gavel fell.]

Mr. FREAR. I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. VINSON of Kentucky. With reference to the increases and decreases, may I call attention to the fact that the decreases were in the largely produced commodities, such as bobwhite quail, and so forth?

Mr. FREAR. I admire the distinguished chairman of our committee, Mr. DOUGHTON. Our relations are pleasant. May I say that one who continually hammers here on politics is not seeking to assail us. He is trying to hold his Democratic colleagues in line, and you know that. You must. I feel my people should be protected. I wish I could find opportunity to answer some of the arguments I have heard here today.

It has been stated that there is nothing in this measure that would mean cancelation of foreign debts. I think you did a commendable thing in offering an amendment to endeavor to meet that situation. I do not believe it is a sufficient amendment and I want to offer a substitute for it. However, I do not criticize and I do not question the spirit or the motive involved. I think it was a wise thing to do, and it shows that the suggestion I made on the floor of the House, and amendment first rejected by our committee, was not entirely wasted upon deaf ears.

I want to discuss briefly another thing in regard to a matter that is in dispute. The gold standard which the administration changed so as to bring about a 40-percent discount, I learn, it is said, will have no effect upon this matter. Switzerland wants to come into our market, and is on the gold standard. She can buy our dollars for 60 cents and take those dollars to any port of entry and ship her products, as she wants to do, in competition with our goods, right into the United States. These are largely dairy products that will displace ours. What is true of Switzerland is also true of France, still on the gold standard. Other countries, like Mexico and nearly all others that we met by putting on these tariff rates in force in the last tariff bill, also have the benefit of the 40-percent reduction. To begin with, the country faces a 40-percent reduction from the last law passed by Congress. Now, that 60 percent tariff rate, if cut 50 percent, will reach 30 percent of the tariff law passed by the last Congress.

For this reason I wish at the proper time to offer an amendment that will reach this situation.

I say this in all good part, because I have no political interest in this matter one way or the other. I do want to protect my constituents from disaster, and I want to protect yours. The only products that are going to go abroad that are to be of any particular benefit to this country are cotton and munitions of war. France wants to use our munitions of war and so does Italy and so does Germany, and you are going to have a fine market for them. Also cotton is needed by all Europe, but I do not see a market for anything else. England will not, because she has the Ottawa Pact and has cotton in the Sudan. What country is there that is to benefit our people by imports? We asked this question repeatedly: "Whom are you going to deal with?" The question was not answered specifically by any witness before the committee, as I remember, and the question was put to practically every witness who appeared before us.

[Here the gavel fell.]

Mr. HART. Mr. Chairman, I rise in opposition to the pro forma amendment.

I tried to discuss with my friend from Wisconsin [Mr. FREAR] the other day the question of what the tariff had done for his farmers in Wisconsin, but the gentleman became so excited he exploded before I could make a statement. I therefore want to call his attention to what took place following the last two Republican tariffs.

In 1921, due to the contracting of credit by the Federal Reserve, we had somewhat of a panic and, of course, commodity prices declined; but prior to 1921, from 1910 until 1920, the farm dollar, as compared with all other commodities which the farmer must buy, ranged from 95 to 118. It never went below 95. Following the panic of 1921 we had the Fordney-McCumber Act, and the farm dollar down to the passage of the Smoot-Hawley Act ranged from 95 down to 89, and with the passage of the Smoot-Hawley Act it ranged from 91 to as low as 53.

So, if we change any of the conditions that were brought about by the passage of these two Republican tariffs, we may hope to get the farmer back where his dollar is worth more than 53 cents.

Since the beginning of the present Democratic administration the last figures were for February, and the farm dollar has advanced from 53 to 64.

My friend from Wisconsin has talked about this market's being flooded with butter.

Mr. FREAR. Will the gentleman yield?

Mr. HART. Yes.

Mr. FREAR. Let me say to the gentleman that I offered amendments to reduce the sugar tariff. Is the gentleman interested in reducing the sugar tariff at this time?

Mr. HART. Am I interested? If we can get a proper sugar bill, I will be glad to; yes.

Mr. FREAR. That is just the situation of all of us.

Mr. HART. I want to tell the gentleman what his butter is worth.

They are all afraid of importations from Canada——

Mr. FREAR. No; New Zealand.

Mr. HART. In Montreal last Friday butter sold at 21.1 cents. In New York City the same butter sold at 18.8 cents. Danish butter, of which the gentleman spoke, was selling at 15.2 cents, converted into our exchange in London; and New Zealand butter, which is of a low grade, because of the long shipment and the time which expires between the time it is made and delivered, sells at a discount because of its quality, and this butter sold at 12.2 cents. With butter selling at 18 cents in New York and 15 cents in London, when you pay the freight, even if there were no tariffs, but with the normal discount at which they have to sell imported butter, you could not flood this market today with foreign butter from New Zealand, from Denmark, or from Canada.

Now, so far as sugar is concerned, under the Fordney-McCumber Act and under the Smoot-Hawley Act, in my State more than 50 percent of my sugar factories were closed and wrecked. Ninety percent of the companies operating in beet sugar were in bankruptcy. So we could not get very much worse conditions today if we had some readjustment in the sugar business; and at the proper time and before its consideration is completed I hope to offer some amendment to this tariff bill which will take care of sugar.

Mr. WOODRUFF. Will the gentleman yield?

Mr. HART. Yes; certainly.

Mr. WOODRUFF. I should like to ask the gentleman from Michigan how many of our Michigan sugar factories are out of commission at the present time, and we are still operating under the Smoot-Hawley tariff bill.

Mr. HART. With some assistance from a Democratic administration.

Mr. WOODRUFF. With no assistance whatever.

[Here the gavel fell.]

Mr. KOPPLEMANN. Mr. Chairman, I move to strike out the last four words.

I am in favor of this bill because I am firmly convinced that it is not aimed at the destruction of industry or agriculture, as has frequently been claimed here during the past few days. I am deeply concerned with the problem of unemployment in the industries of my State, such as silk manufactures, watchmaking, and tobacco raising, and the many other diversified industrial activities for which Connecticut is famous. I am, of course, for protection of American industries as all of us are, on both sides of the House. In voting for this bill I do not compromise that position—I am not voting for the reduction of duties on articles produced in my own State or in any other State.

As for those industries of my State which are now on an export basis, such as typewriters, electrical machinery, apparatus and supplies, machine and other tools, hardware, and rubber goods, this bill will be of considerable assistance in maintaining and expanding our possibilities in foreign markets. The bill gives us positive hope for increased employment in these lines and the maintenance of gains already made. Such study and inquiry as I have been able to give to this subject convinces me that there is nothing to fear from the authority granted in this bill. The production of silk goods in the United States, $225,000,000 to $250,000,000, of watches and parts, from $12,000,000 to $20,000,000, and the raising of cigar wrapper tobacco, of approximately $9,000,000 or $10,000,000, a considerable portion of which are produced in Connecticut, are such large and basic industries and employ so many people that we can feel assured that no action will be taken which might jeopardize them.

There is no foundation for certain rumors' being circulated that these industries have been or will be "picked for destruction." In this connection we have the assurance of the President in his message to Congress of March 3, 1934, in which he stated:

> The exercise of the authority which I propose must be carefully weighed in the light of the latest information so as to give assurance that no sound and important American interest will be injuriously disturbed. The adjustment of our foreign-trade relations must rest on the premise of undertaking to benefit and not to injure such interests. In a time of difficulty and unemployment such as this, the highest consideration of the position of the different branches of American production is required.

It is clear that in making any trade agreement with a foreign country all factors affecting the industries involved will be considered in the light of the latest information. Every necessary Government agency, such as the Departments of State, Agriculture, and Commerce, the Tariff Commission, and special and technical experts on the subjects involved in negotiations will be at the President's command on such matters. In view of the splendid leadership of the man now in the White House, who is constantly concerned with increasing employment—not decreasing it—I am convinced that every consideration will be given in order that well-established industries of my State—or any other State—will not be injuriously disturbed. The bill provides for definitely limiting imports so that, if a reduction of rates is made on any product, the reduced rate may only apply to a definite quantity of imports—even a higher rate than that imposed in the act of 1930 may be levied on additional importations.

Those industries which are now becoming unduly alarmed regarding this bill are thus placing themselves in the much talked of but unwarranted classification, "picked for slaughter." These industries are prematurely judging themselves; the Government has set no standard for reducing rates of duty, as has been suggested by the opponents of this bill. We have had the President's assurance in his message quoted above. The rumors which are being circulated by paid propagandists that certain negotiations are now going on with certain foreign countries are denied by the Assistant Secretary of State today.

I would vote against this bill if I thought it would injure the interests of my constituents even though it might be a national gain. I am pleased, however, that the provisions of the bill do not place me in that position. I can vote for the bill under the conviction that it will benefit the Nation as a whole as well as the interests of my State. [Applause.]

Mr. REED of New York. Mr. Chairman, I want to address myself to my colleagues because I am sincerely interested in one phase of this bill. In line 18 it is provided "or such additional import restrictions, or such continuance, and for such minimum periods, of existing customs or excise treatment of any article covered by foreign trade agreements as are required or appropriate to carry out any foreign trade", and so forth.

I want to ask just how far the President could go under this act in reducing the excise taxes on coconut oil?

Mr. SAMUEL B. HILL. Will the gentleman yield?

Mr. REED of New York. I yield.

Mr. SAMUEL B. HILL. Under the provision relating to coconut oil in the revenue act the President would have no power in this bill to do anything. That is purely an excise tax. It is a tax on the processing of the oil and not on the importation of the oil. So under this bill there would be no authority to modify or in any way affect the proposed excise tax on coconut oil.

Mr. REED of New York. I thank the gentleman. I wanted to make sure because we have made such a desperate fight and Governor SHALLENBERGER has worked so hard I do not want any doubt as to the language necessary to protect our farmers from the importation of coconut oil.

Mr. SAMUEL B. HILL. It will be recalled that the tax is on the processing of the oil, so that it is purely an internal tax.

Mr. FREAR. Will the gentleman yield?

Mr. REED of New York. I yield.

Mr. FREAR. I should like an explanation. This language on page 2 reads:

> To proclaim such modifications of existing duties and other import restrictions, or such additional import restrictions, or such continuance, and for such minimum periods, of existing customs or excise treatment of any article covered by foreign trade agreements, as are required or appropriate to carry out any foreign trade agreement that the President has entered into hereunder.

What about those words "or excise treatment of any article"?

Mr. SHALLENBERGER. Under this bill the President is not authorized to enter into any agreement that would change the excise tax, but he may agree that they shall remain as they are. So, the tax on coconut oil is not affected by this bill.

Mr. BLANCHARD. Will the gentleman yield?

Mr. REED of New York. I yield.

Mr. BLANCHARD. I had the same concern about this matter and despite the assurance given by the gentleman from Nebraska I still have my doubts. My interpretation of the bill is that it would confer authority on the President to change excise taxes.

Mr. CELLER. Will the gentleman yield?

Mr. REED of New York. I yield.

Mr. CELLER. On page 3 is a definition given of the word "duties", and the second one is "limitations, prohibitions, charges, and exactions other than duties imposed on importation or imposed for the regulation of imports."

So it might mean excise duties; it might make an excise tax equivalent to import duties.

Mr. REED of New York. That is the impression I had. The language is very broad and susceptible of different interpretations. Experts seem to think it is still in doubt. I feel that, after the hard fight that has been made in the interest of the farmers, there should be no doubt if there is any clarifying language that can be used that will protect the dairy interests from any invasion of these coconut oils.

Mr. SHALLENBERGER. It is the judgment of the experts of the Department who have gone over it with me, and it is also my judgment, after analysis, that the coconut-oil tax is protected in this bill more than almost any other tax or duty that we have. In other words, excise taxes are not to be changed by Executive order during the time of the trade agreements.

Mr. CELLER. Will the gentleman yield that I may ask a question of the distinguished gentleman from Nebraska?

The CHAIRMAN. The time of the gentleman from New York [Mr. REED] has expired.

Mr. CELLER. Mr. Chairman, I ask unanimous consent that the time of the gentleman from New York be extended 5 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. CELLER. Will the gentleman yield to me?

Mr. REED of New York. I yield.

Mr. CELLER. It is agreed that the President cannot go beyond 50 percent in increasing or decreasing duties. The President, however, has the right to change the method of valuation. He also has the right to change the classification of articles. Suppose in the change of a classification or the change of the criteria of valuation there is a change beyond 50 percent of the duty, what will happen then?

Mr. SHALLENBERGER. The gentleman is asking about the general matter of tariff duties, but I am replying as to the situation of the tax on coconut oil, which is not a tariff duty but is an excise tax.

Mr. CELLER. It does not make any difference whether it is coconut oil or some other article.

Mr. SHALLENBERGER. But it does make a difference whether it is an excise tax or a duty imposed. An excise tax cannot be imposed or changed under this bill.

Mr. SAMUEL B. HILL. Will the gentleman yield?

Mr. REED of New York. I yield.

Mr. SAMUEL B. HILL. As to the power to change a rate and classification, permit me to say to the gentleman from New York [Mr. CELLER] that that power is now vested in the President under section 336 of the 1930 Tariff Act.

Mr. CELLER. Will he have the right to go beyond 50 percent if that is the effect of it?

Mr. SAMUEL B. HILL. No; that is the limitation—50 percent, up or down.

Mr. CELLER. So that if the President wants to change the classification, if it makes a difference of beyond 50 percent, he cannot do it?

Mr. SAMUEL B. HILL. He might change the classification, and if a change in the rates of duty follows, of course he would make such change under the changed classification.

Mr. CELLER. So that he can go far beyond 50 percent, that is, with the two powers?

Mr. SAMUEL B. HILL. That would depend, of course, upon what the change in classification did as to the rate to be applied. But the point I am making is that he has the power now. We are not giving him additional power here.

Mr. CELLER. That is what I wanted to be sure of, that in the interpretation of this language there will not be that additional power.

Mr. SAMUEL B. HILL. There is no additional power.

Mr. CHRISTIANSON. Will the gentleman from New York yield to me that I may direct a question to the gentleman from Nebraska [Mr. SHALLENBERGER]?

Mr. REED of New York. I yield to the gentleman.

Mr. CHRISTIANSON. The purpose of the excise tax on coconut oil generally was to act as an import restriction on that product, was it not?

Mr. SHALLENBERGER. The gentleman may interpret as he sees fit, but the coconut-oil tax was levied as a processing tax, for the express purpose of removing it from the import duty class. It is a processing excise tax for a particular purpose on a particular article.

Mr. CHRISTIANSON. Nevertheless, our purpose in putting that processing tax on was to restrict the importation, was it not?

Mr. SHALLENBERGER. A great many different speculations concerning it might be made.

Mr. CHRISTIANSON. Bearing that in mind, how does the gentleman interpret the expression "import restrictions" used in line 18, on page 2?

Mr. SHALLENBERGER. The tax on coconut oil is not an import restriction, and the interpretation suggested cannot apply to it in any way.

Mr. CHRISTIANSON. I call the gentleman's attention to the fact that the expression "import restrictions" is not defined anywhere in the bill.

Mr. SHALLENBERGER. The law itself does define the tax, and the purpose of the tax and what it applies to. It is not an import restriction, but it is a tax applied to an article after it is brought into this country. After it is brought in, the first use of the oil is subject to a tax, but it is not in any sense an import duty.

Mr. CHRISTIANSON. The explanation does not convince me, and I do not think it convinces very many friends of this provision.

[Here the gavel fell.]

The pro forma amendments were withdrawn.

Mr. DOUGHTON. Mr. Chairman, many Members on each side have expressed the hope that we will be able to dispose of this bill this afternoon. Therefore, I hope we can agree on a limitation of debate on this section.

Mr. FREAR. If the gentleman will yield, practically all the amendments to be offered are to this section.

Mr. COOPER of Tennessee. The only committee amendments are to the next section.

Mr. DOUGHTON. Very well. We will go along a little while and see how we get along.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts [Mr. TREADWAY], which the Clerk will report for information.

The Clerk again reported the Treadway amendment.

The amendment was rejected.

Mr. TREADWAY. Mr. Chairman, I offer a further amendment.

The Clerk read as follows:

Amendment offered by Mr. TREADWAY: Page 3, line 1, before the period, insert a comma and the following: "nor shall any existing rate of duty be lowered below the amount necessary to equalize the difference in the cost of production as defined in section 336, of domestic and foreign articles with respect to which such duty is imposed."

Mr. TREADWAY. Mr. Chairman, this is an amendment to continue the methods under which we have been operating for a great many years. It asks that you definitely recognize the difference in cost of production here and abroad. It asks that you set up that principle in any tariff legislation that you adopt.

The bill itself absolutely does away with any yardstick of the difference between the costs of production at home and abroad. Now, we do not need to remind the Republican side of this principle being a fundamental doctrine of the Republican Party; but the Democrats seem to have forgotten their platform obligations in the haste they are showing here today to fall over themselves to adopt this new professorial "brain trust" method of legislating, be-

cause in the platform of the Democratic Party in 1928 we find this language:

Actual difference between the cost of production at home and abroad with adequate safeguard for the wage of the American laborer must be the extreme measure of every tariff rate.

Evidently all such references as that in the platform of the party are being thrown overboard. We see practically the same language in the 1932 platform. The party has forgotten all those obligations of the past, and now they are showing themselves absolutely subservient to this new method of procedure, star-chamber procedure, procedure behind closed doors. The 1932 Democratic platform contained this statement:

We advocate a competitive tariff for revenue with a fact-finding Tariff Commission free from Executive interference.

You have just turned down the Tariff Commission; you have just voted down an amendment in accordance with your own platform.

In other words, as I see it, the Democratic Party is meeting itself coming back when it adopts this bill. We cannot reiterate too often, my friends, how embarrassing it must be to you to be obliged to reverse yourselves constantly at the behest of the "brain trust."

A few moments ago our distinguished chairman read a letter from the Secretary of State, which letter I hold in my hand. It had distinct reference to an extract from a speech made by the minority floor leader on March 23. I do not blame the Democrats for not liking that speech; it was too able to suit them; and, naturally, if there is a place to pick flaws in it they want to do so. So the Secretary of State has written to the gentleman from North Carolina [Mr. DOUGHTON] the letter he read in which reference was made to statements based on rumor; and then the Secretary of State said:

There is no truth whatsoever in these statements.

That is, the statements that there were any agents in Europe.

Possibly there are not, but I called attention to the fact that at least two different people have recently, according to the press, been commissioned to make European trips to study commercial relations. I do not know what that means, but it looks to me as though there were going to be some agents over there pretty soon if they have not already arrived. But what difference does it make, Mr. Chairman, where these negotiations are conducted, whether they are in foreign capitals or in the Capital at Washington?

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. COOPER of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. COOPER of Tennessee. After the distinguished gentleman from Massachusetts referred to Mr. Child a few moments ago, I took occasion to take the matter up with the State Department and have this information from the State Department:

Mr. Child has nothing to do with trade agreements; he is merely observing and taking note of general economic conditions. He has no power to make any proposals or commitments.

Mr. TREADWAY. The gentleman wishes to stand on that statement? If he does, let us agree to it. We did not suppose he had any right to—what was that expression once more—"just checking up on economic conditions?"

Mr. COOPER of Tennessee. The gentleman is criticizing the statement without knowing what it is. [Laughter.]

Mr. TREADWAY. I merely wanted to get it straight. The statement was that Mr. Child was checking up on economic conditions. If that is not preparatory to making swaps I do not know what is. I will stand on that. At least we know Mr. Child will have a good time whether he accomplishes anything or not.

But, getting back to this letter from the Secretary of State about there being no negotiations pending, I wish to read into the RECORD the evidence submitted by Mr. Sayre, Assistant Secretary of State, on page 337 of the hearings. The gentleman from Minnesota [Mr. KNUTSON] asked some embarrassing questions of Mr. Sayre about swapping apples for French wine, and so forth; and then Mr. Sayre said:

All I can say, sir, is that many countries have been making overtures to the State Department for the purpose of entering into these bargaining agreements.

That indicates they believe trades can be made which will be mutually profitable. Now, if there are no negotiations going on in some capital why that admission on the part of Mr. Sayre? And then again on the following page, page 338, I asked Mr. Sayre this:

You used the language, if I heard you correctly, that countries abroad have applied to the State Department to establish bargaining treaties.

Mr. Sayre said:

I think that a number of them have approached the State Department with that end in view.

Mr. TREADWAY. For bargaining treaties?

Mr. SAYRE. For bargaining agreements.

Mr. TREADWAY. You have heard me try to get some information as to the details of these bargains and I have not been successful. You are the first witness I have heard admit that we have been approached by foreign countries to have this kind of treaty established.

Mr. SAYRE. We have, sir.

Mr. Chairman, it would be well for the Democrats to get one more letter from the Secretary of State denying or repudiating the remark of his own Under Secretary, because I do not see any difference in whether these trades and bargainings are proposed to be carried out in our Capital or in foreign capitals. The Secretary of State is quibbling when he referred to rumors that the gentleman from New York brought out in his speech the other day. The Under Secretary admits that foreign countries have approached this country to make the swap.

Mr. KNUTSON. Will the gentleman yield?

Mr. TREADWAY. I yield to the gentleman from Minnesota.

Mr. KNUTSON. It was testified that they looked into the situation in Mexico and found that we could very profitably buy 20,000 carloads of fresh vegetables there.

Mr. TREADWAY. I wonder how that will please the vegetable growers of Texas, from which State they are going to get many votes this afternoon, and the vegetable growers of Florida and the other Southern States?

Mr. JENKINS of Ohio. According to press reports of a day or so ago, the President of the United States established a new bureau. I think it is designated as the "Foreign Trade Relations Bureau", or some such name as that, the purpose of which is to enter into these negotiations, and the cost is to be paid out of P.W.A. money.

Mr. TREADWAY. I am not sure I agree with the gentleman, because our opponents on the other side would accuse us of backing up statements with rumors.

[Here the gavel fell.]

TARIFF BARGAINING OR RECIPROCAL TRADE AGREEMENTS

Mr. WHITTINGTON. Mr. Chairman, I oppose the amendment of the gentleman from Massachusetts. As I caught the amendment, no increase or decrease in duty that does not undertake to equalize the difference in the cost of domestic and foreign production would be permitted.

Under the Tariff Act of 1922 and under section 336 of the Tariff Act of 1930, there are provisions authorizing the President to raise or lower duties in accordance with the principle of the difference in the costs of production. While this provision remains the law of the land, obviously it might not apply where a certain trade agreement was desirable. The gentleman argues that this language is substantially the language of the Democratic platforms of 1928 and 1932. In the Democratic platform of 1928 the difference in the cost of domestic and foreign production was one of the elements in tariff making. There were other important considerations. They are set forth in the platform; they are to be

taken in connection with the portion of the yardstick to which the gentleman refers. The platform in respect to the tariff advocated the maintenance of business; a high standard of wages; increased purchasing power of wage earners; effective competition; the prevention of monopoly; the adequate safeguarding of labor, as well as the difference in the costs of production.

Again, the Democratic platform of 1932 advocated a competitive tariff. It is significant that the gentleman from Massachusetts, in referring to the Democratic platform of 1932, neglected to say that in connection with a competitive tariff the platform also advocated—and I quote therefrom—"reciprocal tariff agreements with other countries." The pending bill is therefore the fulfillment of a Democratic pledge.

The language of the amendment is the language of the Republican platforms of 1928 and 1932. It is the language of the Republican tariffs of 1922 and 1930. It has been tried and found wanting. The 1930 edition of the Republican tariff has certainly proved unsatisfactory. There has been a decline in commerce, both domestic and foreign. There is no place for a Republican formula that has proved inadequate in a constructive, progressive, Democratic tariff measure.

Moreover, the difference in the cost of production is impracticable and unworkable. It is impossible of determination. Robert L. O'Brien, the Chairman of the United States Tariff Commission, an eminent Republican and one of the outstanding authorities on the tariff question in the United States, at the hearings said:

I, personally, do not believe that the difference in the cost of production should be the basis of tariff making.

Again, he said:

Tariffs are matters of public policy, and I do not believe the cost of production should be made today the basis of tariff making.

He used as an illustration the cost of growing tomatoes. The cost is one thing in Massachusetts and another thing in California. A gentleman of wide experience with respect to the cost of raising tomatoes remarked:

It is anything on earth you want to make it.

Several million people grow tomatoes, and they are grown in practically all of the States, with as many different experiences. Some growers have bugs to deal with, other have droughts, and the labor question obtains in other areas.

I quote again from Mr. O'Brien, Chairman of the Tariff Commission:

To ascertain the cost of raising tomatoes in the United States is an impossibility short of omniscience.

Our Republican friends, in the discussion of the tariff and in advocating high protection, emphasized the matter of the difference in the costs of production. It is easy for manufacturers to adjust their accounts, for, as has been aptly said, "Accountancy is a tool of management."

Then, too, lawyers are skilled, and with the aid of accountants and capable lawyers labor receives but little from the operation of the shibboleth of republicanism as a yardstick in tariff making.

It is said that the proposed bill is Presidential tariff making; that it invades the legislative province and that it also invades the treaty province of the Senate. The power granted is substantially the power granted in the flexible provisions of the Tariff Acts of 1922 and 1930. Our Republican friends say that the bill does not contain any provision for an investigation by a fact-finding commission. This contention is without merit. The President will have at his command the Tariff Commission, the Department of Commerce, and the Department of State. After all, the flexible provisions of the Tariff Acts of 1922 and 1930 are nothing more or less than Presidential tariff making.

Again I quote from the statement of Mr. O'Brien before the Ways and Means Committee at the hearings on the pending bill:

I want to impress on you gentlemen that the present section 336, act of 1930, method is Presidential tariff making. If it is tariff lowering, it is Presidential tariff lowering.

After all, the decision is with the President. He is not limited to utilizing any one agency in arriving at the decision, but the President is given broad and discretionary powers in making agreements with other countries to enlarge our foreign trade without injustice to American industry.

I represent a cotton constituency. I stand for a tariff policy that will promote the interests of both agriculture and industry. The cotton growers of the South will be unable to buy if they are unable to sell their products. The manufacturers of the industrial sections of the country will lose if the cotton growers are not prosperous. I believe that the worth-while industries and the worth-while agricultural products of the Nation will be aided and benefited by an increased and enlarged world trade.

As a result of the inability of the cotton growers of the South to sell in the markets of the world, both voluntary and compulsory reductions have been made. Domestic consumers are called upon to pay processing taxes. The allotments are for an emergency. I trust that restrictive measures may shortly be removed. It is essential therefore that the domestic markets be supplemented by foreign markets.

The pending measure is constructive. It is intended to supplement and reinforce the domestic program for recovery.

WORLD TRADE

Mr. Chairman, world trade must supplement domestic commerce. Under the new deal, domestic trade has been revived. The program also contemplates the revival of foreign trade. Both domestic and foreign commerce are essential to the prosperity of the United States.

Foreign trade is essential and beneficial in the sale of domestic industrial and agricultural surpluses. Trade among the States has made the Union great. Trade among the nations will make the United States secure as the most powerful of all nations.

Both industry and agriculture will prosper by the restoration of foreign trade. The inability to sell manufactures results in industrial unemployment, and the inability to sell agricultural surpluses results in reduced acreage. There must be efficiency in both agriculture and industry. The demands should always be considered in providing the supplies.

Tariff barriers will not make for prosperity. We have the experience of the Tariff Act of 1930. High tariffs will not restore prosperity. I favor a reasonable tariff policy. I oppose cheap foreign goods supplanting efficient American manufactures; at the same time the cotton growers of the South cannot buy domestic manufactures unless they are able to sell their product. Neither can the wheat growers of the Great Plains. The tariff question must be examined in a new spirit. There must be a compromise of views. The United States may be self-contained, but if unemployment and distress obtain there is no public satisfaction.

In advocating a restoration of foreign trade for the benefit of agricultural surpluses I would not destroy or injure domestic manufactures. I would not disturb American interests. All American interests, both industrial and agricultural, must be considered.

SHRINKAGE

For the past 5 years there has been an alarming shrinkage of world trade. In terms of the volume of goods, the world trade of the United States is today reduced to approximately 70 percent of its 1929 volume. Measured in terms of dollars, it has fallen to 35 percent. The total exports of the United States fell from $5,241,000,000 in 1929 to $1,675,000,000 in 1933, while the imports fell from $4,399,000,000 in 1929 to $1,449,000,000 in 1933. We have never before had such a national experience. Heretofore decreases in prices have meant increase in the volume of trade. The United States has lost foreign trade. The appalling fact is that the United States has lost in competition with other nations for the diminishing world trade. We have not been able to hold our own. The percentage of world trade enjoyed by the United States decreased from 13.83 percent in 1929 to 10.92 percent in 1932. During the same period Great Britain, France, and other commercial nations have secured an increase in their proportion of world trade. The further distressing fact is

that the United States has not only lost in world trade but it has lost in trade with Latin America. In 1926 the United States enjoyed 24.7 percent of the imports into Argentina, whereas in 1933 its imports had dropped to 12.6 percent. During the same period Great Britain, Italy, Brazil, and Japan had increased their exports. The share of the United States in trade has decreased in Brazil, Chile, Colombia, Mexico, and other Latin American countries.

UNEMPLOYMENT

Seven million persons in the United States are dependent upon foreign trade for a livelihood, according to the United States Chamber of Commerce. In his testimony before the committee Secretary of Agriculture Henry Wallace states that between two and eight million people are interested in foreign commerce for their very living. Today there are some 30,000,000 people unemployed in the world. Unless some constructive measures are adopted the unemployment situation will go from bad to worse.

THE CAUSES

Many causes have contributed to the shrinkage and to the loss of world trade. Both economic and monetary causes have been important factors, but chief among the causes are the high trade barriers and the high tariff walls that obtain in most of the nations. State monopolies have been created. A network of barriers has been erected. The difficulty can only be overcome by agreements to promote the neighborliness advocated by President Franklin D. Roosevelt among the nations of the world.

THE EQUIPMENT

In the leading European countries agreements have been authorized to enable the Executive to increase foreign trade. In most important countries tariff changes can be made easily. Other countries are solving the problem by bargaining pacts and agreements. Since January 1, 1933, approximately 68 of these agreements have been made, and all of the leading European countries have such agreements. The power is vested in the executive branch of the Government in the majority of the cases, without requiring legislative or parliamentary approval, and where required such approval is perfunctory.

FLEXIBLE PROVISION

Section 336 of the Tariff Act of 1930 is the flexible tariff provision under which the President is authorized to raise or lower duties in accordance with the principle of the difference in the costs of production as I have pointed out. Competitive production is the Democratic yardstick. The purpose of this provision is to protect domestic industries. The constitutionality of this provision and of similar provisions in previous tariff acts has been sustained.

THE LEGISLATION

The proposed legislation vests in the President similar power to promote foreign trade. Its purpose is to provide foreign markets by foreign-trade agreements and by modifications of existing duties or import restrictions. The yardstick or formula is prescribed. The Executive is vested with the power to execute the formula established. If the authority in the President, under the flexible provision, is constitutional there can be no question as to the constitutionality of the proposed legislation. The purpose is to restore the American standard of living; to overcome domestic unemployment; to provide for an increase in the purchasing power of domestic workers; and to maintain a better relationship among all branches of American industry and agriculture.

CREDITOR NATION

The leading European countries are indebted to the United States. They are our competitors in world trade. Large public and private debts are owing the United States. Foreign debtors can only pay in gold, goods, or services. If the policy of self-containment is to prevail, if foreign trade is to be abandoned, foreign debts must be canceled. There is no escape from the simple arithmetic involved in this statement. We cannot collect unless we buy. We know what the shrinkage in foreign trade means. We have the experiences of the past 4 years. The ordinary, usual course is for debtors to pay in goods. The policy that now obtains has resulted in the mad scramble for gold that has wrought national and international distress.

Foreign balances can only be paid in gold, or in goods and services. Shrinkage in foreign trade has prevented payment in goods and the transfer of gold has brought the greatest depression known to history.

THE PURPOSE

The purpose is to prevent further declines in prices by surpluses; to preserve the integrity of our foreign debts, both public and private, and thus relieve the American taxpayer of the burden which cancelation would impose, eliminate the scramble for gold, and benefit the producer by giving him the world markets again and aiding the domestic consumer by increasing his standards of living.

LOSS OF MARKETS

The shrinkage in foreign trade has brought unemployment to American industry and agriculture. It has resulted in limiting efficient American manufactures and in the withdrawal of millions of acres of land. The loss of foreign markets means the withdrawal of acreage and the destruction of communities; it means wide-spread unemployment in manufactures. The shrinkage in world trade has contributed to paralyzing the American economic system. We are advancing along the domestic front. The proposed legislation contemplates an advance along the foreign front.

COTTON

While the United States normally exports about one tenth of its total production, there are certain staples of which we export more than half the domestic production. We normally export from 55 to 60 percent of our cotton, 20 percent of our wheat, 40 percent of our tobacco, 50 percent of our packing-house lard, and 25 percent of our rice. The inability or failure to sell these surpluses brings inevitable disaster to the great agricultural sections of the country, but the distress is not confined to the agricultural States of the Union. It is reflected in unemployment in the industrial sections through loss of purchasing power; it is reflected in the loss of revenues, bank failures, and decline in real-estate values.

While cotton is the chief factor in our foreign trade, the picture cannot be confined to agriculture alone. Many of the largest and most efficient industries are dependent upon foreign trade. The difference between the exports of 500,000 automobiles in 1929 and 50,000 in 1932 is the difference between prosperity and distress; it is the difference between employment and idleness in the automobile industry. The elimination of foreign markets has resulted in suffering and human misery on the farm and in the factory.

The cotton grower is being penalized for his efficiency. Bankruptcy results from better farming. Foreign markets are essential for the greatest of all American crops. I repeat over and over again that we cannot sell our cotton abroad unless we buy from foreign countries.

There are goods produced in other countries that can be used with advantage.

The alternative is further reduction of cotton and wheat acreage; it is less employment in agriculture; it is a loss of purchasing power for the best markets for many American industries. It means, in the emergency, compulsory reduction of the production of cotton. The Nation would profit by providing markets and thus enabling sales of manufactures rather than by eliminating the production and thus increasing the costs of manufactures.

I advocate foreign bargaining power and reciprocal trade agreements that compulsory acreage reduction, adopted as a temporary measure, may be speedily eliminated.

Here and there some imports may be temporarily injurious; but, by and large, the benefits to exports will more than compensate for any minor domestic injuries.

NATIONAL BENEFIT

The opponents of the proposed legislation do not advocate the abandonment of foreign trade. We know we are losing; we know foreign trade has shrunk as never before. What is the program of the opposition for restoration? What plan

have they to offer? What is their substitute? We know that high protection will not solve our difficulties. Suffering and distress have followed the Tariff Act of 1930. The United States has lost trade with all nations. Shall we continue to pursue the ostrich policy that now obtains? The result can only be further disaster.

The proposed agreements mean not merely more world trade, but greater internal prosperity. They mean that the domestic program of the new deal will be supplemented by a foreign program that will bring greater benefits to the American people. It is time to think of the tariff question in a new spirit. It is time to plan to increase the sales of field and factory not only at home but abroad. The proposed legislation is a national plan with a national benefit. [Applause.]

[Here the gavel fell.]

Mr. CHRISTIANSON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I will say at the outset that I have never been an extreme protectionist. Upon the tariff question I have held views that have been considered somewhat unorthodox by members of my party. When the Hawley-Smoot Tariff Law was under consideration in this House I wrote an article for one of the national magazines, in which I expressed opinions that brought considerable condemnation from some who sit on my side of the House and as much approval from members of the present majority party. In taking the position I did I felt that I was only following in the footsteps of one of the greatest men Minnesota ever gave to the Nation, Senator Knute Nelson, who, although a stanch Republican, while a Member of this body voted for the Democratic Mills tariff bill.

The vote I shall cast today, in opposition to the bill under consideration, may seem inconsistent with the position I have taken at different times in the past, in view of the fact that the purpose of this measure is to lower trade barriers. To defend oneself against the charge of inconsistency is perhaps the most futile of all undertakings. If consistency is a virtue, then I have found that a man cannot long be a Member of Congress and remain virtuous. At any rate, consistency is not one of the major virtues, nor is inconsistency to be classed with that sin for which the theologians used to tell us there is no forgiveness.

But I insist that I am not in this instance inconsistent, for during the past 12 months our Government has made an important decision, an almost irrevocable commitment, which has altered the economic situation of America. That decision was made by the present Democratic administration and confirmed by the present Democratic Congress. I do not criticize the commitment, for in my opinion it was inevitable.

The dilemma which confronted the present administration when it came into power was this: In view of the fact that the American people are burdened with a debt they cannot carry, which roughly equals the present value of the physical wealth of the country, shall debts be scaled down, or shall prices and wages be increased sufficiently to make it possible for the people to carry and eventually liquidate their indebtedness?

If we had accepted the alternative of low prices, low wages, and scaled-down debts, we should be able to produce on a low-cost basis. We should be able to compete in the international markets with the low-cost countries of the world. We should be able to embark upon an economic program that would be aided by tariff reductions.

But the administration chose the other horn of the dilemma. Perhaps it had to. The fourteenth amendment bars the compulsory writing down of debts, and amending the Constitution would be not only a slow process but a hazardous one. Accordingly, realizing that the restoration of the balance between interest charges and the income from which they must be met is the most important prerequisite to the restoration of economic normality, the administration proceeded on the theory that the shortest road to prosperity was the one leading to a higher price level. Accordingly we passed the Agricultural Adjustment Act, providing the means for reducing acreage. When we reduce the number of acres a farmer may sow without reducing his taxes and his debt-carrying charges accordingly, we increase the unit cost of production. Such a course would be suicidal if the national policy were to encourage production for a competitive world market. When we passed the Agricultural Adjustment Act we decided, and I believe wisely, that for the present we prefer producing for a dear market at home rather than for a cheap market abroad.

We made the same decision for the industrial producer. Conceivably we might have reduced wages, lengthened hours, recruited children for work in the factories, tolerated sweatshop conditions and encouraged industries to engage in ruthless competition, in order to force the cost of production down to the point where we would be enabled to compete with other nations on equal terms in the markets of the world. But we did not do that. Under the leadership of the President we passed the National Industrial Recovery Act, under which wages are being increased, the hours of labor shortened, child-labor abolished, the sweatshop outlawed, codes adopted which substitute regimentation for competition as the regulator of industry. Leaving out of consideration for the present the very real dangers inherent in the N.R.A. philosophy, there can be no question that the N.R.A. program has done much good. It has helped lift the country to a higher price level; but it has also increased production costs, and thereby put us on a domestic basis and committed us to a policy of economic nationalism.

Instead of wiping out the debt structure by drastic deflation and thereby placing our farms and factories in the hands of men who, having but little invested in them, could produce without the necessity of earning much in the way of wages for capital, we have frozen the capitalization of agriculture and industry by taking over their bonds and mortgages. Through the Reconstruction Finance Corporation and the Farm Credit Administration, the United States Government has become sponsor for the debts of America. I am not criticizing; I cannot find fault, because I helped pass some of the legislation under which Uncle Sam became the Nation's greatest creditor; in fact, I approve of what has been done. If we had failed to do those things, a collapse, carrying danger to the social as well as the economic structure, would probably have been inevitable. I am merely calling attention to the fact that when we did those things we committed the Nation to production upon a high-cost rather than a low-cost basis. We turned our backs on foreign trade. We chose to follow a course of economic nationalism.

Secretary Wallace, with a clarity of vision that is commendable, recently stated that America must soon make her choice. She has made her choice—or perhaps I should say that the choice has been made for her by events. To adopt policies inconsistent with the course that has already been determined upon will complicate our situation rather than simplify it. Vacillation between one road and the other, which began with the last 2 years of Woodrow Wilson's administration and continued through that of Herbert Hoover, brought the country confusion and disillusionment. We are unworthy guardians of the Nation's destiny if we have learned nothing from the past.

If we decide that our course is wrong then let us face about; let us definitely choose the other course; let us repeal the Agricultural Adjustment and Industrial Recovery Acts, stop supporting the debt structure of the country, tell mortgage holders to foreclose, liquidate the banks, put the country up on the auction block, and start over with the slate clean. Only in that way could we get down to a low-cost basis that would enable us to negotiate enough even-handed bargains with the nations of the world to make the pending legislation worth while.

There are some things that we must import. We need coffee from Brazil, tea from Japan, silk from China, and rubber from Africa. If it is necessary or desirable to enter into formal agreements with the governments of these countries to facilitate exchanges that shall be mutually agree-

able, I have no doubt that such agreements can be made in the way prescribed by the Constitution. The number of such products is not so great that it would place an unbearable burden upon Congress to consider them and pass upon each of them on its merits.

If it is the intention of the administration to undertake a general tariff revision under the broad powers granted in this act, then I believe it is doubly necessary that we reserve the right of review. I yield to no man on either side of this House in my respect and esteem for the President. I esteem him so highly that I am always willing to stretch a point in order to follow him, as my voting record will show; but when the right of my constituents to work and make a living is at stake, I cannot bring myself to placing their destiny into the hands of the men to whom the President must inevitably entrust the task of making decisions upon which so much depends, without reserving the right to review those decisions. When I say that, I am not claiming any superior knowledge or wisdom. I am only asserting that I have a responsibility that I cannot shirk or evade.

To be sure, this Congress has already given power to reduce or increase tariff rates to the President and the Tariff Commission, but that power is limited in two ways: First, rates may be changed only to conform to a formula laid down by Congress; second, the rates so reduced or increased may be changed at the next session. This bill gives the President power to raise or lower rates at will, without reference to any formula, and the rates so determined cannot be changed at will, for they become a part of solemn international obligations.

For 100 years the European philosophy of economics has been one of internationalism—force down the standard of living at home in order to reduce costs and facilitate sales abroad. Sacrifice the home people for the foreign market. That is the philosophy that has brought slums and sweatshops. The American people have, on the whole, been happier, more contented, and more prosperous than any other because the United States has for the most part followed a different philosophy. Shall we now reverse the direction of our development? Shall we yield to the lure of unstable and undependable foreign trade, and thereby sacrifice the values that have made America great? [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts [Mr. TREADWAY].

The amendment was rejected.

Mr. MARTIN of Colorado. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MARTIN of Colorado: On page 3, strike out beginning in line 4 and ending in line 7, the following language: "Except that nothing in this section shall be construed to prevent the granting of exclusive preferential treatment to articles the growth, produce, or manufacture of the Republic of Cuba", and insert in lieu thereof the following: "Except that nothing in this section shall be construed to abrogate the reciprocal treaty entered into between the United States and Cuba in 1902."

Mr. MARTIN of Colorado. Mr. Chairman, due to the brevity of time, I have got to jump at once into the very briefest possible statement of this proposed amendment.

My amendment strikes from this bill a proviso which virtually removes all limitations and restrictions from Cuba and admits Cuba to the Union to all practical intents and purposes, as I understand it, in the matter of our trade relations, but it preserves to Cuba the reciprocal or preferential tariff treaty entered into between this country and Cuba in 1902, and which the very able gentleman from Washington, Mr. SAMUEL B. HILL, stated the other day in presenting the bill was the only exclusive status existing between the United States and Cuba.

Mr. Chairman, I propose to go along on this bill, but I could go along with a little more enthusiasm if I knew just how large and how definite a place Cuba is going to have in the picture, and how much more, in addition to what she is getting now, it is going to cost to have her in the picture.

For the past 35 years the United States has been a wet-nurse to Cuba, and she has been a troublesome and expensive baby and, quite naturally, a not very appreciative baby. To begin with, she cost us a war, the war with Spain, a war that cost this country three or four billion dollars, a war with a friendly nation that we had never had a war with, had always been at peace with, simply because she maltreated a small, weak neighbor at our door. Since then she has cost us a billion dollars in soldiers' pensions, and before that account is finally closed, and in 40 or 50 years from now, she will have cost us a couple of billion dollars more. So just the war by which we gave Cuba her freedom has already cost us more than her trade could repay us in a thousand years.

Coming down a little closer to the present, last summer she cost us a sugar agreement, an agreement to stabilize and allot the sugar industry, an agreement signed by the United States, the Philippine Islands, Hawaii, Puerto Rico, and the Virgin Islands, an agreement participated in by every factor involved in the sugar industry, alloting and stabilizing this industry. It was discarded by the Secretary of Agriculture simply because he thought this country got two or three hundred thousand tons more annually than we ought to have and that Cuba's allotment was two or three hundred thousand tons below what Cuba thought she ought to have. Because of the discarding of this agreement we have a new sugar bill in the House which would not have been needed, to raise hell in the sugar States, and it will raise hell there.

I do not want you gentlemen over on that side to hear what I have to say now, but included in this Cuban cost bill, it is not beyond the range of possibility that it might cost this side of the House eight or ten States, not only in congressional elections, but in electoral votes, because this interest is all located in that section of the country which saved the last Democratic President in 1916, and might, accidentally, be called upon to play the same part in 1936.

Mr. Chairman, if this language can be construed to mean what I think it does, and it is in the same section that has the 50-percent limitation, it takes Cuba out of the limitations of this section and says that nothing in this section shall be construed to prevent the granting of exclusive and preferential treatment to articles, the growth, product, or manufacture of Cuba. If this means what I think it does, it absolutely throws down the bars, opens the doors wide and admits Cuba to the Union for all trade purposes. If it does not mean this, it is meaningless and ought to be taken out, and, in the meantime, Cuba is fully safeguarded by preserving to her the preferential tariff treaty that she now enjoys.

[Here the gavel fell.]

Mr. SAMUEL B. HILL. Mr. Chairman, I rise in opposition to the amendment. I shall not take much time on this amendment. The gentleman from Colorado is objecting to the language which relates to the preferential treatment which Cuba now enjoys under the reciprocal trade treaty with this Government, and he moves to strike it out.

He makes the point that the use of the words "preferential treatment" relating to the manufacturers of the Republic of Cuba nullify and limit the language on page 2 of the bill beginning in line 23, that—

No proclamation shall be made increasing or decreasing by more than 50 percent any existing rate of duty.

That construction by the gentleman from Colorado I am sure cannot be sustained. I hardly think the gentleman from Colorado himself will seriously contend that the language he seeks to strike out nullifies, as far as Cuba is concerned, the limitation as to the 50 percent of existing tariff rates.

Mr. WILCOX. Will the gentleman yield?

Mr. SAMUEL B. HILL. I will yield.

Mr. WILCOX. The gentleman recognizes that Cuba now has a treaty giving it preference in import duties.

Mr. SAMUEL B. HILL. Yes.

Mr. WILCOX. And the President would have authority to reduce the preferential treatment by 50 percent.

Mr. SAMUEL B. HILL. I think that is a correct interpretation.

Mr. MARTIN of Colorado. I do not think it ought to be left to what the gentleman thinks it says. It ought to say it in the bill, because we know where this proposition came from and how it will be construed. It was put in to open the doors of this country to Cuban sugar, and it may be that it was put in to open the door to some other things besides sugar.

Mr. SAMUEL B. HILL. Suppose you strike the language out, it would be of no benefit to my friend from Colorado or other gentlemen from sugar States.

Mr. MARTIN of Colorado. It would leave Cuba under the general provisions of the act.

Mr. SAMUEL B. HILL. Yes; it would. But what you are complaining about is sugar, and Cuba is the principal source of supply outside of this country. Free sugar comes from Hawaii and the Philippine Islands, and you have the preferential rate in Cuba. If you make an agreement with Cuba whereby she gets a reduction of the present rates and make it apply generally under the most-favored-nations treaties you are not getting anywhere, because Cuba is the principal supply of sugar, so it would not be of any benefit to you.

Mr. COOPER of Tennessee. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. COOPER of Tennessee. Is it not correct to say that we have the very definite assurance from the State Department, from the administration, that the language carried in this bill leaves the status just as it exists today?

Now, one further observation. Unless you carry this exception in this bill in reference to Cuba, it will involve complications in negotiating the trade agreements with all other favored-nation countries of the world. There are some 48 of them. You have to make these exceptions in order to negotiate with the other favored-nation countries.

[Here the gavel fell.]

Mr. WOODRUFF. Mr. Chairman, I move to strike out the last word. I understand a substitute will be offered for the present amendment which will clarify the Cuban situation. I rise to voice my approval of the substitute which will be offered; but before I get to that I want to discuss for a few minutes just exactly what is proposed by the administration in the proposition that has been submitted to this House with regard to sugar. All of you who are familiar with the subject will remember that in the President's message touching that question he proposed by allotment to reduce production of sugar in continental United States 300,000 tons.

He proposed also to take 100,000 tons' production from the cane-sugar producers of the Hawaiian Islands, and he proposed to turn that 100,000 tons, together with the 300,000 tons from the producers in this country, over to foreigners living in a foreign country. It should be remembered that the people of the Hawaiian Islands are citizens of these United States just as much as are we in this body. The President submits in that message no proposal looking to the reduction of the production of sugar in the Philippine Islands. He submits no proposal looking to the reduction of sugar in Puerto Rico, but he proposes to penalize only those farmers producing sugar for consumption here who are citizens of the United States of America. That is what is proposed by the President of the United States touching this question, and that is not all of it. He proposes to put a processing tax upon all sugar consumed in the United States.

The best-known fact about the whole processing-tax theory is that, as in the case of cotton, where the administration has complete control of every bit of the machinery, the processing tax on cotton was passed on directly to the consumer; and this is always the case where a processing tax is levied, with the exception of the case of hogs, which tax has been absorbed by the farmer.

If such a processing tax were passed on to the American sugar consumer—and under the whole theory and operation of the processing tax this is exactly what must happen—who pays the tax?

There are approximately 40,000,000 people in the United States who are directly dependent upon agriculture for their livelihood. The average annual per capita sugar consumption in the United States for the last 5 years is almost exactly 100 pounds per person. Therefore, it will not be difficult for us to figure out that, on a basis of 100 pounds per capita consumption of sugar, and 40,000,000 persons engaged in or depending upon agriculture for a livelihood in this country, the farmers of the United States and their dependents alone consume 4,000,000,000 pounds of sugar per year. One-half cent a pound would mean $20,000,000, which the present administration proposed in its sugar-allotment plan to take out of the pockets of American farmers and their dependents alone, to say nothing of the rest of the consumers of the United States. This is a fact which seems to have escaped notice, that American farmers alone are going to have to pay $20,000,000 as a penalty if this program is enacted. If the producer is forced to absorb the half cent, that means it will be reflected directly back to the beet growers themselves, who are the producers, and that the sugar-beet growers will take this stupendous burden of $20,000,000, which would mean that they would not get more for their sugar beets but less in the final analysis.

The group to be benefited by this sugar-allotment scheme is a group of financial racketeers in New York and New England, to whom I referred in my address of February 26, if this proposition is put into effect.

Mr. VINSON of Kentucky rose.

Mr. WOODRUFF. I cannot yield now.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. WOODRUFF. Mr. Chairman, I ask unanimous consent to proceed for 5 minutes more.

Mr. DOUGHTON. O Mr. Chairman, we have heard that sugar speech before.

Mr. CELLER. Mr. Chairman, I reserve the right to object unless some gentleman on the committee will tell me the difference between a trade agreement and a treaty agreement, as announced in this bill.

Mr. WOODRUFF. I will tell the gentleman.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. WOODRUFF. The Assistant Secretary of State, in answer to a question of mine while the committee was conducting hearings on this bill, stated that the difference was the difference between a proposition that necessarily involved action of Congress and a proposition that did not.

Mr. CELLER. But that is a mere restatement of the question.

Mr. WOODRUFF. I do not care to get into that. I have given the gentleman such information as I could secure from the Assistant Secretary of State. Please let me finish my statement.

Mr. CELLER. I wish somebody would satisfy the Members on that score.

Mr. WOODRUFF. What I was going to say was this. The President has expressed great concern about the Treasury of the United States. I sympathize with him in that. I wonder if you know just how much it is going to cost the Treasury of the United States if the President by proclamation reduces the tariff on sugar 25 percent, and that is what is involved in this proposition.

Mr. VINSON of Kentucky rose.

Mr. WOODRUFF. I decline to yield now.

Mr. COOPER of Tennessee. But we can make a point of order against the gentleman that he is not discussing the amendment.

Mr. VINSON of Kentucky. When the gentleman says "that proposition", he does not refer to the amendment of the gentleman from Colorado?

Mr. WOODRUFF. The question I am discussing points directly to the amendment of the gentleman from Colorado.

Mr. VINSON of Kentucky. Does the gentleman say that striking this language out makes any change in the present tariff rates?

Mr. WOODRUFF. It would prohibit the President of the United States from wiping out the tariff on sugar. It does not mean anything else.

Mr. VINSON of Kentucky. The language that the gentleman from Colorado seeks to strike out is simply clarifying. It simply states that the present condition stands. That is all that the amendment was put in for—to clarify and show that the condition that now exists will remain.

Mr. WOODRUFF. Precisely; the present sugar tariff will remain. Now, will my friend take my word for it that I believe that clause was put into the bill for the very purpose he states, because I challenge the good faith of no member of the Ways and Means Committee? But I call attention to what this thing means. We are asked to authorize herein the reduction of the receipts of the Treasury of the United States by more than $16,000,000 by the reduction of the tariff on sugar.

Mr. SAMUEL B. HILL. Will the gentleman yield? His argument is against the bill.

Mr. WOODRUFF. My argument is in favor of anything that will protect the farmers of this country, and I say that the thing involved in this reduction of the revenue accruing to the Treasury of the United States means just one thing, and that is that that amount of money will be transferred from the Treasury of the United States to the pockets of those pirates in Wall Street who have been for many years trying to destroy the domestic sugar-beet industry. Have any of you the idea that those people in New York who control that great industry in Cuba will allow any more of the money they receive for their product to filter through their fingers to the poor peons in Cuba who work in their cane fields there than they can help? Have you any idea that anybody in Cuba will reap the benefit of this reduction in the tariff if it is made? We know they will not. We know that the benefits, and all of them, will accrue to the men I have mentioned.

Mr. DINGELL. Will the gentleman yield?

Mr. WOODRUFF. I yield.

Mr. DINGELL. Is it not the gentleman's opinion that the treaty itself will protect any interests involved between the United States and Cuba, even though we do strike that out?

Mr. WOODRUFF. There cannot be any question about it. When this bill passes the House there should be nothing left in it that will result in throwing the great beet- and cane-sugar industry of this country upon the mercy of the enemies of that industry who are in powerful position in this country today.

Mr. MARTIN of Colorado. Will the gentleman yield?

Mr. WOODRUFF. I yield.

Mr. MARTIN of Colorado. My amendment preserves the treaty. The gentleman from Washington the other day said that the 1902 preferential treaty was the only exclusive treaty existing between the United States and Cuba.

Mr. WOODRUFF. This whole scheme means that in the reduction of tariff on Cuban sugar, the little group of financiers in New York is going to be handed a present by the administration of $16,245,000, at the same time the American farmer is going to be taxed $20,000,000 in order to absorb the processing tax, or the American beet-sugar grower is going to lose $20,000,000 if he has to absorb the processing tax.

I desire to call the attention of the sugar-beet growers to this fact: That if the President took that $16,000,000 that is going into the pockets of a small group of financiers in New York and spread it over the sugar-beet productions and gave it to the sugar-beet growers, every sugar-beet grower in America would get approximately $1.50 per ton more for the sugar beets than he does now, and which is more than is proposed to pay the farmer under the processing tax.

This is not a party matter. This is a matter in which the future and destiny of the American sugar-beet growers is at stake; this is a matter in which not alone the American sugar-beet grower, but the beet-sugar producers of our territorial possessions whom we have always thought, under our form of Government, to be American citizens, also are to be deprived of the right to some part of their production in order that foreign peoples, namely, the Cubans, theoretically, but actually a few American financiers in New York, may benefit.

A clear analysis of the proposal shows contradictions which are impossible of reconciliation. Nobody yet has answered my question propounded to the administration as to how they expect to increase the income of sugar-beet growers by reducing the number of sugar beets they can grow, and at the same time lowering the price of sugar, which commodity is now and has been for the past two years lower than in any other major country in the world. Or, how they can increase the income of the sugar-beet grower without increasing the outgo of the sugar consumer.

I am perfectly willing to make this admission: If the President of the United States and his advisers have worked out a plan whereby they can increase the income of the sugar-beet growers at the same time they reduce the price of sugar to the consumer, and still not wreck the refinery interests, they have solved the riddle of the ages. If they apply the same formula to every industry in the United States they can put America back to its former state of prosperity in 30 days.

Much has been said about the refinery end of the sugar business. The sugar-beet grower must not forget, and the sugar consumer must not forget that sugar beets coming from the fields are not served in the sugar bowls on America's dinner tables, but that they first have to pass through the refinery, and that the destruction of the sugar refineries of America means the prompt and absolute destruction of the sugar-growing industry, and means absolutely the turning over of the American consumer to the tender mercies of the same gang of racketeers who in 1920 drove the retail price of sugar in the United States to 32 cents per pound because they temporarily controlled the market, and thereby robbed the American housewives of hundreds of millions of dollars.

I am quoting these facts and figures because I honestly believe that we have not given the time nor consideration to the most pertinent facts embraced in this whole program; and that if we understood the situation fully we would reject every plan that in any degree permitted the ruin of the American domestic sugar industry.

The CHAIRMAN. The time of the gentleman from Michigan [Mr. WOODRUFF] has expired.

Mr. DOUGHTON. Mr. Chairman, I move that all debate on this amendment and all amendments thereto do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Colorado [Mr. MARTIN].

The question was taken; and on a division (demanded by Mr. MARTIN of Colorado), there were ayes 62 and noes 90.

So the amendment was rejected.

Mr. FREAR. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FREAR: On page 3, line 1, after the words "free lists" insert: "*Provided*, That no reciprocal agreement shall be entered into or negotiated with any foreign government that has defaulted in whole or in part with its debt payments due to the United States."

Mr. FREAR. Mr. Chairman, I have sent several amendments to the desk. I ask unanimous consent that the Clerk may read the other amendments which I have offered, for the information of the House.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

Mr. COOPER of Tennessee. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. COOPER of Tennessee. That means, of course, that all those amendments are read simply for information?

Mr. FREAR. That is true, entirely.

Mr. CELLER. Does that mean that we can raise a point of order against each one of them individually or collectively?

The CHAIRMAN. That is always in order.

Is there objection?

Mr. FREAR. I am trying in this way to save time, and to have them all before the House, and any points of order can be presented at the time.

Mr. SAMUEL B. HILL. Are there several amendments, or just one amendment?

Mr. FREAR. There are separate amendments on different subjects, but I do not intend to discuss them for over 5 or 10 minutes at the outside.

The CHAIRMAN. Is there objection?

Mr. SEARS. Mr. Chairman, a parliamentary inquiry.

Mr. Chairman, I object. I was attempting to make a parliamentary inquiry.

The CHAIRMAN. The gentleman is out of order until he retires from the well of the House.

Mr. SEARS. I shall retire, and I still object unless the Chair recognizes me.

The CHAIRMAN. Does the gentleman propound a parliamentary inquiry?

Mr. SEARS. I undertook to propound a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. SEARS. Will those amendments be considered in order as read, or will somebody else be recognized by the Chair to offer an amendment?

Mr. FREAR. If the gentleman will yield, Mr. Chairman, I hope they will be read one after the other, and be voted on, except those as to which points of order have been raised.

The CHAIRMAN. The gentleman from Wisconsin [Mr. FREAR], a member of the committee, was recognized to offer an amendment. The gentleman asks unanimous consent to have certain other amendments read for the RECORD. Is there objection?

There was no objection.

The Clerk read the following amendments:

Page 3, line 1, after words "free lists", "*Provided*, That no reciprocal agreement shall be entered into or negotiated with any foreign government that has defaulted, in whole or in part, with its debt payments due to the United States."

Page 3, line 1, after words "free lists", "*Provided*, That no condition shall be involved in any such agreement which, directly or indirectly, relates to the cancelation, reduction, or substitution of securities for any portion of the public debt that may be due the United States from the other party to the agreement."

Page 3, line 1, after words "free lists", "Provided any request or proposal for the cancelation, in whole or in part, of any debt due the United States from any foreign government so indebted shall be submitted by the President of the United States to the American Congress, to be thereafter acted upon affirmatively by Congress before any proclamation is made."

Page 3, line 1, after words "free lists", "*Provided*, That no reduction in tariff rates upon any American products shall be made except upon the basis of the value of the dollar at the time when such rate was fixed by law and not upon any revalued dollar as determined by Presidential proclamation."

Page 3, line 1, after words "free lists", "Before entering into any agreement with any foreign country under this law the President shall receive from the Tariff Commission its finding of the difference in cost of production in that country and the United States of any products affected by such agreements, which finding shall be submitted to the American Congress prior to the proclamation of the President."

Page 2, line 14, strike out the dash after the word "time" and insert thereafter "to give notice through the Tariff Commission that changes or modifications of any specified tariff schedule will be made within the powers so conferred upon him to remain in force for the period of 1 year: *Provided, however*, That such proclamation shall be subject to action by Congress at any time prior to the termination of such period."

Page 2, line 20, strike out the period after the word "hereunder" and insert "*Provided*, That no reduction in rates of duties on any agricultural product shall be entered into by the President affecting any article produced in this country until and after report received from the Tariff Commission that all importations during the preceding calendar year on such commodity did not exceed 10 percent of the volume required for domestic use."

Page 2, line 23, after the words "free lists", "*Provided*, That at least 60 days prior thereto public notice shall be given by the Tariff Commission of the proposed proclamation and all protests against said proposal shall be laid before the President by the Commission within 48 hours after its receipt."

Page 3, line 20, strike out all of subdivision B, section 2, line 20, after the words "shall be" and insert therein the following: "terminated within 1 year from the date of the Presidential proclamation unless continued thereafter by act of Congress."

Section 350, subdivision 2, lines 20 and 21, page 2, strike out the words "or decreasing."

Insert line 1, page 3, after the word "indirectly" "*Providing*, That comparative efficiency now existing between farm and other industry to be affected by this act shall be reported by the Tariff Commission to the President 60 days prior to any proclamation of reciprocal tariff agreements on any products named in such agreement. In reaching findings on comparative efficiency the Commission shall hold public hearings at which all elements affecting efficiency and entering into differences in cost of production here and in any other country to be reciprocally treated shall include:

First. Comparative living conditions.

Second. Comparative wages for industrial employment.

Third. Comparative living expenses in similar occupations here and abroad, educational opportunities, transportation of products, methods of marketing, droughts, payments for products and all other elements that may be of value in such investigation.

In reaching its conclusions the Tariff Commission may also call before it any economy, efficiency, or emergency expert who may have made special study of comparative value of Chile and synthetic nitrates used for fertilizer in such other countries as compared with the million pig nitrates furnished by the Agricultural Department to the clerks of the House and Senate for such action as may be taken at the next succeeding Congress.

Mr. SAMUEL B. HILL. Mr. Chairman, I reserve all points of order against all the amendments that have been read.

The CHAIRMAN. That has already been done.

Mr. FREAR. Mr. Chairman, the first amendment provides—

That no reciprocal agreement shall be entered into or negotiated with any foreign government that has defaulted in whole or in part with its debt payments due to the United States.

If this is adopted, it will prevent the nations that have defaulted in their debts to be included in any agreement. We have found their agreements are of little value and this is particularly true of those that repudiated their obligations.

A point of order has been raised against this amendment.

The second reads:

Line 23, after words "free lists", *Provided*, That no condition shall be involved in any such agreement which directly or indirectly relates to the cancelation, reduction, or substitution of securities for any portion of the public debt that may be due the United States from the other party to the agreement.

Here is the same amendment I offered in the committee that was there rejected by a vote of 15 to 10. I learn a committee amendment may be offered, but I am reoffering the amendment against cancelation.

The third reads:

Line 23, after words "free lists", "Provided any request or proposal for the cancelation in whole or in part of any debt due the United States from any foreign government so indebted shall be submitted by the President of the United States to the American Congress to be thereafter acted upon affirmatively by Congress before any proclamation is made.

This is a safety offer providing the amendment last offered is defeated and the committee fails to present its amendment against cancelation.

The purpose of the next amendment is to avoid the 40-percent discount which comes at the outset by requiring all tariff reductions to be based upon the value of the dollar at the time the rate was fixed by Congress.

Page 2, line 23, after words "free lists", "Provided that no reduction in tariff rates upon any American products shall be made except upon the basis of the value of the dollar at the time when such rate was fixed by law and not upon any revalued dollar as determined by Presidential proclamation."

The next amendment reads:

Line 23, after words "free lists", "Before entering into any agreement with any foreign country under this law, the President shall receive from the Tariff Commission its finding of the difference in cost of production in that country and the United States of any products affected by such agreements, which finding shall be submitted to the American Congress prior to the proclamation of the President."

This is in accordance with existing law and gives protection to the thousands of industries subjected to the terms of the bill.

The next amendment reads:

Page 2, line 13, strike out the dash after the word "time" and insert thereafter "to give notice through the Tariff Commission that changes or modifications of any specified tariff schedule will be made within the powers so conferred upon him, to remain in force for the period of 1 year: *Provided, however*, That

such proclamation shall be subject to action by Congress at any time prior to the termination of such period."

This reduces any agreements to a period of 1 year, and in opposition to the 3-year term in the bill.

The next amendment reads:

Page 2, line 20, strike out the period after the word "hereunder" and insert the following:

"*Provided*, That no reduction in rates of duties on any agricultural product shall be entered into by the President affecting any article produced in this country until and after report received from the Tariff Commission that all importations during the preceding calendar year on such commodity did not exceed 10 percent of the volume required for domestic use."

This is to prevent any deluge of imports.

The others have been read and are sufficiently explanatory.

Let me say that my purpose in offering them at this time is so that they may be voted upon and be made a matter of record.

[Here the gavel fell.]

Mr. DOUGHTON. The amendment offered by the gentleman from Wisconsin practically rewrites the bill; and, of course, Mr. Chairman, a bill of this kind cannot be written on the floor of the House. The effect of the amendment would be to change the bill entirely and make it have just the opposite purpose.

Mr. FREAR. I am just making a record of objections to the bill, realizing that at the other end of the Capitol objections may have better consideration.

Mr. SAMUEL B. HILL. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. SAMUEL B. HILL. Would it be satisfactory to the gentleman from Wisconsin to have his amendments voted upon en gross?

Mr. FREAR. Yes; I so desire, for I know that to vote upon them en gross will be to save the time of the committee. I do this as a matter of courtesy to the House and am willing to stand on the record.

The CHAIRMAN. Without objection the Frear amendments will be voted upon en gros.

There was no objection.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Wisconsin.

The amendments were rejected.

Mr. HART. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HART: On page 2, line 23, after the word "proclamation" add: "increasing the present duty on sugar refined or otherwise below the duty existing on sugar on March 1, 1934."

On page 2, line 24, after the word "made" add the word "or."

On page 2, line 15, after the word "any" add the word "other."

On page 3, line 4, strike out the word "indirectly" and everything down to the word "Provided," in line 7.

Mr. HART. Mr. Chairman, all this amendment does is to prevent the reduction of the duty on sugar or other commodities below the present rate with Cuba.

For some weeks we have had a sugar bill pending in the committee which was introduced a day or two ago; and we who represent sugar districts have tried to obtain a satisfactory agreement upon this allotment sugar bill, but so far we have not been able to accomplish that. The bill has now been introduced and I will say for the benefit of the committee it will close at least two factories in my State. Two are now closed because of the fight between Cuba and the Philippine Islands over the American sugar market. We were the innocent victims of that scrap over the sugar market in continental United States and now when we propose to put this sugar business on an allotment basis we are so reduced under the pending bill that it will force the closing of at last two large refineries worth something like $2,000,000 apiece, and either the abandoning of land upon which we are raising sugar beets, or its being turned over to the growing of other crops of which there already exists a surplus.

Mr. COOPER of Tennessee. Will the gentleman yield?

Mr. HART. I yield to the gentleman from Tennessee.

Mr. COOPER of Tennessee. The gentleman has reference to another bill entirely separate and apart from this bill.

Mr. HART. I am telling the gentleman what is going to happen.

Mr. COOPER of Tennessee. That is the bill pending before the Agricultural Committee.

Mr. HART. Yes; and a very unsatisfactory bill.

Mr. COOPER of Tennessee. That is in no way related to this measure.

Mr. HART. May I say to the gentleman that the testimony in the committee was to the effect that sugar was going to be reduced when this bill was passed. This gives the President the power.

Mr. COOPER of Tennessee. Does the gentleman mean the testimony before the Ways and Means Committee?

Mr. HART. No. This was testimony by the Department of Agriculture before the Agricultural Committee. They made the statement that the President would reduce the tariff on sugar under the sugar quota bill. Until we get a proper allotment, we from the sugar States do not propose to give the President the authority to reduce the sugar duty or until we have had an agreement with reference to this sugar bill. The only chance we have to protect ourselves is in the pending bill. Frankly, I may say to my Democratic colleagues on this side of the House that there will be an opportunity, and the Senate can eliminate this amendment if they wish, but we in the House, representing our constituents, cannot stand idly by and see our industry traded off.

I am in accord with the general intent and purposes of the bill. We grow everything else in Michigan. I am not concerned about the rest of the agricultural commodities. I am not worrying about the dairying industry, but there is something sinister in this sugar legislation and always has been. It has always been used as a political football. Because of the capital which seems to be invested in the production and refining of sugar it has always been treated differently and has always been a highly controversial subject when it comes to a tariff. I am frank to admit that in the making of tariffs it is largely a matter of whose ox is gored, but in the case of agriculture they have not only gored the ox but they have slaughtered the whole herd.

I want to discuss now, for a few minutes, the only major agricultural product where the tariff affords any protection to the producer against foreign countries, namely, sugar. The present tariff against the world is a competitive one. It permits the shipment of sugar into this country, but still permits us to produce sugar from beets at a small profit. However, our Republican friends engaged in an imperialistic program acquired some insular possessions, where the standard of living was not upon an American basis. The standard of living in these insular possessions was not different from that in Cuba, yet they were embraced within our tariff wall.

Capital took advantage of this and financed a tremendous sugar-production program in Puerto Rico and the Philippine Islands. The result has been a battle for the American market between Cuba and these insular possessions. In this battle the price of sugar, insofar as Cuba was concerned, would hardly pay more than the grinding of sugar-cane, sacking, and the labor and freight necessary to deliver sugar in New York. That the American beet-sugar farmer could not compete against this is self-evident.

This ruinous price even wrecked Cuba. The administration, in their economic program, desires to rehabilitate Cuba, as it is a source of outlet for many of our commodities. It also involves our relations with the South American republics, and I am willing to concede that the administration has a problem in the handling of our economic relationship with Cuba. This centers almost entirely around sugar.

However, I do claim that the administration also has an obligation and a duty to protect the American farmer and the American business man who is engaged in the production of sugar.

For several weeks a sugar-quota bill has been under consideration. This bill does not, in my judgment, treat the

continental United States sugar producer fairly. The demoralization of the sugar market has been brought about on the one hand by Cuba and on the other hand by the rapid expansion of off-shore sugar. The continental sugar industry has been the victim of that fight, and now, when we purpose to declare peace, the sugar bill now under contemplation purposes to reward those who wrecked the sugar industry and penalize the victim of their battle.

To this program I cannot subscribe. I am willing to admit that placing the sugar business upon a quota basis and allowing those who do produce sugar to produce it at a profit is far better than to continue as in the past. During the past 10 or 12 years the sugar industry in my State has been wrecked. Less than 50 percent of the refineries were able to operate. Seventy-five percent of the operating companies were bankrupt as a result of the price war between Cuba and our insular possessions.

Now, I wish to ask my friends on the Democratic side of the House whether they are in favor of penalizing this industry, which affects 22,000 farm families in the State of Michigan alone, for the benefit of Cuba or any insular possessions. If there must be reduction in the quota of sugar and it is apparent that the reduction must be made, let the reduction be made by those who have expanded so rapidly that they destroyed the market. It is a wrong attitude to penalize the innocent for the benefit of the guilty, but that is what is taking place under the sugar quota bill.

Mr. SAMUEL B. HILL. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I am not inclined to criticize anybody who may feel, although erroneously, that some industry in his district or in his State might be adversely affected by legislation and rises in an effort to so amend the bill to avert any such disadvantage. May I say in this case, in my opinion, the gentleman from Michigan is unduly alarmed. I may say that even if he struck out the language which he proposes in this amendment the sugar interests of this country would not be in any better position than they are now. They might remove the preferential status from Cuba, but the removal of this preferential status from Cuba would not help the sugar industry in the United States. It would generalize this rate to all the countries with whom we have the most-favored-nation treaties. There would be no advantage in that to the sugar industry of the United States. I think that is sufficient upon that one point.

I refer to another part of the amendment which, as I caught it, had as its purpose that the President shall not have the power under this bill to reduce the tariff on sugar below the present rate now obtaining as to Cuban sugar. It would hardly be in line with good legislative policy to insert in this bill a provision that had reference to one particular commodity.

I hope the committee will not agree to the amendment proposed by the gentleman from Michigan. If we agree to this amendment, singling out one particular commodity from the general provisions of the bill, someone else could with equal propriety and with equal argument, perhaps, single out another commodity, and you cannot tell where this would lead. You would have a patchwork of exceptions to the general rule.

Mr. VINSON of Kentucky. It might be well to state that this morning, before we began the consideration of this bill, unanimous consent was granted to representatives of the Committee on Agriculture that their committee may sit today and tomorrow during the sessions of the House and a specific time was fixed in which to report upon this new sugar bill.

Mr. HART. May I say to the Committee that that bill will be called up under suspension of the rules, and we will not have a chance to offer an amendment or to change an "i" or cross a "t."

Mr. VINSON of Kentucky. And it requires a two thirds vote of the House.

Mr. HART. We want to change the provisions.

Mr. SAMUEL B. HILL. May I say in conclusion that I hope the amendment of the gentleman will be voted down.

Mr. DOUGHTON. Mr. Chairman, I move that all debate on this amendment close in 10 minutes.

The motion was agreed to.

Mr. WEST of Ohio. Mr. Chairman, I rise in opposition to the amendment.

The gentlemen on the other side of this House, judging from the number of times the question has been brought up, seem to take a special delight in injecting into the debate on reciprocity trade agreements that old-time controversy over sugar. It may be well, therefore, to spend a minute or two to point out to these friends that the President's action with respect to sugar certainly confirms the confidence we have in that great Executive now in the White House. When the Tariff Commission had completed a very elaborate cost investigation under section 336 of the Tariff Act of 1930 on sugar did President Roosevelt merely follow its findings? Certainly not before taking steps to safeguard the interests of continental beet- and cane-sugar producers. Our Republican friends harp on the virtue of the cost-of-production formula. Well, are they aware that this formula showed that a reduction from 2 to 1½ cents per pound on sugar was indicated by the Tariff Commission's investigation? The President could have put into effect that reduction under the powers granted him by the so-called "flexible provisions." But he first took steps to have the Congress declare sugar a basic agricultural commodity and to have a processing tax of one-half cent—the equivalent of the indicated reduction in duty—imposed on sugar, thus giving a direct benefit to continental producers. This bounty to domestic sugar interests is, of course, a far greater benefit to them than a reliance upon the tariff in that it gives them a distinct and direct protection against the producers in our insular possessions. The imposition of a processing tax not only gives a direct benefit to domestic sugar producers but it also protects against lower prices which would result from putting into effect the reduction in duty indicated by the Tariff Commission's cost-of-production study.

As I have indicated, sugar producers in continental United States have been confronted with competition, not only from Cuba but equally severe competition from the producers in our insular possessions. From 1921 the Philippine Islands have increased their output from 300,000 short tons to nearly 1,200,000 short tons in the 1933–34 season, or 900,000 tons; Hawaii has increased by about one half million tons, and Puerto Rico by nearly the same amount. Sugar-beet producers during the same period have increased their output from about 1,000,000 to 1,600,000 tons, while the production in Cuba has dropped off very markedly. It would appear, therefore, that the Philippine Islands are one of the most severe competitors of the domestic beet-sugar producers.

The quotas adopted in the sugar quota bill attempt to hold in check the production of the producers in the insular possessions and give to the sugar-beet growers an amount which seems reasonably fair in the light of their production experience, which over a period of 13 years is given below:

	Short tons
1921–22	1,021
1922–23	690
1923–24	882
1924–25	1,091
1925–26	901
5-year average	917
1926–27	897
1927–28	1,081
1928–29	1,051
1929–30	1,010
1930–31	1,205
5-year average	1,049
1931–32	1,148
1932–33	1,351
1933–34	1,600

Much has been made of the testimony of Secretary Wallace, when during the hearings before the Ways and Means Committee on the tariff reciprocity bill, he was questioned about the domestic-sugar industry. He did not say

anything that could be interpreted as recommending a destruction of the beet-sugar industry, but rather stated. I quote:

I have stood precisely and definitely before the Senate Committee on Finance for maintaining the beet-sugar industry on the basis of 1,450,000 tons, which is the average of the past 3 years. I do not think the beet-sugar industry should be allowed to extend further, because if it is expanded further it is doing it at the expense of our export agriculture; it is robbing the wheat farmer of a market for lard in Cuba. I think it is unsound economically to allow an industry of that type to expand further at the expense of efficient agriculture. (Hearings before Ways and Means Committee on H.R. 8430, p. 60.)

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. HART].

The question was taken; and on a division (demanded by Mr. CARPENTER of Nebraska) there were—ayes 71, noes 86.

Mr. HART and Mr. CARPENTER of Nebraska demanded tellers.

Tellers were ordered, and the Chair appointed as tellers, Mr. DOUGHTON and Mr. HART.

The committee again divided and the tellers reported that there were—ayes 114, noes 121.

So the amendment was rejected.

Mr. CONDON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CONDON: Page 3, line 16, after the word "part", insert a colon and the following: "*Provided further*, That the President shall take care in entering into such agreements that no tariff rates shall be reduced to such an extent as to eliminate or destroy any existing industry or business activity."

Mr. DOUGHTON. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

Mrs. ROGERS of Massachusetts. I object.

Mr. DOUGHTON. Mr. Chairman, I move that all debate on this amendment and all amendments thereto close in 10 minutes.

The motion was agreed to.

Mr. CONDON. Mr. Chairman, it has been repeatedly said in the course of this debate, not only by members of the committee but Members on this side of the Chamber who have debated this question, that this bill would not cause the elimination or destruction of any industry, and that all the fears expressed in that regard were groundless.

Now, Mr. Chairman, if that statement is true, if there was sincerity on the part of the members of the committee that no industry would be destroyed or eliminated, then there can be no objection to this amendment. It will be a congressional direction to the President that we do not want to have destroyed any existing industry, any small manufacturing industry, or any agricultural industry, or any business activity. [Applause.]

You gentlemen who are interested in sugar can support this amendment, and you can support the President of the United States at the same time. The State Department has appeared before the Ways and Means Committee and assured that committee, and the committee has in turn attempted to reassure the House that no existing industry will be destroyed by this bill. Let us put that into the bill; let us put in the idea and thought expressed by the Secretary of State and the representatives of the State Department.

The gentleman from Nebraska said a moment ago that the provision in the bill with reference to excise treatment did not affect any agricultural interest, did not affect coconut oil, and stated that they took special care of seeing to it that the coconut oil excise tax was protected. I say to you, Governor SHALLENBERGER, we ask no more for the small industries in our districts. We ask the same protection that you were so solicitous about when you had the matter before your committee.

Mr. Chairman, the platform of our party does not pledge us to the enactment of an outright reciprocal trade policy, such as we have before us today. We are not compelled by party regularity to support this measure. I will support it if safeguarded by this amendment. But I cannot vote for this bill if I am told by the Secretary of State or any of his agents that there are industries in my district, because they are small, that must be eliminated on the ground that they are inefficient. [Applause.]

Industries are not inefficient because they are small, and Mr. Chairman, one of the small industries of my district is the jewelry industry. There are other industries, and if they are eliminated under this bill where will you send the thousands of men and women who will be made victims of such an agreement? They will be unemployed. Do you want to send them out into the agricultural districts? They are in desperate straits today. I hope, Mr. Chairman, my amendment will be adopted. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I hope this amendment will not prevail. It is absolutely impractical. It is impossible of administration. No one can tell when an industry fails whether it was the result of the raising or the lowering of some tariff rate. Many industries have failed in the United States in the last 4 years, and how could anyone determine how many of those industries have failed on account of the traiff? There would be no way of determining it.

Mr. COOPER of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. Yes.

Mr. COOPER of Tennessee. I ask the chairman to yield that I might again read to the House the expression of the President of the United States himself which is directly applicable to the point raised by this amendment. In his message to the House on March 2 he said:

The exercise of the authority which I propose must be carefully weighed in the light of the latest information so as to give assurance that no sound and important American interest will be injuriously disturbed. The adjustment of our foreign trade relations must rest on the premise of undertaking to benefit and not to injure such interests. In a time of difficulty and unemployment such as this, the highest consideration of the position of the different branches of American production is required.

Mr. CONDON. Why object to this amendment then?

Mr. DOUGHTON. If the gentleman cannot take the word of the President of the United States when he has assured the country that no legitimate industry will be disturbed or crippled, much less eliminated, then he has his seat on the wrong side of the aisle.

Mr. CONDON. Why doesn't the gentleman agree to the amendment then?

Mr. DOUGHTON. Because it is impractical and impossible of administration.

Mr. CARPENTER of Nebraska. And I say to the gentleman from North Carolina that he ought to be on the other side of the aisle.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Rhode Island.

The question was taken and on a division, demanded by Mr. CONDON, there were, ayes, 69; noes, 86.

Mr. CONDON. Mr. Chairman, I demand tellers.

Tellers were offered and the Chair appointed Mr. DOUGHTON and Mr. CONDON to act as tellers.

The committee again divided and the tellers reported, ayes, 96; noes, 132.

So the amendment was rejected.

Mr. COOPER of Tennessee. Mr. Chairman, as announced by the chairman of the committee a few moments ago, it is important that we conclude this bill within a reasonable time. I move that all debate upon this section and all amendments thereto do now close.

The CHAIRMAN. The question is on the motion of the gentleman from Tennessee that all debate upon the section and all amendments thereto do now close.

The question was taken; and the Chair announced that the motion was agreed to.

Mr. SEARS. I demand a division.

Mr. BLANCHARD. Mr. Chairman, I offer an amendment which I send to the desk.

Mr. SEARS. Mr. Chairman, is the Chairman a part of the railroading committee or will he recognize a proper

request made of the Chair under the rules which he is supposed to follow?

The CHAIRMAN. Is the gentleman making a parliamentary inquiry?

Mr. SEARS. I demanded a division and the Chair refused to hear me.

Mr. VINSON of Kentucky. Mr. Chairman, I make the point of order that the demand came too late.

Mr. SEARS. Oh, no; it did not. The Chair had not announced the vote.

The CHAIRMAN. The point of order is sustained and the Clerk will report the amendment offered by the gentleman from Wisconsin.

The Clerk read as follows:

Amendment offered by Mr. BLANCHARD: Page 3, line 1, after the word "lists" insert: "nor shall any proclamation be made relating to the tax on coconut or sesame oils."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin.

The question was taken; and on a division (demanded by Mr. BLANCHARD) there were—ayes 41, noes 98.

So the amendment was rejected.

Mr. WILCOX. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. WILCOX: Page 3, line 7, after the word "Cuba", insert: "Provided, however, no agreement shall be made with any foreign government whereby tariffs or import duties on products of agriculture or horticulture shall be reduced below an amount necessary to equalize the difference in cost of production of such products in the United States with the cost of production in such foreign countries."

Mr. WILCOX. Mr. Chairman, I ask unanimous consent to address the House for 5 minutes on that amendment.

The CHAIRMAN. Is there objection?

Mr. DOUGHTON. I object.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida.

The question was taken; and on a division (demanded by Mr. O'MALLEY) there were—ayes 41, noes 83.

Mr. SEARS. Mr. Chairman, I demand tellers.

The CHAIRMAN. Those favoring taking this vote by tellers will rise and remain standing until counted. [After counting.] Eight Members have risen; not a sufficient number. Tellers are refused. So the amendment was rejected.

Mr. KNUTSON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KNUTSON: Page 3, line 1, after the word "lists" insert, "nor shall any proclamation be made increasing existing rates of duty on any agricultural or industrial commodity."

The question was taken; and on a division (demanded by Mr. SEARS) there were—ayes 37, noes 79.

So the amendment was rejected.

Mr. SEARS. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state the point of order.

Mr. SEARS. I make the point of order that the Chair did not count the Members standing.

The CHAIRMAN. The Chair always counts. The point of order is overruled.

Mr. MOTT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MOTT: Page 3, line 1, after the word "lists" insert, "nor shall any proclamation be made decreasing existing rates of duties on agricultural or horticultural products, or on lumber."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oregon [Mr. MOTT].

The amendment was rejected.

Mr. GRAY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GRAY: Page 2, line 15, strike out the word "two" and insert "with the concurrence of the Senate, by two thirds vote to."

Page 3, line 16, after the period, insert the following: "No such agreement shall become effective until the same shall have been first submitted to the House of Representatives and approved by the Congress."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana [Mr. GRAY].

The amendment was rejected.

Mr. O'MALLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. O'MALLEY: Page 3, between lines 22 and 23, insert the following new paragraph:

"(c) No foreign-trade agreement concluded pursuant to this act shall contain any provision permitting directly or indirectly the shipment into the United States of any article manufactured or produced by a foreign subsidiary of a company organized under the laws of any State of the United States."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. O'MALLEY].

The amendment was rejected.

Mr. HENNEY. Mr. Chairman, I offer an amendment which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. HENNEY: On page 3, line 16, after the word "part", strike out the period, insert a colon, and add: "*Provided, however,* That imports of such drugs, serums, confections, foods, condiments, and cosmetics previously prohibited as inimical to the public health shall not be subject to the provisions of this act."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. HENNEY].

The amendment was rejected.

The Clerk read as follows:

SEC. 2. (a) Subparagraph (d) of paragraph 369, the last sentence of paragraph 1402, and the provisos to paragraphs 371, 401, 1650, 1687, and 1803 (1) of the Tariff Act of 1930 are repealed. The provisions of section 336 of the Tariff Act of 1930 shall not apply to any article with respect to the importation of which into the United States a foreign trade agreement has been concluded pursuant to this act. The third paragraph of section 311 of the Tariff Act of 1930 shall not apply to any agreement concluded pursuant to this act with any country which does not grant exclusive preferential duties to the United States with respect to flour.

(b) Every foreign trade agreement concluded pursuant to this act shall be subject to termination, upon due notice to the foreign government concerned, at the end of not more than 3 years from the date on which the agreement comes into force, and, if not then terminated, shall be subject to termination thereafter upon not more than 6 months' notice.

Mr. DOUGHTON. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. DOUGHTON: On page 4, after line 16, insert the following new paragraph:

"(c) The provisions of this act shall terminate 3 years from the date of its enactment."

Mr. DOUGHTON. Mr. Chairman, there has been an amendment suggested by the gentleman from Massachusetts [Mr. MCCORMACK], as also the gentleman from Texas [Mr. BAILEY], and many other Members of the House, and certain criticism directed at the bill. The committee gave careful consideration to these suggestions and in order to show that the bill is only an emergency measure and only intended as such, this amendment is offered by the committee.

Mr. GREEN. Mr. Chairman, I rise in opposition to the amendment. I am not adversely interested in the committee amendment.

Mr. Chairman, I was particularly interested in the item which was offered as an amendment to the bill by my colleague from Florida [Mr. WILCOX], which had reference to our fruit and vegetable and sugar-cane industries, particularly fruits and vegetables in our State.

Under the present tariff arrangement we believe that the protection which our fruits and vegetables now enjoy is largely the reason why our producers are now in business. If existing tariff on our fruits and vegetables should be canceled and fruits and particular vegetables from Mexico and the islands, Cuba, and others adjacent to us permitted to enter duty free, we will just have to go out of business, I fear.

The American people would eventually be held up by excessive prices which would be charged for imported fruits and vegetables from the islands and from Mexico. After all, our Florida vegetables and fruits keep down the price paid by the consumer.

It is common information, Mr. Chairman, that the labor used in Mexico and in the islands to produce vegetables which come in competition with our Florida-grown vegetables is not altogether on a parity with the living standards and wages paid to our laborers. I understand as low as 25 or 30 or 40 cents a day is paid to the laborers on the islands and in Mexico.

In the State of Florida, where we endeavor to hold a high standard of living and maintain an adequate wage standard, it will be impossible for our growers to compete with foreign products that are made at such low costs of production. We believe adequate tariff protection essential to our agricultural existence.

I think it very unfortunate that this House did not, in its wisdom, adopt the amendment which my colleague offered. If you drive out of production the Everglades section of my State and the other vegetable-growing sections of my State, then the American people will fail to receive in the wintertime the vegetables which they are now receiving and will receive an inferior quality of vegetables grown in the islands and Mexico and will increase the peril which we have had from infestation by undesired pests and plant diseases from the islands, Mexico, and other foreign countries with tropical and semitropical climates.

Mr. KNUTSON. Does the gentleman think if we imported, as has been rumored, 20,000 carloads of fresh vegetables from Mexico it would have an injurious effect on the truck farmers of Florida?

Mr. GREEN. Undoubtedly it would. The gentleman knows the cheap wage standard of Mexico. I believe it is common information that there are now forces at work in Mexico and in the islands undertaking to arrange for increased production upon passage of legislation favorable to foreign-grown products. I believe contemplation of passage of this legislation has already inspired increased production of these products by our neighboring islands and Mexico.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. GREEN. I yield.

Mr. RICH. If we assist the gentleman in trying to protect the vegetable growers of his State, will the gentleman be so good as to assist the other lines of business of the other States? If the gentleman will, we are for him 100 percent.

Mr. GREEN. I appreciate the attitude of the gentleman from Pennsylvania, and voted recently for the amendment to protect the sugar growers of the South and the West. I am particularly interested that the growers of agricultural products in this country may not be injured. We should yet amend the bill to guarantee protection to our growers. I have the utmost confidence in the President and have voted 100 percent for every one of his proposals, and even voted to sustain his recent veto. He will, I am sure, see that our own fruit and vegetable growers are given protection and given all preference over growers of foreign countries, but it is the duty of the Congress to write into this bill language to protect our growers and I hope you will join in doing this.

[Here the gavel fell.]

Mr. CELLER. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. CELLER to the amendment offered by Mr. DOUGHTON:

At the end of the amendment insert:

"*Provided*, That the President shall not be empowered to enter into any trade agreement with a foreign government or instrumentality thereof if such agreement have a duration longer than 5 years from the date this statute goes into effect."

Mr. CELLER. Mr. Chairman, I offered this amendment to the amendment of the distinguished chairman of the committee, the gentleman from North Carolina [Mr. DOUGHTON], for I believe that despite the fact that the country needs these powers to be delegated to the President because of the extreme emergency we are in, in order to increase our foreign trade, nevertheless, there must be some brakes of a definite character and nature placed upon those powers.

Early this afternoon I requested that an amendment be offered to the effect that the powers shall cease after 3 years. This amendment is being offered, but it is not sufficient, because it is possible during the very last week of the 3-year period for the President to enter into a trade agreement for 50 years, and no one could gainsay him. I do not say that the President will do so, but when you contemplate that we are surrendering to the Executive such substantial powers, we dare not, we cannot, if we have the interests of the Nation at heart, take any chances as to what the President may do.

Almost every nation that has given power to the Executive to make similar negotiations has put some sort of restraint upon that power, not only as to time but as to the ratification by Parliament or Chamber of Deputies. I am informed, as I read the testimony of the Assistant Secretary of State, Mr. Sayre, that, for example, in England, although the Prime Minister has the right to enter into these trade agreements, if within 28 days the Parliament of England fails to act then and only then is the treaty or trade agreement valid. Even in Fascist Italy there must be a return, be it ever so formal, to the Chamber of Deputies before this agreement can become effective. In France the Premier has only within the year 1935 power to make these negotiations, and even then there must be a reference directly back to the Chamber of Deputies before negotiations may be deemed successful; in other words, there must be subsequent ratification by the legislative branch.

I ask the members of the committee to tell me the difference between a trade agreement and the treaty agreement as far as this bill is concerned.

Despite the fact that the term used in the bill is "agreements", I am quite convinced that such agreements contemplated by this bill are none the less treaties not only in contemplation of the Constitution, but also in contemplation of international law. It must be remembered that these agreements are not executive in character. They are not agreements, for example, affecting the entrance of ships of our Nation and, say, those of England into the respective harbors or ports of entry of the two countries. They are not agreements concerning sanitary arrangements affecting ships of two mutual countries. Such agreements are purely executive. The agreements contemplated by this statute involve duties, embargoes, quotas, and restrictions of the highest character. They involve, in a certain sense, taxation. They become in a certain sense, therefore, legislation. While I do not wish to belabor the point, I incline to the view that such agreements are therefore treaties and should be submitted to the Senate for ratification. The only point in raising this question is to show you how far-reaching are the powers we surrender and delegate to the President.

Tariffs are frequently stated to be provocative of armed international conflict. Therefore, in a certain sense, if this bill passes—and I hope it will—the President will have the right to exercise powers that may provoke war. In other words, we delegate to him the power to set up causes for war. That is why I am anxious to have inserted in the bill the additional limitation that no agreement shall have a longer duration than 5 years.

We certainly abandon many of our rights by this bill. We invade many traditions. Almost a sublime intelligence is required to bring the negotiations contemplated by the bill to successful conclusion. The President cannot do it all. We all have great confidence in his sincerity of purpose and statesmanship. But he must, in turn, parcel out his authority to others. The ability of shrewd trading is essential. Unfortunately, not all his agents in the State Department are shrewd traders. Not all of his agents will have his intelligence. See how dismally we failed in the liquor negotiations. When we attempted to trade with France our apples for their wines we certainly got the short end of the stick.

Withal, the emergency is serious and desperate. Desperate remedies are required. Nevertheless, we must circumscribe the powers given. In our desperation we should not give all. We must hold back some powers.

[Here the gavel fell.]

Mr. COOPER of Tennessee. Mr. Chairman, I shall take but little of the time of the House replying to our distinguished colleague from New York.

I hope, of course, this amendment will not be adopted. It strikes at the very heart of the purposes to be accomplished by this bill. If we are to so restrict the President of the United States in the exercise of the discretionary authority conferred by this bill, certainly no purpose can be served by the enactment of the legislation. Certainly we want the President of the United States when he meets the representatives of the other nations of the world to have sufficient latitude that he may be able to bargain with them and to enter into trade agreements in the interests of the people of our country.

This amendment strikes at the very purpose to be served by the enactment of this legislation, and I sincerely hope the amendment will not be agreed to.

Mr. McCORMACK. Mr. Chairman, I move to strike out the last word.

In connection with what the gentleman from Tennessee said, I want to say that I offered this amendment in the Committee on Ways and Means and it was adopted this morning.

The amendment submitted was along the lines urged by the gentleman from New York, but after a review of what this would do in its practical operation, realizing it would cramp the President in successfully carrying out these emergency powers which the circumstances existing compel us to delegate to him temporarily, and still wanting a temporary delegation of the power, I reached the conclusion that that portion compelling agreements to be made under this bill to expire in 3 years or in 5 years would operate in a way that would limit the President in successfully carrying out the provisions of the bill. The gentleman from New York and I are in complete harmony theoretically, but from a practical angle his amendment would defeat the purposes we have in passing this bill. I am in complete harmony with the statements of the gentleman from Tennessee, and I hope the gentleman from New York, whom I respect, will withdraw his amendment rather than compel it to be submitted to a vote.

The CHAIRMAN. The question is on the amendment of the gentleman from New York to the amendment of the gentleman from North Carolina.

The amendment to the amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Carolina.

The amendment was agreed to.

Mr. VINSON of Kentucky. Mr. Chairman, I offer a committee amendment which I send to the Clerk's desk.

The Clerk read as follows:

Committee amendment offered by Mr. VINSON of Kentucky: At the end of the bill insert the following new section:

"Section 3: Nothing in this act shall be construed to give any authority to cancel or reduce in any manner any of the debts of any foreign country to the United States."

Mr. VINSON of Kentucky. Mr. Chairman, as heretofore stated by me, this amendment is offered for the purpose of making clear, even to doubting minds, that no authority is to be conferred upon the Executive which would permit him to reduce or cancel any foreign debts due the United States. Such authority was not conferred in this bill, but in order to meet this erroneous criticism, I offer this amendment as a committee amendment. I ask for a vote on the amendment.

The CHAIRMAN. There are a number of amendments to be proposed to section 2. If this amendment is adopted creating a new section, the other amendments to section 2 will not be in order.

Mr. VINSON of Kentucky. Mr. Chairman, I ask unanimous consent that in the event this amendment is adopted as section 3, it shall not preclude the offering of amendments to section 2.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kentucky.

The amendment was agreed to.

Mrs. McCARTHY. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mrs. McCARTHY: Page 4, line 5, after the word "act", strike out the rest of the paragraph down to and including the word "flour" in line 9.

Mrs. McCARTHY. Mr. Chairman, line 5, page 4, states that the third paragraph of section 311 of the Tariff Act of 1930 is not to apply to any agreement concluded pursuant to this act. I want you to know what material is being eliminated in the tariff bill. This is the provision that no flour manufactured in a bonded manufacturing warehouse from wheat imported into this country shall be withdrawn from such warehouse for exportation, without payment of a duty on such imported wheat equal to any reduction in duty, which by treaty will apply in respect of such flour in the country to which it is to be exported.

In other words, if this provision in the tariff bill prevails and eliminates the application of the third paragraph of section 311 of the Tariff Act of 1930, there will be an unfair discrimination against the millers in the Southwest. The State of Kansas is first in the Union in the milling of wheat and this will result in unfair discrimination so far as we are concerned, because of the use of Canadian wheat in these bonded warehouses. At the present time these Buffalo millers, using Canadian wheat, are obliged to pay the difference in duty and denies to them the benefit of the 35-cent reduction in tariff duties granted by the Cuban Government to the products of the United States. This protection to southwest millers will be eliminated if this provision in the present tariff bill prevails. As the bill stands you are restoring to Buffalo mills using Canadian wheat the full benefit of all concessions that may be granted to wheat grown in the United States when the flour is exported to foreign countries. This would augment the present price and transportation advantages these mills already have, and mean that southwestern flour could rarely compete with flour milled in bond at Buffalo from Canadian wheat.

I want to call your attention to the fact that at the present time a new Cuban treaty is being negotiated and the pending tariff provision, if made effective, would virtually repeal the clause in the present tariff law which now protects our millers.

Mr. SAMUEL B. HILL. We are not repealing the act insofar as it applies to Cuba, because that is exclusively a preferential treaty. So it will remain just as it is now and the language was framed with that particular idea in view. I think the gentlewoman from Kansas has an erroneous idea of what the effect will be. I can assure her that the situation as presented in the language of this bill still requires the Buffalo millers to pay the 20-percent tax on flour milled from Canadian wheat and shipped into Cuba.

Mrs. McCARTHY. The gentleman would be correct except for the fact which I am telling him now that there is a new Cuban treaty under negotiation and this provision in regard to countries granting exclusive preferential duties to the United States will no longer apply to Cuba.

Mr. FULLER. I may say to the gentlewoman from Kansas that that matter was brought up in the committee this morning and it is one in which I am very much interested, as well as the gentlemen on the committee from Oklahoma, Missouri, and Texas. There is quite a close question involved and we raised the question with the representative of the parties concerned and he first submitted his proposed amendment to us and then there was some question whether or not that would cure the situation anticipated, and we

therefore decided that if there was any injury involved in the matter that we were liable to sustain so that it would be necessary to amend the language, we would let the Senate take it up after we had conferred further about it.

[Here the gavel fell.]

Mrs. ROGERS of Massachusetts. Mr. Chairman, I would not rise in opposition to this amendment if I did not feel there were many discriminations against those in our part of the country. I am very much interested in the section of the country represented by the gentlewoman from Kansas [Mrs. McCARTHY]. I realize the extremely unjust discriminations contemplated and made possible by the enactment of this bill against the industries of this country. Witnesses for the administration admitted that some industries would be put out of business by reciprocal trade agreements. I do wish my colleagues on this side of the House—and I speak with the greatest interest in them and in their industries—would show the courage that they exhibited 2 days ago when they voted with us.

They are Democrats, they did not mean to say then they did not trust their President, they simply meant to say by their votes that with all he had to do he could not and did not watch all the rules and all the regulations involved. Their votes 2 days ago took care of several groups of people. This will help all. If they will only defeat this bill it will protect industry, both agricultural and commercial, all over the land.

With the tariff provisions in this bill you are striking at the very heart, the life of our industries. We must save our industries. If they are closed people cannot have work and people will be hungry. There will be suffering and even starvation. Instead of having commodity exports to foreign countries, if this bill passes you will have exportation of human beings—they cannot live in America. [Applause.]

The CHAIRMAN. The question is on the amendment of the gentlewoman from Kansas [Mrs. McCARTHY].

The amendment was rejected.

Mr. TREADWAY. Mr. Chairman, I offer an amendment as another section of the bill.

The Clerk read as follows:

Amendment offered by Mr. TREADWAY: On page 4, after line 16, add the following new section:

"SEC. 3. No foreign trade agreement concluded pursuant to this act shall become operative until it shall have been approved by Congress."

The amendment was rejected.

Mr. BAKEWELL. Mr. Chairman, I offer an amendment.

Mr. O'MALLEY. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. O'MALLEY. Mr. Chairman, I wonder if, to be recognized, it would be better to get on the other side of the House.

The CHAIRMAN. That is not a parliamentary inquiry, in the judgment of the Chair.

Mr. DOUGHTON. Mr. Chairman, I move that all debate on this section and all amendments thereto close in 10 minutes.

The motion was agreed to.

The CHAIRMAN. The Clerk will report the amendment of the gentleman from Connecticut [Mr. BAKEWELL].

The Clerk read as follows:

Amendment offered by Mr. BAKEWELL: On page 4, after line 16, insert the following new section:

"SEC. 3. Any foreign trade agreement concluded pursuant to this act shall reserve to Congress the right of rejection of such agreement at any time within 1 year from the time such agreement comes into force."

Mr. BAKEWELL. Mr. Chairman, this is a momentous measure. This bill gives to the President the power of life and death over almost every industry in New England, certinly over all consumers' goods industries.

This has been represented by its proponents as a measure which merely grants to the President the power which is already enjoyed by the executives of all other important trading countries. This is simply not true. Hardly any country in the world, where constitutional government still exists, has granted its executive the power which you are here proposing to give to the President of the United States. In the very report submitted along with this bill by the majority members of the Committee on Ways and Means you will find that the evidence shows that in the great majority of countries where the executive is given the power to modify tariff rates by decree ratification by the legislative body is necessary. The executive is in many countries given the right to put the changed tariff rates into effect overnight, but ratification must soooner or later be had by the parliamentary bodies before the changed rates are permanently effective. You will find the same thing evidenced in the statement made by Mr. Sayre. A very limited number of countries have the authority to make these rates effective without the approval of their respective parliaments. Canada and British India are the only ones mentioned that have that authority.

Mr. Chairman, certainly in a matter of this importance we ought at least to safeguard our rights as well as they do in other lands where tariffs are changed by executive decree. We have no right to surrender this power absolutely to the President. If we do make this mistake, we ought at least to protect our industries to the extent of making possible a review by Congress.

Mr. GRAY. Mr. Chairman, the Constitution provides that all revenue measures shall originate in the House of Representatives, for the separation and division of governmental powers, and further that all treaties must be agreed to by the Senate by two-thirds vote.

In the maneuvers here today, to evade the express, explicit, and plain provisions of the Federal Constitution, we are told that the agreements contemplated are not treaties to be confirmed and that measures producing revenue are not revenue measures to be originated in the lower House of Congress.

But, Mr. Chairman, it is not what an object may be designated or named. It is not what a lawyer may term his complaint, cross complaint or petition, nor his counterclaim, set-off, or answer; it is the facts plead in the instrument and the relief prayed for in the pleading that fixes and determines its status before the court.

You may call a horse a cow, but the application of the name "cow" will not make the animal a female bovine, or at least will not change a horse to a cow so that you can milk it, nor give the animal a status from which to make butter, sell buttermilk, start a dairy or a cheese factory. We must look to the characteristics of the animal and special requirements for use and service from which to determine its classification in domestic-animal life. Certainly it could not be seriously insisted that the animal is a cow while looking at its teeth to determine its age or examine its hocks to discover a blemish. [Laughter and applause.]

And so it is with the application of the provisions of the Constitution to the measures which bring in revenue to the Government and which are to be of solemn entry and binding obligations upon the contracting sovereign nations. The measures producing revenue, or revenue measures and the obligations here termed "agreements", are treaty obligations.

By this first amendment offered, I would require the agreements negotiated to be confirmed by vote of the Senate as other binding obligations between nations or solemnized and given the force and effect of treaties as provided expressly by the Constitution.

The second amendment was offered to require all negotiations and agreements entered into by the President to be submitted, first to the House of Representatives where all revenue measures must be initiated and followed by the approval of Congress.

To say that tariff measures are not revenue measures where their only validity is incident to revenue, and that contracts negotiated between nations are not treaty obligations, is a subterfuge, and evasive plea to avoid and evade the Constitution and leave it a bare optional theory to be adhered to or abandoned at will, to meet the temporary expediency of the hour.

I am in full accord with the object and purpose and the policy of this legislation. I am in accord with reciprocal tariff agreements. I am in accord with negotiations and legislation to recover our export trade driven from us by greedy tariff laws provoking trade retaliations against us. I am in accord with legislation to recover our export trade with China, India, and the Orient, deliberately broken up and destroyed by participation of our money-mad misers with British financiers and bankers, to force the international gold standard upon the unsuspecting, defenseless people of India, China, and the Far East, destroying the value of silver as money, the only money medium of exchange and the only means of these people by which to buy, take, and consume American products, the products of farm, mill, and workshop.

I am in accord with tariff legislation and with all legislation to open up the ports of European countries closed against the entry of American products by allowing our international financiers and bankers to multiply the burden of their private loans upon the people and taxpayers of foreign nations until Captain Fetch of the Army Air Service says that we are the most-hated Nation of the world. I am in accord with the tariff policy to rehabilitate our foreign trade as I am with the revaluation of gold to restore commodity values and the price level and the buying and consuming power of the people and normal prosperity to the country.

But while I am in full accord with all these, I am in more even accord with the Constitution under which I have taken an oath and obligated myself to uphold, maintain, and defend. I am in accord with the division of powers, the separation of the executive, judicial, and legislative provided for and set forth by our forefathers to safeguard against tyranny and usurpation in office. And I am further obligated as a Member of Congress under the oath of my office here not only to limit the taxing power to the legislative branch of the Government and to maintain the provisions requiring all measures to raise public revenue to originate in the House of Representatives, the body nearest and most directly responsible to the people. Without this check and restriction upon men, officials in one branch of the Government, actuated by selfish human nature, as all men are first actuated and imbued, would encroach upon the office of another, break down the basis, and separation of powers until all powers were centered in one body of men. The framers of the Constitution are not here to urge the preservation of the division and separation of powers. Thomas Jefferson and Jackson are not here to insist upon this constitutional check and restraint. And I am considering the provisions of this bill in the presence of their lingering spirits still abiding with us in the name of democracy.

While endorsing and supporting the President for a trial of his plan for prosperity, I am not accepting or endorsing the policy of Congress delegating legislative power to be exercised arbitrarily by the President, powers with which Congress itself is chargeable, and under the imperative provisions of the Constitution must assume and stand responsible to the people whom Members directly represent and to whom they must answer for what is done. If this power was only to be exercised by President Roosevelt, and if I knew Roosevelt would always live and would always be President, or some Coolidge or Hoover would always be President, I might vote to confer this power for a time. Such would be my abiding faith and confidence in these Executives, in the men who have served as Presidents. But life is always uncertain and politics is even more precarious, and this is a delegation of power not personally to President Roosevelt but the Office of the Chief Executive, to be exercised by any President in office occupying the place.

I regret and disapprove of the policy here urged of delegating legislative powers to the Executive, not because of conferring powers upon President Roosevelt nor of the dangers conferring power upon this President but because of conferring powers upon a good President to accomplish and carry out a good purpose will establish a rule and precedent and would prepare and leave the way open for the surrender and delegation of powers to a bad President for a bad purpose. Because this is a delegation of power, not to the President personally in office, but to the President in his official capacity to be exercised by any President in office, a successor in office, whoever he may be, and whoever, within the provisions of the power granted, could take advantage and exercise the powers conferred as well, whether he be an Abraham Lincoln or a mad Nero thirsting for autocratic power and bent upon a course of despotic rule.

I hope I have not been following Democratic leaders through all these long, weary, trying years through election campaigns in vain, without recompense, through defeat at the polls, one after another, to uphold the principles of Jefferson and Jackson and the sacred Constitution reposed to our safe-keeping. I hope I have not been following Democratic leaders only at the end of life's weary trail to be led or decoyed into a political ambush and to make an ignominious surrender of all that was sacred and cherished in the lives and public service of Jefferson and Jackson. I hope I have not come to see them deliver us to the very forces and predatory interests which Jefferson warned us to shun and evade, and which Jackson inspired us to resist and defy. I hope that I have not maintained this long confidence and abiding faith in their sincerity and honesty of purpose, in their unfailing duty to the cause of democracy, through all the recurring years of defeat, through winter's winds and summer's sun, through clouds, sunshine, and shadows. I hope I have not been inspired to courage, resolution and will by their declaration of purpose, position, and example to uphold the principles of Jefferson and the great basic fundamentals of liberty, freedom, and human rights.

I hope I have not followed them, only to find at the evening of life's day, I have been misled to follow mere pretense and now made to realize and know that the ideals I was taught to worship and the heroes I have followed were but an empty vision or mirage, only a vanishing dream of Jackson and Jefferson, and only to be crushed by hope deferred, and by ingratitude to suffer remorse for a life of loyal devotion and a long journey to do honor to leaders in the great common cause set forth in the Declaration of Independence, and for which the Federal Constitution was framed, was provided to make secure.

Regardless of how far the North differed with the people of the Southern States in their claim for local self-government and absolute State sovereignty, their earnest, consistent devotion to the cause commanded universal respect and admiration. And when the Armies of the North met the troops of the great Southern States at Antietam, Chickamauga, and the Wilderness, they knew they had met a worthy foe and that the spirit of the people was dauntless, fearless, and invincible. Because of this spirit and character of the people of the great Southland, they were always honored and respected by the North. And because of their enduring principle and character the soldiers in the blue honored and respected the soldiers who wore the gray. But time has brought a mighty change in the nature, spirits, and characters of men. The succeeding generations of the South have abandoned the ideals of their fathers. They are not only giving up their fathers' claims but are yielding supinely to each and every command for the surrender of their local power and prestige. They are not only abandoning the principles of local self-government in their affairs, but are inviting the centralization of power to take over and administer their private, civil, and industrial lives, and are compromising every principle and policy which gave dignity, honor, and prestige to the people of the great Southland.

The body suffers in pain from the violations of the laws of nature, as the soul and conscience suffer in anguish from disobedience to justice and right and the moral law. So we are suffering today in our economic and political life from a breach and violation of the sacred Federal Constitution, the vital basic law of the land. We are suffering from a disre-

gard of the warnings and admonitions of Thomas Jefferson, the author of the Declaration of Independence, and the makers of our constitutional law. Under article I, section 8, clause 5, of the Federal Constitution the power to issue money and regulate the value thereof is vested in Congress. The power to issue money and regulate the value thereof includes the vital economic power to control the welfare and destinies of the people.

Thomas Jefferson, the great commoner, said:

I believe that banking institutions—

Speaking of private banks of issue—

are more dangerous to our liberties than our standing armies in time of peace. The issuing power should be taken from them.

And Andrew Jackson said:

If Congress has the right under the Constitution to issue paper money, it was given to be used by themselves not to be delegated to individuals or corporations.

And because of the violation of article 1, section 8, clause 5, in Congress surrendering the power over money and because of the disregard of the warnings and admonitions of Thomas Jefferson and Andrew Jackson, we are suffering today an economic panic, writhing in want, destitution, and distress in the midst of plenty and great abundance.

But there is another power, under article 1, section 7, clause 1, of the Federal Constitution, vested not only in Congress, the legislative branch of the Federal Government, but vested exclusively in the House of Representatives, the exercise of the taxing power, the power to originate and initiate revenue legislation. But this is not all of the Constitution. This is only a part of the Constitution. The Federal Constitution further provides for the separation of jurisdiction and powers—the legislative, judicial, and executive—the same to be exercised in severalty and within the separate powers vested in each, to safeguard against tyranny and usurpation.

If clause 5, section 8, article I, of the Federal Constitution, vesting the power to issue money and regulate the value thereof in the Congress of the United States enjoins no positive or exclusive duty, and can be delegated and transferred by Congress indiscriminately at will to private, selfish corporate interests to take and exact from the people their earnings, income, substance, and property; and if clause 1, section 1, article I, of the Federal Constitution providing that all legislative power therein conferred shall be vested in a Congress, consisting of a Senate and House of Representatives, affirmatively excluding the executive and judiciary enjoins no restriction of powers; and if clause 1, section 7, article I, of the Federal Constitution, vesting in the lower branch of Congress, in the House of Representatives, the exclusive province and jurisdiction to originate and initiate revenue measures in the exercise of legislative power, does not vest the lower House with such exclusive jurisdiction.

If all these unequivocal provisions made a part of the Federal Constitution, conceiving in self-denial, fasting, and prayer, adopted on serious, deliberate consideration, proclaimed as the supreme law of the land to be obeyed and observed inviolate under solemn oath and affirmation; if all these provisions of the Constitution are held merely passive and permissive, and discretion and directory only, enjoin nothing and mean nothing, then the flag with its contrast of colors, then the waving Stars and Stripes unfurled to the freedom of the wind, the emblem of exact and equal justice, the symbol of liberty and equal rights, is a flaunting rag and means nothing, is a mockery, a delusion, to mislead men.

And it is urged here in support of this surrender that the people for whom our forefathers sacrificed time, fortune, and lives, and for whom the delegates to the Constitutional Convention prayed, plead, and long painfully labored to safeguard them against the usurpation of powers, that the people are demanding and insisting upon this delegation of power to the Executive, this surrender of constitutional power and in disregard of the terms of the Constitution. And it may be true as claimed that under the tortures of this panic, in the third degree of want, suffering, and distress, the people are ready and willing to give up and sell their birthright of constitutional liberty for a mess of pottage of economic relief. It may be true that the people under the strain and torture of this panic and looking to the "fair God" of relief, like the Aztec Indians of Mexico in their welcome of the butcher, Cortez, may be willing to surrender up the check upon usurpation and subordinate liberty. But if this is true, as claimed, it only emphasizes our duty and obligations, as representatives acting for the people, to assume a greater duty and responsibility by reason of our greater opportunity and position to know and realize the dangers attending the withdrawal of constitutional safeguards.

It was taking advantage of the great emergencies of the times pending adjustment of the colonial debts that Alexander Hamilton, a reactionary financier, led George Washington, the hero of Yorktown, and the new Congress of the United States to make the first great surrender of the vested constitutional power over money to private individuals and bank corporations. It was taking advantage of the crisis of impending, threatening civil conflict that led the honest and patriotic James Buchanan, President, to harken and listen to the slave power until rebellion had gained a foothold, requiring billions in the Treasury and millions of human lives to suppress. It was taking advantage of the emergencies of the great Civil War, the pressing needs of the Public Treasury, that the special money interests of the times led President Lincoln, Chase, and Congress to surrender the constitutional power over money to private national bank corporations, and which Lincoln and Chase regretted to the day of their deaths.

It was taking advantage of the confusing reconstruction period that General Ulysses Grant, as honest in civil life and office as he was brave and fearless in war, was misled by Jay Gould and James Fiske to unwittingly participate in the Black Friday conspiracy, on November 27, 1868, alluring him into hiding while these kidnap outlaws and bandits held up the people of the country and robbed them of $20,000,000 by locking the Treasury and cornering gold. It was taking advantage of the money panic of 1907, the great currency stringency of that day, brought about by the money interests themselves in a mad orgy of speculation and to corner credit that Congress was led and induced to make the error and take the fatal step resulting in a complete and total surrender of the power over money to the Federal Reserve Board now developed into a private banking octopus. And now following the same strategy of the men always proclaiming the inability of the people to rule, always challenging the principle of free self-government and taking advantage of their own wrongs, they are urging the surrender by Congress of the vested power to initiate public revenue and the provisions of the Constitution for the division and separation of powers.

Coming up from the dark ages of feudalism and serfdom under kings and royal rulers, for 200 years the people have been fighting, battling, winning their way over the ramparts of tyranny and despotic rule, in a glorious triumphal march to the vantage ground of free self-government, and to the plains of a higher and more exalted civilization. But today in every country of the world the people, writhing in the pains and tortures of depression brought on by money-mad misers and Shylocks, under the covered and concealed power of money, are left suffering in want, destitution, and despair. And selfish, ambitious rulers are rising to take advantage of the conditions and crisis to gain power, place, and position, which at other times would be resented and defied, and the human race is being led back from liberty and free representative government; and premiers under the crowns of Europe, and Presidents, Governors, mayors, and executives of the Nation, States, and municipalities, moved by the spirit of the times to claim and demand the exercise of greater power under the pretense or delusion necessary, and required to cope with the panic and depression. And the glorious march of liberty and self-rule has

come to a halt and retreat, and the people are being turned backward and to renounce their ideals of freedom and liberty and free government.

The delegation of legislative and judicial powers upon the executive branch of the Government is not only fundamentally wrong and in gross violation and disregard of every principle of free self-government and disorganizing the balance of governmental powers and a check or restraint upon usurpation, but is a policy casting unwarranted burdens and staggering obligations of office upon the executive branch of the Government commingling and confusing governmental functions disorganizing the even balance of powers. It is tearing down the framework of free institutions to eradicate the evils and abuses, otherwise to be remedied, and leaves Congress and the legislative branch without functions and obligations or responsibility for the course of legislation, and no longer answerable to a constituency upon their pledges made to the electorate.

This surrender and delegation of powers by Congress conferred upon the President of legislative and judicial functions to be exercised by the Executive violates every fundamental principle of democracy, rebukes the sacred tenants of Thomas Jefferson, compromises all that Andrew Jackson stood for, and makes free representative government a mockery, a delusion, and an empty claim, threatening not only for our form of government but the institutions of other people who have followed in our steps and example in safeguarding the rights of men if this bill is enacted into law. We are saying to the world our boasted rule of the people and free self-government is a farce and a mockery which we will not ourselves observe, and which we cast off with indifference whenever a test and trial of our governmental institutions comes.

Upon this one great basic rock, this Gibraltar in a tempest sea, they rested the foundations and pillars of the temple of human rights, to withstand the storms and assaults waged by greed for place and power. And then, when they had completed their castle of human hope and raised the Stars and Stripes to symbolize the blood of martyred patriots and the beacon light to follow, they committed to Congress, to the Members of the House and Senate, the treasure for safe keeping and to be held as sacred and inviolate not only for the security of their own power but to be preserved in vigorous form to safeguard the rights of the people of their own and generations to come. And this remains today the first duty, the one most supreme responsibility, the one most sacred obligation resting upon Congress, the House and Senate, upon the Membership of Congress, individually and collectively, a trust from which these Members cannot be absolved.

A study of the long tedious debates in the constitutional convention shows that the one subject or problem uppermost in the minds of the delegates was to safeguard and insure against the dangers of selfish human nature and the usurpation and abuse of power and, above all, the usurpation of power by the Executive. The object constantly in the minds of the delegates sitting in the constitutional convention was to make secure to the people what the soldiers had won and achieved in the sacrifice of blood, limb, and life, and at great cost of treasure to the Colonies, and to provide a restriction and check safeguarding against encroachments of power by the officer or officers of one department upon the functions or powers of another department. The provisions for which and around which all centered, were the division of powers and separation of jurisdictions to be observed inviolate in practice as well as theory, the legislative, judicial, and executive, and the stipulations for their separate exercise. And our forefathers impressed and realizing the flagrant abuse of the taxing power and to safeguard against such abuse provided that all tax and revenue measures must not only originate in Congress, but must originate in the lower House.

In the House of Representatives, where the Members remain nearest to the people, where Members must come up most frequently from the people, where the Members must be born again from the people, and to account to the people every 2 years. The exercise of the great taxing power, is the power to take from the people, the power to go down into the people's pockets, the power to take a part or all of their money, the power to take a part of their property, earnings, and income, or if need be, the power to take all of their wages, income, and property. This power was purposely and deliberately withheld, the power to originate or initiate revenue legislation, from the upper House of the Congress, from the Senate elected every 6 years, and above all and over all from the Executive, elected every 4 years, whose power was to be especially checked and the exercise of which restricted and restrained.

The principle, first and uppermost in the minds of the constitutional delegates, was shown to be principle and policy of government, the division and separation of governmental powers and which is shown by James K. Pollock, University of Michigan, authority on civil government, in Readings on American Government, page 30:

> In the convention which framed the Constitution of the United States, the first resolution adopted by that body was that a national government ought to be established, consisting of a supreme legislative, judiciary, and executive.

To the same effect above cited is stated by Finla Goff, Syracuse University, high authority upon civil government, in Readings on American Government, page 30:

> In the State institutions the idea of the separation of powers found their clearest expression.
>
> Massachusetts asserted that in the government of this Commonwealth the legislative department shall never exercise the executive and judicial powers, or either of them; the executive shall never exercise the legislative or judicial powers, or either of them; the judicial shall never exercise the legislative or executive powers, or either of them * * * to the end that it may be a government of laws and not of men.

The principle of the division and separation of powers was at the time of framing the Constitution as well as from and since that time has been looked to as a great safeguard of free institutions and self-governments, as shown by Rodney L. Mott, University of Chicago, recognized authority upon civil government in Material Illustrative of American Government, page 102:

> The Constitution distributes the functions of government into three branches—the legislative, to make the laws; the executive, to execute them; and the judicial, to decide in cases arising before it the rights of the individual as between him and others and as between him and his government.
>
> This division of government into three branches has always been regarded as a great security for the maintenance of free institutions, and the security is only firm and assured when the judicial branch is independent and impartial.

The division and separation of powers has long been held as a "check" to safeguard against the dangers of encroachments upon civil liberty and free institutions, as is stated by McLaughlin and Hart, of Harvard University, authorities consulted on civil government in Cyclopedia of American Government, page 295:

> Separation of powers, governmental practice.
>
> The theory of the separation of powers has a twofold significance in United States—one as a principle of governmental practice and one as a doctrine of constitutional law.
>
> As a principle of governmental practice it provides that the exercise of the several political functions known as the executive, legislative, and judicial shall be vested, as far as practicably possible, in different agencies or persons, which agencies or persons shall be, in general, independent of one another.
>
> The argument in justification of this principle has been that while thus endowing a government with adequate powers of control, the danger of oppression of the governed by those intrusted with this authority is minimized in that the cooperation of these independent departments is required for the purpose.
>
> Thus the legislative body does not execute the laws which it enacts; the Executive but enforces the orders given by the legislative; and the courts limit their functions to the interpretation and application of existing laws and for the enforcement of their decrees, and are obliged to look to the executive arm of the Government.
>
> As a principle of governmental practice, the doctrine is thus closely related to the system of "checks and balances" (see)—a system which finds elaborate application in the Federal constitutional system.

I again quote from the same authorities and publication, page 31, by Finla Goff Crawford, on Readings in American

Government, to the effect that the fundamental principles of the division and separation of powers is the same as other methods resorted to to keep the grant of powers near to and safely within the control of the people:

In addition to the separation of powers another method used for the purpose of keeping in check the Government was for the grant of power for a short term only.

To guarantee security it was thought that power must be kept close to its true basis, the people. In this way the rise of arbitrary rulers could be prevented and the officers intrusted with power be made responsible to the people.

As John Adams once said, "Where annual elections end, there tyranny begins."

Everywhere there was manifested great jealousy of the State executive, and numerous restrictions were thrown around his tenure, term, and prerogatives.

And again quoting from Pollock, University of Michigan, to show the principle of the division and separation of power was made a distinguishing feature of the Constitution and recognized as a first and fundamental principle by the great jurist Story and commentator Kent, page 29:

The principle of checks and balances embodied in the National Constitution is explained here by Joseph Story, who was a member of the United States Supreme Court for 34 years.

The recognition of this principle is one of the distinguishing features of the American Constitution.

Story wrote these commentaries, as he said in a letter to Kent, "with a sincere desire to commend, and to recommend the Constitution upon true, old, and elevated principles."

In absolute governments the whole executive, legislative, and judicial powers are, at least in their final result, exclusively confined to a single individual; and such a form of government is denominated a despotism, as the whole sovereignty of the State is vested in him.

And to show that the separation of powers was a principle of vital and supreme importance and was made of special mention and prominence in the structure of the Federal Constitution and in no event to be compromised and deviated from. The same, next above authority is here quoted, page 30–31, Pollock, of Michigan University:

It has by many been deemed a maxim of vital importance that these powers should forever be kept separate and distinct.

At the time the Constitution was framed the separation of powers was declared fundamental and in no event to be deviated from or compromised in any manner whatsoever.

And further quoting from the same author at page 31:

In the constitution of Massachusetts, for example, it is declared that "in the government of this Commonwealth the legislative department shall never exercise the legislative and judicial powers, or either of them; the judicial shall never exercise the legislative and executive powers, or either of them; to the end it may be a government of laws and not of men."

But we do not have to wait to realize our apprehensions for the abuse of the surrendered power. The evils of the surrender of legislative power to be exercised by the Executive is already here at hand. Congress called to convene in special session soon after the inauguration last March to consider farm and industrial relief, upon full hearing and deliberation, found that the panic was caused by a failure of the buying and consuming power resulting from a fall of values and the price level. And on May 12, 1933, Congress enacted the currency provisions of the Relief Act, delegating certain powers upon the Executive providing for the restoration of the money supply, the object being to raise values and the price level, restore earnings and income to industry, and thereby the buying and consuming power. Accepting the provisions and grant of power, the President declared for the revaluation of gold, one of the alternative currency measures provided to replenish the depleted money supply, and finally, after 8 months, entered upon the administration of the gold-revaluation plan or program by taking the first or preliminary step.

But in the nature of the proceedings it was impossible for the President himself to assume in a personal or individual way the administrations of the measure declared for and which of necessity were left to subordinates, and with the inevitable result that the administration of the gold revaluation plan has come to a halt, standstill, and inertia, and Congress having surrendered its power to proceed upon its own initiative directly as authorized by the Constitution, is now waiting impatiently and in suspense and groping for other and new measures under which to proceed directly to raise commodity values and the price level, bring a return of earnings and income to industry and a restoration of the buying and consuming power.

But the policy of delegating and conferring powers, with which Congress should assume and stand charged, has not only failed to hasten farm relief, but the policy has been taken advantage of to work gross injustice upon the soldiers and to charge the President with the evils of the system which the President did not himself frame or establish and the abuse of which he is not responsible. And Congress realizing the error of surrendering its vested constitutional power to be exercised by the executive, has revolted in disapproval of the rules and regulations formulated, a purely legislative function enjoined on Congress, under the administration of the Economy Act, and is recovering back the surrendered power. In less than 3 months' time, under the administration of the Economy Act, the legislation was called for modification, and in less than 1 year from its enactment the whole power delegated and conferred has been challenged for recovery back for direct exercise by Congress itself by a surprising two-thirds vote.

Under trial of this delegation of power to the President it was found a mental and physical impossibility for any President or any one man to give direction or personal attention to the details of pension adjustments imposed upon the President under the Economy Act. It is plain to be realized and understood now that such powers conferred upon the President could only be exercised and administered indirectly by intrusting the same to subordinates, it being impossible for any one man in a personal way to give direct, personal consideration to individual pension claims. The President under the Economy Act was left hopelessly burdened and charged with the exercise of legislative, judicial, and executive powers which he could not direct, supervise, or control, but for the administration of the details of which he must stand charged and accountable before the country.

Our forefathers, throwing off the yoke of old despotic rule, set up and established a new form of government and demonstrated the ability of men to govern themselves. And to perpetuate these new forms of self-rule and determination and to safeguard against the encroachments of selfish human nature and a repetition of the tyrannies of old, they wrote out, agreed upon, and adopted a certain instrument in writing, which they ordained and established as supreme, declaring the basis and principles of the institutions which they had created, and which they called "the Constitution."

And, yielding to the irresistible force and power of our example of right and justice before the world, monarchies gave way to republics, kingdoms to free institutions, and harsh despotic rule to more humane forms of government, leading all Central and South America to renounce their kings and royal rulers, leading France and Switzerland to establish more free institutions, and liberalizing every government in Europe for the greater recognition of the rights of men.

The one first fundamental safeguard upon which all was based and founded and around which all others clustered was the absolute division and separation of governmental jurisdictions and powers, the judicial, legislative, and executive. Realizing the constant menace to human rights and that eternal vigilance is the price of liberty, they forbid, by solemn imperative enactment, to be observed as sacred and inviolate as constitutional and fundamental law, that the powers vested in the one branch of the Government should never be held or exercised by the officials of another branch of the Government; that the Executive power held by the President should never be exercised by the legislative, Congress, nor by the judiciary, the courts; and that the powers vested in the judiciary and legislative branches, in the courts, Congress, and the legislative, should never be exercised by the Executive; all prohibited as fraught with greatest danger.

For over 100 years Congress has stood guard at the door and portal of the Constitution in jealous care to watch over

the division and separation of governmental powers and to enforce the constitutional injunction against the exercise of prohibitive powers. And when Congress received the message from the President of the United States with his report of the state of the Union and his recommendation for legislation as prescribed and limited by the Constitution, his powers were exhausted and at an end. And in vindication of the Constitution and the sacred trust reposed in Congress to preserve inviolate the separation of the powers and to safeguard against prohibited powers and the prohibition of the exercise of powers, Congress has said, thus far and no further, shall the executive branch of the Government participate in or assume the functions of the House, the Senate, or the courts; thus far and no further shall the Executive assume the jurisdiction of the judiciary, of the power of the legislative branch of the Government.

When Cortez, the cruel Spanish conquerer, landed upon the shores of Mexico in 1600, the Aztec Indians of the country, following legend and firm religious belief, were holding festivals to welcome the return of their saviour, Quetzacohastl, the fair god. And the cruel, heartless, Spanish butcher, taking advantage of the religious belief and posing as the object of their devotion and assuming the character of the fair god, was welcomed with open arms and rejoicing as a savior to restore peace and happiness of the land only to restrain and imprison the king, to burden and enslave the people, to tear down their altars and temples of worship and to pillage and ransack the palace of its gold and priceless treasures.

But today, writhing in the throes of a great industrial panic or depression, struggling in the relentless grasp of money changers, suffering want, destitution, in despair, and told that all is a mystery. Congress and the people of the country confused in want and suffering in the midst of plenty and great abundance and looking for the fair god of prosperity to come in some mysterious form. And in this evil hour of their distress the money changers, the grasping misers and Shylocks, who brought this panic upon the country, and who have held and perpetuated its blight upon the people during all these long years, are now leading the Executive to demand and Congress to give up and surrender its powers and jurisdiction vested under the cherished Constitution.

And the misers, Shylocks, and money changers, the modern vandals of finance, are entering to despoil and break down the sacred covenant guarded in the Constitution to safeguard against selfish human nature, and which our forefathers urged and insisted, above all other obligations to be observed, should be preserved unimpaired and inviolate to withhold from the executive branch the exercise of judicial and legislative powers, and from the legislative and judicial branches the exercise of executive power, withheld and prohibited to them.

And with the breaking down of the barriers not only thrown up by the form of our own constitutional government but by the forms of governments of other people inspired by our example the money-mad misers and grasping Shylocks, the international financiers and manipulating bankers, are leading premiers, presidents, and governors to renounce the limitation of powers upon them and to claim assent and assume the exercise of judicial and legislative functions as well as the administration of executive power. And the world we lead by our beacon light and the world we inspired by our example to follow in the forms of our Constitution is reacting to throw off the safeguards of constitutional free self-government and to turn to arbitrary rule to gain relief from an unseen foe; and under the ruins of free self-government to reinstate the kings dethroned, to reestablish autocratic rule over constitutional and limited powers, and retrace the advanced step taken in the progress of free institutions.

Mr. O'MALLEY. Mr. Chairman, on the previous section I offered an amendment. I did not get time to discuss it because of the haste which the committee seems to want on this bill. It provides that no foreign-trade agreement concluded pursuant to this act shall contain any provision permitting, directly or indirectly, the shipment into the United States of any article manufactured or produced by a foreign subsidiary of a company organized under the laws of any State of the United States.

I am again offering that amendment to this section, in the hope the House will adopt it before passing the bill. Since 1929, $5,000,000,000 of American money has gone across the ocean to build factories to compete with our factories. More than 2,000,000 men have been put out of work by the American manufacturers transferring their factories to other countries. I do not want to see a reciprocal trade agreement made by anybody, including the President of the United States, that will take care of the cheap labor of other countries and replace our men here at home and still allow these deserting American industrialists to bring in goods manufactured by them abroad to come into competition with our loyal industries that stay in this country despite difficult times.

I think my amendment ought to be adopted. It will not harm the bill, but it will make it impossible for Great Britain or any other country to make conditions in reciprocal agreements that her employees in American factories and the products of the employees of those factories shall be included in the trade agreement with this country to the harm of our industries who have refused to be lured abroad.

Mr. Chairman, I ask unanimous consent that my amendment may be again reported for information.

The CHAIRMAN. Without objection, it is so ordered.

The Clerk again reported the O'Malley amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Connecticut [Mr. BAKEWELL].

The question was taken, and the amendment was rejected.

Mr. WHITE. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 4, after line 16, add a new section, to read as follows:

"SEC. 3. No provision of this act shall operate to restrict the product or the manufacture of sugar within the continental United States."

Mr. COOPER of Tennessee. Mr. Chairman, that amendment in substance has already been submitted to the Committee and voted on. We have passed the point in the bill where it would be applicable.

Mr. WHITE. Mr. Chairman, I offer it as a new section.

The CHAIRMAN. This amendment is different from the one voted upon, referred to by the gentleman from Tennessee [Mr. COOPER]. The Chair overrules the point of order and recognizes the gentleman from Idaho for 2 minutes.

Mr. WHITE. Mr. Chairman, in 1917 neither Secretary Wallace nor anyone else would have said that the production of sugar in the United States was an inefficient industry. I distinctly remember that it was against the law, it was a crime for a man to own more than one sack of sugar. In case some world coalition might shut off our imports of foreign sugar, we might again see the time when we needed sugar produced in this country for the manufacture of munitions and to supply domestic consumption. For that reason I think we should not restrict the production and manufacture of sugar in the United States.

I wonder if Mr. Wallace has ever traversed the sugar-raising districts of Louisiana, and seen the huge investment in sugar plants and equipment for the handling of sugarcane and the manufacture of sugar. I wonder if he has traveled the railroads of the West and seen the extensive investment for the handling of sugar beets. I wonder if he knows anything of the huge investments in sugar plants in our western country. We ought not to be put in the hands of this big organization of capital, which controls the importation of sugar, but we should protect our own sugar industry. [Applause.]

The CHAIRMAN. The time of the gentleman from Idaho has expired. All time has expired. The question is on the amendment of the gentleman from Idaho [Mr. WHITE].

The amendment was rejected.

Mr. BAKEWELL. Mr. Chairman, I offer the following amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. BAKEWELL: At the end of the bill insert the following new section:

"SEC. 4. None of the provisions of this act, nor any foreign trade agreement concluded pursuant to this act, shall apply to any articles which are the growth, produce, or manufacture of any foreign country or nation which has by law or official edict destroyed, restricted, or diminished the citizenship rights or property rights of any of its nationals because of his or her race or religious faith or creed."

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Connecticut.

The amendment was rejected.

Mr. DOUGHTON. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The motion was agreed to; accordingly the Committee rose, and the Speaker having resumed the chair, Mr. PARSONS, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill H.R. 8687, to amend the Tariff Act of 1930, and had directed him to report the same back to the House with sundry amendments, with the recommendation that the amendments be agreed to, and that the bill as amended do pass.

Mr. DOUGHTON. Mr. Speaker, I move the previous question on the bill and all amendments to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment? If not, the Chair will put them en gros. The question is on agreeing to the amendments.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. TREADWAY. Mr. Speaker, I offer the following motion to recommit.

The Clerk read as follows:

MR. TREADWAY moves to recommit H.R. 8687 to the Committee on Ways and Means.

The SPEAKER. The question is on the motion to recommit.

The motion was rejected.

The SPEAKER. The question is on the passage of the bill.

Mr. TREADWAY. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 274, nays 111, not voting 47, as follows:

[Roll No. 117]

YEAS—274

Abernethy	Caldwell	Cummings	Foulkes
Adair	Cannon, Mo.	Darden	Frey
Adams	Cannon, Wis.	Dear	Fuller
Arens	Carden, Ky.	Deen	Fulmer
Arnold	Carmichael	Delaney	Gambrill
Auf der Heide	Carpenter, Kans.	DeRouen	Gavagan
Ayers, Mont.	Cartwright	Dickinson	Gillespie
Ayres, Kans.	Cary	Dickstein	Gillette
Bailey	Castellow	Dies	Glover
Beiter	Celler	Dingell	Goldsborough
Biermann	Chapman	Dobbins	Granfield
Black	Chavez	Dockweiler	Green
Bland	Church	Doughton	Greenway
Blanton	Claiborne	Douglass	Greenwood
Bloom	Clark, N.C.	Doxey	Gregory
Boland	Cochran, Mo.	Drewry	Griffin
Boylan	Coffin	Driver	Griswold
Brennan	Colden	Duncan, Mo.	Haines
Brooks	Cole	Dunn	Hamilton
Brown, Ga.	Collins, Miss.	Durgan, Ind.	Hancock, N.C.
Brown, Ky.	Colmer	Edmiston	Harlan
Browning	Condon	Eicher	Hart
Brunner	Cooper, Tenn.	Ellenbogen	Harter
Buchanan	Cravens	Faddis	Hastings
Buck	Crosby	Farley	Healey
Bulwinkle	Cross, Tex.	Fiesinger	Henney
Burch	Crosser, Ohio	Fitzgibbons	Hildebrandt
Burke, Nebr.	Crowe	Fitzpatrick	Hill, Knute
Busby	Crump	Fletcher	Hill, Samuel B.
Byrns	Cullen	Ford	Hoeppel
Hoidale	Lloyd	Peavey	Sumners, Tex.
Howard	Lozier	Peterson	Sutphin
Huddleston	Ludlow	Pettengill	Swank
Hughes	McCarthy	Peyser	Sweeney
Imhoff	McClintic	Pierce	Tarver
Jacobsen	McCormack	Prall	Taylor, Colo.
Jeffers	McDuffie	Ramsay	Terry, Ark.
Jenckes, Ind.	McFarlane	Ramspeck	Thom
Johnson, Minn.	McGrath	Randolph	Thomason
Johnson, Okla.	McKeown	Rankin	Thompson, Ill.
Johnson, Tex.	McMillan	Rayburn	Thompson, Tex.
Johnson, W.Va.	McReynolds	Reilly	Truax
Jones	McSwain	Richardson	Turner
Kee	Maloney, La.	Robertson	Vinson, Ga.
Keller	Mansfield	Robinson	Vinson, Ky.
Kelly, Ill.	Marland	Rogers, N.H.	Wallgren
Kennedy, Md.	Martin, Colo.	Rogers, Okla.	Walter
Kennedy, N.Y.	Martin, Oreg.	Romjue	Warren
Kenney	May	Rudd	Wearin
Kerr	Mead	Ruffin	Weaver
Kleberg	Meeks	Sabath	Weideman
Kloeb	Miller	Sanders	Welch
Kniffin	Milligan	Sandlin	Werner
Kocialkowski	Mitchell	Schaefer	West, Ohio
Kopplemann	Monaghan, Mont.	Schuetz	West, Tex.
Kramer	Morehead	Sears	White
Kvale	Murdock	Shallenberger	Whittington
Lambeth	Musselwhite	Sirovich	Wilcox
Lamneck	Nesbit	Sisson	Willford
Lanham	O'Connell	Smith, Va.	Williams
Lanzetta	O'Connor	Smith, Wash.	Wilson
Larrabee	O'Malley	Smith, W.Va.	Wood, Ga.
Lea, Calif.	Oliver, N.Y.	Snyder	Wood, Mo.
Lee, Mo.	Owen	Somers, N.Y.	Woodrum
Lehr	Palmisano	Spence	Young
Lesinski	Parker	Strong, Tex.	Zioncheck
Lewis, Colo.	Parks	Stubbs	The Speaker
Lewis, Md.	Parsons	Studley	
Lindsay	Patman	Sullivan	

NAYS—111

Andrew, Mass.	Dondero	Kelly, Pa.	Rich
Andrews, N.Y.	Doutrich	Kinzer	Rogers, Mass.
Bacon	Dowell	Knutson	Scrugham
Bakewell	Duffey	Kurtz	Secrest
Beck	Eaton	Lambertson	Seger
Beedy	Edmonds	Lemke	Simpson
Blanchard	Eltse, Calif.	Luce	Sinclair
Boileau	Englebright	Lundeen	Snell
Bolton	Evans	McFadden	Swick
Britten	Fish	McGugin	Taber
Brown, Mich.	Focht	McLean	Taylor, Tenn.
Burke, Calif.	Foss	McLeod	Thomas
Burnham	Frear	Maloney, Conn.	Thurston
Carpenter, Nebr.	Gifford	Mapes	Tinkham
Carter, Calif.	Gilchrist	Marshall	Tobey
Carter, Wyo.	Goodwin	Martin, Mass.	Traeger
Cavicchia	Goss	Merritt	Treadway
Christianson	Gray	Millard	Turpin
Clarke, N.Y.	Guyer	Montet	Wadsworth
Cochran, Pa.	Hancock, N.Y.	Moran	Waldron
Collins, Calif.	Hartley	Mott	Whitley
Connery	Hess	Moynihan, Ill.	Wigglesworth
Connolly	Hollister	Muldowney	Withrow
Cooper, Ohio	Holmes	Plumley	Wolcott
Culkin	Hope	Powers	Wolfenden
Darrow	James	Ransley	Wolverton
Dirksen	Jenkins, Ohio	Reece	Woodruff
Ditter	Kahn	Reed, N.Y.	

NOT VOTING—47

Allen	Corning	Lehlbach	Shannon
Allgood	Cox	Montague	Shoemaker
Bacharach	Crowther	Norton	Stalker
Bankhead	De Priest	O'Brien	Steagall
Beam	Disney	Oliver, Ala.	Stokes
Berlin	Eagle	Perkins	Strong, Pa.
Boehne	Ellzey, Miss.	Polk	Taylor, S.C.
Brumm	Fernandez	Pou	Terrell, Tex.
Buckbee	Flannagan	Reid, Ill.	Umstead
Cady	Gasque	Richards	Underwood
Carley, N.Y.	Higgins	Sadowski	Utterback
Chase	Hill, Ala.	Schulte	

The SPEAKER. The Clerk will call my name.

The Clerk called the name of Mr. RAINEY, and he answered "aye."

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Boehne (for) with Mr. Crowther (against).
Mr. Bankhead (for) with Mr. Reid of Illinois (against).
Mr. Corning (for) with Mr. Brumm (against).
Mr. Disney (for) with Mr. Buckbee (against).
Mr. Montague (for) with Mr. Bacharach (against).
Mr. O'Brien (for) with Mr. De Priest (against).
Mr. Hill of Alabama (for) with Mr. Chase (against).
Mr. Pou (for) with Mr. Strong of Pennsylvania (against).
Mr. Allgood (for) with Mr. Higgins (against).
Mr. Cox (for) with Mr. Stalker (against).
Mr. Ellzey of Mississippi (for) with Mr. Lehlbach (against).
Mr. Oliver of Alabama (for) with Mr. Stokes (against).
Mr. Beam (for) with Mr. Perkins (against).

General pairs:

Mr. Steagall with Mr. Richards.
Mr. Berlin with Mr. Schulte.
Mr. Polk with Mr. Cady.
Mr. Terrell of Texas with Mr. Utterback.
Mr. Umstead with Mr. Sadowski.
Mr. Carley of New York with Mr. Shoemaker.
Mr. Taylor of South Carolina with Mr. Shannon.
Mr. Underwood with Mrs. Norton.
Mr. Eagle with Mr. Fernandez.
Mr. Gasque with Mr. Flannagan.

Mr. KENNEY. Mr. Speaker, how am I recorded?

The CLERK. The gentleman voted "no."

Mr. KENNEY. I desire to vote "aye."

The SPEAKER. The gentleman votes "yea."

The result of the vote was announced as above recorded.

On motion by Mr. DOUGHTON, a motion to reconsider the vote by which the bill was passed was laid on the table.

INDEPENDENT OFFICES APPROPRIATION BILL—PASSAGE OVER THE VETO

Mr. TABER. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to insert a short table.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. TABER]?

There was no objection.

Mr. TABER. Mr. Speaker, in view of the statement in the President's veto message of the independent offices appropriation bill that by the passage of the bill over the veto $228,000,000 was added to his Budget expenditures, I thought the House and the country would be interested in an exact statement of what the situation is.

I find these increases over the Budget recommendations of the President:

1. 5-percent pay increase February 1, 1934–July 1, 1934	$27,000,000
2. 5-percent pay increase July 1, 1934–June 30, 1935	63,000,000
3. Pre-Spanish-War pensions	4,000,000
4. Amendment 15, navy yards, arsenals, etc	9,000,000
5. Amendment 19, automatic promotions	10,000,000
6. Spanish War pensions	37,400,000
7. Direct service connected, World War	30,000,000
8. Presumptives, World War	9,312,500
9. To carry veterans benefits Apr. 1, 1934–June 30, 1934	20,000,000
	209,712,500
From this must be deducted the cost of the Spanish War pensions and the presumptives under the President's regulations of Mar. 27, 1934	60,000,000
	149,712,500
From this must also be deducted the savings which will be made because of the passage of the bill over veto [1]	100,000,000
Net cost	49,712,500

It must be borne in mind that the President by bad regulations—this was admitted by the President in his veto message—has practically wrecked the Economy Act.

First. The Board of Appeals, to which he refers, it is well known, is refusing to function.

Second. Thousands upon thousands of Spanish War veterans have been thrown in the discard without anyone in the Bureau even looking over their files to see whether or not they suffered a disability in service.

Third. The payments to veterans suffering from direct service-connected disabilities were cut 10 percent+$30,000,000—or an average of 25–30 percent.

This was not in the mind of even the most hard-boiled economy leaguer.

In view of the language in the veto message and the immediate placing back on the rolls of the World War presumptives and the Spanish War veterans by him, it must be assumed that the President's principal objection to the bill was because it carried the $30,000,000 for restoring the direct service-connected veterans to their benefits.

With that the Congress could not agree.

[1] This saving results from the extension of certain temporary provisions of the Economy Act, which would have expired June 30, 1934, if this bill had not extended them. No other bill providing for economies would have had a chance of consideration if this bill had failed of passage over the veto.

This is also in direct conflict with the pledge given by the President to the Legion in his address last October.

There are still $250,000,000 of savings as a result of the passage of the Economy Act.

If Congress had not taken the bit in its teeth and passed the bill over the President's veto at a very small net cost to the taxpayer, the President by bad administration and bad regulations would have completely destroyed the remaining $250,000,000 of annual savings we made last spring.

The moral is: Delegation of authority by Congress to the President invariably turns out disastrously.

VETERANS' LEGISLATION

Mr. COCHRAN of Missouri. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the independent offices appropriation bill.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. COCHRAN of Missouri. Mr. Speaker, it seems to me this is an opportune time to prepare a brief analysis of just what resulted in the way of additional benefits to veterans by reason of the passage of the independent offices appropriation bill, which carried the new legislation as well as the annual appropriations for the Veterans' Administration.

Veterans all over the country whose pensions were discontinued by the Executive order last March seek information so they can determine if their case is affected.

The pensions and compensation reinstated under the new law will be resumed as of March 29, 1934. No veteran will receive any payment until after May 1, because pensions are not paid in advance.

The new law does not make provisions for the payment of back pension or back compensation.

Nothing in the new law affects the World War veterans who were drawing disability allowance prior to March 1933. Compensation or pensions cannot be paid to World War veterans whose disabilities have not been held to be the result of their service unless it is shown that the veteran is permanently and totally disabled. In such cases it is also necessary to show that the veteran entered the service prior to November 11, 1918. If permanently and totally disabled and in need, $30 a month is allowed under the President's regulations.

The Spanish War veteran who enlisted in the service after August 12, 1898, and who did not participate in the Boxer rebellion or Philippine insurrection is not recognized under the new law. Although it is held that the War with Spain ended August 11, 1898, the final evacuation of the island of Cuba by the United States troops was not completed until February 5, 1904, and island of Puerto Rico May 12, 1904. The men that served outside the limits of the United States in a climate unlike their own many of whom suffered disabilities as a result cannot be considered under the new law, even though they were drawing pensions in March 1933. They are permanently removed from the roll as are their widows unless they have been recognized as having received their disabilities in line of duty. If their disabilities are held to be service connected, then they will be transferred to the roll under the general law, the rates being less than those recognized under the Spanish War Act.

I have been informed by Gen. Frank T. Hines, Administrator of Veterans' Affairs, that the Veterans' Administration is taking immediate action to make the new veterans' provisions effective in all respects as soon as possible.

Primary consideration is being given to those persons who were removed from the rolls by reason of the provisions of the Economy Act of March 20, 1933, whose rights to benefits are reestablished by the new law. In all cases where it is possible to restore pension or compensation without the necessity of an administrative review, such action is being taken. Immediate attention is also being given to those groups of cases wherein a review of evidence is required before a determination may be made under the new legislation in order that an adjudication may be accomplished

with the least possible delay to the veterans and their dependents.

It is estimated by General Hines that approximately 330,000 World War veterans, 180,600 Spanish War veterans, and 34,900 dependents of Spanish War veterans will be affected by this legislation. Briefly, the following is what the Congress has done:

Section 26 of the new law reinstates the former compensation rates for totally blind World War veterans except where the veteran is being furnished hospital care by the Government and except as to cases involving fraud, mistake, or misrepresentation.

Section 27 provides for the payment of compensation to those persons who on March 19, 1933, had established service connection under section 200 of the World War Veterans' Act, 1924, as amended, and reenacts the provisions of that section as to such cases, except where the person entered the service subsequent to November 11, 1918, where clear and unmistakable evidence discloses that the disease, injury, or disability had inception before or after the period of service, unless there was aggravation, or where the prior service connection had been established by fraud, clear or unmistakable error, or misrepresentation; but, as to all cases embraced by these three exceptions, all reasonable doubt is to be resolved in favor of the veteran and the burden of proof is to be upon the Government. The payment is to be at 75 percent of the amount payable in such cases on March 19, 1933.

Section 28 provides for the restoration of the World War rates in effect on March 19, 1933, for service-connected disability, except that reduction is permitted in accordance with regulations pertaining to payment of pension to men in hospitals. It perpetuates the rating schedule in effect on March 19, 1933, under which ratings are based as far as practicable upon the average impairment of earning capacity in civil occupations similar to the occupation of the veteran at time of enlistment. It further provides for service connection in death cases for the widows and children of those veterans who died prior to the enactment of the new act, and who, if living, would be in a position to reestablish service connection thereunder.

The limitations as to receipt of pension and salary by Government employees and as to the 50-percent reduction of benefits while any person entitled thereto resides outside the continental limits of the United States are not for application in these cases.

Section 29 amends section 6 of the Economy Act of March 20, 1933, as amended, by adding a proviso authorizing hospitalization or domiciliary care within the limitations existing in Veterans' Administration facilities of any veteran of any war not dishonorably discharged who is suffering from disability, disease, or defect, and who is in need of hospitalization or domiciliary care and is unable to defray the necessary expense therefor, including transportation to and from the institution. It provides that the statement under oath of the applicant as to his inability to pay for the service sought shall be accepted as sufficient.

Section 30 provides as to those veterans of the Spanish-American War, who entered service on or before August 12, 1898, and persons who served in the Boxer rebellion or Philippine insurrection, who were on the rolls March 19, 1933, receiving pension for disability or age by virtue of the new law are entitled to receive not less than 75 percent of the pension being paid them on March 19, 1933, subject to the limitation requiring exemption from Federal income tax and as to Federal employees, the limitation that not more than $6 per month can be paid such employees, if his salary, if single, exceeds $1,000, or, if married, $2,500. The provisions pertaining to payment of pension to men in hospitals as established under Public, No. 2, and the veterans' regulations are applicable to these cases. The benefits of this amendment do not extend to disabilities resulting from willful misconduct. The limitation as to the 50-percent reduction of benefits while any person entitled thereto resides outside the continental limits of the United States is not for application in these cases. The new law does not reinstate the pensions of remarried widows. While this section applies only to the veteran it is expected the Veterans' Administration will rule the widow whose deceased husband would be entitled to pension if alive will receive her old pension less 25 percent.

Section 31 reestablishes the provisions of section 213 of the World War Veterans' Act, whereby a person who is injured as a result of training, hospitalization, or medical or surgical treatment or examination is awarded compensation on the same basis as if the condition were incurred in the military or naval service. The application must be made within 2 years after the injury or aggravation or death or after the passage of the act, whichever is the later date.

Section 32 repeals the last sentence of section 9 of the Economy Act, which barred persons in receipt of benefits from participating in any determination or decision with respect to claims for benefits.

Section 33 changes the title of payments to be made in service-connected cases of World War veterans from "pension" to "compensation."

Section 34 provides that payments shall be effective from date of passage of the act.

Section 35 provides for the payment of those insurance claims which have been determined to be payable prior to but in which payment had not commenced on March 19, 1933.

THE BILL PROVIDING FOR RECIPROCAL TRADE AGREEMENTS WILL STIMULATE OUR FOREIGN TRADE AND SPEED NATIONAL RECOVERY

Mr. ELLENBOGEN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. ELLENBOGEN. Mr. Speaker, I want to discuss the bill giving the President power to enter into commercial agreements with foreign nations, in order to expand the market for products of the United States, "to overcome domestic unemployment and the present economic depression, and to increase the purchasing power of the American public."

THE TREMENDOUS DECLINE IN WORLD TRADE HAS BEEN ONE OF THE CHIEF CAUSES OF A WORLD-WIDE ECONOMIC DEPRESSION

During the last few years the United States and the world have been experiencing an unheard-of economic depression due to the tremendous shrinkage of world trade. In 1933, as compared with 1929, world trade declined 70 percent in volume and 35 percent as measured in dollars. In 1929 the trade of the world, measured by total imports, amounted to $35,606,000,000 as against $11,937,000,000 in 1933. That means that from 1929 to 1933 world trade shrunk from a total of thirty-five and one half billion dollars to one third, or a total of about $12,000,000,000.

If world trade from 1929 had advanced at the usual proportion, it would have amounted to about $50,000,000,000 in 1933, as against an actual trade of only $12,000,000,000.

IN 4 YEARS INTERNATIONAL TRADE WAS REDUCED BY $40,000,000,000

You will notice that from 1929 to 1933 international trade has been reduced by $40,000,000,000. That means that world production has been reduced by $40,000,000,000. It also means that world consumption has been reduced by $40,000,000,000. The reduction of production and consumption, of course, means the lowering of the standard of living all over the world; and if you consider the colossal reduction of $40,000,000,000 every year in international world trade, you will understand how greatly the standard of living of most of the people has been lowered not only in the United States but all over the world.

THE UNITED STATES HAS LOST VAST SUMS THROUGH THE DECLINE OF ITS EXPORTS AND IMPORTS

Now, we cannot have better times unless we have more production, more consumption, more exports, and a higher standard of living.

Let us look at the trade of the United States. From 1925 to 1929 the total export trade of the United States increased from a little less, to a little more, than $5,000,000,000. Its import trade, during the same years, hovered between $4,000,000,000 and $4,400,000,000. There has been a co-

lossal shrinkage in that trade. Whereas the exports of the United States in 1929 were $5,240,000,000, the exports in 1933 amounted to only $1,000,675,000. The imports into the United States in 1929 amounted to $4,399,000,000; they fell in 1933 to $1,499,000,000.

Not only has the total foreign trade of the United States been reduced to an incredibly low figure, but the share of the United States in international trade has been considerably reduced. From 1929 to 1932 the American share of the export trade of the world decreased from 15.61 percent to 12.39 percent; in imports the American share decreased from 12.19 percent in 1929 to 9.58 percent in 1932.

Not only has the foreign trade of the United States been tremendously decreased, but America today has a much smaller proportion of the foreign trade than it previously enjoyed. The American share has been decreased, whereas the share of England, Belgium, France, and other countries has increased.

ECONOMIC EFFECTS OF THE DECLINE OF OUR FOREIGN TRADE

This is an alarming situation. The decrease of our foreign trade means the discharge of thousands and thousands of industrial workers in Pittsburgh, and all over the United States. It means unemployment, and the misery and suffering that go with it. In the words of the President, contained in a message which he sent to the Congress on March 2, 1934:

> This has meant idle hands, still machines, ships tied to their docks, despairing farm households, and hungry industrial families. It has made infinitely more difficult the planning for economic readjustment in which the Government is now engaged.

Other countries have been able to gain a larger proportion of the foreign trade which they formerly had by entering into mutual trade agreements with other nations. So far the United States has been unable to do so because foreign-trade agreements could not be negotiated by the President without being subject to long and cumbersome delay in obtaining approval in the United States Senate—a delay which often lasted for years.

THE NEED FOR SPEED IN NEGOTIATING RECIPROCAL TRADE AGREEMENTS

You cannot make trade agreements unless you can conclude these agreements with reasonable speed. The machinery of obtaining a fair share of the international trade is by mutual or reciprocal agreement, as the President said in his message to Congress:

> Other governments are to an ever-increasing extent winning their share of international trade by negotiated reciprocal trade agreements. The American Government must be in a position to bargain for that place with other governments by rapid and decisive negotiations based upon a carefully considered program.
>
> If the American Government is not in a position to make fair offers for fair opportunities, its trade will be superseded. If it is not in a position at a given moment rapidly to alter the terms on which it is willing to deal with other countries, it cannot adequately protect its trade against discriminations and against bargains injurious to its interests.

In most countries in Europe, and all over the world, the executive has the power to negotiate such trade agreements.

POWERS GRANTED THE PRESIDENT BY THIS BILL

The bill considered by the House of Representatives provides that the President of the United States shall have the following powers:

First. To enter into foreign-trade agreements with foreign governments.

Second. To modify duties and import restrictions.

Here the President's power is limited. Under the bill he cannot increase duties or decrease them by not more than 50 percent of the existing rate of duty. He cannot declare that any article that now must pay a duty shall come in free of duty, nor does he have the power to place a duty on goods at the present time duty-free.

The purpose of the entire bill is to give to the President power to negotiate trade agreements with other nations. The President is given the power to grant certain concessions to products of foreign nations, provided that the foreign country in question will admit certain products manufactured in the United States. The President is to have limited powers over our exports and imports, so that our industry may be stimulated and our agricultural surplus disposed of.

A very important amendment to the bill was offered by the Ways and Means Committee, and was adopted by the House. The amendment provides that the President shall have these powers for a period of only 3 years from the passage of this act.

The committee also adopted an amendment that under no consideration could we enter into a trade agreement which in any way canceled or reduced foreign debts.

PRESIDENT ROOSEVELT WILL EXERCISE THE POWERS GRANTED HIM UNDER THIS BILL WITH PRUDENCE AND WISDOM

I believe that the American people have full trust in Franklin D. Roosevelt. They know that he will enter only into such trade agreements as will be of benefit to this Nation. The people of the United States overwhelmingly elected Mr. Roosevelt President of the United States. He has since proved that he is deserving of that confidence. We can certainly rest assured that in any negotiations and trade agreements he is guided by the interest of the industries and commerce of the United States, and by the benefit of our country as a whole.

In this connection I want to quote again the message sent by President Roosevelt to the House of Representatives:

> The exercise of the authority which I propose must be carefully weighed in the light of the latest information so as to give assurance that no sound and important American interest will be injuriously disturbed. The adjustment of our foreign-trade relations must rest on the premise of undertaking to benefit, and not to injure, such interests. In a time of difficulty and unemployment such as this the highest consideration of the position of the different branches of American production is required.

The power granted to the President by this act is in line with precedents established since 1794. The President of the United States is given powers to modify to some extent the laws relating to duties and imports into the United States. This act carries out a policy which has been followed by the United States in many instances in the past.

EXPLANATION OF VOTE

Mr. STUDLEY. Mr. Speaker, I ask unanimous consent to proceed for one half minute to make a statement.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. STUDLEY]?

There was no objection.

Mr. STUDLEY. Mr. Speaker, on last Saturday, March 24, I was called to Wheeling, W.Va., to attend the funeral of a member of my family. I was not able to return to the House on Tuesday the 27th to vote on the independent offices appropriation bill. Had I been present, I would have voted "aye."

SELECT COMMITTEE TO INVESTIGATE STATEMENTS WITH REFERENCE TO GOVERNMENT OFFICIALS AND EMPLOYEES

Mr. O'CONNOR, from the Committee on Rules, submitted the following privileged report (Rept. No. 1105) on House Resolution 317:

House Resolution 317

Resolved, That there is hereby created a select committee to be composed of five Members of the House, to be appointed by the Speaker, one of whom he shall designate as chairman. Any vacancy occurring in the membership of the committee shall be filled in the manner in which the original appointment was made.

SEC. 2. The committee is authorized and directed to summon Dr. William A. Wirt, of Gary, Ind., before it, and to require him to reveal the source of statements he has made to the effect that the United States is in the process "of a deliberately planned revolution", and to the effect that certain officials or employees of the Government are attempting to thwart the program of national recovery in the United States; and the committee is authorized and directed to bring before it all officials or other persons alleged by Dr. Wirt to have given him said information, or to be connected in any way with said activities, and to examine them as to the truth or falsity of the statements made by Dr. Wirt; and to summon and examine such other witnesses and make such further investigation in connection with such statements and the reasons and persons actuating the same as the committee in its discretion may deem advisable.

SEC. 3. The committee shall report to the House during the present session of Congress the results of its investigation, together with such recommendations, including such recommendations for legislation, as it deems advisable.

SEC. 4. For the purposes of this resolution the committee is authorized to sit and act during the present session of Congress in the District of Columbia as a whole or by subcommittee, at such times, whether or not the House is sitting, has recessed, or has adjourned, to hold such hearings, to require the attendance of such witnesses and the production of such books, papers, and documents, by subpena or otherwise, to take such testimony, to have such printing and binding done, and to make such expenditures not in excess of amounts made available for the purposes of this resolution, as it deems necessary. Subpenas shall be issued under the signature of the chairman and shall be served by any person designated by him. The chairman of the committee, or any member thereof, may administer oaths to witnesses. Every person who, having been summoned as a witness by authority of said committee, or any subcommittee thereof, willfully makes default, or who, having appeared, refuses to answer any question pertinent to the investigation heretofore authorized, shall be held to the penalties provided by section 102 of the Revised Statutes of the United Sates.

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent for the immediate consideration of the resolution, House Resolution 317.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. O'CONNOR]?

There was no objection.

The Clerk read the resolution.

Mr. O'CONNOR. Mr. Speaker, the gentleman from Pennsylvania made an agreement as to the time to be used on this resolution. We on this side are anxious to dispose of this matter as speedily as possible, due to the lateness of the hour and due to the fact that I understand we are to adjourn over until Monday. We are willing to take very little time. I should like to ask if the other side will be content with 10 minutes?

Mr. RANSLEY. I have already claimed time on this side, and, owing to the verbal agreement between the gentleman and myself, I have promised that time.

Mr. O'CONNOR. There is no question but that the gentleman is entitled to 30 minutes, if he desires it. I yield 30 minutes to the gentleman from Pennsylvania.

Mr. Speaker, I yield 10 minutes to the gentleman from North Carolina [Mr. BULWINKLE].

Mr. BULWINKLE. Mr. Speaker, this is but a simple resolution needing very little explanation, but it might interest the Members of the House to know how this came up.

Last Friday before the Committee on Interstate and Foreign Commerce a gentleman by the name of Rand appeared and in the course of his remarks he made the statement that there were men in Washington in the Government employment who intended to "crack down" on business. I immediately called him and asked him who they were, and from that it led on until he read into the record what he called a letter from Dr. Wirt, in Indiana, but which, in fact, was not a letter but some kind of a manuscript sent out evidently to a certain organization of some description. In that purported manuscript of Dr. Wirt, among the statements made were some like this, that he, Dr. Wirt, in talking with some of the so-called "brain trusters" who were employed by the Federal Government in Washington, had told him that for certain ulterior motives they would attempt to thwart recovery; that they would prolong and have starvation, and do everything, according to Dr. Wirt's statement, detrimental not only to the Government of the United States but to the people as well. I immediately asked for the names of those men. Mr. Rand could not give them. He stated that he assumed who they were. He said he had telephoned that morning to Dr. Wirt. I said, "Do you mean, after having a serious charge like this in your possession, that you never had curiosity enough to find out who those men were?" He said he assumed who they were.

In justice to the administration, I know that every Member on both sides of this aisle would like to know if there is anyone employed by the Federal Government so degraded in character and mentality who would make statements of the kind read by Rand. If, on the other hand, the statements made by Dr. Wirt are not true, then in justice to the hundreds of Federal employees it should be known.

I introduced this resolution primarily for the purpose of bringing him here and making him put up or shut up, one or the other. I am not in the habit of being taken off my feet and going after mythical and imaginary things.

When any man claiming to be a patriotic citizen of this Republic, representing a great organization, comes before a committee of Congress and makes serious charges against any of the governmental employees, I care not who he is or they are or to what party they belong, then I think that the Congress of the United States should know it. That is the primary purpose of this resolution—to find out the truth or falsity of these statements.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. BULWINKLE. Certainly.

Mr. SNELL. As far as I know there is no opposition to the resolution in itself. The only question in my mind is whether the resolution as drawn is broad enough to cover the entire subject and will get the information the gentleman himself seeks.

Mr. BULWINKLE. I think it is for that purpose.

There seems to be a doubt in the gentleman's mind. How broad would the gentleman make it; how far does the gentleman think the House should go?

Mr. SNELL. I do not think there should be any limitation when you start an investigation of this character. If you are going into it I think you ought to go clear through. If it is of sufficient importance for Congress to authorize an investigation, I think you should have full power to investigate the whole subject in connection with these remarks.

Mr. BULWINKLE. I am trying to cover the whole subject. If there were any evidence of similar testimony given before another committee of Congress I would be in favor of investigating that too; but, as the gentleman from New York well knows, it would be impossible to go into all the wild remarks that may be going around.

Mr. SNELL. I admit that, and those have been investigated on previous occasions. Is the gentleman satisfied in his own mind that this resolution is sufficiently broad to cover anything that might grow out of the statements made by Wirt before this committee?

Mr. BULWINKLE. I think it is.

Mr. KVALE. Mr. Speaker, will the gentleman yield?

Mr. BULWINKLE. I yield.

Mr. KVALE. Granting that the resolution is broad enough to cover the particular statement in question, is the resolution broad enough also that the special committee may ascertain whether the gentleman is a man acting independently and therefore totally devoid of a sense of humor, or whether he is acting as a representative of the Steel Trust, which has a lobby here trying to kill a measure in which the administration is vitally interested, the securities bill? [Applause.]

Mr. BULWINKLE. I may say to the gentleman in justice to Dr. Wirt, because I believe in being fair, that in the rest of this manuscript—and I have read it, but it has not been published in the press—he very vigorously condemns the action of the exchanges. Therefore, I do not think it was sent out for that purpose; but it may have been by Mr. Rand's idea, just using part of it in the RECORD. In justice to Dr. Wirt, I think if the gentleman from Minnesota read the whole manuscript he would not feel that that was his object.

Mr. KVALE. I think it is very important that the investigation reach not only the individual who made the charge, but the charge itself.

Mr. BULWINKLE. Along this line, I think we would have authority under this resolution to recommend to the House that certain action be taken as indicated by the results of the investigation. I believe that any man who comes here representing an organization, an industry, or group of people, previous to appearing before a committee of Congress should be required to file with the Clerk of the House of Representatives a statement as to what organization he represents.

Mr. BRITTEN. Mr. Speaker, will the gentleman yield?

Mr. BULWINKLE. I yield.

Mr. BRITTEN. Does the gentleman believe that his resolution is broad enough to call before this special committee such employees or members of the present administration

whose names have been suggested in various ways as undesirable?

Mr. BULWINKLE. No; I do not believe it is broad enough for that, but I think it is broad enough to reach the three, four, or five men who may be involved and to bring them in.

Mr. BRITTEN. That is what I want to know.

Mr. KVALE. Mr. Speaker, will the gentleman yield further?

Mr. BULWINKLE. Certainly.

Mr. KVALE. In view of the fact the President is supposed to have made the statement himself, is the resolution broad enough to bring him before the committee?

Mr. BULWINKLE. The President of the United States never said he would prolong starvation, nor can any unpatriotic or un-American statement ever be attributed to him. This resolution is what I am talking about; this is what I want. [Applause.]

[Here the gavel fell.]

Mr. RANSLEY. Mr. Speaker, I yield 10 minutes to the gentleman from Michigan [Mr. MAPES].

Mr. MAPES. Mr. Speaker, let me say at the outset that for one I have never been able to get very much worked up over this resolution or over the statements alleged to have been made by Dr. Wirt. I am a member of the Committee on Interstate and Foreign Commerce and was present at the meeting and heard the remarks of James H. Rand, Jr., the chairman of the self-appointed committee for the Nation, but there was nothing new in the statements that he quoted as having been made by Dr. Wirt. Rumors to the same effect have been in circulation and have been discussed by the newspapers and magazines of the country for months. I do not know whether the "brain trust" is having a nightmare or a brain storm, such as Dr. Wirt and those who hold the same opinion as he does think it is, or whether Dr. Wirt and those who believe as he does are having one; but I am satisfied that whichever may be the case, that in due course the people of the country will take care of the situation. They will take care of it in their own way as soon as they become convinced upon the matter, and it will make little difference to them in arriving at a conclusion, whether a committee of this House makes an investigation such as this resolution proposes or not.

I do think that there are distributed throughout the executive and administrative branches of the Government at the present time too many persons without adequate practical or business training and experience for the duties which have been entrusted to them. They have not had sufficient training and experience to justify entrusting to them the settlement of the destinies of the people to any such extent as has been done. There are too many in the executive departments at present who think they know what is best for the people better than the people themselves do. They do not trust the people and their representatives to pass upon the laws to regulate and govern themselves and their business. Their attitude was well described in a speech which I heard a gentleman from Texas make the other day to the dairymen assembled here in Washington last week. He went on to say that he had been milking cows for 25 years and that he thought he knew something about milking cows, but he went down to the Agricultural Department and talked with the A.A.A. authorities there. He protested against some of the codes or some of the provisions of the codes that had been promulgated to govern the dairy industry. He was told in substance that he did not know what he was talking about. He said they told him something like this: "You think you know how to milk cows. You think you know what is best for the dairy industry, but you are all wrong. You think you know what is best, but we know."

I fear that is the attitude of too many people who are now in key positions throughout the Government, but it did not take the charges of Dr. Wirt to bring that situation to the attention either of Members of Congress or of the country. It was well known before anyone ever heard of Dr. Wirt.

I am neither a proponent nor an opponent of this resolution, although I shall vote for it. I may say, however, that I think that if any investigation is going to be made at all it should be a thorough one. There ought to be no attempt to gloss over the situation or to whitewash any one in connection with it. Unless it is complete it will be worse than useless and unsatisfactory to the country. It has to go further than an examination of Dr. Wirt and the individuals named by him. These rumors that have been going over the country, and especially in Washington, must be traced down, and every witness should be called before the committee who can give information about them, whether he is known to Dr. Wirt or not. The special committee should bear in mind that Dr. Wirt is not the subject matter of the investigation. Neither his personality nor his motive in making these charges is of any great significance or materially. Are the charges true? is the important question. As was stated in the first sentence of an editorial of the New York Herald Tribune this morning:

> The efforts to smear Dr. Wirt and to whitewash the "brain trust" should not be permitted to distract attention from the basic charges in Dr. Wirt's letter.

Mr. MAY. Will the gentleman yield?

Mr. MAPES. I yield to the gentleman from Kentucky.

Mr. MAY. Does the gentleman from Michigan mean to say that there are efforts being made to whitewash somebody in the administration merely on the statement of Dr. Wirt?

Mr. MAPES. Oh, no. I am not saying anything of that kind. I am saying that the committee should be careful not to convey the impression that any such thing is being attempted.

It should be clearly understood that this is not a partisan matter. Every step that has been taken in the matter has been taken at the instigation and upon the initiative of some Member of the dominant political party in the House. It was a distinguished Democratic member of the Committee on Interstate and Foreign Commerce who took the initiative, and who, as I understand it, asked the chairman of the committee to bring before the committee Mr. Rand. It was Mr. Rand's statement that brought forth these charges of Dr. Wirt. The distinguished gentleman from North Carolina, Major BULWINKLE, a Democrat, introduced the resolution for this investigation. The Democratic Rules Committee reported the resolution to the House. The rest of us have simply gone along as interested observers and, as I say, speaking for myself only, I am not excited about the matter. I shall vote for the resolution, but I am in no sense a special advocate of it.

I yield back the balance of my time.

Mr. O'CONNOR. Mr. Speaker, I yield 3 minutes to the gentleman from Michigan [Mr. FOULKES].

Mr. FOULKES. Mr. Speaker, my district in southwestern Michigan goes to the Indiana line, and Dr. Wirt is well known to the residents of my district. I have had some correspondence with this gentleman and I shall read a short statement for the benefit of the House.

Dr. Wirt has expressed great indignation at my assertion that he is either a Hitler agent or accidentally playing into the hands of those engaged in Nazi propaganda in this country. There is no occasion for him to get excited. I said before, and I repeat now, that if Dr. Wirt is not an agent of Hitlerism in America he is unconsciously serving it as well as any paid tool could serve it. My statement was a reasonable one and must appeal to all serious-thinking people. It is quite possible that Dr. Wirt does not intend to aid Hitlerism and does not realize he is doing so, but the net results are the same. Whether I touch off dynamite accidentally or with deliberate intent the result is identical. One gets his fingers burned playing with fire whether he knows what he is doing or not.

Let me also repeat my charge of the other day that Nazi propagandists, informers, and organizers are swarming throughout the country and seeking to poison people's minds preparatory to an attempt to set up a dictatorship not of the proletariat and the plain people but of the plutocracy.

That is our real danger. That is the menace that confronts us—not the much-talked-of "Red" menace. Great aggregations of wealth, alarmed at moderately liberal changes put into effect by the Roosevelt administration, would welcome a dictatorship after the Nazi or Fascist type, and they have spread propaganda in every nook and corner of these United States glorifying the dictator of the Mussolini and Hitler type. All of this is part and parcel of a vicious conspiracy. Wall Street is the Nation's real menace. Wall Street, disturbed because the forgotten man is receiving a little more attention than formerly and has been helped a little—only a very little yet, however—is planning the revolution that we need fear and guard against. It is a reactionary revolution, not a labor or social revolt, that big business wants.

These venomous assaults on the N.R.A. and the Roosevelt administration are made, sometimes, by those who want to set up a rule of blood and iron in the interests of capitalists, and sometimes by notoriety seekers and idiots who do not know any better. Whether Dr. Wirt is in one class or the other does not matter. His procedure is just the kind calculated to help the forces of greed, avarice, and exploitation that are mapping out their plot. It is exactly what Hitler's agents also want.

Let us not fool ourselves about the extent to which the Government must go. The little that has so far been done for the producing class of this country is but a drop in the bucket compared with what must eventually be done. Instead of whining and whimpering about the terrible socialistic and communistic tendencies of the new deal, let us face the basic fact that fearful poverty and suffering still exist throughout our land—even if some mild steps have been taken to reduce them. Let us also recognize that they must be abolished. A government that does not protect its citizens from legalized robbery and that does not guarantee them the elementary needs of human beings—food, shelter, raiment, medical care when sick, and an income when old and exhausted—does not deserve to stand. Any government to endure must provide these things.

Our business here ought to be to speed up the process of feeding, clothing, sheltering, and caring for our suffering and agonizing millions—not wasting our time in high-sounding dissertations about the Constitution and fine-spun technicalities. I tell you, gentlemen, the people do not care a damn about theories of strict construction and interpretation of the Constitution when they have not enough to eat. They want food, and they will not wait forever.

The gentleman from New York, Mr. HAMILTON FISH, moans about radical tendencies and progressives in the Government service. After his laughable affair of discovering cabbages and carrots in a Baltimore warehouse where he thought the Communists had hidden bombs, he ought to have learned a bit of sense—but I fear he has not.

May I say to him we are going to get more radical tendencies and more radical legislation, instead of less? I have a suspicion that the time is not far distant when the Government must take over the industries and run them, ending exploitation by private interests. If so, this will mean more liberty—not less. The liberty of the whole Nation, to be safe from starvation, is considerably more important than the liberty of a few men to coin profits out of the sweat, blood, and tears of the many.

[Here the gavel fell.]

Mr. O'CONNOR. Mr. Speaker, I yield the gentleman 2 additional minutes.

Mr. FOULKES. May I say further that I received a telegram from Dr. Wirt this afternoon in which he named a person high in the administration who made certain significant statements. I know something about Dr. Wirt personally. He is a kindly man, but, in my judgment, he has been misled. At the proper time and at the proper place before the committee I will produce the name which was furnished to me by Dr. Wirt.

Mr. CANNON of Wisconsin. Will the gentleman yield?

Mr. FOULKES. I yield to the gentleman from Wisconsin.

Mr. CANNON of Wisconsin. The gentleman, I understand, is acquainted with Dr. Wirt. Would the gentleman mind telling us who Dr. Wirt is that he should be dignified by an investigation?

Mr. FOULKES. Other than that he is at the head of the school system in Gary, Ind., which, as the gentleman knows, is a city named after one of the greatest exploiters of labor in this country, I have nothing more to say on that subject. [Laughter and applause.]

[Here the gavel fell.]

Mr. RANSLEY. Mr. Speaker, I yield 8 minutes to the gentleman from New York [Mr. FISH].

Mr. COLLINS of Mississippi. Mr. Speaker, I think we need a quorum here, and I make the point of no quorum.

The SPEAKER. The Chair will count.

Mr. COLLINS of Mississippi. Mr. Speaker, in view of the fact the Democratic leader tells me certain promises have been made, I withdraw the point of order.

Mr. FISH. Mr. Speaker, I do not rise to defend Dr. Wirt. I do not know Dr. Wirt except by general reputation. People who do know him tell me he has a very high reputation, not only in his community and in his State, but throughout the Nation, and I assume that when he comes here he will speak for himself. It is not necessary for any of us on either side to speak for Dr. Wirt, for, as an educator and as a superintendent of schools at Gary, Ind., for many years, he has become well known in connection with the Gary school system.

I believe in the fullest freedom of speech. I believe in the fullest freedom of speech for Dr. Wirt as an American citizen, for any Member of Congress, or for any Socialist who desires to change our system of government. There is nothing in our Constitution or in our form of government that denies the right of Socialists to the fullest freedom of speech and to advocate their reforms under our republican form of government and under the Constitution. What I object to is the fact that after the Democratic Party was elected on a well-considered and sound Democratic platform [laughter and applause] since ignored or thrown out of the window, nevertheless it was overwhelmingly elected upon such a platform; but after President Roosevelt once got into power he put into key positions in the administration men who are at heart Socialists if not actual Socialists. It is well to remember that the Socialists take all their principles and doctrines from Karl Marx just as the Communists do. This is what Karl Marx had to say in his "manifesto":

> We make war against all the prevailing ideals of the state, of country, and of patriotism.

The following is an extract from a speech by Samuel Gompers, head of the American Federation of Labor for many years:

> I want to tell you Socialists that I have studied your philosophy, read your works upon economics—and not the meanest of them—studied your standard works, both in English and German. Have not only read but studied them. I have heard your orators and watched the work of your movement the world over. I have kept close watch upon your doctrines for 30 years; have been closely associated with many of you and know how you think and what you propose. * * * Economically, you are unsound, socially you are wrong, industrially you are an impossibility.

Mr. SIROVICH. Will the gentleman yield for a question?

Mr. FISH. I yield to the gentleman from New York.

Mr. SIROVICH. Would the gentleman be kind enough to name the Socialists who have been put into such key positions?

Mr. FISH. I certainly will.

Mr. SIROVICH. Name them.

Mr. FISH. I say they are Socialists at heart. They may belong to the Republican Party, they may belong to the Democratic Party [laughter], but, Mr. Speaker, I can prove that they are Socialists at heart, if they do not actually belong to that party. I am convinced that, with the exception of a possible few misguided individuals, that 99 percent of the members of the American Civil Liberties Union are left-wing radicals or virtual Socialists.

Mr. KENNEY. Will the gentleman yield?

Mr. FISH. I have not the time to yield further.

During an investigation by a committee of this House held in 1931, and after a very careful investigation in Los Angeles, Chicago, New York, and here in Washington, of the American Civil Liberties Union, a report was submitted signed by 2 Democrats and 2 Republicans which concurred, first, in the findings of the New York State Legislature back in 1928, which said:

> The American Civil Liberties Union in the last analysis is a supporter of all subversive movements; its propaganda is detrimental to the interests of the state. It attempts not only to protect crime but to encourage attacks upon our institutions in every form.

This committee of the House of Representatives, in a report, as I say, signed by 2 Democrats and 2 Republicans, has this to say about the American Civil Liberties Union:

> The American Civil Liberties Union is closely affiliated with the Communist movement in the United States and fully 90 percent of its efforts are on behalf of Communists who have come into conflict with law. It claims to stand for free speech, free press, and free assembly, but it is quite apparent that the main function of the American Civil Liberties Union is to attempt to protect the Communists in their advocacy of force and violence to overthrow the Government, replacing the American flag by a red flag, and erecting a soviet government in the place of the republican form of government guaranteed to each State by the Federal Constitution. Roger N. Baldwin, its guiding spirit, makes no attempt to hide his friendship for the Communists and their principles. He was formerly a member of the I.W.W. and served a term in prison as a draft dodger during the war—

And so forth.

There is another entire page of this report devoted to the American Civil Liberties Union, but due to the limited time I cannot further discuss it.

I am convinced that any member of this organization, which is limited in number, no matter what party emblem he may go by, is at heart a Socialist, and I propose to show there are at least 16 members of this organization—and, of course, there are more, because I have had only a limited time to investigate the situation—holding important positions in the Government service at the present time. This list does not include a large number of young radical experts and socialistic lawyers who are promoting one Socialist experiment after the other under the auspices of the Democratic administration. For instance, it is not a coincidence that members of this particular organization, the American Civil Liberties Union, hold the most important key positions in the Government service; that is, in the emergency-relief administrations. In the A.A.A. the chief counsel is Jerome N. Frank, a member of the American Civil Liberties Union. Is that merely a coincidence, or that there are numerous left-wing radicals in that section of the Agricultural Department? Socialism was not voted into power, but it is being thrust upon the American people under the banner of the Democratic Party. If the people back home wanted socialism they would have elected Norman Thomas.

However, democracy seems to have gone socialistic on its own account and apparently is intent on rushing headlong into state socialism. As a former follower of Theodore Roosevelt, I want to quote his definition of socialism. "Socialism is not a continuation of democracy. It must be a new culture built upon ideas and institutions totally different from the institutions of democracy." And on page 106 of his book Foes of Our Own Household, he says:

> One of the main vices of socialism is that it is blind to everything except the merely material side of life. It is not only indifferent but at bottom hostile to the intellectual, the religious, the domestic, and moral life; it is a form of communism with no moral foundation but essentially based on the immediate annihilation of personal ownership or capital and in the near future the annihilation of the family, and ultimately the annihilation of civilization.

The chief counsel of the N.R.A. is Donald Richberg, who is also a member of the American Civil Liberties Union. Is that likewise merely a coincidence?

Henry T. Hunt, the general counsel for the P.W.A., is another member of the American Civil Liberties Union. Can it be just a coincidence that all three of these highly important legal positions are held by prominent and active members of the American Civil Liberties Union?

Now, the gentleman from New York asked me to name all of them, and I will.

Mr. SIROVICH. Has the gentleman the preamble in which it favors the freedom of the press and free speech?

Mr. FISH. I am in favor of the freedom of the press and free speech which principles are worthy of an organization that stands for our republican form of government, guaranteed by the Constitution, and for the ideals of Washington, Jefferson, Lincoln, and Theodore Roosevelt, instead of an organization whose main work is to uphold the Communists in spreading revolutionary propaganda and inciting revolutionary activities to undermine our American institutions and overthrow our Federal Government. Here are the names of these socialistic people, and they are neither Democrats nor Republicans but as members of the American Civil Liberties Union, a subverse organization, it is very easy to classify them and know exactly where they stand and what they stand for. The American people are entitled to this information in order to know what the "brain trust" is composed of and what its members are trying to do to them and to our country and its constitutional and representative form of government: Rexford Guy Tugwell, Assistant Secretary of Agriculture; Rose Schneiderman, Labor Advisory Board, N.R.A.; Frederick C. Howe, Consumers' Advisory Board, N.R.A.; Prof. Albert E. Taussig, N.R.A.; Prof. J. P. Worbosse, N.R.A.; Clarence Darrow, N.R.A.; Dr. Leo Wolman, Chairman Labor Advisory Board, N.R.A.; Prof. Paul H. Douglas, Consumers' Advisory Board; Prof. James M. Landis, Federal Trade Commissioner; Nathan R. Margold, Solicitor, Interior Department; Robert Marshall, Director of Forestry Division, Bureau of Indian Affairs; William E. Dodd, Ambassador to Germany; Sidney Hillman, Labor Advisory Board.

Mr. Speaker, I ask unanimous consent to insert these names and those I have not read in the RECORD.

The SPEAKER. Without objection, it is so ordered.

Mr. FISH. That is all the list I can furnish you at the present time of the members of the American Civil Liberties Union holding high public offices at Washington. That they are trying to bring about a planned revolution must be apparent to all fair-minded people. That the revolution is peaceful makes no difference. There is no room for socialism, class hatred, and regimentation in America. These men do not represent the Democratic Party, and certainly they do not represent the Republican Party. [Applause.]

[Here the gavel fell.]

Mr. RANSLEY. Mr. Speaker, I yield 7 minutes to the gentleman from Kansas [Mr. McGUGIN].

Mr. McGUGIN. Mr. Speaker, when the Wirt letter was first presented, the gentleman from North Carolina presented a resolution for investigation, and that resolution provided for a wider investigation than this second one now presented, which is in the nature of a gag resolution.

The first Bulwinkle resolution was a reasonably fair resolution. It made the issues of the investigation broad enough so that it was at least a reasonable effort to hold a full and honest investigation.

This second resolution is a "cover up."

Mr. BULWINKLE. Mr. Speaker, will the gentleman yield?

Mr. McGUGIN. I cannot yield; my time is so limited.

It is a cowardly effort to smother the issues presented by the Dr. Wirt letter. This letter of Dr. Wirt does not present a mere personality. It presents the broad issue of whether or not there are those connected with the administration who are committed to philosophies of government wholly contrary to the Republic under the Constitution. This second Bulwinkle resolution is so narrow in the issues which may be investigated that it is apparent upon its face that the leadership have not the hardihood to ignore the issues presented by Dr. Wirt but do not have the courage to permit a full effort to lay before the people of the country the true facts so that they may know whether or not the Wirt charges are true or untrue. This second resolution does injustice alike to the President, the administration, and the people.

Mr. BULWINKLE. Mr. Speaker, will the gentleman yield?

Mr. McGUGIN. No; I cannot yield. The gentleman may answer in his own time.

Mr. SIROVICH. Mr. Speaker, I do not think the language used by the gentleman from Kansas is quite parliamentary and I make the point of order that the language is not parliamentary to a Member of this House who in good faith introduced the resolution.

The SPEAKER. The gentleman will proceed in order.

Mr. McGUGIN. The recently published letter which I received from Mr. Higgins, of Chattanooga, Tenn., contains statements, the utterances of which by press reports have been substantiated by Raymond Moley, former Assistant Secretary of State, and by George Christians. Mr. Higgins, Mr. Christians, and Mr. Moley have stated that Christians' statements were made in the presence of Marvin McIntyre, Secretary to the President. In common justice to the President and to the people, Moley, McIntyre, Christians, and Higgins, under oath, should be made to give the true facts to the people of this country pertaining to these statements by Mr. Christians. Yet, under this second resolution, the committee would be powerless to consider it.

Dr. Wirt has called upon other people of this country, who, he says, know exactly what he knows, to come to the front and give their information. Yet, under this second resolution, they would be barred from doing so. The limiting of this investigation to the Wirt statement and people whom Wirt may mention is so obviously an attempt to smother the facts that any schoolboy will understand that the sponsors of this second resolution are presenting it not because they want to bring out the truth but because they politically fear to ignore the Wirt statement, but have not the political courage to permit a full investigation of the truth, whatever it may be.

In perfect keeping with the issues presented in the Wirt letter, here are some of the things which should be considered:

First. It has appeared in newspaper articles and spoken from a multitude of tongues that the present Attorney General writes opinions as to the constitutionality of proposed legislation, which opinions are not based upon precedents and decisions of the Supreme Court, but, rather, on the desires of those who are writing such legislation. If such conduct on the part of the Attorney General be the truth, then the conduct is reprehensible and a perversion of the Constitution. If it be not the truth, then public confidence in government is being wrongfully shattered. Justice to government and to the people demands that these statements be proved or disproved.

Second. Bills have been sent to Congress from the White House with requests that they be enacted immediately. Congress and the country have believed that such bills were in fact either written or at least fully understood by the President; yet in instance after instance it is being reported that the President has not so much as read these bills. Only a few days ago Paul Mallon, in a syndicated news article, made the statement that the President had never read either one of the securities bills.

When the President signed the present gold devaluation bill, which created a $2,000,000,000 fund for the Secretary of the Treasury to use as he sees fit, the Associated Press reported that when the President signed the bill he turned to Secretary Morgenthau and said in substance: "Now that I have signed it, is it all right? I have not read it." The Secretary of the Treasury is reported to have answered: "I have not read it either, but the experts say that it is all right."

We all know that some of this legislation was not read by the House of Representatives. Some of it was passed without even being in print. It was passed upon the belief that it was fully understood by the President and it was passed upon his statement that the emergency demanded that it be enacted immediately.

Now, if legislation has been passed which neither the Congress nor the President had any hand in shaping, then the people have the right to know who has been writing this legislation. They should know whether or not such legislation has been written by men whose philosophy of government is in keeping with the Constitution or by men whose philosophy of government is entirely foreign to the Republic under the Constitution.

If public confidence is to be retained in government then any such newspaper articles and public talk must be either clearly established as slander and falsehood or the truth as the case may prove to be.

A smothered hearing which is provided by the second Bulwinkle resolution will not establish the truth. It will only create more public distrust and in the public mind most likely give undue credence to loose talk. Such a smothered hearing will likely place the stamp of truth upon slander and innuendo. Such a result will be a wrong alike against the people and the Government and those connected with the Government. Those who will be responsible for this are those who do not now have the courage to provide for a full, complete, and orderly consideration of the issues presented by the Wirt letter.

Yet there is nothing left for the average Member to do except to vote for this resolution or not vote at all, because the Rules Committee has refused to bring in a resolution which is broad enough to permit a hearing on the full charges presented.

Mr. O'CONNOR. Mr. Speaker, I yield 5 minutes to the gentleman from Tennessee [Mr. BYRNS].

Mr. BYRNS. Mr. Speaker, judging from the remarks made by the gentleman from Kansas [Mr. McGUGIN], I am constrained to say that I feel the gentleman probably has not read the resolution pending before the House. I am not going to undertake to reply to his innuendo or insinuations as to the President and his familiarity with the legislation which he has recommended to the House, nor to his insinuation and innuendo as to the Secretary of the Treasury with reference to his familiarity with matters of legislation pertaining to his Department. Neither am I going to reply to the statements made by the gentleman from Kansas, who speaks with all that assurance with which we are so familiar, with reference to the ignorance of his own colleagues on matters pending before the House. The gentleman, I am sure, does not include himself in that class.

What does this resolution propose? Dr. Wirt appeared before a committee of this House through a statement read by a Mr. Rand, of the city of New York, who was discussing some bill pending before that committee, and made the charge that there are officials of this Government who are deliberately attempting to thwart the measures of reform and recovery proposed by the President of the United States, with the hope that they could continue the destitution which has prevailed in many parts of this country for the last 3 or 4 years and thus bring about a revolution or a change in the form of our Government. That is all that is important in this statement, and that is what this resolution proposes to investigate. If there is any official, whether high or low, who has entertained those sentiments, or who, as an official of this Government, is seeking to bring about that condition of affairs, then it is time that the administration and the Congress and the country should know his name.

If it should be disclosed that there is such an official—and I do not believe there is one—it is clear that he has no place in the employ of the Federal Government. Somebody said a moment ago that we were seeking to dignify Dr. Wirt. That is incorrect. This is not a proposition to appoint a committee to summon witnesses and put them on oath to testify as to whether or not, in their opinion, the plan and the policies of the administration have been efficacious or for the benefit of the country. Those are matters that can be discussed by Members upon the floor and by other persons upon the stump and the platform and through the newspapers. What we are seeking to do is simply to summon Dr. Wirt before a special committee and put him under oath and ask him what officials have been carrying on this sort of propaganda.

I say to my friend from Kansas that if he had read this resolution carefully and compared it with the original reso-

lution introduced by the gentleman from North Carolina [Mr. BULWINKLE] he would have found that this resolution is broader in its scope, because it undertakes to direct the committee to bring before it all officials or other persons alleged by Dr. Wirt to have given him this information: "or to be connected in any way with said activity." In addition to that it provides:

> And to summon and examine such other witnesses and make such further investigation in connection with such statements and the reasons and persons actuating the same as the committee in its discretion may deem advisable.

How much broader could this resolution be made? Talk about its being cowardly! A Democratic Congress, a Democratic committee, I say to the gentleman, has proposed this investigation to find those persons if they exist in this administration who are acting treasonably toward our Government.

There is no disposition to cover up anything. On the contrary we want brought to the attention of the public and the country those persons who are guilty of that sort of conduct. We want to bring them into the open so that they can be dealt with as the law provides, and also dealt with by the administration as seems necessary and proper under the circumstances.

Mr. O'CONNOR. Can the gentleman imagine a resolutions like this coming out of a Republican Committee on Rules if there were a Republican administration in Washington?

Mr. BYRNS. I never heard of any such resolution.

Mr. MAPES. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. MAPES. Just as a matter of interpretation of the language which was discussed somewhat in the Committee on Rules, I would like to ask the distinguished gentleman from Tennessee if it is his interpretation of the last clause of section 2 that this committee will be empowered under that clause to call anyone it sees fit to call, who may have information as to whether or not there are men answering the description of the charges made by Dr. Wirt in the Government service?

Mr. BYRNS. I do not think there is any question about it, because it distinctly says, "such other witnesses and make such further investigation in connection with such statements and the reasons and persons actuating the same as the committee in its discretion may deem advisable." I do not see how the resolution could possibly have been made broader in its scope.

Mr. MAPES. I am inclined to agree with the gentleman's interpretation of it.

[Here the gavel fell.]

Mr. KVALE. Will the gentleman yield the gentleman 1 additional minute in order that I may ask a question?

Mr. O'CONNOR. I yield the gentleman 1 additional minute.

Mr. KVALE. The committee is not going to start out on the assumption that those charges are true and are founded on sworn statements, rather than on perhaps jocular, lighthearted statements, humorous statements which have been bandied from mouth to mouth in Washington for months and which have ceased to be funny any longer. Is not the committee going to inquire into the truth or merit of the charges before they take up the charges as something serious and warranting the most careful investigation?

Mr. BYRNS. Undoubtedly. I take it that any committee that is appointed under this resolution will follow that course. I stated that, in my judgment, they would not be able to find any responsible person who had made any such statements, but if there is any person connected with this Government or elsewhere who has been making that kind of a statement, or who is guilty of that sort of conduct, they ought to be exposed.

[Here the gavel fell.]

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from Pennsylvania [Mr. MCFADDEN].

Mr. MCFADDEN. Mr. Speaker, I am not interested in Dr. Wirt or Mr. Rand, or these other gentlemen who have been mentioned. I am only interested in the subject of this controversy. There is much to convince us here that there is a situation existing here in the departments of Government like never existed heretofore, and that it is known to many Members of Congress. I appeared before the Committee on Rules this morning, where this resolution was up, because I felt this resolution was a narrow resolution and would not permit a thorough examination of this important subject. I still think that this resolution, if the committee that is appointed so desires, can narrow this examination strictly to Dr. Wirt and the men he may name. It would be a tremendous mistake if that were the case. I believe there are many people who have information on this subject, and some are Members of Congress. That was the reason why I asked the members of the Rules Committee this morning whether or not, under this resolution, it would be possible for Members of Congress who might want to submit information to this committee on this particular subject to be heard. As I understand it, I was given assurance that Members of Congress could appear with material information on this particular subject before the to be appointed committee.

Mr. O'CONNOR. Will the gentleman yield right there?

Mr. MCFADDEN. I am sorry, but I do not have time.

Mr. O'CONNOR. I will yield the gentleman 1 additional minute just to correct the gentleman.

Mr. MCFADDEN. I yield.

Mr. O'CONNOR. The gentleman asked me the question. What I said was this, that the gentleman knew from his long experience, that the committee could hear anybody the committee saw fit to hear; that naturally the whole world could not walk in before the committee. It was for the committee to decide, and I did not know what the committee would do; that the gentleman knew how to present his case to the committee. I gave the gentleman no assurance that a definite date was set for him to make a speech before the committee about the international bankers, or what not.

Mr. MCFADDEN. I will say the gentleman did not have anything like that in mind. The gentleman was serious about this question, and we all know, who are familiar with what has been taking place at the special session and at this session of Congress, that there is in nearly all these Government departments, particularly the Department of Agriculture, State and Justice Departments, and also in the various alphabetical bureaus, a group of men who have theories of government which are contrary to constitutional government, and that they are in places of high position and authority, and they have had much to do with the drafting of legislation and in this drafting they have had outside assistance from persons of their type and who are consulted privately. Such legislation has been enacted as a result of such preparation by the so-called "brain trust" and their conferees; and frequently sent to this House with Presidential and department head approval, and jammed through under this kind of pressure by both Houses of Congress, with hardly an opportunity for the Members of Congress to read the bills, let alone properly discuss them.

So I say there are in this Government men who have theories of government which are contrary to our form of government, and it smacks a bit of a definite plan when you take into consideration the utterances of these men—and I mention specifically Secretary of Agriculture Wallace, and I mention Under Secretary of Agriculture Mr. Tugwell and there are several more whose voice in the press and whose activities in their particular departments, indicate that they are working toward a definite plan to establish in the United States a form of government other than constitutional government.

I cite in further proof of that, that the Secretary of Agriculture is putting out a series of syndicated articles one of which was recently published, "America Must Choose", which is copyrighted by the Foreign Policy Association. The Foreign Policy Association was organized by a group of men headed by Felix Frankfurter. Mr. Frankfurter is prominent in the activities of this particular liberal group

and is one of the chief advisers of the Bureau of the Budget, the N.R.A., and other departments where his keymen are located.

I am reliably informed that the Foreign Policy Association of New York is closely allied with similar movements in England, such as the Political Economic Plan, of which Felix Frankfurter is a very active member.

Those of you who will take particular time to examine into that plan will see beyond a question of doubt, I think, that these men who are known to us as Moley, Tugwell, Wallace, Bullitt, Frank, Landis, and Cohen are planning according to the line of the political economic plan now in operation under a secret organization in Great Britain; and it is, I may say to you, the corporate form of government, the guild form of government, similar to the form that has been set up in Italy, Russia, Austria, and just the opposite to parliamentary form of government, such as ours.

And may I say that those who are back of the political economic plan in England are driving to substitute their plan of government in England at the present time. And if they succeed, parliamentary government in Britain will pass out. There is much to indicate that this English group are in close working touch with the "brain trust" here.

Mr. O'CONNOR. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the adoption or rejection of the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. WARREN. Mr. Speaker, I offer a privileged resolution from the Committee on Accounts and ask its immediate consideration.

The Clerk read the resolution, as follows:

House Resolution 314

Resolved, That the expenses of the investigation by the select committee created by H.Res. 317, not to exceed $500, including expenditures for the employment of clerical and stenographic assistants, shall be paid out of the contingent fund of the House on vouchers authorized by such committee, signed by the chairman thereof, and approved by the Committee on Accounts.

With the following committee amendment:

SEC. 2. That the official committee reporters shall serve said committee at its meetings in the District of Columbia.

Mr. SNELL. What is the amount provided by the resolution?

Mr. WARREN. Five hundred dollars.

The SPEAKER. The question is on the committee amendment.

The committee amendment was agreed to.

The resolution was agreed to.

TO AMEND THE TARIFF ACT OF 1930

Mr. WHITE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. WHITE. Mr. Speaker, in considering the constructive legislation designed in this bill to place in the hands of the President the power to promote the general welfare by expanding foreign trade, I desire to include in my remarks the following editorial statement made by Mr. Don C. D. Moore, of the Northern Idaho News. Mr. Moore is one of the ablest editorial writers on national issues in the Northwest.

[From the Northern Idaho News]

WOULD FREE CHANNELS OF INTERNATIONAL TRADE

In the course of his recent appearance before the Ways and Means Committee of the House of Representatives Secretary of State Hull gave some very cogent reasons for the passage of the House resolution granting the President authority to negotiate tariff treaties with foreign nations, and to embody in such treaties changes in the tariff rates within the limitations of 50-percent increase or 50-percent reduction, with no articles to be taken from the free list and none to be added to it.

A few Republicans have been making pretensions that that grant of power is unprecedented. But such is not the case. Francis B. Sayre, Assistant Secretary of State, and a professor of law at Harvard, states that similar powers were exercised by President Adams, by President Jackson, by Polk, Lincoln, Johnson, Grant, and Hays—altogether a rather impressive group sufficiently convincing that the proposal is not a novel thing in our governmental policy. And the Supreme Court has upheld such discretionary grants of authority.

Moreover, most foreign governments have invested in their cabinets authority of the same kind. The majority of the European countries, including Great Britain, and a fair proportion of the South American Republics are likewise in position to negotiate treaties on tariff rates and give assurances that they will be put into force.

The reason for the desire to exercise the authority lies in the fact that it will be an immense saver of time. Should the President proceed with treaty negotiations in the customary way, the treaties, after they have been negotiated would have to go to the Senate and they would repose there for Heaven knows how long, as deliberateness is one characteristic of senatorial procedure. Maybe there would be reservations or amendments that would require new negotiations. It would likely be between 1 and 2 years before the treaties could be put into effect, if at all.

Although at the time that Ogden L. Mills, former Secretary of the Treasury, delivered his notable Topeka address, the President had not formally requested the authority mentioned above, yet Mr. Mills gave, in different form, reasons of the same kind as Secretary Hull. For example, Mr. Mills' Topeka address contained the following:

"If we exclude cotton (exports of which were at the pre-war level), the volume of agricultural exports from this country in 1932–33 was but 64 percent of the pre-war volume. In 1932 we exported only 32,000,000 bushels of wheat as compared with an average of 110,000,000 during the 1909–1913 period, and 190,000,000 average during 1921–25.

"Wheat imports of France, Germany, and Italy fell from 232,000,000 bushels in 1928–29 to 47,000,000 in 1932–33.

"Exports of pork have fallen from an average of 309,000,000 pounds in the period 1910–14 to 111,000,000 in 1932–33, while exports of lard have fallen from an average of 722,000,000 pounds in the years 1926–30 to 560,000,000 in 1932–33.

"* * * Today, with the exception of cotton, all of our agricultural export products are suffering severely from foreign restrictions. * * * It is clear that we must produce less and we must sell more."

That, from one of the Republican leaders, could just as well have been uttered by one of the present administration, as it directly supports the proposal of the President and Secretary Hull and Secretary Peek.

Secretary Hull, in his statement to the Ways and Means Committee, points out that, if world trade had continued its increase at the same rate as it was increasing prior to the World War, the amount of the trade of the world at the present time would be $50,000,000,000 annually instead of 25 percent of that amount. The policy of national isolation, which has produced high tariffs and trade restrictions, has brought a drop of 75 percent in the world's exchange of goods.

As Mr. Hull observes—

"The theory that to shut out international trade results in increase of the sum total of domestic trade is dispelled by all the facts and figures.

"In our domestic business situation the business index fell from 112.9 in 1929 to 63 in 1933, while our domestic or national income produced fell from $83,037,000,000 to $38,349,000,000 in 1933.

"Instead of increasing as our foreign trade decreased, our domestic trade decreased at a similar huge rate."

The theory, therefore, that by destroying our foreign trade we can increase our domestic trade has been exploded by actual test in the laboratory of experience. Perhaps the policy of destroying our foreign trade, in the expectation of benefiting domestic trade, might not have been so disastrous had economic conditions the world over not been so unfavorable. Yet at a time when we needed its benefits the most it failed the worst.

"NO ENTANGLING ALLIANCES!" THROUGH PARTICIPATION IN THE LEAGUE OF NATIONS

Mr. BEITER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. BEITER. Mr. Speaker, I am glad to note that the Washington Times has for several weeks sponsored a movement against the participation in the League of Nations and World Court.

I now want to discuss for a while the problem of war, because it is one of the most vital and important problems the American people have to confront. Every mother in the country has to realize the meaning of war and knows that her flesh and blood may have to pay a sad price. She knows that when her boy answers the call and goes to war, somebody is going to make money out of that boy's life. Therein lies one of the most sordid and horrible aspects of this whole sad business of war. It is an outrage on humanity that men should be permitted to coin the human sacrifices of war into private profits.

No one claims that such profiteering is patriotic, or even decent. It is an outlaw. It stands condemned at the bar of an enlightened public opinion. Then why do we hesitate to adopt a policy that would prevent the United States participating in the League of Nations or in the World Court of the League of Nations, with or without reservations? Why do we hesitate to adopt a policy that would keep the United States "free from foreign entanglements"? Why do we hesitate to adopt a policy to keep our Government from meddling in foreign affairs, and to keep foreign nations from meddling in our American affairs?

I quote from Washington's Farewell Address:

"Why quit our own to stand upon foreign ground? Why, by interweaving our destiny with that of any part of Europe, entangle our peace and prosperity in the toils of European ambition, rivalship, interest, humor, or caprice??"

Mr. Speaker, the Covenant of the League of Nations represents no new experiment in the maintenance of international peace. The Hague Peace Conventions, one in 1899 at which 26 powers were represented, and another in 1909 attended by 44 powers, instituted international courts of arbitration, and the Conference of 1907 agreed to "compulsory arbitration without any restriction" in the interpretation and application of international agreements. This Conference, at which practically the entire world was represented, unanimously declared their "firm determination to cooperate in the maintenance of general peace."

Notwithstanding this firm determination, and in spite of the age-long struggle to banish war, the nations that participated in the Hague conventions were, within 7 years, at each other's throats, and the most terrible war of all history raged for 4 terrifying and devastating years.

Have men and nations so changed within the last few years that we can count upon the successful establishment of a new order throughout the world? Have plans that have been tried again and again acquired some new and magical potency? Is the quest for universal peace at last happily and eternally ended?

There is nothing in the Covenant of the League of Nations to assure us of this gratifying consummation. In fact, the document itself affords evidence of the expectation of future wars in the very means that are set up to punish a resort to arms.

And here is where the constitution of the League of Nations has serious import for the United States. The program of the League is predicated upon the outbreak of future war and prescribes the duties and obligations of the members of the League in such an event. It stipulates that the disregarding of its Covenants will be regarded as an act of war and empowers its Executive Council in such cases to recommend what effective military or naval force the members of the League shall contribute to protect the Covenants of the League.

In joining the League, the United States would become bound to equip and dispatch a military or naval force at the summons of the Executive Council of the League, no matter how remote the seat of trouble or how foreign the dispute is to our people or the interests of our Government.

There are myriad possibilities for trouble. All central Europe and much of Asia are seething with turmoil and unrest. If the help of America is needed, it will be freely given, but we have the right to ask Europe and Asia to adjust their own troubles and put their houses in order.

So long as we retain the spirit of Chateau-Thierry, of Belleau Wood, and of the Forest of the Argonne, no power on earth will break loose in the madness of war without first taking into most serious and respectful consideration the possible action of the United States.

It is not a written covenant between various nations that will guarantee the peace of the world. More potent far are the lesson of Germany's utter failure and the memory of what our boys did over there. The only security for the peace of the world is the power of the nations that believe in peace and that have demonstrated that they can enforce it. We are able to enforce peace now; but with our soldiers scattered to the four quarters of the globe doing police duty for the protection of the possessions of the other members of the League, the American Eagle would soon lose his sharp beak and talons and come to resemble a bird of the barnyard variety.

By the European War Great Britain has added to her Empire, either by annexation or by protectorates and mandates, a territory of 3,972,000 square miles—a domain larger than continental Europe—with a population of 51,000,000 people. America has acquired nothing except a war debt of $23,000,000,000 and a war expense of $50,000,000,000, but the first open suggestion that America cancel her war loans to Europe, amounting to $10,000,000,000, on which the interest alone amounts to $1,000,000 a day, comes from England, the only country that has profited hugely as a result of the war.

Great Britain today stands the dominant power in Asia and Africa and on the Continent of North America holds more territory than is represented in the combined area of the United States and Alaska. The aggregate area of the British Empire is one fourth the land surface of the globe, totaling 15,000,000 square miles, a territory nine times larger than the Roman Empire at the height of its glory. It is the boundaries of this vast Empire which the United States, under the League of Nations, would be obliged to defend against external aggression, which, in the opinion of the Council, amounts even to a threat of war affecting the peace of nations.

Wherever the British flag flies over a subject people today, trouble is brewing. Ireland is an armed camp. Three hundred and fifty million inhabitants of India are stirring to shake off the yoke. Egypt, betrayed into the passive acceptance of a protectorate, is in open revolt. Is there no lesson for America in these facts?

There is one agency to which Great Britain may look for aid in holding her rebellious subjects in check, and that agency is the League of Nations. America, in her newly acquired role of lackey and burden bearer for the nations of Europe, forgetting the wise counsel of Washington regarding foreign entanglements, by entrance into the League would put the yoke around her neck and be compelled to send the best she breeds to the far-flung battle lines of British conquest and domination.

Like the Holy Alliance of 1815, the Covenant of the League of Nations is couched in the language of idealism and peace. But like the Holy Alliance, it will be used for the suppression of nationalities and the prosecution of oppressive warfare.

The Conference for the Limitation of Armaments has given the United States more and greater advantages than were offered in the Covenant of the League of Nations. Why, then, should participation in the League be considered necessary or advisable?

RECIPROCAL TRADE AGREEMENTS SHOULD BAR PRODUCTS OF DESERTING AMERICAN MANUFACTURERS

Mr. O'MALLEY. Mr. Speaker, I ask unanimous consent to extend my remarks on the amendment I offered to the tariff bill, and to include therein some figures upon American manufacturers who moved abroad.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. O'MALLEY. Mr. Speaker, under leave to extend my remarks in connection with the amendment I offered to H.R. 8687, a bill to amend the Tariff Act of 1930, providing for reciprocal trade agreements, I offered my amendment to try and alleviate a situation brought about by our industrialists which is responsible in my opinion for at least one third of the unemployment in the United States.

When these foreign-trade agreements are negotiated or entered into, if my amendment were adopted to the present tariff act, it would make it impossible for any reciprocal-trade agreement to embody any feature permitting shipment back into the United States of any article manufactured or produced by a foreign subsidiary of an American manufacturer with factories and production facilities in foreign countries. This seems to me to be a fair proposition, inas-

much as the American industrialist who has stayed in this country, kept his investments here, and employs American labor should be guaranteed that his competitor who has built plants in foreign countries shall not be allowed to more advantageously compete with him for our American market. This is especially so, where many American industries have emigrated to other lands, leaving thousands upon thousands of their American workmen as burdens upon Federal, State, and local relief agencies.

Few people realize that the desertion of American industry to foreign shores has been one of the major causes of our depression. A few figures will substantiate the fact that the tremendous amount of American capital that has gone abroad since 1929 has a direct bearing upon the great increase in unemployment here in this country. According to the Department of Commerce, American direct investments in foreign countries reached the amazing total of $7,997,000,000 in 1932. This was an increase of nearly $5,000,000,000 since the beginning of 1929. Is it any wonder that thousands of American workmen walk the streets of our country looking for employment when this great sum of money invested in industry has been transferred from our country to Canada and Europe to build and equip foreign factories?

Early in the special session of the Seventy-third Congress, as a means of forcing these deserting American industrialists to bear some of the burdens of recovery, I introduced House Joint Resolution 161, proposing an amendment to the Income Tax Act of 1932, providing for an emergency surtax of 50 percent on the net income of all foreign subsidiaries of American corporations, individuals, partnerships, or manufacturers. My purpose in introducing this amendment to the income tax law was to compel these industrialists who had deserted our country in its time of need to bear their just share of the expense of supporting, on relief rolls, those of their former employees who were deprived of employment by the almost-wholesale desertion of American capital and industry to foreign countries. If this proposal of mine to amend the income tax laws had been adopted by the Ways and Means Committee, an emergency recovery revenue of close to $500,000,000 would be raised for the Federal Treasury. This would go a long way toward paying the interest and financing charges on the billions of dollars we have found necessary to authorize through bond issues for the purpose of providing "made" work for our unemployed fellow citizens.

It is a sad commentary upon the patriotism of American capital to know that at the critical time, when every job in America is needed to ease the burden of unemployment, hundreds of American manufacturers moved to Canada and Europe with all their equipment, producing their products in those foreign countries and employing foreign workers in place of the American workers once employed by them here at home. These industries made their profits and grew to their gigantic size here in America through the support and purchases of American citizens. To desert us when employment is America's greatest need, is reminiscent of the cowardice of a captain who would desert his ship in a storm.

Many times previously I have stated that I favored a revised system of taxation that would make American manufacturers with foreign plants, employing foreign labor, pay a higher rate of taxes upon their profits than the manufacturer with his entire industry within our borders. In that way we fairly and directly face the issue and say to those who desert us in our difficult times when the problem of unemployment is greatest, "Either come back here and make jobs for Americans who need them or get out entirely so that loyal American industrialists with all their investments and production equipment in this country can get all of America's domestic business." The last 4 years has been no time for dollar patriots, and this should be an unfriendly country to the industrialist who thinks much more of profits than of whether or not our American economic welfare is improved and preserved. Only last year, in the course of my researches upon this question of American industry fleeing to foreign countries in the face of unsettled economic weather here at home, I picked up a magazine called "Industrial Business in Canada." I found listed in its pages the astonishing total of more than 500 American manufacturers who had built plants in Canada between the years 1930 and 1932. In addition to that striking illustration of the need for a definite policy of taxation aimed to fairly adjust the cost of caring for our unemployed between the manufacturer who stays here at home and the one who deserts to foreign shores, I received in the mail a circular entitled "The Culmination to Four Years of a Steadily Increasing Business", put out by the Hoover Electric Cleaner Co. In the pages of this circular was printed a rather astonishing letter, considering the fact that this company saw its inception and made its numerous profits here in America before transferring a portion of its industrial activity to England. The letter states, and I quote certain extracts:

> At this moment in the history of Hoover, Ltd., an important moment to us with the establishment of our factory in England, coming as the culmination of 4 years' steadily increasing business.

The letter concludes with the statement that—

> The people who state that prosperity is just around the corner have been laughed at lately, but we are inclined to think that prosperity is around the corner if you know which corner to look around.

Yes; prosperity for England and English workers was around the corner for this company and hundreds of others who have transferred their industrial activities abroad. But that prosperity for these foreign nations has been accompanied by depression and unemployment for our own American citizens, and this unemployment and depression, caused partially by the flight of American industry to other countries, should be paid for through a system of taxation assessed against these deserting American capitalists.

My purpose in offering this amendment to the Reciprocal Tariff Act is to specifically provide that no foreign nation, in negotiating a reciprocal-trade agreement with the United States, shall be allowed to permit these deserting American industrialists to import back into this country the goods manufactured by them in their foreign subsidiaries which will come into competition in our domestic market with the products of our loyal manufacturers who have stayed in this country, despite the difficult times. I regret that the House by its vote has not seen fit to adopt my amendment, since it cannot harm this tariff bill in any way but would make it clear and unmistakable that the American market belongs first to the American manufacturer with all his resources and capital invested in this country insofar as we can help him to get that market; and, secondly, my amendment closes a loophole against those profit-hungry deserters who have thought more of dividends upon their investments than of the welfare, employment, and economic happiness of our American citizens, who, through their purchases, made possible the growth of many of these great corporations now entrenched and producing their products abroad.

LET US KNOW EXACTLY WHO IS BEHIND DR. WIRT

Mr. SABATH. Mr. Speaker, I ask unanimous consent to extend my remarks on the resolution just passed.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. SABATH. Mr. Speaker, ladies and gentlemen of the House, since I recently questioned the underlying motives of Dr. Wirt's ridiculous charge of communism against the Roosevelt administration, I have received many letters upbraiding me for my expressed opinion. If the Republican leaders and the Republican press had not utilized these silly Wirt charges for the purpose of creating prejudice against the honest efforts of President Roosevelt, I would have advised that Dr. Wirt's statements be ignored. But, in view of the situation that has now arisen, I believe that the resolution of investigation (H.Res. 313) should be passed. In fact, I advocated, while the resolution was before the Rules Committee, that its scope be broadened so that we might obtain all the facts and underlying motives for this Wirt anti-Democratic publicity.

I am satisfied that a thorough investigation will show that there is no foundation or justification for Professor Wirt's

statement; that it was made upon the instigation of the iniquitous Steel Trust. Personally I should prefer that the evidence to be disclosed reveal that such is not the case and that it was only a loose statement resulting from too much imbibed spiritual inspirations, which we all know sometimes cause men to talk recklessly.

Professor Wirt is at the present time the head of the public schools at Gary, Ind. To anybody who knows conditions in that city this fact is very significant. Gary is controlled from cellar to garret by the Steel Trust. No man can hold the least important position there unless he is 100 percent satisfactory to the Steel Trust. President Roosevelt is not satisfactory to the Steel Trust because it cannot control him.

Mr. Speaker, it is amazing to what extent the trust-controlled Republican Party and the Republican press are willing to go to destroy the praiseworthy achievements of President Roosevelt and to harass him in his noble quests for further and early betterment of conditions of our righteous citizenry.

As I stated on the floor of this House the other day, President Roosevelt, on the day he was inaugurated, was confronted with the gravest situation that ever faced our country in any peace-time period in the entire history of our Nation. Allow me again briefly to picture the terrible conditions that existed on that fateful March 4, 1933, and indicate some of the accomplishments of our most resourceful Chief Executive in the short space of 1 year:

REVOLUTION WAS IN THE OFFING

Sixteen million people were out of work. Hundreds of thousands of hungry; yes, starving men and women marched through our streets to city halls, county institutions, and to our State capitols, demanding work and food. More than 75 percent of our plants and factories were closed, and those that still remained open worked only 2 or 3 days a week, working only 20 to 30 percent of the time. Men fortunate enough to be employed at all were paid as little as $1 per day, and thousands of women $3 per week. More than 50 percent of the stores were closed, manufacturing businesses were thrown into receivers' hands in bankruptcy. Homes were being foreclosed, tenants evicted, States and municipalities not able to feed the hungry or proceed with started works—unable to pay the employees. Schools were being closed, and children turned out on our streets. In many States court orders were ignored, and discontentment and resentment reigned through our land, and anarchy and bolshevism grew. Depositors' life savings gone; despair on every side; insane institutions and poorhouses overcrowded; suicides in all walks of life; banks closed, their capital impaired; and insurance companies insolvent, all due to Republican misrule. These all were the handiwork of the well-known Wall Street.

Such was the trail of desolation and despair that marked the end of the "old deal" under the administrations of Harding, Coolidge, and Hoover.

THEN CAME THE NEW DEAL

As I say, these were the conditions on March 4, 1933, when President Roosevelt was inaugurated.

President Roosevelt immediately set forth to save the country. In his effort to bring relief to the Nation, the President, within a few days after taking office, called a special session of Congress, recommending legislation to stop discord, reestablish confidence, bring about the reemployment of the millions of American wage earners, the reopening of our plants and factories, eliminate the criminal extravagance that was practiced by former Republican administrations, bring about economy, and, if in any way possible, balance the Budget. Since that day many of his recommendations have been enacted into law, and all have tended, as I shall show, to rehabilitate and to reconstruct the wreck and ruin brought about by the former Republican mismanagement and misrule.

DEMOCRATIC ACCOMPLISHMENTS UNDER ROOSEVELT

First. Owing to President Roosevelt's economy program nearly a billion dollars annually will be saved to the Nation.

Second. Repeal of prohibition, which has resulted in millions of taxes going into the Treasury instead of to the bootleggers and racketeers.

Third. Tottering banks have been placed on a firm foundation.

Fourth. Food, clothing, fuel, and shelter have been provided for millions of helpless and needy people through C.W.A. work.

Fifth. Thousands of young men, unable to obtain employment, have found health and usefulness through Civilian Conservation Corps camps.

Sixth. Millions have been put back to work through the National Recovery Act.

Seventh. Funds provided for Public Works building program have put additional millions back to work.

Eighth. Child labor has been practically abolished.

Ninth. A successful campaign has been carried on against crime and racketeering.

Tenth. Machinery has been put in motion to adjust employment differences between employers and employees, and serious trouble has been avoided.

Eleventh. The cancelation of fraudulent air-mail contracts.

Twelfth. Fraud upon the public, such as perpetrated in the sale of fraudulent securities, has been stopped by the Federal Securities Act.

Thirteenth. Thousands upon thousands of home owners have saved their homes through the establishment of the Home Owners' Loan Corporation.

Fourteenth. Depositors in banks now have their savings insured and protected.

Fifteenth. Farm relief has been passed by Congress, affording loans to farmers and preventing foreclosure of mortgages. The farmer today is getting more for his products, enabling him to buy manufactured products, which is bound to give additional employment to the workers in our factories and mills.

Sixteenth. Loans have been made to States for unemployment relief and further moneys have been loaned to cities and States for construction, road, and building projects, resulting in the employment of millions and saving them from being placed on relief rolls.

Seventeenth. The devaluation of gold by President Roosevelt was a masterful stroke of statesmanship, immeasurably helping the Nation toward recovery.

Eighteenth. The refinancing of Government indebtedness has saved the country millions of dollars in interest.

Nineteenth. The passage of the Muscle Shoals legislation insures the freedom of the farmer and industry from the dominance of the Power and Fertilizer Trusts, and will insure an adequate supply of munitions of war.

I have gratifyingly supported the President in effecting the passage of all this legislation.

THE PRESIDENT AND CONGRESS ARE FIGHTING FOR THE MASSES

In addition to all the things that the President has already accomplished, there are other things he is doing with the aid of Congress to aid reemployment:

First. Encouraging foreign trade to make more work for our factories.

Second. To create and establish Federal discount banks or some Federal banking medium that will make loans to the small business man or manufacturer so his business can be kept going and more workmen employed.

Third. The building of housing centers in large cities—and Chicago will be one of the first—which will give work to thousands in razing old buildings and give employment to additional thousands in the building trades in the erection of new buildings.

Fourth. The investigation of the misnamed "protective bondholders' committees", the receivership and bankruptcy rings.

Fifth. The administration and Congress will do their utmost to increase employment and will provide various means of help to relieve people until private business and industry can give them work.

Sixth. The President has already announced himself as in favor of some practical form of old-age pensions which will take care of the needy and aged in their declining days.

Seventh. It is also probable that Congress may soon enact some form of legislation respecting silver that will work to the advantage both of the farmer and the wage earner.

These are but a few of the accomplishments and aims of the President and the Congress. I am proud as a Member of this House to have modestly aided in these things for the relief of the people, and I will continue to do all in my power to bring back better times.

RECOVERY FIGHT IS STEADILY WINNING

Mr. Speaker, ladies, and gentlemen, many other recommendations await the action of the Democratic Congress, which recommendations, I am satisfied, will shortly be enacted into law.

That business as well as reemployment is advancing is even admitted by this Professor Wirt, as the Steel Trust reports tremendous increases in its business. Every day the financial pages of all newspapers show that many industries have turned from losses in 1930, 1931, and 1932 to gains and profits in 1933, and have increased employment immeasurably, in contrast with the decrease of employment in 1930, 1931, and 1932. President Roosevelt, in his program to effect these necessary and marvelous achievements, has surrounded himself with the brainiest men obtainable, who are laboring under his direction day and night for a mere pittance. These are patriotic men whom the vested interests cannot influence or sway, and whose brains and services nobody can improperly purchase, because they are honest and honorable men, with unsullied rectitude of purpose, having the best interests of the Nation at heart, and whose patriotism it is a shame to question.

No, Mr. Speaker, ladies and gentlemen, they are rendering real efficient service to the people of the country, and whatever danger there is to the Nation and our institutions and our Government comes from the avaricious, greedy coterie of selfish financiers and industrial leaders, who, through their hirelings, professional lobbyists, and propagandists, are determined to secure complete control so that they may reenthrone the dastardly practices which fell with such devastating effect upon our beloved country. Never before has the Capital been infested with a greater number of the most efficient, high-powered lobbyists than it has harbored in the last 3 months, hiding behind the various organizations and associations they have formed under the various high-faluting, innocent-sounding names that have flooded the Nation, and especially the Capital, with the most shameful propaganda in the history of our Nation. The propaganda against stock-exchange control, against the Wagner bill, unemployment insurance, and old-age pensions has assumed unbelievable proportions.

In 1929 each and every seat on the New York Stock Exchange sold for as much as $650,000, while today the privilege to sit in that gambling den has fallen to $100,000 each. It shows that rake-off has diminished, and consequently they are stopping at nothing in their desperation to delay, yes, and to defeat this proposed beneficial legislation, and in despair they are using otherwise well-meaning men and women in every walk of life. Now, Mr. Speaker, ladies, and gentlemen, there is nothing to be feared from honest, sincere, and patriotic men, but there is something to be feared with these profiteers, racketeers, manipulators; and whatever danger there is, is on the part of those of the Republican Party whom the President felt he could trust, but many of whom are not in sympathy with his program and are undermining his efforts. The sooner he purges himself of these unworthies, the easier he will be able to accomplish his aims and the better it will be for the Nation. Republicans have been in control and in positions of trust for 12 years. They have repeatedly demonstrated they have not the interest of the people at heart. They cannot be trusted; they cannot be depended upon. I urge the President, for his own sake, for the country's sake, to get rid of those who are not in accord with his policies. Then, and not until then, will he attain his accomplishments and the good and well-being of 124,000,000 American people, who trust and have implicit confidence in him. Do not permit a few selfish bankers and their agents, the Wall Street wolves in sheep's clothing, to deceive you, Mr. President, as they did Presidents Coolidge and Hoover.

Mr. Speaker, a few weeks ago a particularly vicious attack was made upon the President and the Postmaster General because the Postmaster General had canceled the fraudulent air-mail contracts, which cancelation was ordered upon the advice and assurance of the War Department, not from the so-called "brain trust", but the War Department, I repeat, to whom the Postmaster General assigned the continuation of that service. I concede that it would have been more prudent if the Postmaster General had not relied upon General Foulois' assurance and had satisfied himself in his usual way that the Army Air Service was equipped to handle the situation; but having the right to believe in their knowledge and judgment, he assigned the activities to them. Had not the Postmaster General the best interest of the country at heart, or had he been political-minded, he could have permitted these fraudulent contracts to remain in force and have waited for better weather conditions before taking the action that he did. And because, unfortunately, 13 Army flyers have lost their lives, which I greatly deplore, and which General Foulois states is not extreme and is really below the number of lives that have been lost in the flying of private and commercial planes in the same period, the Republican leaders carried on an inspired crusade such as has very seldom been witnessed before, even charging the administration with legalized murder.

It is indeed most astounding that these very men that were jumping up to attack the President and Postmaster General from day to day on the floor of the House were the very ones who defended the makers of the Republican-built dirigible *Akron* whose collapse destroyed the lives of 54 courageous and brave men, including that great admiral, William A. Moffett. But the effect of that catastrophe had abated, and new attacks perforce must be made upon the Roosevelt administration.

So this Dr. Wirt is discovered and, in their desperation, the Republican publicity racketeers are frantically endeavoring to assail and besmirch the names and characters of the efficient, patriotic, and capable young men who, for a mere pittance, are giving their all to aid President Roosevelt in his effort to reestablish and rebuild what has been destroyed by the very financial and industrial leaders whom these same publicity assassins are now serving.

As a reward for their patriotic services the President's assistants are being branded as traitors. I concede, Mr. Speaker, that I am not a financial expert or an economist; but by the eternal gods, God has given me some horse sense and I yield to no one in patriotism and love of my country, and I would not hestitate this very minute to give my all, yes, my life, if need be, for the preservation of our Democratic form of Government.

I wish I were possessed of such power of speech and knowledge of the language that I could express my true sentiments against this unmanly attempted assassination of men of real character and sterling patriotism who, I am satisfied in my heart, far excel in patriotism and love of country those who for contemptible political reasons are now attacking them. It seems to me that the Republican Party and its leaders, who have been and still are domineered by the Banking and Steel, and other "steal" Trusts and vested interests, are not familiar with anything but the great corporations and trusts. They are as a class deaf and blind to the misery and despair that they have brought upon millions of men, women, and children of this country. No one is so blind as he who absolutely refuses to see. In Republican desperation to regain power the Republican publicity agents are trying to create in the public mind one more trust, namely, the "brain trust" which they are endeavoring to "sell" to the country, realizing that

they cannot use it or control it for the advantage and benefit of their Wall Street masters.

For years the vested interests have combed the country and hired and acquired and are now utilizing the outstanding brainiest and the most efficient men they can obtain to serve their purpose of fooling the people. It is generally known that they have had, and now have on their pay rolls, professors of many universities, economists, and expert publicists. In justice to some of them, at least, I will say that I believe they are serving big business principally because of desperation, fear, and intimidation. On the other hand, when President Roosevelt obtained the services of a few of the best of these patriotic men to enable him to carry out his ideals and plans, those patriots are subjected to the most shameful villification and abuse.

Mr. Speaker, ladies and gentlemen of the House, I am for the widest possible investigation and, as I have stated on the floor before, if there are any men holding public positions who are not in full accord with the President's program, policies, and principles, let us here and the country at large know who they are, and I will be the first one to insist on their separation from the public service.

Some months ago I called President Roosevelt's attention to the fact that there are many men still in key positions that I am satisfied are not in sympathy with or in accord with his views. Those are men who were inherited from former Republican administrations, many of whom were placed there to serve the interests of the Republican Party but not our country's best interests. Those interests contributed millions toward Hoover's election and for his campaign for reelection; and I fear, as I have stated before, their appointees still in office do not cooperate with and are not helpful but are detrimental to the present honest, efficient, economic Democratic administration.

Yes, Mr. Speaker, let us have the truth; let us identify the selfish and disloyal. Let us not stop half-way. Let there be a thorough investigation, not only of those in the Government service, but of those who, because they cannot control, are willing to destroy the Government. Let us ascertain to what extent the stock exchange, the high financiers, and each of the big industries not only inspire but finance these vicious propagandas against our President and our Government.

Mr. Hearst and his papers rendered the country a great service a few years ago in unmasking the machinations and activities of the Power Trust, wherein evidence was disclosed that they used our universities, colleges, and schools for their unholy work. Today there are still greater opportunities for all truly great newspapers. There is a real duty to be performed, and I have the utmost confidence that in the interest of our institutions and form of government Mr. Hearst and other great publishers will insist upon all the facts being brought to light, to the end that the American people may know the full truth.

In the meantime a few gentlemen at the other end of the Capitol, who appear recently to have graduated from the ranks of progressives to ultraconservatism, are obtaining a little publicity by appearing to take the Wirt incident seriously. I believe they are but building a house of cards that will collapse utterly once the investigation gets under way, for I am satisfied Wirt's charges are but political buncombe.

PERMISSION TO ADDRESS THE HOUSE

Mr. EATON. Mr. Speaker, I ask unanimous consent that on next Tuesday, after the reading of the Journal and the disposition of matters on the Speaker's desk, I be permitted to address the House for 15 minutes.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

THE TARIFF BILL

Mr. RICHARDS. Mr. Speaker, at the time of the roll call on the tariff measure today I was unavoidably detained. I arrived in the Chamber just after the roll was called. Had I been present, I would have voted "yea."

ORDER OF BUSINESS

Mr. SNELL. Mr. Speaker, will the gentleman from Tennessee tell us the program for Monday and Tuesday before we adjourn?

Mr. BYRNS. As the gentleman knows, Monday is Unanimous Consent and Suspension Day. I am hoping that the Unanimous Consent Calendar may be called. I have no knowledge of just what suspensions the Speaker has in mind.

It is my present belief that on Tuesday the bill guaranteeing the home-loan bonds will be taken up and disposed of. Further than that I cannot give the gentleman any information.

ADJOURNMENT OVER

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

Mr. BLANTON. Mr. Speaker, reserving the right to object, merely to ask a question—of course I shall not object: Is there any reason in the world why this House will not be through with its business in 2 weeks?

Mr. BYRNS. The answer to that question presents many difficulties, because the gentleman is aware there are a number of bills pending before committees.

Mr. BLANTON. We ought to be through with our business in 2 weeks and ought to adjourn in a month; ought we not?

Mr. BYRNS. I think so, undoubtedly; I certainly hope so. [Applause.] The gentleman knows that the District appropriation bill is yet to come in. I hope the District bill may be taken up early next week.

JOHN D. CREMER

Mr. McFADDEN. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. McFADDEN. Mr. Speaker, on last Tuesday evening, in the city of Washington, John D. Cremer, for many years an Official Reporter of Debates of the House of Representatives, passed into the Great Beyond.

Mr. Cremer was born in Huntingdon, Pa., and was for some time connected with the reportorial staff of the Philadelphia Press.

Mr. Cremer came to Washington in 1888 with Samuel J. Randall. He was employed by the Committee on Appropriations of the House. Later he was appointed an official committee stenographer by the late Speaker Joseph G. Cannon, and still later appointed an official reporter of debates. For 23 years he was our companion on the floor of this House. He was respected by the Members of this House and a friend of all the Members during his entire service.

He was an unusual man in many respects. He was an author. He purchased his home here from the proceeds of his writings. He was a poet, and I am informed that he had one of the finest libraries of poetry in the United States. He was our friend and he has gone to the Great Beyond, and I think it well that we should pause for a moment to pay respect to his memory at this time. I deem it an honor to say these few words as a fellow Pennsylvanian.

CORRECTION IN COMMITTEE REPORT

Mr. CONNERY. Mr. Speaker, I ask unanimous consent to correct a misprint in the report of the Committee on Labor. The middle initial of my name is given as "T." This should be changed to the letter "P." My name is Patrick.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

COMMUNICATION FROM THE CLERK OF THE HOUSE

The Chair laid before the House the following communication from the Clerk of the House of Representatives, which

was read, and, together with the accompanying papers, referred to the Committee on the Judiciary and ordered to be printed:

MARCH 28, 1934.

Hon. HENRY T. RAINEY,
House of Representatives, Washington, D.C.

MY DEAR MR. SPEAKER: I beg to inform you that I have received from the Supreme Court of the District of Columbia a subpena duces tecum, directed to me as Clerk of the House of Representatives, commanding me to appear before said court on the 10th day of April 1934, at 9:45 o'clock a.m., as a witness in the case of *The United States* v. *James Cannon, Jr., and Ada L. Burroughs* (no. 51159, Criminal Docket), and to bring with me certain and sundry papers, therein described, in the files of the House of Representatives.

The papers in question were filed with the Clerk of the House of Representatives pursuant to the Federal Corrupt Practices Act and are now in possession of the House of Representatives in the custody of the Clerk.

Your attention and that of the House is respectfully invited to a resolution of the House adopted in the Forty-sixth Congress, first session (CONGRESSIONAL RECORD, p. 680), upon the recommendation of the Committee on the Judiciary, as follows:

"*Resolved*, That no officer or employee of the House of Representatives has the right, either voluntarily or in obedience to a subpena duces tecum, to produce any document, paper, or book belonging to the files of the House before any court or officer, nor to furnish any copy of any testimony given or paper filed in any investigation before the House or any of its committees, or of any other paper belonging to the files of the House, except such as may be authorized by statute to be copied and such as the House itself may have made public, to be taken without the consent of the House first obtained."

And to a resolution adopted by the House in the Forty-ninth Congress, first session (CONGRESSIONAL RECORD, p. 1295), from which the following is quoted:

"*Resolved*, That by the privilege of this House no evidence of a documentary character under the control and in possession of the House of Representatives can, by the mandate or process of the ordinary courts of justice, be taken from such control or possession but by its permission.

"That when it appears by the order of a court or of the judge thereof, or of any legal officer charged with the administration of the orders of such court or judge, that documentary evidence in the possession and under the control of the House is needful for use in any court of justice or before any judge or such legal officer for the promotion of justice, this House will take such order thereon as will promote the ends of justice consistently with the privileges and rights of this House."

These resolutions resulted from the issuance of subpenas duces tecum upon the Clerk of the House to produce certain original papers in the files of the House.

Permission to remove from their place of file or custody any documents or papers was denied by the House, but the court was afforded facilities for making certified copies. This seems to have been the uniform practice in respect to subpenas duces tecum issued by a court upon the Clerk of the House to produce in court original papers from the files of the House.

The subpena in question is herewith attached and the matter is presented for such action as the House in its wisdom may see fit to take.

Very respectfully,

SOUTH TRIMBLE,
Clerk of the House of Representatives.

TRANSFER OF BILLS FROM PRIVATE TO PUBLIC CALENDARS

The SPEAKER. The Chair is advised that there are certain bills on the Private Calendar concerning States or subdivisions of States which ought to be on the Public Calendar. The Chair directs that the Clerk transfer them from the Private Calendar to the Public Calendar as of the date of the original reference. The Clerk will report the bills by title.

The Clerk read as follows:

H.R. 5597, to afford permanent protection to the watershed and water supply of the city of Coquille, Coos County, Oreg.

H.R. 2828, to authorize the city of Fernandina, Fla., under certain conditions, to dispose of a portion of the Amelia Island Lighthouse Reservation.

H.R. 7744, to authorize the Secretary of Commerce to transfer to the city of Bridgeport, Conn., a certain unused light-station reservation.

H.R. 5312, to provide for the conveyance of the abandoned lighthouse reservation and buildings, including detached tower, situate within the city limits of Erie, Pa., to the city, for public-park purposes.

H.R. 7761, to authorize the incorporated town of Wrangell, Alaska, to issue bonds in any sum not exceeding $47,000 for municipal public works, including enlargement, extension, construction, and reconstruction of water-supply system; extension, construction, and reconstruction of retaining wall and filling, and paving streets and sidewalks; and extension, construction, and reconstruction of sewers in said town of Wrangell.

H.R. 7763, to authorize the incorporated city of Skagway, Alaska, to issue bonds in any sum not exceeding $40,000, to be used for the construction, reconstruction, replacing, and installation of a water-distribution system.

H.R. 7764, to authorize the incorporated city of Juneau, Alaska, to issue bonds in any sum not exceeding $100,000 for municipal public works, including regrading and paving of streets and sidewalks, installation of sewer and water pipe, construction of bridges, construction of concrete bulkheads, and construction of refuse incinerator.

H.R. 6530, granting and confirming to the East Bay Municipal Utility District, a municipal utility district of the State of California and a body corporate and politic of said State and a political subdivision thereof, certain lands, and for other purposes.

H.R. 1724, providing for settlement of claims of officers and enlisted men for extra pay provided by Act of January 12, 1899.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. BERLIN, indefinitely, on account of illness in family.

To Mr. CHASE (at the request of Mr. KVALE), on account of death in the family.

To Mr. UMSTEAD, for 1 day, to attend funeral.

To Mr. TERRELL, for the day, on account of illness.

ENROLLED BILL SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 7478. An act to amend the Agricultural Adjustment Act so as to include cattle and other products as basic agricultural commodities, and for other purposes.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; and the House, in accordance with its previous order (at 6 o'clock and 20 minutes p.m.), adjourned until Monday, April 2, 1934, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON THE PUBLIC LANDS

(Friday, Mar. 30, 10:30 a.m.)

Room 328, House Office Building.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Friday, Mar. 30, 10 a.m.)

Hearing on railroad full crew, car lengths, and 6-hour day bills.

COMMITTEE ON NAVAL AFFAIRS

(Friday, Mar. 30, 10:30 a.m.)

Continue hearings in the committee room on S. 1103.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

395. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the fiscal year 1934, to remain available until June 30, 1935, amounting to $7,438,000 for the purpose of carrying into effect the provisions of the act approved March 26, 1934, to meet losses sustained on and after July 15, 1933, by officers, enlisted men, and employees of the United States while in service in foreign countries, due to the appreciation of foreign currencies in their relation to the American dollar (H.Doc. no. 294); referred to the Committee on Appropriations, and ordered to be printed.

396. A letter from the Clerk of the House of Representatives, transmitting a copy of a subpena duces tecum directing the Clerk of the House of representatives to furnish certain and sundry papers in regards to James Cannon, Jr., and Ada L. Burroughs (H.Doc. No. 295); to the Committee on the Judiciary and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII.

Mr. CELLER: Committee on the Judiciary. H.R. 8832. A bill to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto; without amendment (Rept. No. 1104). Referred to the House Calendar.

Mr. MALONEY of Louisiana: Committee on Interstate and Foreign Commerce. H.R. 7488. A bill authorizing the Secretary of Commerce to acquire a site for a lighthouse depot at New Orleans, La., and for other purposes; with amendment (Rept. No. 1106). Referred to the Committee of the Whole House on the state of the Union.

Mr. PETTENGILL: Committee on Interstate and Foreign Commerce. H.R. 8853. A bill to extend the time for the construction of a bridge across the Wabash River at a point in Sullivan County, Ind., to a point opposite on the Illinois shore; without amendment (Rept. No. 1107). Referred to the House Calendar.

Mr. JONES: Committee on Agriculture. H.R. 8861. A bill to include sugar beets and sugar cane as basic agricultural commodities under the Agricultural Adjustment Act, and for other purposes; with amendment (Rept. No. 1109). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CARPENTER of Nebraska: A bill (H.R. 8884) to provide for the issue of route certificates to carriers on star routes and for fixing the compensation of such carriers, and for other purposes; to the Committee on the Post Office and Post Roads.

By Mr. MARTIN of Oregon: A bill (H.R. 8885) to permit the admission to the United States of persons deported by reason of insanity who have recovered their sanity for a period of more than 15 years; to the Committee on Immigration and Naturalization.

By Mr. SNYDER: A bill (H.R. 8886) to provide for the construction of a post-office building at St. Marys, Pa.; to the Committee on Public Buildings and Grounds.

By Mr. KENNEY: A bill (H.R. 8887) to amend the laws relating to proctors' fees and bonds and stipulations in suits in admiralty; to the Committee on the Judiciary.

By Mr. FOCHT: A bill (H.R. 8888) to reimburse certain persons whose animals were seized in the Commonwealth of Pennsylvania because of tubercular infection; to the Committee on Agriculture.

By Mr. LANHAM: A bill (H.R. 8889) to provide for the custody and maintenance of the United States Supreme Court Building and the equipment and grounds thereof; to the Committee on Public Buildings and Grounds.

By Mr. MANSFIELD: A bill (H.R. 8890) authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes; to the Committee on Rivers and Harbors.

By Mr. McFARLANE: A bill (H.R. 8891) to amend sections 13, 141, and 1111 of the Revenue Act of 1932; to the Committee on Ways and Means.

By Mr. REECE: A bill (H.R. 8892) to provide for the acquisition of the Andrew Johnson Homestead, Greeneville, Tenn., as a national shrine; to the Committee on the Public Lands.

By Mr. JACOBSEN: A bill (H.R. 8893) relating to the construction, maintenance, and operation by the city of Davenport, Iowa, of a bridge across the Mississippi River at or near Tenth Street in Bettendorf, State of Iowa; to the Committee on Interstate and Foreign Commerce.

By Mr. SWICK: A bill (H.R. 8894) authorizing the Secretary of the Treasury to convey certain lands, together with building thereon, to the city of New Castle, Pa., for a public library and municipal building; to the Committee on Public Buildings and Grounds.

By Mr. HENNEY: Joint resolution (H.J.Res. 310) to provide for the printing of hearings held by the National Recovery Administration and the Agricultural Adjustment Administration; to the Committee on Printing.

By Mr. SABATH: Joint resolution (H.J.Res. 311) to permit articles imported from foreign countries, for the purpose of exhibition at the Century of Progress Exposition, Chicago, Ill., to be admitted without payment of tariff, and for other purposes; to the Committee on Ways and Means.

By Mr. MOTT: Joint resolution (H.J.Res. 312) providing for a comprehensive observance of the one hundredth anniversary of the overland journey of Jason Lee to Oregon and establishment of first permanent American settlement in the year 1834; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ANDREW of Massachusetts: A bill (H.R. 8895) for the relief of Joanna A. Sheehan; to the Committee on Claims.

By Mr. BRITTEN: A bill (H.R. 8896) for the relief of Max Freres; to the Committee on Naval Affairs.

By Mr. BURNHAM: A bill (H.R. 8897) for the relief of Jane Murrah; to the Committee on Claims.

By Mr. CARDEN of Kentucky: A bill (H.R. 8898) for the relief of Thomas M. Bardin; to the Committee on Military Affairs.

By Mr. EVANS: A bill (H.R. 8899) authorizing the President of the United States to appoint First Lt. Thomas J. West, Medical Reserve Corps, a first lieutenant in the United States Army and then place him on the retired list; to the Committee on Military Affairs.

By Mr. FADDIS: A bill (H.R. 8900) granting a pension to Margaret Eicher; to the Committee on Pensions.

By Mr. GOSS: A bill (H.R. 8901) for the relief of Carmine Sforza; to the Committee on Claims.

By Mr. GREENWOOD: A bill (H.R. 8902) granting an increase of pension to Roy L. Colvin; to the Committee on Pensions.

By Mr. GAVAGAN: A bill (H.R. 8903) granting a pension to Margarita T. Downing; to the Committee on Invalid Pensions.

By Mr. MONTAGUE: A bill (H.R. 8904) for the relief of the Medical College of Virginia, and others, of Richmond, Va.; to the Committee on Claims.

By Mr. SUTPHIN: A bill (H.R. 8905) for the relief of Charles W. Morgan; to the Committee on the Civil Service.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3406. By Mr. BACON: Petition of sundry citizens of New Jersey, opposing admission of any aliens outside of legal quotas under immigration act; to the Committee on Immigration and Naturalization.

3407. By Mr. BEITER: Petition of the Military Order of Foreign Wars of the United States, New York Commandery, New York, N.Y., recommending that appropriation for citizens' military training camps and training of Reserve Corps officers be increased by 25 percent for the years 1934–35; to the Committee on Military Affairs.

3408. By Mr. BOYLAN: Letter from the Allied Printing Trades Council of Greater New York, representing 35,000 organized printing-trades workers in New York City, at their regular monthly meeting unanimously adopted a resolution endorsing the Wagner industrial disputes bill; to the Committee on Labor.

3409. By Mr. CONNERY: Resolution of the Commonwealth of Massachusetts, seeking preservation of the United States industry of sugar refining; to the Committee on Agriculture.

3410. By Mr. DICKSTEIN: Petition of John Isola and other citizens, voicing approval of section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

3411. By Mr. EDMONDS: Petition of the Philadelphia Board of Trade, opposing House bill 8687; to the Committee on Ways and Means.

3412. By Mr. FULMER: Concurrent resolution of the House of Representatives of the South Carolina Legislature (the Senate concurring), petitioning the Congress of the United States to pass House bill 8050, by Mr. KLEBERG, providing for a tax of 10 cents per pound on all margarine containing any of several foreign oils or fats; to the Committee on Agriculture.

3413. Also, resolution of the House of Representatives of the South Carolina Legislature, memorializing and requesting the Senators and Representatives in Congress to use their influence and best efforts to have the Congress of the United States enact such legislation as will adequately provide a pension for the aged and infirm citizens of our State; to the Committee on Pensions.

3414. By Mr. GOODWIN: Petition of H. E. McCade and others, employees of the New York Telephone Co., of the Monticello and Ellenville section, State of New York, taking exception to paragraph 4, section 5, title 1, of the labor disputes act, as proposed in the Wagner bill, believing it to be an infringement upon their rights to choose a form of organization for collective bargaining; to the Committee on Labor.

3415. Also, petition of Edward M. Stanbrough and others, strongly protesting against the New York Stock Exchange bill; to the Committee on Banking and Currency.

3416. Also, petition of A. F. Nullirt and others, employees of the New York Telephone Co., of Sullivan County, N.Y., taking exception to paragraph 4, section 5, title 1, of the Labor Disputes Act as proposed in the Wagner bill, believing it to be an infringement upon their rights to choose a form of organization for collective bargaining; to the Committee on Labor.

3417. By Mr. KELLY of Pennsylvania: Petition of citizens of McKeesport, Pa., urging use of cancelation stamp on United States mail to encourage replacement of old equipment with new; to the Committee on the Post Office and Post Roads.

3418. Also, petition of citizens of Wilkensburg, Pa., urging passage of Tugwell bill; to the Committee on Interstate and Foreign Commerce.

3419. By Mr. KENNEY: Petition in the nature of a resolution of the State Highway Commission of New Jersey, that the State Highway Commission of the State of New Jersey does hereby recommend and urge that the United States Congress give favorable consideration to the passage of the Cartwright road bill, which provides for the granting of an additional $400,000,000 to the States for the construction of highways; to the Committee on Roads.

3420. By Mr. KRAMER: Petition in the nature of a resolution adopted by the Maywood Democratic Club, of the city of Maywood, on March 1, 1934, that after due consideration of all the conditions and circumstances, it is, and will be, a benefit to the city of Maywood and the citizens thereof to have an independent post office for the purpose of economizing and improving mail service to this and surrounding communities; to the Committee on the Post Office and Post Roads.

3421. By Mr. LEHR: Petition of citizens of Ann Arbor, Mich., urging opposition to the bill in the House of Representatives known as the "Guyer bill", which provides for the Reconstruction Finance Corporation to loan money to institutions of higher learning, such as universities and colleges; to the Committee on Banking and Currency.

3422. Also, petition of citizens of Ann Arbor, Mich., urging favorable action to Senate bill 457, known as the "Frazier-Lemke bill", to liquidate and refinance agricultural indebtedness at a reduced rate of interest; to the Committee on Agriculture.

3423. By Mr. LINDSAY: Petition of Richey, Browne & Donald, Inc., Maspeth, N.Y., opposing House bill 8423; to the Committee on Labor.

3424. Also, letters from August V. Grueneberg, Sabbi George, A. Laurino, and others, Brooklyn, N.Y., protesting against the enactment of the Fletcher-Rayburn bill; to the Committee on Interstate and Foreign Commerce.

3425. Also, petition of the Citizens' Committee for Sane Liquor Laws, New York City, concerning taxation and licensing of liquors; to the Committee on Ways and Means.

3426. Also, petition of Celtic Circle, Brooklyn, N.Y., opposing further reductions in salaries of postal employees; to the Committee on the Post Office and Post Roads.

3427. Also, petition of the Sun Oil Co., Philadelphia, Pa., opposing the passage of the National Securities Exchange Act of 1934 (S. 2693); to the Committee on Interstate and Foreign Commerce.

3428. Also, petition of the G. R. Kinney Co., Inc., New York City, opposing the Fletcher-Rayburn bill and Wagner labor bill; to the Committee on Labor.

3429. Also, petition of the New York State Bankers Association, New York City, favoring the passage of Senate bill 3025; to the Committee on Banking and Currency.

3430. Also, petition of Safair, Inc., Roosevelt Field, Mineola, Long Island, N.Y., favoring the passage of Senate bill 2991 and House bill 8400; to the Committee on Interstate and Foreign Commerce.

3431. Also, petition of J. & J. Cash, Inc., South Norwalk, Conn., opposing the Wagner-Connery bills; to the Committee on Labor.

3432. Also, petition of the Italian Chamber of Commerce in New York, favoring the passage of House bill 8430; to the Committee on Ways and Means.

3433. Also, petition of Allied Printing Trades Council of Greater New York, endorsing the Wagner industrial disputes bill; to the Committee on Labor.

3434. Also, petition of the Cork Import Corporation, New York City, opposing House bill 8430, to amend the Tariff Act of 1930; to the Committee on Ways and Means.

3435. Also, petition of the Cork Import Corporation, New York City, opposing the passage of the Wagner labor bill; to the Committee on Labor.

3436. Also, petition of the Luckenbach Steamship Co., Inc., New York City, opposing the passage of House bill 7667; to the Committee on Interstate and Foreign Commerce.

3437. Also, petition of the Greenpoint Metallic Bed Co., Inc., Brooklyn, N.Y. opposing the enactment of the Wagner-Connery bills; to the Committee on Labor.

3438. Also, petition of M. A. Raber, Brooklyn, N.Y., and 57 master bakers of Brooklyn and Queens, N.Y., protesting against the process tax of $1.38 per barrel on flour; to the Committee on Ways and Means.

3439. Also, petition of the J. & J. W. Elsworth Co., New York City, urging the building of two ice breakers for the United States Coast Guard; to the Committee on Naval Affairs.

3440. By Mr. MILLARD: Petition signed by Richard F. O'Donnell, president of the Westchester County District Association of Postal Employees, and other residents of New York State, urging the repeal of that part of the Economy Act which permits department heads to impose paylessfurlough days on Government employees; to the Committee on the Post Office and Post Roads.

3441. By Mr. PETTENGILL: Petition of Clara Crofoot, and other residents of Elkhart, Ind., in favor of the Hatfield-Keller railroad pension bill; to the Committee on Interstate and Foreign Commerce.

3442. By Mr. RUDD: Petition of the Sun Oil Co., Philadelphia, Pa., opposing the National Securities Exchange Act of 1934 (S. 2693); to the Committee on Interstate and Foreign Commerce.

3443. Also, petition of the Italian Chamber of Commerce in New York urging favorable consideration of House bill 8430; to the Committee on Ways and Means.

3444. Also, petition of the Greenpoint Metallic Bed Co., Inc., Brooklyn, N.Y., opposing the enactment of the Wagner-Connery bills; to the Committee on Labor.

3445. Also, petition of J. & J. Cash, Inc., South Norwalk, Conn., opposing the Wagner-Connery bills; to the Committee on Labor.

3446. Also, petition of the New York State Bankers' Association, New York City, favoring the passage of Senate bill 3025; to the Committee on Banking and Currency.

3447. Also, petition of the G. R. Kinney Co., New York City, opposing passage of the Fletcher-Rayburn stock exchange control bill; to the Committee on Interstate and Foreign Commerce.

3448. Also, petition of the Allied Printing Trades Council of Greater New York, favoring passage of the Wagner industrial disputes' bill; to the Committee on Labor.

3449. By Mr. SMITH of West Virginia: Resolution of the Parkersburg Board of Commerce, Parkersburg, W.Va., protesting against the enactment of House bill 8423 and Senate bill 2926, known as the "Wagner-Connery bills"; to the Committee on Labor.

3450. By Mr. SNELL: Petition of the New York Telephone Co. employees relative to Wagner labor disputes' bill; to the Committee on Labor.

3451. Also, petition signed by employees of Algonquin Paper Corporation, of Ogdensburg, N.Y., for the Federal Government to enact immediate legislation that will protect the paper industry of this country against foreign importations; to the Committee on Ways and Means.

3452. By Mr. SUTPHIN: Petition of the Highway Commission of the State of New Jersey, urging consideration by Congress of the Cartwright road bill; to the Committee on Roads.

3453. By the SPEAKER: Petition of Percapio Master et al., of Koloa Kauia, T.H., re Philippine independence; to the Committee on Insular Affairs.

3454. Also, petition of numerous citizens of Hawaii re Philippine independence; to the Committee on Insular Affairs.

SENATE

MONDAY, APRIL 2, 1934

(Legislative day of Wednesday, Mar. 28, 1934)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

CALL OF THE ROLL

Mr. LEWIS. I suggest the absence of a quorum, and ask for a roll call.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	Kean	Reed
Ashurst	Davis	Keyes	Reynolds
Austin	Dickinson	King	Robinson, Ark.
Bachman	Dieterich	La Follette	Robinson, Ind.
Bankhead	Dill	Lewis	Russell
Barbour	Duffy	Logan	Schall
Barkley	Erickson	Lonergan	Sheppard
Black	Fess	McAdoo	Shipstead
Bone	Fletcher	McCarran	Smith
Borah	Frazier	McGill	Steiwer
Brown	George	McKellar	Thomas, Okla.
Bulow	Gibson	McNary	Thomas, Utah
Byrd	Glass	Metcalf	Thompson
Byrnes	Goldsborough	Murphy	Townsend
Capper	Gore	Neely	Tydings
Caraway	Hale	Norris	Vandenberg
Carey	Harrison	Nye	Van Nuys
Clark	Hastings	O'Mahoney	Wagner
Connally	Hatch	Overton	Walcott
Coolidge	Hayden	Patterson	Walsh
Copeland	Hebert	Pittman	White
Costigan	Johnson	Pope	

Mr. LEWIS. I desire to announce the absence of the Senator from North Carolina [Mr. BAILEY] on business of necessity; the absence of the Senator from Ohio [Mr. BULKLEY], I may say, out of domestic necessity; the absence of the Senator from Florida [Mr. TRAMMELL] and that of the Senator from Mississippi [Mr. STEPHENS] and the Senator from Louisiana [Mr. LONG], occasioned by necessity.

I regret to announce that the Senator from Montana [Mr. WHEELER] is detained from the Senate on account of illness.

I ask that this announcement stand for the day.

Mr. HEBERT. I desire to announce that the Senator from West Virginia [Mr. HATFIELD] is necessarily detained from the Senate.

The VICE PRESIDENT. Eighty-seven Senators have answered to their names. A quorum is present.

ONE HUNDREDTH ANNIVERSARY OF THE DEATH OF GENERAL LAFAYETTE—SPECIAL COMMITTEE

The VICE PRESIDENT. The Chair, under the authority of House Concurrent Resolution No. 26, appoints the Senator from Virginia [Mr. BYRD], the Senator from Arkansas [Mr. ROBINSON], the Senator from Kentucky [Mr. BARKLEY], the Senator from Ohio [Mr. FESS], and the Senator from New Jersey [Mr. KEAN] as members on the part of the Senate of the special congressional committee to make appropriate arrangements for the commemoration of the one hundredth anniversary of the death of General Lafayette.

JOHN A. DONAHUE

As in executive session,

The VICE PRESIDENT. The Chair lays before the Senate a message from the President of the United States, to which he invites the attention of the Senator from Arkansas [Mr. ROBINSON].

The legislative clerk read as follows:

To the Senate:

In compliance with the request of the Senate of March 29, 1934, I return herewith the resolution of the Senate of February 20, 1934, advising and consenting to the appointment of John A. Donahue to be postmaster at Newburgh, N.Y.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *April 2, 1934.*

Mr. ROBINSON of Arkansas. I move that the confirmation of the nomination be reconsidered, and that the message and nomination be referred to the Committee on Post Offices and Post Roads.

The motion was agreed to.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the petition of Local Union No. 6846, United Mine Workers of America, of Chicora, Pa., praying for the passage of Senate bill 2926, providing for the settlement of disputes between employers and employees and to establish a national labor board, which was referred to the Committee on Education and Labor.

He also laid before the Senate a resolution adopted by the Architectural Guild of America favoring the passage of legislation providing a 30-hour work week for industry and legislation providing for the settlement of disputes between employers and employees and to establish a national labor board, which was referred to the Committee on Education and Labor.

He also laid before the Senate a resolution adopted by the Manufacturers' Association of Lancaster, Pa., and a telegram from the Oil Well Supply Co., of Dallas, Tex., protesting against the passage of legislation providing for the settlement of disputes between employers and employees and to establish a national labor board, which were referred to the Committee on Education and Labor.

He also laid before the Senate a resolution adopted by the Medical Round Table, of Chicago, Ill., favoring relief of physicians by setting up a system whereby their debtors may arrange long-term credits upon obligations discounted

at a low rate of interest by a Federal agency, which was referred to the Committee on Banking and Currency.

He also laid before the Senate telegrams in the nature of memorials from Webb Hilbert, of Katonah, and William P. Willetts, of Roslyn Heights, in the State of New York, remonstrating against the enactment of proposed legislation to regulate stock exchanges, which were referred to the Committee on Banking and Currency.

He also laid before the Senate the memorial of Charles Muller, of New York City, remonstrating against the enactment of legislation providing for unconditional citizenship to Prof. Albert Einstein, which was referred to the Committee on Immigration.

He also laid before the Senate telegrams from the speaker of the House of Representatives of the Territory of Hawaii and from civic, business, and other organizations of Hawaii, remonstrating against the enactment of proposed legislation providing for a processing tax on sugar and the licensing of refiners, importers, and handlers of sugar on a quota basis as affecting the Territory of Hawaii, which were referred to the Committee on Finance.

He also laid before the Senate a paper in the nature of a memorial from Mrs. Maude Mary Forrest, of Washington, D.C., remonstrating against the entrance of the United States into the League of Nations and the World Court, which was referred to the Committee on Foreign Relations.

He also laid before the Senate a resolution adopted by the recent Western Governors' Conference in Salt Lake City, Utah, recommending that the United States Government acquire at fair prices and by suitable financing such portion of the surplus stock of the important indestructible nonferrous metals, useful for munitions, as will be necessary to bring about an increase in mining activity and reemployment, which was referred to the Committee on Mines and Mining.

He also laid before the Senate a resolution adopted by the recent Western Governors' Conference in Salt Lake City, Utah, favoring leaving the subject of public-domain administration to the respective legislatures of the public-land States, which was referred to the Committee on Public Lands and Surveys.

He also laid before the Senate a resolution adopted by the recent Western Governors' Conference in Salt Lake City, urging the recognition and reestablishment of silver as a primary money metal, and the establishment and maintenance of a stable and equitable regulated relationship between gold and silver, which was referred to the Committee on Banking and Currency.

He also laid before the Senate a resolution adopted by the recent Western Governors' Conference in Salt Lake City, favoring the appropriation of additional funds for emergency highway construction, which was referred to the Committee on Post Offices and Post Roads.

He also laid before the Senate a resolution adopted by the recent Western Governors' Conference in Salt Lake City, Utah, favoring the continuation of the annual appropriation of $125,000,000 for Federal highway construction, which was referred to the Committee on Post Offices and Post Roads.

He also laid before the Senate a resolution adopted by the athletic committee of the Dayton (Ohio) Chamber of Commerce, favoring the repeal of the admission tax as applied to colleges and universities, which was ordered to lie on the table.

He also laid before the Senate a memorial of citizens of the State of Ohio, remonstrating against the enactment of proposed legislation to regulate the manufacture and sale of foods, drugs, and cosmetics, and to prevent the false advertisement thereof; and favoring the passage of House bill 6376, amending the Pure Food and Drugs Act, which was ordered to lie on the table.

He also laid before the Senate a resolution adopted by people of Sariaya, Province of Tayabas, P.I., in community assembled, remonstrating against the imposition of an excise tax on Philippine coconut oil, and favoring the granting the immediate, complete, and absolute independence to the Philippine Islands, which was ordered to lie on the table.

He also presented the memorial of L. H. Davenport, of Enocks, Tex., remonstrating against the passage of legislation relating to the cotton industry, which was ordered to lie on the table.

Mr. CAPPER presented petitions numerously signed of sundry citizens of Greenwich and Leavenworth, in the State of Kansas, praying for the passage of legislation providing for the prompt payment of the so-called "soldiers' bonus", which were referred to the Committee on Finance.

Mr. TYDINGS presented a memorial of sundry citizens of Baltimore, Md., remonstrating against the passage of the so-called "Fletcher-Rayburn stock-exchange control bill", which was referred to the Committee on Banking and Currency.

He also presented a resolution adopted by the Woman's Christian Temperance Union of Reisterstown, Md., favoring the passage of the so-called "Patman motion-picture bill", being House bill 6097, providing higher moral standards for films entering interstate and foreign commerce, which was referred to the Committee on Interstate Commerce.

RELIEF OF DEPOSITORS IN CLOSED NATIONAL BANKS

Mr. BARBOUR. Mr. President, I ask unanimous consent to have printed in full in the CONGRESSIONAL RECORD resolutions adopted by the Board of Commissioners of the City of Atlantic City, N.J., urging enactment of the McLeod bill, for the relief of depositors in closed national banks.

There being no objection, the resolutions were referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

CITY OF ATLANTIC CITY,
DEPARTMENT OF PUBLIC AFFAIRS.

I, Bertram E. Whitman, city clerk of the city of Atlantic City, in the county of Atlantic, State of New Jersey, do hereby certify that the following is a true copy of a resolution which was passed by the Board of Commissioners of the City of Atlantic City at a regular meeting held March 29, 1934, as taken from the original on file in the office of the city clerk.

In testimony whereof, I have hereunto set my hand and affixed the official seal of the city of Atlantic City this 31st day of March, 1934.

[SEAL] BERTRAM E. WHITMAN,
City Clerk.

Regular meeting of the board of commissioners held March 29, 1934, Mayor Bacharach presiding.

Present: Messrs. Bacharach, Casey, Cuthbert, Kuehnle, and Paxson, 5. Absent, 0.

Commissioners of Atlantic City record their favor of the passage of the McLeod bill by the United States Congress.

"*Be it resolved by the Board of Commissioners of the City of Atlantic City,* That we do hereby go on record in favor of the passage by the Congress of the United States of the McLeod bill, which provides for Government purchase of remaining assets in closed national banks, payment of depositors in full, and liquidation of the assets over a 10-year period; be it further

"*Resolved,* That a copy of this resolution be sent to the President of the United States, to the two Senators from New Jersey, and to the Congressman from our district."

Upon motion of Mayor Bacharach this resolution was adopted by the following vote: Ayes, Messrs. Bacharach, Casey, Cuthbert, Kuehnle, and Paxson, 5. Nays, 0.

REPORTS OF COMMITTEES

Mr. SHEPPARD, from the Committee on Commerce, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 2334. An act authorizing the city of Atchison, Kans., and the county of Buchanan, Mo., or either of them, or the States of Kansas and Missouri, or either of them, or the highway departments of such States, acting jointly or severally, to construct, maintain, and operate a free highway bridge across the Missouri River at or near Atchison, Kans. (Rept. No. 584);

S. 3099. An act authorizing the city of Wheeling, a municipal corporation, to construct, maintain, and operate a bridge across the Ohio River at Wheeling, W.Va. (Rept. No. 577); and

S. 3114. An act to extend the times for commencing the construction of certain bridges in the State of Oregon (Rept. No. 578).

Mr. SHEPPARD also, from the Committee on Military Affairs, to which were referred the following bills, reported

them each without amendment and submitted reports thereon:

S. 1725. An act for the relief of Robert Emil Taylor (Rept. No. 582); and

S. 1992. An act for the relief of Arthur R. Lewis (Rept. No. 586).

Mr. DUFFY, from the Committee on Military Affairs, to which was referred the bill (H.R. 4423) for the relief of Wilbur Rogers, reported it without amendment and submitted a report (No. 579) thereon.

Mr. TYDINGS, from the Committee on Appropriations, to which was referred the bill (H.R. 8617) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1935, and for other purposes, reported it with amendments and submitted a report (No. 580) thereon.

Mr. KING, from the Committee on the Judiciary, to which was referred the bill (S. 3209) limiting the operation of sections 109 and 113 of the Criminal Code and section 190 of the Revised Statutes of the United States with respect to counsel in the case of United States of America against Weirton Steel Co. and other cases, reported it without amendment and submitted a report (No. 581) thereon.

Mr. MURPHY, from the Committee on Commerce, to which was referred the bill (S. 3235) to amend an act entitled "An act providing for the participation of the United States in A Century of Progress (the Chicago World's Fair Centennial Celebration), to be held at Chicago, Ill., in 1933, authorizing an appropriation therefor, and for other purposes", approved February 8, 1932, to provide for participation in A Century of Progress in 1934, to authorize an appropriation therefor, and for other purposes, reported it without amendment and submitted a report (No. 583) thereon.

Mr. ASHURST, from the Committee on the Judiciary, to which was referred the bill (H.R. 7748) regulating procedure in criminal cases in the courts of the United States, reported it without amendment and submitted a report (No. 585) thereon.

Mr. ROBINSON of Indiana, from the Committee on the Judiciary, to which was referred the joint resolution (S.J.Res. 36) directing the President of the United States of America to proclaim October 11 of each year General Pulaski's Memorial Day for the observance and commemoration of the death of Brig. Gen. Casimir Pulaski, reported it with amendments and submitted a report (No. 587) thereon.

Mr. BYRNES, from the Committee to Audit and Control the Contingent Expenses of the Senate, to which were referred the following resolutions, reported them each without amendment:

S.Res. 196. Resolution enlarging the scope of the investigation of so-called "rackets" and "racketeering" practiced in the United States; and

S.Res. 214. Resolution to provide for an assistant clerk to the Commerce Committee during the remainder of the present session.

Mr. BYRNES also, from the Committee to Audit and Control the Contingent Expenses of the Senate, to which were referred the following resolutions, reported them each with an amendment:

S.Res. 201. Resolution increasing the limit of expenditures by the Special Committee on Conservation of Wild Life Resources; and

S.Res. 206. Resolution appointing a special committee to make certain investigations concerning the manufacture and sale of arms and other war munitions.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. TYDINGS:

A bill (S. 3238) for the relief of Howard E. Tolson; to the Committee on Claims.

A bill (S. 3239) to establish a national military park at the battlefield of Monocacy, Md.; to the Committee on Military Affairs.

By Mr. NEELY:

A bill (S. 3240) for the relief of John M. Moore; to the Committee on Military Affairs.

By Mr. HEBERT (by request):

A bill (S. 3241) to amend the Panama Canal Retirement Act of March 2, 1931;

A bill (S. 3242) to amend the Canal Zone Retirement Act of March 2, 1931; and

A bill (S. 3243) to provide for the employment of American citizens in skilled positions on the Panama Canal; to the Committee on Interoceanic Canals.

By Mr. SHIPSTEAD:

A bill (S. 3244) granting 30 days' sick leave to employees of the Government Printing Office; to the Committee on Printing.

By Mr. POPE:

A bill (S. 3245) to amend section 15 (d) of the Agricultural Adjustment Act; to the Committee on Agriculture and Forestry.

By Mr. JOHNSON:

A bill (S. 3246) to further the utilization of electrical energy generated in connection with Federal projects; to the Committee on Banking and Currency.

By Mr. GORE:

A bill (S. 3247) for the relief of the Playa de Flor Land & Improvement Co.; to the Committee on Interoceanic Canals.

By Mr. BYRNES:

A bill (S. 3248) for the relief of J. B. Walker; to the Committee on the Judiciary.

By Mr. BARBOUR:

A bill (S. 3249) granting compensation to George S. Conway, Jr.;

A bill (S. 3250) granting compensation to Walter F. Northrop; and

A bill (S. 3251) granting compensation to the estate of Thomas Peraglia, deceased; to the Committee on Claims.

A bill (S. 3252) to prohibit discrimination on account of maximum age in employment directly and indirectly under the United States; to the Committee on Civil Service.

A bill (S. 3253) for the relief of Maj. Cris Miles Burlingame; to the Committee on Military Affairs.

By Mr. BYRD:

A bill (S. 3254) for the relief of Mary L. Marshall, administratrix of the estate of Jerry A. Litchfield; to the Committee on Claims.

By Mr. ASHURST:

A bill (S. 3255) to credit the account of Charles C. Stemmer, postmaster at Cottonwood, Ariz., with a sum of money representing the loss by robbery of the post office at Cottonwood, Ariz.; to the Committee on Claims.

By Mr. REED:

A bill (S. 3256) to provide for the conveyance of the abandoned lighthouse reservation and buildings, including detached tower, situate within the city limits of Erie, Pa., to the city for public-park purposes; to the Committee on Public Buildings and Grounds.

By Mr. KING:

A bill (S. 3257) to change the designation of Four and One Half Street SW. to Fourth Street;

A bill (S. 3258) to authorize the widening of Thirteenth Street NW. in the District of Columbia, and for other purposes;

A bill (S. 3259) providing for the abolition of the office of coroner and the establishment of the office of medical examiner for the District of Columbia; and

A bill (S. 3260) relating to the appointment of Commissioners of the District of Columbia; to the Committee on the District of Columbia.

By Mr. REED:

A bill (S. 3261) to permit the stepchildren of certain officers and employees of the United States to be admitted to the public schools of the District of Columbia without payment of tuition; to the Committee on the District of Columbia.

By Mr. WAGNER:

A bill (S. 3262) granting a pension to William H. Bruns; to the Committee on Pensions.

By Mr. McKELLAR:

A bill (S. 3263) to repeal certain provisions of section 114 of the Revenue Act of 1932; to the Committee on Finance.

By Mr. COPELAND:

A bill (S. 3264) for the relief of Muriel Crichton; to the Committee on Claims.

A bill (S. 3265) creating the World War Memorial Commission, and providing for the erection in Washington of a memorial to the soldiers, sailors, and marines of the United States who lost their lives in the World War; to the Committee on the Library.

By Mr. DILL (by request):

A bill (S. 3266) to amend the Railway Labor Act approved May 20, 1926, and to provide for the prompt disposition of disputes between carriers and their employees; to the Committee on Interstate Commerce.

By Mr. SCHALL:

A bill (S. 3267) for the relief of John F. Cain; to the Committee on Claims.

By Mr. MURPHY:

A bill (S. 3268) for the relief of William T. Roche; to the Committee on Claims.

A bill (S. 3269) relating to the construction, maintenance, and operation by the city of Davenport, Iowa, of a bridge across the Mississippi River at or near Tenth Street in Bettendorf, State of Iowa; to the Committee on Commerce.

AMENDMENTS TO THE REVENUE BILL

Mr. SHIPSTEAD, Mr. LA FOLLETTE, and Mr. MURPHY each submitted an amendment intended to be proposed by them, respectively, to House bill 7835, the revenue bill, which were severally ordered to lie on the table and to be printed.

AMENDMENT TO LEGISLATIVE APPROPRIATION BILL

Mr. WAGNER submitted an amendment intended to be proposed by him to House bill 8617, the legislative appropriation bill, which was ordered to lie on the table and to be printed, as follows:

On page 41, at the end of section 3, to insert a new section, as follows:

"SEC. 4. Each contractor or Government agency doing force-account work on any project or projects financed in part or in whole by funds appropriated by an act of Congress, shall report monthly, and cause every subcontractor to report in like manner, to the United States Department of Labor, on forms to be furnished by such department, the number of persons on its pay rolls, the aggregate amount of such pay rolls, the man-hours worked, and the total expenditures for materials. Each such contractor or Government agency shall also furnish to the Department of Labor the names and addresses of all subcontractors on the work at the earliest date possible."

CHANGE OF REFERENCE

On motion of Mr. SHIPSTEAD, the Committee on Education and Labor was discharged from the further consideration of the bill (S. 3145) authorizing the establishment of a filing and indexing service for useful Government publications, and it was referred to the Committee on the Library.

RETIREMENT OF CIVIL SERVICE EMPLOYEES—RECONSIDERATION

Mr. McKELLAR. Mr. President, I desire to enter a motion to reconsider the vote by which the bill (S. 2527) to amend the act of May 29, 1930, for the retirement of employees in the classified civil service, was passed on Thursday last. The bill provides an amendment to the civil-service retirement law.

The VICE PRESIDENT. The motion will be entered.

REPEAL OF ALASKA PROHIBITION LAW

Mr. TYDINGS. Mr. President, there is lying on the table Senate Concurrent Resolution No. 12, to which, I understand, there is no objection, and ask unanimous consent for its immediate consideration.

The VICE PRESIDENT. The clerk will read the resolution.

The legislative clerk read the concurrent resolution (S.Con. Res. 12), as follows:

Resolved, etc., That the action of the Vice President and of the Speaker of the House of Representatives in signing the enrolled bill (S. 2729) entitled "An act to repeal an act of Congress entitled 'An act to prohibit the manufacture or sale of alcoholic liquors in the Territory of Alaska, and for other purposes', approved February 14, 1917, and for other purposes", be rescinded, and that in the reenrollment of such bill the last proviso of section 1 reading as follows: "*Provided*, That the Governor of the Territory of Alaska, from and after the passage and approval of this act, shall have the power and authority to grant pardons to persons theretofore convicted of violations of the aforesaid act of February 14, 1917.", be stricken out.

The VICE PRESIDENT. Is there objection to the present consideration of the concurrent resolution?

There being no objection, the concurrent resolution was considered and agreed to.

THE TARIFF—ORIENTAL COMPETITION

Mr. HEBERT. Mr. President, I send to the desk and ask to have inserted in the RECORD a translation of a report and resolution of the Chamber of Commerce of Lyons, France, in relation to oriental competition. I do this because of the bearing which it has upon pending changes in the tariff law.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

[From the Women's Wear, Mar. 28, 1934]

FRENCH WARNED JAPANESE TEXTILE COMPETITION IS A LIFE OR DEATH TRADE THREAT—MOREL-JOURNEL REPORT OF REMARKABLE POWER LOOM ADVANCES AND OTHER ADVANTAGES RESULTS IN RESOLUTION URGING DRASTIC IMPORT RESTRICTIONS

Demanding that imported Japanese manufactured products be restricted to the average obtaining for the 3-year period from 1929 to 1932, the chamber of commerce of Lyons, France, acting on a report submitted by its president, Henri Morel-Journel, passed a resolution containing this and other demands, sending a copy of both the report and the resolution to the French Government.

A translation of the report and the resolution has just reached this market and in full is as follows:

"The question of Japanese competition has become really a question of life or death for many of our industries. In today's confusion our attention has been so completely absorbed by the dangers of internal trouble, especially financial trouble, that we have not, unfortunately, given first place in our thoughts to the competition from Japan. The situation is so serious, and it has been remedied up until now so incompletely that it is urgent that public opinion be aroused and that the Government be exhorted to undertake strong, immediate action.

"To believe that Japan has been dumping abroad is an error; the situation is more serious, for it is a question of exporting at prices which for the most part are normal for the manufacturer, although they may appear to us to be abnormal.

CITES LABOR ADVANTAGES

"The Japanese manufacturer actually benefits by:

"1. A good supply of labor, Japan having twice as many inhabitants per square mile as has France, and its population of 69,000,000 increasing at the rate of 1,000,000 a year.

"2. Labor which is skillful, diligent, disciplined, and sober, which with lower wages has a wholesome standard of living which is satisfactory to it.

"3. Wages which have recently been increased—although lagging a year behind the devaluation of the yen—but which are still, all other benefits considered, 20 to 40 percent below ours for working hours 10 to 20 percent longer.

"4. Modern equipment, the industrial development of the country being recent (62,000 mills in 1930 against 7,600 in 1896), and the large profits made during the war having been for the most part reinvested in industry.

"5. Labor laws less rigorous than ours. (Labor is not subject to the regulations of the Washington Conference and can work 54 to 60 hours per week.)

"6. A solid organization of guilds and unions with which the Government cooperates actively and which are subsidized by the Government.

"7. Devaluation of the yen, which gave such an effective push to Japanese exports in 1932 and 1933; this is repeated simply as a reminder, since it has now been largely offset by the increase in wages and by the rise in prices in Japanese money or raw materials, which industry is obliged to import.

"Aided by these advantages, inspired by a live nationalistic pride, and spurred on, perhaps in error, by the example of the Americans, the Japanese have launched themselves headlong into the production of manufactured articles.

"In cotton they have today 9,000,000 perfected spinning spindles—nine times more than in 1900—and 350,000 looms. They export eight times more cotton cloth than Lancashire, most of whose external markets they have taken.

"In silk they have 400,000 reeling basins producing 100 times more than we have in France—and in 1933 they exported 30,000,000

kilograms, 66,000,000 pounds of the total world production of 37,000,000 kilograms (81,585,000 pounds).

"In artificial silk the increase in spinning plants is perpendicular; from 350,000 kilos (771,750 pounds) in 1923 their production surpassed 40,000,000 kilos (88,200,000 pounds) in 1933, and Japan, no producer at all 15 years ago, has become second largest producer in the world.

"The Japanese had already, in 1930—and the number has since been increased—132,000 power looms weaving large quantities of standard articles in both silk and artificial silk. They have remarkable looms, one weaver operating as many as 15, and they speak of a new power loom of which a weaver will be able to operate 50. The result is that they sell in France, in spite of the tariff, all silk crepe de chines. The export of Japanese artificial-silk fabrics jumped from 48,000,000 yards in 1929 to 90,000,000 yards in 1931, and to 249,000,000 yards in 1933—an increase of 500 percent in 4 years.

INCREASE FROM 9 TO 55 PERCENT

"In Indo-China, where Lyons has important interests, the percentage of imported Japanese fabrics has increased from 9 percent in 1930 to 55 percent in 1932, and at the time that the minimum tariff was applied to Japanese products at the end of 1932, French silk fabrics lost the Indo-Chinese market, when they were able to import only 400 kilos (882 pounds) during the first 3 months of 1933.

"The textile mills comprise almost 40 percent of Japanese industry, but in addition to this, numerous industries were established and modernized, thanks to the war of 1914–18, and further development has not ceased since then; the metal industries have increased tenfold their total business from 1914 to 1933; the chemical industries sixfold, the food industries fivefold.

"Assisted by a merchant marine which has now attained third place in the world, Japanese exports have thus developed to a point where French external and even internal commerce is endangered.

"The Chamber of Commerce of Lyons would have preferred to be able to wait until this problem, so serious to our country, might find a natural solution in the sobering that must come to industries and nations which develop their production blindly, but natural solutions are often slow, and especially under present circumstances each day of delay puts our economic situation in danger. Furthermore, not wishing our colonies or the mother country to perish in preference to our principals, we cannot wait until commercial agreements shall have reestablished international exchange with consideration to the shifting of the center of gravity of world production.

ACTION URGED

"Consequently, I move you to take action as follows:

"Whereas the Lyons Chamber of Commerce having received from its members more and more complaints of greater and greater urgency on the character of invasion made by Japanese exports during the past few years, not only on our own internal but on the external markets upon which we have been accustomed to sell; and

"Whereas the cost of our products is augmented by factors which do not exist in Japan, the latter not being subject to the international conventions which regulate our labor; and

"Whereas to be able to compete on an equal footing it would be necessary for us to renounce those conventions which have improved conditions for the working classes and to lower the wages of our civilization to the level of the Far East: Be it

"*Resolved*—

"1. That the working conditions in all countries be equalized by international convention, permitting no exceptions, and that importation of products proceeding from countries not included in the conventions shall be prohibited in concert by all signatory nations.

"2. That in the meantime competitive Japanese products be placed under an equitable quota, bearing in mind the need of the Japanese to export and the fact that during the war of 1914–18, when all our resources were devoted to the defense of our soil, the Japanese were developing their industrial equipment with which they are today taking possession of our markets.

"3. That corresponding measures be taken so that French products may conserve their markets in the colonies and countries under mandate (in these latter, Japan sells more and more and buys almost nothing).

"4. That chambers of commerce be consulted for articles which have not yet been covered by special contingency measures or by paragraphs 2 and 3 above, and that as soon as an opinion can be formed the Government take the necessary steps to protect the life of our industries and our export commerce."

This resolution was sent to the Government.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, communicated to the Senate the intelligence of the death of Hon. EDWARD W. POU, late a Representative from the State of North Carolina, and transmitted the resolutions of the House thereon.

The message also announced that the House had passed a bill (H.R. 8687) to amend the Tariff Act of 1930, in which it requested the concurrence of the Senate.

ENROLLED BILL SIGNED

The message further announced that the Speaker had affixed his signature to the enrolled bill (H.R. 7478) to amend the Agricultural Adjustment Act so as to include cattle and other products as basic agricultural commodities, and for other purposes, and it was signed by the Vice President.

HOUSE BILL REFERRED

The bill (H.R. 8687) to amend the Tariff Act of 1930 was read twice by its title and referred to the Committee on Finance.

DEATH OF REPRESENTATIVE EDWARD W. POU, OF NORTH CAROLINA

The VICE PRESIDENT laid before the Senate the resolutions of the House of Representatives (H.Res. 318) adopted on the occasion of the death of Hon. EDWARD W. POU, late a Representative from the State of North Carolina, which were read, as follows:

IN THE HOUSE OF REPRESENTATIVES, UNITED STATES,
April 2, 1934.

Resolved, That the House has heard with profound sorrow of the death of Hon. EDWARD W. POU, a Representative from the State of North Carolina.

Resolved, That a committee of the House be appointed to take order for superintending the funeral of Mr. POU in the House of Representatives at 2 o'clock on Monday, April 2, 1934, and that the House of Representatives attend the same.

Resolved, That as a further mark of respect the remains of Mr. POU be removed from Washington to Smithfield, N.C., in charge of the Sergeant at Arms, attended by the committee, who shall have full power to carry these resolutions into effect, and that the necessary expenses in connection therewith be paid out of the contingent fund of the House.

Resolved, That the Clerk of the House communicate these proceedings to the Senate and invite the Vice President and the Senate to attend the funeral in the House of Representatives and to appoint a committee to act with the committee of the House.

Resolved, That invitations be extended to the President of the United States and the members of his Cabinet, the Chief Justice and Associate Justices of the Supreme Court of the United States, the Diplomatic Corps (through the Secretary of State), the Chief of Staff of the Army, the Chief of Naval Operations of the Navy, the Major General Commandant of the Marine Corps, and the Commandant of the Coast Guard to attend the funeral in the Hall of the House of Representatives.

Mr. ROBINSON of Arkansas. Mr. President, in the absence of both of the Senators from North Carolina, I submit a resolution and ask for its present consideration.

There being no objection, the resolution (S.Res. 216) was read, considered, and unanimously agreed to, as follows:

Resolved, That the Senate has heard with profound sorrow the announcement of the death of Hon. EDWARD W. POU, late a Representative from the State of North Carolina.

Resolved, That a committee of two Senators be appointed by the Vice President to join the committee appointed by the House of Representatives to take order for superintending the funeral of the deceased.

Resolved, That the Senate accept the invitation of the House of Representatives to attend the funeral of the deceased to be held in the Hall of the House of Representatives at 2 o'clock post meridian on Monday, April 2, instant.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

Under the resolution, the Vice President appointed the senior Senator from North Carolina [Mr. BAILEY] and the junior Senator from North Carolina [Mr. REYNOLDS] the committee on the part of the Senate.

PROBLEMS FOR THE BAR—ADDRESS BY ATTORNEY GENERAL CUMMINGS

Mr. ASHURST. Mr. President, I ask unanimous consent to have printed in the RECORD an address on Immediate Problems for the Bar, by Hon. Homer Cummings, Attorney General of the United States, delivered at the silver anniversary banquet of the New York County Lawyers' Association at the Waldorf-Astoria, New York City, on March 14 last.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Mr. President, members of the New York County Lawyers' Association, ladies, and gentlemen: As, of course, you are aware, the Department of Justice has, for nearly a year, been conducting what is popularly known as "a campaign against crime." Manifestly, the situation is one calling for unusual and intensive effort.

The cost of crime has cast upon the people of the United States an annual burden of appalling proportions. In nearly every sizable community throughout our country heavy tribute is exacted from honest enterprise by the threats and violence of the racketeer. Roving criminals, engaged in various kinds of predatory offenses, constitute a serious menace to life, property, and personal freedom. Instructed as to the relative security which lies in the twilight zone between Federal and State authority, these roaming groups seek safety there—and all too often find it.

Moreover, it must be confessed that there exists a distressing break-down of the law-enforcement agencies in many parts of our land. Interwoven with these various factors are to be found the subtle and evil influences which characterize the alliance between the lower grade of politicians and the criminal classes. We are forced, also, to recognize the fact that certain members of the bar, skirting close to the verge of criminality, permit the cloak of our profession to protect notorious enemies of society.

I do not pause to discuss the manifold aspects in which the crime problem presents itself. It is enough to say that there is no question confronting the American people which is of more immediate and vital consequence.

In the difficult and important business of meeting this emergency some degree of leadership must be afforded by some agency that can deal with the subject with a fair degree of authority, and with a Nation-wide approach. It is for this reason that I have felt that a high duty rested upon the Department of Justice.

I have not entered into this matter impulsively or with any illusions. I have fully realized that it presents difficulties which cannot be solved by a dramatic coup or by sporadic and intermittent attack. It presupposes a long and persistent campaign, supported and encouraged by the earnest cooperation of all who respect law and believe in orderly government.

At the outset the Department of Justice set up a special division to deal with racketeering and kidnaping. We strove, also, to bring about a more intimate, friendly, and cooperative spirit between the Federal and local law-enforcement agencies. This was a matter of the highest consequence. We have established at Alcatraz Island in San Francisco Harbor a new penitentiary which will supply an essential and necessary link in our coordinated prison system. We have sought also to improve our scientific facilities, strengthen our organization, advance the training of our personnel, and last but not least, stiffen our own morale. I am happy to report that the results already achieved have been distinctly gratifying.

Moreover, the Department of Justice (in collaboration with the Senate Committee on Crime, represented so efficiently by Senators COPELAND, MURPHY, and VANDENBERG) has caused to be presented to the Congress a 12-point program of proposed laws. I do not pause to discuss these bills because I desire quickly to pass on to certain problems with which we here tonight are more intimately concerned. It is enough to say that these measures are not calculated to place the Federal Government in control of the crime situation of the country. It is not our purpose to invite local organizations to turn over their problems to the Federal Government. Law enforcement, now and hereafter, must, for the most part, be a matter of local concern. Moreover, there are constitutional limitations which have ever been kept in view. The bills, in general, deal with the menace of an armed underworld and with that aspect of the problem which has been brought so dramatically forward of late by roving groups of criminals, passing and repassing State lines and bent constantly upon predatory crimes of violence.

I cannot rid my mind of the insistent thought that all the matters I have heretofore mentioned merge into certain other problems with which we, as members of the bar, are related by direct obligation. "The law's delay" has been a byword since Shakespeare's time, and the activities of certain unscrupulous lawyers who seek to bridge the gap between respectability and crime have brought grave reproach upon the profession.

Let me take up these two problems in their order:

I am persuaded that if the Federal courts could reform their procedure and render it not only simpler but more responsive to actual needs, the example of such a system would have a powerful and corrective effect upon the practice in the several States.

Courts exist to vindicate and enforce substantive rights. Procedure is merely the machinery designed to secure an orderly presentation of legal controversies. If that machinery is so complicated that it serves to delay justice or to entrap the unwary, it is not functioning properly and should be overhauled.

When the details of procedure are prescribed by statute, errors can be cured only by legislation. Regulation follows regulation with bewildering multiplicity until there is created a morass of laws in which the whole profession is mired. Thus the Field Code of Procedure adopted in New York in 1848 contained only 391 sections. It later grew to 3,397 sections. The California code was amended 340 times in 10 years. Manifestly, procedural questions are too technical and too lacking in popular appeal to receive adequate consideration by any legislative body.

The Federal Conformity Act of 1872, regulating actions at law in the district courts, provides that practice and procedure in such actions shall conform, as near as may be, to that which is followed in the State in which the court sits. Whenever the Congress has legislated as to a particular matter, the statute thus enacted is, of course, controlling. The words "as near as may be", under the liberal interpretation given to them, have introduced a bewildering mass of exceptions. A litigant in an action at law in a Federal district court is, therefore, compelled to study, first, the State system of practice; second, Federal legislation relating to procedure; and, third, judicial decisions sanctioning departure from State practice. As the practice is not uniform in the 48 States, a serious burden is imposed upon lawyers who appear before Federal courts in more than one State, and also upon judges who are assigned to sit outside their immediate jurisdictions. Perhaps the most vital objection is that the Federal courts are tied to the antiquated system of statutory regulation now generally prevailing in the various States. Reform and improvement are, therefore, hopelessly stalled at the outset.

Let me turn, by way of contrast, to the manifest advantages of a system under which rules are adopted by the courts. Clearly this centers authority and responsibility in qualified hands. If changes are required, they are readily perceived by those who function under them. Surely rules of court can be applied with less rigidity than statutory provisions. Under such an arrangement we would have every right to anticipate fewer decisions based upon technical questions of procedure while the attention of the bench and bar could be directed to the substance of right rather than to its form. Moreover, such a system tends to preserve the true balance between the legislative and judicial branches of the Government and is, therefore, in harmony with basic constitutional principles.

The policy I am advocating is not an untried, theoretical reform. It has been in full force in England since the Judicature Act of 1873. The English administration of justice is rightly renowned. Legal writers attribute no small share of its celerity and success to the fact that practice and procedure are regulated by rules prescribed by a rules committee, consisting of 8 judges and 4 lawyers.

In our country, for more than a century, the United States Supreme Court has been permitted to regulate practice and procedure in equity cases The results have been highly satisfactory. If this power could be extended to actions at law, the Court would be in a position to unite the equity and law practice so as to secure one form of civil action and procedure for both. This would constitute a legal reform of the first magnitude.

For more than 20 years the American Bar Association has advocated the granting of such power to the United States Supreme Court. A bill of this character was first introduced in 1912, and, although it has never reached a vote, it has been brought forward in almost every succeeding Congress.

The proposal was endorsed by Attorneys General McReynolds, Gregory, Palmer, Stone, and Sargent. Mr. Elihu Root and the late Judge Alton B. Parker have personally appeared before a committee of Congress in favor of the measure. In 1921 a questionnaire submitted to Federal judges disclosed that, of those replying, more than 80 percent of the circuit judges and 75 percent of the district judges favored the proposal.

Legal, commercial, and business organizations have, with striking unanimity, approved this reform. It has been endorsed by 46 State bar associations, the conference of Commissioners of Uniform State Laws, the executive committee of the Association of Law Schools, the United States Chamber of Commerce, the National Association of Credit Men, the Commercial Law League, the National Civic Federation, and the Southern Commercial Congress. It has been approved by present or former deans of many important law schools, including Harvard, Yale, Cornell, and Virginia.

In 1910, in a message to Congress, President Taft sponsored the proposal. Two years later it was unofficially approved by President Wilson. In a message to Congress President Coolidge made similar recommendations. I am authorized to say here tonight that this proposed reform also carries the endorsement of President Franklin D. Roosevelt.

Persuaded that this is the course of right and reason, I have recently communicated with the chairmen of the appropriate Senate and House committees suggesting the reintroduction of this bill. I earnestly urge its passage.

Our one great enemy is inertia. But surely the hour has struck. Let us not confess that we are so disorganized, so indifferent, so lazy, so ineffectual, and so impotent that we cannot marshal our forces in behalf of a measure of reform which the leaders of the bar have so long and so overwhelmingly approved.

The other matter of major importance to which I direct your attention has to do with the problem growing out of the improper activities of certain members of the profession in their contacts with the criminal classes.

There are at least three methods of dealing with lawyers of this type.

Under certain circumstances they may be prosecuted for the violation of Federal or State criminal law. There are many available statutes which seem to have fallen into relative disuse. Other offenses may be reached by fine or imprisonment for contempt of court. Finally, there is the powerful weapon of censure, suspension, or disbarment.

A wider use of these powers would, I am sure, not only bring about a better discipline and eradicate many evil practices but would rid the profession of undesirable elements we have suffered far too long. Courts, bar associations, grievance committees, and individual practitioners should not shrink from performing their full duty in this crucial matter.

The privilege of practicing law is a public trust. Of course, no one challenges the duty of a lawyer to represent his client with loyalty and to the utmost of his ability, but it must not be forgotten that his paramount obligation is to the court of which he is an officer. An attorney who prevents or obstructs justice, or attempts so to do, is guilty of a grave breach of duty. Even if his

conduct is not sufficiently serious to warrant indictment for a crime, there is no reason in justice or decency or in self-respect which requires honorable members of the bar longer to tolerate his presence.

I am pleading here tonight, not only for the cooperation of those present at this meeting but for the support of those who are doing me the honor of listening in over the radio. I have sketched earlier in the evening the things done, the new laws proposed, and the immediate program of tonight. I cannot leave this latter topic with a mere admonition and appeal. I realize that adequate means of contact must be set up, so that what has been achieved will not be lost, and that further gains may be made. With this in view, I have asked three eminent members of the bar to act as a board of advisers, with headquarters in Washington. These gentlemen have consented to serve without remuneration, and simply from a sense of public and professional duty. I also expect, after consultation with them, to designate a special assistant to the Attorney General who will devote the greater part of his time to following up the various matters to which I have referred, supplying, as it were, a clearing house for information and mutual help. This nonpartisan board of advisers will be made up of Hon. Frank A. Thompson, of the St. Louis Bar, Hon. George W. Whiteside, of the New York Bar, and Hon. Donald Defrees, of the Chicago Bar.

In essence, I am placing at the disposal of the courts, the bar associations, and the grievance committees of the bar the facilities of the Department of Justice, with a view to bringing about a greater coordination of effort in this matter of grave and common concern.

I say to you with the utmost earnestness that this subject has become a matter of such wide-spread interest that its consideration has reached far beyond the limits of our profession. The press and the public are watching, I fear somewhat critically, our efforts to speed up justice, to simplify procedure, and to purge the profession of its unworthy members. The task, admittedly, is one of great difficulty, but I am persuaded that it is far from being impossible. And, above all, it is one that cannot be delayed. The dignity of our calling, the progress and development of the law, the security of our institutions, the protection of property, the safety of our people, the sanctity of life—all these things, and many more, plead to us here at this hour that we shall not fail in our duty to the profession we love and to which we have given the devotion of our lives.

JOHN A. SIMPSON MEMORIAL EXERCISES

Mr. NYE. Mr. President, the recent death of John A. Simpson, president of the National Farmers Union, occasioned wide-spread mourning. Mr. Simpson was always the farmer's friend. This has been particularly evident during recent days in the form of tributes paid his memory.

On March 24 memorial exercises were broadcast over the radio, which were participated in by several of our colleagues, including the senior Senator from Oklahoma [Mr. THOMAS], the junior Senator from Oklahoma [Mr. GORE], my colleague the senior Senator from North Dakota [Mr. FRAZIER], the Senator from Montana [Mr. WHEELER], and others. I ask unanimous consent that the addresses delivered on that occasion may be printed in the RECORD.

There being no objection, the addresses were ordered to be printed in the RECORD, as follows:

MEMORIAL BROADCAST MARCH 24, 1934, IN HONOR OF JOHN A. SIMPSON, PRESIDENT OF THE NATIONAL FARMERS' UNION, WHO PASSED AWAY ON MARCH 15 AT WASHINGTON, D.C.

After two beautiful musical selections the announcer introduced Mr. Frank E. Mullen, the National Broadcasting Co.'s director of agricultural programs:

Mr. MULLEN. Good day, my friends.

We have a sad duty to perform today, and yet it is one which we are proud to fulfill. As you know, the fourth Saturday of each month on the National Farm and Home Hour has for several years been under the auspices of the Farmers Educational and Cooperative Union of America, and today is Farmers' Union day. The Farmers' Union has lost its great leader, John A. Simpson, whose voice was so familiar to many of you, and today we are paying tribute and honoring the memory of this militant personality.

The men you are to hear on this memorial program furnish in themselves eloquent testimony as to the esteem in which John Simpson was universally held. As for myself, I shall miss him and his forthright denunciation of those things which he fought so vigorously. To me it makes no difference whether he was always right; the important thing is that he had the courage of his convictions and did not hesitate to voice them. He had the respect of his fellow men, and is not that the big thing in life? And now, without more ado, I want to present Mr. Simpson's closest coworker for the Farmers' Union, Mr. E. E. Kennedy, national secretary. Mr. Kennedy.

Mr. KENNEDY. This is the fourth Saturday of the month, the regular Farmers' Union hour. It is fitting and in keeping with the expressed wishes of thousands of members and listeners that this hour today be dedicated by the National Farmers' Union to the memory of a great leader in a great cause, John A. Simpson, our departed chief. At the studios of the National Broadcasting Co. at Chicago and at Washington there are gathered men who have worked with Mr. Simpson for many years and who wish to do honor to the memory of one of America's greatest citizens and patriots. In many thousands of homes and at innumerable meeting places men and women are grouped around radio sets to take part in this Nation-wide tribute to Mr. Simpson. His powerful voice that was ever raised against the wrong and that eloquently drove home the truth in the cause of humanity can never reach them again. But while that voice has been stilled, the forceful messages which Brother Simpson has delivered over the radio to the Congress and from the public platform will be carried on and on by thousands of other voices from thousands of platforms, and the work will go on.

After having served for 14 years as State president of the Oklahoma Farmers' Union M.r. Simpson was elected national president in November 1930. This was a crucial hour in the history of agriculture in America and the Nation. President Simpson immediately began to point out with unerring accuracy the errors of the Government's policy toward agriculture and the danger to the farmers and to the Nation. He contended vigorously that it must be the policy of our Government to treat agriculture as it treats business and industry; that it is the duty of our Government to refinance the farmers' mortgage indebtedness on as favorable terms as it accords to business and industry; that it is the duty of Government to see that the farmer receives the cost of production plus a reasonable profit for his products; that it is the duty of Government and not the privilege of bankers to issue the currency of the Nation. Under the leadership of Mr. Simpson the National Farmers' Union embodied these principles in the Frazier-Lemke bill to refinance the farmer at 1½ percent and the Swank-Thomas bill to give the farmer the cost of production plus a reasonable profit for his products consumed in our home market, the Wheeler bill to remonetize and provide for the free coinage of silver. Ever taking up the cause of the victims of the vicious World War, he was one of the most effective champions of the soldiers' Adjusted Compensation Act.

During the 3½ years of his presidency of the National Farmers' Union, Brother Simpson has caused the principles embodied in these measures to be better known and more fully understood than any laws proposed or passed in the last century. Stark necessity, an aroused sense of justice, and public demand will compel the establishment by law of these principles as the policy of our Government toward agriculture. Mr. Simpson believed in and consistently advocated in his speeches that farmers should work together in buying and selling cooperatively.

I wish to summarize a few of the outstanding characteristics that I have had many excellent opportunities to observe in my work with Brother Simpson. The problem of any farmer, no matter how humble was never too small to get his personal attention, and no problem was too big but that it received his unerring decision. Fear of personal or political consequences never influenced or altered his decisions. He constantly insisted in telling committees of Congress what they should know and what should be done. He constantly worked for results rather than effect. He never sacrificed a fundamental principle for the sake of expediency. The fine example of his courageous leadership in this battle for human rights has left with us a heritage. Every union member and friend of the cause is the beneficiary.

It may be likened to a fertile field—the soil has been carefully prepared; there is an absence of weeds; the seed is planted and has sprouted. It is our duty to keep it clean, to provide the showers and the sunshine, to protect it from the enemies that would gnaw at its roots and blight the growing plants.

We will continue to work together in this field with President Everson as our leader, and we will be together at the harvest, the harvest that will bring security in the right to live.

John A. Simpson shall not have lived, neither shall he have died, in vain.

Mr. Milo Reno, of Des Moines, Iowa, is filling several speaking engagements in the State of New Mexico and is therefore unable to be with us in person today. Mr. Reno has been associated with Mr. Simpson for a long time in the battle for justice for agriculture. He prepared a message, however, and has asked me to deliver it for him. This is Milo Reno's message:

"John A. Simpson, our great president and our brother and friend, has passed on to his rightful place among the immortals. He spoke for truth and righteous causes in sincere and simple words. His voice is stilled forever; but the plain, honest thoughts and deeds of this great Farmers Union leader will echo eternally in our homes and in our meeting places. Farmers of America will never forget this good man.

"It was my privilege to work with Brother Simpson in the great battle for justice to agriculture. We enjoyed a fellowship and real friendship that is rare and precious among men. His program and his purposes ran so deeply true to the rights and needs of farmers that all honest-thinking men could stand shoulder to shoulder with him in the fight he made for the plain folks on our American farms.

"And so we know you farmers out there in the cotton fields of the sunny South, and you farm folks of the great Corn Belt and Middle West understood John Simpson as your defender and your friend. The humblest farmer on the bleak prairies of the great Northwest, the laborer in the mines and factories, the man without a job, hungry in this land of too much food, you knew John Simpson as your spokesman, your fellow worker, and your true friend. His voice was the voice of the Farmers Union, his message was the program of the Farmers Union. His fight was the Farmers Union fight for social justice and economic decency. Surely if America is to live again and to prosper again, John Simpson

pointed the true way. Surely if farmers and honest workmen are to regain a level of decent, honorable, American living conditions, John Simpson has not lived in vain.

"The great souls who have made our Farmers' Union have met and welcomed John Simpson to the sphere beyond that veil which separates men from the infinite. What a gathering, my friends. Newt Gresham, of Texas, father and founder of the organization we love; John Tromble, of Kansas; George Loftus, of the Dakotas; Dr. Philpott, of Colorado; Charles H. Watts, the pioneer of cooperative marketing—these and many others who sacrificed themselves for the cause of truth and justice to farmers. Such men as these must inspire us to carry on the good fight. Heartbreaking to lose such men; and yet they are a challenge to the very best we have in us. Without them the Farmers' Union could not continue to live and battle for agriculture. Yet to each and all of them, and especially to John Simpson, the plainest and humblest Farmers' Union member, stood first and greatest of all things. It was to serve and not to command that Simpson lived.

"John Simpson was a real man, a loyal friend of good men, and a champion of good deeds. He was an implacable, uncompromising foe of men and things that seek to destroy simple human happiness. It is impossible to realize that this active, militant spirit has passed on. We find consolation in great work well done, and the splendid record of his thoughts and his deeds stands without a blemish. Fortunately, every Farmers' Union member and every farmer has full access to his writings and his speeches at any time. No greater tribute could be paid him than to reread and review his thoughts and teachings now.

"Words could not express my depth of feeling for John Simpson. I can only say, as he would himself say, carry on the Farmers' Union struggle for justice for agriculture. This was his life and in the reaches of the Great Beyond I know it is his wish for you and for me."

Mr. KENNEDY. Mr. E. H. Everson, of St. Charles, S.Dak., who was vice president, became the president of the National Farmers' Union after the death of Mr. Simpson. Mr. Everson is a South Dakota farmer. For the past 6 years he has been president of the South Dakota Farmers' Union. He is a worthy successor to our late president—honest, straightforward, and unafraid. I now present Mr. E. H. Everson, president of the National Farmers' Union. Mr. Everson.

Mr. EVERSON. Members of the Farmers' Union and friends out in radioland everywhere, it is with a profound feeling of sorrow and regret that through the death of our beloved national president, John A. Simpson, it has become necessary for me to hoist the Farmers' Union banner and place it securely at the masthead and carry on the fight for justice to our basic industry, agriculture.

I fully realize the tremendous weight of the duties and responsibilities he has just laid down, and how difficult it will be for me to carry on the work which he has thus far so nobly advanced. However, we must carry on, and I appeal to the membership throughout the length and breadth of this land to bear with me while I familiarize myself with these duties and responsibilities, and I assure you that, with an abiding faith in our noble principles and purposes and with a courageous determination that these principles and purposes can and must prevail, we will go marching on.

I say to you members and officers throughout the various States that, knowing Brother Simpson as I did, I am sure that he would feel that we could erect no greater monument to his memory than that of building a great and powerful farmers' union in every State of the Union.

Let us accept this loss as a challenge to our cause and, fired with the righteousness of our cause and with a dauntless courage and determination of which John Simpson was a living example, march onward and upward to loftier heights, where through a multitude of counsel we shall have a clearer vision of the problems of life. I believe John Simpson was the type of man Reverend Holland had in mind when he wrote his well-known poem, God Give Us Men.

John A. Simpson was a courageous champion of human rights. He believed in approaching our agricultural problems from the grass roots upward rather than from the swivel chair downward. He was a man of ideals such as I had in mind when I penned the following poem entitled "Ideals of a Noble Citizen." I wish to dedicate this poem to all the listeners:

IDEALS OF A NOBLE CITIZEN

A heart that's so tender, so kind, and so true
That its kindness and tenderness grips your heart, too;
A mind that's so keen it can always discern
'Twixt the good and the bad, that the good we may learn.
A vision so clear it can see in the distance
The wrongs that are threatening and need our resistance—
A courage so dauntless to uphold the right,
No matter how stormy and bitter the fight;
A foot that dares tread where'er duty calls,
A hand that gives help to a brother who falls;
A voice soft and mellow, yet firm as a stone,
Telling truths to the masses, that they may be known;
A conscience so clear where justice sublime
Keeps out envy and malice toward all mankind.
All these are ideals you should strive to attain,
So that Truth, Love, and Justice o'er our fair land shall reign.

Our Farmers' Union program for the solution of our farm problem is through an aroused and enlightened, organized cooperative agricultural democracy, and I assure you we must concentrate our efforts in its development with greater vigor and energy than ever before. I assure you that just in proportion as we do this, just in like proportion shall a confused and bewildered, burdensome, encroaching, dictatorial governmental bureaucracy recede.

Mr. KENNEDY. The next part of our program will be given in our Capital City, after which we will return again to Chicago. We shall hear messages from Senator ELMER THOMAS, of Oklahoma Senator THOMAS R. GORE, of Oklahoma, Senator LYNN J. FRAZIER, of North Dakota, and Senator BURTON K. WHEELER, of Montana, also from Congressman F. B. SWANK, of Oklahoma, and Congressman WILLIAM LEMKE, of North Dakota. Former Congressman John M. Baer, of Washington, D.C., will also speak, and he will introduce the different speakers from there. I now present John M. Baer, our friend.

Mr. BAER. It is to be regretted that this hour over which the late John A. Simpson has made such eloquent appeals to the Nation for distressed agriculture should be given over to memorial exercises for him. But it is highly fitting that a few of his many friends here in the Nation's Capital gather to pay tribute to his great work.

All the remedies offered for agriculture by the National Farmers' Union have found expression in bills which are now before Congress. It was in an effort to obtain the passage of this remedial legislation that John Simpson gave his life.

The speakers who will follow are the authors and sponsors of these farm measures.

The first speaker is United States Senator ELMER THOMAS, of Oklahoma. Senator THOMAS.

Senator THOMAS. This is John Simpson's hour.

John is not here today, hence some of his friends are substituting for him.

Substitute is all we can do—his place we cannot fill.

John Simpson—the clay—has gone the way of all the world, but John Simpson—the positive, radiant, and dominating personality lives on and is with us still.

While not born in Oklahoma, the State I love gave John Simpson to the Nation and to the world.

From Alpha to Omega I knew his active private and public life.

From farmer to banker, from banker to legislator, from legislator to organizer, from organizer to spokesman, and from spokesman to leader, John Simpson became the oustanding agricultural leader of his time.

He was created to be a leader.

His origin, education, and experience prepared him for the task which destiny had decreed.

John Simpson believed that Government should be maintained to protect the weak and to restrain the strong.

He believed in equal rights and condemned privilege in every form.

He believed that those who toil should enjoy some of the wealth they produce and create.

He believed that money and credit should be available on equal terms to great and small; to the proprietor of the farm as well as to the captain of industry.

He believed that those who feed and clothe the world should have not only cost, but in addition, a reasonable profit.

He believed, insisted, and demanded that agriculture be recognized as a part of the capitalistic and governmental system of America.

Upon this program John Simpson stood.

From conquest to conquest, in the South and West, he moved on to the Nation's Capital.

Washington was to become his major battleground.

The first fight he sought was with a giant of industry, and when the battle ended a colossus of monopoly resigned his Federal post and retired to private life.

Some men use language to conceal, to cloud, and to camouflage their thoughts.

John Simpson used language to disrobe and expose sham, pretense, and falsehood so that truth might be beholden to the people.

With him he brought the problems of the farmer to the Capital of the Nation.

He presented the program of agriculture to every bureau of the Government and to every committee of the Congress.

No responsible representative here, from President to clerk, has been in doubt as to the things for which he stood.

Because of the clarity of his program, the zeal of his advocacy and the justness of his cause, he went from victory to victory until the Congress was his agent.

Yet, well he knew that there are forces operating here greater and more powerful than even the Congress itself.

John Simpson soon discovered that industry controlled the tariff; that railways controlled transportation; that banks controlled money, credit, and finances; and more recently he learned that Aviation controlled the mails—if not the air.

During all this time the farmer, forming the most numerous group, and agriculture, constituting the most valuable industry, were forgotten and neglected.

Such neglect brought on decay, and decay was leading rapidly to dissolution.

John Simpson stated and restated the doctrine that none can live and survive if the masses remain impoverished.

Then, suddenly and almost too late, it dawned upon America that our whole economic system and even our form of government could not long exist unless agriculture should be revived.

Today official Washington and impoverished industry, great and small, concede the Simpson claims, that prosperity cannot return until farmers and wage earners regain their buying power.

Agricultural equality was the Simpson creed.

John Simpson led the leaders in this drive; and if those he left behind carry on, the fight he launched will yet be won.

John Simpson is dead, yet the John Simpson we knew still lives.

Mr. BAER. The next speaker is United States Senator THOMAS P. GORE, of Oklahoma. Senator GORE.

Senator GORE. Friends of agriculture, friends of peace, friends of freedom, you and I have lost a friend. You can say, I say of John Simpson, as Marc Antony said to Julius Caesar, "He was my friend, faithful and just to me."

There were many ties which bound us together like hoops of steel. Far back in 1901, in the morning of our lives, Simpson and I settled in the new country, settled in the Kiowa, Comanche, and Apache Reservation down in Oklahoma. He came from Nebraska. I went up from Texas. The first time I ever saw John Simpson he was living on a farm. He was living in a dug-out. This was in 1902. I was then a candidate for the Territorial senate.

In my first race for the United States Senate, in 1907, John was the only man in Oklahoma who sent me a campaign contribution—the only man. The contribution was small, but the heart was big that sent it. My appreciation was not measured by the size of the gift but by the spirit of the giver. I have never forgotten that timely, that kindly act of friendship. I lost a friend when Simpson died.

Another tie that bound us was a common desire, a common demand that the American farmer should receive justice at the hand of his Government. I attended the first two meetings of the State Farmers' Union in Oklahoma. Simpson afterward became the State president of the Farmers' Union. He proved himself "faithful over a few things." He afterward proved himself "faithful over many things." He was called to the national presidency of the Farmers' Union.

The farmers lost a friend when Simpson died.

Still another tie that bound us was a common desire for peace—a common abhorrence of war—a common belief that our country should not have entered the World War. We both believed that the war was ruining the world and that our entrance into the war would lay the burdens upon the bended backs of our taxpayers too grievous to be borne—believed that we were sowing the wind and that we would one day reap the whirlwind. We are today in the midst of that harvest—a harvest of disaster. John Simpson and I were both the victims of the hatred and the intolerance of war. Peace lost a friend when Simpson died.

I have often thought that the finest characteristic of our friendship was the fact that we could differ without permitting that difference to affect our friendship or our mutual respect for each other. We had found the rare, rich jewel of tolerance in the ugly toad's head of intolerance.

My friends, the living cannot help the dead. They are indifferent alike to our praise and to our blame. We can do honor to their memory. But we honor them most by emulating their example. We honor them most by perpetuating their influence. We honor them most when we see to it that the good which they did is not interred with their bones, when we see to it that the good which they did shall not perish from the earth.

Humanity lost a friend when Simpson died.

Mr. BAER. United States Senator LYNN J. FRAZIER will now address you. Senator FRAZIER.

Senator FRAZIER. I deem it a special privilege to have this opportunity to pay a brief tribute to our friend the late John A. Simpson. Mr. Simpson will long be remembered as an outstanding farm leader. His radio addresses were eagerly awaited and greatly appreciated by his innumerable farm friends throughout the Nation. He was a leader among men. He was a logical thinker and possessed exceptional ability and, above all, was thoroughly sincere and had the courage of his convictions to carry on a consistent fight for the rights of the American farmers.

When the new-deal agricultural program was being worked out, Mr. Simpson insisted upon the average-cost-of-production provision for the basic farm commodities, which had previously been adopted by the National Farmers' Union organization, being included in the bill. His proposal, known as the "Simpson amendment", was adopted by the Committee on Agriculture of the Senate and was likewise adopted by the Senate itself, only to be finally stricken out by the House conferees.

The Simpson amendment provided for a fixed price based on the average cost of production for the percentage of the basic farm commodities used for domestic consumption within our own borders. The principle involved in this amendment was fundamentally sound and just as essential for the restoration of agriculture as was a similar provision for industry, which was later included in the National Recovery Act. Mr. Simpson demanded that agriculture should be put on a parity with other business industries.

His leadership will be greatly missed. His place will be mighty hard to fill. We have lost a true and tried friend. His untimely death was a great blow to the welfare of American agriculture. We who mourn his loss must carry on the fight that he had so courageously waged.

I know I voice the sentiment of the American farm people and of thousands of others when I say that our deepest sympathy goes out to Mrs. Simpson and her family.

Mr. BAER. The next speaker is the Honorable BURTON K. WHEELER, of Montana. Senator WHEELER.

Senator WHEELER. In the death of John Simpson the farmers of America lost their most fearless champion.

Greater love has no man than this: That he give up his life for a fellow man. Exactly this, John Simpson did—surrendered his for the farmers of America. Warned by physicians that he risked his life if he continued his strenuous efforts in behalf of the farming interests, he smilingly persisted. He was stricken in the service of his country as truly as a soldier who gives up all on the field of battle; but Simpson fought on the dull and dreary economic front, without martial music or the roar of cannon, without the fanfare or the trappings of the warrior to sustain him.

He was not a conformer. He was a fighter for righteousness. Often he did many things that shocked the smug and conservative. He had no reverence for antiquity. Thus he made many enemies, and in the fiery ordeal of politics there beat about his head as fierce a storm of abuse and slander as ever in this day has assailed a man of statesmanlike character, consistently patriotic, essentially pure and unselfish.

He was a lover of nature in all her moods, in all her display of sublimity or beauty. He loved all growing things. He could bend over violet or cotton plant, over rose or field of golden grain, with a rapt enjoyment which never grew cold, never grew old. His love of the good earth and of her products embraced the tillers of the soil and gave him a fiery enthusiasm as he championed the cause of the distressed and dispossessed farmers and made his championship doubly effective.

In a spirit of veneration for the worthy dead I am here to express my deep admiration and my feeling of genuine sorrow at a great personal loss. He was my friend, deep, lasting, tender—a splendidly loyal friend. He was just the sort of man patriots would trust, bigots hate, friends blindly follow and sincerely respect, cynics shun, children adore, fakers ridicule, and neighbors love and impose upon.

He was as deserving of genuine affection as any son of Adam I have intimately known, as any I have known who has fought long and hard, as any whose hands were ever given from youth to age to the molding of better laws, better institutions, and better conditions for the common people of America.

Mr. BAER. Congressman F. B. SWANK, of Oklahoma, will now address you.

Congressman SWANK. Ladies and gentlemen of my radio audience, I have been invited during this memorial service over the N.B.C. network to address you for a few minutes upon the life and service of Hon. John A. Simpson, president of the National Farmers' Union.

It was my good fortune to be acquainted with Mr. Simpson for many years, and I repeat now what I have said before, that he was the greatest farm leader in the United States. He was a man of strong convictions and was fearless in the advocacy of the principles of government and of life which he thought were in the best interests of the citizens of our country. John Simpson was a scholar, a statesman, and a born leader. His preparation for the work in which he was engaged was built upon a solid foundation. He was a college graduate and a man of varied business experience. I am glad that he used his wonderful talents for bettering the conditions of the producers of this country.

He was a man of strong character, unquestioned integrity, and devotion to duty. He was man "whom everybody knew, who stood foursquare to every wind that blew." He was not only one of the leading citizens of our beloved Oklahoma and of the United States but, best of all, he was a devoted husband and father. John Simpson was a family man, and nothing pleased him more than to talk to his family as they gathered around the evening fireside.

The facile pen of a Shakespeare or the eloquent tongue of a Webster could not exaggerate the character and good qualities of John Simpson. He was a man who loved his friends and was never timid in speaking of their good qualities.

When John Simpson died, the farmers of the United States lost one of their best friends and the most forceful and eloquent advocate of their rights. He always maintained and many times told me personally that there could be no recovery in this country until agriculture was rehabilitated. He realized that the farmers were engaged in the only business that produces the absolute necessities of life and that agriculture is our basic industry. His theory was, and he was right, that when we aid agriculture we help all lines of business and industry.

John Simpson was personally acquainted with and had the respect of different Presidents of the United States for several administrations. He was personally acquainted with many Members of the United States Senate and of the House of Representatives, and they were all his friends. Even if any of them differed from John Simpson in their views, they had the highest respect for his personal integrity and his ability.

His departure from this life was a great personal loss to me, but we cannot be with our friends always. John Simpson was a kindly man, and his heart always beat in the deepest sympathy at the trials and troubles of his unfortunate fellowmen. He loved children, and his life is a worthy example for their emulation. He was a Christian gentleman and believed in the doctrine promulgated by the Carpenter's Son.

His passing is a distinct loss to our State and to the Nation. If every person to whom John Simpson spoke a kind word or for whom he did a favor were to say a word about him, these words of commendation would make a large volume. If mortal man was

ever borne by angelic hands to that eternal home beyond the etherial blue, John Simpson at this moment is resting there. In the language of the poet:

"Green be the turf above thee,
Friend of my better days;
None knew thee but to love thee,
Nor named thee but to praise."

Mr. BAER. Our last speaker on this program is Representative WILLIAM LEMKE, of North Dakota. Congressman LEMKE.

Congressman LEMKE. In paying tribute to John A. Simpson, national president of the Farmers' Union, we feel that we are in the presence of departed greatness. We realize that we are paying tribute to the greatest agricultural leader of our time—to a philosopher and statesman—to a friend of all mankind—to one of America's real great men. The millions who today are paying their respect to their departed friend feel that this is not so much an occasion of sorrow as of sublime solemnity. A grateful Nation today honors itself by honoring the memory of John A. Simpson.

Great men are part of the universe—brothers to the mountains, the hills, the valleys, and the plains, part of all there is, part of a great human cause that is limited only by infinite space and by an eternity of time, the cause of justice for struggling humanity. John A. Simpson lost himself in that cause, the cause of the "forgotten man", the cause of the men and women that, through their labor feed and clothe the Nation. He gave his life to and for that cause.

Just a few moments after he had testified before a Senate committee in an endeavor to get justice, a more equal distribution of the good things of life for the people of this Nation, and while sitting on the steps of the Senate Office Building talking to friends, he quietly passed into unconsciousness. Later, in the Emergency Hospital, and with his latest breath he said, "I am glad I was able to put that over." So as he lived he died, battling for those who labor, feed, and clothe not only this Nation but the world.

John A. Simpson not only visualized but actually felt the suffering and mental anguish of the millions of men and women who during the last few years lost their homes and their all through mortgage foreclosure; of the millions of men, women, and children who suffered the pangs of hunger and want. He opposed the cruel system that starved millions in the midst of plenty. He hated the man-made depression that caused rivers and rivers of tears. It was his purpose to change those tears into miles and miles of smiles and contented homes. He had no patience with the ignorance that destroyed and would curtail the production of food in order to feed the hungry—no patience whatever with the ignorance that would destroy or curtail the production of cotton in order to clothe the ragged. To him such a system and such a philosophy were a disgrace to the intelligent age in which we live.

He advocated that the Government refinance farm indebtedness at 1½ percent interest and 1½ percent principal on the amortization plan, not by issuing interest-bearing tax-exempt bonds but by issuing Federal Reserve notes secured by the best security on earth—first mortgages on the farms of this Nation. He insisted that the farmers be given the cost of production plus a reasonable profit for that part of their products consumed within the United States. He felt that no intelligent or honest person would want to eat or consume the farmers' products for less than it costs to produce them.

John A. Simpson is not dead—great men do not die. His wisdom and his courage have been disseminated and diffused into every nook and corner of this Nation. It has become part of all of us—part of the life of this Nation. Millions are today repeating his words, his wisdom, and sharing his courage. Millions have drunk deep from the fountain of his knowledge. This Nation is a better place to live in and is safer because of the life of John A. Simpson.

Farmers of this Nation—you 30,000,000 men, women, and children who live on the farms—and all friends of liberty, may we not call upon you to pledge anew that you will carry on the work of John A. Simpson until there is a more equal and just distribution of the wealth of this Nation, until justice triumphs; that you will not permit to be established in this Nation a feudal system—a system which would make feudal serfs out of tillers of the soil and lords and barons in the departments in Washington.

In conclusion, may I say that we will carry on the unfinished work of our departed friend; that we feel as if in his living presence is the coming of a new era, of a new civilization—a civilization in keeping with the teachings of the Nazarene.

Mr. BAER. John Simpson died as he lived—on the firing line. He was always in the front-line trenches in the battle for human progress. Up to the last minute he was fighting for genuine measures to relieve our distressed agriculture. The untimely death of this greatest of all progressive farm leaders will be a great loss to the American farmers.

John Simpson believed that the workers on the farms and in the factories should have a greater share of the wealth which they produced. His plan was to establish a new and scientific system of marketing which would eliminate many unnecessary intermediaries and allow the farmers through their own cooperative marketing associations to fix a just price based upon the cost of production. With his excellent education and his thorough business training, coupled with his successful experience he had had in his own State of Oklahoma, John Simpson would have been the ideal man to head such a gigantic undertaking. He has, however, richly endowed us with his principles and ideals, and it is our duty to enter into his fighting spirit and carry on his practical program.

This great farm leader not only supported beneficial farm legislation but he advocated measures endorsed by organized labor. He believed that the interests of the farmers and the city workers were identical. He realized that the major consuming power of farm products is the industrial worker. He often said, that if workers in industry received adequate wages, the farm problem would take care of itself.

In closing, let me again extend our heart-felt sympathy to his bereaved family. His associates in the Farmers Educational and Cooperative Union of America, and the vast host of followers he had on the radio, through the courtesy of the National Broadcasting Co., will greatly regret that they will not hear the sound of his silver-tongued voice, but they will not forget the great principles and ideals which this honest, sincere farm leader advocated.

Mr. KENNEDY. Tribute has been paid to our departed leader in words which will live because they are the truth. I now wish to pay tribute to the one who was nearest and dearest to Mr. Simpson—his wife—who today is listening in on this program, surrounded by her 4 daughters, 2 sons, 1 daughter-in-law, and 3 sons-in-law, as well as the 2 grandsons in their comfortable farm home 10 miles out of Oklahoma City. Few men and fewer leaders of men go through life so loved, strengthened, heartened, and inspired, day after day for more than 37 years as John Simpson did. John was a noble soul; he was a true Christian; and when returning from the Marshfield meeting in Wisconsin on February 8 last, he told me that as long as he had known Mrs. Simpson she had been his guiding star; that her absolute faith in him, her complete and unfaltering support and true companionship was the greatest blessing in his life. His daughter Mildred and his son William were his close associates in the union work. His entire family were his first and most loyal supporters. I wish to say to all of them now, on behalf of this radio audience and the National Union that, while mourning for him who has gone, thousands of heads are bowed and God's blessing is being asked for you whom he left behind. You too will carry on.

I now wish to make a few announcements. The national board of directors has authorized the establishment of a memorial fund the purpose of which is to finance the publishing of a book which will contain a brief history of the life of Mr. Simpson—much of his writings and the radio addresses he made in the last 3½ years. Complete details will be given in the special memorial issue of the Oklahoma Union Farmer of April 15, which will also contain a copy of this memorial broadcast of today. Those of you who would like to have a copy or those who would like to have information and instruction about how you may become a member of the Farmers' Union, write Edward E. Kennedy, national secretary, Kankakee, Ill. President E. H. Everson and I will be leaving for Washington, D.C., tomorrow to carry on the battle for the Farmers' Union legislative program there. We may be reached personally at the Cavalier Hotel.

Remember, the Farmers' Union hour will be on the air over the N.B.C. as usual on the fourth Saturday of the month. The next broadcast is on April 28. Mr. Simpson had planned an organization trip through the South and West in April and May. He had already asked me to make the April radio address, and Brother Everson, who now is our national president, to make the May address. This arrangement will be carried out.

In closing this memorial hour I wish to thank the N.B.C., and particularly Mr. Frank E. Mullen, the director of agricultural programs, for their wonderful help and very special effort to make this radio broadcast today an outstanding event of the year. Mr. Simpson thought a great deal of you, Frank. I am sure the radio audience joins in expressing their deep appreciation, and I wish to do so personally and on behalf of the National Farmers Union. We thank you and all the N.B.C. folks.

I sincerely hope that all the listeners of today will be with us again on April 28 at this same hour. I expect to greet you again at that time.

MONETARY USE OF SILVER

Mr. CONNALLY. Mr. President, I ask unanimous consent to have printed in the RECORD an article on proposed silver legislation appearing in the New York Times of March 25, 1934, and also an article dealing with the same subject appearing in the Washington Herald of March 25, 1934.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the New York Times, Mar. 25, 1934]

BENEFIT TO COTTON SEEN IN DIES BILL—PLAN TO INCREASE OUR MARKET ABROAD FOR SURPLUS CROPS ENCOURAGES SUPPORT—OPPOSITION IS EXPECTED—INFLATIONARY CHARACTER OF SILVER PROGRAM REGARDED AS CONTROVERSIAL

The cotton trade is much interested in the Dies silver bill, which passed the House of Representatives last week and on which public hearings are expected to start before the Senate Agricultural Committee this week. The consensus is that enactment of the bill would benefit cotton more than any other agricultural product, since the surplus is large and cotton is the chief export agricultural product of the United States. The Dies measure provides for the acceptance at a premium of foreign silver for American surplus agricultural products.

Since the Dies measure provides that the silver received in payment for agricultural surpluses shall be deposited with the Secre-

tary of the Treasury, who shall issue silver certificates against silver received, the bill is considered inflationary in character. For this reason opposition to it is expected at the hearings before the Senate committee. In view of the claims of its sponsors that the plan will dispose of surplus agricultural products without resorting to curtailment of production, there is in some quarters considerable support for the measure as the lesser of the evils.

As the measure provides for the creation of a board composed of the President, the Secretary of the Treasury, the Secretary of Commerce, and the Secretary of Agriculture to carry out its provisions, and as this board will have more or less discretionary power, the feeling is that in the event of its enactment it will be operated on a basis where the monetary system of the country will not seriously be interfered with. Opponents of the bill are not so sure of this and fear that the demands from the agricultural sections may be such that for political reasons or otherwise the board may embark on a heavy program of exchanging agricultural products for silver in foreign markets. This, they maintain, will in time result in a further serious disturbance to our monetary system.

ECONOMY SEEN IN PLAN

It also is provided in the bill that the amount of premium or excess above the world-market price which the board is authorized to agree to as payment for the products sold to foreign buyers shall not exceed $400,000,000 a year. Thus, it is pointed out, the loss to the Federal Government on such a venture other than the inflationary feature of the act, will not exceed $400,000,000 a year. If the expenditure of that sum for the disposal of surplus agricultural products abroad would eliminate processing taxes and other measures already in effect to restrict the production of agricultural products in this country, the enactment of the Dies bill, it is contended, would be the best way of disposing of surplus farm products and by far the cheapest.

The bill further provides that silver taken in exchange for agricultural products shall not exceed 25 percent above the world-market price for silver. On this basis, $2,000,000,000 in agricultural products could be sold abroad each year while the measure is in effect, for which the Treasury would receive $1,600,000,000 in silver at the world-market price. At current quotations of around 45 cents an ounce for silver bullion, approximately 3,500,000,000 ounces of silver or almost one third of the silver reserves of the world would be required yearly. This would result in a demand for silver, and the consensus is that the price would advance sharply.

The Dies bill is considered generally as a subsidy for agricultural products. Because of the provision that silver be accepted at a premium of as much as 25 percent over the world price, it means that surplus American agricultural products sold abroad will be 20 percent cheaper than in the domestic markets, if the full premium is allowed. The farmer, however, would receive the domestic-market price, while the difference would be absorbed by the Federal Government. Some agricultural products, which are selling above the world price, such as wheat, would be less in demand than cotton, for which the domestic and foreign price is virtually the same.

The enactment of the bill, it is contended, would put American agriculture on a parity with other countries. It is pointed out that the cost of producing most crops in the United States because of higher prices for labor, taxes, machinery, and other items would be offset by such an act.

Because of the reduction of the gold content of the dollar to 59.06 percent of its former parity, the current price of American cotton in foreign markets is placed around 7 cents a pound at the old gold value of the dollar. The passage of the Dies bill, it is contended, would result in a further reduction of about 20 percent in the price of cotton abroad. At present prices, cotton would be reduced to around 5½ cents a pound in gold on the old basis, which, with the exception of one or two periods of short duration, is the lowest level at which American cotton ever sold abroad.

This situation, it is believed, probably would discourage foreign growths of cotton. Consequently it would not be necessary to curtail American production in order that cotton farmers would receive a fair price. On the other hand, it is contended that without the enactment of some such plan whereby the prices of American cotton abroad can be kept in line with world economic conditions, the drastic curtailment of production of cotton here will result in loss to the United States of its dominant position in the world cotton market. Restricting cotton production here is to raise prices, it is pointed out, and there is little doubt in the trade that production abroad would be increased approximately as much as production is decreased here.

Until a few years ago most American agricultural products could compete in the world markets. At that time it was the American manufacturer who could not compete with foreign-made goods. As a result high import duties were levied on foreign manufactured goods to protect American industry. Consequently, it is pointed out, American industry has advanced to a high degree of efficiency, but at the same time prices of American goods, a large part of which are consumed by agriculture, have been higher than manufactured articles in other countries. Because of this farmers in other countries, it is said, have an advantage over American agricultural producers. In order that the American farmer may regain his former advantage, many believe it necessary for the Federal Government to aid in the disposal of farm products abroad.

[From the Washington Herald, Mar. 25, 1934]

IMPORTANT LEGISLATION

By Robert H. Hemphill, financial authority

The Dies silver bill, which passed the House March 19 by a vote of 258 to 112, provides for the sale of surplus agricultural products to foreign countries in return for payment in silver at not less than 10 percent nor more than 25 percent above the world silver price.

The silver will be taken by the Treasury, which will issue silver certificates for the full purchase value. With these certificates payment for these surplus products will be made to the farmer.

To assure stability, the bill provides for the redemption of these certificates at the option of the monetary board, also created by the bill, and consisting of the President, Secretary of the Treasury, Secretary of Commerce, and Secretary of Agriculture, at their face value in silver, as measured in terms of gold.

Therefore this money will be redeemable in the equivalent of gold and in fact, might be redeemable in gold at the option of the Treasurer of the United States.

These certificates will become lawful money of the United States, and as such, will be legal for bank reserves and receivable for all public or private debts, being full legal tender.

The total amount of silver which may be received in payment for surplus agricultural products, assuming the maximum of 25 percent above the world price is always paid, will be $1,600,000,000 annually, for the 3 years which the bill is apparently designed to operate.

How does this legislation affect you, Mr. Average Citizen? Let's analyze.

Assuming that this bill is passed, and $1,600,000,000 of surplus farm products find a market in the silver countries, and that as a result $1,600,000,000 of new money is put into circulation in the United States, it will increase the annual gross business of this Nation $57,600,000,000.

As there is an average of 12 intermediate transactions between the production of the raw material and the finished product delivered to the consumer, this amount of total transactions will result in the creation and exchange between producer and consumer of $4,800,000,000 of new wealth per annum, or to put it in simpler words, will increase the national income (which means the aggregate of your income and mine and all the others of our 125,000,000 people) $4,800,000,000 per annum.

As a side issue, the results of this bill will undoubtedly elevate the world price of silver to fully absorb the premium which this Nation will undertake to pay.

It will open up to our producers trading relations with 1,000,000,000 people who have no gold with which to buy our products from whom we have been divorced since the shrewd manipulators of the Bank of England in 1873, by the judicious use of a slush fund of £500,000 and aided by their satellites in this country, certain of our international bankers put over on the American Congress a fast one entitled "An act revising and amending the laws relative to the mints, assay offices, and coinage of the United States."

This act, whose real purpose was kept secret until the Congress had adjourned and which four fifths of the House and Senate understood to be an act relating solely to the operation of the mint—and providing a more scientific method of coining money, demonetized the standard silver dollar, which at that time was the favorite money of America.

To the students of finance, the gradual development of our financial maturity furnishes hopeful assurance that perhaps within the near future we may succeed in divorcing ourselves from the apron strings of the Anglo-American banking group who for 2 centuries, with diabolic cleverness and the assistance of a misguided but tragically effective conservative press, have dictated and controlled our monetary system, and through it our economic development and destiny.

It is a sound bill, and proposes to issue sound money for our surplus agricultural products, and this money when received by the farmer will be expended by him for the diversified products of the Nation, and go into circulation passing from hand to hand 36 times per year in an endless chain of transaction by which we create and exchange goods and services.

It is a distinct, important, and substantial step toward recovery.

RECTIFICATION OF RIO GRANDE—ADDRESS BY AMBASSADOR DANIELS

Mr. SHEPPARD. Mr. President, I ask permission to have printed in the RECORD extracts from an address by Hon. Josephus Daniels, American Ambassador to Mexico, in El Paso, Tex., Saturday, March 17, 1934, at the celebration of the adoption by the Mexican and Federal Governments of the treaty for the rectification of the Rio Grande.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

I highly appreciate the honor done me by the chamber of commerce in its invitation to speak at the celebration of the adoption

of the treaty for the rectification of the Rio Grande and the welcome by the mayor of El Paso and officials of the city and chamber upon my arrival here. This pleasure is heightened by the tender by the mayor and officials of the freedom of the city of Ciudad Juarez and the honors by the Twenty-fourth Cavalry under the command of Col. Rodolfo Rivielo, of the Mexican Army, and by like receptions and military honors by Brig. Gen. Walter C. Short, of the American Army, commanding the increasingly important Army establishment at Fort Bliss, and by the cordial welcome by the residents of both cities. I rejoice to have a part in this celebration, both as a citizen of the United States and as the Ambassador to the country which has joined with my own country in agreement upon a tangible plan which is a real exemplification of a forward step essential to both countries. What I have seen in my brief stay in Ciudad Juarez and El Paso today is evidence that the practice of neighborliness is most keenly appreciated by those who dwell on the border of these two sovereign Republics, where its observance blesses every phase of private and public endeavor.

The concept of neighborliness by those living close together remains either a vacuous theory, sterile and unproductive of any real good, or, on the other hand, has breathed into it the life-giving spark of actuality by zealous application in practice. Like many other worthy ideals, this one, unhappily, sometimes remains but a shibboleth reposing, undisturbed by exercise, in the minds of men. There is every reason why the people of this continent, animated, as they are, by the same fundamental desire—the desire that the social order shall always guarantee for all men the great principles of liberty, of equality, and of justice—should find much common ground for putting this principle into practice. Each has much to contribute; each has much to learn from the other.

These two splendid, modern cities of El Paso and Juarez (almost a twin city), with their good schools, railroad and industrial facilities, and the many other things which make for urban welfare, supplying and being supplied by almost countless miles of surrounding country both to the north and to the south of the Rio Grande, with their potential wealth of precious metals and vast herds of cattle and flocks of sheep, have much in common.

Both of the sister slopes of this pleasant valley, through the art of irrigation, have seen the desert converted into a giver of good things almost with a semblance of the magic of the bloom springing from the flower pot in the hand of the East Indian magician. To these broad and fertile acres the fearsome threat of drought is unknown. By the reservoiring of water against the time of need, the threat of drought, otherwise always present in the vagaries of season and nature, has been stripped of much of its danger. The banishing of the uncertainty of moisture by rainfall, and the resulting boon to the peoples of both banks of the Rio Grande in this valley, serves as another and earlier example of what may be done when good neighbors set out to solve their common problems by a community of endeavor and purpose.

I have always liked to visualize boundaries—whether municipal, State, or international—not as lines of division or separation, but rather as lines by which neighboring peoples are joined. Indeed, it is only the earnest and sincere application of such a concept by both national principals to engage upon it as would render conceivably possible the cooperative erection of the extensive works about to be here undertaken, which upon its completion will pay lasting homage to the reality of such conception.

The project for the rectification of the Rio Grande over many miles of its course common to both neighbors and of common utility to both, and the subjugation of its flood threat of destruction to the great storehouse of urban and rural wealth reposing in the El Paso-Juarez Valley, is one which testifies in most eloquent terms to the material as well as civil and social good that may be attained by carrying into practice the true spirit which animates good neighbors.

* * * * * * *

For many years Old Man River, called "Rio Grande" in the United States and "Rio Bravo" in Mexico, which constitutes the boundary between Mexico and the United States, has been an unruly fellow. The Spaniards, evidently first seeing the river at its flood, called it the Rio Bravo del Norte, meaning the swift, tumultous, and intractable river of the north. Long before Cortez and Malinche had conquered Montezuma and the adventurous Spaniard had made himself master from Veracruz to Acapulco, and from California to Guatemala, and centuries before Sam Houston had laid down his honors in the volunteer state to lose himself for a time in the then hinterland beyond the Father of Waters, and then to win fame for himself and Texas, the music of this river had been the lullaby of children of countless centuries, and its banks have constituted the hunting ground and its waters the reservoir for fish for Indians from the time whereof the memory of man runneth not to the contrary.

At times this untamed stream had held itself between its banks. Its course had been supposedly fixed by the Guadalupe Hidalgo Treaty of 1848, but no law or treaty was strong enough to curb its riotous habit of life. At other periods, with a mighty torrential movement, it has not deigned to pay the slightest attention to any metes or bounds either provided by nature or by treaties or governments. Sometimes, as a matter of fact, "worn thin by drought and bled by irrigation, it is not a river at all but only a wide strip of white sand, baking and glaring in the sun, becoming an imperious stream only in times of flood, and then it runs in a red torrent often half a mile wide, lifting an angry crest of sand-waves, devouring its own lower banks, earth, trees, and all, as though in a furious effort to carry away the whole country and dump it into the sea."

Indeed, Old Man River has insisted upon being a rugged individualist, living a quiet life or going on a rampage, as suited his mood, without regard to the feelings of peoples or the rights of property or the rules of society. Throughout the aeons he has seemed to resent any attempt at controlled circulation or collective bargaining or any other social reform which in the least affected his unrestrained comings and goings. The result of this meandering has been that one year he would with perfect disregard of all titles and hereditaments made and provided cut across individual ownership or national integrity of territory, wantonly, and merrily, and audaciously, without even saying "by your leave", remove large expanses of Texas territory and transfer ranches bodily into the Republic of Mexico, and the next year would change the channel so that Mexican haciendas would find themselves on the northern banks and in the domain of Uncle Sam. He has, without notice or regard for the wishes of denizens on either side of the banks, which the commissioners in 1848 thought were permanent boundaries, made it impossible at times for a man to know whether he was a Mexican or a son of the more northern Republic. He is not at all friendly to any men for a long period and is a menace to what man builds or plants in the valley. He has been a vagabond, so to speak, here today and gone tomorrow. Always, however, this itinerant nomad has been welcomed and loved because he carried fructification wherever he decided to take up his abode. Refusing to be tamed, he has brought fertility and beauty to whatever place he has decided to hang up his hat for a long or short stay. He has always seemed to serve notice, however, that he was a rover, gathering the sweets of today in one terrain, and the next year, like an unfaithful suitor, hurrying on to bestow his presence and affection elsewhere, or to abandon to grief any who had been endowed with his fugitive love. In his youth he was an inconstant lover. In the meridian of his career he was not much improved.

The time came when those who wished this merry rover well and depended upon him for the waters which made possible the production of crops for food and raiment agreed that an end must be made of his wanderings and frequent changes of affection, followed by disappointment and devastation. They said Old Man River must settle down and become a steady family man, staying by the hearthstone and making provision for his increasing progeny.

If Uncle Sam is his mother, seeing he comes from the womb of Colorado, and Mr. Mexico is his father, seeing he needs the Solomonic rod to keep him in order, the Governments of Mexico and the United States recognized they must act together, as neither parent alone could lasso the philanderer. The mother had tried in the fastnesses of the mountains, where he issued forth on his uncertain career. She learned to her sorrow that maternal love and pleadings were of little or no avail. The father, wearing a sombrero and attired in the garb of a parent who practices discipline, learned that not even the use of the Solomonic rod could effectively "haud the wretch in order."

The separate efforts of the two parents, exercised with diligence for the three quarters of a century since Gadsden thought he had devised a disciplinary check, utterly failed to keep the wanderer in the straight and narrow way. In fact, the hobo refused to be obedient to maternal pleadings or to the use of the rod by the father. Therefore, after exhausting every effort by each, both finally agreed that they must jointly make or find a way to say to the river: "Here are your limits. You must cease to roam. We will tie you into a fixed enclosure. Within the set limits your freedom is unrestricted. You may travel from El Paso and Ciudad Juarez and beyond to the Gulf without restraint along the route marked out as the result of the convention of 1933. You may even disport yourself on the waters of the Gulf. But outside the channel surveyed and fixed your orders are: Thus far shalt thou go and no farther."

When both parents thus spoke with authority, Old Man River, more amenable to family regulations than when he disported himself on wild rampages in his youth, saw that his roustabout days were over. Under the chaperonage of Mr. L. M. Lawson and Mr. Armando Santacruz, commissioners from the two Republics, the rather erratic vagrant ageed to settle down, to put on the harness of domesticity, and become a solid and staid and fireside-loving citizen, neither going out at night nor disturbing the peace of neighbors.

It is in recognition of this new attitude of Old Man River that we are gathered here to celebrate the return of the prodigal. Father and mother have united in killing the fatted calf in his honor, fashioning rings to put on his fingers and robes to cover his shoulders, saying: "This wanderer has returned to the fireside, all is forgiven, henceforth his vagrant ways will be remembered no more against him." In fact, today we think rather of his service in repairing his ravages, for while the river destroyed the forest on one side he was giving life to new trees sprouting up on the opposite bank.

The Rio Grande, accepting with good grace the restraint which the boundary commissions of the neighbor Republics have imposed upon him, now makes ready to go into retreat comforted with the favorite song of the workers on the mighty Mississippi. By the accompaniment of the music of his rippling waters the reformed and regulated Old Man River will console and comfort

himself by warbling the famous ditty of the toilers along the banks of the Mississippi:

Old Man River,
That Old Man River,
He must know something,
But don't say nothing,
He just keeps rolling,
He keeps on rolling along.

He don't plant taters, he don't plant cotton,
And them that plants 'em are soon forgotten,
But Old Man River, he justs keeps rolling along.

Heart gets weary, sick of trying,
I'se tired of living and feared of dying,
But Old Man River, he just keeps rolling along.

Old Man River,
That Old Man River,
He must know something,
But don't say nothing,
He just keeps rolling,
He keeps on rolling along.

Old Man River has a notable history. If it could talk, what stories it could tell of adventures, of love, of passion, of broken hopes, of religious zeal, of friendship, and of war! Along its banks in the whole length of its sinuosities over its rocky and sandy and shifting bed of over 2,000 miles it witnessed the tread of the Indians long before the white man from Spain or the Atlantic seaboard came to seek gold, some to find their graves when they encountered deserts without a sign of life-giving water. The early settlers found a country of long isolations and long journeys, a place of rebellions, prolific of intriguing legends, and strange myths of fantastic shapes. Above all, as Harvey Fergusson says, "They found it a land where water has always been scarce and therefore precious, a thing to be fought for, prayed for, and cherished in beautiful vessels—a land where thunder is sacred and rain is a god."

There is romance and tragedy and progress from its source in the mountains of southern Colorado through the long stretch of 700 miles to El Paso and 1,300 miles from El Paso to the Gulf of Mexico. It is this latter stretch with which we are most interested today, for this celebration is held to commemorate the beginning of the rectification of the river as to the international boundary between the two countries.

Part of the international boundary was established from 1852 to 1854 by Major Emory, the United States commissioner, and Mr. José Salazar, the Mexican commissioner. The Rio Grande is a meandering and uncontrolled stream, subject to changes and creating detached areas known as "bancos" from one country to the other. The towns and agricultural lands on both banks of the river suffer much loss and damage due to devastating flood conditions.

The boundary problems covered by conventions negotiated between the Governments of the United States and of Mexico may be reviewed as follows:

The fixing of the Rio Grande as part of the international boundary between the two Nations was determined by the Treaty of Guadalupe Hidalgo of February 2, 1848. Changes were introduced by the Gadsden Treaty, also known as the "Treaty of La Mesilla", of December 30, 1853.

Article V of the Treaty of Guadalupe specifies that the boundary line between the two Republics shall commence in the Gulf of Mexico, 3 leagues from land, opposite the mouth of the Rio Grande, otherwise called "Rio Bravo del Norte", or opposite the mouth of its deepest branch, if it should have more than one branch emptying directly into the sea; from thence, up the middle of that river, following the deepest channel, where it has more than one, to the point where it strikes the southern boundary of New Mexico; thence westwardly along the whole southern boundary of New Mexico (which runs north of the town called "Paso") to its western termination. The southern and western limits of New Mexico, mentioned in this article, are those laid down in the map entitled "Map of the United Mexican States, as organized and defined by various acts of the Congress of said Republic, and constructed according to the best authorities. Revised edition. Published at New York in 1847 by J. Disturnell." It was declared that the map was added to this treaty, bearing the signatures and seals of the plenipotentiaries. It was agreed that the boundary line then established should be religiously respected by each of the two Republics, and no change should ever be made therein, except by the express and free consent of both Nations, lawfully given by the general government of each, in conformity with its own Constitution.

Under article I of the Gadsden Treaty, the boundary, insofar as the Rio Grande is concerned, was fixed as beginning in the Gulf of Mexico, 3 leagues from land, opposite the mouth of the Rio Grande as provided in the fifth article of the Treaty of Guadalupe Hidalgo; thence as defined in said article up the middle of that river to the point where the parallel 31° 47′ N. crosses the same.

Owing to difficulties regarding the exact location of the boundary line established in accordance with the terms of the treaties referred to above, the two Governments concluded a convention on July 29, 1882, providing for the restoration of boundary monuments and the erection of new ones. It also created the International Boundary Commission, having the power and authority to exercise certain functions along the boundary. While other boundary conventions were concluded between the two Governments, the basic convention now in force is the one negotiated on March 1, 1889, and designed to facilitate the principles contained in the treaty of November 12, 1884, and to avoid the difficulties occasioned by the changes that were taking place in the bed of the Rio Grande.

In reviewing the boundary conventions, mention should be made of the convention of March 20, 1905, providing for the elimination of bancos in the Rio Grande from the provisions of the convention of November 12, 1884, and to the convention of March 21, 1906, providing for the equitable distribution of the waters of the Rio Grande.

The most recent boundary convention is the one signed in Mexico City on February 1, 1933, by Dr. José Manuel Puig Casauranc, Minister for Foreign Affairs of Mexico, and the Honorable J. Reuben Clark, Jr., my predecessor in the office of Ambassador. It provides for the rectification of the Rio Grande, which is one of the giant projects of this century, characterized by giant feats of engineering.

The works contemplated by this project are about to begin.

The problem of the rectification of the Rio Grande has been under study and consideration since 1924. Reports have been prepared in the past by the El Paso chapter of the American Association of Engineers and by engineers representing various services of the Governments of the United States and of Mexico and interested in boundary problems. These studies were of great assistance in the preparation of Minute 129 of July 31, 1930, submitted to both Governments by the International Boundary Commission, and which is the working plan of the Rectification Convention. Briefly speaking, the plan provides for the construction of a flood-retention dam at Caballo, N.Mex., above the cities of El Paso and Ciudad Juarez, and of a rectified river channel. The engineering features involve the shortening of the river from the eastern outskirts of Cordoba Island to Box Canyon from 155 miles to 85, the construction of parallels along this floodway, and an increase in the slope.

There is one phase of the joint report of the consulting engineers that merits special attention, and that is the principle of segregated tracts. In order that neither Nation shall sacrifice national area, the plan provides that the total land to be segregated or cut off from one country shall equal that segregated or cut off from the other. An inspection of the corresponding maps shows that 59 separate tracts will be cut off from Mexico and 65 from the United States. The total area to be cut from each country is approximately 3,460 acres.

The total cost is estimated at $6,000,000, of which about $5,000,000 are proratable between the two Governments. The share of the United States is about four and one fourth million dollars, or about 88 percent of the proratable cost, and that of Mexico under $600,000, or about 12 percent.

The benefits to be derived from the straightened and rectified channel plans are mutual to the two Governments. They afford flood protection and permit cultivation, improvement, and settlement of even larger areas adjoining the Rio Grande than are now possible under the meandering river conditions.

Approximately 70,000 acres on the American side and 35,000 acres on the Mexican side would receive the advantages arising from added irrigating facilities.

Other benefits may be mentioned. They include the establishment of a definite water boundary which can be controlled between El Paso and Box Canyon; the prevention of future changes in the river channel involving the detachment from one country to the other of areas of land, which in the past have given rise to legal and economic difficulties; the rendering less difficult the enforcement of the national law of both countries by fixing the rectified river as the international boundary as contemplated by the treaties now in force between the two countries.

The rectification convention of February 1, 1933, disposes of one phase of the boundary problems between the two Governments. There remain still other problems that must be solved. They affect not only the Rio Grande but also the Colorado River. Let us hope that satisfactory formulae may be found by both Governments that will early eliminate all controversial issues between countries which today set an example to the whole world in enlightened and unselfish friendship.

This celebration would be like the play of Hamlet without Hamlet in his proper role if honor and just praise were not given to the commissioners and engineers whose wisdom and expertness made possible the plan which both Governments have approved. It was once said that all wealth came from three sources—the land, the mines, and the sea. True enough, but the extraction of the increased and increasing abundant wealth of all three waits upon the magic touch of the engineer. Let us, therefore, pause as we pay tribute to former Commissioner Gustavo P. Serrano and his successor, Commissioner Armando Santacruz, for Mexico, and Commissioner L. M. Lawson for the United States, and to the consulting engineers of both countries, who, like other men of vision, have shown themselves masters over the forces of nature and caused hitherto turbulent waters to contribute to the weal of man and advance helpful intercourse and accord between nations.

There is an old maxim—I do not know whether it originated along with the category of wise Spanish sayings or proverbs—that "money makes the mare go." At any rate it has been long current in the domain above the Rio Grande and below the Rio Bravo. The work of engineers, the agreement upon conventions, and the signing of treaties were essential preliminary steps to construction inaugurated here today. Scientists and statesmen may

plant, but the rock of credit must be struck or cash forthcoming if streams of money—"the wherewithal"—may gush forth to carry on the actual inauguration and completion of the giant project. There might have been a long wait for a congressional appropriation for the American construction if the new deal had not been inaugurated in March of last year. Among the first fruits of the Public Works organization was the allotment of $2,800,000 of the $5,256,634 of the part to be paid by the United States, which makes available now half the money needed for the rectification of the river from El Paso to the Gulf. This allocation was made on February 7 of the present year. As we celebrate the work of American and Mexican commissioners and engineers and give a vote of confidence to the men who will do the actual work of construction, we rejoice that the plan of American construction was advanced and guaranteed by the inauguration of new policies of expedition and devotion to the development of natural resources. This new policy foreshadows a new and better day, envisioned by President Roosevelt in his inaugural address, and in his address to the Pan American Union.

The rectification of the Rio Grande is more than changing the ancient course of an historic river. It is the outward symbol of something greater and more beneficial than confining a stream between stable and enduring banks. In fact this constructive international achievement is the result of a rectification and perfection of the relations between the peoples of Mexico and the United States. There was a time—happily long since gone and remembered only as a bad dream—when periodically there was lack of complete understanding between the peoples of the two countries. Misconception of what was in the heart of each resulted now and then in causing the peoples of Mexico and the United States to erupt in harsh words or deeds, imitating the unruly outbursts of Old Man River. As he overflowed his banks, so passions aroused for lack of knowledge and appreciation witnessed strife and even war between peoples who could have lived like brothers if waters and mountains and deserts and mental myopia had not prevented their seeing eye to eye. Territorial separation, love of military glory, and the lure of conquest blinded Americans and Mexicans to the real sentiment and true interests of both countries. As passion and hate overflowed their banks, they called each other names, and sometimes the air resounded with epithets of "Gringo" and "Greaser", misnomers happily entombed in dishonored graves. They, and like outpourings born of ignorance of one another, have all gone into the limbo of discarded error. Today Mexicans and Americans are coming to be the David and Jonathan nations of the Western Hemisphere.

Rivers and other bodies of water were once believed to have been created to separate peoples. That was the ancient creed. In those days the Rio Bravo del Norte was a barrier, and later, when it was fixed as the boundary line, it was regarded as separating the two countries. We have learned that the old conception was based on lack of understanding of the mind of the Creator when he fashioned the waters for man's enrichment and not to divide nation from nation.

Today the Rio Grande is not looked upon as a warning to people of each country "shinny on your own side." In Europe forts and bayonets are military sentinels of boundaries between states. Here this Old Man River is becoming a safe means of travel and communication by which friendly neighbors more and more bridge the stream for the exchange of amenities and commerce. The rectification of the river will make easier ingress and egress from one country to the other. As all good citizens on both sides of the river rejoice in the rectification of Old Man River, we know that there will come with it a spiritual rectification and a new birth of regard and the brotherhood born of mutuality of interest and ambitions.

There exists today no chasm between Mexico and the United States. Old Man River, rectified and strengthened, is the outward expression of the cordial neighborly feeling which is more and more to bind the peoples of both countries in the lasting bonds of amity and friendship. This day attests to the world that as the souls of Jonathan and David were knit together, so the hearts of Mexico and the United States beat in unison.

This relationship, cemented in the celebration of an event made possible only by joint action, recalls a beautiful sentiment which was expressed by a schoolgirl in France during the days of the World War. She wrote:

"It was only a little river—not much larger than a brook. It was called the Yser. It was so small that you could talk from bank to bank without raising your voice. The swallows could fly across with one sweep of their wings. On those banks millions of men were standing—eye to eye, but the distance that separated them was as great as the distance that separates the stars; the difference between right and injustice.

"The Atlantic Ocean is a vast body of water, so great that the sea gulls cannot fly across. It takes the great American liners 7 days and 7 nights, going at full speed, before they sight the lighthouses of France, but from shore to shore hearts are touching."

Old Man River, tamed and harnessed, is the bond of union which makes Mexico and the United States as united for today and tomorrow and all the tomorrows as were the French and Americans in the World War.

CERTAIN PHASES OF THE PRESENT ADMINISTRATION—LETTER FROM E. P. CRAMER

Mr. BARBOUR. Mr. President, I ask unanimous consent to have printed in full in the RECORD a letter which I have received from Mr. E. P. Cramer, of Plainfield, N.J., on certain phases of the present administration.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

PLAINFIELD, N.J., *March 20, 1934.*

Senator W. WARREN BARBOUR,
United States Senate Office Building, Washington, D.C.

MY DEAR SENATOR: We have now had a year of that strange thing called the "new deal." To me it was cause at first for amusement, and now for alarm.

Beginning last March I saw one hastily formulated bill after another sent to the Congress from the White House and as hastily made law. Through many of these bills Congress abnegated to the White House its rightful constitutional powers, thus giving us government by fiat.

I saw a law passed taxing the consumer in order to support in idleness an excess agrarian population, thus encouraging people to stay on farms who ought to enter other occupations as soon as business recovers, who otherwise would do so, and who have in fact been doing so since 1900—a law, in brief, which stays the natural process by which agrarian population has been for 30 years correcting its excess, and which, until corrected, will continue the real cause of deficient farm income. A law no more sensible than one to tax automobile tires in order that the excess tire manufacturers who went out of business between 1919 and 1929 might be kept in business. A law exalting the droll philosophy that if we collectively produce less there will be more for us individually to divide.

I saw a law passed promoting labor-union domination of industry as inclusive as that begun on the railroads by the Adamson Act in 1916 and completed by Director General McAdoo during the war. The Congress would have done well to have informed itself of the needless employees railroads are today forced to carry on their pay rolls, of the ridiculous lost motions they are forced to make—all as a result of arbitrary union rules—of the effect this has had in raising costs and rates to a level that drove traffic from the rails to the highways and all but destroyed railroad credit, and finally of the resulting railroad unemployment of the past 4 years, mute testimony to railroad labor's attempt to mulct the stockholder, which ended by destroying the jobs of more than half its own number since 1916. An investigation into these conditions by the Congress would probably be of greater service to the country than 100 investigations of banking and the stock market.

I saw a law passed providing for a Railroad Coordinator empowered to do anything to cut waste except cut the pay roll—a singularly appropriate effort in the railroad business where the pay roll absorbs some 60 cents of each dollar of income.

I saw a law passed to improve the Tennessee Valley at public expense, a project private capital was never attracted to even in the 1920's, when it flowed abroad by the billion and feverishly went about at home seeking employment. Among the taxpayers at whose expense this grandiose scheme is going forward are to be found the owners of the utility enterprises which now serve that territory and which are to be destroyed.

I saw a law passed to relieve unemployment by the spending of some three billions more of taxpayers' money on numerous other projects in the same class with the T.V.A. in that they are projects which private capital never cared to undertake and which, like the T.V.A., are slated to destroy other privately owned enterprises. It has not been demonstrated that Federal unemployment relief is necessary, but if we assume it is necessary, certainly only 10 to 15 percent as large a sum would have sufficed as a frank dole.

I saw a law passed to protect investors which contains such extreme punitive provisions that for all practical purposes private corporate financing has been brought to an end. Without this law private financing by this time would have equaled, perhaps exceeded, the sum appropriated for the P.W.A. This would have brought an equal, perhaps greater, stimulation to business recovery.

I have seen a law abnegating to the White House the power to monkey with our money, and I have seen him monkey with it under the advice of a college professor who is a poultry expert, with the end in view—so far as there is any sense in it at all—of relieving the debtor by defrauding the creditor, of glorifying improvidence and shiftlessness, of crucifying industry and thrift. A series of acts that makes a scrap of paper out of the sound-money plank in the Democratic campaign platform on which the "new dealer" was swept into power.

I have seen a law passed by which the Government has violated its citizens' constitutional rights to undisturbed enjoyment of their property if perchance it be in the form of gold, and by which it has abrogated its solemn covenant to pay its bonds in the same kind of dollars it borrowed and by which it makes equal dishonor mandatory upon its citizens who have borrowed under similar covenants.

These and many other strange, unsound, and dishonest laws have I seen framed in the White House and enacted in the Congress. I have seen the chimera of political opportunism and demagogery spring into activity and run rampant. I, for one, am tired of it.

I, for one, should like to see the Congress stop giving the White House any more wildcat laws to prop up the new deal. At the same time I should like to see the laws already passed repealed as soon as legal and practicable. Quit the expenditures, the hypocrisy, the undermining of our institutions, the dishonesty, the hocus-pocus. Let the abolition of child labor remain; for that is

at least one wholesome fragment of the noisome whole. The new deal is probably unconstitutional anyway. Certainly those who framed the Constitution would be appalled if they knew.

In South America I have seen constitutional government overthrown by armed rebellion. Only in the United States have I seen it attempted through subterfuge by an opportunist administration under solemn oath of office sworn to protect it.

Very truly yours,

E. P. CRAMER.

ADDRESS BY SENATOR WHITE TO REPUBLICAN CONVENTION OF MAINE

Mr. McNARY. Mr. President, on Friday, March 23, 1934, the distinguished junior Senator from Maine [Mr. WHITE] delivered an impressive and important speech to the Republicans of Maine and the Nation. I ask unanimous consent that the speech may be printed in the RECORD.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

Republicans of Maine, in convention assembled, the circumstances under which we meet are unusual in that for the first time in the 76 years of the life of the Republican Party, the country found itself in 1932, during a Republican administration, suffering from wide-spread economic distress. The significance of this fact looms larger when we recall that during every period of Democratic control in this three quarters of a century industrial stagnation has been the accompaniment of such political domination. It will be more amazing than either of these facts just stated if general and permanent betterment comes to our people from the efforts and the policies of a Democratic administration.

I speak to you as one whose belief in the principles and in the high purpose of our party is unshaken. We have suffered serious political reverses in the past and have emerged triumphant. There is definitely in my mind that in the mid-term elections of our first great Republican President, political defeats everywhere overtook Republican candidates. In that election the Republican majority in the State of Maine almost reached the vanishing point. Ohio elected in that year 14 Democratic and but 5 Republican Congressmen; New York, New Jersey, Illinois, and Indiana were Democratic. In Pennsylvania the congressional delegation was divided, and the Democratic vote exceeded the Republican vote in the State. Had Lincoln been running for office that year, upon the votes cast he would have been a beaten candidate. Political defeats did not daunt Abraham Lincoln. They did not lead him to disloyalty to fundamentals. They did not move him to compromise with that which was expedient and unsound. From the disasters of that year Lincoln and our party rose with new strength, and for almost a half a century, with but two brief interruptions, the people of the Nation committed the destinies of America to Republican leadership. In those years is written the story of a Nation's development which finds no parallel in the world's history.

The compelling reason for this persisting faith of the people in the Republican Party and in its candidates was their belief that our party had high political and governmental standards and deep and abiding convictions concerning them to which it gave continued devotion. Loyalty to ideals always commands respect. Today the need for adherence to principles is as great as it was in those dark days of 1862. The response of the American people to political sanity and to the defense of American institutions and conceptions is as certain now as the response of the people following that disastrous year of 1862 was decisive.

As one surveys the political and economic events of the present, definite facts stand out in clear relief. No one should fail to note and to acknowledge the extraordinary popularity of the President and the inclination of the people to yield their judgments to his leadership. This springs from his gracious personality; from a belief in his humanitarian purposes; from an admiration of his swiftness of decision and of act; and from a recognition of the gravity of the problems and the weight of the burdens that rest upon him. We should recognize also that within the year there has come a betterment of conditions in many lines of activity and in the lot of many Americans. A third fact of significance is that throughout the world there has come an undoubted improvement in social, industrial, and economic conditions which find reflection here. Why is it, then, that America's business life is still hesitant? Why is it that America, more richly endowed than any of the other nations of the earth, lags behind them in recuperation from her economic ills? Why are thoughtful men and women in our country so gravely disturbed by the conditions in which we now are, by the tendencies of the moment? Why are they so concerned as to the future?

I answer, first of all, because it is apparent that in the legislation of recent months, in administrative act, and in executive purpose, as it is made known to us, we are following a course charted by neither of the great political parties of our country nor by the free will of our legislative body chosen to express the thought and purpose of the people of America. For the first time in our political history the policies now in force and which from day to day are extended in new applications are the determinations of a personal government rather than a government of a party or of a representative body or of the people. We rightfully wonder to what extremes we are being carried and what our situation as a government is to be when the dominating and the persuasive force of the President passes from the political scene. Are we of America willing that all future Presidents shall have the authorities which are asserted and which are exercised by the present President? Must we not have in mind that powers once conferred upon an Executive are reclaimed by the people and by the legislative body with difficulties, if at all? Who is there that does not know that in a time of peace, as never before in our history, we have ceased to be a government of laws and have become a government of men? Who does not recognize this truth and its significance to America?

Are we not also concerned because of the knowledge that the program inaugurated and put into effect since the 4th of March a year ago is a repudiation of every principle for which the Democratic Party has stood through the more than a century of its political life; of its last adopted platform; of the recent preelection utterances of its Presidential candidate; and that it equally violates the tenets of Republicanism? Have the great political parties and their leaders been wrong in the principles they have declared and in the policies they have pursued through the long years? Are we assured that the new road upon which we are now traveling, and which turns sharply to the left from that heretofore followed by our country, is the one on which we should intrust the institutions of America and the future well-being of our people? The signposts along this road as far as we have journeyed tell us that it leads to a further surrender of local self-government; to a further encroachment on the rights of our States; to an abandonment of the functions of our legislative branch of government; to the building-up of a great centralized Federal State beyond the direct control of our people; to a Government under which the social, the economic, and the industrial life of the Nation is regimented and ordered by a bureaucratic regime. I cannot believe this to be the reasoned desire of the American people.

We are disturbed, too, because the history of the world teaches that a government asserting such wide-flung authority as that now urged and exercised in Washington always continues to answer and to meet every challenge of its rights and of its wisdom with new claims of authority and the exercise of new powers. This tendency is visible and vital in Washington today. Inevitable also in such a government is the asserted right to appoint and to control those administering its wide activities. From its very necessity for self-perpetuation it becomes a political government. Such is your Government today. At no time in half a century, since the fight against the spoils system began, has merit in appointment and efficiency in the public service counted so little. Civil-service reform has been made an empty phrase.

If history teaches truth, in such a Government as has been developed, the practice of binding sections of the Nation and groups of people in loyalty to the central authority by payments from the Public Treasury is a certain consequence. In Roman days such contributions were called donatives. Roman Emperors first bought the loyalty of the Praetorian Guard. They extended their benefactions to the Roman legions scattered throughout the empire. The evil habit then forced them to secure the loyalty of the senate and of the people of influence in Rome with like favors. The historians of the past and of our modern day single this practice out as an outstanding contribution to the break-down in the morale of the Roman people and to the disintegration of the Empire.

Something of the same sort is going on here in America today. We built Boulder Dam, not because of its contributions to the well-being of all our people but at the behest of a few States through which flows the Colorado River. We appeased the people of the Tennessee Valley with Muscle Shoals. In the far Northwest there is authorized a great power plant on the Columbia River. We temporarily satisfy the farmers of the Midwest with the processing tax on wheat and hogs, and we fatten the purse and sweeten the temper of the cotton grower of the South with a like tax. These projects and expenditures are sectional in demand, and they are local in their benefits. Maine shares only in the burden of their cost. What is to be the end? It promises to be an exhausted Treasury; new and heavier taxes; an enormously increased debt; and a constantly mounting deficit.

In these general terms I have briefly described the country's situation and have sought to assign reasons for our anxieties. I avail myself of the right and I meet the duty of a member of the minority by emphasizing the truth of these assertions of specifications.

EXPENDITURES—DEBT—DEFICIT

Within the year of Democratic control of the Nation our public expenditures have mounted to unprecedented peace-time figures. Our Democratic friends promised an immediate and a drastic cut in governmental expenditures and a balanced Budget. The painful truth, however, is that in last July the Federal Government was spending nine millions a day; in October, sixteen millions a day; in December, twenty-four millions a day; in January of this year, thirty-two millions a day; and there are ominous signs that this figure may soon be greater.

The Nation's debt in 1930 was sixteen billions. It is now set at twenty-seven billions and soon will be thirty-two billions, and this is borrowed money the administration is spending! Instead of a balanced Budget the President, in his Budget message, estimated our deficit for the current fiscal year would total $7,309,000,000. Later estimates reduce this figure. What it will be no man knows. Have these expenditures been productive of national recovery in the degree promised by them? The negligible reemployment of men in productive and self-sustaining industry, the millions dependent upon charity and upon artificial activities financed by

public funds return an emphatic negative answer. We look to other nations—to Canada, to England—and we see them, without such lavishness of outlay and without abandonment of their basic conceptions of government, farther along the road of material recovery than are we of the United States. Their experience asserts in words that should be heard in every governmental place that a nation may no more spend or experiment itself into prosperity than can the individual. Our people, our towns, our counties, our States, and our Federal Government made a large contribution to their present plight through recklessness of expenditure, and it is folly to believe that the same habits which brought our difficulties can now free us from their consequences. Thrift and economy would have saved millions of individuals and political units everywhere from their present distresses, and they will make the mightiest contribution to the return of better days.

I have said that the Government deficit for the present year was originally estimated to be $7,309,000,000. Upon the basis of population, Maine's part of this deficit and of the estimated cost of the Government for this year is approximately $74,000,000. Expenditures within the State by the Federal Government are but a small part of this total of Maine's obligation. I ask the business man of Maine, and the workingman dependent upon industry, the farmer of our State, and all our other citizens, of what profit to Maine are the few millions expended within our borders by the Federal Government when compared with this burden of obligation directly resulting from such expenditures and such debts? Let the citizen of Maine figure his proportion of $74,000,000. It amounts to more than $92 for every man, woman, and child within our State, a total of $460 for every family of five members. Are you getting your money's worth? And threatening to make the burden of these debts still heavier, there looms before you new and increased taxes by the Federal Government. Yet we were promised reduced expenditures, economy in government, and a balanced Budget.

CODES—N.R.A.

I have said that our form of Government was undergoing startling changes, and I have made specific reference to the grant to our President of extraordinary powers. An illustration constantly before us is the N.R.A. and its activities. Industry was authorized to establish codes for its regulation. Abuses and defects in the functioning of our complex industrial life were recognized. The original conception to which Congress gave approval was that industry through voluntary agreements to be embodied in codes, might shorten hours, spread employment, raise wages, eliminate ruinous price cutting and unfair trade practices, and lift the standards of our business life. The plan was proposed for industrial and trade groups. It did not by the authority of the statute extend beyond this. These codes were to be submitted to the President for his approval. When so approved, they were to constitute the guide for the business life of the industries involved.

Such a plan and purpose appealed strongly to the citizen and to the legislator. Evils inherent in the program and errors in administration are today so obvious as to bring regret to all.

There have been approved and put in operation approximately 324 of these codes. In limited respects there has been good in them. Child labor has been restricted, if not eliminated, in our industrial life, and there has been, through shortened hours, some distribution of employment opportunity. But these gains have not compensated for the disturbing effects of the codes upon our industrial life. Neither have there been encouraging increases in the weekly pay envelops. In defiance of the clear intent of the law, there have been written in these codes wage and cost differentials based on the geographical location of competing factors in the industry involved. These differentials are arbitrary, assuring economic advantage to one section of the country as against another. The results are prejudicial to Maine. It is clear, too, that the codes are not the voluntary agreements of industry, but in many cases and particulars they embody the rules and conclusions of the code authority unsought and undesired by industry.

We find as we survey the results that the codes have not tended toward regulated competition, but to arrogant monopoly. They have brought arbitrary increases of prices to consumers, and they have shut the door of opportunity in the face of the smaller business man. They have filled factories with rules and regulations and agents of Government, all business with the fear of Government and with paralyzing doubts as to the future. It has been written that if you examine a code carefully, you will find hidden or open somebody's scheme to set up a monopoly, or at least to limit production; to fix prices; to guarantee profits; and worse, in many cases, the joker that would put somebody out of business or keep somebody in business who ought to be put out, which would keep a new man from getting into the game and a new idea from being adopted. In other words, freeze the business as it now is for the people now in it.

In late days Washington has been visited with critics of codes, and their administration and defects in the system have been admitted by the administrative chief, General Johnson. Most enlightening as to present tendencies and most sinister is his assertion that in the administration of codes there can be no distinction between interstate and intrastate business; that the code authority must control workers and employers wholly within a State in order to protect interstate industry. This doctrine of the administration is the assertion of an authority superior to that of a State over its citizens and over their business carried on wholly within that State. Of very necessity it denies the right of the State of Maine to fix hours of labor; to establish a minimum wage; and to regulate the practices of industry within its borders.

The authority to approve these codes, the dictation of their terms, and the enforcement thereof present a question of the gravest import to America. We must recognize that the final authority with respect to the great and intricate business life of America has been vested in a single man, whose decision in all these matters is the law itself, and whose power is more arbitrary than was ever given in the modern world to any individual. Whatever may have been the initial purpose, these codes in their latter-day terms and operation have become the breeders of industrial strife; the destroyers of opportunity; the weapons of dictatorial power; a menace to industrial recovery. Is this America in which we live?

FARM RELIEF—PROCESSING TAXES—MAINE'S CONTRIBUTION

Agricultural relief has engaged the attention of this administration. Its worth-while activities within this field found original authority in legislation enacted during the administration of Mr. Hoover and his Republican predecessors. The Agricultural Adjustment Act passed by the present administration extended provisions of previous law, but special interest attaches to the processing taxes authorized in this act. The legislation declares that it is the policy of Congress to establish prices for farm products at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy, equivalent to their purchasing power in the period between August 1909 and July 1914. In order to bring about this result, the scheme was hit upon of hiring farmers to reduce their acreage and then to destroy crops and products in existence. It was assumed that as acreage was reduced and products destroyed, the price of these basic commodities affected would automatically rise. To the thrifty New Englander the thought of destroying property comes as a distinct shock—but this destruction was not going to be at the cost of the farmer who plowed in his crops or destroyed his hogs, for you and I were to reimburse him for that which was destroyed through a processing tax laid upon the people of the country who use these commodities.

Now, although Maine does not share in these processing taxes, and although Maine farmers have not destroyed crops, yet under this beneficent scheme Maine has been called upon to pay. The figures reported to the Congress bring home the unpleasant truth that to the end of this last year there was collected in Maine on these processing taxes a total of a million and forty-three thousand dollars and that not a single dollar was repaid to us on this account. The figures show that $959,000 was collected in our State from the processing tax on cotton. I cannot wax enthusiastic over a system which takes from our hard-pressed people this amount of money to be paid to the people of other States for the wanton destruction of crops and farm products. This is a sales tax, not of the character often urged, but one upon the necessities of life. I had not supposed Maine approved such a tax.

COMPENSATORY TAXES ON PRODUCTS OF MAINE

Further hardship results to our Maine people from this processing tax. The legislation which authorized it permitted the Secretary of Agriculture, if satisfied that the result of cotton-processing tax would be an excessive shift in consumption from cotton to a competing commodity, to impose a compensatory tax upon this alleged competitive commodity. Under this authority the Secretary of Agriculture decided that he was justified in imposing such a compensatory tax upon certain paper products. He determined the need for the tax, the articles to be subjected thereto, and the amount of the tax. He levied a so-called "compensatory tax" upon the various paper products of our State, including paper cement bags and paper towels. A careful analysis of the taxes imposed upon these articles shows that the tax levied upon paper cement bags upon the basis of use is 600 percent greater than the tax upon a cotton bag, and that the tax on paper towels, when the average number of uses is compared, is 1,100 to 1,300 percent greater than the tax per use on cotton towels. I condemn such inequality in the imposition of the tax burden.

TARIFFS—RECIPROCAL TRADE ARRANGEMENTS

The Republican Party of Maine believes in a protective tariff. The agricultural and the industrial life of our State is dependent upon the maintenance of this principle. We recognize that with changing economic and industrial conditions, modifications of tariff rates must be made from time to time to conform our tariff policy thereto. We believe recommendations with respect to such adjustments should come from the study and the findings of an independent and bipartisan commission. The President, however, has recently asked that the Congress give him power to make trade arrangements and to increase or lower tariffs to the extent of 50 percent. Involved in this proposal are major considerations of principle. It contemplates a surrender of the authority of the elected representatives of the people and the building-up of executive power. It is an assault on the independence and the usefulness of a bipartisan tariff commission of permanent character, long advocated by both political parties. The right to arrange these contemplated reciprocal agreements vests in the President the power of life or death over American industry. Reciprocal agreements involve giving as well as receiving. They involve the sacrifice of one industry that another may secure favor. The exercise of the power requires decision as between clashing interests, the preferment of one class as against another, discrimination against one section that another may be accorded trade advan-

tage. I oppose such despotic power in any individual from whose decisions there is no appeal.

We of Maine may well be pardoned if we look at this proposal through the eyes of self-interest and reach a conclusion concerning it because of its possible effects upon our State. The President does not ask authority to transfer products from the free list to the dutiable list. It is clear, then, that under this requested authority we may hope for no protection for pulp, pulpwood, newsprint, lobsters, and other products of our State now unprotected. As to those products of Maine now upon the dutiable list, what is liable to happen in the event of a reciprocity treaty with Canada? What concessions will Canada ask in the American market? The answer to this question is to be found in what Canada produces. In the eastern portions of the Dominion her outstanding products are lumber, dairy products, poultry products, apples, hay, potatoes—indeed, every product of a Maine farm and every product of the sea.

In the event of a negotiated reciprocal-treaty arrangement with Canada, how can Maine hope to escape the direct and the destructive competition of favored Canadian products? Whatever is given to Canada will be at our cost. How can any citizen of our State look with favor upon a proposal so fraught with danger to us as this? It is the gravest threat to the welfare of our State ever seriously advanced.

MONETARY POLICY

This administration has breached the Government's contracts with the millions of our people who bought its bonds, by their terms to be paid in gold of a definite standard. It has depreciated the value of our dollar in the markets of the world; it has authorized the issue of billions of irredeemable currency. By its monetary policy it has brought confusion, has impaired our credit, and has taken from millions of our people a substantial portion of their savings, has lessened the value of their insurance and other investments, and has reduced the buying power of every person living upon a salary or upon wages throughout the length and breadth of our land. In these matters we find further illustration of Executive domination. The single act which has tended to stability and to renewed confidence in our monetary and banking system is that guaranteeing bank deposits, forced upon the administration by Republican insistence.

RELIEF—SECTIONALISM—PARTISANSHIP

Other activities of this administration give evidence of its attitude toward our State and its people. Legislation has been passed under which Federal direct relief was to be made available to the several States in the Union. The figures show that of the amounts spent for relief in the State of Maine less than 15 percent came from the Federal Treasury while more than 85 percent was from funds furnished locally and by our own State government. As against this 85-percent contribution by our own people, I find that other States, including some of those to whom we of Maine have contributed $959,000 in cotton-processing taxes, have contributed less than 1 percent to the relief of their own people and that the Federal Government has contributed 99 percent and more. Such an inequitable distribution of public funds, such evidence of sectionalism in works of charity, is a shock to every sense of right. The need for relief was urgent and great. Distress and human suffering impose a special obligation upon those responsible for the administration of relief measures. Throughout the land charges of waste, fraud, and partisanship have marked the organization of the Civil Works Administration. Maine, happily, has escaped such public censures. Relief must be continued, but how long are we to give countenance and support to such practices in its administration?

SOLDIERS—PENSIONS

The soldier of the Nation has always had the solicitude of the Republican Party. Most of the legislation written upon our statute books in his behalf and for his widow and his dependents has been placed there by Republican Congresses. We have recognized the Nation's obligation, and we have been eager to meet that obligation. As a party we find no justification for the attitude of the present Democratic administration toward the defenders of our flag. During the period of their Spanish War service more than 10,000 of our military and naval forces died; within less than a year after their discharge 7,000 more died of diseases contracted in the war. Tens of thousands more died of diseases incurred in the Tropics and in unsanitary surroundings in our own country. Since this administration came into power, some 230,000 Spanish War pension cases have been reviewed. Of that number, including those of all the widows and the dependents of the 17,000 who died during the war or within the year after the termination of their service, only about 5,500 were held to rest on service-connected disabilities. Of the World War veterans less than 8 percent were found by this administration during the last year to have service-connected disabilities. These two statements attest the harshness of the regulations put into effect by the administration.

If further proof be needed of the unwarranted treatment of the soldier, it may be seen in the fact that 25 modifications of the original Presidential order have been made during the year. The Republican Party is not willing that the Federal Treasury should be opened without limitation to the soldier, but it is against regulations and administration so severe that less than 8 percent of the World War veterans and less than 6 percent of the Spanish War veterans upon our pension or compensation rolls are able to prove service origin of their disabilities. We propose to see that justice is done the American soldier.

PLANNED ECONOMY—GOVERNMENT INTERFERENCE

Of greater consequence than particular acts of the administration is its philosophy. It believes in a planned economy. It proceeds on the theory that it is both the right and the duty of the Federal Government to merge the individual in the mass and to regiment and control the life and activities of this mass man. Under its plan we face a future based on quotas, allotments, and market allocations; a future in which wages, hours of labor, practices, all factors entering into the costs of industry are controlled, prices fixed, and distribution directed by the Federal Government; a future in which all is artificial, arbitrary, uncertain—dependent upon the dictatorial power of Government; a future in which our antitrust statutes are to stand suspended that combinations approved by the Executive may engage in practices now frowned upon, in which taxes and tariffs are imposed by Executive authority, in which the gold content of our dollar, the issuance of currency, the convertibility and the redemption thereof, our whole financial system and policy are subject to Executive determination and dictation; a future in which freedom of speech and of the press is in jeopardy, in which criticism of the Executive or of the administration's policy is an offense, in which loose charge of wrongdoing is accepted as proof, and in which punishment to individual and to business is meted out without opportunity for hearing or defense; a future in which men and industry are no longer free but are coerced and terrorized by an all-powerful central authority; a future in which we find in America not a Government of coordinate branches, with the checks and balances of our Constitution respected and observed, but rather a Government in which the Executive asserts and exercises authority and power foreign to every American tradition. This is the creed of the Democratic Party of today.

The Republican Party challenges this Democratic conception. Combinations and trusts are the enemies of that competitive business spirit which has made our industrial world great. We must choose whether we shall be free men or 125,000,000 subjects of experimentation in the planned economy of the Democratic administration. We must preserve freedom of action in a free market if we wish to retain a liberal democracy and the forms and substance of representative government. The Republican Party demands that the antitrust laws shall not be abandoned but strengthened if necessary to preserve this opportunity and this principle. Our party believes that the great contributions to thought, to science, to moral and material progress have not been mass-inspired. Individuals have given inspiration to human forward movements. Circumscribe the individual, and the leavening power is gone, and the retrogression of mankind will have begun. The Republican Party believes in the individual; in the largest measure of social, industrial, and political liberty. Without this liberty the human mind is in chains! Our party believes in local self-government. It would maintain the dignity and the responsibility of the States of the Federal Union. It pledges anew its loyalty to representative and to constitutional government. It stands, as did its first great leader, for these underlying principles.

The Republican Party must continue to be forward-looking. It came into being as the champion of human rights. It has written upon the statute books of the Nation a great body of social legislation. Remove therefrom Republican contributions and how pitifully inadequate would be that which remains. We of Maine must champion the rights of labor, including that of collective action and bargaining; welfare work in all its phases; the cause of education, always the enemy of ignorance. We should provide against the hazards of disability and unemployment and the infirmities and misfortunes of old age; and we should give encouragement to all those proper activities of government making for human betterment and human happiness.

These beneficent ends may be achieved within the forms of our Constitution and in harmony with its spirit.

My appeal goes to you before me, to all citizens of our State, to unite in militant opposition to those vagaries in government toward which in our temporary distress we have been beguiled, to join in a new pledge of loyalty and devotion to the America conceived and dedicated by the fathers, the America which has been the inspiration and the hope of freemen everywhere.

A DANGEROUS TARIFF EXPERIMENT—ARTICLE BY HENRY P. FLETCHER

Mr. REED. Mr. President, I send to the desk a recently published article by Mr. Henry P. Fletcher, formerly Chairman of the Tariff Commission, entitled "A Dangerous Tariff Experiment", which I ask unanimous consent to have printed in the Appendix of the RECORD.

There being no objection, the article was ordered to be printed in the RECORD.

[From the Awakener of Apr. 1, 1934]

The President has asked Congress to surrender almost complete control of our tariffs by granting to him, for a 3-year period, the right to lower or increase import duties by 50 percent and the right to use this power in bargaining with other governments for broader outlets for our products in foreign markets, without further reference of these agreements to the Congress or the Senate.

This is a radical request. It goes to the roots of popular government. It is an undisguised grant of legislative power. The Constitution says in its very first article, "all legislative power

shall be vested in Congress", and I do not believe Congress can constitutionally delegate this power nor divest itself of it. This should be made clear at the outset of any discussion of the subject.

It is true the Supreme Court has upheld the so-called "flexible provisions" of our present tariff law, which enables the President to raise or lower the statutory duties within 50 percent, but only if the facts, as found upon investigation by the Tariff Commission, show that a measured reduction or increase is necessary in order to equalize the costs of production here and abroad of the product in question, and the costs of its transportation to our principal market or markets.

The Congress has not thus delegated its legislative powers; it has merely intrusted an administrative agency (for, at the present, if the President acts at all, he can act only upon the facts as found by the Tariff Commission) with the duty of ascertaining certain facts and of applying to those facts a definitely fixed yardstick. Inasmuch as neither the President nor the Tariff Commission can use their discretion, but must be governed by the facts, the courts have upheld the constitutionality of the flexible provisions.

This distinction should be borne clearly in mind in any discussion of the President's present request. For he now asks that he be allowed to change the rates (within 50 percent), irrespective of any formula or set of facts, but only upon his judgment as to what is proper and best. To my mind it is a clear and unconstitutional delegation to the Executive of legislative power.

But supposing that a so-called "liberal" construction should be placed upon this grant of power by the Supreme Court, and we must assume constitutionality of all acts of Congress until the Court has spoken. In spite of the fact that tariff bargains and arrangements can obviously be made more advantageously by the Executive than by the Congress, I firmly believe that it would be an unwise and dangerous innovation to delegate this power to the Executive. Those Democrats and Republicans who believe in the efficacy of our form of constitutional government and have the courage to act upon this belief seem to be in the minority, at least in the House. The President, though he has lost some of his magic power and influence, seems still able to force his will upon his party in Congress. True, many conscientious Senators, both Democrats and Republicans, are hesitating, and more will hesitate, to yield this vast power over our industrial and agricultural life into the hands of the President already overwhelmed and weighed down by more onerous duties than any other chief of state in the world. But they may do it. The first surface indications point in that direction. This being so, I think this grant of power should be hedged about with as many safeguards as it may be possible to impose.

Anyone will admit that the Executive can make a better tariff bargain than a deliberative body like the Congress. That is the reason he is intrusted by the Constitution with the conduct of our foreign affairs. One might even admit that an impartial Executive could make a better tariff law than the Ways and Means Committee or the Congress; but when you admit that, you admit the failure of our system of government and you accept the dictatorship formula of government. Certainly the Republican Party is not willing to do that, even if the so-called "Democratic Party" may be.

What safeguards can we suggest? But first, are safeguards really necessary? I think if we realize that this is but one more step in the development of the new deal—and that, as the President has practically stated in his message, it must be considered as part thereof, it becomes clear that this grant of power must, if possible, be safeguarded. Any industry, even including our agriculture, which is now as fully protected as our manufactures, can be made to do the Government's bidding under threat of reduction of duties on foreign competing products. It is not likely, in the present situation, that the present duty of 45 cents a bushel on wheat or of 25 cents a bushel on corn, or 7 cents on long-staple cotton, will be reduced. It is politically unthinkable in view of our agricultural surpluses and the frantic and uneconomic efforts that the administration is making to curtail crops. Inevitably, such reductions as may be made will fall on industry and will be primarily and principally for the supposed benefit of agriculture.

Tariff bargaining, if carried out on any important scale between any two countries, is bound to provoke similar bargains among other groups in self-defense. These bargains, if they amount to anything, are a species of economic alliance; and as political alliances tend to provoke other counterbalancing alliances, so we may expect similar results in the economic sphere. International politics, like national politics, is essentially but the outward and visible form of economic interests.

FForeign trade is extremely desirable and important, and tariff bargains may protect us against sudden imposition of duties and quotas in our trade; but a tariff truce can do that more simply than could the proposed measure, and without risk of retaliatory bargaining.

Above all, no tariff bargain or arrangement is definite, stable, or even worth while as long as the currency of either country which is a party to the arrangement is fluctuating and unanchored. This requires no argument. In most cases larger imports must displace a similar quantity of home-produced goods, necessarily reducing the price level and certainly not increasing employment.

To return to the compulsive features of this requested Executive power, it is clear that a very powerful weapon will be handed to the administration in its attempt to regulate and regiment our economic life. Industries which are in any way dependent upon tariff protection for profitable operation can be forced to accept the form of collective bargaining the administration desires them to adopt, the hours of work, wages, salaries, etc. Indeed, the administration will be in control of all these industries, and they will do as they are told or go out of business or into the hands of those whom the Government may designate to run them. This is possible; indeed, it is in line with the aims of the so-called "brain trust."

Some of the bad effects of the proposed plan might be mitigated if the President would consent to an arrangement by which no changes of duty would be ordered, or no bargains made, until after thorough and impartial survey of the industries to be affected by an enlarged and more permanently constituted Tariff Commission. Such a commission should necessarily be composed of the highest type of appointees—men unbiased, and specially qualified, appointed for life, as are our Federal judges, and equipped to make impartial surveys of our economic structure and needs. This body, under the direction of the Secretary of State, could have complete charge of all details of negotiation of tariff bargains, and no reductions or increases could be ordered unless upon and after its survey and published report.

This might be some safeguard; but it would be far safer that the Congress should retain a veto voice on any arrangement which shall be made, by a provision that no reduction or increase can take effect until approved by joint resolution, or, as is the usual course, by consent of the Senate.

Also, if we adopt the new and radical course proposed by the President, we shall have to abandon our present most-favored-nation policy because, under that policy, whatever benefits or opportunities in our market we may extend to one country, we must extend to any other country which will give us the same advantages as does the first country we have bargained with.

In short, the proposed new policy, in spite of certain mechanical advantages, is likely to prove—

1. Unconstitutional.
2. Dictatorial and coercive.
3. Provocative of international ill will and retaliation.
4. Unworkable in the face of the most-favored-nation clause embodied in practically all our commercial treaties.
5. Even if certain benefits and advantages could be obtained, which were not canceled by adverse or retaliatory action of other governments, they would not justify this radical innovation and inroad upon the powers of the Congress.
6. And, finally, without stabilized and anchored currency and international exchange, no agreement or tariff bargain is worth making, for either party by depreciating or devaluing its currency can vitiate it or radically change its effect.

Until international currencies are once more stabilized and have a more or less fixed relative value, international trade must be a gamble in exchange and cannot be revived, even by the piecemeal method which is proposed by the Doughton bill.

DR. WILLIAM A. WIRT

Mr. ROBINSON of Indiana. Mr. President, I desire to read to the Senate a telegram which I have received from the Rotary Club of Gary, Ind.:

GARY, IND., *March 29, 1934.*

Hon. ARTHUR ROBINSON:

The Rotary Club of Gary ask that Dr. William A. Wirt be given a full, broad, and complete open hearing. Representing as we do a cross section of business and professional men, and knowing Dr. Wirt's keen intellect, his honesty, character, and integrity, and his ability to analyze any subject in which his great mind is interested, feel that only through such open and full hearing will justice be given to the American people. We who have had Dr. Wirt before our organization to discuss the present depression problem numerous times feel the citizenship of our country should have whatever information he has to give.

THE ROTARY CLUB OF GARY.

I ask that there may be inserted in the RECORD at this point a resolution along the same line adopted by the Lions Club of Gary, Ind., and also one from the Hammond Allied Organizations, of Hammond, Lake County, Ind., bearing on the same subject.

There being no objection, the resolutions were ordered to be printed in the RECORD, as follows:

Whereas Dr. William A. Wirt, superintendent of Gary public schools, has heretofore expressed his views concerning the trend of our present Government, and his opinions have been given wide publicity through the public press and in the Congress of the United States; and

Whereas Dr. William A. Wirt is well known to the members of the Gary Lions Club, who appreciate the value of considering the views of Dr. Wirt: Be it therefore

Resolved, That the Gary Lions Club hereby recommend the serious consideration of Dr. Wirt's assertions by the public officials of our country, to the end that a complete investigation may be had and proper weight be accorded any findings obtained; be it further

Resolved, That the Gary Lions Club go on record at this time as having full and complete confidence in the integrity, ability, and sincerity of Dr. William A. Wirt, and that a copy of this resolution be sent to Senators FRED VAN NUYS and ARTHUR ROBINSON and also to Congressman WILLIAM T. SCHULTE.

We, the members of the Hammond Allied Organizations of Lake County, being a patriotic American organization banded together for the promotion of national and local civic welfare, do hereby resolve that:

Whereas you, Dr. Wirt, of the city of Gary, have taken the noble, patriotic stand against the so-called "brain trust" and their communistic inclinations, that we hereby commend your attitude and offer to you our hearty support in your activities toward the end that our Nation may be rid of this evil forever: Be it further

Resolved, That a copy of this resolution be forwarded to Dr. Wirt.

Signed, sealed, and delivered this 28th day of March 1934.

HAMMOND ALLIED ORGANIZATION,
E. L. PLAIN, *President.*
H. J. EVANS, *Secretary.*
G. W. SLAUGHTER,
J. J. SHULTNER,
ALBERT E. GRIFFITHS,
Committee on Resolutions.

Mr. CLARK. Mr. President, I sympathize very fully with the concern felt by the Senator from Indiana [Mr. ROBINSON] over the charges of Dr. Wirt. In fact, I felt so much concerned that I requested a newspaper friend of mine to conduct an investigation of Dr. Wirt's charges, and I now have his report, which I wish to read for the reassurance of the Senator from Indiana. The report reads as follows:

WASHINGTON, *March 28, 1934.*

Hon. BENNETT CHAMP CLARK,
United States Senate, Washington, D.C.

DEAR SENATOR: Like all loyal American citizens, I was deeply stirred by Dr. William Wirt's revelation that a revolutionary junta is plotting the overthrow of the Republic and the establishment of a communist government, and since I have had some experience as an investigator, I made it my business to conduct a thorough probe of the charge. The facts revealed by my inquiry are so ominous and so fraught with significance for the future of the Nation that I deem it my duty to bring them to your attention.

In the main, these facts afford overwhelming confirmation of Dr. Wirt's startling allegation. He does not appear to be fully informed about minor details, but the existence of the conspiracy is established beyond peradventure of a doubt. The diabolical cleverness of the plot is sufficient proof of the Machiavellian minds which conceived it.

The first step in this appalling conspiracy would be the abduction of the President during his sleep. At first blush this would appear to be a difficult if not impossible escapade, because the President is carefully guarded at all hours of the day and night. Nevertheless, the conspirators hit upon a scheme for surmounting this obstacle. They decided to inveigle the President into attending a speech by Representative HAMILTON FISH, of New York—a sedative so powerful that it has heretofore triumphed over the most persistent cases of insomnia.

Then, after the betrayed President had been spirited away to a secret hiding place (said to be the same spot where J. P. Morgan and Charlie Mitchell have kept their incomes since 1930), the conspirators would set up a triumvirate of dictators, consisting of the Senator from Ohio, Mr. FESS, the Senator from Iowa, Mr. DICKINSON, and the Senator from Indiana, Mr. ROBINSON. The theory behind this move is that after about 2 weeks of this dictatorship the American people would either turn to Bolshevism or turn on the gas. As you will see, the traitors are thoroughgoing realists, intimately acquainted with public sentiment.

The person from whom I obtained these harrowing facts is a noted educator. It was he who first taught ostriches to run backward in order to keep the sand out of their eyes. He also excels in many other lines. He introduced America to the popular sport of wrestling on horseback; he perfected the left-handed monkey wrench, and even now he is working on a device whereby eggs may be fried on the upper, or Republican side, before they are fried on the under, or Democratic side.

Although you have doubtless guessed his name by this time, I think I should state it for the record, together with his address, so that he may be available for the official investigations which seem to be inevitable. I allude, of course, to Dr. Filbert J. Squirrelfood, who at this time is a somewhat unwilling tenant of an institution supported by public funds.

I remain, sir, your most humble and obedient servant,

PAUL Y. ANDERSON.

INTERNAL-REVENUE TAXATION

The Senate resumed consideration of the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes.

Mr. HARRISON. Mr. President, the revenue bill being now before the Senate, I desire to make a preliminary statement, brief in character, explanatory of some of the changes made in the bill by the Finance Committee of the Senate. It will not take very long for me to do this. I am informed there is to be a recess then to enable Senators to attend memorial services in the House. I hope then the Senate will return immediately to its Chamber to continue the consideration of the revenue bill.

Mr. President, this proposed legislation is designed to accomplish two main purposes—to raise additional revenue and to stop the loopholes in the present law which our experience has shown to exist.

The bill as it passed the House was estimated to provide additional revenue in the amount of $258,000,000 for a full year of operation. The House bill added no new taxes except an excise tax on coconut oil and small additional taxes on crude petroleum designed to carry the cost of administering the oil codes. The House bill did not repeal any of the existing taxes except the tax on unfermented fruit juices and the tax on checks, which was repealed as of January 1, 1935, instead of July 1, 1935.

The bill as reported by the Committee on Finance will provide approximately $70,000,000 more revenue than the House bill, or a total of $330,000,000 more than the present revenue law in a full year of operation. This increase over the yield of the House bill is obtained mainly by the addition of the capital-stock tax, which, together with an excess-profits tax, it is estimated will raise approximately $95,000,000 in a full year of operation. The Finance Committee also concluded that the check tax should be continued until July 1, 1935, as is now provided in the law, but repealed the tax on soft drinks, the tax on clocks, and the tax on furs sold for less than $20. Various other changes were made in the income-tax provisions of the bill as it passed the House, designed to make the bill operate more equitably to taxpayers generally, although some of these changes result in loss of revenue to the Treasury.

The estimates which I have just given are based on a full year of operation of the new provisions of the bill. The income-tax provisions of the bill take effect for taxable years beginning on and after January 1, 1934. Consequently, the changes in the income-tax title will not commence to yield any revenue to the Treasury until the calendar year 1935. The additional revenue from the capital-stock tax will not come in in any substantial amount until July 1935. It is estimated that for the fiscal year 1934–35 the bill as reported by the Committee on Finance will yield approximately $175,000,000 more than the existing law. All this additional revenue is badly needed by the Federal Government in view of the heavy emergency expenses which must be met. Consequently, although I should like to see the elimination of many of the excise or nuisance taxes, I do not believe it is feasible to eliminate them earlier than July 1, 1935, which is the date on which many of them will be automatically repealed. The President in his Budget message anticipated additional revenues of approximately $150,000,000 from the changes proposed to be made by the new revenue bill. The bill as reported to the Senate complies with the President's request, with a slight margin for safety.

Your committee did not change the income-tax rate schedule provided for in the House bill, although I may say it is anticipated that there may be a moderate change in the rates, as has been pointed out by the Senator from Michigan; that in the lower bracket there might be a slight modification. Our expert is working on that subject. We did decide, however, that additional recognition should be given to earned income. The House bill provided for a credit against net income for purposes of the normal tax equal to 10 percent of the amount of the taxpayer's earned income up to $8,000. Your committee has increased this maximum to $20,000. Since this earned-income allowance applies only to the normal tax, the greatest tax reduction possible to any one taxpayer amounts to $80, as compared to $32 under the House bill.

The House bill simplifies the income-tax rate structure by providing for one normal tax rate of 4 percent instead of the two normal tax rates of 4 percent and 8 percent contained in the existing law, and by reducing the number of surtax brackets from 53 to 28. Notwithstanding these changes in the rate schedule, the rates themselves are very much the same as those of the existing law in the case of earned

incomes. The bill, however, considerably increases the amount of taxes payable on incomes derived from dividends and interest on Government bonds which is exempt from the normal tax only. While we reduced the normal tax from 8 percent to 4 percent, we increased the surtax of 4 percent in order to get at these tax-exempt securities which heretofore have been exempt. This increase is due to the elimination of the 8-percent normal tax rate, with a corresponding increase in the surtax rates. Although the surtax is technically applied to "surtax net incomes" in excess of $4,000, instead of $6,000 as at present, the personal exemption and credit for dependents under the bill may be used in the computation of the surtax as well as in the computation of the normal tax. Heretofore they could be applied only to the normal tax. In reducing the surtax from $6,000 as in the present law to $4,000, we make these exemptions apply to the surtaxes the same as to the normal taxes.

The net result is that in the case of the single man the surtax rates will in fact apply to net incomes in excess of $5,000 approximately, while in the case of the married man with no dependents the surtax rates will apply to net incomes in excess of $6,500 approximately. Your committee believes that these changes are desirable, since it appears that in the past dividend income has not been bearing its fair share of income taxation. Furthermore, the recognition of the desirability of a lower rate of tax upon earned income is an advance over the present law. The changes in the income-tax rate schedule are expected to bring in approximately $20,000,000 additional in a full year.

The bulk of the additional revenue expected to be obtained from this bill results from stopping various methods of tax avoidance which have flourished in the past. Although many of the new provisions are much more severe than those of the existing law, it is the opinion of the Committee on Finance that the changes proposed are fair and are no more stringent than is necessary to meet the conditions with which we are confronted. The Committee on Ways and Means and the Committee on Finance both conducted public hearings, and both committees endeavored to meet every legitimate criticism which could be leveled at the proposed changes. Although cases will no doubt be presented in which the bill operates severely, it is our judgment that the bill is perfectly fair to the great mass of honest taxpayers. It is possible to stop the known instances of tax avoidance without causing hardship in some cases.

I shall not endeavor to discuss at this time each of the technical and administrative changes which are proposed in the bill. As we proceed with our consideration of the bill, however, I shall be glad to explain in detail any section that I can. At this time, however, I do wish to direct attention to some of the major changes which have been made with a view to preventing tax avoidance.

First. Perhaps the most important change in the bill is that relating to the taxation of capital gains and the deduction of capital losses. In the past few years the revenue from the income tax has been enormously reduced by deductions on account of sales of securities at a loss. In many instances these losses were no doubt legitimate. The attention of the taxpayers of the United States has, however, been directed to numerous instances of wealthy individuals who have completely eliminated their income taxes by taking losses on sales of stock made to members of the taxpayer's family or to business associates. Frequently the taxpayer has reacquired the securities within a short time after the sale. In other words, the sale was simply for the purpose of taking a tax loss; and in many instances, after the transaction was concluded, the taxpayer held precisely the same property as before. The House bill and the bill as reported by your committee provide that losses on sales of capital assets shall be allowed only to the extent of gains from the sale of such assets, with an exception which I shall describe hereafter. In other words, the bill recognizes the fact that capital gains and losses differ from ordinary income and deductions, and puts them in a separate category. This amendment carries to its logical conclusion the restrictions imposed by the 1932 law upon the deductions of losses on sales of securities held for less than 2 years. To avoid hardship to taxpayers with relatively small net losses from sales of capital assets, your committee inserted a provision permitting the deduction from ordinary income in any year of a capital net loss of not to exceed $2,000. In my judgment, this provision will take care of the bulk of hard cases. It certainly will help out the man of small income.

Profits from sales of property cannot fairly be subjected to the same graduated rates which are applicable to other types of income, because of the fact that the gain realized by a sale in a particular year often represents a profit which has accrued over a number of years. The bill represents a great advance over the existing law in providing that the amount of capital gains or capital losses to be taken into account shall depend upon the length of time that the property sold has been held. For example, if the property sold has been held for 2 to 5 years, 60 percent of the gain or loss is to be taken into account in computing net income. Senators will recall that now the period is 2 years. If the property has been held for more than 10 years, 30 percent of the gain or loss is to be taken into account. These provisions give a proper recognition to the length of time during which the profit or loss has accrued, while at the same time the capital gain or loss which is taken into account is subjected to the graduated surtax rates. In our opinion these provisions are a notable improvement over existing law, which subjects any gain from the sale of property held over 2 years to a flat 12½-percent tax. We estimate that $30,000,000 additional revenue will be secured by these provisions. They are certainly a simplification. I may say, in that connection, that while there is no capital gain and loss tax in England, while we retain these provisions, they have a tendency toward simplification.

Second. One of the devices most frequently used to avoid the high surtaxes has been the personal holding company, or incorporated pocketbook. A wealthy man subject to total income taxes reaching a maximum of 63 percent has obviously much to gain by the organization of a corporation to take title to his securities, since corporations are ordinarily subjected to a flat tax of 13¾ percent. Although the income tax laws from the beginning have contained provisions for an additional tax upon corporations formed or availed of for the purpose of preventing the imposition of surtaxes upon their shareholders, these provisions have been difficult to enforce in practice because of the necessity of proving the intent or purpose of the shareholder-to-be, to keep from paying the tax.

The pending bill, therefore, contains a provision imposing a surtax upon personal holding companies in addition to the normal tax applicable to corporations generally. The bill as it passed the House laid this tax at the rate of 35 percent. Your committee has changed the rate to 30 percent on the undistributed adjusted net income up to $100,000 and 40 percent on the income in excess of $100,000. The Government is trying to force them to distribute these accumulations, in order to obtain the tax.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. CONNALLY. Did not the committee also provide that they could accumulate a reserve against deficits?

Mr. HARRISON. Yes; I shall come to that. The interest on Government obligations, which is exempt from the normal tax, will be subjected to this surtax. The bill provides that in determining the undistributed adjusted net income to which the tax is applied there shall be deducted dividends paid during the taxable year; a reasonable amount used or set aside to retire indebtedness incurred before 1934; and, finally, a 10-percent reserve. It was presented to us that there are many holding companies which permit reserves to be accumulated in order to pay off some maturities which might come due in the future. We have made provision for that, changing the bill as it passed the House in that regard.

These deductions will provide for the reasonable business requirements of legitimate personal holding companies. Furthermore, these companies will not be liable to the surtax

if they distribute their earnings to their shareholders. The estimates show that approximately $20,000,000 will be realized directly or indirectly from the application of this provision.

I may say that a good many individuals interested in real estate came before us and told us that these rents should be excluded. They made such a strong case that, in the case of the holding companies, we also excluded rents which might be paid into the reserve.

Third. For many years the law has permitted affiliated corporations to file consolidated returns. The 1932 law, as amended by the National Industrial Recovery Act, provides, however, that affiliated corporations shall pay an additional tax of 1 percent for the privilege of filing such returns. Consolidated returns are of substantial benefit to an affiliated group of corporations, particularly in depression years, since such a return permits the loss of one corporation to reduce the net income and tax of an affiliated corporation. On the other hand, many corporations, such as the railroads, are compelled by State laws to incorporate separately in the various States, and the income of the group as a whole can be reported properly only on a consolidated return. The bill as it passed the House, therefore, provided for the retention of the provisions for consolidated returns, but increased the differential in tax from 1 percent to 2 percent. Your committee retained the provisions of the House without substantial change. It is estimated that the retention of consolidated returns will yield more revenue than would be secured by eliminating the provisions. Our estimates indicate an additional revenue of $20,000,000 from this source. So now the corporation pays a rate of 13¾ percent, and if it files a consolidated return, it pays a rate of 15¾ percent.

Fourth. The capital-stock and excess-profits taxes carried in the bill as reported by your committee were not included in the bill as it passed the House, although these taxes are now in force under the provisions of the National Industrial Recovery Act, they will automatically expire this year unless reenacted. The experience with these taxes has been quite satisfactory, since they have been certain in yield, have been easily borne by the taxpayers, and readily administered by the Bureau of Internal Revenue. In view of the state of the finances your committee concluded that it was highly desirable that this considerable source of additional revenue should be retained. Your committee has made various perfecting amendments in the provisions of the law as now in effect, but the rates of tax of the existing law have been retained. Since taxpayers are given a new opportunity to declare the fair value of each corporation's capital stock, there can be no charge of unfairness in the reimposition of these taxes.

That is, one tenth of 1 percent on capital stocks, and after they have made 12½ percent, then we apply an excess-profits tax of 5 percent above that. To prevent any harshness, we permit the corporation to declare its capital stock. If it declares it too low, then we will get it by virtue of the tax of 5 percent over the 12½ percent on the excess profits. In other words, we are using the leverage to make them put in a fair capital stock value.

Fifth. Your committee found that a considerable loss of revenue from partnerships had occurred during the past few years by reason of the fact that losses from the sales of securities by partnerships were permitted as a deduction against the incomes from other sources of the individual partners. Senators will remember the revelations before the Committee on Banking and Currency where it was shown that certain individuals were using the losses of their partnerships in making returns. Of course, these partners were compelled to pay taxes upon the partnership profits in its prosperous years, and in many cases these taxable profits had exceeded the deductible losses recently allowed. The bill safeguards the revenues in the future, however, by the application of the new capital gain and loss provisions to partnerships as well as to individuals and corporations. Under the bill, the partnership will be permitted to deduct losses on the sale of capital assets only to the extent of gains from such sales, and the partner can have no deduction on account of any capital net loss of the partnership. In this way the main source of the tax avoidance by banking and security partnerships in the past has been eliminated. It is anticipated that this change alone will result in $5,000,000 additional revenue.

Sixth. Your committee has also revised the reorganization provisions in order to prevent the various tax avoidance schemes which have been used in this connection. Your committee has modified the provisions of the House in order to provide a uniform rule for reorganizations in all the States which will permit legitimate business readjustments designed to strengthen the financial condition of the participating corporation. The elimination of the loopholes which have previously existed in these provisions will save the Treasury approximately $10,000,000 a year.

Seventh. From 1916 to date the income tax law has provided that dividends from surplus accumulated prior to March 1, 1913, the effective date of the first income tax law, are not taxable to the shareholder, but such earnings cannot be distributed free from tax until the company has distributed its earnings since that date. The House bill eliminated this provision. Not much revenue is involved, but the provision in question is one of long standing and corporations for years have acted in reliance on it. Your committee felt that that date was far enough back, and that we should not go back of March 1, 1913, in fixing values.

Eighth. American corporations doing business abroad are, of course, subject to foreign income taxes with respect to that part of their incomes which is earned abroad. At the same time such corporations can be subjected to tax in this country upon their entire incomes, including the income earned abroad. If the United States exercised its full power in this respect, the result would be to place the American corporation doing business abroad at a serious disadvantage as compared to a foreign corporation conducting the same kind of business in the foreign country, since the foreign corporation would be subject to only one income tax, whereas the American corporation would be taxed twice. Consequently, the existing law contains a provision for a credit against the American income tax of the amount of the foreign taxes paid on account of the income earned abroad. The credit is limited in effect to that part of the American tax which is imposed on the income earned abroad. In other words, the credit for foreign taxes does not in any way reduce the income tax on income earned in the United States. The House bill, in effect, reduces this credit by approximately one half. Your committee believes that the provisions of the existing law should be retained in this respect, since they appear to operate fairly and since it is desirable to encourage the American export business. That was also the view of the State Department.

The bill makes a number of other important changes which I shall not describe in detail at this time. Among these are improvements in the provisions for the administration of the taxes upon gasoline and lubricating oil, which, without changes in the rates of tax, are estimated to produce $18,000,000 additional revenue by insuring the collection of the tax from all persons upon whom it is imposed. The provisions for the taxation of annuities have been revised so that a person in receipt of annuities totaling more than $500 a year—we excluded annuities of $500 and less a year from the provisions of the tax—will be compelled to pay a tax upon that part which is deemed to be interest upon the consideration paid for the annuities.

Under the existing law no tax is imposed upon the recipient of an annuity until he has received back the entire amount paid for it. Since an annuity represents in part interest upon the consideration paid, it seems fair to tax the annuitant currently upon the proportion of the annuity payment which represents interest, and the bill so provides.

The bill also contains a provision which will deny losses in the cases of sales or exchanges of property between members of a family or between a shareholder and a corporation

in which the shareholder owns a majority of the stock. In several recent cases losses of this character have proved to be an important method of tax avoidance.

Your committee has strengthened the provisions of the House bill designed to impose an additional tax upon citizens and corporations of foreign countries which impose discriminatory or extraterritorial taxes upon citizens and corporations of this country. We hope that the provision as now drawn will effectively discourage this discrimination.

There are many other technical and administrative changes which will perfect the existing law and in the aggregate will increase the revenue by about $20,000,000.

In conclusion, I believe that the revenue bill, as your committee has reported it, effects a series of major improvements in the existing law. The income-tax rates have not been greatly changed and only one important new tax has been imposed—the capital-stock tax. Nevertheless, by tightening up the provisions of the present law additional revenue will be produced which the Government urgently needs. In my opinion, the great mass of honest taxpayers in the country will approve of the action we have taken, since we have attempted to make the tax provisions effective upon all taxpayers alike and to put an end to the various schemes and devices by which some wealthy taxpayers were evading the imposition of the income tax upon them. The bill distributes the tax burden fairly among taxpayers and in no way impedes legitimate business transactions. I hope that the bill can be promptly passed and carried into effect.

Mr. President, I hope in the consideration of the bill we may in the main hold to the recommendations of the committee and pass the bill as speedily as possible, and as we go along section by section we shall be glad to attempt to explain any of its provisions concerning which explanation may be desired.

ALLEGED COERCION OF DEMOCRATS

Mr. NORRIS obtained the floor.

Mr. SMITH. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from South Carolina?

Mr. NORRIS. Mr. President, I understand the Senator from South Carolina desires to make a few remarks. I shall be glad to yield to him if I can have an understanding that I will not yield the floor by so doing. I yield with that understanding.

Mr. SMITH. Mr. President, what I have to say will not take very long. It is a matter which I think is of vital interest to every Democratic Senator.

There appeared in the newspapers of my State on Friday, March 30, an article of which I think particularly the Democrats ought to take cognizance. The heading of the article is, "F. D. R. Plans Tightening of Loyalty Lines." I desire to read that article, which is as follows:

> Many stories are going around Washington today as to what President Roosevelt is going to do to Congress for overriding his veto of the independent offices supply bill carrying liberal provisions for veterans and Federal employees. The enactment of the bill puts his operating Budget over $200,000,000 in the red, according to administration leaders.
>
> There is wide-spread belief that he will call on Congress to raise taxes in this amount before it adjourns. * * *
>
> One thing is certain, Congress will hear more about its vote this week to override the veto when the President returns to Washington from southern waters.
>
> The failure of Senator SMITH to support the administration yesterday may change the complexion of the patronage situation in South Carolina. Senator BYRNES led the fight for the administration, thereby putting him in an even better position to dictate Federal patronage in his State, if he so desires.
>
> Cabinet officers swung into action yesterday in an effort to obtain the 4 needed votes to sustain the President's veto. It was learned that Secretary of Commerce Roper made a spirited appeal to Senator SMITH. Postmaster General Farley, operating from the White House, conducted a telephone-appeal campaign just before the vote was taken. A number of Senators declined to talk with the Postmaster General when he called.
>
> MARSHALSHIP JOBS
>
> There are a number of Federal places in South Carolina which are open or could be made open. These include the marshal for the western district, judge, district attorney, and marshal for the eastern district, and the collector of port at Charleston.
>
> Senator SMITH has made several direct appeals to President Roosevelt for the appointment of Rube Gosnell as marshal for the western district. This appointment was expected to "break" up until the time the President left for Florida. It is reported here that the President is going to draw the loyalty lines more closely hereafter in giving jobs. If this be the case the chances of Gosnell are not so bright.
>
> Senator BYRNES has recommended Frank Myers, of Charleston, for judge. Senator SMITH has submitted a list of several South Carolina attorneys, asking that the best qualified man be appointed. Myers' name is not on the list. In view of the veto yesterday in the Senate it will be interesting to see who gets the job.

Mr. President, I desire to repudiate any such insinuation as contained in that article against the President of the United States and his Cabinet. We have not yet reached the point where an administration will attempt to coerce men to do its bidding by the threat of withholding patronage. We are honest in our convictions and we have our duty to perform. I do not believe that any Cabinet officer or the President of the United States would indulge in a practice which runs contrary to the Corrupt Practices Act, even if they did not base their course of action upon a much higher plane than that. They have a right to voice their opinion, but they have no right, and they have not exercised any such right, to coerce loyal Democrats to do the bidding of the administration.

I desire to take this occasion to repudiate any such insinuation as contained in the article I have just read.

Where the correspondent who wrote the article obtained his information I do not know. Subsequent events, however, will prove whether his implied reflection on our administration is true or whether it is not.

Mr. ASHURST. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Arizona?

Mr. NORRIS. I yield.

Mr. ASHURST. Mr. President, I hope my friend the Senator from South Carolina will not be offended when I say to him he may possess his soul in peace.

All the Presidents of the United States, we are proud to say, have been gentlemen.

Mr. SMITH. I agree with the Senator from Arizona.

Mr. ASHURST. Scan their lives and it will be found that every man elevated to the office of President of the United States has been a gentleman, and I believe that, without any invidious distinctions, one of the most exquisite, most nearly perfect gentleman among all those who have occupied the White House, is the present occupant. Senators need have no fear, on this side or the other side of the aisle, that any action they take will result in any discrimination or lack of consideration toward them on the part of the President of the United States.

Senators on this side of the aisle may vote their convictions as they should vote them, and they will be secure from any discrimination so far as patronage is concerned. I say here that Franklin D. Roosevelt would despise a Senator—that is a hard word—he would despise a Senator who voted to sustain a veto simply to please a President of the United States.

Mr. SMITH. The Senator from Arizona will agree with me, and I am sure the Senator from Nebraska [Mr. NORRIS] will likewise, that the newspaper article I just read carries a very humiliating implication, that we are to be punished if we vote our convictions, and rewarded if we vote someone else's convictions.

Mr. ASHURST. Mr. President, the Senator, although he is a courageous man, is unduly alarmed. No man who understands men and who so successfully deals with men, as does Franklin D. Roosevelt, would think of drawing the line, or of making any discrimination as to patronage against any Senator.

Mr. SMITH. The Senator need not stand here to defend the President. I do not think anyone here is obliged to defend him.

Mr. ASHURST and Mr. PITTMAN addressed the Chair.

Mr. NORRIS. Mr. President——

The VICE PRESIDENT. The Senator from Nebraska has the floor. Does he yield; and if so, to whom?

Mr. NORRIS. I understand that it is the desire to take a recess at this time, and if that is agreeable to the Senator from Arkansas, I will continue my remarks when the Senate shall reconvene after the funeral services.

FUNERAL OF REPRESENTATIVE POU, OF NORTH CAROLINA—JOINT SESSION

Mr. ROBINSON of Arkansas. Mr. President, the Senate has accepted the invitation of the House of Representatives to participate in a joint session at which tribute will be paid to the memory of the late EDWARD W. POU, a Member of the House of Representatives from the State of North Carolina.

Mr. POU has served as a Member of Congress for a period of about 33 years. His loyalty to public duty has been demonstrated throughout that long service. In order that Senators may be prepared to participate in the joint session it is desired that a recess now be taken until 1 o'clock and 45 minutes p.m., at which time the Senate will reconvene, be called to order by the Vice President, and proceed in a body to the Hall of the House of Representatives. I, therefore, move that the Senate now take a recess until 1 o'clock and 45 minutes p.m.

The motion was agreed to; and (at 1 o'clock and 2 minutes p.m.) the Senate took a recess until 1 o'clock and 45 minutes p.m.

At the expiration of the recess the Senate reassembled.

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	Kean	Reed
Ashurst	Davis	Keyes	Reynolds
Austin	Dickinson	King	Robinson, Ark.
Bachman	Dieterich	La Follette	Robinson, Ind.
Bankhead	Dill	Lewis	Russell
Barbour	Duffy	Logan	Schall
Barkley	Erickson	Lonergan	Sheppard
Black	Fess	McAdoo	Shipstead
Bone	Fletcher	McCarran	Smith
Borah	Frazier	McGill	Steiwer
Brown	George	McKellar	Thomas, Okla.
Bulow	Gibson	McNary	Thomas, Utah
Byrd	Glass	Metcalf	Thompson
Byrnes	Goldsborough	Murphy	Townsend
Capper	Gore	Neely	Tydings
Caraway	Hale	Norris	Vandenberg
Carey	Harrison	Nye	Van Nuys
Clark	Hastings	O'Mahoney	Wagner
Connally	Hatch	Overton	Walcott
Coolidge	Hayden	Patterson	Walsh
Copeland	Hebert	Pittman	White
Costigan	Johnson	Pope	

Mr. LEWIS. I beg the privilege of making the same announcement as to certain absent Senators as on the previous roll call.

The VICE PRESIDENT. Eighty-seven Senators having answered to their names, there is a quorum present.

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate now proceed to the Hall of the House of Representatives, in accordance with the resolution heretofore agreed to, and that at the conclusion of the services the Senate return to its Chamber.

The motion was agreed to; and (at 1 o'clock and 50 minutes p.m.) the Senate, preceded by the Sergeant at Arms, the Vice President, and the Secretary, proceeded to the Hall of the House of Representatives for the purpose of attending the funeral ceremonies.

The Senate returned to its Chamber at 2 o'clock and 45 minutes p.m., and the Vice President resumed the chair.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Bone	Carey	Dickinson
Ashurst	Borah	Clark	Dieterich
Austin	Brown	Connally	Dill
Bachman	Bulow	Coolidge	Duffy
Bankhead	Byrd	Copeland	Erickson
Barbour	Byrnes	Costigan	Fess
Barkley	Capper	Couzens	Fletcher
Black	Caraway	Davis	Frazier
George	King	Nye	Smith
Gibson	La Follette	O'Mahoney	Steiwer
Glass	Lewis	Overton	Thomas, Okla.
Goldsborough	Logan	Patterson	Thomas, Utah
Gore	Lonergan	Pittman	Thompson
Hale	McAdoo	Pope	Townsend
Harrison	McCarran	Reed	Tydings
Hastings	McGill	Reynolds	Vandenberg
Hatch	McKellar	Robinson, Ark.	Van Nuys
Hayden	McNary	Robinson, Ind.	Wagner
Hebert	Metcalf	Russell	Walcott
Johnson	Murphy	Schall	Walsh
Kean	Neely	Sheppard	White
Keyes	Norris	Shipstead	

The VICE PRESIDENT. Eighty-seven Senators having answered to their names, a quorum is present.

The Senator from Nebraska [Mr. NORRIS] is entitled to the floor.

DISCLOSURES OF UTILITIES INVESTIGATION BY FEDERAL TRADE COMMISSION

Mr. NORRIS. Mr. President, again the conscience of the American people has been shocked by the disclosures that have taken place before the Federal Trade Commission in their investigations of the Power Trust. Yet, Mr. President, nothing new has developed. The same disclosures, and even worse ones, have been made by that investigation during the last 3 years, the period during which it has been proceeding. The most recent disclosure is one that directly affects the Legislature of the State of New York.

From the files of the J. G. White Management Corporation, one of the subsidiaries of the Associated Gas & Electric Co., were taken copies of letters which were written by a member of the State Senate of the State of New York. A letter dated March 26, 1927, reads as follows:

Mr. S. J. Magee—

He was one of the officials of the electric light subsidiary; also vice president of the Associated Gas & Electric Co.—

NEW YORK CITY, N.Y.

MY DEAR MR. MAGEE: In keeping with your instructions of March 22 regarding my expense account for the month of March in connection with the village election, I herewith hand you bill as suggested, made out to the Chasm Power Co.

That is another subsidiary which, I understand, is the operating company in the home town of the State senator in question.

The legislature adjourned last Friday, and I have now returned to Chateaugay and will be here most of the coming summer. If at any time I can be of further service to you, please do not hesitate to call upon me.

Observe, Mr. President, that he says "further service to you", indicating from the letter itself that he has been of some service.

I hope my work during the past session was satisfactory to your company, not so much for the new legislation enacted but from the fact that many detrimental bills which were introduced we were able to kill in my committee.

Very truly yours,

W. T. THAYER.

Mr. Thayer at that time was chairman in the New York State Senate of the committee that had to do with all bills affecting electric light and gas activities. He says:

I hope my work during the past session was satisfactory to your company.

The company was not in his constituency. In the State senate he was serving a senatorial district, but the office of the company and its main activities were outside that senatorial district.

I hope my services have been satisfactory to your company.

Not to his constituents; not to the people of the State of New York but to "your company."

In another letter written by Mr. Thayer on March 15, 1928, nearly a year afterwards, on the stationery of the New York State Senate, Mr. Thayer says again:

THE STATE SENATE OF THE STATE OF NEW YORK,
Albany, March 15, 1928.

Mr. C. A. GREENIDGE,
Care of J. G. White Management Corporation,
33 Liberty Street, New York City.

DEAR SIR: As per our conversation this afternoon on the phone, I herewith hand you original bills as introduced by Assemblyman

Sargent in the assembly, nos. 1889 and 1890. I also attach the amended bills which just came up from the printer since our conversation.

Mr. Sargent advises me that the amendments were suggested by the International Paper Co., and they take care of their objections. From the fact that Assemblyman Sargent secured a rush print order on these amendments the bill will come over to the senate and can go on the calendar for Monday night.

After you have examined them, and if you feel that they should be held up in the senate, you had better call me on the phone at Chateaugay either Friday or Saturday,

Very truly yours,

W. T. THAYER.

There is another letter written by the chairman of this committee to the same subsidiary of the Associated Gas & Electric Co., part of the Power Trust of America.

Again, a letter from Mr. Thayer written on the stationery of the Senate of the State of New York, dated March 17, 1927, reads as follows:

WARREN T. THAYER,
THIRTY-FOURTH DISTRICT,
CHAIRMAN COMMITTEE ON PUBLIC SERVICE.

S. J. MAGEE,
J. G. White Management Corporation, New York City.

MY DEAR MR. MAGEE: Referring again to Senator Westall's bill no. 898, introductory no. 789, which authorizes two or more municipalities to jointly acquire, construct, lease, and maintain waterworks system, I beg to advise I took the matter up with Senator Westall and he had prepared an amendment to the bill which will make it satisfactory to your people. When this bill is reprinted I will send you a copy of it for your consideration and to see if the objectionable features have been eliminated.

Very truly yours,

W. T. THAYER.

Nothing is said in either of these letters about whether the people of the State of New York desire the so-called "objectionable features" or whether they are just or unjust, but that an amendment had been prepared which would make the bill satisfactory to the Power Trust. "If it is not", as the preceding letter said, "call me on the phone and the bill will be held up in the Senate."

Another letter, written by Mr. Thayer, is to Mr. S. J. Magee, 33 Liberty Street, New York City, N.Y., which reads:

DEAR SIR: During our village election just passed I spent $457 in an effort to win the election. We had many loyal supporters, but the propaganda spread by our opponents, along with the influence of the banks, we were unable to win, but we are not discouraged—we will beat them yet.

The above amount is made up in printing, advertising, attorneys' fees, postage, and automobile hire on election day; also watchers and checkers at the polls during the election.

Will you kindly advise me if it would be satisfactory to put this amount in my next expense account to Mr. Pierce, the same as I did last year?

Awaiting your reply, I beg to remain,

Very truly yours,

W. T. THAYER.

Remember that this election was in a village where, as I remember, there were fewer than 500 votes altogether cast at the election. It seemed at this election they needed attorneys and other assistance, including watchers and checkers whose employment cost $457.

Another important thing is disclosed by these letters. They indicate on their face that what he is inquiring about, what he is talking about in these letters constitute but a small part of the activities of this man who presided in the Senate of the State of New York at the committee hearings on all bills having anything to do with gas, electricity, or water.

Mr. BORAH. Mr. President——

Mr. NORRIS. I yield to the Senator from Idaho.

Mr. BORAH. As I understand, Mr. Thayer, while he was a member of the State senate, was in the employ as an attorney of certain corporations?

Mr. NORRIS. Undoubtedly. The letters, I think, clearly so disclose. They indicate that he was not only on the pay roll, but he says, "Shall I put this bill in the same way as I put in other bills", as to the amount of which we know nothing.

Mr. BORAH. It is a very objectionable relation for a man in the legislature to occupy.

Mr. NORRIS. Especially when he occupies a key position, as he did.

Mr. BORAH. Even if he had no other power than that of a vote, it would still be objectionable.

Mr. NORRIS. Exactly; it would be bad then, but it is doubly bad when he is a member of the committee which handles the particular bills; and it is worse yet when he is chairman of that committee, and, as these letters indicate, everything passed through his hands; and, according to these letters, nothing passed through his hands but it was first submitted to his client, the Power Trust. When objection was made by his client, no other conclusion can be drawn from these letters than that he would proceed to hold bills up in the senate.

How many bills, how many acts of the New York Legislature have been held up by this man? How many other key men does the Power Trust have in the New York State Senate and in the New York State House of Representatives; and how many keymen do they have in other legislatures all over the United States?

Mr. President, Mr. Greenidge, to whom some of these letters were directed, vice president of the Utility Management Corporation, a subsidiary, issued a statement in defense of these disclosures. What do these letters disclose? It is not simply what is shown on the face of the letters; it is not simply the particular instances to which these letters point directly; but it is the knowledge one must get from reading these letters that these are only samples. They show on their face that they are only indications pointing to other activities performed for, and other relations held by, this member of the New York State Senate to the Power Trust.

Now, what defense was made when these letters were published?

Mr. WAGNER. Mr. President——

Mr. NORRIS. I yield to the Senator from New York.

Mr. WAGNER. I did not hear the entire discussion of the Senator. Did he point out the fact that this particular State senator was chairman of the committee which had under consideration bills affecting public utilities?

Mr. NORRIS. Yes; and he is still a member of the committee.

Mr. WAGNER. He is still a member of the committee?

Mr. NORRIS. But not its chairman.

Mr. WAGNER. It shows what chance there is under such circumstances.

Mr. NORRIS. Yes; it shows how the Power Trust is safeguarding every avenue through which injury might possibly come to them, and they do not care what means they employ to protect their interests, as I am going to show from the defense which they make of this man.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER (Mr. MCGILL in the chair). Does the Senator from Nebraska yield to the Senator from Idaho?

Mr. NORRIS. I yield to the Senator from Idaho.

Mr. BORAH. Of course, the fact that he was chairman of the committee is an exceedingly important item, because, undoubtedly, the Power Trust is looking for men of influence; but, after all, the fact that he was an attorney for the corporation and at the same time purporting to legislate in regard to it is a situation which cannot be defended.

Mr. NORRIS. No, sir; it cannot be defended in a free country.

Mr. WAGNER. Mr. President, I agree absolutely with what the Senator says about that; but I wanted to emphasize the reprehensible nature of the whole transaction.

Mr. NORRIS. Now let us see what defense Mr. Greenidge makes for this man. There are the letters published in the newspapers as coming from Washington where the Federal Trade Commission is investigating the Power Trust. This man Greenidge, who defends this man, was vice president of the company. Speaking of the publication of these letters he says:

This is another instance in which the Federal Trade Commission has, without any explanation or opportunity for explanation, given out information capable of being used by the foes of utilities

in their campaign of lies against the utilities and slander of honest public officials. We believe that every right-thinking citizen will be justly incensed at such tactics.

Let us look at that defense for just a moment. He says:

This is another instance in which the Federal Trade Commission has, without any explanation or opportunity for explanation, given out information.

Mr. President, would you want the Federal Trade Commission to make an explanation, and if they were as wise as Solomon could they make an explanation of such conduct that would be satisfactory to the utilities and their officials? The truth is that these letters were evidence disclosed at that hearing. The letters were taken from the files of the subsidiaries of the Power Trust itself; this very evidence, these very witnesses are making the case. Unfriendly though they may be, the Federal Trade Commission have done nothing but bring out the evidence from day to day which they are required to bring out by a resolution of the Senate under which they are making the investigation. The writer says:

Without any opportunity of explanation—

At that hearing these same power officials were represented by attorneys who sat there in the presence of the Federal Trade Commission when this evidence was being developed, and not one word of explanation did they utter—and I would rather commend them for being wise and keeping silent, for I do not know what they could have said.

No statement was issued by the Federal Trade Commission. There is the evidence taken from the enemy. There is the mouth of the Federal Power Trust speaking its own language, showing that these men who think such conduct is honest and honorable, regard an attorney who was chairman in the State Senate of New York of a committee having to do with public utilities as being one against whom no evidence should be produced even though he has signed it himself.

Mr. Greenidge says, "By the foes of public utilities in their campaign of lies." If this is a lie, then the Power Trust people themselves stand convicted of perjury. It is their own evidence. It is not the evidence of those who are opposed to the activities of the Power Trust. It is the evidence of the Power Trust itself.

Again, Mr. Greenidge says that it is used "against the utilities and slander of honest public officials." Evidently the Power Trust itself thought the publication of the letters a slander against the New York State senator who wrote the letters and signed them himself. "Honest public officials!" "Slander!" And yet there is no denial anywhere of the truth of any of the statements. The disclosure shows the kind of campaign that was being conducted. They wanted to win the election in northern New York where a village campaign was being conducted. They had as their attorney to help win it the chairman of the Public Utilities Committee in the State Senate of New York. He lived there. He was employed by them and evidently was on their staff, because his letter says, "Shall I send this bill to the same man to whom I sent the other bills?" His letter shows that he rendered a monthly account to the Power Trust for his services, while the people of his legislative district thought he was serving them in making the laws that should govern the people of New York.

This man Greenidge says that the publication of that State senator's letter is "a slander upon honest public officials." I think he is laboring under a false impression when he says that "every right-minded, thinking citizen will be incensed at such tactics." The American people have not fallen yet so low that they think an attorney for the Power Trust, which has its net spread all over the United States, will be able to go to the country and control even village elections when they claim their interests are at stake.

Mr. JOHNSON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from California?

Mr. NORRIS. Certainly.

Mr. JOHNSON. May I ask the name of the distinguished gentleman who has made such remarks?

Mr. NORRIS. He is Mr. C. A. Greenidge.

Mr. JOHNSON. Is he an attorney?

Mr. NORRIS. He is vice president of the Utility Management Corporation. According to these letters, he is also vice president of the Associated Gas & Electric Co. That is the company the Federal Trade Commission was investigating. That company in itself is a subsidiary of another branch of the Power Trust.

Mr. JOHNSON. I am wondering and curious to know if he is an attorney and a member of the American Bar Association.

Mr. NORRIS. No; but he is dealing with a man who is an attorney and who is probably a member of the American Bar Association. As to that, however, I cannot speak authoritatively.

Before I conclude I shall show that the disclosures before the Federal Trade Commission in this instance were very similar to some other disclosures that followed the next day which involve Tennessee and Kentucky, and still other disclosures which relate to Texas and other sections of the country, where this same man, Magee, and the same Associated Gas & Electric Co. are manipulating elections, not only in New York but in Tennessee, and have been for years.

I want to invite attention to an editorial which appeared in the Washington Herald of March 31, last Saturday, which I think well describes the feeling of the American people. It reads:

POWER RING ACTIVITIES CALL FOR INQUIRY

The letters of a New York State senator introduced before the Federal Trade Commission, showing the receipt of money and pointing to the rendition of service to public-utility companies, have created a sensation throughout the country.

Not that the link which has long existed in every State of the Union between the utility interests and our lawmakers was ever a matter of doubt. Not that the servile pliancy of legislative bodies to the wishes of the Power Trust was unsuspected. Such connection and subservience has been a matter of common knowledge for many years.

They have been written in the public consciousness by the uninterrupted thwarting of all attempts at genuine regulation, whether by better laws or better supervision, through the political power of the utility interests in every State capital.

I think that is literally true. There is not, in my judgment, a State capital in the United States where the same sort of tactics is not used either by the Associated Gas & Electric Co. or some other member of the great American Power Trust. I am going to discuss some of them this afternoon.

Mr. COPELAND. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from New York?

Mr. NORRIS. I yield.

Mr. COPELAND. I am obliged to leave the Chamber to attend a committee meeting, but before doing so I want to thank the Senator from Nebraska for calling public attention to the subject he is now discussing. When I first heard of the incident, I sent word to Albany that I hoped there might be an investigation made by the legislature of my State. I have been embarrassed in the matter because I might be accused of partisanship, for the reason that it so happens the man charged is not a member of my party. But I do feel that for the good of my own State there should be an investigation of the circumstance. I hope the address of the Senator will result in greater activity on the part of the Legislature of the State of New York.

Mr. NORRIS. I thank the Senator.

The editorial continues:

This sinister alliance has been established with almost the force of an admission, by the uniform failure of all bills seeking to limit excessive rates or to curb the exploitation of both consumer and investor by the speculative financiers of the public-utility business.

Mr. President, it is not limited to State legislatures, but it includes the Federal Congress as well. The Senator from Indiana [Mr. ROBINSON], who is doing me the honor of listening to what I say, sat with me and with the present

Chairman of the Judiciary Committee, the Senator from Arizona [Mr. ASHURST], as a subcommittee of that great committee and listened to extended hearings on a bill introduced by the Senator from California [Mr. JOHNSON].

The Senator from Indiana knows the kind of legislation that was proposed and the way it was fought in the committee. We all know how it was fought here on the floor of the Senate. The measure has passed the Senate and is now pending in the House of Representatives, with opposition and with danger of its defeat through a misunderstanding, I believe, or a lack of opportunity to understand, on the part of the Members of that great body, which, in my judgment, would pass it unanimously if the Members once understood what is at issue and what the issue is.

This editorial says:

But now come three letters from Warren T. Thayer, a member of the State Senate of New York, which put the matter upon a footing very different from mere suspicion.

These letters amount to a confirmation of disclosures made by the Hearst newspapers of Power Trust practices.

Writing on the stationery of the New York Senate, Senator Thayer, in one letter, mentions the adjournment of the legislature and his return to his home.

"If at any time I can be of further service to you", he adds, "please do not hesitate to call upon me."

Do the merchants and the farmers of the district Senator Thayer represents believe, or have they ever believed, that their senator was taking orders from New York City? Do they realize that he was in the employ of a subsidiary of the Power Trust and that his pockets were lined with money to pay his expenses in their own village election?

Quoting further:

I hope my work during the past session was satisfactory to your company—

Imagine a Senator of the United States, for instance, writing to this corporation in New York and saying:

I hope my service here in the Senate, representing a sovereign State, has been satisfactory to your company.

Mr. President, I ask unanimous consent that the remainder of this editorial be printed in the RECORD at this point in my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

The remainder of the editorial is as follows:

"I hope my work during the past session was satisfactory to your company, not so much for the new legislation enacted but from the fact that many detrimental bills which were introduced we were able to kill in my committee."

In another letter addressed to C. A. Greenidge, care of the J. G. White Management Corporation, of New York City, one of the operating companies for the Associated Gas & Electric Co. in its up-State power plants, the same senator, referring to certain bills in the New York Senate, said:

"After you have examined them, and if you feel that they should be held up in the senate, you had better call me on the phone at Chateaugay (the senator's home) either Friday or Saturday."

Little wonder that the demand is now heard for a formal investigation by a committee of the legislature.

One of the senator's colleagues demands the institution of impeachment proceedings.

Of course, there should be an investigation of the alliance between the power interests and their obedient tools in the legislature's membership. Its existence is not open to doubt.

The reality of such an alliance has been repeatedly charged. Three months ago, in a brave and sensational speech at Utica, the Republican State chairman, W. Kingsland Macy, called upon the Republican members of the assembly to break away from this alliance and to "come clean" as sincere representatives of the people and the public interest.

There was some insincere splutter by Old Guard Republicans about bringing Mr. Macy before the assembly to substantiate his charges. There was a move, which was transparently insincere, for a perfunctory and whitewashing investigation.

The public easily saw through it and recognized that it was a mere gesture. So did Chairman Macy, who said the only investigation he would countenance would be a genuine investigation by a duly appointed legislative committee, with power to compel the attendance of witnesses and the production of evidence.

By one of those singular "breaks" of good fortune which revive confidence in the truth—confidence that truth is not without powerful, although unseen, allies—these letters now reach the light of day.

They supply chapter and verse—compelling reason for at last a genuine and effective exposure of the whole mess.

Such an investigation cannot be avoided.

The disclosures are peculiarly timely in connection with Governor Lehman's gallant fight for justice to the consumer and ratepayer, so long helpless in the combined grip of the utility companies and their subservient creatures in the legislature.

No longer can silence keep mum! No longer can guilt sit tight! The tactics of evasion and "the huddle" have broken down. The case is now wide open!

Here at last are facts—facts to begin with, facts to go on with, facts which puncture the hollow disclaimers with which the Power Trust has met accusations in the past—accusations which were true, but not specific.

Let the Governor and the honest members of the New York Legislature, whether Republican or Democratic, now put their hand to the plow and make the furrow straight and deep.

The revelations in these letters constitute a great "break" for the people and the public interest—throughout the country and in every part of it.

The sinister alliance between power and politics—electric power and polluted politics—reaches into every State in the Union.

In every community its baleful effects are felt!

Mr. NORRIS. Mr. President, let us hurriedly go down to Tennessee and see what was going on there about the time these things were going on in New York.

About 75 or 100 miles from Memphis, Tenn., is the city of Paris, a town of between five and ten thousand population, I believe. A little nearer to Memphis is a city called McKenzie, smaller than Paris. These cities were supplied with electricity by their own municipal governments. About 1928, 1929, or 1930 the Power Trust undertook to get control of these city-managed plants. Here is a letter taken from the investigation of the Federal Trade Commission. If you go there and desire to find it, it is exhibit no. 5772. It is written to Mr. Magee. He is the same man to whom Senator Thayer wrote. He is the same man who was operating up in northern New York in a village election, and about the same time was operating down in Paris, Tenn. This letter was written by Mr. Fitch. It reads as follows:

PARIS, TENN., *May 15, 1929.*

Mr. S. J. MAGEE,
New York:

There is beginning to crystallize at Paris a movement to compromise our difficulties with the city. Under the lease contract, the ultimate price which the city would have received at the time of the deeding of the property to us, and the payment of the $45,000 [was] the sum of $704,500.

In the political mix-up, Jim Porter, the present owner of the opposition ice plant, is a dominant factor in the new council.

Just grasp that. Down in Paris, Tenn., Jim Porter, who was in the ice business, was a member of the city council; and Jim Porter was not friendly. He was not satisfied with what the city was getting out of this sale. He wanted to get more. Notice, now, how the Power Trust undertook to get Jim Porter:

We have set up a very severe ice competition with his property and he is beginning to squeal.

The great New York corporation known as the "Associated Gas & Electric Co.", which the Federal Trade Commission are investigating, of which Mr. Magee is the vice president, went down into Paris, Tenn., where they were trying to get the local plant, and there was an unfriendly man on the council, and they proceeded to get that man. How? They bought out the opposing ice-dealer's business, and they went into the ice business, in the name of somebody else, of course, but they bought the other ice business, and they put the price of ice down so low that this man, Jim Porter, could not live. They were selling ice below cost. They sold it, I understand, as low as 10 cents a hundred pounds to put Jim Porter out of business, because Jim Porter was standing for a larger sum of money to come to the municipality from the Power Trust; and, as they said here—this letter was written to the vice president of the Associated Gas & Electric Co. in New York City—

In the political mix-up, Jim Porter, the present owner of the opposition ice plant, is a dominant factor in the new council. We have set up a very severe ice competition with his property and he is beginning to squeal. He is now anxious that the council effect a compromise of the matter and suggests that the city ought to receive about $600,000 for the property. This information comes—

Now, listen to this. See the connection of these people—

This information comes from the superintendent of the L. & N. Railroad Co.—

The Louisville & Nashville Railroad Co.—

Memphis, a former citizen of Paris, and who was helpful to us in securing the original contract. He also secured for us the power contract with the shops at Paris, and is otherwise very friendly.

That shows the connection between great corporations. The superintendent of the Louisville & Nashville Railroad Co. gave this information, which was passed on to the vice president of the Associated Gas & Electric Co. of New York City.

It does seem to me, Mr. President, that this ought to bring the blush of shame to an American's face. Here was a great railroad company, which ought to be outside this contest, ought to have nothing to do with it, ought to have no interest in it. We find from the evidence, however, that there was some coordination between the Power Trust and the railroad company. The general superintendent gave this information, and, as they said—

He was very helpful to us.

That means to the Power Trust—

He was instrumental in getting us the power contract with the shops at Paris, and is otherwise very friendly.

What kind of a government is it in which railroads and Power Trust officials can combine in this way to help each other out of difficulties, to the detriment of the common people of the United States? What does it mean when these high officials undertake to charge the toilers of America an exorbitant price for gas and electricity because it is necessary to use the money in making the various combinations and buying out and driving Government and State officials into doing their bidding? Is it not a sad commentary that there should be a general tendency on the part of these great institutions to help each other out of dishonorable, disreputable, and dishonest difficulties?

The writer of the letter goes on:

The real seat of the trouble at Paris lies in the lease contract, which was so complicated the ordinary citizen could not understand it; and there was a growing belief that in some way not explicable the city would finally get a sum considerably less than $400,000 for its property.

I feel we will finally make some settlement with the city that will even be better than the present contract.

And there is not any doubt that they would have done so if they could have kept on buying city officials, as I shall show later on they did in order to get the contract in the first place. I shall show that by the judge himself, who said this contract evidently was purposely made so that no ordinary citizen could understand its intricacies and its technicalities.

Yours very truly,

H. D. FITCH.

He is the chairman of the local subsidiary in Paris, or was at that time.

The facts of the case at Paris are that after the officials of the city of Paris had sold the municipal light plant to the Power Trust, and after the trust had been operating it for sometime, after new officials had been elected, the people of the city discovered that their officials had been bribed, and they commenced an action in the State court to set aside the sale on the ground that it was brought about by fraud. Immediately that case was taken into the Federal court. If the Johnson bill as it passed the Senate, and as it is now pending in the House of Representatives, had been on the statute books when this occurred, they could not have taken the case into the Federal court. They would have been compelled to stay in the State courts of Tennessee. But this corporation was a nonresident defendant; it was not incorporated in the State of Tennessee; hence, under the law as it stands now, and as it stood then, they immediately took the case away from the State court and went into the Federal court.

The case was tried in the Federal court before the United States district judge, Judge Anderson. I have in my hand his decision. The whole of the decision is interesting reading, but I shall read only some parts of it. In explaining the suit, in the beginning of his decision, he said:

This is a suit removed from the chancery court of Henry County, Tenn. The complainant is the city of Paris, a municipal corporation of Tennessee. The respondent is a corporation chartered by another State, and the amount involved exceeds $3,000, exclusive of costs and interests.

According to the law, under that statement of facts, the Federal court would have jurisdiction, and in this kind of a case, under the same state of facts, if the House will pass the Johnson bill as we passed it, it would not have jurisdiction.

The judge said further on:

The contract was accepted by the officials of the defendant January 19, 1926, and the physical property turned over to it.

The judge in his decision quotes a good deal of the testimony, upon some of which he bases the conclusions which I shall read.

This contract was negotiated by Byrd. The defense claimed in the suit that he had no relation to the power company. The judge found he did have, and that they furnished the money for the bribery. Byrd was represented by an attorney by the name of Rankin. It will be noticed as we go on that some of the testimony relates to McKenzie. That is another city in Tennessee, between Paris and Memphis, which the same power company took over through the instrumentality of the same man, Byrd. It will be explained as the testimony is developed.

After giving considerable of the testimony the judge quotes as follows:

Q. How much did he say that he gave Mr. Dunlap?

Let me here digress and say that Dunlap was the man who put over the McKenzie job and not the Paris job. He comes into the evidence in the Paris case only incidentally. He got $2,500 for putting over that job after another man had tried but failed.

Q. How much did he say that he gave Mr. Dunlap?

Mr. PORTER. Now, if Your Honor please, I would like to state that just as he put it.

The COURT. That is the only thing you can do.

A. He told me Mr. Dunlap was paid $2,500 and that that payment had nothing whatever to do with the deal at Paris. That was in connection with the deal at McKenzie.

Q. Did he state what services Mr. Dunlap rendered at McKenzie, Tenn.?—A. No further than this. He stated to me that he had tried to put over a deal for the water and light property at McKenzie, and the way he expressed it, "it would not stick", and that Mr. Dunlap later went on the job and put it through.

The man testifying is Byrd.

Q. And that he got $2,500 for that?—A. Yes, sir; that is what I understood.

Q. How much did he say Mr. Fryer got?

Let me explain to the Senate that Mr. Fryer was the attorney of the city of Paris, their regular attorney. They paid him $1,200 a year to act as their attorney, and he was the man who, the judge said in his decision, was bribed. So he is talking Paris now.

Q. How much did he say Mr. Fryer got?—A. He said his information from Mr. Rankin was $2,000. He told me he put that much in Rankin's hands. I think Rankin was the one.

That is the $2,000 which the judge afterward found, not only from this evidence but a great deal of other evidence, was paid to Fryer. In fact, it was undisputed. It is a peculiar thing in this case that even the defense admits that they paid to this man Fryer $2,000. They said there was nothing wrong about that, even if he was the attorney for the other side.

I read further:

Q. How much did he say Mr. Hogan received?—A. He told me he put between seven and eight hundred dollars in the hands of another party, who paid it to Mr. Hogan.

Q. Mr. Hogan, I believe, is the foreman of the L. & W. shops at Paris?

It was necessary to buy Mr. Hogan, or important, at least, to buy Mr. Hogan, because he was foreman of a lot of men who worked in the shops, and this man says:

A. He told me he put between seven and eight hundred dollars in the hands of another party, who paid it to Mr. Hogan.

Q. Mr. Hogan, I believe, is the foreman of the L. & W. shops at Paris?

That means the Louisville & Nashville shops, the superintendent of which gave the information to the man who wrote the letter which I have already read.

Q. Mr. Hogan, I believe, is the foreman of the L. & W. shops at Paris?—A. Master mechanic.

Q. Do you know whether or not more members of the legislative council work under Mr. Hogan?—A. Yes, sir.

Q. Name the ones who are employed under him.—A. R. E. Hancock and Mr. J. P. Gorman.

Q. How did he say that this transaction with Mr. Hogan took place? Did he say that payment was in cash or how?—A. I don't recall whether he said it was cash or not. He told me there was a man with him that had formerly been in the employ of Mr. Hogan over there, and that he gave this money to Mr. Hogan to be used to take up a note of some kind. I don't know whose note it was or anything about it.

Q. Did he say anything about the note being worthless?—A. Yes, sir; he expressed the opinion that the note was of no value.

Q. Did he make any further statements to you at the time?—A. We had quite a long conversation there, but that is about all I can recall that came up about this matter.

Then the judge who said in his opinion:

The record shows that Mr. Fitch, the president of the defendant, visited Paris in October 1925 and inspected the physical properties of the Paris Light & Water Plant. He denies this in his testimony in the present suit, but he so testified in the previous suit between the city and the defendant.

There was another lawsuit, in which this man testified also, and he testified one way in one suit and the other way in the other suit. So the judge drew his own conclusion as to which statement was true.

The judge said further on:

Before the contract was adopted by the city council on the evening of the vote, Byrd either read the whole contract, or the salient parts, to Fitch over the telephone.

This becomes important to show that Byrd was actually the agent of the defendant, and on the night when the town board put that matter across Byrd read the proposed contract over the long-distance telephone to Mr. Fitch, the president of the Associated Gas & Electric Co., who was at New York City.

The judge said further:

The dominant influence for the adoption of the contract in Paris, the record discloses, was J. H. Dunlap. Dunlap largely drew the contract, visited Fitch—

That is, the president of the power company—

at Bowling Green, and went over all the details and discussed its terms. The court gathers that Mr. Dunlap was the power behind the throne under the Arnett administration.

Arnett was the chairman of the board at Paris.

After the deal was closed Mr. Dunlap received a fee of $2,500 from the defendant for acting as agent for it in the purchase of the power plant at McKenzie.

So the court draws the conclusion that he was, as the court says was disclosed from the evidence offered, the power behind the throne. The court further says:

Arnett, the mayor, received a job from the Paris plant, which he held for some 9 months. These are matters which of themselves are perhaps of no great weight, but have some significance when taken into consideration with the corruption of Fryer, the city attorney, and other indicia of improper influence.

I might say that the evidence discloses that in the Paris case Mr. Byrd or Mr. Rankin—I have forgotten which—made a contribution to the building of a church. A church was being built in that town at that time, and he gave a note for $500 toward the building of it. He did not live there. He had no interest in the churches there. There was no reason why he should contribute, but he gave a note for $500 to be paid in case the deal went through, and if the deal did not go through the note was not to be paid. That incident goes to show how this "religious" power company, anxious to build churches all over the United States, was anxious to make a contribution to a church in Paris, Tenn., if the deal went through, and no contribution if the deal did not go through.

I will read further from the statement of the judge:

The contract itself is misleading to an ordinary citizen. In it the defendant appears, at first glance, to pay an annual rental of $30,000. But on examination this is offset by the amount of the interest on the outstanding bonds and also by the assumption of the city of taxes on the plant. Thus the consideration is really the assumption by the defendant of $355,000 outstanding bonds falling due over a period of 30 years and the payment of $45,000 in 30 years when the property is transferred. On a basis of present worth, of course, these amounts are far below their face. The property itself, the record discloses, is worth at least $500,000.

So, after all, they were getting something for very much less than it was worth; they were getting it for $100,000, or perhaps $200,000 less, or even more than that, below the value of the property at the lowest valuation.

This court finds no laches on the part of the complainant. As promptly as possible after the discovery of the transaction with City Attorney Fryer this suit was begun. The record discloses clearly that the city council was not informed of this arrangement for an inconsistent fee to Fryer. It is true Rankin testifies that the proposition to Fryer was based on knowledge and acquiescence on the part of the mayor and council, but Rankin makes no claim that this acquiescence was obtained. That part of Rankin's testimony bears all the earmarks of afterthought. Arnett, the mayor, says he knew of the transaction and expressed approval of it. If Arnett is telling the truth, which the court doubts, he certainly did not communicate this remarkable transaction to the council.

In no sense is the defendant in the attitude of an innocent third party and purchaser for value. The defendant was the principal in this shady transaction and Byrd was clearly its agent. His agency is not even cleverly concealed.

The question of the power of the city in this case to lease or sell its municipal plant is not necessary to discuss or determine, in view of the conclusion of the court that this transaction is a typical case of a contract based on an inadequate consideration and obtained by fraud.

The company, did, however, on taking control of the property, expend considerable money in improvements. It installed an alternating-current system, put up new poles, rewired the city and outskirts, and extended the service. For this, if the contract is canceled, the defendant should be reimbursed. The amount can easily be ascertained by a reference.

The suit now pending between the city of Paris and the defendant in the State courts—

There was the other suit which I mentioned—

should be dismissed by the city. There is no inconsistency in the position of the city for the reason that the previous suit developed the facts on which the suit for the cancelation of the contract is based.

I might say the other suit was in relation to the contract in question. It was commenced before the city had knowledge of the fraud. There was a misunderstanding in the construction of the contract and the city sued the defendant. The suit was with respect to some water fountains. It had nothing whatever to do with the case we are discussing. In the case that had been tried the fact of the bribing of the public officials had been brought out, and when that was brought out, suit was commenced to cancel the contract.

This court finds—

Here are the findings of the court that tried the case—

First. That Byrd was the agent of defendant.

Second. That the contract was obtained by the bribery of Fryer, city attorney, of Paris, Tenn., through the agency of Byrd and Rankin, his attorney, the means therefor being provided by the defendant—

That is, the power company—

and by other corrupt and unethical practices.

Third. That the consideration for the lease and sale contract was inadequate.

Fourth. That the contract should be set aside and canceled, and the property involved returned to the complainant herein, on the reimbursement to defendant of the amounts spent in improvements and the repayment to the defendant of the $25,000 spent by it in taking up bonds of the city.

Let a decree in accordance with the above be drawn and entered.

H. B. ANDERSON,
United States District Judge.

Mr. President, I know power companies will say that case was appealed by the power company. It was appealed and reversed. After the contract was made, and before the corrupt acts were discovered, the Legislature of Tennessee passed an act validating the contract; not only this contract but several others of a shady kind. That action of the legislature was one reason why the case was reversed. Another reason was that when the case came on for trial, citizens, taxpayers of the city of Paris, were taken in as parties plaintiff. The lower court held that as to the defendant the

district court did not have jurisdiction. Whatever wrong there was in the case had been forgiven, anyway, by the action of the Tennessee Legislature.

Mr. President, that causes me to wonder. Why did this power company, if it had an honest, valid contract, go to the Legislature of the State of Tennessee and get the legislature to pass an act to validate the contract? The legislature validated several contracts, of which this was one. I wonder if the power company had in the Legislature of the State of Tennessee some attorneys planted, like they did in the State of New York, as disclosed by the letters of State Senator Thayer. I wonder if the power company was able to get this law through the Legislature of the State of Tennessee by honest means. I wonder if honest men in that legislature were not deceived as to the facts in the case. I wonder also why it should be necessary to have the State legislature validate the act if the act was all right within itself.

Anyway the circuit court of appeals reversed the decision. They did mention the fact of the bribing of Fryer, but they said he was only the attorney; he did not have a vote anyway; and they did not seem to think his actions were very bad. I believe every honest individual who knows anything about the case will agree with Judge Anderson that the buying of the attorney for $2,000—he was getting $1,200 from the city—should in itself justify the setting aside of any contract that he made or that he advised. It is true he did not have a vote, he was not a member, but he was there when the act was passed. The evidence shows indisputably that he advised its passage.

So I simply want to call attention, as we are going along, to the fact that the Power Trust is not acting in New York alone. When we have read the letters of Senator Thayer and get an idea of what is going on in the New York Legislature, let us go down to Tennessee, and go to Paris, and go to McKenzie and see where the same thing was openly attempted, and where it was found by the judge that Mr. Fryer, the city attorney, was bribed by the payment of $2,000 of Power Trust money.

Incidentally it comes out that the same people paid Dunlap, whom the judge says was the power behind the throne in McKenzie, $2,500 for putting through the bill. So New York must not boast of being the only State where the Power Trust is thus active and where citizens may obtain money from it. The evidence shows that in one of these cases, either that of Dunlap or Fryer, Byrd had in his possession from the Power Trust $3,500 with which to bribe attorneys, and it only cost him $2,000 to do it. I have been wondering ever since I read it what Byrd did with the other $1,500. I have been wondering whether the attorney who took a bribe of $2,000 when he might just as well have had $3,500 could not sue the power company and get the balance of his bribery fee.

Let us take another view of the activities of these power interests. The power companies of which I have been speaking are not part of the Insull group, but I want to show the Senate that it is just the same as though they were. I want to show the Senate how cleverly these companies are deceiving the people in order to make them believe that there is some competition between the Insull group and the Byllesby group and the Stone & Webster group and the Associated Gas & Electric group. Here [exhibiting] is a letter which the Federal Trade Commission secured from their files. If Senators themselves would like to look it up, they will find it as exhibit 5715 in the Federal Trade Commission's investigation. It is a letter written September 12, 1930. It is addressed to Martin J. Insull Utilities Co. The other Insull—Samuel Insull—according to what the morning newspapers say, is now "frying" in Greece, but still is not in Greece. This letter is to his brother, who is now in Chicago, having been induced or compelled to return from Canada back to Chicago to answer some court charges after a legal fight lasting some 17 months in which the United States was trying to have him come back. Finally he came back, and he is there now.

Mr. MARTIN J. INSULL,
Middle West Utilities Co., 20 North Wacker Drive, Chicago, Ill.

DEAR MR. INSULL: Our client—

This letter was written by the attorney for the Associated Gas & Electric Co.—

Our client, the Associated Gas & Electric Co., thought so favorably of your recent statement made at the Institute for Public Affairs at Charlottesville, Va., that we had excerpts from it, as they appeared in the Wall Street Journal, inserted as an advertisement in newspapers published in the territory served by the properties of this company.

This statement should be of much value to the industry as a whole. It is, I believe, the best one that I have seen setting forth the functions of the utility holding company—

Now bear that in mind; he is defending the holding companies, and he has obtained the idea from Mr. Insull—

in promoting the utility industry and increasing and improving service to the public.

Believing that it was desirable to give it wider distribution, we have taken the liberty of reproducing it in the local territory served by the Associated System companies without taking it up specifically with you.

For the obvious reason of avoiding criticism on the part of the stockholders of the company, many of whom still think—

Listen to this—

many of whom still think that there is strong rivalry between utility companies.

Let me read it again:

For the obvious reason of avoiding criticism on the part of the stockholders of the company, many of whom still think there is strong rivalry between utility companies, it was thought necessary to omit mentioning your name.

Insull represents one bunch of thieves and the writer of this letter represents another bunch of thieves, and their stockholders, who are innocent, whose money they are using and whose money Insull squandered, were laboring under the terrible delusion that there was some rivalry between Insull and the Associated Gas & Electric Co.

Mr. BONE. Mr. President——

Mr. NORRIS. I yield to the Senator from Washington.

Mr. BONE. A great many of us are wondering why it would seem necessary to have a code of fair competition between electric companies when there is not any competition anywhere in the United States between those outfits. I wonder if the Senator had thought of the rather amusing spectacle of a code of competition being organized under the N.R.A. between outfits of that character?

Mr. NORRIS. I do not care what kind of a code these companies have; but the only thing that interested me when they were talking about the code was that they ought to leave out of that group all of the municipally and publicly owned corporations that are producing and selling electricity.

Mr. BONE. I think, of their own volition, they are smart enough to stay out.

Mr. NORRIS. Yes. He did not want to use Insull's name because it might spoil the beautiful illusion their innocent stockholders had that after all there was competition between these great men. So he said—

It was thought necessary to omit mentioning your name. Stockholders might regard it as advertising a rival company at their expense. Some stockholders criticize any expenditures for advertising. These, however, are relatively few, so that they can be ignored. We want, therefore, all expenditures for advertising as free from criticism by stockholders as possible, particularly in view of the depression in the prices of stocks, which makes them unusually sensitive.

Local publication of this advertisement has elicited considerable favorable comment and hence we have felt that a wider publication of it would be desirable. Before doing so I would like, however, as a matter of courtesy, to secure your permission. I am enclosing a copy of the advertisement from one of the local newspapers in which it appeared.

We should like to publish this advertisement in the newspapers of the larger cities in which we customarily insert advertisements for the Associated Gas & Electric System. I shall greatly appreciate your permission to do so.

Yours very truly.

The letter is signed by Daniel Starck, who was the attorney for the company.

I thought I had the answer here, but I do not seem to have it. It is sufficient, however, to say, Mr. President, that Mr. Insull's attorney wrote and said that he had submitted the letter and the request to Mr. Insull and Mr. Insull had consented to have the Associated Gas & Electric Co. use the advertisement as theirs and not use his name.

I presume now, since Mr. Insull's experience in Canada and his brother's experience over in Greece and on the Mediterranean, that they would consider it a great honor to have his name attached to it. However, I want to call attention to this Insull address to which reference was made in the letter. It is quite a long address and very interesting reading on the subject of holding companies. Here is the conclusion of it. Mr. Insull says:

Regulation of the operating company with freedom of the holding company is to the best interest of the public.

Get that—regulate the operating company, that is the company that makes the "juice", but let the holding companies, which are piled one on top of the other almost without limit, be free of regulation. That is Insull's doctrine, and that is the doctrine that has brought down to despair and ruin millions of honest investors in the Insull properties. That was the doctrine the Associated Gas & Electric Co. wanted to use as an advertisement, but they did not want to use Insull's name, and he consented that they should use it without his name. They did use it, and this is part of it:

Regulation of the operating company with freedom of the holding company is to the best interest of the public. The public is thus protected against monopoly—

I can imagine how they laughed in their sleeves when they read that—

and has the advantage of the initiative and enterprise that financially strong private business brings to institutions where its money is invested.

Regulate the operating company, but do not touch the holding company. That is what has brought ruin and destruction all over the United States to millions of honest investors, including, Mr. President, "widows and orphans."

While I think of it, there is one thing that escaped me, and I want to recur to it for just a moment. It has to do with Tennessee. I hold in my hand exhibit 5775 from the Federal Trade Commission's investigation. It is a report from their examiner on the McKenzie, Tenn., investigation. It repeats the evidence I have already read—and I will not read it again—about Dunlap getting $2,500 for putting that deal through, but the man who makes the report says:

When examining the accounts of the Kentucky-Tennessee Light & Power Co.—

That is a subsidiary in this case—

I found that there was an item of $2,000 paid to R. L. Dunlap—

There is confusion there. The evidence shows he got $2,500, but the books show the company only paid him $2,000.

When examining the accounts of the Kentucky-Tennessee Light & Power Co. I found that there was an item of $2,000 paid to R. L. Dunlap, which has been carried in suspense and was transferred to fixed capital in July 1926 "on McKenzie purchase."

There is $2,000 that the people of McKenzie now have in the capitalization of the company, $2,000 transferred to "fixed capital", $2,000 of bribery money that became a part of the valuation of the property upon which the people of McKenzie will be paying a return throughout all time. It is such "investments" that injure not only the present generation but generations that are yet unborn. "Fixed capital", $2,000 of which is admitted in the report to be bribe money!

At Conowingo, not far from Washington, a lot of neckties were capitalized, but that is not so bad as bribery. Here a man was bought, and I suppose in the Paris case the same thing was done. The city attorney was being paid by the other side, and the Power Trust paid him, too. They paid him $2,000, and if they followed the same course they charged that to "fixed charges" and made it a part of the capital upon which they will have a right to receive a reasonable return as long as time lasts. That is one of the great evils of the institution.

Mr. President, if the Johnson bill, which has passed the Senate, should pass the House of Representatives, where it is now pending, what happened in McKenzie, Tenn., and what happened in Paris, Tenn., could not again happen. It would be necessary for the courts of Tennessee to pass on the matter and the Federal courts would have no jurisdiction whatever.

But it is not only in Tennessee, Kentucky, and New York that such things are happening. In Texas the people have had the same experiences. I have here a dispatch, and I know nothing about it except that the dispatch itself is published in a newspaper. The dispatch reads:

While some courts have taken a cue from the new deal and rendered decisions in line with human rights, a Federal judge of the northwest Texas district still thinks in the old terms.

Recently he granted a permanent injunction to the Community Light & Power Co. restraining the city of Plainview from going ahead with the construction of its own electric light and power plant.

There is the case of a city which decides it wants to build its own electric light and power plant, but the Federal judge intervenes and takes jurisdiction. I presume he has jurisdiction because the plaintiff is a nonresident of the State of Texas. If that be so, the passage of the Johnson bill through the House of Representatives would remedy the situation.

A Federal judge issues a permanent injunction and says, in effect: "You shall not build a municipal power plant to make your own electricity, because here is a company known as the 'Community Light & Power Co.' which has issued bonds and is prepared to do business of that kind, and if you fool cities go into the business yourselves, what will become of the bonds the power company has issued?"

The newspaper item to which I have referred continues:

The judge ruled that inasmuch as the power company was the holder of $8,000,000 of bonds of the Texas Utilities Co., serving 52 South Plains towns, its property rights would be infringed by the building of the Plainview municipal plant and that it should not build the plant.

In other words, if I understand the situation correctly, here is a power company operating in 52 different municipalities. In that vicinity is a municipality which is desirous of building a municipal plant. The Federal judge says, "You cannot do that because the private company which is supplying these 52 cities and towns and villages will be bankrupted if you go into that kind of business, and the poor bondholders, the "widows and orphans", will lose their investment in private companies", as they have done in most of the Insull companies.

The disclosures that have been coming out from day to day before the Federal Trade Commission are not confined to New York, Texas, Kentucky, and Mississippi. Following right on the heels of this case comes Oklahoma, where they have a somewhat similar situation. In the case of Oklahoma an attorney named Campbell Russell was fighting to cut the rates charged by the Byllesby subsidiary serving Oklahoma City, according to letters unearthed by the Federal Trade Commission. They came from the Insull files. The Insull Co. put him on its pay rolls at $5,000 a year while the Byllesby interests, the letter said, agreed to pay three fourths of his salary. That is another case where the great Power Trust representatives are making the people believe they are in competition, when there is no such thing as competition.

Letters have been brought to light revealing the Oklahoma situation. They were fished out of the files of an Insull company's office in a cellar in Oklahoma City since the Insull crash. The man who fished them out was McDermott, one of the examiners and investigators of the Federal Trade Commission. The article proceeds:

Earl R. Ernsberger, president and general manager of the Insull property, Southwestern Light & Power Co., wrote on January 17, 1927, to W. C. Sharp, of Chicago, an operating vice president of Insull's Middle West Utilities Co. that Russell had been hired.

The letter said:

"You will recall that I wrote you and also talked with you about the possibility that I should be able to arrange for the employment of Campbell Russell by the utilities association, thereby stopping the prosecution of the suit for reduction of rates against the Oklahoma Gas & Electric Co. in Oklahoma City before the Corporation Commission.

"I had several conferences with Mr. Russell and he was so thoroughly sold on the Southwestern Light & Power Co., its policies and reputation, that he insisted that he would rather go to work for them. Therefore I have hired him.

"His salary will be $5,000 per year—the Oklahoma Gas & Electric Co. has agreed to pay three fourths of his salary. I have arranged also with the Oklahoma Utilities Association that Mr. Russell be transferred to that association in the next 3 or 4 months.

"I think it best to handle it as we are for the reason that direct connection with the association at this time might injure the utilities' standing with the legislature that is now in session."

I hope all Senators get that point. Mr. Ernsberger hired this attorney for $5,000 a year, but he had him transferred temporarily to some other company and not to the company that hired him for fear publicity of that fact might injure the standing of the power company with the legislature of Oklahoma, which was then in session, and would cause the legislature to reach the conclusion that the power company had bribed this attorney, who theretofore had been before the legislature fighting for the reduction of the rates of these corporations.

The letter says further:

"You may know that we are working very hard to prevent the repeal of House bill 4.

"I think we have performed a mighty good service in getting Mr. Russell out of the work he has been doing, for that (the) reason that it would have spread from the O. G. & E. case in Oklahoma City"—

That is the case of the Oklahoma Gas & Electric Co.—

"to other parts of the State at sometime in the early future."

Now let us see what this other company replied. Let us see what Mr. Insull's company said to that. Here is the reply. The first letter was directed to Mr. Sharp, and the reply came from Mr. Sharp, the vice president of Insull's company. He said:

I showed your letter of January 17 to Mr. Insull and he was very much pleased with the arrangement that has been made, but suggested that perhaps we were asking the Oklahoma Gas & Electric Co. to bear too much of the burden.

He was quite liberal—quite liberal.

I told him I would take this matter up with you and see how you felt about it. He did not feel that our other companies in Oklahoma should share in this expense for obvious reasons.

Mr. President, again that goes to show that while these corporations pretend to the people that they are in competition with one another, behind the scenes they are making these arrangements, bribing public officials, hiring lawyers who have been on one side of a case to take up the other side, deceiving the people as to apparent competition when there actually is none, working together hand in glove, to the deception even of their own stockholders. There is nothing honest, nothing ethical, nothing fair, nothing honorable about their conduct.

Up in New York the condition is just the same. Down in Kentucky and Tennessee the corporations are doing the same thing. Down in Oklahoma they are doing the same thing, and down in Texas the same thing, and the evidence of the past shows that in the past they have done the same thing. One or two or three of these great corporations have controlled the legislatures of dozens of States.

I am wondering, now that we have read the letters of this State senator of New York, if the people of the country are not wondering whether these corporations do not have their keymen planted in every legislature in the United States. I am wondering if the people are not wondering whether some of their keymen are not planted in the Congress of the United States. I am wondering what legislative body is free from their influence. I am wondering where their dishonor will end. I am wondering if their dishonorable and disreputable practices can be exaggerated, or if they can be properly described in the English language.

It seems to me, go where we will, today or yesterday, or at any time, that we will find the same thing, the same men hesitating at nothing. They hire men who are professors in colleges. They hire lawyers who represent cities to take their cases. They hire legislators who are chairmen of committees. They hire everybody and anybody who in any way can do anything to influence and deceive the people as to the real purposes of their organizations.

As these letters show, these concerns seek to deceive even their own stockholders. The Associated Gas & Electric Co. asked Mr. Insull to let them publish his statement as an advertisement without using his name, because they feared that the use of his name might lead to the conclusion that there was some combination between these two great companies. If they omitted his name and published the statement as their own, there would not be anything of the kind. These concerns have advised the people that we should let holding companies alone; that we should not interfere with these great institutions that have covered the United States like a blanket from one end to the other. They have accomplished that. Some of their houses have fallen down. Insull has made a failure. He is trying to escape the clutches of the law of the very country under whose laws he built up a mighty empire of deception and deceit. He is trying now to avoid just punishment for his sins. He is using money, undoubtedly, to bribe foreign officials, and to charter steamers, and to hire lawyers in London and New York and all over the world—money that was contributed by pennies by the student who uses electric light, by the washerwoman who uses electricity to operate her machine. He has deceived the American people. He got their hard-earned cash, and now he is defying the laws of his country. He is an outcast. He is like Benedict Arnold of old in that he has no country. He is a man without a country, trying to escape just retribution.

I have no patience with the man or the woman who writes continually, as they do, to Members of the Senate and says, "Do not hurt these investments. I have invested my all in some utility company." It may be an Insull company, where everything is gone. It may be one of these other companies that ought to go. It may be one of these companies most of whose capitalization is "water." The records of the Federal Trade Commission will show that since they have been investigating—and they are not through yet—they have found over $1,000,000,000 of "water" that has been poured into the capitalization of these electric companies.

How long will the American people continue to stand for this deception? How long will we continue to be deceived? How long will we continue to permit the defeat of bills for the regulation of these great institutions that are deceiving the people? How long will it be before we will confine them to one court instead of two courts? How long will it be before the American people will wake up and demand that their Senators and their Representatives pass laws that will make it impossible to give to these companies, in the arena of our courts, a favored position? How long will it be before we can drive them to the point where they will get justice and nothing more? God knows it is justice they fear. It is justice from which they are trying to flee, as Insull today is trying to flee from the officials of his own country.

THE GERMAN DEBT

Mr. LEWIS. Mr. President, I am sure the Senate always finds entertainment and instruction in any address delivered by the able Senator from Nebraska [Mr. NORRIS]. In the past few moments he has illumined the Senate with a revival of knowledge of the manner in which legislation in different parts of our country has been either influenced by power or controlled by corruption.

My object in rising at this time is not to address myself to that subject; but I desire to pay the Senator from Nebraska the tribute of assuring him that he does a service to the country when he constantly revives the intelligence as well as the vigilance of America to confront these great wrongs, and prepare to overthrow them or to be overthrown by them.

Mr. President, I desire to call the attention of my eminent colleagues to a statement cabled abroad as it came from the State Department this morning and Saturday, being the response of the Secretary of State, the Honorable Cordell Hull, in reply to solicitation which came in the form of an official letter from the financial section of the political department of Germany.

It appears from the public records—as to which I have some other information besides merely that which the press affords—that Germany tendered to our Government a small sum upon a debt that is overdue, and assumed to tender this sum upon the theory that it could be accepted as a compromise by the Secretary of State as our officer of foreign affairs, and that in the acceptance of the sum tendered the debt or obligation of Germany could be wiped out as a subject foreclosed by arrangements between the Secretary of State acting for the United States of America and the fiscal officer who served as the representative of Germany.

In the response by our Secretary of State he makes it very clear that it is not in the power of the executive department to make any compromise touching the debts of the foreign countries due to the United States, and I particularly am glad to see my eminent friend the senior Senator from Indiana [Mr. ROBINSON] in the Chamber, knowing his solicitude in this matter, so that I may call his attention to the fact that in this communication of the Secretary of State is the official declaration that it is only by Congress that an adjustment, in the form of compromise or liquidation, can be made by this Government with any foreign government as to the debts of which we speak as the foreign debts.

Mr. President, I am moved to impose myself upon the Senate at this moment to invite to its attention the fact that the offer of Germany would never have been made to the United States of America in the manner as suggested had there not been read in the press the statement, cabled to the foreign land, that there was some movement afoot in America for the President of the United States to settle the debts between the United States and its foreign debtors through some power which the President himself had, or which it was assumed was to be vested in him by Congress.

I take it that these publications have been occasioned by the expressions here and there, sometimes by eminent Senators on this floor, and sometimes by public press, and sometimes by those who have been expressing a fear, that there was a move afoot to vest in the President of the United States the power to negotiate a compromise or a settlement of the foreign debts with our foreign debtors, as something of a consideration for these debtor countries yielding to the President his request for reciprocity in the form of some tariff concession, or as compensation for the surrendering by the foreign nations of their tariff policies which heretofore have reared barriers against American products.

Mr. President, I am wholly satisfied that there never has been, in the mind of the President, a purpose to submit to any foreign debtor a proposition of either limiting or canceling the debt owed the United States as a consideration or exchange for tariff privileges or trade treaties, as may be called for in the new process indicated in the bill tendered this morning by the eminent Senator from Mississippi [Mr. HARRISON], the Chairman of the Finance Committee.

Senators may take from me the statement that I am speaking with some small authority when I say that the question of the foreign debts, their qualification in amount, the change in the contract of payment, the assumption of any cancelation, have never been at any time proposed by the Secretary of State to any country or by the President to the Secretary of State to be communicated to any country as a basis, in any form whatever, for exchange for economic privilege or tariff trade treaty.

I now add as a serious and purposed statement from my place as one of this honorable body, as a Senator of my country, and one of the voices of my distinguished State, that if any nation now a debtor to the United States of America is assuming that trade privileges or trade exchanges resting upon the basis of commercial reciprocity are going to be tendered in exchange for either qualification, limitation, or any form of cancelation, of the money debt due by such country to the United States, such an assumption on the part of that foreign country, be assured, is an illusion, without foundation, and serves merely to deceive itself.

The Congress of the United States sometime past voted an expression against the cancelation or limitation of this indebtedness after we had granted to these foreign debtors a very large sum off of their debt, either as interest which was due or as part of the principal that was yielded. That act of Congress is the sovereign expression of the people of the United States. It is voiced through their deputized agents. It is expressed on the part of both their licensed and their trusted agents in the legislative halls.

There has not been at any time any justification for the charge made in different quarters that it was the intention of the President or of the present administration to ignore that act of Congress, or to be indifferent, far less from being defiant, to its declaration.

If the Congress shall find it agreeable to give to the President of the United States some specific agency for the negotiation of some principle of commercial reciprocity, it will be based upon such return to the United States of offer or enjoyment of commercial privilege as will be assumed will equal that which we give, but under no circumstances will such be tendered as a consideration, nor would such be accepted in exchange for the violation of the act of Congress respecting these debts and the obligations put upon the debtors by the expression of Congress in its legislative enactment.

Mr. President, there is never a time, certainly there is not now, when it can be assumed that the people can be ignored, their voice and command wholly violated, by an Executive in power to whom no such privilege has been granted by the ballot box through the expressions of the people themselves. No President of the United States, in obedience to the Constitution and in compliance with his solemn oath, will be found violating the act of Congress that commands a duty respecting the debtors or ignoring, and certainly never treating with defiance, the legislative body.

If the time should ever come when any President would assume to set the example of dealing with a foreign country in defiance of an act of Congress or the will of the people, then that President would be violating his solemn oath. He would not only be disobeying the law, but he would approach the realm of what could be called "political treason." Such a thing could never be done by a man of such spirit as the present President, and would never have been attempted by any other President who has served in that honorable capacity in the lifetime of any Member of the present Congress.

Whatever may be said of Presidents respecting their differences on what we may call "politics", there has never been a man who held that high office, selected by the people of the United States, and serving under his solemn oath, who would have descended to actions such as it is being intimated here and there throughout the country it is the purpose or is to be the purpose of the present President of the United States to perform.

Mr. President and Senators, it is unfortunate that there should go forth a publication to the countries of the world that the Congress of the United States had lost confidence in the great Executive of any political party to such a degree that we were charging among ourselves as accusations that he was on the eve of taking to himself a dictatorial power, usurping the will of the people on the one hand and violating his solemn oath of duty on the other. It is that sort of thing that will bring to us the accusation, such as we have heard in general rumor, of the Government being despoiled by those who assume, under the name of communism or anarchy or any other name, to overturn the institutions of the United States.

There would be a great deal of foundation, my brother Senators—I might go further, and say justification—for any set of men to assume that they would be welcome to undertake the overturning of the institutions of our country, if

there had ever been set the example of a President of the United States, without authority from the legislative body, assuming to deal with foreign nationalities in respect to their obligations to America, by either consenting to the qualifications or limitations of their obligations in return for the support of some political policy in behalf of that President, and that in disobedience to the laws of our land and in defiance of the will of its legislators.

Mr. President, there is no foundation—there has never been any—for any intimation that could inspire the fear that such action ever could have been taken by this President, surely, and it never could have been approved if taken by any President, because should such act ever be undertaken, this body would overturn it by an expression that would be constitutional on its part.

If there be abroad in the land of the debtor the idea that the President of the United States is about to move to canceling their debt, to qualifying their debt, to limiting their debt, as a consideration for the giving to America of some form of treaty or contract as to commerce and tariff, let that idea at once be abolished, let that delusion be thwarted promptly, and let that impression evaporate from the minds of those who are our debtors abroad. Let their eminent statesmen be convinced that no such treachery could live in the bosom of any American President, and no such supine cowardice could ever prevail in the legislative body as would allow such conduct by any President, whatever the political name he went by, or under whatever designation he assumed to act.

Therefore, Mr. President, at this particular moment I arose to express the fear that publications such as led Germany to assume that there was an authority already vested in our Secretary of State and in our President to ignore the act of Congress, to defy the will of the people, and take upon themselves, as an executive department, to adjust the foreign debts with our debtors, without respect to the popular will of the people, their wishes or their needs, are wholly without any foundation, should never have been sent abroad as an encouragement, and should never have been permitted to be distributed throughout America by the expression of of our public men, or by any other source, as an inducement to those lands abroad to assume that such favor would ever be advanced to them.

America stands on the Constitution as to her rights between herself and foreign governments. She stands upon her treaties of peace between herself and foreign nations. She stands upon the righteousness of her claim. She seeks to oppress none, but she will be oppressed by none willingly and will not accede to threats of others.

With the fulfillment of the obligation on the part of the foreign debtors and the complete faith on the part of the United States in the fulfillment of the act of Congress, we shall again enter into that happy state described in sacred Scripture, where all our ways shall be ways of pleasantness and all our paths shall be paths of peace.

I thank the Senate.

VETERANS' REGULATIONS

The VICE PRESIDENT laid before the Senate a message from the President of the United States, which was read and ordered to lie on the table, as follows:

To the Congress of the United States:

Pursuant to the provisions of section 20, title I, of the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933, I am transmitting herewith copies of Executive Orders No. 6661 (Veterans' Regulation No. 1 (d)) and No. 6662 (Veterans' Regulation No. 12 (a)), approved by me March 27, 1934.

These veterans' regulations amend Veterans' Regulation No. 1 (a), approved by me on June 6, 1933, and Veterans' Regulation No. 12, approved by me on March 31, 1933, and have been issued in accordance with the terms of title I, Public, No. 2, Seventy-third Congress, "An act to maintain the credit of the United States Government."

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *March 27, 1934.*

STRENGTHENING OF PENAL LAWS—RECONSIDERATION

Mr. ROBINSON of Indiana. Mr. President, last Thursday the Senate passed unanimously and without opposition two bills on the calendar. One was Senate 2248; the other, Senate 2249. Representatives of the American Federation of Labor informed me this afternoon that both bills might be very discriminatory against labor in this country, and that they wanted to be heard respecting them. They said that labor had no opportunity to be heard before the committee which considered the measures. In order that they may have such an opportunity, Mr. President, I am entering a motion to consider both bills, if such a motion be in order.

The PRESIDING OFFICER (Mr. COPELAND in the chair). The Chair is advised that the bills have already gone to the House.

Mr. ROBINSON of Indiana. In that event, Mr. President, I assume that a motion to reconsider could be entered, and I assume another motion would be necessary to recall the bills from the House, or request the House to send the bills back to the Senate.

Mr. ROBINSON of Arkansas. Mr. President, I inquire, What is the subject matter of the bills?

Mr. ROBINSON of Indiana. One, Senate bill 2249, is known as the "telephone and telegraph bill." The other, Senate bill 2248, has to do with the protection of trade against interference by violence, threats, and so forth. I understand that labor's position in the matter is that labor might be prevented from protecting itself if the measures, as they are written, should be passed.

Labor wants the opportunity to be heard by the committee. Should the bills again be placed on the calendar, labor might be given the opportunity to be heard and to suggest amendments.

Mr. ROBINSON of Arkansas. Mr. President, I am not sufficiently familiar with the bills referred to by number to attempt to pass judgment on the suggestion made by the Senator from Indiana, and I suggest that he let the matter go over until tomorrow.

Mr. ROBINSON of Indiana. That is perfectly agreeable to me, Mr. President. I shall be glad to have the leader of the majority examine the bills and study them, and have his cooperation if I can get it. What I am interested in—and I know that is true with respect to the Senator from Arkansas as well—is that all sides may have an opportunity to be heard.

The PRESIDING OFFICER. Without objection, the motion to return the bills will be postponed. The motion to reconsider will be entered.

Mr. ROBINSON of Indiana. I understand this is the last day for entering such a motion, and therefore I should like to enter a motion to reconsider the vote by which each of the two bills I have mentioned was passed.

Mr. ROBINSON of Arkansas. The Senator may supply me privately with such information as he has concerning the proposal.

INCREASE IN VETERANS' ALLOWANCES AND CIVIL PAY SCALE

Mr. VANDENBERG. Mr. President, I rise only to offer four exhibits from the contemporary press in respect to the problems which were canvassed by the Senate last week regarding veterans' allowances and the Government's civil pay scale. There was some discussion earlier in the day on the floor of the Senate about the effect of the action of the House and Senate in removing the inequities—some of them indefensibly brutal—which existed both in respect to pay scales and in respect to veterans' allowances. Democratic Senators testified to their belief that the President will not undertake to penalize those great groups among his own partisans who were unable to get the consent of their consciences to support his veto.

I desire to supplement that discussion, Mr. President, to the extent of offering a few encouraging and significant exhibits which shed new light on the whole proposition. There have been four very significant items in the contemporary press bearing upon this subject.

The first exhibit to which I desire to call attention is a quotation from the Associated Press upon yesterday, which, in discussing the Budget and deficit situation, says:

The effect of increased veterans' payments and increased Government employees' compensation, voted last week over President Roosevelt's veto, is comparatively negligible so far as this fiscal year is concerned.

I repeat the phrase "comparatively negligible." The country has been led to believe otherwise. It would be highly unfair to permit the impression to persist that the enormous Budgetary deficit, attributable to prodigal spendings in other directions, may be charged prejudicially against this act of simple congressional justice.

Secondly, it was urged upon us that special taxes would have to be provided in order to pay for this act of justice upon which the Congress insisted. I want to invite attention to a publication on Saturday carried over the wires of the Universal Service quoting Mr. Speaker RAINEY, the Democratic presiding officer of the House of Representatives, who visited the White House with Democratic Majority Leader BYRNS, of the other body, with the result that this news account is significantly headed. This quotation would appear to come from an authoritative source. The heading reads:

RAINEY spikes report of tax-increase plan. Says additional revenue not needed to meet pay bill.

So much for that tax scare—always calculated to inflame the people. I hope the quotation is correct. It should be—in the light of the funds which we have placed at Executive disposal.

Thirdly, Mr. President, and still more significant, I notice that Mr. Speaker RAINEY is quoted in black-face type as follows, as he left the White House upon Friday or Saturday:

The President intended to do by Executive order exactly what the bill proposes—

Referring to the independent offices appropriation bill—

by the end of the year; under the President's plan, almost all veterans cut off the rolls by the economy bill would have been restored.

That completes the quotation of this high spokesman for the majority party. From this statement, if true, it would appear that the legislative offense, if any, denounced in the Presidential veto, was not a violation of the Presidential program but the anticipation of it by the Congress. It was that we spoke out of turn. The chief vice appears to be simply that Congress dared to reclaim some of its own constitutional power which the administrative authors of the rules and regulations under the economy act have enjoyed outrageously misusing.

Finally, Mr. President, bearing upon the controversy between the able Senator from South Carolina [Mr. BYRNES] and the able Senator from Oregon [Mr. STEIWER] respecting the cost of the bill, I quote from the United States News of April 2 an editorial signed by Mr. David Lawrence, as follows:

The real difference in outlay between Mr. Roosevelt's proposal in his veto message and the bill that finally passed was not $228,000,000. Of that sum about $103,000,000 was for the restoration of veterans' allowances and the remainder for Federal pay roll. It is estimated that the President's last-minute suggestions for veterans' pay increases would have meant about $60,000,000. The total margin between Congress and the President on both Federal pay increases and veterans' items was not, relatively speaking, very large—about $81,000,000.

I submit that this is in substantial accord with estimates argued by the Senator from Oregon [Mr. STEIWER].

I wanted to submit these quotations for the benefit of the RECORD and for the information of the country. They suggest that the Congress has done what the President himself would have shortly done; that the results do not impair the Budget in a relative sense; and that Congress is well justified in its action. That, in any event, is my view. Unfair economy is a disservice to permanent economy because it invites prejudice against all economy.

INTERNAL-REVENUE TAXATION

The Senate resumed the consideration of the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes.

Mr. HARRISON. Mr. President, I do not expect to ask to have taken up any matters that are controversial, but there are many amendments which it seems to me we can dispose of this afternoon as to which there is no controversy. I hope we may take them up and dispose of some of them.

The PRESIDING OFFICER. The clerk will state the first amendment.

The first amendment of the Committee on Finance was, under the heading "Subtitle B—General Provisions, Part I—Rates of Tax", on page 13, line 5, before the word "on", to strike out "tax" and insert "surtax", and in the same line, after the word "section", to strike out "102" and insert "351", so as to read:

(c) Tax on personal holding companies: For surtax on personal holding companies, see section 351.

Mr. FESS. Mr. President, does not the Senator think we ought to have a quorum?

Mr. HARRISON. I do not, because it would take some time to secure a quorum, and I have been waiting patiently for a good while in order that we might proceed with the bill. I think we know generally what the controversial matters are. I am going to ask to pass those over. I really think we can go along very well. The Senate knows we are considering the tax bill.

Mr. FESS. I want to cooperate with the Senator.

Mr. HARRISON. I understand that.

Mr. FESS. I would not want the Senator to take up anything that is controversial.

Mr. HARRISON. No; I do not intend to do so.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The next amendment of the Committee on Finance was, on page 13, line 8, before the word "on", to strike out "tax" and insert "surtax"; and in line 9, after the word "section", to strike out "103" and insert "102", so as to read:

(d) Avoidance of surtaxes by incorporation: For surtax on corporations which accumulate surplus to avoid surtax on stockholders, see section 102.

The amendment was agreed to.

The next amendment was, on page 13, line 14, after the word "income", to insert "in excess of the credit against net income provided in section 26", so as to read:

SEC. 13. Tax on corporations. (a) Rate of tax: There shall be levied, collected, and paid for each taxable year upon the net income of every corporation a tax of 13¾ percent of the amount of the net income in excess of the credit against net income provided in section 26. (For addition to rate in case of consolidated returns, see sec. 141.)

The amendment was agreed to.

The next amendment was, on page 13, line 20, before the word "on", to strike out "tax" and insert "surtax"; and in the same line, after the word "section", to strike out "102" and insert "351", so as to read:

(c) Tax on personal holding companies: For surtax on personal holding companies, see section 351.

The amendment was agreed to.

The next amendment was, on page 13, line 23, before the word "on", to strike out "tax" and insert "surtax"; and in line 24, after the word "section", to strike out "103" and insert "102", so as to read:

(d) Improper accumulation of surplus: For surtax on corporations which accumulate surplus to avoid surtax on stockholders, see section 102.

The amendment was agreed to.

Mr. McNARY. Mr. President, on page 15 of the bill, the Senator from Rhode Island [Mr. HEBERT] has an amendment to offer.

Mr. HARRISON. It relates to annuities?

Mr. McNARY. Yes.

Mr. HARRISON. I ask that the provisions relating to annuities be passed over.

The PRESIDING OFFICER. Without objection, the amendments will be passed over.

The next amendment of the Committee on Finance was, on page 17, line 18, after the word "exempt", to strike out "to the taxpayer", so as to read:

(4) Tax-free interest: Interest upon (A) the obligations of a State, Territory, or any political subdivision thereof, or the District of Columbia; or (B) obligations of a corporation organized under act of Congress, if such corporation is an instrumentality of the United States; or (C) the obligations of the United States or its possessions. Every person owning any of the obligations enumerated in clause (A), (B), or (C) shall, in the return required by this title, submit a statement showing the number and amount of such obligations owned by him and the income received therefrom, in such form and with such information as the Commissioner may require. In the case of obligations of the United States issued after September 1, 1917 (other than postal-savings certificates of deposit), and in the case of obligations of a corporation organized under act of Congress, the interest shall be exempt only if and to the extent provided in the respective acts authorizing the issue thereof as amended and supplemented, and shall be excluded from gross income only if and to the extent it is wholly exempt from the taxes imposed by this title.

The amendment was agreed to.

Mr. HARRISON. The next amendment, page 19, lines 23 and 24, relates to annuities, too.

Mr. McNARY. I think we had better pass over the whole subject.

Mr. REED. Mr. President, what was done with the amendment at the top of page 16?

Mr. HARRISON. That was passed over at the request of the Senator from Oregon. On page 20 is another amendment with reference to annuities which I think ought to be passed over.

The PRESIDING OFFICER. Without objection, the amendments referred to will be passed over. The clerk will state the next amendment.

The next amendment of the Committee on Finance was, on page 25, line 7, after the word "individual", to insert a comma and "and no substantial part of the activities of which is participation in partisan politics or is carrying on propaganda, or otherwise attempting, to influence legislation", so as to read:

(c) Charitable and other contributions: In the case of an individual, contributions or gifts made within the taxable year to or for the use of:

(1) The United States, any State, Territory, or any political subdivision thereof, or the District of Columbia, for exclusively public purposes;

(2) A corporation, or trust, or community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, and no substantial part of the activities of which is participation in partisan politics or is carrying on propaganda, or otherwise attempting to influence legislation.

Mr. REED. Mr. President, as that amendment is worded, it would apply to the Society for the Prevention of Cruelty to Children, to the Society for the Prevention of Cruelty to Animals, or any of the worthy institutions that we do not in the slightest mean to affect.

Mr. HARRISON. Mr. President, will the Senator yield for a moment?

Mr. REED. Certainly.

Mr. HARRISON. In considering that amendment, as I recall, the sentiment of the committee was that the provision should apply to any organization that is receiving contributions, the proceeds of which are to be used for propaganda purposes or to try to influence legislation.

I called the attention of the experts to the fact that it seemed to me the proviso at the end of the second paragraph should apply to all four paragraphs. Of course, that would affect some war organizations, but personally I see no difference between one organization that might be on one side of the fence getting contributions to propagandize and influence legislation and being permitted to proceed without interference, while at the same time preventing one that might have a different viewpoint from receiving or making use of contributions for the same purpose.

Mr. REED. I have no objection whatever and no disagreement with the Senator in regard to what we were trying to do by this amendment. There is no reason in the world why a contribution made to the National Economy League should be deductible as if it were a charitable contribution if it is a selfish one made to advance the personal interests of the giver of the money. That is what the committee were trying to reach; but we found great difficulty in phrasing the amendment. I do not reproach the draftsmen. I think we gave them an impossible task; but this amendment goes much further than the committee intended to go.

Mr. COUZENS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Michigan?

Mr. REED. I do.

Mr. COUZENS. Does not the Senator believe that the words "substantial part" will exclude the tuberculosis societies and the children's welfare societies? Certainly a substantial part of their income is not devoted to propagandizing for legislation.

Mr. REED. I am not so sure. Take the case of those who are urging the adoption of the child-labor amendment: Certainly they are not acting from selfish motives, and yet almost their entire activity is an effort to influence legislation.

Mr. HARRISON. May I ask the Senator whether he does not think it would be wise to pass over this amendment for the present?

Mr. REED. Perhaps that would be better.

Mr. HARRISON. Really, I think it ought to be inserted at another place in the bill.

Mr. REED. I do not want to take too much time in discussing it.

The PRESIDING OFFICER. Without objection, the amendment will be passed over.

The reading of the bill was resumed.

The next amendment of the Committee on Finance was, on page 28, line 8, after the word "income", to insert "other than interest", and in line 10, after the word "exempt", to strike out "to the taxpayer", so as to read:

SEC. 24. Items not deductible: (a) General rule.—In computing net income no deduction shall in any case be allowed in respect of—

(1) Personal, living, or family expenses;

(2) Any amount paid out for new buildings or for permanent improvements or betterments made to increase the value of any property or estate;

(3) Any amount expended in restoring property or in making good the exhaustion thereof for which an allowance is or has been made;

(4) Premiums paid on any life-insurance policy covering the life of any officer or employee, or of any person financially interested in any trade or business carried on by the taxpayer, when the taxpayer is directly or indirectly a beneficiary under such policy;

(5) Any amount otherwise allowable as a deduction which is allocable to one or more classes of income other than interest (whether or not any amount of income of that class or classes is received or accrued) wholly exempt from the taxes imposed by this title; or

The amendment was agreed to.

The next amendment was, on page 28, line 17, after the words "per centum", to strike out "of the voting" and insert "in the value of the outstanding", so as to read:

(6) Loss from sales or exchanges of property, directly or indirectly, (A) between members of a family, or (B) except in the case of distributions in liquidation, between an individual and a corporation in which such individual owns, directly or indirectly, more than 50 percent in value of the outstanding stock. For the purpose of this paragraph—(C) an individual shall be considered as owning the stock owned, directly or indirectly, by his family; and (D) the family of an individual shall include only his brothers and sisters (whether by the whole or half blood), spouse, ancestors, and lineal descendants.

The amendment was agreed to.

The next amendment was, on page 32, line 5, after the word "than", to strike out "$8,000", and insert "$20,000", so as to read:

(c) "Earned net income" means the excess of the amount of the earned income over the sum of the earned income deductions. If the taxpayer's net income is not more than $3,000, his entire net income shall be considered to be earned net income, and if his net income is more than $3,000, his earned net income shall not be considered to be less than $3,000. In no case shall the earned net income be considered to be more than $20,000.

Mr. COUZENS. I think that amendment ought to go over.

Mr. HARRISON. I ask to have that amendment passed over. It refers to the earned-income tax.

The PRESIDING OFFICER. Without objection, the amendment will be passed over.

The next amendment was, on page 33, after line 11, to insert:

SEC. 26. Credits of corporation against net income: For the purpose only of the tax imposed by section 13 there shall be allowed as a credit against net income the amount received as interest upon obligations of the United States or of corporations organized under act of Congress which is allowed to an individual as a credit for purposes of normal tax by section 25 (a) (2) or (3).

Mr. COUZENS. Mr. President, will the Senator from Mississippi please explain to what that amendment refers? There are references there to a number of sections which I have not had time to analyze.

Mr. HARRISON. This change, coupled with the change made in section 22 (b) (4), if the Senator will turn back to it, provides for uniform treatment of partially tax-exempt interest. Regardless of whether such interest is received by a corporation or by an individual, it will be included in gross income, and taken out as a credit. This will greatly simplify the laws, as the experts have pointed out.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The next amendment was, on page 35, line 18, after the word "deductions", to strike out "in computing net income" and insert "and credits", so as to make the section read:

SEC. 43. Period for which deductions and credits taken: The deductions and credits provided for in this title shall be taken for the taxable year in which "paid or accrued" or "paid or incurred", dependent upon the method of accounting upon the basis of which the net income is computed, unless in order to clearly reflect the income the deductions or credits should be taken as of a different period. In the case of the death of a taxpayer there shall be allowed as deductions and credits for the taxable period in which falls the date of his death, amounts accrued up to the date of his death if not otherwise properly allowable in respect of such period or a prior period.

The amendment was agreed to.

The next amendment was, on page 37, line 19, after the word "disposition" and the period, to insert "Any gain or loss so resulting shall be considered as resulting from the sale or exchange of the property in respect of which the installment obligation was received.", so as to read:

(d) Gain or loss upon disposition of installment obligations: If an installment obligation is satisfied at other than its face value or distributed, transmitted, sold, or otherwise disposed of, gain or loss shall result to the extent of the difference between the basis of the obligation and (1) in the case of satisfaction at other than face value or a sale or exchange—the amount realized, or (2) in case of a distribution, transmission, or disposition otherwise than by sale or exchange—the fair market value of the obligation at the time of such distribution, transmission, or disposition. Any gain or loss so resulting shall be considered as resulting from the sale or exchange of the property in respect of which the installment obligation was received. The basis of the obligation shall be the excess of the face value of the obligation over an amount equal to the income which would be returnable were the obligation satisfied in full. This subsection shall not apply to the transmission at death of installment obligations if there is filed with the Commissioner, at such time as he may by regulation prescribe, a bond in such amount and with such sureties as he may deem necessary, conditioned upon the return as income, by the person receiving any payment on such obligations, of the same proportion of such payment as would be returnable as income by the decedent if he had lived and had received such payment.

The amendment was agreed to.

The next amendment was, on page 39, line 11, after the word "from", to strike out "the", so as to read:

SEC. 47. Returns for a period of less than 12 months: (a) Returns for short period resulting from change of accounting period: If a taxpayer, with the approval of the Commissioner, changes the basis of computing net income from fiscal year to calendar year, a separate return shall be made for the period between the close of the last fiscal year for which return was made and the following December 31. If the change is from calendar year to fiscal year, a separate return shall be made for the period between the close of the last calendar year for which return was made and the date designated as the close of the fiscal year. If the change is from one fiscal year to another fiscal year, a separate return shall be made for the period between the close of the former fiscal year and the date designated as the close of the new fiscal year.

The amendment was agreed to.

The next amendment was, at the top of page 42, to insert the following:

(d) Trade or business: The term "trade or business" includes the performance of the functions of a public office.

The amendment was agreed to.

The next amendment was, on page 43, line 14, after the word "the", to strike out "treasurer or assistant treasurer" and insert "treasurer, assistant treasurer, or chief accounting officer.", so as to make the section read:

SEC. 52. Corporation returns: (a) Requirement: Every corporation subject to taxation under this title shall make a return, stating specifically the items of its gross income and the deductions and credits allowed by this title. The return shall be sworn to by the president, vice president, or other principal officer and by the treasurer, assistant treasurer, or chief accounting officer. In cases where receivers, trustees in bankruptcy, or assignees are operating the property or business of corporations, such receivers, trustees, or assignees shall make returns for such corporations in the same manner and form as corporations are required to make returns. Any tax due on the basis of such returns made by receivers, trustees, or assignees shall be collected in the same manner as if collected from the corporations of whose business or property they have custody and control.

(b) Consolidated returns: For provision as to consolidated returns of affiliated corporations, see section 141.

The amendment was agreed to.

The next amendment was, under the subhead "Subtitle C—Supplemental Provisions", on page 50, line 24, after the word "individual", to insert a comma and "and no substantial part of the activities of which is participation in partisan politics or is carrying on propaganda, or otherwise attempting, to influence legislation;", so as to read:

SEC. 101. Exemptions from tax on corporations: The following organizations shall be exempt from taxation under this title—

(1) Labor, agricultural, or horticultural organizations;

(2) Mutual savings banks not having a capital stock represented by shares;

(3) Fraternal beneficiary societies, orders, or associations, (A) operating under the lodge system or for the exclusive benefit of the members of a fraternity itself operating under the lodge system; and (B) providing for the payment of life, sick, accident, or other benefits to the members of such society, order, or association or their dependents;

(4) Domestic building and loan associations substantially all the business of which is confined to making loans to members; and cooperative banks without capital stock organized and operated for mutual purposes and without profit;

(5) Cemetery companies owned and operated exclusively for the benefit of their members or which are not operated for profit; and any corporation chartered solely for burial purposes as a cemetery corporation and not permitted by its charter to engage in any business not necessarily incident to that purpose, no part of the net earnings of which inures to the benefit of any private shareholder or individual;

(6) Corporations, and any community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, and no substantial part of the activities of which is participation in partisan politics or is carrying on propaganda, or otherwise attempting to influence legislation;

Mr. REED. That involves the same question we were discussing a few minutes ago.

Mr. HARRISON. I ask to have that amendment passed over.

The PRESIDING OFFICER. Without objection, the amendment will be passed over.

The next amendment was, on page 55, after line 15, to strike out the following:

SEC. 102. Tax on personal holding companies: (a) Tax on personal holding company. In addition to the tax imposed by section 13, there shall be levied, collected, and paid, for each taxable year, upon the undistributed adjusted net income of every personal holding company a tax of 35 percent thereof. Such tax shall be computed, collected, and paid in the same manner and subject to the same provisions of law (including penalties) as the tax imposed by section 13.

(b) Definitions: As used in this section, (1) the term "personal holding company" means any corporation (other than a banking or insurance corporation) if (A) at least 80 percent of its gross

income for the taxable year is derived from rents, royalties, dividends, interest, annuities, and (except in the case of regular dealers in stock or securities) gains from the sale of stock or securities, and (B) at any time during the last half of the taxable year more than 50 percent in value of its outstanding stock is owned, directly or indirectly, by or for not more than five individuals. For the purpose of determining the ownership of stock in a personal holding company—(C) stock owned, directly or indirectly, by a corporation, partnership, estate, or trust shall be considered as being owned proportionately by its shareholders, partners, or beneficiaries; (D) an individual shall be considered as owning, to the exclusion of any other individual, the stock owned, directly or indirectly, by his family, and this rule shall be applied in such manner as to produce the smallest possible number of individuals owning, directly or indirectly, more than 50 percent in value of the outstanding stock; and (E) the family of an individual shall include only his brothers and sisters (whether by the whole or half blood), spouse, ancestors, and lineal descendants. For the purpose of clause (A) of this paragraph the term "gross income" includes the amount of interest upon obligations of the United States issued after September 1, 1917, which would be subject to tax in whole or in part in the hands of an individual owner.

(2) The term "undistributed adjusted net income" means the adjusted net income minus the sum of:

(A) Ten percent of the adjusted net income; and

(B) Dividends paid during the taxable year.

(3) The term "adjusted net income" means the sum of:

(A) The net income determined without regard to the provisions of this section;

(B) The amount of the dividend deduction allowed under section 23 (p); and

(C) The amount of interest upon obligations of the United States issued after September 1, 1917, which would be subject to tax in whole or in part in the hands of an individual owner; minus the sum of:

(D) Federal income, war-profits, and excess-profits taxes paid or accrued, but not including the tax imposed by this section;

(E) Contributions or gifts, not otherwise allowed as a deduction, to or for the use of donees described in section 23 (o) for the purposes therein specified; and

(F) Losses from sales or exchanges of capital assets which are disallowed as a deduction by section 117 (d).

SEC. 103. Tax on other corporations improperly accumulating surplus: (a) In addition to the tax imposed by section 13, there shall be levied, collected, and paid for each taxable year upon the net income of every corporation (other than a personal holding company as defined in sec. 102) a tax equal to 25 percent of the amount thereof, if such corporation, however created or organized, is formed or availed of for the purpose of preventing the imposition of the surtax upon its shareholders or the shareholders of any other corporation, through the medium of permitting gains and profits to accumulate instead of being divided or distributed. Such tax shall be computed, collected, and paid in the same manner and subject to the same provisions of law (including penalties) as the tax imposed by section 13.

(b) The fact that any corporation is a mere holding or investment company, or that the gains or profits are permitted to accumulate beyond the reasonable needs of the business, shall be prima facie evidence of a purpose to avoid surtax.

(c) As used in this section, the term "net income" means the net income as defined in section 21, increased by the sum of:

(1) the amount of the dividend deduction allowed under section 23 (p), and

(2) the amount of the interest on obligations of the United States issued after September 1, 1917, which would be subject to tax in whole or in part in the hands of an individual owner; but diminished by the amount of dividends paid during the taxable year.

And to insert:

SEC. 102. Surtax on corporations improperly accumulating surplus: (a) Imposition of tax: There shall be levied, collected, and paid for each taxable year upon the adjusted net income of every corporation (other than a personal holding company as defined in sec. 351) if such corporation, however created or organized, is formed or availed of for the purpose of preventing the imposition of the surtax upon its shareholders or the shareholders of any other corporation, through the medium of permitting gains and profits to accumulate instead of being divided or distributed, a surtax equal to the sum of the following:

(1) 25 percent of the amount of the adjusted net income not in excess of $100,000, plus

(2) 35 percent of the amount of the adjusted net income in excess of $100,000.

(b) Prima facie evidence: The fact that any corporation is a mere holding or investment company, or that the gains or profits are permitted to accumulate beyond the reasonable needs of the business, shall be prima facie evidence of a purpose to avoid surtax.

(c) Definition of "adjusted net income": As used in this section, the term "adjusted net income" means the net income increased by the amount of the dividend deduction allowed under section 23 (p), but diminished by the amount of dividends paid during the taxable year.

(d) Tax on personal holding companies: For surtax on personal holding companies, see section 351.

Mr. HARRISON. I think the personal holding tax is of considerable importance and ought to be passed over.

The PRESIDING OFFICER. Without objection, the amendment will be passed over.

The next amendment was, on page 60, after line 16, to strike out the following section:

SEC. 104. Tax on citizens and corporations of certain foreign countries: Whenever the President finds that, under the laws of any foreign country, citizens or corporations of the United States are being subjected to discriminatory taxes, the President shall so proclaim and each citizen or corporation of such foreign country shall be subject, for the taxable year during which such proclamation is made, and for each taxable year thereafter, to an additional income tax equal to 50 percent of the income tax otherwise imposed upon such citizen or corporation by this title. Such additional income tax shall be computed, collected, and paid in the same manner and subject to the same provisions of law (including penalties) as the taxes imposed by sections 11, 12, and 13 upon such citizen or corporation. Whenever the President finds that the laws of any foreign country with respect to which the President has made a proclamation under the preceding provisions of this section have been modified so that discriminatory taxes applicable to citizens and corporations of the United States have been removed, he shall so proclaim, and the provisions of this section levying an additional income tax shall not apply to any citizen or corporation of such foreign country with respect to any taxable year after such proclamation is made.

And to insert in lieu thereof the following:

SEC. 103. Rates of tax on citizens and corporations of certain foreign countries: Whenever the President finds that, under the laws of any foreign country, citizens or corporations of the United States are being subjected to discriminatory or extraterritorial taxes, the President shall so proclaim and the rates of tax imposed by sections 11, 12, 13, 201 (b), and 204 (a) shall, for the taxable year during which such proclamation is made and for each taxable year thereafter, be doubled in the case of each citizen and corporation of such foreign country; but the tax at such doubled rate shall be considered as imposed by sections 11, 12, 13, 201 (b), or 204 (a), as the case may be. In no case shall this section operate to increase the taxes imposed by such sections (computed without regard to this section) to an amount in excess of 80 percent of the net income of the taxpayer. Whenever the President finds that the laws of any foreign country with respect to which the President has made a proclamation under the preceding provisions of this section have been modified so that discriminatory and extraterritorial taxes applicable to citizens and corporations of the United States have been removed, he shall so proclaim, and the provisions of this section providing for doubled rates of tax shall not apply to any citizen or corporation of such foreign country with respect to any taxable year beginning after such proclamation is made.

The amendment was agreed to.

The next amendment was, on page 66, line 3, after the word "corporation", to insert "accumulated after February 28, 1913", so as to read:

(c) Gain from exchanges not solely in kind: (1) If an exchange would be within the provisions of subsection (b) (1), (2), (3), or (5) of this section if it were not for the fact that the property received in exchange consists not only of property permitted by such paragraph to be received without the recognition of gain, but also of other property or money, then the gain, if any, to the recipient shall be recognized, but in an amount not in excess of the sum of such money and the fair market value of such other property.

(2) If a distribution made in pursuance of a plan of reorganization is within the provisions of paragraph (1) of this subsection but has the effect of the distribution of a taxable dividend, then there shall be taxed as a dividend to each distributee such an amount of the gain recognized under paragraph (1) as is not in excess of his ratable share of the undistributed earnings and profits of the corporation accumulated after February 28, 1913. The remainder, if any, of the gain recognized under paragraph (1) shall be taxed as a gain from the exchange of property.

The amendment was agreed to.

The next amendment was, on page 68, line 4, after the article "a", to strike out "merger or consolidation, or (B)" and insert "statutory merger or consolidation, or (B) the acquisition by one corporation in exchange solely for its voting stock; of at least 80 percent of the voting stock and at least 80 percent of the total number of shares of all other classes of stock of another corporation; or of substantially all the properties of another corporation, or (C)", in line 15, before the article "a", to strike out "(C)" and insert "(D)", and at the end of the same line to strike out "(D)" and insert "(E)"; and in line 20, after the word "reorganization", to insert "and includes both corporations in the case

of a reorganization resulting from the acquisition by one corporation of stock or properties of another ", so as to read:

(g) Definition of reorganization: As used in this section and section 113—

(1) The term " reorganization " means (A) a statutory merger or consolidation, or (B) the acquisition by one corporation in exchange solely for its voting stock; of at least 80 percent of the voting stock and at least 80 percent of the total number of shares of all other classes of stock of another corporation; or of substantially all the properties of another corporation, or (C) a transfer by a corporation of all or a part of its assets to another corporation if immediately after the transfer the transferor or its stockholders or both are in control of the corporation to which the assets are transferred, or (D) a recapitalization, or (E) a mere change in identity, form, or place of organization, however effected.

(2) The term " a party to a reorganization " includes a corporation resulting from a reorganization and includes both corporations in the case of a reorganization resulting from the acquisition by one corporation of stock or properties of another.

Mr. HARRISON. We had better pass over that amendment. It is a very important one.

The PRESIDING OFFICER. Without objection, the amendment will be passed over.

The next amendment was, on page 71, line 8, after the word " inheritance ", to insert a comma and " or by the decedent's estate from the decedent ", so as to read:

(5) Property transmitted at death: If the property was acquired by bequest, devise, or inheritance, or by the decedent's estate from the decedent, the basis shall be the fair market value of such property at the time of such acquisition. In the case of property transferred in trust to pay the income for life to or upon the order or direction of the grantor, with the right reserved to the grantor at all times prior to his death to revoke the trust, the basis of such property in the hands of the persons entitled under the terms of the trust instrument to the property after the grantor's death shall, after such death, be the same as if the trust instrument had been a will executed on the day of the grantor's death. For the purpose of this paragraph property passing without full and adequate consideration under a general power of appointment exercised by will shall be deemed to be property passing from the individual exercising such power by bequest or devise.

The amendment was agreed to.

The next amendment was, on page 76, line 17, after "(12)", to insert " Basis established by Revenue Act of 1932: ", so as to read:

(12) Basis established by Revenue Act of 1932: If the property was acquired, after February 28, 1913, in any taxable year beginning prior to January 1, 1934, and the basis thereof, for the purposes of the Revenue Act of 1932 was prescribed by section 113 (a) (6), (7), or (9) of such act, then for the purposes of this act the basis shall be the same as the basis therein prescribed in the Revenue Act of 1932.

The amendment was agreed to.

The next amendment was, on page 77, line 1, after "(13)", to insert " Partnerships: ", so as to read:

(13) Partnerships: If the property was acquired, after February 28, 1913, by a partnership and the basis is not otherwise determined under any of the paragraphs (1) to (12), inclusive, of this subsection, then the basis shall be the same as it would be in the hands of the transferor, increased in the amount of gain or decreased in the amount of loss recognized to the transferor upon such transfer under the law applicable to the year in which the transfer was made. If the property was distributed in kind by a partnership to any partner, the basis of such property in the hands of the partner shall be such part of the basis in his hands of his partnership interest as is properly allocable to such property.

The amendment was agreed to.

The next amendment was, on page 83, line 11, after the word " property " and the period, to strike out:

A taxpayer making his first return under this title in respect of a property shall state whether he elects to have the depletion allowance for such property for the taxable year for which the return is made computed with or without regard to percentage depletion, and the depletion allowance in respect of such property for such year and all succeeding taxable years shall be computed according to the election thus made. If the taxpayer fails to make such statement in the return, the depletion allowance for such property for all taxable years shall be computed without reference to percentage depletion.

And in lieu thereof to insert:

A taxpayer making his first return under this title in respect of a property shall state whether he elects to have the depletion allowance for such property for the taxable year for which the return is made computed with or without regard to percentage depletion, and the depletion allowance in respect of such property for such year shall be computed according to the election thus made. If the taxpayer fails to make such statement in the return, the depletion allowance for such property for such year shall be computed without reference to percentage depletion. The method, determined as above, of computing the depletion allowance shall be applied in the case of the property for all taxable years in which it is in the hands of such taxpayer, or of any other person if the basis of the property (for determining gain) in his hands is, under section 113, determined by reference to the basis in the hands of such taxpayer, either directly or through one or more substituted bases, as defined in that section.

So as to read:

(4) Percentage depletion for coal and metal mines and sulphur: The allowance for depletion under section 23 (m) shall be, in the case of coal mines, 5 percent, in the case of metal mines, 15 percent, and, in the case of sulphur mines or deposits, 23 percent, of the gross income from the property during the taxable year, excluding from such gross income an amount equal to any rents or royalties paid or incurred by the taxpayer in respect of the property. Such allowance shall not exceed 50 percent of the net income of the taxpayer (computed without allowance for depletion) from the property. A taxpayer making his first return under this title in respect of a property shall state whether he elects to have the depletion allowance for such property for the taxable year for which the return is made computed with or without regard to percentage depletion, and the depletion allowance in respect of such property for such year shall be computed according to the election thus made. If the taxpayer fails to make such statement in the return, the depletion allowance for such property for such year shall be computed without reference to percentage depletion. The method, determined as above, of computing the depletion allowance shall be applied in the case of the property for all taxable years in which it is in the hands of such taxpayer, or of any other person if the basis of the property (for determining gain) in his hands is, under section 113, determined by reference to the basis in the hands of such taxpayer, either directly or through one or more substituted bases, as defined in that section.

Mr. COUZENS. I think that amendment ought to go over. The Senator from Tennessee is going to offer an amendment to that section.

Mr. HARRISON. I ask that it be passed over.

The PRESIDING OFFICER. The amendment will be passed over.

The next amendment was, on page 84, line 22, after the word " profits ", to insert " accumulated after February 28, 1913 ", so as to read:

SEC. 115. Distributions by corporations: (a) Definition of dividend: The term " dividend " when used in this title (except in sec. 203 (a) (4) and sec. 207 (c) (1), relating to insurance companies) means any distribution made by a corporation to its shareholders, whether in money or in other property, out of its earnings or profits accumulated after February 28, 1913.

The amendment was agreed to.

The next amendment was, on page 85, line 1, after the word " profits " and the period, to insert "Any earnings or profits accumulated, or increase in value of property accrued, before March 1, 1913, may be distributed exempt from tax, after the earnings and profits accumulated after February 28, 1913, have been distributed, but any such tax-free distribution shall be applied against and reduce the adjusted basis of the stock provided in section 113 ", so as to read:

(b) Source of distributions: For the purposes of this act every distribution is made out of earnings or profits to the extent thereof, and from the most recently accumulated earnings or profits. Any earnings or profits accumulated, or increase in value of property accrued, before March 1, 1913, may be distributed exempt from tax, after the earnings and profits accumulated after February 28, 1913, have been distributed, but any such tax-free distribution shall be applied against and reduce the adjusted basis of the stock provided in section 113.

The amendment was agreed to.

The next amendment was, on page 86, line 5, after the word " shareholders ", to insert " is not out of increase in value of property accrued before March 1, 1913, and ", so as to read:

(d) Other distributions from capital: If any distribution (not in partial or complete liquidation) made by a corporation to its shareholders is not out of increase in value of property accrued before March 1, 1913, and is not out of earnings or profits, then the amount of such distribution shall be applied against and reduce the adjusted basis of the stock provided in section 113, and if in excess of such basis, such excess shall be taxable in the same manner as a gain from the sale or exchange of property.

The amendment was agreed to.

The next amendment was, on page 87, line 4, after the word "profits" to insert "accumulated after February 28, 1913", so as to read:

(g) Redemption of stock: If a corporation cancels or redeems its stock (whether or not such stock was issued as a stock dividend) at such time and in such manner as to make the distribution and cancelation or redemption in whole or in part essentially equivalent to the distribution of a taxable dividend, the amount so distributed in redemption or cancelation of the stock, to the extent that it represents a distribution of earnings or profits accumulated after February 28, 1913, shall be treated as a taxable dividend.

The amendment was agreed to.

The next amendment was, on page 93, line 16, after the figure "5", to strike out "years." and insert "years but not for more than 10 years"; and on the same page, after line 17, to insert "30 percent if the capital asset has been held for more than 10 years.", so as to read:

SEC. 117. Capital gains and losses: (a) General rule: In the case of a taxpayer, other than a corporation, only the following percentages of the gain or loss recognized upon the sale or exchange of a capital asset shall be taken into account in computing net income:

100 percent if the capital asset has been held for not more than 1 year;

80 percent if the capital asset has been held for more than 1 year but not for more than 2 years;

60 percent if the capital asset has been held for more than 2 years but not for more than 5 years;

40 percent if the capital asset has been held for more than 5 years but not for more than 10 years;

30 percent if the capital asset has been held for more than 10 years.

Mr. LA FOLLETTE. I think that amendment ought to be passed over.

Mr. HARRISON. I ask to have it passed over.

The PRESIDING OFFICER. The amendment will be passed over.

The next amendment was, on page 94, line 3, after the word "sale", to strike out "in the" and insert "to customers in the ordinary", so as to read:

(b) Definition of capital assets: For the purposes of this title, "capital assets" means property held by the taxpayer (whether or not connected with his trade or business), but does not include stock in trade of the taxpayer or other property of a kind which would properly be included in the inventory of the taxpayer if on hand at the close of the taxable year, or property held by the taxpayer primarily for sale to customers in the ordinary course of his trade or business.

Mr. HARRISON. May I ask the Senator from Pennsylvania whether this amendment is important enough to pass over?

Mr. REED. It involves a good many questions.

Mr. HARRISON. Then let it be passed over, too.

The PRESIDING OFFICER. The amendment referred to, and the ones on pages 95, 96, and 100, without objection, will be passed over.

The next amendment was under the subhead "Supplement C—Credits against tax", on page 107, line 1, before the word "the", to strike out "one half of", and on the same page, line 6, before the word "the", to strike out "one half of", so as to read:

SEC. 131. Taxes of foreign countries and possessions of United States: (a) Allowance of credit.—If the taxpayer signifies in his return his desire to have the benefits of this section, the tax imposed by this title shall be credited with:

(1) Citizen and domestic corporation: In the case of a citizen of the United States and of a domestic corporation, the amount of any income, war-profits, and excess-profits taxes paid or accrued during the taxable year to any foreign country or to any possession of the United States; and

(2) Resident of United States: In the case of a resident of the United States, the amount of any such taxes paid or accrued during the taxable year to any possession of the United States; and

(3) Alien resident of United States: In the case of an alien resident of the United States, the amount of any such taxes paid or accrued during the taxable year to any foreign country, if the foreign country of which such alien resident is a citizen or subject, in imposing such taxes, allows a similar credit to citizens of the United States residing in such country; and

(4) Partnerships and estates: In the case of any such individual who is a member of a partnership or a beneficiary of an estate or trust, his proportionate share of such taxes of the partnership or the estate or trust paid or accrued during the taxable year to a foreign country or to any possession of the United States, as the case may be.

(b) Limit on credit.—The amount of the credit taken under this section shall be subject to each of the following limitations:

(1) The amount of the credit in respect of the tax paid or accrued to any country shall not exceed the same proportion of the tax against which such credit is taken, which the taxpayer's net income from sources within such country bears to his entire net income for the same taxable year; and

(2) The total amount of the credit shall not exceed the same proportion of the tax against which such credit is taken, which the taxpayer's net income from sources without the United States bears to his entire net income for the same taxable year.

The amendment was agreed to.

The next amendment was, on page 112, line 11, after the words "per centum", to insert a comma and "but the tax at such increased rate shall be considered as imposed by section 13 (a), 201 (b), or 204 (a), as the case may be", so as to read:

SEC. 141. Consolidated returns of corporations: (a) Privilege to file consolidated returns.—An affiliated group of corporations shall, subject to the provisions of this section, have the privilege of making a consolidated return for the taxable year in lieu of separate returns. The making of a consolidated return shall be upon the condition that all the corporations which have been members of the affiliated group at any time during the taxable year for which the return is made consent to all the regulations under subsection (b) (or, in case such regulations are not prescribed prior to the making of the return, then the regulations prescribed under section 141 (b) of the Revenue Act of 1932 insofar as not inconsistent with this act) prescribed prior to the making of such return; and the making of a consolidated return shall be considered as such consent. In the case of a corporation which is a member of the affiliated group for a fractional part of the year, the consolidated return shall include the income of such corporation for such part of the year as it is a member of the affiliated group.

(b) Regulations.—The Commissioner, with the approval of the Secretary, shall prescribe such regulations as he may deem necessary in order that the tax liability of an affiliated group of corporations making a consolidated return and of each corporation in the group, both during and after the period of affiliation, may be determined, computed, assessed, collected, and adjusted in such manner as clearly to reflect the income and to prevent avoidance of tax liability.

(c) Computation and payment of tax: In any case in which a consolidated return is made the tax shall be determined, computed, assessed, collected, and adjusted in accordance with the regulations under subsection (b) (or, in case such regulations are not prescribed prior to the making of the return, then the regulations prescribed under section 141 (b) of the Revenue Act of 1932, insofar as not inconsistent with this act) prescribed prior to the date on which such return is made; except that there shall be added to the rate of tax prescribed by sections 13 (a), 201 (b), and 204 (a), a rate of 2 percent, but the tax at such increased rate shall be considered as imposed by section 13 (a), 201 (b), or 204 (a), as the case may be.

The amendment was agreed to.

The next amendment was, on page 115, line 21, after the word "one", to strike out "or" and insert "of", so as to read:

(b) Joint fiduciaries: Under such regulations as the Commissioner, with the approval of the Secretary, may prescribe a return made by one of two or more joint fiduciaries and filed in the office of the collector of the district where such fiduciary resides shall be sufficient compliance with the above requirement. Such fiduciary shall make oath (1) that he has sufficient knowledge of the affairs of the individual, estate, or trust for which the return is made, to enable him to make the return, and (2) that the return is, to the best of his knowledge and belief, true and correct.

(c) Law applicable to fiduciaries: Any fiduciary required to make a return under this title shall be subject to all the provisions of law which apply to individuals.

The amendment was agreed to.

The next amendment was, on page 116, line 13, after the word "before", to strike out "January" and insert "July", so as to read:

SEC. 143. Withholding of tax at source: (a) Tax-free covenant bonds.—(1) Requirement of withholding: In any case where bonds, mortgages, or deeds of trust, or other similar obligations of a corporation, issued before July 1, 1934, contain a contract or provision by which the obligor agrees to pay any portion of the tax imposed by this title upon the obligee, or to reimburse the obligee for any portion of the tax, or to pay the interest without deduction for any tax which the obligor may be required or permitted to pay thereon, or to retain therefrom under any law of the United States, the obligor shall deduct and withhold a tax equal to 2 percent of the interest upon such bonds, mortgages, deeds of trust, or other obligations, whether such interest is payable annually or at shorter or longer periods, if payable to an individual, a partnership, or a foreign corporation not engaged in trade or business within the United States and not having any office or place of business therein:

The amendment was agreed to.

The next amendment was, under the subhead "Supplement G—Insurance companies" on page 137, line 15, after the word "of", to strike out "its net income" and insert "the amount of its net income in excess of the credit provided in subsection (c) of this section", so as to read:

SUPPLEMENT G—INSURANCE COMPANIES

SEC. 201. Tax on life insurance companies: (a) Definition.—When used in this title the term "life insurance company" means an insurance company engaged in the business of issuing life insurance and annuity contracts (including contracts of combined life, health, and accident insurance), the reserve funds of which held for the fulfillment of such contracts comprise more than 50 percent of its total reserve funds.

(b) Rate of tax.—In lieu of the tax imposed by section 13, there shall be levied, collected, and paid for each taxable year upon the net income of every life-insurance company a tax as follows:

(1) In the case of a domestic life-insurance company, 13¾ percent of the amount of its net income in excess of the credit provided in subsection (c) of this section.

The amendment was agreed to.

The next amendment was, on page 137, line 19, after the word "of", to strike out "its net income from sources within the United States" and insert "the amount of its net income from sources within the United States in excess of the credit provided in subsection (c) of this section", so as to read:

(2) In the case of a foreign life-insurance company, 13¾ percent of the amount of its net income from sources within the United States in excess of the credit provided in subsection (c) of this section.

(For addition to rate in case of consolidated returns, see sec. 141.)

The amendment was agreed to.

The next amendment was, at the top of page 138, to insert:

(c) For the purpose only of the tax imposed by this section there shall be allowed as a credit against net income the amount received as interest upon obligations of the United States or of corporations organized under act of Congress which is allowed to an individual as a credit for purposes of normal tax by section 25 (a) (2) or (3).

The amendment was agreed to.

The next amendment was, on page 139, line 1, after the word "is", to strike out "exempt to a corporation from the taxes imposed by this title" and insert "excluded from gross income", so as to read:

SEC. 203. Net income of life-insurance companies: (a) General rule.—In the case of a life-insurance company the term "net income" means the gross income less—

(1) Tax-free interest.—The amount of interest received during the taxable year which under section 22 (b) (4) is excluded from gross income.

The amendment was agreed to.

The next amendment was, on page 141, line 9, after the word "carry", to strike out the comma and "or the proceeds of which were used to purchase or carry", so as to read:

(8) Interest.—All interest paid within the taxable year on its indebtedness, except on indebtedness incurred or continued to purchase or carry obligations (other than obligations of the United States issued after September 24, 1917, and originally subscribed for by the taxpayer) the interest upon which is wholly exempt from taxation under this title.

The amendment was agreed to.

The next amendment was, on page 142, line 16, after the word "of", to strike out "if net income" and insert "the amount of its net income in excess of the credit provided in subsection (f) of this section", and on page 142, line 20, after the word "of", to strike out "its net income from sources within the United States" and insert "the amount of its net income from sources within the United States in excess of the credit provided in subsection (f) of this section", so as to read:

SEC. 204. Insurance companies other than life or mutual: (a) Imposition of tax.—In lieu of the tax imposed by section 13 of this title, there shall be levied, collected, and paid for each taxable year upon the net income of every insurance company (other than a life or mutual insurance company) a tax as follows:

(1) In the case of such a domestic insurance company, 13¾ percent of the amount of its net income in excess of the credit provided in subsection (f) of this section.

(2) In the case of such a foreign insurance company, 13¾ percent of the amount of its net income from sources within the United States in excess of the credit provided in subsection (f) of this section.

(For addition to rate in case of consolidated returns, see sec. 141.)

The amendment was agreed to.

The next amendment was, on page 146, line 10, after the word "if", to strike out "is exempt to a corporation from the taxes imposed by this title" and insert "excluded from gross income;", so as to read:

(c) Deductions allowed: In computing the net income of an insurance company subject to the tax imposed by this section there shall be allowed as deductions:

(1) All ordinary and necessary expenses incurred, as provided in section 23 (a);

(2) All interest as provided in section 23 (b);

(3) Taxes as provided in section 23 (c);

(4) Losses incurred as defined in subsection (b) (6) of this section;

(5) Subject to the limitation contained in section 117 (d), losses sustained during the taxable year from the sale or other disposition of property;

(6) Bad debts in the nature of agency balances and bills receivable ascertained to be worthless and charged off within the taxable year;

(7) The amount received as dividends from corporations as provided in section 23 (p);

(8) The amount of interest earned during the taxable year which under section 22 (b) (4) is excluded from gross income;

The amendment was agreed to.

The next amendment was, on page 146, after line 22, to insert:

(f) For the purpose only of the tax imposed by this section there shall be allowed as a credit against net income the amount received as interest upon obligations of the United States or of corporations organized under act of Congress which is allowed to an individual as a credit for purposes of normal tax by section 25 (a) (2) or (3).

The amendment was agreed to.

The next amendment was, on page 159, line 10, after the figures "1922,", to insert "in addition to the credit provided in section 26,", so as to read:

SUPPLEMENT K—CHINA TRADE ACT CORPORATIONS

SEC. 261. Credit against net income: (a) Allowance of credit.—For the purpose only of the tax imposed by section 13 there shall be allowed, in the case of a corporation organized under the China Trade Act, 1922, in addition to the credit provided in section 26, a credit against the net income of an amount equal to the proportion of the net income derived from sources within China (determined in a similar manner to that provided in section 119) which the par value of the shares of stock of the corporation owned on the last day of the taxable year by (1) persons resident in China, the United States, or possessions of the United States, and (2) individual citizens of the United States or China wherever resident, bears to the par value of the whole number of shares of stock of the corporation outstanding on such date: *Provided*, That in no case shall the amount by which the tax imposed by section 13 is diminished by reason of such credit exceed the amount of the special dividend certified under subsection (b) of this section.

The amendment was agreed to.

The next amendment was, on page 162, line 19, after the word "Sunday", to insert "or a legal holiday in the District of Columbia", so as to read:

SEC. 272. Procedure in general: (a) Petition to Board of Tax Appeals: If in the case of any taxpayer the Commissioner determines that there is a deficiency in respect of the tax imposed by this title, the Commissioner is authorized to send notice of such deficiency to the taxpayer by registered mail. Within 90 days after such notice is mailed (not counting Sunday or a legal holiday in the District of Columbia as the ninetieth day), the taxpayer may file a petition with the Board of Tax Appeals for a redetermination of the deficiency. No assessment of a deficiency in respect of the tax imposed by this title and no distraint or proceeding in court for its collection shall be made, begun, or prosecuted until such notice has been mailed to the taxpayer, nor until the expiration of such 90-day period, nor, if a petition has been filed with the Board, until the decision of the Board has become final. Notwithstanding the provisions of section 3224 of the Revised Statutes, the making of such assessment or the beginning of such proceeding or distraint during the time such prohibition is in force may be enjoined by a proceeding in the proper court.

The amendment was agreed to.

The next amendment was, on page 174, after line 9, to insert:

(c) Omission from gross income: If the taxpayer omits from gross income an amount properly includible therein which is in

excess of 25 percent of the amount of gross income stated in the return, the tax may be assessed, or a proceeding in court for the collection of such tax may be begun without assessment, at any time within 5 years after the return was filed.

The amendment was agreed to.

The next amendment was, on page 174, line 17, before the word "For", to strike out "(c)" and insert "(d)"; in the same line, after the article "(a)", to strike out "and (b)" and insert "(b), and (c)", so as to read:

(d) For the purposes of subsections (a), (b), and (c), a return filed before the last day prescribed by law for the filing thereof shall be considered as filed on such last day.

The next amendment was, on page 174, line 21, before the word "corporation", to strike out "(d)" and insert "(e)", so as to read:

(e) Corporation and shareholder: If a corporation makes no return of the tax imposed by this title, but each of the shareholders includes in his return his distributive share of the net income of the corporation, then the tax of the corporation shall be assessed within 4 years after the last date on which any such shareholder's return was filed.

Mr. REED. Mr. President, the amendments on page 174 are of considerable importance.

Mr. HARRISON. Yes; let them be passed over.

The PRESIDING OFFICER. The amendments will be passed over.

The next amendment was, on page 175, after line 3, to strike out:

(a) No return or false return: If the taxpayer fails to file a return, or files a false or fraudulent return with intent to evade tax, or omits from gross income an amount properly includible therein which is in excess of 25 percent of the amount of gross income stated in the return, the tax may be assessed, or a proceeding in court for the collection of such tax may be begun without assessment, at any time.

And in lieu thereof to insert:

(a) False return or no return: In the case of a false or fraudulent return with intent to evade tax or of a failure to file a return the tax may be assessed, or a proceeding in court for the collection of such tax may be begun without assessment, at any time.

Mr. REED. Mr. President, I think this amendment ought to be passed over along with the other.

Mr. HARRISON. It is merely a clerical change.

Mr. REED. I do not see the effect of the change from a quick reading.

Mr. HARRISON. It is existing law. The clerks tell me it is merely a clerical change.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The next amendment was, on page 190, after line 3, to insert a new title, "Title I–A."

Mr. HARRISON. Let that go over. It relates to personal holding companies.

The PRESIDING OFFICER. The amendment will be passed over.

The next amendment was, on page 194, line 21, after the figures "1926,", to insert "as amended", so as to read:

SEC. 402. Prior taxed property: Paragraph (2) of subdivision (a) and paragraph (2) of subdivision (b) of section 303 of the Revenue Act of 1926, as amended, are amended by inserting before the period at the end of the second sentence of each such paragraph a comma and the following: "and only if in determining the value of the net estate of the prior decedent no deduction was allowable under this paragraph in respect of the property or properties given in exchange therefor."

Mr. HARRISON. Let that amendment go over.

The PRESIDING OFFICER. The amendment will be passed over.

The next amendment was, at the top of page 196, to insert:

SEC. 404. Real estate situated outside the United States: So much of section 302 of the Revenue Act of 1926 as reads as follows: "The value of the gross estate of the decedent shall be determined by including the value at the time of his death of all property, real or personal, tangible or intangible, wherever situated" is amended to read as follows: "The value of the gross estate of the decedent shall be determined by including the value at the time of his death of all property, real or personal, tangible or intangible, wherever situated, except real property situated outside the United States."

The amendment was agreed to.

The next amendment was, on page 196, line 13, to insert section 405, "Estate Tax Rates."

Mr. REED. Mr. President, this amendment had better go over.

Mr. HARRISON. Yes.

The PRESIDING OFFICER. The amendment will be passed over.

Mr. REED. What I meant was the new paragraph commencing in line 13.

Mr. HARRISON. Yes; that should go over.

The next amendment was, on page 198, after line 12, to insert:

SEC. 406. Nondeductibility of certain transfers: Section 303 (a) (3) and section 303 (b) (3) of the Revenue Act of 1926, as amended, are amended by inserting after "individual", wherever appearing therein, a comma and the following: "and no substantial part of the activities of which is participation in partisan politics or is carrying on propaganda, or otherwise attempting to influence legislation."

Mr. HARRISON. Mr. President, let that go over. There may be some question as to it.

The PRESIDING OFFICER. The amendment will be passed over.

The next amendment was, under the heading "Title III—Amendments to prior acts and miscellaneous", on page 198, line 23, before the word "petition", to strike out "of" and insert "for"; in line 25, after the figures "1926,", to insert "section 308 (a) of the Revenue Act of 1926, section 513 (a) of the Revenue Act of 1932,"; on page 199, line 6, after the words "striking out", to insert "'not counting Sunday as the"; and in line 7, after the word "thereof", to insert "'not counting Sunday or a legal holiday in the District of Columbia as the", so as to make the section read:

SEC. 501. Period for petition to Board under prior acts: Section 274 (a) of the Revenue Act of 1926, section 308 (a) of the Revenue Act of 1926, section 513 (a) of the Revenue Act of 1932, and section 272 (a) of the Revenue Act of 1928 and the Revenue Act of 1932 (relating to the period during which a taxpayer may petition the Board of Tax Appeals for redetermination of a deficiency) are amended by striking out "60 days" and inserting in lieu thereof "90 days"; by striking out "not counting Sunday as the sixtieth day" and inserting in lieu thereof "not counting Sunday or a legal holiday in the District of Columbia as the ninetieth day"; and by striking out "60-day" and inserting in lieu thereof "90-day." The amendments made by this section shall apply only in respect of notices mailed after 30 days after the date of the enactment of this act.

The amendment was agreed to.

The next amendment was, on page 199, line 25, after the word "barred", to strike out "at the time" and insert "on the date", so as to make the section read:

SEC. 502. Recovery of amounts erroneously refunded: (a) Section 610 of the Revenue Act of 1928 is amended by adding at the end thereof a new subsection to read as follows:

"(c) Despite the provisions of subsections (a) and (b) such suit may be brought at any time within 5 years from the making of the refund if it appears that any part of the refund was induced by fraud or the misrepresentation of a material fact."

(b) The amendment made by subsection (a) of this section shall not apply to any suit which was barred on the date of the enactment of this act.

The amendment was agreed to.

The next amendment was, on page 200, after line 9, to strike out:

(a) The last sentence of section 322 (d) of the Revenue Act of 1932 and of the Revenue Act of 1928 and of section 528 (d) of the Revenue Act of 1932 are amended to read as follows: "No such credit or refund shall be made of any portion of the tax unless the Board determines as part of its decision that it was paid within 3 years before the filing of the claim or the filing of the petition, whichever is earlier."

And in lieu thereof to insert:

(a) The last sentence of section 322 (d) of the Revenue Act of 1932 and of the Revenue Act of 1928 are amended to read as follows: "No such credit or refund shall be made of any portion of the tax unless the Board determines as part of its decision that it was paid within 2 years before the filing of the claim or the filing of the petition, whichever is earlier."

(b) The last sentence of section 528 (d) of the Revenue Act of 1932 is amended to read as follows: "No such credit or refund shall be made of any portion of the tax unless the Board determines as part of its decision that it was paid within 3 years before the filing of the claim or the filing of the petition, whichever is earlier."

The amendment was agreed to.

The next amendment was, on page 201, line 7, before the word "The", to strike out "(b)" and insert "(c)", so as to read:

(c) The last sentence of section 284 (e) of the Revenue Act of 1926, as amended, is amended to read as follows: "Unless the Board determines as part of its decision that the claim for credit or refund, or the petition, was filed within the time prescribed in subdivision (g) for filing claims, no such credit or refund shall be made of any portion of the tax unless the Board determines as part of its decision that it was paid within 4 years (or, in the case of a tax imposed by this title, within 3 years) before the filing of the claim or the filing of the petition, whichever is earlier."

The amendment was agreed to.

The next amendment was, on page 201, line 18, before the word "The", to strike out "(c)" and insert "(d)", so as to read:

(d) The last sentence of section 319 (c) of the Revenue Act of 1926, as amended, is amended to read as follows: "No such refund shall be made of any portion of the tax unless the Board determines as part of its decision that it was paid within 4 years (or, in the case of a tax imposed by this title, within 3 years) before the filing of the claim or the filing of the petition, whichever is earlier."

The amendment was agreed to.

The next amendment was, on page 202, line 1, before the word "The", to strike out "(d)" and insert "(e)", and in line 2, before the word "of", to strike out "and (c)" and insert "(c), and (d)", so as to read:

(e) The amendments made by subsections (a), (b), (c), and (d) of this section shall have no effect in the case of any proceeding before the Board on a petition if any hearing by the Board thereon has been held prior to 30 days after the date of the enactment of this act.

The amendment was agreed to.

The next amendment was, on page 203, line 3, before the word "of", to insert "(a)", and in line 5, before the words "The Secretary", to strike out ""Sec. 1108." and insert ""(a)", so as to read:

SEC. 506. Retroactivity of regulations, rulings, etc.: Section 1108 (a) of the Revenue Act of 1926, as amended, is amended to read as follows:

"(a) The Secretary, or the Commissioner with the approval of the Secretary, may prescribe the extent, if any, to which any ruling, regulation, or Treasury Decision, relating to the internal-revenue laws, shall be applied without retroactive effect."

The amendment was agreed to.

The next amendment was, at the top of page 205, to strike out:

"(4) May issue a certificate of discharge of any part of the property subject to the lien if there is paid over to the collector in part satisfaction of the taxpayer's liability in respect of such tax an amount determined by the Commissioner to be equal to the fair market value of the taxpayer's equity in the part to be so discharged."

And in lieu thereof to insert:

"(4) May issue a certificate of discharge of any part of the property subject to the lien if there is paid over to the collector in part satisfaction of the liability in respect of such tax an amount determined by the Commissioner, which shall not be less than the value, as determined by him, of the interest of the United States in the part to be so discharged. In determining such value the Commissioner shall give consideration to the fair market value of the part to be so discharged and to such liens thereon as have priority to the lien of the United States."

The next amendment was, on page 207, line 8——

Mr. HARRISON. Let that go over.

The PRESIDING OFFICER. The amendment will go over.

The next amendment was, on page 209, line 4.

Mr. HARRISON. I think that had better be passed over.

The PRESIDING OFFICER. The amendment will be passed over.

The next amendment was, on page 210, line 1.

Mr. HARRISON. I should like to have that passed over also.

The PRESIDING OFFICER. The amendment will be passed over.

The next amendment was, on page 211, line 9, to change the section number from "515" to "514."

The amendment was agreed to.

The next amendment was, on page 211, after line 15, to insert:

SEC. 515. Commissioner as party to suit: Section 907 of the Revenue Act of 1924, as amended, is amended by adding at the end thereof a new subdivision to read as follows:

"(g) Petitions filed after the enactment of the Revenue Act of 1934 with the Board shall be entitled "In re", followed by the name of the petitioner, and the proceedings shall thereafter be so entitled in any appellate court reviewing the action of the Board. When the incumbent of the office of Commissioner of Internal Revenue changes, no substitution of the name of his successor shall be required in proceedings pending before any such court."

The amendment was agreed to.

The next amendment was, on page 212, after line 3, to insert:

SEC. 516. Nondeductibility of certain gifts: (a) Section 505 (a) (2) (B) and section 505 (b) (2) of the Revenue Act of 1932 are amended by inserting after "individual" a comma and the following: "and no substantial part of the activities of which is participation in partisan politics or is carrying on propaganda, or otherwise attempting to influence legislation."

(b) Section 505 (b) (3) of the Revenue Act of 1932 is amended by inserting after "animals" a comma and the following: "no substantial part of the activities of which is participation in partisan politics or is carrying on propaganda, or otherwise attempting to influence legislation."

The amendment was agreed to.

Mr. HARRISON. I prefer that all the amendments relating to the excise taxes be passed over.

Mr. REED. Section 516 ought to go over.

Mr. HARRISON. Yes; that should be passed over.

The PRESIDING OFFICER. Section 516 will be passed over.

Mr. HARRISON. The amendments relating to the tax on certain oils should go over.

The PRESIDING OFFICER. Without objection, all of title 4 will be passed over.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGE REFERRED

The PRESIDING OFFICER (Mr. MCGILL in the chair) laid before the Senate a message from the President of the United States submitting a nomination in the Marine Corps, which was referred to the Committee on Naval Affairs.

(For nomination this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. MCKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

Mr. WALSH, from the Committee on Naval Affairs, reported favorably the nominations of sundry officers in the Navy and in the Marine Corps.

Mr. WAGNER, from the Committee on Public Lands and Surveys, reported favorably the following nominations:

Paul A. Roach, of New Mexico, to be register of the land office at Las Cruces, N.Mex., vice Vincent B. May; and

Paul Witmer, of California, to be register of the land office at Los Angeles, Calif., vice John Robert White.

Mr. SHEPPARD, from the Committee on Military Affairs, reported favorably the following nominations:

Maj. Walter Owen Rawls, Finance Department, by transfer to Adjutant General's Department of the Regular Army, with rank from July 1, 1920; and

Second Lt. Frank Jerdone Coleman, to be first lieutenant, Air Corps, from March 14, 1934.

The PRESIDING OFFICER. The reports will be placed on the calendar.

If there be no further reports of committees, the calendar is in order.

DIPLOMATIC AND FOREIGN SERVICE

The legislative clerk read the nomination of George S. Messersmith, of Delaware, to be Envoy Extraordinary and Minister Plenipotentiary to Austria.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Carol H. Foster, of Maryland, to be consul general.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

DEPARTMENT OF COMMERCE

The legislative clerk read the nomination of Bryan M. Battey, of New York, to be Assistant Commissioner of Patents.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. COPELAND. Mr. President, I ask unanimous consent that the President be notified of this confirmation. The nomination was delayed on account of my own failure to report on it. I understand that this officer is very much needed, and I am asked by the Chairman of the Committee on Patents, the Senator from California [Mr. McADOO], to make this request.

Mr. McNARY. Mr. President, I did not understand the nature of the request.

Mr. ROBINSON of Arkansas. The Senator from New York has asked that the President be notified of the confirmation of Bryan M. Battey to be Assistant Commissioner of Patents.

Mr. COPELAND. Mr. President, I may say to the Senator from Oregon that the nomination was delayed by my own failure to report on it. It is indicated that this official is needed, and I have been asked by the Chairman of the Committee on Patents, the Senator from California [Mr. McADOO], to request that the President be notified at once so that the official may take office.

The PRESIDING OFFICER. Without objection, the President will be notified.

THE JUDICIARY

The legislative clerk read the nomination of J. Charles Dennis to be United States attorney for the western district of Washington.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of James M. Simpson to be United States attorney for the eastern district of Washington.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. BONE. Mr. President, in the cases of J. Charles Dennis and James M. Simpson, nominated to be United States attorneys for the eastern and western districts of Washington, I ask that the President be notified immediately of the confirmations, because in the case of Mr. Simpson a number of condemnation cases in connection with the Grand Coulee power development in that State are awaiting action, and in the case of Mr. Dennis a number of prosecutions are hanging in the balance and should be attended to immediately. These nominations have been held up for some time, and I therefore ask that the President be notified of the confirmations.

The PRESIDING OFFICER. Is there objection? Without objection, the President will be notified of the confirmations.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. Mr. President, I ask that the nominations of postmasters be confirmed en bloc, except as to no. 1615, the nomination of Jesse W. Keith, to be postmaster at Haileyville, Okla. I ask unanimous consent that that nomination be recommitted to the Committee on Post Offices and Post Roads.

The PRESIDING OFFICER. Without objection, the nomination of Jesse W. Keith to be postmaster at Haileyville, Okla., will be recommitted to the Committee on Post Offices and Post Roads. Without objection, the other nominations will be confirmed en bloc.

That completes the calendar.

RECESS

The Senate resumed legislative session.

Mr. ROBINSON of Arkansas. I move that the Senate take a recess until tomorrow at 12 o'clock noon.

The motion was agreed to; and (at 5 o'clock and 30 minutes p.m.) the Senate took a recess until tomorrow, Tuesday, April 3, 1934, at 12 o'clock meridian.

NOMINATION

Executive nomination received by the Senate April 2 (legislative day of Mar. 28), 1934

APPOINTMENT IN THE NAVY

MARINE CORPS

Corp. Edward L. Hutchinson, a meritorious noncommissioned officer, to be a second lieutenant in the Marine Corps, revocable for 2 years, from the 2d day of March 1934.

CONFIRMATIONS

Executive nominations confirmed by the Senate April 2 (legislative day of Mar. 28), 1934

ENVOY EXTRAORDINARY AND MINISTER PLENIPOTENTIARY

George S. Messersmith to be Envoy Extraordinary and Minister Plenipotentiary to Austria.

CONSUL GENERAL

Carol H. Foster to be consul general.

UNITED STATES ATTORNEYS

J. Charles Dennis to be United States attorney for the western district of Washington.

James M. Simpson to be United States attorney for the eastern district of Washington.

ASSISTANT COMMISSIONER OF PATENTS

Bryan M. Battey to be Assistant Commissioner of Patents.

POSTMASTERS

DELAWARE

James J. Cahill, Wilmington.

FLORIDA

Eva R. Vaughn, Century.
William L. Hoag, Davenport.
Orrell W. Prevatt, Seville.

GEORGIA

William T. Adkins, Edison.
Joseph W. Murphy, Menlo.
Thomas B. McRitchie, Newnan.
Heard C. Tolbert, Omega.
Carleen S. Bell, Trion.

INDIANA

George W. Purcell, Bloomington.
Charles L. Wolford, Linton.

IOWA

Ernest E. Carlson, Battle Creek.
Charles G. Vasey, Collins.
Henry M. Meneough, Grimes.
Alden F. Palmquist, Hartley.
William Foerstner, High.
L. B. Sutton, Inwood.
Ella McDonald, Ledyard.
J. Ray Dickinson, Soldier.
Hilma L. Peterson, Stratford.
Charles W. Tigges, Sutherland.

MAINE

Sumner S. Drisko, Addison.
Roland S. Plummer, Harrington.
Lloyd V. Cookson, Hartland.
James A. McDonald, Machias.
Ida P. Stone, Oxford.

Helen C. Donahue, Portland.
Guy W. Swan, Princeton.
George E. Dugal, St. Agatha.

MARYLAND

Lillie M. Pierce, Glyndon.

MASSACHUSETTS

J. Walter Brown, Brimfield.
Martin J. Healey, Hubbardston.
Mary B. H. Ransom, Mattapoisett.
Maurice J. Bresnahan, Medway.
Thomas L. White, Northboro.
David J. Templeton, North Cohasset.
Thomas J. Daley, South Egremont.
John J. Easton, South Walpole.
Robert E. Smith, Townsend.
Richard F. Burke, Williamsburg.

MISSOURI

Wilbur S. Scott, Deepwater.
Thomas F. Herndon, Hume.
Willie D. Groom, Kearney.
Ruth Vandiver, Orrick.
Rosa M. Hall, Parma.

NEW HAMPSHIRE

Carrie B. Ware, Hancock.
Charles Myers, Jaffrey.

OKLAHOMA

Benjamin D. Barnett, Cement.
Omri Bud Autry, Marietta.
George L. Watkins, Tulsa.

OREGON

Edwin Allen, Forest Grove.
George Larkin, Newberg.
Frank H. Laighton, Seaside.

TENNESSEE

Clarence E. Kilgore, Tracy City.

VERMONT

Mary A. Keleher, Bethel.
Richard S. Smith, Bristol.
Herbert B. Butler, St. Albans.

WEST VIRGINIA

Frank D. Fleming, Ravenswood.
Charles Dillard, Walton.

WYOMING

Jesse B. Budd, Big Piney.
James C. Jackson, Sheridan.

HOUSE OF REPRESENTATIVES

MONDAY, APRIL 2, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Almighty God, we praise Thee that Thy heart is on the side of every man who needs divine love, divine pity, and mercy. In the center of all power, whence issues that which controls all law, and in the midst of all wisdom is a heart full of compassion. O draw near to us, for Thou dost understand us better than we ourselves. Spread Thy wings, that under their shadow we may be secure. We thank Thee that Thou art revealed by Thy love in the glory of the whole human family. We rejoice that Thou dost minister in the household of the ages. O may the whole family be moving in the stream of divine influence, making society better, the race better, our country better, the world better; O may it run through the channels of all the earth. In the name of our Savior. Amen.

The Journal of the proceedings of Thursday, March 29, was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was presented to the House by Mr. Latta, one of his secretaries.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Horne, its principal enrolling clerk, announced that the Senate had passed without amendment bills of the House of the following titles:

H.R. 305. An act for the relief of Ernest B. Butte;
H.R. 469. An act for the relief of Lucy Murphy;
H.R. 1403. An act for the relief of David I. Brown;
H.R. 2342. An act for the relief of Lota Tidwell;
H.R. 2509. An act for the relief of John Newman;
H.R. 2990. An act for the relief of George G. Slonaker;
H.R. 3997. An act for the relief of Erney S. Blazer;
H.R. 4056. An act for the relief of Emma F. Taber;
H.R. 4252. An act for the relief of Mary Elizabeth O'Brien;
H.R. 4268. An act for the relief of Joe Setton;
H.R. 5007. An act for the relief of Lissie Maud Green;
H.R. 6084. An act for the relief of Lottie W. McCaskill;
H.R. 6525. An act to amend the act known as the "Perishable Agricultural Commodities Act, 1930", approved June 10, 1930;
H.R. 6822. An act for the relief of Warren F. Avery; and
H.R. 8046. An act to provide a penalty for the knowing or willful presentation of any false written instrument relating to any matter within the jurisdiction of any department or agency of the Government with intent to defraud the United States.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H.R. 472. An act for the relief of Phyllis Pratt and Harold Louis Pratt, a minor;
H.R. 881. An act for the relief of Primo Tiburzio;
H.R. 2032. An act for the relief of Richard A. Chavis;
H.R. 2639. An act for the relief of Charles J. Eisenhauer;
H.R. 3032. An act for the relief of Paul Jelna;
H.R. 3521. An act to reduce certain fees in naturalization proceedings, and for other purposes;
H.R. 3985. An act for the relief of Charles T. Moll;
H.R. 4253. An act for the relief of Laura Goldwater; and
H.R. 8402. An act to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes.

The message also announced that the Senate had passed bills and joint resolutions of the following titles, in which the concurrence of the House is requested:

S. 255. An act for the relief of John Hampshire;
S. 754. An act for the relief of Fred M. Munn;
S. 838. An act for the relief of Anson H. Pease;
S. 896. An act for the relief of James Tulley Hazel;
S. 1114. An act for the relief of the estate of Harry F. Stern;
S. 1132. An act for the relief of Stanley A. Jerman, receiver for A. J. Peters Co., Inc.;
S. 1135. An act to amend section 1 of the act entitled "An act to provide for determining the heirs of deceased Indians, for the disposition and sale of allotments of deceased Indians, for the leasing of allotments, and for other purposes", approved June 25, 1910, as amended;
S. 1314. An act for the relief of Perry Randolph;
S. 1328. An act to provide for the donation of certain Army equipment to posts of the American Legion;
S. 1431. An act for the relief of Elmer E. C. Armstrong;
S. 1432. An act for the relief of Henry Bartels;
S. 1442. An act for the relief of John O'Gorman;
S. 1527. An act for the relief of Charles A. Lewis;
S. 1544. An act for the relief of certain disbursing officers of the Army of the United States and for the settlement of individual claims approved by the War Department;

S. 1557. An act for the relief of Harry Lee Shaw;

S. 1594. An act for the relief of William Edward Tidwell;

S. 1657. An act to amend section 3 of the act entitled "An act to extend the period of restriction in lands of certain members of the Five Civilized Tribes, and for other purposes", approved May 10, 1928 (45 Stat.L., 496), as amended by the act of February 14, 1931 (46 Stat.L., 1108);

S. 1694. An act for the relief of the city of New York;

S. 1857. An act for the relief of John L. Summers, disbursing clerk, Treasury Department, and for other purposes;

S. 1874. An act relative to leasing restricted lands of Indians of the Five Civilized Tribes of Oklahoma, and for other purposes;

S. 1882. An act to authorize the Secretary of the Interior to issue patents for lots to Indians within the Indian village of Taholah, on the Quinaielt Indian Reservation, Wash.;

S. 1891. An act to authorize the Secretary of the Interior to cancel restricted fee patents and issue trust patents in lieu thereof;

S. 1932. An act for the relief of Alfred Hohenlohe, Alexander Hohenlohe, Konrad Hohenlohe, and Viktor Hohenlohe by removing cloud on title;

S. 2003. An act for the relief of Henry A. Richmond;

S. 2080. An act to provide punishment for killing or assaulting Federal officers;

S. 2084. An act granting and confirming to the East Bay Municipal District, a municipal utility district of the State of California and a body corporate and politic, of said State, and a political subdivision thereof, certain lands, and for other purposes;

S. 2096. An act equalizing annual leave of employees of the Department of Agriculture stationed outside the continental limits of the United States;

S. 2104. An act for the relief of George W. Baker;

S. 2233. An act for the relief of Mildred F. Stamm;

S. 2248. An act to protect trade and commerce against interference by violence, threats, coercion, or intimidation;

S. 2249. An act applying the powers of the Federal Government, under the commerce clause of the Constitution, to extortion by means of telephone, telegraph, radio, oral message, or otherwise;

S. 2252. An act to amend the act forbidding the transportation of kidnaped persons in interstate commerce;

S. 2253. An act making it unlawful for any person to flee from one State to another for the purpose of avoiding prosecution or the giving of testimony in certain cases;

S. 2378. An act for the relief of August R. Lundstrom;

S. 2425. An act to repeal the act entitled "An act to grant to the State of New York and the Seneca Nation of Indians jurisdiction over the taking of fish and game within the Allegany, Cattaraugus, and Oil Spring Indian Reservations", approved January 5, 1927;

S. 2566. An act authorizing the conveyance of certain lands to the State of Nebraska;

S. 2568. An act granting a leave of absence to settlers of homestead lands during the years 1932, 1933, and 1934;

S. 2571. An act authorizing the Secretary of the Interior to arrange with States for the education, medical attention, relief of distress, and social welfare of Indians, and for other purposes;

S. 2575. An act to define certain crimes against the United States in connection with the administration of Federal penal and correctional institutions and to fix the punishment therefor;

S. 2584. An act for the relief of Elmer Kettering;

S. 2672. An act for the relief of Mabel S. Parker;

S. 2754. An act to add certain public-domain land in Montana to the Rocky Boy Indian Reservation;

S. 2809. An act conferring jurisdiction upon the Court of Claims to hear and determine the claims of the International Arms & Fuze Co., Inc.;

S. 2835. An act to amend section 21 of the act approved June 5, 1920, entitled "An act to provide for the promotion and maintenance of the American merchant marine, to repeal certain emergency legislation, and to provide for the disposition, regulation, and use of property acquired thereunder, and for other purposes", as applied to the Virgin Islands of the United States;

S. 2841. An act to provide punishment for certain offenses committed against banks organized or operating under laws of the United States or any member of the Federal Reserve System;

S. 2857. An act to amend an act entitled "An act to incorporate the Mutual Fire Insurance Co. of the District of Columbia", as amended;

S. 2863. An act for the relief of Don C. Fees;

S. 2870. An act to require the publication of reports of condition of State member banks of the Federal Reserve System, and for other purposes;

S. 2924. An act to include within the Deschutes National Forest, in the State of Oregon, certain public lands within the exchange boundaries thereof;

S. 2934. An act to facilitate the acquisition of migratory-bird refuges, and for other purposes;

S. 2997. An act authorizing loans by Federal land banks to incorporated associations and corporations in certain cases, and for other purposes;

S. 3022. An act to amend an act entitled "An act to amend sections 3 and 4 of an act of Congress entitled 'An act for the protection and regulation of the fisheries of Alaska', approved June 26, 1906, as amended by the act of Congress approved June 6, 1924, and for other purposes";

S. 3144. An act to legalize a bridge across the St. Louis River at or near Cloquet, Minn.;

S.J.Res. 93. Joint resolution authorizing the creation of a Federal memorial commission to consider and formulate plans for the construction on the western bank of the Mississippi River at or near the site of old St. Louis, Mo., of a permanent memorial to the men who made possible the territorial expansion of the United States, particularly President Thomas Jefferson and his aides, Livingston and Monroe, who negotiated the Louisiana Purchase, and to the great explorers, Lewis and Clark, and the hardy hunters, trappers, frontiersmen, and pioneers, and others who contributed to the territorial expansion and development of the United States of America; and

S.J.Res. 94. Joint resolution to retire George W. Hess as Director Emeritus of the Botanic Garden.

The message also announced that the Senate requests the House to return to the Senate the bill (S. 2686) to provide a penalty for the presentation of a false written instrument relating to any matter within the jurisdiction of any department or agency of the Federal Government.

ORDER OF BUSINESS

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that on tomorrow, immediately after the reading of the Journal, the Clerk shall call the bills on the Private Calendar, beginning with the star, and that bills unobjected to shall be considered in the House as in Committee of the Whole; and that Calendar Wednesday business of this week be dispensed with and that on Wednesday it shall be in order to consider business that would have been in order today.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. Yes.

Mr. RANKIN. That includes suspensions, does it?

Mr. BYRNS. Yes; whatever business is in order today, if this request is granted, will be in order on Wednesday.

Mr. HOPE. Mr. Speaker, reserving the right to object, does the gentleman from Tennessee understand that the sugar bill will be brought up on Wednesday?

Mr. BYRNS. That has been my general understanding.

Mr. HOPE. In that connection I wonder if we could not have some agreement as to an extension of time so far as the consideration of the sugar bill is concerned.

Mr. BYRNS. I think the gentleman from Texas [Mr. JONES] will be reasonable in the matter of allowing time; but I do want to say to the gentleman from Kansas that we have quite a number of other suspensions, and we have quite a long Consent Calendar, and there are some other matters that are pressing that will be ready the latter part of this week. I hope whatever additional time is arranged for on the sugar bill can be made as short as possible.

Mr. HOPE. Of course, the sugar bill, in my judgment, is one which should never be brought up under suspension anyway. It is a bill which ought to have more consideration with opportunity for amendment; but I understand the domestic-sugar industry is very much interested in having this bill go through at as early a date as possible, and I would not have any objection, under the circumstances, to having it come up in this way if we may have adequate time to discuss it.

Mr. BYRNS. How much time does the gentleman think ought to be allowed?

Mr. HOPE. I should think a minimum of 1 hour on the side.

Mr. BYRNS. I hope the gentleman will agree to reduce that. If we could make it 40 minutes to the side, it would be very agreeable, especially if the gentleman and others will promise to help us keep the House in session on Wednesday until we can make up for the extra time consumed and also consider some of the bills on the calendar, because there are a number of Members interested in the Consent Calendar.

Mr. JONES. Mr. Speaker, that will be satisfactory to me, if it is agreeable to the gentleman from Kansas.

Mr. HOPE. Under the circumstances that will be agreeable.

Mr. FISH. Mr. Speaker, reserving the right to object, I should like to ask the majority leader if he expects, with the Speaker's cooperation, to bring up Senator JOHNSON's bill to prevent extending loans to foreign nations that have defaulted in the payment of their debts.

Mr. BYRNS. The Speaker can answer that question better than I can, but I understand that is on his list.

Mr. FISH. I have talked with the Chairman of the Committee on Foreign Affairs, and I should like to make the same request for a limited additional time of 20 minutes more on the side.

Mr. BYRNS. We have made a concession with respect to the sugar bill. Would not the gentleman be willing to have 30 minutes on each side or 1 hour for consideration of the bill?

Mr. FISH. I am a good compromiser and a good bargainer, and I accept that suggestion.

Mr. BYRNS. And I hope no one else will make a similar request with respect to any of the other bills.

Mr. LUNDEEN. Mr. Speaker, if the gentleman will permit. I should like to inquire about the Minnesota fire sufferers' bill. If today's business goes over, will this bill be taken up tomorrow or Wednesday?

Mr. BYRNS. It would be in order on Wednesday.

Mr. LUNDEEN. I am very much interested in seeing that the fire sufferers of northern Minnesota are compensated and paid in full for the terrible damage they suffered many years ago. The fires were the result of Federal negligence, and the United States should pay the bill.

Something has been done—that is true. But these people will never be satisfied until they are fully reimbursed. The Government can never pay for the agony and suffering—mental and physical—which they endured.

Many years ago, in the 1913 Session of the Minnesota Legislature, I introduced a bill providing for the establishment of a fire, flood, and disaster fund for the State of Minnesota. This was given a great deal of publicity in the Duluth Herald, News Tribune, and press of northern Minnesota. Had my plan at that time been carried out, this terrible injustice would have been righted instantly. At once and automatically the fund would have operated to aid these people.

The Minnesota fire sufferers—many of them—have been set back a decade or two in their finances. Had money been available at once, they could have gone ahead with their plans for homes, farms, and business. Owing to this terrible loss, they were stranded and left without means to progress.

Now is the time to act, and now is the time to do the square thing for these splendid citizens of the North Star State.

Mr. LUCE. Mr. Speaker, reserving the right to object, I do not understand the gentleman's request extends to giving opportunity for suspensions on Wednesday, other than those he has already referred to.

Mr. BYRNS. Well, I do not know just what is on the list of the Speaker. Of course, the question of suspensions rests altogether with the Speaker, and I do not know just what suspensions he has in mind. I understand these three bills are on his list.

Mr. LUCE. It was contemplated there should be adequate time for discussion of the home-loan-bond guarantee bill.

Mr. BYRNS. I do not think that bill will be taken up. That is one reason I am anxious to confine the consideration of these bills as much as we can so we may get to that measure, possibly Thursday or not later than Friday.

Mr. LUCE. I merely wanted to be certain that bill will not be taken up under suspension.

Mr. BYRNS. I do not think, Mr. Speaker, that bill is to be taken up under suspension.

Mr. STEAGALL. There will be no such effort, so far as I am concerned.

The SPEAKER. It will not be taken up under suspension.

Mr. JENKINS of Ohio. Mr. Speaker, reserving the right to object, I should like to ask what effect the gentleman's request has on the Consent Calendar.

Mr. BYRNS. It simply postpones consideration of the Consent Calendar until Wednesday, if this request is granted, and makes it in order on Wednesday.

Mr. WOODRUFF. Mr. Speaker, reserving the right to object, if this unanimous-consent request is granted and the House is to have 1 hour of debate on each side on the sugar bill——

Mr. BYRNS. I understood it was to be 40 minutes.

Mr. WOODRUFF. Even with that division of time, it is not unreasonable to hope, I suppose, that Members other than members of the House Committee on Agriculture may have an opportunity to submit certain observations on the bill.

Mr. BYRNS. That will rest with the gentleman from Texas and whoever demands a second, and I understand a second will probably be demanded by the gentleman from Kansas [Mr. HOPE].

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

EXECUTIVE ORDER—VETERANS' LEGISLATION (H.DOC. NO. 296)

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Expenditures in the Executive Departments and ordered to be printed:

To the Congress of the United States:

Pursuant to the provisions of section 20, title I, of the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933, I am transmitting herewith copies of Executive Orders No. 6661 (Veterans' Regulation No. 1 (d)), and No. 6662 (Veterans' Regulation No. 12 (a)), approved by me March 27, 1934.

These veterans' regulations amend Veterans' Regulation No. 1 (a), approved by me on June 6, 1933, and Veterans' Regulation No. 12, approved by me on March 31, 1933, and have been issued in accordance with the terms of title I, Public, No. 2, Seventy-third Congress, "An act to maintain the credit of the United States Government."

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *March 27, 1934.*

DEATH OF REPRESENTATIVE EDWARD W. POU, OF NORTH CAROLINA

Mr. WEAVER. Mr. Speaker, it is with profound sorrow that I announce to the House the death of our beloved colleague, EDWARD W. POU.

He has served for more than 33 years in this House as a Member from North Carolina. He was the dean of this House in point of service.

Mr. Speaker, Mr. POU acquired seniority and leadership here, not alone by his length of service but by his nobility of character and extraordinary mental attainments.

He passed away yesterday, on that beautiful Easter morning at his apartment in Washington. I believe that Mr. POU was as much loved by the Membership of this House on both sides of the aisle as any man who ever sat in this body.

We shall mourn his loss both as Democrats and as Republicans. He served in many important capacities in this House during his long official life and acquitted himself with honor in all of them.

At the time of his death he was Chairman of the powerful Committee on Rules. He held the same position during the strenuous days of the World War. Those days took a large toll of his physical strength. He was always courteous and kindly to his colleagues, regardless of political situations. He was powerful in debate, clean, clear, and forceful. His mind grasped the essentials of every problem and went straight to the mark.

He was one of North Carolina's great citizens, and we are proud of the distinguished services which he has rendered to our State as a Member of this body. I know that every Member of this House will join with his colleagues from North Carolina in mourning his loss.

At some future time a day will be set aside to commemorate the public life and character of this distinguished man.

Mr. Speaker, I send to the desk at this time the following resolution.

The SPEAKER. The Clerk will report the resolution.

The Clerk read as follows:

House Resolution 318

Resolved, That the House has heard with profound sorrow of the death of Hon. EDWARD W. POU, a Representative from the State of North Carolina.

Resolved, That a committee of the the House be appointed to take order for superintending the funeral of Mr. POU in the House of Representatives at 2 o'clock on Monday, April 2, 1934, and that the House of Representatives attend the same.

Resolved, That as a further mark of respect the remains of Mr. POU be removed from Washington to Smithfield, N.C., in charge of the Sergeant at Arms, attended by the committee, who shall have full power to carry these resolutions into effect, and that the necessary expenses in connection therewith be paid out of the contingent fund of the House.

Resolved, That the Clerk of the House communicate these proceedings to the Senate and invite the Vice President and the Senate to attend the funeral in the House of Representatives and to appoint a committee to act with the committee of the House.

Resolved, That invitations be extended to the President of the United States and the members of his Cabinet, the Chief Justice, and Associate Justices of the Supreme Court of the United States, the Diplomatic Corps (through the Secretary of State), the Chief of Staff of the Army, the Chief of Naval Operations of the Navy, the Major General Commandant of the Marine Corps, and the Commandant of the Coast Guard to attend the funeral in the Hall of the House of Representatives.

The resolution was agreed to.

The SPEAKER. The Chair will state that under the terms of the legislative appropriation bill, which has passed the House, he is authorized to appoint four Members as a funeral committee. The bill has not been enacted into law, but the Chair assumes that it will be enacted into law and is appointing four Members on the committee.

The Chair wishes also to state that a number of other Members of the House will attend the funeral in an unofficial capacity, including the minority leader, two members of the Rules Committee, the gentleman from Alabama, Mr. BANKHEAD, the gentleman from New York, Mr. O'CONNOR, and the Speaker of the House and the entire North Carolina delegation, and others.

The SPEAKER appointed as members to attend the funeral Mr. WEAVER, Mr. BULWINKLE, Mr. CLARK of North Carolina, and Mr. MARTIN of Massachusetts.

LEAVE OF ABSENCE

By unanimous consent, the following leaves of absence were granted:

To Mr. KOCIALKOWSKI, indefinitely, on account of official business.

To Mr. KNUTSON, for 10 days.

To Mr. SCHUETZ, indefinitely, on account of official business.

To Mr. LARRABEE, for today, on account of illness.

To Mr. GRAY, for 4 days, on account of important business.

BILL PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on March 30, 1934, present to the President, for his approval, a bill of the House of the following title:

H.R. 7513. An act making appropriations for the Departments of State and Justice and for the judiciary, and for the Department of Commerce and Labor, for the fiscal year ending June 30, 1935, and for other purposes.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed the following resolution:

Senate Resolution 216

Resolved, That the Senate has heard with profound sorrow the announcement of the death of Hon. EDWARD W. POU, late a Representative from the State of North Carolina.

Resolved, That a committee of two Senators be appointed by the Vice President to join the committee appointed by the House of Representatives to take order for superintending the funeral of the deceased.

Resolved, That the Senate accept the invitation of the House of Representatives to attend the funeral of the deceased to be held in the Hall of the House of Representatives at 2 o'clock post meridian on Monday, April 2, instant.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

The message also announced that in compliance with the foregoing resolution the Vice President had appointed Mr. BAILEY and Mr. REYNOLDS a committee on the part of the Senate.

RECESS

Mr. BYRNS. Mr. Speaker, I move that the House stand in recess, subject to the call of the Chair.

The SPEAKER. The Chair desires to say that he will call the House in session immediately after the funeral exercises.

The motion of Mr. BYRNS was agreed to.

Accordingly the House (at 12 o'clock and 26 minutes p.m.) stood in recess, subject to the call of the Chair.

AFTER RECESS

The House was called to order by the Speaker at 1 o'clock and 55 minutes p.m.

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that the House stand in recess throughout the exercises.

The SPEAKER. Is there objection?

There was no objection.

Accordingly (at 2 p.m.) the House stood in recess.

RECESS—FUNERAL OF THE LATE REPRESENTATIVE EDWARD W. POU

ORDER OF SERVICE

Prayer	Dr. James Shera Montgomery, Chaplain of the House of Representatives
Selection	Quartet of St. Margaret's Episcopal Church
Funeral Services	The Chaplain of the House of Representatives
Address	Mr. Speaker Rainey
Selection	Quartet
Address	Hon. Bertrand H. Snell
Selection	Quartet
Benediction	The Chaplain of the House of Representatives

At 2 p.m. the Vice President and Members of the Senate entered the Chamber and occupied the seats assigned to them, the Vice President occupying a seat at the Speaker's table.

Then came the Chief Justice and Associate Justices of the Supreme Court, who took the seats assigned to them.

The body of the late Mr. POU lay in state in the space in front of the Clerk's desk.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Lift up your heads, O ye gates; be ye lifted up ye everlasting doors, and the King of Glory shall come in.

Heavenly Father, renew in us the spirit that cleanses our divided hearts and deliver us from all self-assurance. O speak through our thoughts and direct the counsels of our meditations. Almighty God, our hearts are bathed in emotion as we wait in loving reverence in memory of one whose superb character and wise statesmanship have contributed so richly to our beloved country. He knew her history, he had learned her lessons, and he loved her institutions. All life is richer for his having passed this way. Grant that the influence of this noble son of Thine may live and remain an incentive to those of us who follow on. We are thankful that his strong will was ever tempered by his mighty charity, which flushed his placid face with an indescribable charm. Heavenly Father, we bless Thee for a life so beautiful in faith, so full of devotion, and so full of renown. How we rejoice that on Easter Morn, when the clouds and darkness that had clustered about the morning star of hope had faded into a new and glorious day, the heavens opened and his pure white soul became immortal. Comfort all bereaved ones, his colleagues, friends, and lead us all in peace up the hill-slopes of time. Through Jesus Christ our Lord. Amen.

A quartet from St. Margaret's Episcopal Church sang the hymn, "Peace, Perfect Peace."

The Chaplain read the burial service.

The CHAPLAIN. Just a word by request, dear friends. We are this afternoon in the afterglow of earth's greatest day. How the multitudes of the wide world converge to one place, and that one place is a symbol of eternal hope and everlasting glory. What a secret hangs over the grave. I long since have learned, in some little way, not to work too hard at a lock where no complete key has been left.

What tears and what prayers hang over the tomb! And yet we wonder, we wonder. Yet as a sailor coming back to his homeland first scents the odors of the shoreline, as some Launfal comes back to his home, and in the distance hears the bells in the abbey, as in that picture, the Aurora, the weary pilgrim stops at the foothills and waits for the glorious sunlight in all its radiant beauty to break on the mountain top, so we wait for a complete solution of the mystery of immortality. I turn to Browning with these hours:

I see my way as the birds their paths; I shall arrive.

When the great philosopher and poet wrote that word of inspiration, a transition came into his life. Before that time, somewhat, he had been kneeling at the altar of Nature—Nature, beautiful, graceful, symmetrical, but still Nature. The big tree chokes to death the little tree. The big vine grips in a deathly hug the little vine. Nature is beautiful, but I find no great comfort in telling myself that God is omnipotent—my heart aches on; that God is omnipresent—my heart aches on; that God is all wisdom—my heart aches on. So in the hour of Browning's sorrow he went out for an afternoon walk, and the glorious, radiant moments of the late afternoon were passing away, dying down into the mysterious depths of holy night. He returned home, and he wrote:

While I was walking, the birds were still singing, the flowers were still blooming, the waters were still rippling, and my heart was still aching.

Then and there he saw the light of a new and beautiful experience.

Then that sweet and beautiful song, To a Waterfowl, by William Cullen Bryant:

There is a power whose care
  Teaches thy way along that pathless coast—
The desert and illimitable air—
  Lone wandering, but not lost.

* * * * *

He who, from zone to zone,
  Guides through the boundless sky they certain flight,
In the long way that I must tread alone,
  Will lead my steps aright.

What an inspiration, what a comfort, and that other song, Eternal Goodness:

And so beside the Silent Sea
  I wait the muffled oar;
No harm from Him can come to me
  On ocean or on shore.

I know not where His islands lift
  Their fronded palms in air;
I only know I cannot drift
  Beyond His love and care.

Man is always seeking something. We look over our shoulders and see the pilgrims crowding about the stream called "The Fountain of Youth." We see others flocking near and far, seeking the beautiful, growing fields of beauty and glory, "The Eldorado." And yonder is the man in my thoughts who is ever seeking the "golden fleece", symbolical of the search of the human heart in all ages and in all generations; and when we read the Holy Grail, it tells the same story, namely, the quest of the human heart. Dear friends, and may I say neighbors, we learned two simple rules in natural philosophy, just two. Perhaps we could not remember another. One is that two bodies cannot occupy the same space at the same time. The other rule is that matter is indestructible. That is to say, the lower survives. I recall very directly the word of Mr. Edison when he was asked his greatest invention. He pointed to the electric light. In some form that substance will live. Will God Almighty care for that substance and allow the mind that conceived it and planned it and toiled for it to die? Burn a piece of coal and the ash and the gasses equal the original bulk. Will God Almighty care for coal and turn a deaf ear to the appeals of the heart that loved, to the breast that feels the throbs of undying, eternal sentiments and emotions. My friends, listen. It cannot be so.

O yet we trust that somehow good
  Will be the final goal of ill,
  To pangs of nature, sins of will,
Defects of doubt, and taints of blood.

That nothing walks with aimless feet,
  That not one life shall be destroyed,
  Or cast as rubbish to the void,
When God hath made the pile complete.

That not a worm is cloven in vain,
  That not a moth with vain desire
  Is shriveled in a fruitless fire,
Or but subserves another's gain.

So runs my dream: but what am I?
  An infant crying in the night;
  An infant crying for the light;
And with no language but a cry.

I stretch lame hands of faith, and grope,
  And gather dust and chaff, and call
  To what I feel is Lord of all,
And faintly trust the larger hope.

It is the salvation of the world, namely, the undying hope that beats everlastingly in the human breast.

In conclusion, we are now, as I said in the beginning, standing in the afterglow of Easter Morning. At this moment I am reminded of what I may be permitted to call the second great prayer of the world:

Lord, remember me when Thou comest into Thy kingdom. * * * Verily, I say unto thee, today shalt thou be with me in Paradise.

The first trophy of the cross was a human soul, and perhaps the institutions of the time, and of his day, had made him the wicked man that he was, and yet he was ushered through the gates of Paradise by our loving Savior. A poem in a London drawing room I picked up one day:

So I stand by the cross on the lone mountain crest,
  Looking toward the ultimate sea;
In the gloom of the morn a ship lies at rest,
  And one sails away from the lea.

One spreads its white sails on a far-reaching track,
  With pennant and sheet flowing free;
One lies in the shadows with sails aback,
  The ship that is waiting for me.

But lo! in the distance the clouds break away,
The gates glowing portals I see;
I hear from the outgoing ship in the bay
A song of the sailors in glee.

So I think of the luminous footsteps that bore
Him safe o'er dark Galilee,
And I wait for my ship to go to that shore—
In the ship that is waiting for me.

These 14 years I have passed in and out of this Chamber, I seldom said "Mr. POU"; I said "Brother POU"; he was so kindly and brotherly. There was a dignified simplicity in his beautiful character. Today in my study I was thinking the sentiments of Tennyson when he lost one of his dear friends:

Break, break, break,
On thy cold gray stones, O sea!
And I would that my tongue could utter
The thoughts that arise in me.

O, well for the fisherman's boy,
That he shouts with his sister at play!
O, well for the sailor lad,
That he sings in his boat on the bay!

And the stately ships go on
To their haven under the hill;
But O for the touch of a vanished hand,
And the sound of a voice that is still!

Break, break, break,
At the foot of thy crags, O sea!
But the tender grace of a day that is dead
Will never come back to me.

All that is left of our dear splendid friend and brother will soon be taken to his Carolina home, down yonder under the beautiful radiant skies, where the flowers and cypress grow, and I think if I could interpret his word this moment it could be said in the language of Robert Louis Stevenson:

Under the wide and starry sky,
Dig the grave and let me lie.
Glad did I live, and gladly die,
And I laid me down with a will.

This be the verse you grave for me:
"Here he lies where he longed to be;
Home is the sailor, home from the sea,
And the hunter home from the hill."

Blessings on his sweet and beautiful memory. He made me think good thoughts. He inspired me to lead a good life. I shall prize his memory for many and many a day.

Mr. SABATH assumed the chair as Speaker pro tempore.

FUNERAL SERVICES OF HON. EDWARD WILLIAM POU, OF NORTH CAROLINA

Mr. RAINEY. Born in Alabama, educated in the University of North Carolina, a Presidential elector, solicitor for the fourth judicial district of North Carolina, 34 years a Member of Congress, Chairman of the powerful Committee on Rules of the House of Representatives—this is a brief outline of the busy useful life of Hon. EDWARD WILLIAM POU, whose body lies here today.

His death removes from this body the last of its Members who were here when I came, 30 years ago. During that long period of time I have been closely associated with him in the work of the Congress, and I have learned to admire and respect in the very highest degree his qualities as a man, a statesman, and a citizen. He will be missed here in the House as few men are missed.

Tomorrow, accompanied by the official committee of the House and Senate, by his family, and by his personal friends, his body will complete its journey back to the State he has represented in the Congress so long and so ably, back to the people he loved and who loved him.

It will be hard to fill his place. When a great tree crashes in the forest, it leaves a space which is not filled again for many decades of time.

His long life was characterized always by intense patriotism and devotion to duty. During the period of the World War he was Chairman of the great Rules Committee of the House; and again, during the present war against depression, he occupied that dignified, powerful, and influential position. He carried on even during the last 3 years, when his physical powers were weakened, but his mind remained perfectly clear and intensely active during his years of illness, and he was found always and until the last few days of his life at his post here in the House of Representatives, discharging efficiently and ably the important duties of his position.

During the period of the World War he made his full share of sacrifices for his country. On Armistice Day, and just before the peace program was put in operation, his son was killed in action on a battlefield of northern France.

In his death all of us who were so closely associated here with him experience a strong sense of personal loss.

I like to think of life as a journey over a broad highway. We start out in the morning traveling over a road watered with last night's rains, and the journey is always upward. There are those who branch out from the main traveled highway and go along into untraveled paths on either side. These are the pioneers; and finally, if they are successful in what they undertake, the highway of life broadens out and takes in also the paths over which they have traveled. A better and a wider highway is made for those who follow.

As we go along, there are places where the green ferns grow, and we ought to linger there, and ED POU knew how to do that. As we travel along, there are meadows where dreams come true, and ED POU found them many times, and so have you. And along the journey there are fields where the four-leaf clovers grow; they are the prizes of this life; and ED POU found them many times, and so have you. As we journey along, always upward, there comes always the call of the crest; and when you reach it, there is another ascent and another crest and another call, and so the journey is always upward until there comes a call at the last crest, and it comes always from the uttermost places that lie at the back of the sun. Some hear it early in life, some late in life, when they have had much of service back of them, as ED POU had, but it comes sooner or later to all. It is the great adventure of this life; and when we hear it, we slip our anchors and sail away over unknown seas to an unknown shore where at anchor lie the craft of those of our friends who have gone before.

Over the grave of EDWARD WILLIAM POU may the snows of winter lie light; over his grave may the winds of winter blow low; over his grave may the birds throughout the long summer days to come sing always their sweetest songs.

Good night, old friend, good night!

The SPEAKER resumed the chair.

Selection by the quartet.

Mr. SNELL. The death of EDWARD W. POU casts gloom over his colleagues in the House of Representatives. Not only was he dean in length of service in the House of Representatives but he was dean as well in the true affections of its Members.

In the beginning of the Sixty-fifth Congress I was assigned to the Rules Committee. Mr. POU was its chairman, and from the very first I learned to admire and respect him. His character, ability, and personal charm attracted me. This early friendship matured and ripened during the intervening 18 years and will always remain with me as a cherished memory.

As I served under Mr. POU when he was Chairman of the Rules Committee, likewise he was the ranking minority member of that committee during the 8 years I was its chairman; yet during the 14 years we were on that committee together, never was there the slightest misunderstanding, although many times we were impelled to take opposing positions at the committee table and on the floor of the House.

It fell to our lot, his and mine, to oppose each other more frequently in debate, I dare say, than any other two Members, on account of the necessity of presenting our party's respective positions. But, party considerations aside, we seldom disagreed on fundamentals.

The last time I talked with Mr. POU, just a few days ago, he referred to our long and pleasant association on the Rules Committee.

ED POU was more than just an ordinary Member. His influence was more than just what he said in debate. His constituents recognized this in keeping him here to serve them. He was fast approaching the record set by the late

Gilbert N. Haugen for the longest continuous service in the House. This long service, his personal charm, and his fine ability just naturally spread a stabilizing influence over all with whom he came in contact.

In these troublous times the country can ill afford to lose a man of the fine character and mental equipment of our friend POU. To me he represented in his everyday life the highest type of the twentieth-century American manhood.

I am proud to say he was my friend. I deeply regret his passing.

On Easter Morning he left us. The birds and flowers of awakening life are singing his requiem. And if we believe that there shall be a resurrection and a reunion, we shall meet him again.

Selection by the quartet.

The CHAPLAIN. And now, unto Him who is able to keep you from falling and present you faultless before the presence of His glory with great joy, unto the only wise God, our Savior, be glory and majesty, dominion and power, both now and ever. And now may grace, mercy, and peace from God the Father, Son, and Holy Spirit abide with us and keep us always. Amen and Amen.

The Chief Justice and the Associate Justices of the Supreme Court and the Vice President and Members of the United States Senate retired from the Chamber.

AFTER RECESS

The House was called to order by the Speaker at 2 o'clock and 45 minutes p.m.

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that the order of services for the funeral exercises of the late Representative EDWARD W. POU and the proceedings thereunder be printed in today's RECORD.

The SPEAKER. Is there objection?

There was no objection.

DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER. The Chair designates the gentleman from Illinois [Mr. SABATH] to preside over the sessions of the House tomorrow.

ADJOURNMENT

Mr. BULWINKLE. Mr. Speaker, as a further mark of respect to the memory of our dead colleague, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 2 o'clock and 46 minutes p.m.) the House adjourned until tomorrow, Tuesday, April 3, 1934, at 12 o'clock noon.

COMMITTEE HEARINGS

SUBCOMMITTEE OF THE COMMITTEE ON IMMIGRATION AND NATURALIZATION

(Tuesday, Apr. 3, 10:30 a.m.)

Hearing on H.R. 6912 in room 445, old House Office Building.

EXECUTIVE COMMUNICATIONS, ETC.

397. Under clause 2 of rule XXIV, a letter from the Secretary of the Senate of Puerto Rico, transmitting a certified copy of concurrent resolution of the Puerto Rican Senate and House of Representatives expressing gratitude to the President and Congress of the United States for economic rehabilitation measures extended to the island, was taken from the Speaker's table and referred to the Committee on Ways and Means.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. SUMNERS of Texas: Committee on the Judiciary. H.R. 8883. A bill limiting the operation of sections 109 and 113 of the Criminal Code and section 190 of the Revised Statutes of the United States with respect to counsel in the case of *United States of America* v. *Weirton Steel Co.* and other cases; without amendment (Rept. No. 1112). Referred to the House Calendar.

Mr. DIMOND: Committee on the Public Lands. H.R. 6179. A bill to amend an act entitled "An act to provide for the leasing of coal lands in the Territory of Alaska, and for other purposes"; with amendment (Rept. No. 1113). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. ROBINSON: Committee on the Public Lands. H.R. 5258. A bill for the relief of Emanuel Wallin; without amendment (Rept. No. 1110). Referred to the Committee of the Whole House.

Mr. ROBINSON: Committee on the Public Lands. H.R. 5419. A bill for the relief of Robert Rayl; without amendment (Rept. No. 1111). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Pensions was discharged from the consideration of the bill (H.R. 4650) granting a pension to Eva Ann Brollier, and the same was referred to the Committee on Invalid Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. LEA of California: A bill (H.R. 8906) to provide funds for cooperation with the public-school board at Covelo, Calif., in the construction of public-school buildings to be available to Indian children of the Round Valley Reservation, Calif.; to the Committee on Indian Affairs.

By Mr. SUMNERS of Texas: A bill (H.R. 8907) to give the Supreme Court of the United States authority to make and publish rules in actions at law; to the Committee on the Judiciary.

By Mr. PARSONS: A bill (H.R. 8908) to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Shawneetown, Gallatin County, Ill., and a point opposite thereto in Union County, Ky.; to the Committee on Interstate and Foreign Commerce.

By Mr. FLETCHER: A bill (H.R. 8909) to authorize the Secretary of the Treasury to amend the contract for sale of post-office building and site at Findlay, Ohio; to the Committee on Public Buildings and Grounds.

By Mr. BLOOM: A bill (H.R. 8910) to establish a National Archives of the United States Government, and for other purposes; to the Committee on the Library.

By Mr. PARSONS: A bill (H.R. 8911) providing for payments in lieu of transportation in kind and subsistence en route to certain veterans of the War with Spain and the Philippine insurrection; to the Committee on Military Affairs.

By Mr. SUMNERS of Texas: A bill (H.R. 8912) to amend section 35 of the Criminal Code of the United States; to the Committee on the Judiciary.

By Mr. SWANK: A bill (H.R. 8913) to regulate interstate commerce by granting the consent of Congress to the several States to levy certain taxes upon property and capital employed, business done, and sales made in interstate commerce; limiting the power to levy such taxes to property and capital employed, business done, and sales consummated within such State; preventing double taxation; and prohibiting political subdivisions of any State from levying taxes or excises upon such property and capital employed, business done, and sales made in interstate commerce; to the Committee on Interstate and Foreign Commerce.

By Mr. BURNHAM: A bill (H.R. 8914) amending the Shipping Act, 1916, as amended, for the purpose of further regulating common carriers by water; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. DUNCAN of Missouri: A bill (H.R. 8915) to amend the National Defense Act of June 3, 1916, as amended; to the Committee on Military Affairs.

By Mr. BRUNNER: A bill (H.R. 8916) to permit shipment of intoxicating liquors via parcel post; to the Committee on the Judiciary.

By Mr. SOMERS of New York: A bill (H.R. 8917) to amend an act entitled "An act to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works and for other purposes", approved June 16, 1933; to the Committee on Ways and Means.

By Mr. KELLER: A bill (H.R. 8918) to amend an act entitled "An act providing for the participation of the United States in A Century of Progress (the Chicago World's Fair Centennial Celebration) to be held at Chicago, Ill., in 1933, authorizing an appropriation therefor, and for other purposes", approved February 8, 1933, to provide for participation in A Century of Progress in 1934, to authorize an appropriation therefor, and for other purposes; to the Committee on the Library.

By Mr. DOCKWEILER: A bill (H.R. 8919) to adjust the salaries of rural letter carriers, and for other purposes; to the Committee on the Post Office and Post Roads.

By Mr. BOEHN: A bill (H.R. 8920) authorizing the Spencer County Bridge Commission, of Spencer County, Ind., or the successors of said commission, to construct, maintain, and operate a toll bridge across the Ohio River between Rockport, Ind., and Owensboro, Ky., and permitting the Spencer County Bridge Commission of Spencer County, Ind., to act jointly with the State Highway Commission of the State of Kentucky and the State Highway Commission of the State of Indiana in the construction, maintenance, and operation of said bridge; to the Committee on Interstate and Foreign Commerce.

By Mr. FREAR: Joint resolution (H.J.Res. 313) proposing an amendment of section 8, article I, of the Constitution; to the Committee on the Judiciary.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of New York, memorializing Congress to enact legislation to prohibit public restaurants under its control from discriminating against patrons because of race, creed, or color; to the Committee on Accounts.

Also, memorial of the Western Governors' Conference, memorializing Congress to purchase surplus nonferrous metals; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. DOCKWEILER: A bill (H.R. 8921) for the relief of Dee W. Minier; to the Committee on Military Affairs.

Also, a bill (H.R. 8922) for the relief of William Cavalier; to the Committee on Military Affairs.

Also, a bill (H.R. 8923) for the relief of John A. Barnes; to the Committee on Military Affairs.

By Mr. FULMER: A bill (H.R. 8924) for the relief of Agnes E. Craig; to the Committee on Claims.

By Mr. HESS: A bill (H.R. 8925) granting a pension to Estella Miller; to the Committee on Invalid Pensions.

By Mr. REECE: A bill (H.R. 8926) granting a pension to Russell M. Huff; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3455. By Mr. BOYLAN: Letter from the International Photo-Engravers' Union of North America, New York City, N.Y., endorsing House bill 7202; to the Committee on Labor.

3456. Also, letter from the Brotherhood of Locomotive Firemen and Enginemen, favoring amendments to the Railway Labor Act; to the Committee on Interstate Commerce.

3457. Also, resolution adopted by the New York Typographical Union, No. 6, New York City, favoring House bill 7598 by Congressman LUNDEEN; to the Committee on Labor.

3458. Also, letter from the Brotherhood Railroad Signalmen of America, favoring the Crosser bill containing amendments to the Railway Labor Act; to the Committee on Interstate and Foreign Commerce.

3459. By Mr. FOCHT: Petition of members of the Milroy Gun Club, Mifflin County, Pa., protesting against Senate bills 2258 and 885; to the Committee on the Judiciary.

3460. By Mr. HAINES: Resolution of Mary Schick, Woman's Christian Temperance Union, Gettysburg, Pa., endorsing the Patman motion picture bill (H.R. 6097) and urging early and favorable action on the same; to the Committee on Interstate and Foreign Commerce.

3461. By Mr. JAMES: Resolution of Spurr Township Board of Education, Michigamme, Mich., favoring passage of House bill 8479, known as the "McLeod bill"; to the Committee on Banking and Currency.

3462. Also, resolution of L'Anse Township Board, Baraga County, Mich., through its clerk, Peter H. Clyne, favoring the passage of the McLeod bill, providing for payment in full to all depositors of closed national banks; to the Committee on Banking and Currency.

3463. Also, resolution of board of education of L'Anse Township Single School District, Baraga County, Mich., favoring the passage of the McLeod bill for relief of bank depositors; to the Committee on Banking and Currency.

3464. Also, resolution of unemployed and farmers of Herman, Baraga County, Mich., through August Pekkola, secretary, and Matt Pennanen, chairman, supporting House bill 7598; to the Committee on Labor.

3465. Also, resolution of township board of the Township of Covington, Baraga County, Mich., favoring House bill 8479, known as the "McLeod bill"; to the Committee on Banking and Currency.

3466. By Mr. JOHNSON of Texas: Petition of Mrs. B. L. Walkup, president of American Supply Co., Mexia, Tex., opposing the Wagner bill (S. 2926) and Connery bill (H.R. 8423); to the Committee on Labor.

3467. Also, petition of Hon. A. S. McSwain, county judge, Brazos County, Bryan, Tex., urging appropriation for construction of additional highways; to the Committee on Appropriations.

3468. Also, petition of C. A. Wuensche, Ideal Motor Co., Thorndale, Tex., opposing the Wagner bill (S. 2926); to the Committee on Labor.

3469. By Mr. LINDSAY: Telegram from H. M. Lee, New York City, favoring the Jones sugar bill (H.R. 8861); to the Committee on Agriculture.

3470. Also, telegram from the Arkell Safety Bag Co., New York City, favoring the Jones sugar bill (H.R. 8861); to the Committee on Agriculture.

3471. Also, telegram from the Puerto Rico Sugar Producers Association, New York City, opposing the new sugar bill in its present form; to the Committee on Agriculture.

3472. Also, telegram from Michael R. Iorio, chairman Queens Division, Community Councils, Bridge Plaza, Long Island City, N.Y., favoring the passage of the Jones sugar bill (H.R. 8861); to the Committee on Agriculture.

3473. Also, telegram from the Dellwood Elevator Co., Buffalo, N.Y., opposing the stock exchange bill; to the Committee on Interstate and Foreign Commerce.

3474. Also, telegram from Joseph P. Ryan, president International Longshoremen's Association, New York City, favoring the enactment of the Jones sugar bill (H.R. 8861); to the Committee on Agriculture.

3475. Also, telegram from Frank Peer Beal, executive secretary Community Councils of the City of New York, urging support of the Jones sugar bill (H.R. 8861); to the Committee on Agriculture.

3476. Also, petition of International Agricultural Corporation, Albany, Ga., opposing the security exchange bill in its present form; to the Committee on Interstate and Foreign Commerce.

3477. Also, petition of the Permatex Co., Inc., Sheepshead Bay, N.Y., opposing the passage of the Wagner-Connery bills; to the Committee on Labor.

3478. Also, petition of Holden-Leonard Co., Inc., New York City, opposing the passage of the Wagner-Connery bills; to the Committee on Labor.

3479. Also, petition of the Allied Printing Trades Council of Greater New York, favoring the Connery 30-hour week bill; to the Committee on Labor.

3480. Also, petition of New York Typographical Union, No. 6, New York City, favoring the passage of House bill 7598; to the Committee on Labor.

3481. Also, petition of Brotherhood Railroad Signalmen of America, urging favorable consideration of the Dill-Crosser bill, the Black-Crosser bills, the Wagner-Crosser bill, the Ashurst-Mead bill, and the Wheeler-Griswold bill; to the Committee on Labor.

3482. Also, petition of the Holden-Leonard Co., Inc., New York City, opposing the Fletcher-Rayburn securities bill; to the Committee on Interstate and Foreign Commerce.

3483. Also, petition of the Sterling Bag Co., Brooklyn, N.Y., urging support of the Jones sugar bill (H.R. 8861); to the Committee on Agriculture.

3484. Also, letters of Joseph Kroll, Grueneberg family, John Hughes, and others, Brooklyn, N.Y., opposing the Fletcher-Rayburn bill; to the Committee on Interstate and Foreign Commerce.

3485. Also, petition of Somers & Conzen Coal Corporation, Brooklyn, N.Y., opposing the passage of the Fletcher-Rayburn bill in its present form; to the Committee on Interstate and Foreign Commerce.

3486. Also, memorial of the Senate of the State of New York, Albany, N.Y., urging enactment of such measures as will prohibit all public restaurants under its control and management from discriminating against patrons thereof because of race, creed, or color; to the Committee on Accounts.

3487. Also, petition of the Congoleum-Nairn, Inc., Kearney, N.J., opposing the passage of the National Securities Exchange Act of 1934 in its present form; to the Committee on Interstate and Foreign Commerce.

3488. Also, petition of Harold M. Brummer, New York City, urging defeat of the Fletcher-Rayburn bill; to the Committee on Interstate and Foreign Commerce.

3489. Also, petition of the Armstrong Cork Co., Lancaster, Pa., opposing the National Securities Exchange Act of 1934; to the Committee on Interstate and Foreign Commerce.

3490. Also, petition of the National Enameling & Stamping Co., New York City, opposing the Fletcher-Rayburn bill in its present form; to the Committee on Interstate and Foreign Commerce.

3491. Also, petition of the Doane-Commercial Towing Co., Boston, Mass., opposing the enactment of House bill 7979; to the Committee on Merchant Marine, Radio, and Fisheries.

3492. Also, petition of the Plunkett Webster Lumber Co., Inc., New Rochelle, N.Y., concerning House bill 8403; to the Committee on Banking and Currency.

3493. By Mr. LUCE: Resolution of the Massachusetts House of Representatives, regarding the imposition of furloughs to employees in the Postal Service; to the Committee on the Post Office and Post Roads.

3494. Also, resolutions of the House of Representatives, Massachusetts General Court, urging enactment of legislation to promote the establishment of unemployment insurance or unemployment reserves in the several States by providing certain tax relief to employers in those States which have appropriate laws in this regard; to the Committee on Ways and Means.

3495. By Mr. MARTIN of Massachusetts: Memorial of the Massachusetts House of Representatives, urging the enactment of legislation to promote the establishment of unemployment insurance or unemployment reserves in the several States by providing certain tax relief to employers in those States which have appropriate laws in this regard; to the Committee on Labor.

3496. By Mr. MILLARD: Petition signed by residents of Westchester County, N.Y., urging the repeal of that part of the Economy Act which permits department heads to impose payless-furlough days on Government employees; to the Committee on the Post Office and Post Roads.

3497. By Mr. PEYSER: Petitions on behalf of the specialists and floor traders of the New York Stock Exchange; to the Committee on Interstate and Foreign Commerce.

3498. By Mr. POLK: Petition of the Home Missionary Society of Trinity Methodist Episcopal Church, at Portsmouth, Ohio, signed by its president, Mrs. Frank Appel, and by its secretary, Mrs. O. Shoemaker, and unanimously adopted by its members, urging early and favorable consideration of House bill 6097, which provides for higher moral standards for films entering interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

3499. By Mr. RUDD: Petition of New York Typographical Union, No. 6, New York City, favoring the passage of the Lundeen bill (H.R. 7598); to the Committee on Labor.

3500. Also, petition of the J. & J. W. Elsworth Co., New York City, favoring appropriations for the building of two ice breakers for the Coast Guard at the New London Coast Guard Base, New London, Conn.; to the Committee on Appropriations.

3501. Also, petition of Brotherhood Railroad Signalmen of America, favoring certain proposed legislation in the interest of railroad employees; to the Committee on Labor.

3502. Also, petition of the Cork Import Corporation, New York City, opposing the passage of the tariff bill, H.R. 8430; to the Committee on Ways and Means.

3503. Also, petition of the Plunket-Webster Lumber Co., New York, favoring the passage of House bill 8403, with certain amendments; to the Committee on Banking and Currency.

3504. Also, petition of the Cork Import Corporation, New York City, opposing the passage of the Wagner labor bill; to the Committee on Labor.

3505. Also, petition of the Permatex Co., Inc., Brooklyn, N.Y., opposing the passage of the Wagner-Connery labor-dispute bill; to the Committee on Labor.

3506. Also, petition of Richey, Browne & Donald, New York City, opposing the passage of House bill 8423; to the Committee on Labor.

3507. Also, petition of the Holden-Leonard Co., Inc., New York City, opposing the passage of the Wagner labor bill; to the Committee on Labor.

3508. Also, petition of the National Enameling & Stamping Co., New York City, opposing the passage of the Fletcher-Rayburn stock-exchange control bill; to the Committee on Interstate and Foreign Commerce.

3509. Also, petition of Margaret K. Brown, Goldens Bridge, N.Y., opposing the passage of the Fletcher-Rayburn stock-exchange control bill; to the Committee on Interstate and Foreign Commerce.

3510. Also, petition of Harold J. Brummer, New York City, opposing the passage of the Fletcher-Rayburn stock-exchange control bill; to the Committee on Interstate and Foreign Commerce.

3511. Also, memorial of the Legislature of the State of New York, favoring the enactment of such legislation as will prohibit all public restaurants under its control and management from discriminating against patrons thereof because of race, creed, or color; to the Committee on Accounts.

3512. Also, petition of the Puerto Rico Sugar Producers Association, New York, opposing the passage of the new sugar bill as highly discriminatory against Puerto Rico; to the Committee on Agriculture.

3513. Also, petition of the International Longshoremen's Association, favoring the passage of the Jones sugar bill (H.R. 8861); to the Committee on Agriculture.

3514. Also, petition of the Luckenbach Steamship Co., New York City, opposing the passage of House bill 7667; to the Committee on Merchant Marine, Radio, and Fisheries.

3515. Also, petition of the Allied Printing Trades Council of Greater New York, favoring the Connery 30-hour work bill; to the Committee on Labor.

3516. Also, petition of Congoleum-Nairn, Inc., Kearny, N.J., opposing the passage of the Fletcher-Rayburn stock-exchange control bill; to the Committee on Interstate and Foreign Commerce.

3517. Also, petition of the Holden-Leonard Co., Inc., New York City, opposing the passage of the Fletcher-Rayburn securities bill; to the Committee on Interstate and Foreign Commerce.

3518. Also, petition of the Armstrong Cork Co., Lancaster, Pa., opposing the passage of the National Securities Exchange Act of 1934; to the Committee on Interstate and Foreign Commerce.

3519. Also, petition of the Dellwood Elevator Co., Division Archer, Daniels Midland Co., Buffalo, N.Y., opposing the stock-exchange control bill; to the Committee on Interstate and Foreign Commerce.

3520. Also, petition of the International Agricultural Corporation, Albany, Ga., opposing the passage of the security exchange bill; to the Committee on Interstate and Foreign Commerce.

3521. Also, petition of Frank J. McCabe, New York City, opposing the Fletcher-Rayburn stock exchange control bill in its present form; to the Committee on Interstate ad Foreign Commerce.

3522. Also, petition of the Somers & Conzen Coal Corporation, Brooklyn, N.Y., opposing the passage of Fletcher-Rayburn stock exchange control bill; to the Committee on Interstate and Foreign Commerce.

3523. By Mr. SNELL: Petition of residents of Gouverneur, N.Y., relative to paper industry; to the Committee on Ways and Means.

3524. Also, petition of employees of the New York Telephone Co., relative to the Wagner bill; to the Committee on Labor.

3525. By Mr. THOMPSON of Texas: Petition of citizens of Galveston, Tex., protesting against passage of House bill 5812, proposing compulsory medical treatment of all newborn infants in the District of Columbia; to the Committee on the District of Columbia.

3526. By Mr. TREADWAY: Resolutions adopted by the House of Representatives, Commonwealth of Massachusetts, urging legislation to promote the establishment of unemployment insurance in the several States; to the Committee on Labor.

3527. By the SPEAKER: Petition of the Boston investment and brokerage houses regarding the National Securities Exchange Act of 1934; to the Committee on Interstate and Foreign Commerce.

SENATE

TUESDAY, APRIL 3, 1934

(Legislative day of Wednesday, Mar. 28, 1934)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal for the calendar days Thursday, March 29, and Monday, April 2, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Black	Capper	Costigan
Ashurst	Bone	Caraway	Couzens
Austin	Borah	Carey	Davis
Bachman	Brown	Clark	Dickinson
Bankhead	Bulow	Connally	Dieterich
Barbour	Byrd	Coolidge	Dill
Barkley	Byrnes	Copeland	Duffy
Erickson	Johnson	Neely	Steiwer
Fess	Kean	Norris	Thomas, Okla.
Fletcher	Keyes	Nye	Thomas, Utah
Frazier	King	O'Mahoney	Thompson
George	La Follette	Overton	Townsend
Gibson	Lewis	Patterson	Tydings
Glass	Logan	Pittman	Vandenberg
Goldsborough	Lonergan	Pope	Van Nuys
Gore	Long	Reed	Wagner
Hale	McAdoo	Robinson, Ark.	Walcott
Harrison	McGill	Russell	Walsh
Hastings	McKellar	Schall	White
Hatch	McNary	Sheppard	
Hayden	Metcalf	Shipstead	
Hebert	Murphy	Smith	

Mr. LEWIS. I desire to announce the absence of the Senator from Florida [Mr. TRAMMELL], of the senior Senator from North Carolina [Mr. BAILEY], of the junior Senator from North Carolina [Mr. REYNOLDS], of the Senator from Ohio [Mr. BULKLEY], of the Senator from Nevada [Mr. MCCARRAN], and of the Senator from Mississippi [Mr. STEPHENS], who are necessarily detained, and the absence of the Senator from Montana [Mr. WHEELER], occasioned by illness.

Mr. HEBERT. I desire to announce that the Senator from West Virginia [Mr. HATFIELD] and the Senator from Indiana [Mr. ROBINSON] are necessarily detained from the Senate.

The VICE PRESIDENT. Eighty-five Senators have answered to their names. A quorum is present.

REPORT OF THE RECONSTRUCTION FINANCE CORPORATION

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the Reconstruction Finance Corporation, submitting, pursuant to law, a report covering the operations of the Corporation for the fourth quarter of 1933 and the period from its organization on February 2, 1932, to December 31, 1933, inclusive, which, with the accompanying papers, was referred to the Committee on Banking and Currency.

DISPOSITION OF USELESS PAPERS

The VICE PRESIDENT laid before the Senate a letter from the Assistant to the Secretary of Labor, transmitting, pursuant to law, a list of files accumulated in the Office of the Secretary which are not needed in the conduct of business and possessing no historical interest, and asking for action looking toward their disposition, which, with the accompanying papers, was referred to a Joint Select Committee on the Disposition of Useless Papers in the Executive Departments.

The VICE PRESIDENT appointed Mr. WALSH and Mr. BORAH members of the committee on the part of the Senate.

BOARD OF VISITORS TO THE UNITED STATES MILITARY ACADEMY

Mr. SHEPPARD. I ask that the announcement which I send to the desk may be read.

The PRESIDING OFFICER (Mr. BARKLEY in the chair). The announcement will be read, as requested.

The legislative clerk read as follows:

UNITED STATES SENATE,
COMMITTEE ON MILITARY AFFAIRS,
Washington, D.C., April 3, 1934.

To the Senate:

By virtue of the authority vested in me by the act approved May 17, 1928, I hereby appoint Senators COOLIDGE, LOGAN, REYNOLDS, REED, and CAREY to represent the Senate Committee on Military Affairs on the Board of Visitors to the United States Military Academy during the remainder of the Seventy-third Congress.

MORRIS SHEPPARD,
Chairman Senate Military Affairs Committee.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following concurrent resolution of the Legislature of the State of New York, which was referred to the Committee on Rules:

STATE OF NEW YORK,
IN SENATE,
Albany, March 26, 1934.

By Mr. Blumberg

Whereas it appears from a current newspaper article that there has been discrimination against Negroes in a restaurant open to the public and located in the United States Capitol and that service of food therein has been refused to Negroes; and

Whereas such treatment tends to create racial prejudices and animosity; and

Whereas the people of this State are not in accord with such practices: Now, therefore, be it

Resolved (*if the assembly concur*), That the Congress of the United States be, and it is hereby, respectfully memorialized to enact such measures as will prohibit all public restaurants under its control and management from discriminating against patrons thereof because of race, creed, or color; and be it further

Resolved (*if the assembly concur*), That a copy of this resolution be transmitted to the Clerk of the House of Representatives and to the Secretary of the Senate and to each Member of the Congress elected thereto from this State.

By the order of the senate.

MARGUERITE O'CONNELL, *Clerk.*

IN ASSEMBLY, *March 27, 1934.*

Concurred in without amendment.

By order of the assembly.

FRED W. HAMMOND, *Clerk.*

The VICE PRESIDENT also laid before the Senate telegrams in the nature of memorials from sundry citizens of New Orleans, La., remonstrating against the passage of the so-called "Fletcher-Rayburn stock-exchange bill" in its present form, and favoring a less drastic bill, which were referred to the Committee on Banking and Currency.

He also laid before the Senate a letter in the nature of a petition from George R. Stump, of Humansville, Mo., praying for the prompt passage of legislation providing payment of the so-called "soldiers' bonus", which was referred to the Committee on Finance.

He also laid before the Senate a telegram in the nature of a memorial from the Japanese Chamber of Commerce of Honolulu, Hawaii, remonstrating against imposing restriction on the Hawaiian sugar industry so as to place it on an unequal basis with the industry in continental United States, which was referred to the Committee on Finance.

He also laid before the Senate a petition of members of the Forest City Hebrew Benevolent Association Juniors, of Cleveland, Ohio, praying for the adoption of Senate Resolution 154 opposing alleged discriminations against Jews in Germany, which was referred to the Committee on Foreign Relations.

He also laid before the Senate a resolution adopted by the Wesleyan Service Guild, of San Francisco, Calif., favoring the passage of the so-called "Patman motion-picture bill", being House bill 6097, providing for higher moral standards for films entering interstate and foreign commerce, which was referred to the Committee on Interstate Commerce.

UNEMPLOYMENT INSURANCE OR UNEMPLOYMENT RESERVES

Mr. WALSH. Mr. President, I present and ask that there be printed in full in the RECORD resolutions of the House of Representatives of the Commonwealth of Massachusetts memorializing Congress for the enactment of legislation to promote the establishment of unemployment insurance or unemployment reserves in the several States by providing certain tax relief to employers in those States which have appropriate laws in this regard.

The resolutions were referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

Resolutions memorializing Congress for legislation to promote the establishment of unemployment insurance or unemployment reserves in the several States by providing certain tax relief to employers in those States which have appropriate laws in this regard

Whereas the House of Representatives of Massachusetts, being mindful of the need for protecting the lives and bettering the opportunities of the people of Massachusetts by establishing a system of unemployment insurance or reserves, is desirous also of keeping the manufacturers and other employers in this Commonwealth free from any possible unfair competition at the hands of employers in those States which do not require contributions to such unemployment insurance funds or reserves: Therefore be it

Resolved, That the said house of representatives does hereby memorialize and petition the Congress of the United States to enact into law Senate Joint Resolution 26 of the last session, or such other appropriate legislation as may be proposed, for permitting employers in those States which have enacted suitable provisions for compulsory unemployment insurance or reserves, to deduct from their United States income-tax payments a substantial portion of their respective contributions toward the maintaining of the said systems of unemployment insurance or reserves; and be it further

Resolved, That a copy of these resolutions be sent by the secretary of the Commonwealth to the President of the United States and to each Senator and Representative in Congress from this Commonwealth.

In house of representatives, adopted March 23, 1934.

FRANK E. BRIDGMAN, *Clerk.*

A true copy. Attest:

[SEAL] F. W. COOK,

Secretary of the Commonwealth.

FURLOUGHS IN THE POSTAL SERVICE

Mr. WALSH. Mr. President, I present and ask that there be printed in full in the RECORD resolutions of the House of Representatives of the Commonwealth of Massachusetts in opposition to the proposed imposition of a one day's furlough each month on certain employees in the Postal Service.

The resolutions were referred to the Committee on Appropriations and ordered to be printed in the RECORD, as follows:

Resolutions in opposition to the proposed imposition of a one day's furlough each month on certain employees in the Postal Service of the United States

Whereas it is an established principle in the modern financing of governments that their budgets should be balanced by providing additional revenue or by retrenchment in expenditures; and

Whereas direct or indirect reduction in the pay of Government employees should not be resorted to for such purpose until all other available means have been exhausted and, when resorted to, should be so effected that the burden resulting therefrom will be laid on all classes of employees equally as nearly as may be; and

Whereas it appears that the imposition of one day furloughs each month upon certain United States postal employees, in violation of the foregoing principles, is contemplated: Therefore be it

Resolved, That the House of Representatives of the General Court of Massachusetts desires to be recorded in opposition to the imposition as aforesaid of any such furloughs; and be it further

Resolved, That the secretary of the Commonwealth forthwith forward copies of these resolutions to the President of the United States of America, to the Postmaster General thereof, and to the presiding officers of both branches of the Congress and to the Members thereof from this Commonwealth.

In house of representatives, adopted, March 27, 1934.

FRANK E. BRIDGMAN, *Clerk.*

A true copy. Attest:

[SEAL] F. W. COOK,

Secretary of the Commonwealth.

REPORTS OF COMMITTEES

Mr. HEBERT, from the Committee on the Judiciary, to which was referred the bill (S. 2794) to amend the Longshoremen's and Harbor Workers' Compensation Act with respect to rates of compensation, and for other purposes, reported it with amendments and submitted a report (No. 588) thereon.

Mr. ASHURST, from the Committee on the Judiciary, to which was referred the bill (S. 2735) to amend sections 5136 and 5153 of the Revised Statutes, as respectively amended, reported it without amendment and submitted a report (No. 589) thereon.

Mr. LOGAN, from the Committee on Military Affairs, to which was referred the bill (S. 790) for the relief of Charles B. Arrington, reported it with amendments and submitted a report (No. 590) thereon.

He also, from the same committee, to which was referred the bill (S. 1794) to authorize Vernon C. DeVotie, captain, United States Army, to accept a certain decoration tendered to him by the Colombian Government, reported it without amendment and submitted a report (No. 591) thereon.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BYRD:

A bill (S. 3270) to fix standards for till baskets, Climax baskets, round-bottom baskets, flat-bottom baskets, market baskets, hampers, cartons, crates, boxes, barrels, and other containers for fruits or vegetables, to consolidate existing laws on this subject, and for other purposes; to the Committee on Agriculture and Forestry.

By Mr. LONERGAN:

A bill (S. 3271) for the relief of Carmine Sforza; to the Committee on Claims.

By Mr. TYDINGS:

A bill (S. 3272) for the relief of the city of Baltimore; to the Committee on the Judiciary.

By Mr. CAPPER:

A bill (S. 3273) to authorize compensation in lieu of accumulated leave to employees separated from the Department of Agriculture through the discontinuance of the United States experiment stations in Alaska, Guam, and the Virgin Islands; to the Committee on Appropriations.

By Mr. BARBOUR:

A bill (S. 3274) to regulate the expenditure of public moneys heretofore and hereafter available for expenditure in carrying out the act of May 18, 1933, known as the "Tennessee Valley Authority Act of 1933", and for other purposes; to the Committee on Finance.

By Mr. WALSH:

A bill (S. 3275) for the allowance of certain claims for extra labor above the legal day of 8 hours at the several navy yards and shore stations certified by the Court of Claims; to the Committee on Education and Labor.

By Mr. McNARY:

A bill (S. 3276) to confer jurisdiction on the Court of Claims to hear, determine, and render judgment upon the claim of Suncrest Orchards, Inc.; to the Committee on Claims.

By Mr. THOMPSON:

A bill (S. 3277) authorizing the purchase of additional land and the construction of an enclosure thereof at the radio station near Grand Island, Nebr.; to the Committee on Interstate Commerce.

(By request.) A bill (S. 3278) authorizing the Bankers Reserve Life Co., of Omaha, Nebr., and the Wisconsin National Life Insurance Co. to bring suit in the Court of Claims of the United States against the United States of America for a refund of taxes paid by said corporations into the Treasury of the United States and authorizing said court to disregard the statute of limitation; to the Committee on Claims.

By Mr. DILL (by request):

A bill (S. 3279) incorporating the American White Cross Association on Drug Addiction; to the Committee on the Judiciary.

By Mr. WAGNER:

A bill (S. 3280) to carry out the findings of the Court of Claims in the claim of the Morse Dry Dock & Repair Co. (with an accompanying paper); to the Committee on Claims.

By Mr. COPELAND:

A bill (S. 3281) to amend the law relative to citizenship and naturalization, and for other purposes; to the Committee on Immigration.

RECIPROCAL TARIFF AGREEMENTS—AMENDMENTS

Mr. FLETCHER submitted two amendments intended to be proposed by him to the bill (H.R. 8687) to amend the Tariff Act of 1930, which were referred to the Committee on Finance and ordered to be printed.

INTERNAL-REVENUE TAXATION—AMENDMENTS

Mr. CAREY, Mr. DICKINSON, Mr. KING, Mr. POPE, and Mr. SHIPSTEAD each submitted an amendment intended to be proposed by them, respectively, to House bill 7835, the revenue bill, which were severally ordered to lie on the table and to be printed.

AMENDMENT TO LEGISLATIVE APPROPRIATION BILL

Mr. GEORGE submitted an amendment intended to be proposed by him to House bill 8617, the legislative appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

On page 2, line 25, after "enrolling clerk", to insert the following: "$4,000 and $1,000 additional as long as the position is held by the present encumbent."

EMPLOYMENT OF COUNSEL IN ANTITRUST CASES

Mr. KING. Mr. President, I ask unanimous consent for the present consideration of Senate bill 3209. I will say, in a word, that the bill for which I ask consideration has been reported unanimously by the Judiciary Committee. In brief, the situation is this: There is a statute under the terms of which no attorney may be employed by the Department of Justice in the prosecution of any case by the Government if he has pending any cases against the Government. The Department of Justice has initiated, or is about to initiate, proceedings against a certain company for the enforcement of the Sherman antitrust law. It desires to employ Mr. Frank K. Nebeker, who has had large experience in former administrations, both Republican and Democratic, in the enforcement of the antitrust laws. It sent down a bill which the Judiciary Committee has reported, which permits the employment of Mr. Nebeker in the prosecution of this case.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

There being no objection, the bill (S. 3209) limiting the operation of sections 109 and 113 of the Criminal Code and section 190 of the Revised Statutes of the United States with respect to counsel in the case of United States of America against the Weirton Steel Co. and other cases was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That nothing in sections 109 and 113 of an act entitled "An act to codify, revise, and amend the penal laws of the United States", approved March 4, 1909, as amended (U.S.C., title 18, secs. 198 and 203), or in section 190 of the Revised Statutes of the United States (U.S.C., title 5, sec. 99), or in any other act of Congress forbidding officers or employees or former officers or employees of the United States from acting as counsel, attorney, or agent for another before any court, department, or branch of the Government or from receiving or agreeing to receive compensation therefor, shall be deemed to apply to attorneys or counselors to be specially employed, retained, or appointed by the Attorney General or under authority of the Department of Justice to assist in the prosecution of the case of United States of America against Weirton Steel Co., and/or any other case or cases, civil or criminal, involving said company, its officers or agents, arising under the National Industrial Recovery Act or any code of fair competition adopted pursuant thereto.

Mr. KING. I ask unanimous consent to have the letter from the Attorney General appearing in the report filed with the bill printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

MARCH 27, 1934.

Hon. HENRY F. ASHURST,
Chairman Committee on the Judiciary,
United States Senate, Washington, D.C.

MY DEAR SENATOR: It is deemed essential to the proper conduct of the case of the United States against The Weirton Steel Co. that special counsel of national standing and professional ability be retained. To meet this necessity it is desired to appoint Mr. Frank K. Nebeker, a lawyer of distinction, formerly assistant to the Attorney General of the United States, but now engaged in the practice of the law in Washington, D.C. His association with the Government's cause in the Weirton case would, it is believed, lend great aid to the conduct thereof. In his practice Mr. Nebeker represents clients who have claims against the Government and who may have claims in the future. If he is to be specially employed in behalf of the Government, as I propose, and at the same time continue to represent the clients referred to, it will be necessary for Congress to exempt him by special statute from the operation of the provisions of sections 109 and 113 of the Criminal Code and section 190 of the Revised Statutes of the United States. I enclose herewith a bill to effectuate this result and request that you introduce it and endeavor to secure its passage. I shall very much appreciate as prompt action in the matter as you are able to give it.

Sincerely yours,

HOMER CUMMINGS,
Attorney General.

DR. WILLIAM A. WIRT

Mr. PATTERSON. Mr. President, I ask unanimous consent to have printed in the RECORD a statement recently printed in the New York Times, written by Charles Hall Davis, of Petersburg, Va., in which he discusses the statement of Dr. William Wirt which has aroused Nation-wide interest.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Dr. Wirt's statement has aroused Nationn-wide interest, not merely because of his reference to Kerensky and Stalin but because a large number of thoughtful citizens who believe in the American plan and theory of government are seriously alarmed at the continuing and increasing concentration of power in the Federal Government and the scrapping of constitutional limitations on governmental powers.

These citizens recognize that the avowed strategy of the socialist school of thought is gradually to concentrate all power in government and then seize the government and administer it, not in the interest of all the people but of a class described as "the proletariat." They recognize that the present program, whether so intended or not, is aiding and furthering the plans of the socialist school of thought and is helping to make possible a political coup that may at one fell stroke destroy the American Republic and end individual and political liberty.

The Socialist platform of 1904 (official document issued by the national committee, Socialist Party, pp. 307, 308, 309) sets forth that the organization is not American, but is world-wide. It "pledges fidelity to the principles of international socialism." It contains the following:

"*To the end that the workers may* seize every possible advantage that may strengthen them to *gain complete control of the powers of government* and thereby the sooner establish the cooperative commonwealth, the *Socialist* Party pledges itself to watch and work" for certain so-called "legislative reforms." The platform then proceeds to state:

"But in so doing"—that is, urging these legislative reforms—"we are using these remedial measures *as means to the one great end of the cooperative commonwealth.* Such measures of relief as we may be able to force from capitalism *are but a preparation of the workers to seize the whole powers of government* in order that they may thereby lay hold of the whole system of industry. * * *" (Italics inserted.)

I have been a Democrat all my life and voted for Mr. Roosevelt. I cast that vote with full knowledge that when the President took office he would place his hand on the Holy Scriptures and take a solemn oath that he would "preserve, protect, and defend the Constitution of the United States." Reforms in government were urgently needed, but the powers of the President and of Congress were limited by the Constitution, which every Member of Congress has sworn to support.

I did not vote to make Mr. Roosevelt a benevolent despot, but I voted for a President under a representative, constitutional government. The principle of limitations on governmental powers in the hands of agents, as safeguarded by the Constitution of the United States, must be enforced if individual and political liberty is to be maintained and if the rights of man are to be preserved.

The perpetuation of our constitutional government is transcendently important to the American people and to the world; and the temporary control of the administration of national affairs by Democrats or Republicans is of small importance as compared with the preservation of the national birthright of liberty, bequeathed to us by the fathers and framers.

I hold no brief on behalf of Dr. Wirt, but I agree with him that the question of the identity of the man who made the reference to Kerensky and Stalin is of minor importance. The real problem should not be camouflaged by a discussion of personalities; and the issues are too tremendous to be evaded or whitewashed by Congress or to be ridiculed by the press, in the effort to pigeonhole them and thereby lull the American people into a disregard of the present danger to the Republic.

Many of us have feared, and still fear, that the present administration's policies, if continued, will ultimately result in an American Socialist, Communist, Soviet, or Fascist state in place of a constitutional republic. We have not described the menace in terms of Kerensky and Stalin, though we have been alive to the danger of a soviet republic as a result of nationally regimented and coded industry and of the increasing combination and concentration of executive, legislative, and judicial functions in bureaucratic appointees of the President. Many of us still believe in the Constitution of the United States and still cling to the idea expressed by the Supreme Court in an earlier day, when it said:

"The Constitution of the United States is a law for rulers and people, equally in war and in peace, and covers with the shield of its protection all classes of men at all times and under all circumstances. No doctrine involving more pernicious consequences was ever invented by the wit of man than that any of its provisions can be suspended during any of the great exigencies of government. Such a doctrine leads directly to anarchy or despotism. * * * The theory of necessity on which it is based is false." (Supreme Court in *Ex parte Milligan,* 4 Wall. 1.)

It matters little who made the statement to Dr. Wirt about Kerensky and Stalin. It matters much whether the Republic is in danger.

Congress, the President, and the courts are on trial before the American people as their creators and masters. We want to know whether they are endangering the governmental structure for the preservation of human rights and liberty temporarily intrusted to their administration. We want to know how they justify their apparent disregard of the constitutional limitations imposed on them by their creators and masters.

They have not been given a blanket power to act as benevolent despots, nor has the United States been turned over to them for the purpose of testing out the governmental theories of a "brain trust" group.

The American people as a whole still value individual and political liberty. They still believe that unalienable individual rights are an endowment or gift from the Creator and that the Federal Government, as a limited agent created by them, can restrain the exercise of those rights only to the extent authorized by the constitutional intrustment. The Constitution, as a limitation on governmental powers, is neither a joke nor a mere scrap of paper.

Principles, not personalities, are at stake. Our rulers are not sacrosanct or above public criticism. And the new horde of Federal bureaucrats are not yet sufficiently entrenched in power to enable them to avoid an accounting by ridicule, by criticizing a phrase or by crucifying its author.

CHARLES HALL DAVIS.

PETERSBURG, VA., *March 28, 1934.*

ON BEING BURNED IN EFFIGY

The VICE PRESIDENT. The Senator from Louisiana [Mr. LONG] advises the Chair that he desires to rise to a question of personal privilege. The Chair recognizes the Senator from Louisiana.

Mr. LONG. Mr. President, I send to the desk and ask that the clerk may read an Associated Press dispatch which appeared during my absence from the Senate. I ask the attention of Senators to the reading.

The VICE PRESIDENT. The clerk will read, as requested.

The Chief Clerk read as follows:

HUEY LONG BURNED IN EFFIGY

LOUISVILLE, March 30.—As a display of their resentment at Senator HUEY P. LONG'S verbal attack on Col. E. R. Bradley, Kentucky turfman, a group of trainers, exercise boys, and race-track habitues last night hanged and burned the Louisiana Senator in effigy on a vacant lot near the Churchill Downs race track here.

Mr. LONG. Mr. President, it seems that there is some necessity that I acquaint the race-track habitues with facts of which they possibly have no knowledge. I was going to leave it to the sworn testimony that would be presented to the Committee on Finance tomorrow to substantiate things I said on the floor of the Senate the other afternoon. But inasmuch as in their haste to have this matter decided some have seen fit to give considerable publicity to certain activities had by such processes as I have had read at the desk, I am going to have to take the time of the Senate, in order that I may show to the Senate this morning from written publications and documents, all of which are unfriendly to me, that everything I said on the floor of the Senate is true and correct and not to be contradicted by anybody.

I am not going to rely upon anything that is not good evidence. I am not going to rely upon any evidence except such as comes from anti-Long sources, but I am going to give the Senate evidence, first, that the chief racketeer and gambler of the United States is E. R. Bradley; second, that his partner in the business is Col. John P. Sullivan; and, third, that John P. Sullivan is in charge of the internal-revenue business in the State of Louisiana.

I first have the pleasure of reading from that great nationally known publication, Collier's Weekly, a Morgan magazine, from the issue of February 26, 1927. I read at page 15 of that issue from a special article by Mr. Owen P. White published in Collier's Weekly, which has been known to be violently unfriendly to me. From page 15 I read as follows:

They lose and like it.

Being separated from your money at the "Beach Club" is as painless as having your hair cut. Here's how it is done.

They call it the Beach Club, but as the only beach near this gilded emporium of chance is the one of the souvenir postcard (the real ocean being a mile and a half away), the people who know the place best—and the most to their sorrow—merely speak of it with feeling as Bradley's.

I hope my friends will pay particular attention to this national publication which is sponsored by the Morgans & Co. and try to realize that we are listening to a house of high finance dealing with their brother member, who probably is a great deal better than any of the partners they have in the business so far as I have any knowledge. I do not mean to denounce Mr. Bradley. I am merely showing that he is interested in the fraternity as one of the brethren.

I go a little further:

Of course, I am talking about Bradley's, of Palm Beach, and I am quite positive that anyone who has been there, either as a looker-on or a comer-on—

Some of the Senators probably do not understand what that means, and I do not either. I have not been in that place myself—

Either as a looker-on or a comer-on, and who has likewise strayed into similar establishments in other corners of the world, as I

have, will agree with me when I say that it is the sportiest and classiest gambling house in the world.

I am sorry my friend from Kentucky [Mr. BARKLEY] is not here at the moment. "The swankiest, largest, and sportiest gambling house in the world." Let us go a little further dealing with this great citizen who raises race horses in Kentucky and, therefore, became good:

It's strange the way they do it. But down at Bradley's you lose and you like it! There's something anaesthetic about the Bradley atmosphere that renders the operation of separating a man from his money as painless as a hair cut, and enables a player to sit up and watch his cash dribble away from him with as much nonchalance as if he owned a mint, and as if nobody had ever invented such an unpleasant thing as the first of the month.

The very attendants around the place make a piker feel like a plutocrat. His slightest wish is gratified even before he begins to realize that he had one. He feels like smoking, and a flunky in the rear begins to light matches. He is going to be thirsty (he doesn't realize it himself, but a psychological expert, 10 paces in the rear, has analyzed the symptoms and rushed for the ice water), and when the dryness appears so does the drink.

They do everything the same way.

This was in the prohibition days of 1927, and this was Mr. Bradley's policy in the casino as reported by Morgan's magazine.

They do everything the same way. Even the dealer on the other side of the table says "Thank you", as he rakes in your contribution after each turn of the wheel or each flip of the card. It's a nice place, this Bradley's of Palm Beach. Theoretically—

I hope Senators will understand this, because I find in the Senate that steadily day by day we are groping and forgetting the law, and we are not keeping abreast with our knowledge of jurisprudence and the statutes as they have existed and as they now exist; so I hope the Senate will catch this point vividly as I read from this illustrious magazine about this wonderful sportsman who is now recommending the political appointments and representing the gambling interests in Louisiana and on back over toward the coast.

Theoretically—

Said this magazine article, and it is theoretically—

Theoretically it is against the law to run a gambling house in the State of Florida. But what difference does that make? A mere unsupported theory hasn't any more chance to stand up against Mr. Bradley's million-dollar-a-season industry than the patrons of his games have of walking away with the bank. But, being a law-abiding citizen—

That is, running a gambling house down there and serving drinks.

Being a law-abiding citizen—

And he is about as law abiding as Morgan & Co. They are all in the same class. This initiates him into the lodge.

But, being a law-abiding citizen, Mr. Bradley allows the theory to remain undisturbed and calls his place a "club" instead of a gambling house. There are those who say that he cheerfully distributes—

I hope Senators will get this:

There are those who say he cheerfully distributes half a million a year—which is charged to expense and contributed by the suckers—among the needy Florida politicians who will do him the most good.

There has not been any burning in effigy done about this. This is a complimentary article written about Mr. Bradley.

This report, however, cannot be confirmed.

Becoming a member of Mr. Bradley's "club", however, isn't like joining the Elks or securing membership in a Rotary Club. Not at all. In order to secure the privilege of getting plucked, along with the socially elite who foregather around the gambling tables in Mr. Bradley's exclusive establishment, all that the ambitious one has to do is to get some previous sufferer to introduce him as a candidate for sacrifice who can pay his losses and who won't squeal.

I am omitting a little because I have not time to read all of the article. We find where the charity of this man comes into the picture. I shall certainly not read the fair in this article without reading the very good. This is all intended as a compliment to him. It is written here as a creditable article. It is written to give him standing, and it does give him standing. Among the creditable things, in order to show his great charity, they throw this little paragraph in.

I have not had time to read the article in full, and I shall probably offer it at the end of my remarks to be printed in full in the RECORD.

Mr. Bradley must have read my thoughts, for he said—

Get this, Mr. President, because this shows the charity of the man—

"When a man dies owing me any money, I tear up the slips and forget it."

That is very remarkable. This great big gambling-house man tears up the slips when a man dies—and that is charity of the first order. Talk about the tribe of Abou Ben Adhem increasing. Talk about his having been told that he would be remembered as having loved his fellow man. But never will anyone find a greater case of love for one's fellow man than this instance of the man who tears up the slips when someone dies owing him money.

Wonderful! Wonderful recommendation that this man has! He gives the reason, however, and I will read the reason. I am glad to do it. He gives the reason for this charity:

When a man dies owing me any money, I tear up the slips and forget it.

Now, why? He says:

One died the other day. * * * That debt is now off the books.

Why the charity? Here is where the heart of the man is seen in its best and truest light:

I can't ask his people for it, because maybe his family didn't know of his weakness. * * * The law doesn't recognize a gambling debt.

And so the good, true, honest, righteous Kentucky sportsman tears up the slips, because the law does not recognize the debt! [Laughter.] I submit that is positive proof that no one can say that this man is not entitled to his place in the sun.

I do not want to have any doubt about this matter. Inasmuch as I have been burned in effigy on this account, I send to the desk and ask to have the clerk read the main article published in Miami Life, Miami, Fla., March 31, 1934, beginning with "Our tourist crop." I should like to have it read very clearly.

The VICE PRESIDENT. Without objection, the article will be read.

The legislative clerk read as follows:

Our tourist crop yielded $100,000,000 this season. Think of it—a hundred million dollars! But where are our profits? Figured in a most conservative manner, Miami and the county of Dade should be enriched at least $10,000,000. But where is it? This paper will tell you. Your banker will confirm us.

A handful of men who've done the same thing for the last three seasons walked away with the substantial part of the 1934 profit. With the close of the racing season they are taking it North in the same big bag, just the same as they did in 1933 and in 1932, only the bag is heavier. There are $3,000,000 in the bag this year, perhaps more.

And the two men—just two men, mind you—who together have most of it—just two men, mind you, with all that wealth that a few weeks in Miami this season brought them—are the fastidious Mr. Joey E. Widener (of the main-line Philadelphia Wideners, a self-professed sportsman) and his 50–50 partner, Col. E. R. Bradley, of Palm Beach and Louisville, the most notorious gambler in the United States.

Mr. Joe E. Widener, mind you, who never gave a tinker's dam about Miami until he saw race-track profits here that he did not have a hand in, and Colonel Bradley, who has always despised Miami, even to the extent of keeping everything here "closed" as long as he possibly could (even enjoined horse racing here in 1928, through Attorney Jim Carson, now his attorney at the track), and whose tie-up with the fastidious Mr. Widener at Hialeah enables him to shift the "cream" of the very wealthy gamblers to his casino at Palm Beach, the Everglades Club.

Almost a third of the $100,000,000 turned loose by tourists in Dade County in the season just ending was in gambling alone. The two horse tracks and the dog tracks showed $27,000,000 through the pari mutuels over the State—more than $22,000,000 in Dade County alone. Other gambling (unauthorized) raises the Dade total easily to $30,000,000.

For permitting which Dade County gets back from the State's 3-percent levy $14,000. Fourteen thousand dollars return from $30,000,000—a tax so infinitesimally small it strains our mentality to compute it. We 28,000 voters, who in 1931 gave this handful

of men the privilege of handling millions of dollars in betting money, didn't know what we were doing. For we 28,000 voters are today, for the most part, broke. Our county is broke. Our municipalities are bankrupt. We are overtaxed, overcharged, and, instead of seeing relief in sight, we are contemplating even greater burdens—taxing of our occupations, taxing our garbage cans even, anything to keep up our growing pay rolls. While the handful of men, the real proprietors of the race tracks, are rich—and growing richer each season. Growing wealthier on our only "crop"—and we growing poorer. There was never anything like it in the United States.

Gambling, now that it has become almost a necessity in Miami's existence, should be, must be, our slave, not our master. When it does become our master, it must go, and will go, just as the old saloon did when it began controlling people instead of the people controlling it.

We already know enough, too much, about gamblers in Florida becoming masters, and the wholesale buying of the 1931 legislature by the interests we speak of has a most unpleasant ring in our ears yet.

Gambling is almost a necessity, for it would be hard to adjust ourselves to a different condition. We are the focal point for a hysterical gambling wave that is sweeping all over America, with prospects of a sanctioned national lottery looming.

Miami has become, in the public mind, the Monte Carlo of America. But, alas, it is a Monte Carlo of impoverished, bankrupt natives, who are not even seeking their rightful share of the bounty. Sinking deeper in the mire of debt, we furnish the Monte Carlo setting, the scenery, the props, the lights, the come-on ballyhoo—and let a handful of strangers walk away at each season's end with not part of the profits—but all!

This cannot go on. Sounds simple to say—but it is the truth. It cannot go on.

Permitting what we are permitting, what we have permitted, not a resident of Dade County should be broke today. Not a propertyholder in Dade County should have to pay taxes. Talk of municipally owned light and power plants—why, here we have a municipally controlled (supposedly) gambling institution, which could pay all our light bills for us, in addition to assuming our taxes, and scarcely miss it—still permitting the gambling directors to make a nice profit.

We 28,000 voters just can't take it any longer.

We've got to get our deserved share of the pari mutuel profits now being carried northward by a small handful of men, whose main interest in Miami is only what they can take out of it, not put into it.

We 28,000 voters deserve, should demand, enough percentage of this $22,000,000 gambling pot at least to free our county and all its municipalities from debt.

For we are 28,000 important, most important, shareholders in the race tracks of Dade County or else—

Nothing can stop us from ruling every one of these privately owned tracks out of existence. And from building a municipally owned horse track and a municipally owned dog track in our city limits—and taking the 10-percent "kitty" ourselves—.

And making Dade County tax-free forever, a county free from poverty.

Figures—Mutuel play

Hialeah Park	$11,600,000
Tropical	5,500,000
Dogs (estimated)	5,000,000
Total	22,100,000

Dade County's share of 3-percent levy of State upon total $14,000. $27,000,000

(And each of the 66 other counties receiving likewise.)

Say, $100,000 was bet on the first race through the pari mutuel machines and the betters continued on through, here is the way the $100,000 would dwindle, and the "kitty" (the 10-percent "take") would increase:

Race	Bet	"Take"
First	$100,000	$10,000
Second	90,000	9,000
Third	81,000	8,100
Fourth	72,900	7,290
Fifth	65,610	6,561
Sixth	59,049	5,904
Seventh	53,145	5,314
Eighth	47,831	4,783
Ninth	43,048	4,304
Tenth	38,744	3,874
Total	35,000	65,000

Leaving the betters of $100,000 approximately $35,000 to take back home (not counting what they've spent in the track).

Mr. LONG. Mr. President, I now wish the Senate to pay specific attention as I read from another newspaper violently opposed to me and friendly to Mr. John P. Sullivan and Mr. E. R. Bradley. I am about to read from the New Orleans States, of New Orleans, La., Friday evening, February 9, 1934, for the purpose of proving that Bradley and Sullivan are partners in the gambling business.

"Service" to "bookies" on New Orleans races stopped.
Order, laid to politics, permits town betting on other tracks.

In order that the Senators may understand this, because I have studied it a little bit, I will state what the article is about.

When Bradley and Sullivan's race track opened up, they did not allow any betting on the horse races that they conducted in the poolrooms, in the handbooks, and in the gambling joints around the city of New Orleans. The reason of that is that they allow gambling on those horses themselves out at the race track; and if they should allow the suckers to go and bet at the poolrooms and at the handbooks and at the pawnshops, Bradley and Sullivan would not get a chance to count the money and to assess the brokerage and the little commissions and various and sundry other trimmings that go with that kind of business, from which the money is amassed.

Now I want to read this in order to show in Mr. Sullivan's own words, as quoted in the New Orleans States, that he is the gambling partner of Col. E. R. Bradley, so highly recommended:

The lid was clamped down good and tight on New Orleans horse-race-betting poolrooms Friday. Operators of handbooks were told there would be "nothing doing" in the way of service and "line sheets" from the Daily Racing Form Publishing Co., which is under the same ownership as the General News Bureau, which latter organization furnishes the pool rooms of this country with service on the races. Service means everything that can be of assistance to a race-track better in "playing the ponies", from scratches early in the morning to a "call" on the races during their progress.

While none would be so bold as to express an opinion as to the source of the orders to "lay down" on Fair Grounds racing, it was freely rumored such orders came right from the city hall and through the police department, the Racing Form, and the General News Bureau. Last week word had gone down the line that any poolrooms "dealing" the Fair Grounds races would get themselves in trouble. Most of them thought it was just a gesture intended as a political balm to Col. John P. Sullivan for the latter's support of the old regulars in the city election. But Colonel Sullivan has since proved to the satisfaction of most of those who laid the blame on his doorstep that he is interested in the Fair Grounds only to the extent of seeing the Crescent City Jockey Club meet the notes and interest due him and Col. E. R. Bradley for payment for the Fair Grounds.

I will send this article to the desk and ask to have it printed in full at the conclusion of my remarks. In other words, Mr. Sullivan says, "Bradley and I operated the Fair Grounds, but now we are selling it out, and our only interest at this time—all we want to do—is to get the money owing to me and Bradley for this gambling contrivance that we are supposed to have sold." However, I want to take the view of it that Colonel Sullivan and Mr. Bradley himself allege; but, as is stated by the newspaper, the reason that they closed the handbooks and operated whenever the race track was going was because they thereby forced the people to go into Sullivan's gambling house and Bradley's gambling house and had a closed season for everybody else; not even competition was allowed.

In order to show that that is not an unfair report, I ask that this article of which I have read the first part be printed in full in the RECORD at the conclusion of my remarks.

The PRESIDENT pro tempore. Without objection, it is so ordered.

(See exhibit A.)

Mr. LONG. I ask also that this article from Collier's Weekly be printed in full in the CONGRESSIONAL RECORD at the conclusion of my remarks. It is the article appearing on page 15 of the issue for February 26, 1927, entitled, "They Lose and Like It."

The PRESIDENT pro tempore. Without objection, it is so ordered.

(See exhibit B.)

Mr. LONG. I also ask to have printed in full in the CONGRESSIONAL RECORD the article appearing in the Times-Picayune of February 10, 1934, entitled "'Service' Halted on Fair Grounds Races at Bookies—Order Prevents Betting on Local Track Away from Scene."

Discussing the matter, and laying it to politics, and preferences of this particular house.

The PRESIDENT pro tempore. Without objection, it is so ordered.

(See exhibit C.)

Mr. LONG. Mr. President, I have another letter that I am going to delay reading just a moment, dealing with Colonel Bradley more extensively, from a very reputable lawyer in the State of Florida; but, as he will be here tomorrow, I shall delay the reading, because I want to bring up the connection of this matter.

I charged, Mr. President, that this was a gambling-house gang. I have proved by their own journals and by their own articles that it is everything that I said here on the floor of the Senate, that this is a bunch of gambling racketeers and gangsters. I am now going to prove to you that they have been put in charge of the Government. I am not going to deal with anything that is evidence that is not fixed evidence; and if any man in the Senate, hearing what I state here that cannot be disputed, that is absolutely fixed evidence, has the slightest doubt hesitating around his mind as to who named D. D. Moore, and as to why he was named, and as to who is running the internal-revenue office in the city of New Orleans, then it will be due to my simple-mindedness in assuming that there are presumptions that I indulge which some others do not.

Mr. TYDINGS. Mr. President——

Mr. LONG. I yield to the Senator from Maryland.

Mr. TYDINGS. I missed part of the Senator's remarks, and I heard the part where he connected Colonel Sullivan with these charges.

Mr. LONG. Yes, sir.

Mr. TYDINGS. I should like to know if Mr. Moore has been connected with these charges.

Mr. LONG. I am now connecting him.

Mr. TYDINGS. Up to now, Mr. Moore has not figured in the matter.

Mr. LONG. Except that Mr. Moore was sponsored for the appointment by Colonel Sullivan, and that Colonel Sullivan came to the committee room sponsoring him.

Mr. TYDINGS. What I should like to know——

Mr. LONG. Never mind; the Senator is going to get all he needs.

Mr. TYDINGS. What I should like to know is what charges there are against Mr. Moore. He is the man who has been nominated for this office.

Mr. LONG. I will ask the Senator just to sit there 2 minutes and see if he does not get an earful. [Laughter in the galleries.]

Mr. President, since the Senator from Maryland was not here when I began, it is proper that I should say just a word, without losing my train of thought, because I next want to show that Sullivan was conducting Moore's office. That is what I want to show now.

It will not be denied that Mr. D. D. Moore was appointed at the instance and at the suggestion of Col. John P. Sullivan. It will not be denied that when Mr. Moore was up for confirmation before the committee presided over by the able Senator from Kentucky, Mr. John P. Sullivan came into the committee room with Mr. Moore, as his sponsor, and stood there with him, arm to arm, heel to heel, shoulder to shoulder, and cheek to cheek. [Laughter.] That will not be denied. But that is not half of it.

Mr. Moore's office had to be properly organized. How was Mr. Moore's office to be organized? It had to be organized so that it would be run in accordance with the wishes of the man who had sponsored him, who had had him appointed. So they took up case no. 1.

Mr. President, this morning I went to the office of Mr. Guy T. Helvering, the Commissioner of Internal Revenue, after I had received a list of those who had been placed upon the pay rolls to conduct the office of the internal-revenue collector of the city of New Orleans. I went to his office this morning and checked over these people to see who they were. What I give is taken from the records of the Commissioner of Internal Revenue, and from the signed documents which are in his office.

Here is no. 1, a lady by the name of Miss Golden. I make no charges whatever against any of these ladies. I shall simply give the facts as to where they were and where they are now.

I have in my hand a copy of the employment record of Miss Thyra F. Golden, as it appears in Mr. Helvering's office. Who was Miss Thyra F. Golden? According to her own application blank, she said that she was at that time employed in the office of and by Col. John P. Sullivan. She says on that blank, "I am resigning the job with Colonel Sullivan to take this position." Her application blank contains the references of some of Mr. Sullivan's employees in his office, and none others. The notary on the application blank is Mr. David Sessler, a lawyer in the office of John P. Sullivan. That is no. 1.

Now I come to no. 2, in order that this office may be properly qualified a la Sullivan-Bradley gambling houses, and everything that might be known to the kingdom of graft and gambling and swindling in the South. No. 1 I have given. No. 2 we find is Miss Pearl Maretzky. Miss Pearl Maretzky states in her application blank that she is an employee of Col. John P. Sullivan. Mr. Sullivan acted as the notary on her application, and put his name on it, or she put on his name as one of the references, and she was promptly employed. The blank is dated the 16th day of October 1932.

It seems that a little bit later Mr. Sullivan began to get wise to the fact that he was doing this thing a little bit too boldly, that he was rather too flagrantly saying on the application blank, "I am resigning this job with Colonel Sullivan for this position which I am applying for." The application blank, notarized by Colonel Sullivan, did not say, "I have resigned, and I have applied for a job", but the blank which Mr. Sullivan notarized and on which he was a reference, said, "I am resigning to take this position." There was nobody passing on it unless it was Mr. D. D. Moore, in the office at the same time, because at the same time the notary put on his seal, on the application blank filled out in his office with Sullivan as a notary, the applicant said, "I am resigning this job and taking the other." Does anybody have any doubt that she was doing it?

A little bit later Mr. Sullivan decided to put no. 3 in the office. He had three of them. He got a little bit more "cagey." He took Miss Evelyn Flattery. Let me put it in language that will not be disputed.

Miss Evelyn Flattery applied for a job in the Office of the Internal Revenue Collector of Louisiana, and she gave Col. John P. Sullivan as a reference. Mr. Sullivan acted as the notary public on her application blank, but on that application blank she listed the fact that she was an employee of Mr. A. S. Cain. Mr. A. S. Cain, as everybody knows, is employed in a concern with or under Colonel Sullivan; but Sullivan undertook to disguise the fact this time that he was putting them in there from his office, just checkerboarding them right in there to take charge of the office. So he put on there that Miss Evelyn Flattery, instead of being his own employee was an employee of Mr. A. S. Cain. I have here the New Orleans city directory for the year 1933, and it contains the name of Miss Evelyn Flattery. It says:

Flattery, Evelyn M., sec. John P. Sullivan, r. 222 Atherton dr.

Here is the New Orleans city directory for the year 1933, in which this lady was listed as the secretary of John P. Sullivan. He was a little bit more "cagey." He made her the employee of an employee, with him as reference, and with him as the notary public.

Three out of three! Three stenographers and secretaries in a law office, and all three of them leaving that office to go over to help take charge of the internal-revenue office in the State of Louisiana. Who doubts it now? But that is not half of it. It is just going back to the kitchen to get a little fire, just the beginning. We have not even shot from taw yet.

They did not stop with that. You do not know that gang. They did not budge, they did not wince.

Here is something I want to have go into the RECORD just before I go another step. I want this little extract from the New Orleans city directory to go in the RECORD so that he who reads may know that it is strictly carried out in the words of the spirit in the city directory. I send the directory to the desk in order that it may go in just as it appears in the directory.

Mr. President, before going further to present matters which will confirm everything I have said about this man, I want to send to the desk clippings from papers which are against me politically and personally. The first one to which I refer was not saying much about me for a while, but it got back in line after a little while. Listen to this:

Gamble finds easy victims in knee pants.
Handbooks operated in the public and parochial institutions.
Young bookies take bets of comrades.
Juvenile plungers always have recourse to usual operators.

It tells how they scientifically conducted a regular school throughout that city, through which they reached down into all the schoolrooms of the city and taught the children from 5 years of age up the art and science of betting on the race track that has been run by that gang of gamblers in New Orleans.

I ask to have this article printed in the RECORD at the conclusion of my remarks.

The PRESIDENT pro tempore. Without objection, it is so ordered.

(See exhibit D.)

Mr. LONG. I send up an article at the same time from the Times-Picayune, the other paper printed in the city of New Orleans, of May 27, 1922, with the headline:

Race gamble denounced by school board.

I ask to have this article printed in the RECORD at the conclusion of my remarks.

The PRESIDENT pro tempore. Without objection, it is so ordered.

(See exhibit E.)

Mr. LONG. Mr. President, in order that there may be no doubt about it, here is another article, printed on May 21, 1923, quoting the Times-Picayune, so that we have both together:

SULLIVAN SILENT ON SLAM BY T.-P.—AT LEAST TODAY

"I don't care to discuss the matter—today", said Col. John P. Sullivan, when queried Monday concerning an editorial criticism appearing in Saturday's Times-Picayune.

That part of the editorial criticizing Colonel Sullivan reads:

"Is it because John P. Sullivan has attended too constantly and obsequiously upon the Governor's footsteps?"

That was when Governor Parker was Governor of Louisiana—

"And with too much profit and prominence to himself?

"That, too, is a small reason, for John's battalions are in disarray, and he is not the stuff of which permanent commanders are made. The possibility of his continued great captaincy in New Orleans was exchanged for a B.M.R.A. fee, and Carrollton and the barracks were set as bounds to his influence by its acceptance."

I have other clippings, but it will not be necessary to read them.

Now I go a little further. I want to show that they have not stopped by just taking charge of that office. I want to show that with the most conscienceless robbery, the most unbridled effrontery and rottenness that have ever been known, the institution led by this clique has reached down to pick the bones of destitute home owners of this country, and I am now going to prove it by evidence in writing.

Somebody asked if Sullivan was not once a friend of mine. It may be said all to my glory that he was trying to impeach me 10 months after I had been elected Governor of the State. At least, if he were my friend, he could not stand my kind of government more than 10 months and has not been able to stand me since.

Mr. President, I cannot give proof of what I am about to say in writing, but I have a witness who will testify tomorrow that there was a certain employee, at the least, who was in the internal-revenue office, and Mr. Sullivan himself transferred him to the Home Owners' Loan Corporation operated in New Orleans under Paul B. Habons, whom the public press said was appointed at the instance of Col. John P. Sullivan, Bradley's partner. It is a matter of public record that this appointment was made by Mr. Sullivan. I will have a witness here to testify tomorrow, if he does not die tonight, and he will swear, Mr. President, as to the transfer that was made out of the internal-revenue office into the office of the Home Owners' Loan Corporation.

What have they done with the home owners in New Orleans? I have here, Mr. President, a letter that has been admitted to be true in the public press by many of the parties who were affected. Listen to me while I tell you the rottenest graft that has ever been perpetrated on a suffering people. There were building and loan or homestead associations in existence in Louisiana. The stock of the building and loan associations had gone down to where it was not worth more than 25 or 30 or 50 cents on the dollar. In other words, the Homesteads had loaned their money to people to buy their homes; and their stock, by reason of the depression, had gone down to where it was only worth from 25 to 50 cents on the dollar. In comes the Home Owners' Loan Corporation. They put Sullivan's man in charge of that corporation. Then did they loan a man the money to take up his home loan? Here is how they loaned it to him. They organized various and sundry concerns that are being operated, Mr. President, by some of the very men or henchmen of men who were appraisers in the Home Owners' Loan Corporation, and some in which Mr. Paul B. Habons himself has a direct interest in, and in some of which other henchmen of Sullivan's are officers and directors of interposed corporations, who go out and buy this stock for 25 or 30 or 40 cents on the dollar, and then they take that stock to the Homesteads, and they swap the stock dollar for dollar for the amount that the man owes on his home, or that the home is supposed to have cost him in the first place.

The home-loan bank sits right by at the same time so that the Homestead cashes its stock at from 50 cents down to 25 cents for the obligation, and the Government gives the interposed corporation 100 cents on the dollar of home-loan stock, and the Homestead takes its half and the interposed person or corporation takes the other half. So that when a home owner borrows $4,000, $2,000 of the stock goes to building and loan corporation, which takes over the home, and $2,000 goes to the friends and henchmen of the Sullivan swindling organizations that have been set up in that city.

Do we need doubt it? It is done right out in the open. What else does one expect with such a thing going on in this country?

Here is a letter from a poor little old school teacher who had taught school all her life. She is 56 years old, a poor little old unmarried woman, struggling all her life to buy a home. I read the letter:

My loan was for $3,638.70 from the Home Owners' Loan Corporation. I signed as I did because I was told Washington wanted it done that way to get the loan.

People are called in and told that Washington wants it done that way. I do not know, Mr. President, what part of Washington she is talking about, but there are some people up here whom I would not put it past to do just that thing. She is told that Washington wants it done that way.

I don't know anything about the matter except that I was to get an extension on the loan through the Home Loan. There was supposed to have been some charges for taxes, insurance for 3 years, etc., but I never got any receipt for any of it, and when Washington wrote for them I went to Mr. Levy, of the Home Loan, and he said that they had the receipts. I do not yet understand the reasons for all matters.

ALMA BAUM.

In this instance, Mr. President, we have not been able to find the exact amount of the rake-down. It amounts to a considerable amount of money, probably $1,000 or probably $600. But I have the letter from this lady to back up my statement.

I have a letter which was sent out by the State bank commissioner of the State of Louisiana, whose department had supervisory jurisdiction over the homesteads in Louisiana.

The practice I referred to became so rotten that the State banking department published a letter, which I am about to read, in the newspapers on this past Sunday, and coincident with the publication of this letter there were statements admitting that that kind of practice to some extent was going on, and they undertook to put on an air of injured innocence, and would make an investigation, when as a matter of fact those scoundrels were the ones who were doing the thing complained of, and were organizing interposing organizations, and they are in those organizations today. I can call the names of some of them if it would do any good. Some of those who are in the interposing organizations are appraisers. They will go out and give any kind of appraisals they want to give, because all they have to do is to buy the stock in the homesteads at the price of 30 to 50 cents on the dollar; and after they get it, it goes up to 100 cents on the dollar simply by the operation of appraising the property at $8,000 and buying $8,000 worth of stock at 50 cents on the dollar and making the Government spend the balance.

Does anyone mean to tell me that such is not a penitentiary offense? Does anyone undertake to say that those scoundrels ought not to be in the jailhouse today?

Here is what the State bank commissioner said in his letter dated March 31, 1934:

To all homesteads and building-and-loan associations in Louisiana:

Our understanding of the Home Owners' Loan Corporation was that it was to be used solely to help home owners save their homes or to recover them. It has become now generally known that persons or concerns run by them set up a scheme by which they get hold of stock of homestead companies at the market price, say, or from 25 cents to 50 cents on the dollar; that previous arrangement—

Listen to this statement. The truth of the letter is not disputed. On the contrary, it is admitted that it is true by both the newspaper publications I have referred to, by statements from other people which they have published, in which it is said that the practice should be corrected. I read further—

That previous arrangement is made for an appraisal on some home mortgaged to a homestead, or already surrendered to it in settlement of a mortgage; that then the loan is executed at the same time as the several transfers of the home is transferred finally coming from the homestead to the home owner, so that the homestead gets, say, $5,000 of its own stock, bought for $2,500—

Maybe less than that—

and the Home Owners' Loan Corporation issues $5,000 of bonds, and the interposed person, or concern, manipulating it gets the extra $2,500 of the Home Loan funds.

That, Mr. President, is what is going on, and we cannot expect anything else to go on with this kind of situation prevailing in Louisiana. We cannot expect it to be any better than it is. The State bank commissioner further says:

This kind of transaction has been repeated without number, organizations to extend the scheme are springing up, and a fraud the like of which we have never seen is rampant in this State.

We hereby order hereafter, therefore, that no such thing be done as an exchange of stock of a homestead for property to be used as the basis of a loan from the Home Owners' Loan Corporation or for any other purpose and we shall ask investigation of this specie by the Government as far as it has gone.

Yours truly,

J. S. BROCK,
State Bank Commissioner.

Here is a letter written by the State bank commissioner, a copy of which I have, and which letter was published by the newspapers. The letter was sent to all public officials of the State of Louisiana, and I understand it was sent to the two United States Senators. The letter is as follows, dated March 31, 1934:

HOME OWNERS' LOAN CORPORATION,
Washington, D.C.

DEAR SIRS: We enclose you a copy of letter showing the rampant fraud being perpetrated here on which we ask your investigation and action. May we hear from you?

Yours truly,

J. S. BROCK,
State Bank Commissioner.

Mr. President, I do not want to take up very much more of the time of the Senate. I think I have proved the case about as thoroughly as it can possibly be proved by written and undisputed testimony. I do wish to show to the Senate a little more, in order to indicate that I have not overstated what has been going on there.

We have a barge-line service operated by the United States Shipping Board. I send to the desk and ask to have read by the clerk a newspaper item.

The PRESIDENT pro tempore. Without objection, the clerk will read, as requested.

The legislative clerk read as follows:

FITZPATRICK MAY GET POST—CIVIL-SERVICE OFFICIAL IS SLATED FOR SHIPPING BOARD DIRECTOR

John J. Fitzpatrick, 54 supervisor of the city board of civil-service commissioners since 1929, will be named district director of the United States Shipping Board bureau in New Orleans within the next 2 weeks, it was reported yesterday.

When he was asked about the report, Mr. Fitzpatrick refused to comment. He will replace A. G. Malone and, according to reports, will be succeeded as civil-service supervisor by Henry C. McCarthy, secretary of the board since 1929.

Mr. Fitzpatrick's appointment, it also was reported, will be made through the influence of Col. John P. Sullivan. Colonel Sullivan is a brother-in-law of Mr. Fitzpatrick.

Born in New Orleans, Mr. Fitzpatrick was educated in the public schools of the city. He was the son of the late Maj. John J. Fitzpatrick. He was graduated from the United States Naval Academy and occupied several positions in politics before he became civil-service supervisor, at one time being employed in the office of the tax collector for Orleans Parish and later occupying the post of registrar of conveyances.

Mr. LONG. That Mr. Fitzpatrick was supposed to have held the position of civil-service examiner, having been appointed by the mayor or the city council. Mr. Fitzpatrick formerly set out to run as candidate for office in the city of New Orleans, and was suddenly withdrawn for reasons well known in that city. He has now, however, been found to be thoroughly eligible to take charge of the shipping board because he is a brother-in-law of Mr. John P. Sullivan.

I looked through the files to ascertain if any other persons had been recommended by Mr. Sullivan. I found some rather funny things. I found in one instance where the blank contained the query, "State who your representative is and who can speak for you", that there was no reference whatever in the blank in reply to that query, but that Mr. Sullivan was the notary and the party was immediately given the job. There was no reference whatever in the blank to anybody else.

I have here, Mr. President, 12 of the appointments that I took this morning from the files which were submitted to me by the Commissioner of Internal Revenue, Mr. Helvering, all of whom were either recommended by or contained the notarial certificate of Mr. Sullivan or someone in his office, or both.

I also have another letter here, having proved this connection, all of which I stated I would be in a position to do; and I am glad to say that I am able to prove it in writing by the record without having to go to a single living friend of mine for testimony. I have a letter sent to me unsolicited, which I understand, on inquiry, is from a responsible attorney in the city of St. Augustine, Fla. I send the letter to the desk and ask that it may be read.

The PRESIDENT pro tempore. Without objection, the letter will be read, as requested.

The legislative clerk read as follows:

ST. AUGUSTINE, FLA., *March 31, 1934.*

Senator HUEY P. LONG,
Washington, D. C.

DEAR SIR: I am writing you a hurried note. I am an attorney at St. Augustine, Fla., and was formerly general counsel of United Mine Workers of America of Indiana, and formerly lived at Terre Haute, Ind. I was associated with Charles Evans Hughes in defending the coal conspiracy cases. The Honorable William R. Green, president of the American Federation of Labor, or John L. Lewis, president of the United Mine Workers of America, are familiar with me and can tell you about me.

The press reports state that Senator BARKLEY stated on the floor of the Senate that no one in Florida would say anything against Colonel Bradley. I have made an exhaustive study of his life and doings of his past 40 years in Florida, and I will briefly mention a few of the facts:

Ed Bradley was not a "colonel" when in the early nineties he asked the privilege of setting his Fairbank game into Stewart's gambling place in St. Augustine. He then was just a tin-horn gambler. He prospered and is reputed to have done so at Stewart's expense. He then entered into a combination with the then

mayor of St. Augustine and another person on the city council to organize a gambling place known as the Bacchus Club.

He operated this club, and the mayor and councilmen were supposed to be silent partners, but at the end of each season he would report to them that the club had shown a loss, or no profits. The money he made at this club was invested in Palm Beach in his "Beach Club", which is one of the famous gambling places in the world. He is operating that now, and it was brilliantly lighted last night. I can substantiate what I have said about Bradley during his operation in St. Augustine by reputable citizens of that city, one of which rented him the house for his club, and another who used to deal cards for him, and crooked cards at that. While in St. Augustine he organized a crew of small gamblers to operate a three-shell game at the expense of the winter tourists in St. Augustine. One oldtimer, who used to work for him, said he used to go up and divide the "swag" by candlelight with Bradley, but that now Bradley will not let him enter the bright lights of the "Beach Club." To get something of the character of this person, he and his brother Jack financed the notorious Dr. Cook in his bogus discovery of the North Pole. Examine the files of the newspapers at the time that Dr. Cook first electrified the world in announcing he had discovered the North Pole. The Bradleys then were glad to get credit for financing this wonderful feat, but they have been strangely silent when Dr. Cook was found to have been a fraud and an imposter. If one will carefully make an unbiased examination of Bradley's career, it will be a sordid story of crooked dealing, fraud, and swindling.

I am calling your attention to the allegations of paragraph 8 of the enclosed third amended bill of complaint, which I filed and which is now pending on demurrer in the circuit court of this county. Bradley used to pay R. C. Baker, as sheriff of this county, the sum of $50,000 a year for "protection" in having a monopoly in gambling rights in Palm Beach.

This arrangement lasted from March 1920 to the time of Baker's death in February 1933. He had certain arrangements with Capt. George Baker, who was sheriff for about 10 years previous.

Capt. George Baker was the father of R. C. Baker. You must know, Senator, that no man can run such a stupendous club without having some understandings with the local authorities. Also publicity would hamper him so that he could not run. For this reason he had to control the two newspapers here, viz, the Palm Beach Post and the Palm Beach Times. In the last few years I know that he advanced to the Palm Beach Post $100,000. I got this from a man on the Post who made the deal with him. Last summer the Post went through bankruptcy and was sold at a trustee's sale, bought by Barry Shannon (Bradley's secretary), who in turn transferred the Post to a new corporation organized by Bradley last month. The new corporation is Palm Beach Publications, Inc., of which Shannon is on the board of directors and Judge E. B. Donnell, his personal attorney, is also on the board. One attorney for the Post (Charles Warwick) told me that Judge Donnell supplied $65,000 to take care of the Post debts.

The Palm Beach Times was owned by a corporation having an authorized common stock of 4,000 shares, of which R. C. Baker owned 3,058 shares and L. R. Baker 406 shares. The R. C. Baker estate owned about six sevenths of the stock issued, as shown by the books of the corporation. R. C. Baker died leaving three little girls as his heirs, children by a former divorced wife, who is their duly appointed guardian. He also left surviving him a second wife who is coadministratrix of his estate. A local bank here is the other administrator appointed at the instance of the children.

Bradley, of course, wished to get control of the Times and gain a complete monopoly of the newspapers here. Owners of gambling joints do not wish stories to get out when men have lost their all and have committed suicide, nor do they care for papers to print pitiful stories of men that have lost their fortunes.

Under our corporation laws of this State, a corporation cannot dispose of all its assets without a majority of the stockholders voting to do so. Bradley, through his various agents and attorneys, persuaded and procured Kathryn Baker, as coadministratrix, to attend a hurried-up stockholders' meeting and pretend to vote 3,058 shares of stock in the name of R. C. Baker, deceased, so that the Times Corporation could and would transfer all its assets, personal and real, including the Times newspaper, over to Bradley's corporation, viz, the Palm Beach Publications, Inc. Now, mark you, this poor woman did this over the violent protest of her coadministrator, who refused to give a proxy or consent to this rank fraud. Now, mark you again, immediately following this crooked piece of business the officers of the Times Corporation executed a bill of sale and a deed to Bradley's new corporation, without the estate getting any benefits or consideration. Through these frauds Bradley has gotten control of all the newspapers here and has robbed three innocent little girls of obtaining any prospective right to inherit their share of stock in this newspaper plant conservatively worth $100,000. Now, mark you, Bradley's new corporation, for all these assets and newspaper, never put so much as one thin dime into the treasury of the Times Corporation as consideration for the things it received and are now trying to grab off a $1,450 deposit to the credit of the Times in a local bank.

I have never tried my case in a newspaper in my life, but please remember, Senator, we have nothing to conceal, but you can appreciate that these two newspapers have been very careful to keep our court proceedings out of all press dispatches. You are at liberty to use this letter in any way you see fit.

Now mark you, Senator, Bradley has so dominated the politics of Palm Beach County for so many years that the mother of these children could not get legal representation in this (Palm Beach) county, and Mr. B. A. Lopez (of Palm Beach County and formerly a deputy for Mr. Baker) came up to St. Augustine and employed me, at the instance of the guardian and mother of these children, to go into this case. If the court dismisses our bill, I am going straight to the Supreme Court of Florida.

The United States Government was about to put an income tax lien against R. C. Baker's property, which would, of course, have attached against these 3,058 shares.

A meeting was had at the El Comodoro Hotel in Miami, and following this conference Baker assigned these shares over to E. R. Bradley under a pretended loan of some $40,000 as a justification for the transfer. Bradley and Baker were in this predicament. About this time Baker paid a fine in the United States Court for violating the income tax law and afterwards made some kind of a pauper's oath to relieve himself of the lien. But Bradley, true to fashion, is still claiming a pledgee's lien against this stock. Bradley does not easily give up when once his hands get hold of something that he wishes.

In all this you will understand Baker and Bradley were in this dilemma. If Bradley reported this $50,000 payable annually to Baker, then Baker would be called upon to pay income tax and would also be subject to be removed from office by the Governor for the taking of bribes. On the other hand, if Bradley did not report this to the Government, he would lay himself liable for violating the income tax law as well for violating section 37 of the United States Criminal Code, providing an offense for conspiring to defraud the United States Government for any purpose.

I am informed that they made some sort of an arrangement by which certain reports would be made, but that it would be annually charged off as profit and loss. The statute of limitations has not expired against Mr. Bradley for the reason that Mr. Baker did not die until February 23, 1933. If you can get this information from the Treasury Department for me, it would help three little children who are being victimized. I have in my possession valuable evidence to prove these terrible allegations of fraud on Bradley's and Baker's part. Please remember, Senator, that Bradley is one of the biggest gamblers in the United States; that he paid Baker in bribes presumably $650,000 for the maintenance of an evil against the public policy of the State of Florida, and that it involves an attempt to deceive, cheat, and defraud the Government of the United States.

It so happens that Mr. Frank Wideman, of West Palm Beach, Fla., is an Assistant Attorney General of the United States, and, according to press reports, is in charge of income-tax evasion cases. Mr. Wideman's reputation is of the highest and in every sense is above reproach. You can appreciate the possible embarrassment of Mr. Wideman in taking action against his fellow townsman. I voted for Mr. Wideman myself. I have every faith that at the proper time he will do his full duty. But, of course, you can appreciate that Mr. Bradley has such tremendous political power in Palm Beach County and the State of Florida and will involve certain of his friends and neighbors that he would, perhaps, prefer that someone else would take charge of these matters.

Will you object to laying this matter before the Attorney General himself?

The people of this community and the whole State of Florida are glad of the new deal. I hear on every hand a new hope that the Government is going to take action against the Morgans, and the Mellons and others of the same ilk. I say in all seriousness and solemnity that E. R. Bradley has spent a lifetime in corrupting public officials, polluting the fountains of justice, and stifling a proper administration of law and order, in order that he could prey upon society through his illicit operations in defiance of law. Please remember, Senator, that I am here relating the payment of larger bribes than was paid to Jimmy Walker in New York and far in excess of the hundred thousand that Albert Fall got in the little black satchel. It was $235,000 in the way of a gift that caused Jimmy Walker to resign, and it was the little black satchel that sent Fall to prison. Senator, you would be surprised at some of the witnesses who know about Bradley's payment of the $50,000 annual bribe. Please read my third amended bill, and I will only be too glad to assist in eradicating an evil which is eating as a cancer at the very heart of our body politic.

Sincerely yours,

H. A. HENDERSON.

Mr. LONG. Mr. President, upon receiving that letter I immediately issued a summons to the writer asking him to come here tomorrow. I do not know how much of his testimony will be received, but he will be on hand tomorrow personally and gladly with the documents to give support to what he has written to me.

I am also going to communicate the contents of that letter, together with the request, to the Attorney General of the United States, asking that the Department of Justice give these people the chance they have asked in the letter.

Mr. President, I think I have fairly demonstrated, at least tentatively, that I was not in terribly bad faith in having

imputed to Mr. Bradley that he ran a gambling house. With these remarks I yield the floor.

EXHIBIT A

[From the New Orleans States of Friday evening, Feb. 9, 1934]

ARMED MEN GUARD MRS. COX—HANDBOOKS ARE CUT OFF FROM FAIRGROUNDS' SERVICE—"SERVICE" TO "BOOKIES" ON NEW ORLEANS RACES STOPPED—ORDER, LAID TO POLITICS, PERMITS TOWN BETTING ON OTHER TRACKS

The "lid" was clamped down good and tight on New Orleans horse-race betting pool rooms Friday. Operators of handbooks were told there would be "nothing doing" in the way of service and "line sheets" from the Daily Racing Form Publishing Co., which is under the same ownership as the General News Bureau, which latter organization furnishes the pool rooms of this country with service on the races. Service means everything that can be of assistance to a race-track better in "playing the ponies", from scratches early in the morning to a "call" on the races during their progress.

While none would be so bold as to express an opinion as to the source of the orders to "lay low" on Fair Grounds racing, it was freely rumored such orders came right from the city hall and through the police department, the Racing Form, and the General News Bureau. Last week word had gone down the line that any pool rooms "dealing" the Fair Grounds races would get themselves in trouble. Most of them thought it was just a gesture intended as a political balm to Col. John P. Sullivan for the latter's support of the Old Regulars in the city election. But Colonel Sullivan has since proved to the satisfaction of most of those who laid the blame on his doorstep that he is interested in the Fair Grounds only to the extent of seeing the Crescent City Jockey Club meet the notes and interest due him and Col. E. R. Bradley for payment for the Fair Grounds.

Now it seems the powers that be in the administration want to name the man who will be manager of the local office of the G.N.B., and the news association's refusal to grant that wish has prompted an investigation of the legal status of the General News Bureau, as there is a law against the aiding of handbook betting, no matter how such aid is given.

Since the refusal of the Racing Forum to furnish "line sheets" on fair-grounds racing to the handbook operators, and the advice from the G.N.B. that no "service" would be given practically puts the handbooks out of business as far as accepting bets on the local races is concerned, it is not hard to see how much the G.N.B. and its sister organization aid handbook betting.

When everything is "oke" politically and otherwise and the town which is wide open on everything else is as wide open on fair-grounds racing, the G.N.B. flashes out a service that keeps handbook operators and the betters apprised of even the slightest fluctuation of odds.

The "call" on the races can be heard coming out of pool rooms on almost any corner of the business district. "At the quarter, The Spaniard by three!" comes out over the loud speakers with which almost all the big pool rooms are equipped. And if a horse stumbles or throws his rider or gets in a jam at the half-mile post or goes the "overland", that comes direct from the track.

Now all that "service" is to be eliminated until things are "patched up." The pool-room operators, employing hundreds of "votes", are up in arms, because they say this is their only chance to make money—booking the fair-grounds races. Many of them have called on Mayor Walmsley and Superintendent of Police Reyer and asked, "How come?"

But until the General News Bureau of Chicago accedes to a few demands said to have been made, it is going to be tough on those who expect or hope to risk a few hard-earned or otherwise-acquired dollars on the ponies at the fair grounds.

However, Miami and Tampa Downs are running. And everything is "jake" on action on those two tracks. So the New Orleans handbook patrons will have to start playing Florida races or lay off until this little mixup blows over.

EXHIBIT B

[From Collier's, Feb. 26, 1927]

THEY LOSE AND LIKE IT—BEING SEPARATED FROM YOUR MONEY AT THE "BEACH CLUB" IS AS PAINLESS AS HAVING YOUR HAIR CUT—HERE'S HOW IT IS DONE

By Owen P. White

They call it the "Beach Club", but as the only beach near this gilded emporium of chance is the one on the souvenir post cards (the real ocean being a mile and a half away) the people who know the place best—and the most to their sorrow—merely speak of it with feeling as "Bradley's."

Of course, I am talking about Bradley's of Palm Beach, and I am quite positive that anyone who has been there, either as a looker-on or a comer-on, and who has likewise strayed into similar establishments in other corners of the world, as I have, will agree with me when I say that it is the sportiest and classiest gambling house in the world.

It's strange the way they do it. But down at Bradley's you lose and you like it! There's something anesthetic about the Bradley atmosphere that renders the operation of separating a man from his money as painless as a hair cut, and enables a player to sit up and watch his cash dribble away from him with as much nonchalance as if he owned the mint, and as if nobody had ever invented such an unpleasant thing as a first of the month.

The very attendants around the place make a piker feel like a plutocrat. His slightest wish is gratified even before he begins to realize that he had one. He feels like smoking, and a flunky in the rear begins to light matches. He is going to be thirsty (he doesn't realize it himself, but a psychological expert 10 paces in the rear has analyzed the symptoms and rushed for the ice water), and when the dryness appears so does the drink.

They do everything the same way. Even the dealer on the other side of the table says, "Thank you", as he rakes in your contribution after each turn of the wheel or each flip of a card. It's a nice place, this Bradley's of Palm Beach!

THE EASY MARK'S CLUB

Theoretically, it is against the law to run a gambling house in the State of Florida. But what difference does that make? A mere unsupported theory hasn't any more chance to stand up against Mr. Bradley's million-dollars-a-season industry than the patrons of his games have of walking away with the bank. But, being a law-abiding citizen, Mr. Bradley allows the theory to remain undisturbed and calls his place a "club" instead of a gambling house. There are those who say that he cheerfully distributes half a million a year—which is charged to expense and contributed by the suckers—among the needy Florida politicians who will do him the most good. This report, however, cannot be confirmed.

Becoming a member of Mr. Bradley's "club", however, isn't like joining the Elks or securing membership in a Rotary Club. Not at all. In order to secure the privilege of getting plucked, along with the socially elite who forgather around the gambling tables in Mr. Bradley's exclusive establishment, all that the ambitious one has to do is to get some previous sufferer to introduce him as a candidate for sacrifice who can pay his losses and who won't squeal.

Women are admitted to membership with the same hospitable lack of formality. Hence, it befell that, one afternoon, as I was standing in the establishment talking to a newspaper editor and saw a woman bet her last chip, lose it, get up, and walk away (while instantly another woman slipped into her chair), I remarked: "One sucker trimmed, and even before they can holler 'Next' another customer is in the seat."

"Yes", said the editor; "it's a continual process, and I think I'll write an editorial on the idea that Florida has a very punk oversupply of poor roulette players of both sexes on hand that it would like to trade off for a few good housewives and dirt farmers." An admirable subject.

Mr. Bradley's past, although it was in all probability quite lurid, is not as replete with detail as we might like to have it. He and his brother are said to have started out to achieve success as bartenders and saloonkeepers. Later they took up gambling as a profession and together they drifted down to the settlements in New Mexico.

This was in the early eighties, and naturally the brothers soon found their way into El Paso, which town was at that time the headquarters of the sporting element of the Southwest. Here, so the story goes, they went to work for Messrs. Morehouse & Burroughs, gentlemen of parts, who owned and operated a string of houses.

In the course of time one of the Bradley brothers, in bucking his own game, made a stake. He added to it gradually, and one night after it had grown into a substantial sum he sat in a game with his employer, Burroughs. Before the evening was over he was the owner of the latter's interest in the M. & B. enterprises. Thereafter the two Bradleys got together, bought out their other employer, Morehouse, and became the owners of a lucrative business.

(Whether or not the Bradley brothers ever operated the Silver Dollar in Tucson, a gaudy place in which all the dealers at the roulette, faro, crap, and monte tables were girls, doesn't appear in the record. At any rate, this house was at one time owned by the M. & B. combination.)

None of this information, however, comes from the Mr. Bradley who is now running the business at Palm Beach. The Mr. Bradley of today is a fashionably dressed, quiet, assured gentleman of about 70. He is merely a grown-up edition of the quiet, assured young gentleman of the early eighties who used to drive a white pacing horse up and down the dusty roads around El Paso.

Today, as in the old days, money bulges from his every pocket. How much cash Mr. Bradley carries nonchalantly around with him it would be hard to estimate. I saw a man ask him for three $1,000 bills in exchange for some trivial ones of $100 and $500 caliber. Mr. Bradley replied by carelessly sticking his hand in his pocket, pulling out a roll that would wad a 16-inch gun, and casually peeling off the three grand.

WHAT WILL HE DO WITH IT?

A moment later an employee needed a few thousand, and the Bradley hand, going into another pocket, produced another roll capable of producing as much envy as the first one.

That particular day was the only one on which I found Mr. Bradley to be at all talkative.

"How much", I asked, "do you lose in a year on the people who run out on you without paying?"

"Oh, not much. It was $180,000 last year."

"Can you ever collect it?"

"Not a chance in the world", he replied. "All I can do is to keep them out hereafter. I won't pester them for the money, and I can't be mean about it. Maybe they've gone overboard.

It's easy to do that in this place. So I give anybody who loses a chance to even up if he wants to take it.

"I'll match any of them, or cut the cards, or settle it any way they want to, for double or quits. But that's just once a night, understand. I won't keep it up, because if I did, the player would eventually be bound to win. If he wins on the first turn, he's even, and that suits me. All I charge, then, is the regular percentage which the house makes on all insured bets.

"There's one woman (Mr. Bradley mentioned her name, but as it might cause a rift in the domestic relations of a socially prominent New York family for me to do so, I will be more discreet) who matched me, double or quits, 18 different times and thereby won back all she had lost."

"Mr. Bradley", she said, "I don't think this is fair."

"But it was fair", said Mr. Bradley. "That woman's a good sport."

And so is Mr. Bradley. He is worth millions, and he made them by being a good sport. I looked at him carefully and wondered. For years this immaculately clad old gentleman has led a life which has kept him out of bed until daylight every morning. Yet there are not as many marks on his face as adorn the faces of his Wall Street patrons, many of whom are much younger than he. "But", I thought to myself, "this is his life. It is all he has lived for for years, and if he gives it up, he will die."

Mr. Bradley must have read my thoughts, for he said: "When a man dies owing me any money I tear up the slips and forget it. One died the other day. He was in for $6,000. But that debt is now off the books. I can't ask his people for it because maybe his family didn't know of his weakness. And, of course, I can't sue a loser. The law doesn't recognize a gambling debt."

This old man almost had me convinced that he was a philanthropist. But I have never heard that he is one. His money may go to charity after his death—some people, who speculate about such things, say that it will—but, now that he is alive, he has other uses for it.

He runs a breeding farm in Kentucky, raises thoroughbreds, and during the season devotes his time to the "sport of kings." Some of his money has also gone into other enterprises. He is said to have put up the cash for an exploring expedition of some kind into Africa, and, according to the report, he was likewise one of the "angels" who financed Dr. Cook in his trip to the pole—not the one to the pen.

I asked Mr. Bradley if he ever "went against the bank."

"I did a few times, at Saratoga, last year", he replied. "I won a thousand one night after being on the rail for a good deal, and another night I took down three thousand."

ONLY A LITTLE MATTER OF $30,000

So much for Mr. Bradley. Now for his establishment. It is a quiet-looking white building located in the center of Palm Beach. Its doormen have Park Avenue manners, and its atmosphere is that of an exclusive club. In fact, in one respect it is the most exclusive club in America. It excludes liquor; no member is allowed even to bring his own; and, on top of that, strange to say, it is here that the fashionable set dines and lunches. The prices, too, are quite reasonable. Quite. A nice lunch for four can be had for $30 maybe, and a dinner at about the same rate.

But, notwithstanding the costliness of the food, the restless millionaires—either actual or imaginary—bolt it down rapidly and acquire indigestion in their anxiety to get through and get into the big room beyond. It is around this big room that all of the activities at Bradley's are centered. But to get in it you must check your hat. A photographer got in once with a camera under his hat and tried to take a picture.

There are only three regular games played at Bradley's—hazard, chemin-de-fer, and roulette, with the last one leading the other two in popularity by a mile.

To get in and gamble you must dress up. "Members" must wear evening clothes. Fine feathers make fine plucking.

The returns come in in the form of chips which range in value from 50 cents to $25. The latter are green and if one wants to attract an audience, all he has to do is to buy a stack of green beans.

At the far end of the big room and over the entrance to a smaller one hangs a sign which reads "Private", but doesn't mean it. It means "Pikers keep out", and unless the person who strays into that holy of holies has a hundred thousand to lose he had better not play. It is there that the big fellows play with the bridle off and the north star as the limit.

Upstairs, in a third room, are two games of chemin-de-fer. This game, brought over from France for the entertainment of those who have been bitten by it when abroad, has greatly increased in popularity in the last few years. It is not banked by the house, like roulette, but by the players themselves. The bank passes from player to player and, for guaranteeing the solvency of the bank and supervising the game in general, the house charges 5 percent of all amounts bet.

In the chemin-de-fer games this year the minimum bank is $500 and the maximum $5,000. This means that no player is allowed to undertake to become banker to the game unless he has $500 to begin with, and that he cannot draw down any of his winnings until he has reached $5,000. If he wants to retire short of the $5,000 mark, he must relinquish the banking privilege and pass it along to another player.

I asked Mr. Bradley why he didn't allow this game to be played with an unlimited bank.

"It gets too big", he replied. "I tried that last year, and they were winning and losing a hundred thousand an evening.

"As it is now, the average is usually about twenty-five or thirty thousand, and of course in a little game like that nobody gets hurt."

Roulette is played on a long table on which is a painted layout showing the numbers 1 to 36, alternately in black and red, and a single and what is called a double zero.

The croupier who spins the wheel starts an ivory ball going in a groove around the wheel in the opposite direction, and when the ball finally slows drown and drops into one of the notched numbers it is that number and that color which win.

By properly placing his chips on the lay-out the player can bet in almost an endless number of ways. To outline even a few of them would take us beyond the limits of this article. It may be mentioned that at Monte Carlo a winning stake on one number will be paid 35 times. In no case, however, there or here, do the suckers get an even break.

Regardless of the unvarying percentage against the players (it is more than 5 percent), roulette is the most popular of all games of "bank" gambling. Men have been known to win fortunes at it—and to lose them also.

But the percentage which operates in favor of a roulette wheel, and which has made a millionaire many times over out of Mr. Bradley, formerly of the wigwam of El Paso, Tex., is not the only thing that works in his favor.

An old gambler said to me, "Why, I'll let Bradley take both the zeros off his wheel and pay him $5,000 a night for what he makes."

"How do you figure that?" I asked.

"It's easy", replied the gambler. "The psychological percentage is bigger than the mathematical one. The suckers simply won't stay to win, whereas, on the other hand, they'll stick around forever to lose." By which this authority meant that if a player, with a thousand in his pocket, wins a couple of hundred he will be satisfied and quit, but if he starts to lose he'll hang on until his entire roll is gone.

If he had unlimited capital and increased the stakes to balance his losses, wouldn't he win in the end? No; the bank sets the maximum.

Bradley's now opens at 1 in the afternoon and closes at 4 in the morning. But at one time it was never closed. Then one night a millionaire got into the roulette game. By midnight he was "on the rail", which means in the hole, for $135,000, and as that is considerable money even to a man of means, he decided to get it back.

A SOCIAL REQUIREMENT

He stayed and stayed and played and played. Dawn came and he was even. Six-thirty arrived, and he was surging ahead. Seven struck and he was 'way to the good—and at 8 he was just about as far into the game as the game had been into him.

After that experience Mr. Bradley thought there wasn't any use in staying open to accommodate obstinate people who didn't know when to quit. So he dug up the key and established a regular closing hour.

This seems to have discouraged many plungers, but it's still easy to find bankers (especially vice presidents), idle rich, brainless heirs, near-sports, movie magnates, and theatrical people hanging around the tables.

About half of Mr. Bradley's customers have their names in the Social Register, and in fact it must be that to lose a few thousand a year to this old gentleman is a social requirement.

"Here's my check for ten thousand", said a bored-looking chap. "That's my donation for the season; I won't lose any more than that. Don't accept any more of my checks and don't give me any more credit."

In 2 hours he was broke. "Well", said he, "thank the Lord, that's over with for this season."

With such contributions as this coming in regularly, Mr. Bradley is bound to succeed. He may have an occasional run of bad luck, but in the end he balances up. One night several years ago the players got into him for nearly a half million, and yet at the end of that season he showed up with a profit of a million and a quarter.

And the players, even the losers (which, of course, means most of them), all say that Bradley is a good sport. He can afford to be.

As he sits in his little office—lean, pale, inscrutable, unhurried, and unworried—he can afford to be a sport. Any man can who has a few millions in the bank and who knows that an inevitable mathematical percentage is at work for him day and night taking a few more millions away from a select and careless group of millionaires.

EXHIBIT C

[From the New Orleans Times-Picayune of Feb. 10, 1934]

"SERVICE" HALTED ON FAIR GROUNDS RACES AT BOOKIES—ORDER PREVENTS BETTING ON LOCAL TRACK AWAY FROM SCENE

The final step to prevent handbooks from accepting bets on horses racing at the fair grounds track was taken Friday when all service on the local race course was discontinued by the General News Bureau.

"Line sheets", containing the entries, jockeys, distance, weights, and the morning odds on the Fair Grounds track were not distributed by the Daily Racing Form Publishing Co., owned by the same company that controls the General News Bureau.

The General News Bureau discontinued the "run-downs" on the fluctuating odds and the post calls during a race. The only

information given by the General News Bureau on the Fair Grounds track was the winner of a race, without the price the horse paid.

While this lack of service on the Fair Grounds track made the "play" with the handbooks practically impossible, there was no curtailment of service on the Florida race tracks. "Line sheets" on the Florida tracks were on display, and the "run-downs" and post calls came through as usual.

It was about a week ago that the first move to prohibit handbooks from taking bets on horses running at the Fair Grounds was made. Handbook operators said they were instructed not to display the "line sheets" on the Fair Grounds.

Although Safety Commissioner Frank R. Gomila and Police Superintendent George Reyer disclaimed any knowledge of the order prohibiting the putting up of "line sheets" on the Fair Grounds on the blackboards in the handbooks, several raids were made by police. The activity of the police, it was said, was limited to those handbook operators who persisted in accepting bets on Fair Grounds horses.

Some handbook operators said last week that shortly after the order was received not to display Fair Grounds "line sheets", a man said to be employed by the Fair Grounds race track appeared at the handbooks and left a number of complimentary badges to the Fair Grounds to be distributed among the patrons of the handbooks.

EXHIBIT D

[From the New Orleans Item]

GAMBLE FINDS EASY VICTIMS IN KNEE PANTS—HANDBOOKS OPERATED IN THE PUBLIC AND PAROCHIAL INSTITUTIONS—YOUNG "BOOKIES" TAKE BETS OF COMRADES—JUVENILE PLUNGERS ALWAYS HAVE RECOURSE TO USUAL OPERATORS

The race tracks of New Orleans have sucked the public and parochial school systems of the city into their greedy maw. Evidence of this fact reached the Item last week and has been investigated and verified. On the statements of the school children themselves, it was learned that boys in the sixth, seventh, and eighth grades bet their small savings and pocket money on the races, conduct their own "books", and deal directly with the regular handbook operators of the city.

In less than 5 hours after the investigation had started it was learned that children in the Beauregard, St. Philip, Maybin, and Warren Easton Schools and St. Aloysius College have learned the racing game from the bottom and are playing it as hard and fast as some of the group-up habitues of the city.

REMY DORR, JR., PLUNGES

At the St. Philip School was discovered the youth who bears the nickname "Remy Dorr", so dubbed by his youthful companions because he is "a regular plunger." His bets on frequent occasions have been so high that the juvenile bookmakers have refused to write his bets in their own books, but have relayed them to handbook operators, who it was hitherto supposed dealt only with mature men.

A significant discovery by Item reporters is the fact that these school children play the races only during the racing season in New Orleans. One youthful bookmaker disclosed this fact in the following language:

"They don't bet on Kentucks (meaning Kentucky races). I don't make books on 'em either. Too hard to dope 'em."

This revelation will doubtless be of interest to supporters of racing who maintain that the handbook evil is not affected by the local tracks—that the handbooks operate the year around. According to some of these bookies in knee pants much valuable information can be obtained at the track itself if a fellow has enough nerve to play hookey and go out and help exercise horses.

TEACHERS DON'T KNOW

The principals of the schools, of course, and the teachers, too, are in complete ignorance of the startling invasion of public-school circles by the race gamble.

"Gee whiz, no!" say the boys. "If they knew it they'd suspend the whole school!"

J. M. Gwoen, superintendent of schools, at the first intimation the Item had of race gambling in the schools, was asked then if he had ever heard of such a thing.

"I have not," he replied, "and I doubt very seriously if such a thing could be true."

First evidence of horse gambling in the schools came to light when a 15-year-old boy in knee breeches advanced the information that he got the money with which to build a junior Item airfone by risking his nickels on the ponies. He attends the St. Philip School, 721 St. Philip Street.

The nickels, dimes, and pennies of the 11- to 15-year-old boys in this school, according to the boys themselves, have long been going to line the pockets of the race gamblers.

A—— is the St. Philip School boy who got his airfone by gambling on the horses. His winnings were made during the racing season here, but that fact he did not disclose until last week. The Item withholds his identity, as it will withhold the identity of other boys mentioned in this account, for reasons given elsewhere in this edition. It may be noticed, in passing, the alphabet has barely enough letters to afford this screen.

MAKE NICKEL "BOOKS"

"Sure they gamble", said A——. "All the time when the races are here. They bet nickels with each other and pay off when the results come in. One time I was 2 weeks behind in building my first radio set because I was running in bad luck on the ponies. The kids in the fifth, sixth, seventh, and eighth grades nearly all gamble."

"Naw!" said B——, St. Philip School's leading bookie. "Its tough when they don't race here. The best time is when they run at the Fair Grounds. They don't bet on Kentucky. I don't make books on 'em either. Too hard to dope 'em.

The betting was at a low ebb in St. Philip recently, when B——, a 15-year-old lad was "hit hard." C—— was the biggest winner in the event, "bumping" the "bookie" for $1.50. D——, according to the testimony of the youthful bookmaker, is one of his biggest gamblers and best customers.

E——, F——, and G—— were boys mentioned by the gamblers as the heaviest plungers. They sometimes bet as much as 50 cents and a dollar.

H——, another grammar-school pupil attending St. Philip, is a second bookmaker. D—— is credited with having plunged heavily with him.

Two plungers who nearly "cleaned" Bookie H—— recently were I—— and J——, also St. Philip School pupils.

GAMBLE GRABS EVEN PENNIES

K——, a 13-year-old lad, A's, brother, told of plunging with nickel parlays, and placing anywhere from 2 cents to a dime on his selections. L—— is another plunger, known as the "Remy Dorr" of St. Philip School. L—— has been known to plunge so heavily that the "kid bookies" wouldn't accept his bets on their own hook but would lay them again with "the French market bookmaker", who takes bets from school children, according to the testimony of the juvenile gamblers.

The young race-horse fans all denied that the teachers or Miss Louise Howard, the principal, have any knowledge of the race-horse gambling that goes on at St. Philip School.

"Gee, man! If Miss Howard ever heard of that! Wow! She'd suspend the whole school. Uh, huh. Teachers don't know anything about it." Such was the explanation of K——.

"The French market bookmaker", who takes bets from children, is known to practically every boy who was interviewed. According to the boys, after school "the kids" hang around the St. Philip street intersection near the market waiting for the racing editions of the papers so they can collect—or trudge slowly homeward with hearts full of grief and minds full of bitter thoughts against the ponies that wouldn't "come in."

The testimony of M——, a 13-year-old pupil of St. Aloysius College, brings out that the race gamble is grabbing the nickels and pennies from their religious institution of learning.

St. Aloysius also has its bookmaker. His name is N——. N—— takes the bets of several boys in the school, sometimes "paying off" on his own hook, sometimes relaying the bets to other bookmakers.

SUCCESSFUL "BABY BOOKIE"

Unlike the "baby bookmakers" of St. Philip School, N—— has never been "hard hit." His career as a "bookie" has been successful, and N—— has been prosperous. Last season was a good one for him. The boys at St. Aloysius are poor pickers, and the bookie "plays safe."

The plungers at St. Aloysius whose names were mentioned by some of the pupils of the school, aside from N—— and M——, are O——, P——, and Q——.

R—— was named as another bookmaker in this institution. A boy whose name is S—— makes a handbook and gambles with other boys as well, according to the testimony.

The gamblers include boys no more than 11 years old.

Warren Easton Boys High School has not been free from the evil. Interviews with several boys of the high school brought out the information that T—— was a prosperous bookmaker during the last racing season at New Orleans.

High-school gamblers and plungers who placed bets with T——, are U——, one of the star athletes of the school, V—— and W——. All three boys have made excellent athletic records at high school and elsewhere.

That gambling has spread wildly among the children of the city is undeniable in the face of the testimony of X——, a 14-year-old pupil of Beauregard, who says several of his friends "play the races", but he personally preferred to place his bets on the White Jacks, the baseball team on which he plays.

Evidence of gambling on the races at Beauregard and Maybin Schools was received, but names of the "bookies" and plungers could not be ascertained. It is said, though, that Beauregard boys "play hookey" and exercise horses at the Fair Grounds during the racing season.

EXHIBIT E

RACE GAMBLE DENOUNCED BY SCHOOL BOARD—BODY VOTES 4 FOR AND 1 NOT BALLOTING ON RESOLUTION—TILT COMES AS MOISE STANDS FOR SHOWDOWN—PRESIDENT MURPHY GETS IN LINE, BUT SCHAUMBURG FIGHTS ACTION

Race-track gambling was formally denounced in a resolution adopted by the board of education Friday night.

All members of the board, with the exception of Henry C. Schaumburg, voted for the resolution, and Mr. Schaumburg announced he personally favored abolition of race-track gambling, but did not think it proper for the board to go on record.

Percy H. Moise introduced the resolution at the close of a 3-hour session.

"Mr. President", he said, "I move that the board of education of Orleans Parish go on record as absolutely opposed to the continuance of race-track gambling in New Orleans."

TILT OVER MOTION

"I don't believe it is within the province of this board——" began President Daniel J. Murphy.

"Then you won't put the motion?" inquired Moise, sarcastically.

"I don't believe it is the place for the board to go on record in such a matter", interrupted Schaumburg. "My attitude on this subject is well known—I have always been against race-horse gambling——"

"I demand a vote", cried Moise, jumping to his feet.

"I'll put your motion, Mr. Moise", said President Murphy.

When he put the motion, Mrs. Baumgartner, only woman member of the board, voted for it, as did William Frantz and Moise.

MURPHY GETS IN LINE

"I cast my vote for the motion", said President Murphy after the others had voted. "I exercise the chairman's privilege."

"I demand under the rules of the board that Mr. Schaumburg go on record", cried Moise.

"I will excuse Mr. Schaumburg from voting", said President Murphy. "He has explained his position"—

Schaumburg then proceeded to reiterate his statement that personally he opposed race-horse gambling, had always done so, but did not think the board should go on record.

NO BOYS BETTING REPORT

The vote thus stood 4 for the motion of Moise and 1 not voting.

The only other action of the board dealing with race-track gambling was the statement of Schaumburg that as a member of a committee of two named to inquire into alleged race-track gambling by school children, he was not ready to report, but had been assured affidavits bearing on the subject would be available next week for the board's consideration.

PROCESSING TAX ON JUTE BAGS

Mr. BORAH. Mr. President, before we resume consideration of the revenue bill I wish to invite attention to a matter which is of very great moment to the State of Idaho and the Western States in general.

As those familiar with conditions in the Western States know, what is known as a "jute bag" is used universally in the shipment of wheat, beans, onions, potatoes, and so forth. It is an indispensable factor in the transportation of those products to market. Last December, I believe it was, a processing tax was laid upon jute bags. It now transpires that the entire tax has been transferred and is being transferred to the producers of wheat, beans, onions, potatoes, and so forth. It has become oppressive. It is a tax upon the farmer. It is a tax upon the man whom we are professing to be anxious to relieve.

I know of no reason why the tax should be levied except that the jute bag is supposed to be in competition with the cotton bag. As a matter of fact it is not. Shippers of the products which I have mentioned cannot use the cotton bags. There is no competition whatever, so far as these products and the shippers of these products are concerned, between the cotton bag and the jute bag.

It is an extraordinary situation that presents itself. Here is the taxing power of the United States under the Constitution—the Congress—and yet here we find a tax which the Congress did not impose and cannot remove or remedy. The Congress has seen fit to delegate away its taxing power to such an extent that the only power we now have is, as it were, in the nature of a petition to the authority to whom we have delegated the power which the Constitution dedicated or confided to the Congress. I am exercising today, therefore, with due humility, I trust, the right of petition as a Senator of the United States, petitioning a department of the Government to relieve my people of an unjust and exorbitant tax. Shorn of all power to repeal the tax, Congress may petition.

I read a few messages and letters bearing on this subject. I read the following telegram:

NAMPA, IDAHO, *March 22, 1934.*

Senator WILLIAM E. BORAH,
United States Senate, Washington, D.C.

Jute tax is costing Idaho for 1933 crop over $150,000. Lowest estimate claim will cost bean, onion, and potato industry of Idaho well over quarter million dollars on 1934 crop if allowed to continue. Jute used in potato bags not competitor of cotton as not to exceed 1-percent cotton bags used by potato industry. Rank discrimination against an already impoverished group of producers to exempt all manufacturers of automobiles, furniture, and all others using billions of yards of jute material in yardage form as well as exempting the jute used in baling cotton, also all bags used by wool industry and making potato growers pay $6.50 per car and bean growers pay thirteen fifty per car on every car shipped from Idaho. Potato industry of United States will pay over million and half in this tax. Potato, onion, and bean growers of Idaho have neither asked nor received any aid from A.A.A. Earnestly request your support of their request for immediate removal this unjust penalty and hope you will handle question in broadcast tonight. Thank you.

SOUTHERN IDAHO SHIPPERS TRAFFIC ASSOCIATION,
ANSON PECKHAM.

The request is that the tax be removed. The telegram is addressed to me, I presume, on the assumption still obtaining in some quarters that the Constitution is still in existence and that the taxing power is in Congress instead of the Department. So long has it been true that the sole power to impose taxes rested with Congress that it is difficult to realize that Congress has abdicated and surrendered that power to a Cabinet officer. The body which alone under the Constitution has power to tax and to repeal taxes is still mistakenly believed by some to possess that power, but it is a sad mistake. In a few days we will be asked to delegate to the Executive a still greater portion of the power Congress still retains.

Mr. ASHURST. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Idaho yield to the Senator from Arizona?

Mr. BORAH. I yield.

Mr. ASHURST. The able Senator, as we know, is one of the most distinguished members of the Judiciary Committee, and he not only can petition but he can and does set forth his views in a most effective way. He rendered a great service in our last committee meeting where a bill was considered to tax the sale and restrain the importation of certain weapons. All of the committee were in favor of the bill, but the able Senator from Idaho pointed out that a bill to raise revenue must originate in the House of Representatives. I think the Senator should not despair too poignantly.

Mr. BORAH. All I am interested in now is relief, and I am pursuing the only course I know by which to get a hearing. Of course, I may say that the able Secretary of Agriculture is exercising properly the power which was granted to him. I am not complaining of a usurpation of power or an exercise of power which has not been delegated to the Secretary of Agriculture. The Congress was generous and gave abundantly of its power. If there is fault anywhere, it is with the Congress and not with the Secretary of Agriculture—not with the "brain trust", but with the Congress. It is amusing to hear Congress talk about investigating the "brain trust" when the Congress has passed every bill I know of that the "brain trust" has suggested. The investigation strikes me as a smoke screen to cover the record of Congress. Congress would do well to investigate itself.

Here is a letter from Twin Falls, Idaho:

IDAHO VEGETABLE PRODUCERS, INC.,
Twin Falls, Idaho, March 15, 1934.

Hon. WILLIAM E. BORAH,
Washington, D.C.

DEAR SIR: Enclosed herewith please find copy of resolutions that were adopted last night at a meeting held in Twin Falls of representatives from all of the counties in the Snake River Valley extending from the Oregon line to Yellowstone Park, which comprises, as you know, practically the entire agricultural section of the State of Idaho.

We hope you are able to impress upon Secretary Wallace the fact that this territory is being penalized and nothing given in return; also that the potato, bean, and onion producers of the State of Idaho have never received and have never asked Government assistance in the way of advances or payments on abandoned acreages; that these taxes are unbearable for the further reason that Idaho pays the highest freight rate of any State in the Union in moving her farm commodities to market; that during the past 3 years, the average price received through this section was below the cost of production and that we feel that the processing tax, which we are paying on cotton goods, fully compensates the cotton grower for the assistance which he has been given; and further that the farmers in the State of Idaho are not in position financially to stand any more burdens than exist now.

In addition to the argument set forth in the resolution, we are astonished to know that the processing tax on jute products is limited to the jute used in bags under 36 inches by 72 inches in size; in other words, under the wool bag; and that this amount

of jute products coming into the United States is but a small part of the amount of jute products that are imported into the United States and used for such other purposes as rugs, furniture, meat wrappings, et cetera; also to bale the cotton in the South. It is striking us as being exceptionally unfair and unreasonable and, in fact, a penalty in the way of a tribute to the southern cotton grower.

Thanking you for the assistance which you have been giving us in this matter and assuring you that we appreciate your efforts, I am

Yours respectfully,

E. N. PETTYGROVE, *President.*

When Congress levies a tax it must have some regard to uniformity. It does not seem that that rule obtains after we have delegated the taxing power. A processing tax is being levied which affects a very limited number of those who use jute. This tax violates all sound rules of taxation and all accepted principles of justice. It is a partial, discriminating, oppressively unjust tax.

I suppose it must be said, in fairness to the Secretary, that he had in mind the protection of the cotton-bag manufacturers upon whom a processing tax had been laid.

I ask to have inserted in the RECORD a copy of the resolutions passed by the association whose letter I have just read.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The resolutions are as follows:

Whereas the United States Government on December 1, 1933, imposed a processing tax upon all jute bags used in the United States as containers of potatoes, onions, and beans, ranging in amount from $15.65 to $22.94 per thousand, thereby placing an unjust, unfair, and unreasonable burden upon the farming interests of the State of Idaho, costing them up to the present time better than $100,000, and which will, if continued, cost them approximately $275,000 per annum; and

Whereas without any notice or warning whatever these taxes were imposed upon jute products to the serious detriment of both the grower and shipper of Idaho beans, onions, and potatoes; and

Whereas the farmers of Idaho are today paying a heavy tariff upon all jute shipped into the United States, also a processing tax upon all cotton goods used by them; and

Whereas the farmers of Idaho have never used cotton bags except in a small way, in the marketing of their products, and cannot use cotton bags in any quantity except only for small consumer packages and on which jute bags cannot be used; and

Whereas jute bags are in no way competitive to cotton as the ordinary containers for potatoes, onions, and beans; and

Whereas the farmers of Idaho are today paying the heaviest freight rates upon their commodities moving to market of any like farming community in the United States; and

Whereas the farm commodities of the State of Idaho during the past few years have sold at prices averaging less than the cost of production, particularly all crops that are affected by the tax on jute products; and

Whereas there is no direct nor indirect benefit received by the farmers of Idaho from the moneys that they have paid out as a result of this processing tax; and

Whereas the potato, onion, or bean industries have never received any crop advances or advances for abandoned acreage nor do they anticipate requesting any such assistance; and

Whereas the tax upon jute products is only another unjust, unfair, and unreasonable burden added to those now being borne by the farmers of the State of Idaho, and further deprives them of any opportunity that they might have to recover from the depressed condition of their industry: And now, therefore, be it

Resolved, That we, as growers and shippers, in a meeting assembled at Twin Falls, Idaho, this 14th day of March 1934, representing all farmers and shippers from every section of the Snake River Valley, comprising practically the entire agricultural section of the State of Idaho, protest the processing tax now imposed upon jute bags used in marketing of our commodities, and respectfully urge the United States Government, through the United States Department of Agriculture, to give the producers of potatoes, onions, and beans relief from these unfair, unjust, and unreasonable taxes, by removing the processing tax upon all bags used in the marketing of these commodities.

E. N. PETTYGROVE,
Acting Chairman.

Mr. BORAH. I have here a letter from the secretary of the Cedar Draw Grange, of Buhl, Idaho. In this letter is found a resolution, which reads as follows:

Whereas the United States Government on December 1, 1933, imposed a processing tax upon all jute bags used in the United States as containers of potatoes, onions, and beans, ranging in amount from $15.65 to $22.94 per thousand, thereby placing an unjust burden upon the farmers' interests of the State of Idaho, costing them up to the present time better than $100,000, and which will, if continued, cost them approximately $275,000 per annum; and

Whereas jute bags are in no way competitive to cotton as the ordinary containers for potatoes, onions, and beans; and

Whereas the farmers of Idaho during the past few years have sold at prices averaging less than cost of production, particularly all crops that are affected by the tax on jute products: Therefore be it

Resolved, That the Cedar Draw Grange, of Twin Falls County, is opposed to the processing tax on all jute containers.

Mrs. E. L. METZ,
Secretary Cedar Draw Grange, Buhl, Idaho.

I have also a letter from the Colorado Perishable Products Traffic Association. This tax affects, of course, the producers in all the Western States, and Colorado has presented her cause in a letter which I have before me. I will read part of this letter, and then ask that the entire letter be incorporated in the RECORD:

While the above figures are approximate, they will not miss the true figures very far. We have grouped actual shipments to date of potatoes and onions from Colorado, to which we have added dry beans from Colorado and New Mexico combined, indicating a total tax of over $83,000 up to date, and we estimate that for the 1933 crop year the total cost to farmers of the Nation will come very close to $2,000,000. If anything, our figures are far too low. Of course, these figures do not in reality mean that this specific tax has been borne by the grower, because a large part of the crop moved before the tax was imposed. They do, however, indicate what may be expected in future years.

Out here in the West farmers justly feel that they are being discriminated against in favor of the cotton producer. If the thought back of this tax is to influence farmers to use domestically produced cotton goods instead of imported jute products, then whoever is responsible for this added burden is not acquainted with the handling of farm products.

At times, in a very limited way, shippers have endeavored to use cotton bags for potatoes. It has been found impractical in every respect, because any slight damage immediately becomes apparent on the outside of the bag, for the reason that cotton stains so easily. To use cotton in lieu of burlap on car-lot shipments of potatoes and vegetables would be courting trouble for the farmer and shipper alike, as rejections would be more numerous, and when the goods reached the jobbers' floors the sacks would be dirty and would show up badly for resale purposes.

In other words, the use of the cotton bag is impracticable. There would be more rejections and, therefore, more losses than if the producers were paid the amount of expense incurred by them by reason of the tax.

I ask unanimous consent to have this entire letter printed in the RECORD.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The letter is as follows:

THE COLORADO PERISHABLE PRODUCTS TRAFFIC ASSOCIATION,
Greeley, Colo., March 26, 1934.

Hon. WILLIAM E. BORAH,
Senate Building, Washington, D.C.

MY DEAR SENATOR BORAH: In response to your telegram of March 24, I am very glad to tabulate below some approximate figures, which will give you an idea of the staggering cost being placed on agriculture through the recently inaugurated tax on burlap containers:

Commodity	Cars	Approximate tax per car	Cost to date	Colorado, estimated for season	Cost, Nation, estimated for 1933 crop year
Onions	1,652	$4.80	$7,929		
Do	2,000	4.80		$9,600	
Potatoes	10,197	5.76	58,734		
Do	15,000	5.76		86,000	
Potatoes, onions, and other vegetables using burlap	350,000	5.10			$1,785,000
	Bags	*Bags*	*Colorado and New Mexico*		
Dry beans	748,756	2.20	16,470		
Do	8,000,000	2.20			176,000
Total			83,133	95,600	1,961,000

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At times, in a very limited way, shippers have endeavored to use cotton bags for potatoes. It has been found impractical in every respect, because any slight damage immediately becomes apparent on the outside of the bag, for the reason that cotton stains so easily. To use cotton in lieu of burlap on car-lot shipments of potatoes and vegetables would be courting trouble for the farmer and shipper alike, as rejections would be more numerous, and when the goods reached the jobbers' floors, the sacks would be dirty and would show up badly for resale purposes.

In both Colorado and New Hexico, shippers of dry beans have also at different times tried out cotton bags in lieu of burlap, with very much the same results. It was found that cotton bags stretched badly and arrived dirty at destination.

Do you not agree that it is unreasonable to place a tax on burlap in order to favor cotton producers, when cotton in reality cannot be used in this industry as a substitute for burlap?

I believe in justice to the western farmer this burlap tax should be rescinded as of the effective date, December 1, 1933.

Yours very truly,

THE COLORADO PERISHABLE PRODUCTS TRAFFIC ASSOCIATION,
J. H. WOOLF, *Treasurer.*

Mr. WALSH. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Idaho yield to the Senator from Massachusetts?

Mr. BORAH. I yield.

Mr. WALSH. I have received somewhat similar protests from representatives of the sugar-refining industry on the eastern seaboard. They state that this tax is most burdensome, and they have discovered that the sugar refiners of Cuba are using Japanese bagging, and are able to circumvent the tariff laws by buying this bagging very much cheaper than the price which the refiners in this country have to pay for bagging because of the processing tax. The complaint I have received from that and other industries is very similar to the complaint the Senator has received from the farmers of his State.

Mr. BORAH. The tragedy of this is that whatever might have been in the mind of the able Secretary of Agriculture as to who would pay this tax, the fact is now conclusively established that the producer pays the tax. It does not make any difference where it is laid; the incidence is with the producer; and the farmer, the producer of these different products, is carrying this extra burden at a time when it is one of the primal policies of the administration to relieve agriculture. If we compare this tax with the supposed increase in the price of the product, we will find that the tax very nearly absorbs the increase in the price of the particular products of which I am now speaking. I assert with no fear of successful contradiction that the tax benefits no one and injures and oppresses the producer.

Mr. President, I read a letter from the State of Washington, from Benz Bros. & Co., at Toppenish, Wash. It is as follows:

TOPPENISH, WASH., *March 24, 1934.*

Hon. WILLIAM E. BORAH,
United States Senator, Washington, D.C.

DEAR SENATOR BORAH: This will acknowledge your wire of March 24. We are heartily in sympathy with the effort being made to remove the processing tax upon jute bags, because we believe this tax to be unjust, unreasonable, and discriminatory.

The 100-pound potato bags or standard size wheat bags are not competitive with cotton bags, for the reason that it is impractical to use cotton for these and other similar farm products. The substitution of burlap bags for cotton only occurs in the smaller-size bags, 25 pounds or smaller, which are known as consumer-size bags, and only a very small percentage of our fruit and vegetable crops are packed in these consumer packages.

The imposition of a burlap processing tax places upon the grain and vegetable farmer an additional heavy burden at a time when he is already heavily burdened with taxes of all kinds, including the payment of a heavy import duty on burlap.

Figured upon the basis of car lots, the farmers of this State are being forced to pay a tax of approximately $6 on each car of vegetables, and $8 to $10 on each car of grain. This money in most cases is not returned to them, but must come out of the pocket of distressed farmers.

We are in sympathy with the Government's program to assist the cotton industry; however, we see no logical reason for the jute tax; it is a mistake and should be speedily removed.

Yours very truly,

BENZ. BROS. & CO.,
E. E. BENZ.

I have here a telegram from J. F. Jardine, president of the National Potato Association of Waupaca, Wis., reading as follows:

WAUPACA, WIS., *March 26, 1934.*

Senator W. E. BORAH:

Writing you fully tomorrow present process tax on potato bags. Cost potato producers approximately $6 per car. Potato growers generally consider tax unfair, too, and discriminatory against their product, and urge its repeal.

J. F. JARDINE,
President National Potato Association.

I also have the following letter from the Shippers' Protective Association of Idaho Falls, Idaho:

IDAHO FALLS, IDAHO, *March 22, 1934.*

Hon. WILLIAM E. BORAH,
Washington, D.C.

DEAR MR. BORAH: The above association at a special meeting held at Idaho Falls, Idaho, last night unanimously went on record as favoring an appeal to you to immediately cancel the existing processing tax on jute bags.

While the above association is composed of shippers handling in excess of 15,000 cars of potatoes annually, we do not contend that it affects us directly; however, it does seriously affect all the growers from whom we purchase potatoes, because such processing tax must be added to the cost of the sacks and the full amount deducted from the growers. All our growers have gone on record as strenuously opposed to this unfair tax against them, and we join them heartily in an effort to secure the cancelation of this tax.

Yours very truly,

SHIPPERS' PROTECTIVE ASSOCIATION,
H. E. YOUNG, *Manager.*

I ask leave to insert in the RECORD a letter from the F. M. Balcom Co., at Grandview, Wash.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The letter is as follows:

GRANDVIEW, WASH., *March 28, 1934.*

Hon. WILLIAM S. BORAH,
Washington, D.C.

DEAR SIR: Benz Bros., of Toppenish, Wash., have requested that we write you relative to the present processing tax on burlap bags. At the present time there is about a 25-percent tax on the burlap bags we use for potatoes. There is a tax of $15.71 per thousand on bags costing us $70 per thousand.

We are at a loss to find out why this tax does any good, except to add an additional revenue to the United States Treasury. It certainly works a terrific hardship on the potato growers in the Yakima Valley, and we would certainly appreciate it very much if you would lend your efforts to have this tax abolished.

I am writing you as president of the F. M. Balcom Co., as well as president of the Yakima Valley Potato Dealers' Association.

Very truly yours,

F. M. BALCOM CO.,
By F. M. BALCOM, *President.*

Mr. BORAH. There is a multitude of facts and figures showing how very burdensome this tax is, and that it is being borne or paid by the producers of these different products.

As I said a moment ago, I assume that the tax was laid on the theory that it was a protection of the manufacturers of cotton bags; but there is no competition between the two articles, and the result is that a tremendous burden is placed upon the producers of these articles in the West without any compensatory benefit to anyone. It is simply an additional heavy tax which the producers must pay.

Mr. President, I have said that the only thing I can do at this time is to present the facts, in the hope that the able Secretary of Agriculture will reconsider the matter and withdraw the tax. There is, of course, a way in which we can enforce a different program. That undoubtedly would lead to delay, and I do not know that it would be successful if we should undertake it in the Congress. The more immediate method—and the hope I entertain is that that method will be employed—would be for the Secretary to reinvestigate the matter and withdraw the tax. I urge this matter upon his attention and trust the matter will be reconsidered and the tax withdrawn. Investigation will convince the Secretary that the tax is working a great hardship on those who are already in great distress financially and economically. This tax will mean to many the difference between a small profit, enough to get by, and a loss—a loss sufficient to entail other failures, inability to

meet other obligations, and therefore another profitless year, if not complete break-down.

Mr. JOHNSON. Mr. President, I am heartily in sympathy with what has been said by the Senator from Idaho [Mr. BORAH]; and I know from the information which has come to me that the tax which has been thus levied bears very onerously and very heavily upon all the farming communities of the West.

I do not speak, as the Senator does, in precatory fashion, because when an injustice is done I am content, perhaps, to explain that injustice, and then, if appropriate, subsequently, ultimately to denounce it. So I desire to make plain in just a few words, if I can, what this tax does for the far West.

I do not question at all the right of the Secretary of Agriculture, because, as has been very properly said, we accorded the power. I do not like the exercise of that power; and so it is that I present in a few words exactly what the use of it has done.

Here is the taxing power of the United States of America exercised by proclamation of a single official. He is not to blame. I reiterate that. He is not at all culpable, and he is not due for criticism from any of us because of it. We did it; we passed the law; and we alone are the ones who are to blame; but we are as well the ones who ought to correct any injustice under that law.

Here is the proclamation in regard to jute to which reference has been made:

The following proclamation is hereby incorporated in these regulations:

"I, H. A. Wallace, Secretary of Agriculture of the United States of America, acting under and pursuant to an act of Congress, known as the Agricultural Adjustment Act, approved May 12, 1933, as amended, after investigation and due notice and opportunity for hearing to interested parties, and due consideration having been given to all of the facts, hereby find, and do hereby proclaim, that the payment of the processing tax upon cotton is causing and will cause to the processors thereof disadvantages in competition from jute fabric and jute yarn, by reason of excessive shifts in consumption between such commodities or products thereof. I do accordingly hereby specify that the compensating rate of tax on the processing of jute fabric necessary to prevent such disadvantages in competition, is 2.9 cents per pound of jute fabric, on the first domestic processing of jute fabric into bags, and that the compensating rate of tax on the processing of jute yarn, necessary to prevent such disadvantages in competition, is 2.9 cents per pound of jute yarn, on the first domestic processing of jute yarn into twine of a length 275 feet per pound, or over, finished weight, of twine. Hereafter, there shall be levied, assessed, and collected upon the first domestic processing "—

And so forth. We did that, not Mr. Wallace. We authorized Mr. Wallace to proclaim, when he desired, that a tax should be levied in such a sum as he saw fit, under appropriate circumstances, as described by him, and that the tax should become effective.

We have strayed far from the old Anglo-Saxon idea that he who has charge of the purse governs. We, imagining that we were successors of parliaments of the past, have thought, generally speaking, that we controlled the purse, and therefore that, partially at least, we governed.

We have changed the rule. The crisis and the emergency may have required it and may have required such an act as this. But it is a pretty harsh rule, and it ought not to be invoked unless absolute necessity requires, even though we have granted the power.

Mr. BONE. Mr. President——

The PRESIDENT pro tempore. Does the Senator from California yield to the Senator from Washington?

Mr. JOHNSON. I yield.

Mr. BONE. Can the Senator advise us how much this compensating tax would add to the cost to the farmer of the average jute bag?

Mr. JOHNSON. I am coming to that in just a moment. In justice to the Secretary of Agriculture, I wish to call attention to the fact that the power is found in subsection (d) of section 15 of the Agricultural Adjustment Act, and I will insert the particular portion which thus gives him the power in order that I may carry with what I say what he may deem the antidote to it. But the tax now, in the realities, is entirely and wholly unjust.

In the far West we farm, so far as grain is concerned, in a fashion different from that followed in the Middle West, and, unfortunately, there are some gentlemen from the Middle West who never have been in the far West. Our country is so big that perhaps they may be forgiven the lapse in that regard, although I think that failure on the part of anyone to see the far West is a misfortune which can never subsequently be compensated for in a life of travel. Nevertheless, in the far West we harvest our grain in a fashion different from that followed in the Middle West, as I have said. In the Middle West the farmers harvest in bulk; they put their grain in the elevators and in the warehouses. In the far West, in the States of Oregon, Washington, California, Idaho, and so on, we are compelled to harvest and sack immediately. We sack our wheat and we sack our barley. Oftentimes it is used in export and the like, but we always sack it. The only mode we have had of sacking it in the past was by virtue of jute bags.

This compensating tax is asserted to have been made for cotton, but it cannot be compensating for cotton because the cotton bag cannot be substituted in our territory for the jute bag.

The tax falls heavily on farmers in the areas in the West where there is no bulk handling of grain. It falls directly on the grain growers of the State from which I come, and it cannot be passed on. A barley grower of California, for instance, who produces 4,000 bags of barley, is confronted with a tax of from $800 to a thousand dollars, which he must pay in order to harvest his grain, under the order that is made by one man—an order of taxation. I want Senators to keep in mind the fact that in the far West cotton bags cannot be substituted for the sacking of this grain. So it is rather incomprehensible to me why the order should have been made.

When I am speaking thus as to its effect, I am reciting merely what the State Grange of the State of California has stated. Their chief official is here at the present time rebelling against this order and endeavoring to get some relief though, as he tells me, quite unsuccessfully. He has made a study of the question; his organization has studied it; they are all agreed upon the injustice of the order; and they are all demanding that something be done, if possible. What can be done is quite beyond me if the Secretary of Agriculture remains obdurate in adhering to the rule he has made.

Conservative estimates, it is reported to me, place the burden of this tax on the farmers of California as between five and six hundred thousand dollars this year. In the case of some varieties of grain, this tax means a difference between a profit and a loss. So we have here the anomalous situation presented of the assertion that a processing tax shall be carried to the farmers of the West in order that farmers in some other place may reap the benefit of it, even though it carries ruin in the first place to those upon whom it is imposed.

Then we talk of reciprocal trade agreements, and we tell about how we are going to take our products and carry them here and there and some other place beyond the seas and relieve our farmers of the difficulties which have been encountered by them, when, within the borders of our own country, we are levying by one man's dictum a tax today that is ruinous upon the 4, 5, 6, or 7 States situated on the West coast.

For these reasons I unite with the Senator from Idaho in the protest he has made concerning this tax. I have only a protest to make, it is quite true, but the protest thus I make.

I ask to have printed in the RECORD at this point subsection (d) of section 15 of the Agricultural Adjustment Act to which I referred a few moments ago.

There being no objection, the subsection was ordered to be printed in the RECORD, as follows:

(d) The Secretary of Agriculture shall ascertain from time to time whether the payment of the processing tax upon any basic agricultural commodity is causing or will cause to the processors thereof disadvantages in competition from competing commodities by reason of excessive shifts in consumption between such commodities or products thereof. If the Secretary of Agriculture

finds, after investigation and due notice and opportunity for hearing to interested parties, that such disadvantages in competition exist, or will exist, he shall proclaim such finding. The Secretary shall specify in this proclamation the competing commodity and the compensating rate of tax on the processing thereof necessary to prevent such disadvantages in competition. Thereafter there shall be levied, assessed, and collected upon the first domestic processing of such competing commodity a tax, to be paid by the processor, at the rate specified, until such rate is altered pursuant to a further finding under this section, or the tax or rate thereof on the basic agricultural commodity is altered or terminated. In no case shall the tax imposed upon such competing commodity exceed that imposed per equivalent unit, as determined by the Secretary, upon the basic agricultural commodity.

Mr. JOHNSON. An extraordinary and amazing power we granted. Its very character should require its exercise only after most careful consideration and meticulous investigation. The most scrupulous study should precede action; and when even the possibility of injustice appears no tax should be levied. And if the possibility of injury be shown after action, that action ought, of course, to be rescinded.

THE PROCESSING TAX AND PRESENT-DAY TRENDS

Mr. DICKINSON. Mr. President, with reference to the processing tax, which was discussed at some length in the Senate a few days ago, I desire to put in the RECORD some official data, which support my position, as I see the subject.

In the consideration of the Bankhead cotton-control bill a discussion arose with reference to the revenues to be returned to the Treasury from the processing tax. In order that everyone may understand the situation to date with reference to the processing tax and the expenditures of the Government under the Agricultural Adjustment Administration, it is well to examine the record as it appears to date.

On page 189 of the Budget it is found that the estimated costs of the Agricultural Adjustment Administration to June 30, 1934, will amount to $855,379,811; that in addition thereto the expenditures will include $37,000,000 payable from N.R.A. allotments, making a total of $892,000,000. These expenditures include permanent departmental employment of 230 people, and temporary departmental employees—total sum of $4,920,302; field employees, $4,224,623; agricultural rental and benefit payments of $724,276,400; removal of surplus agricultural products, $85,000,000.

In order that there may be no misunderstanding, the estimates for 1935 amount to $831,022,428. In order to offset this, under the terms of the Agricultural Adjustment Act a processing tax was to be levied, with the understanding that the Treasury was to be reimbursed for all advancements previously made.

The Treasury statement of March 30, 1934, shows that the total amount of the processing tax for the fiscal year commencing July 1, 1933, to March 30, 1934, amounts to $237,701,678.61; that the collection for the month of March amounts to $36,796,532.06. Estimating 3 additional months at a similar rate per month, the Government will collect for the months of April, May, and June an additional $110,389,596.18. This should be a liberal estimate, for the reason that much of the processing tax is imposed upon fresh meats and, in all probability, the returns from this tax will decrease rather than increase during the months above named. For this reason I believe that the estimate given is liberal.

Therefore, taking into account the estimated revenues to June 30, 1934, of $348,091,274.79 and deducting the same from the total expense estimated by the Budget, of $892,379,811, we find an estimated deficit June 30 under the Agricultural Adjustment Act of $544,288,536.21.

Yet the former administration was condemned on account of the loss of $270,000,000 by the Federal Farm Board and accused of being extravagant. This would indicate that in the first fiscal year of the present administration, we will more than double said loss, with commitments for many millions of dollars running into the next fiscal year.

In addition to that, Mr. President, we have just passed a bill which makes dairy products an agricultural commodity. It also includes peanuts, barley, flax, and so forth. In addition thereto we have authorized the expenditure of $200,000,000 to supplement that legislation. I am simply making the suggestion so we will have some idea where the present program is leading us. In other words, the theory that the Government is more than maintaining its fiscal balance and paying its way in the actual Budget is erroneous. Why? Because there are not included many items which have been heretofore regularly appropriated under the appropriation acts passed by Congress. Likewise there are not included many commitments of the Government by legislative enactment, but rather temporary expenditures are made for items so as to show an apparent reduction in the regular expenditures in order to indicate that more is coming in than is being paid out, so far as regular expenditures are concerned.

Therefore I think there is some cause for worry as to where we are being led under the present program. I am not one who is disposed to be an alarmist. I think there are certain trends which ought to be recognized. I believe those trends are pretty far-reaching, and I think we might as well recognize them now. In doing so I shall refer to a letter by W. S. Mansfield, published in the Chicago Daily News under date of March 28, 1934, in which he suggests switching platforms:

SWITCHING PLATFORMS

A review of the Democratic Party platform adopted by the national convention, Chicago, July 22, 1932, discloses that probably the five most vitally important principles of that solemn covenant have either been wholly repudiated or are in process of nullification. These important principles, as adopted, are:

1. We favor maintenance of the national credit by a Federal Budget balanced on the basis of accurate executive estimates within revenues. * * *

2. We advocate a sound currency to be preserved at all hazards. * * *.

It is my understanding that according to the Secretary of the Treasury's own statement we are on a daily, or monthly, monetary basis, because the Treasury does not know what the next day will bring.

3. We advocate * * * a fact-finding tariff commission free from Executive interference. * * *

Yet we have pending a bill, which will soon be brought before the Senate, asking that the Executive be given authority to fix tariff schedules as he sees fit, within 50 percent of the existing rate either up or down.

4. The removal of Government from all fields of private enterprise, except where necessary to develop public works and natural resources in the common interest.

Yet I do not know of a time when we have seen gathered in Washington so many representatives of every type of business on earth, all hoping they will get something under a code which will help them survive the pressure that is now being put upon them under the N.R.A. The railroads and the hotels of Washington should be up here lobbying for the N.R.A., because it has been the greatest source of revenue they have had for many, many years; because it has brought people to Washington from all over the United States, in an effort to try to see that the codes are arranged suitably to protect their own particular interests.

5. We condemn the extravagance of the Farm Board—

That is the reason I wanted to read the letter. As a matter of fact, according to the estimates the administration itself has given, a deficit of over $500,000,000 is shown in the administration of the Agricultural Adjustment Act. Yet we find that in paragraph no. 5 it is said:

5. We condemn the extravagance of the Farm Board, its disastrous action, which made the Government a speculator of farm products, and the unsound policy of restricting products to the demands of domestic markets.

As a matter of fact, what do we have? We have the restriction of corn, and hogs, and cattle, and dairy products, and cotton, and wheat, all under a system of regimentation, and it seems to be the policy of the present administration to continue along those lines.

Therefore I say there is apparent a trend, and where it is going to lead us I do not know, although we find that none of the principles to which I have just referred have been carried out.

There has just been published a book by Dr. Rexford G. Tugwell and Howard B. Hill, Our Economic Society and Its Problems. It is my understanding that this book has been prepared by Dr. Tugwell for the purpose of being used as a textbook in the colleges and universities of the country, and that it has been amended and revised to some extent by Mr. Hill in an attempt to make it a suitable book to be placed in the high schools of the country. In other words, this is educational propaganda, as I see it, for the purpose of getting the book into the hands of the private educational institutions and the public schools in order that the principles laid down therein may be taught to the young people of this country in their school days.

I turn to page 531, and in contrast to the principles I have just read from the platform of the Democratic Party I want to read six of the articles of the Socialist platform of 1932. This is not the platform on which Franklin Delano Roosevelt got 22,000,000 votes, or on which Herbert Hoover got 16,000,000 votes, but it is the platform on which Norman Thomas got a little over 800,000 votes.

1. Unemployment and labor legislation. A Federal appropriation of $5,000,000,000 for immediate relief.

We have not quite reached that maximum yet, but we are going in that direction pretty fast.

A Federal appropriation of $5,000,000,000 for Public Works and roads, reforestation, slum clearance, and decent homes for workers. The 6-hour day and the 5-day week without a reduction of wages. Compulsory unemployment insurance. Old-age pensions. Abolition of child labor. Adequate minimum-wage laws.

2. Social ownership. Social ownership of mines, forests, oil and power resources, public utilities dealing with light and power, transportation and communication, and all other basic industries. The operation of these socialized industries by boards on which the wage earner, the consumer, and the technician are adequately represented.

3. Banking. Socialization of our credit and currency system and the establishment of a unified banking system.

I have in my desk a statement showing that the Reconstruction Finance Corporation now owns as high as 75 to 80 percent of the capital stock in some of the leading banks of the United States, and that the Corporation has invested something over $3,000,000,000 in preferred stock of various banks. In other words, the Reconstruction Finance Corporation, in behalf of the Government, is almost as much an owner of the stocks of the various banks of the country as are the individual and the private owners themselves. The Government is fast getting into the banking business.

4. Taxation. Steeply increased inheritance taxes and income taxes on higher incomes.

5. Agriculture. Reduction of tax burdens; creation of a Federal marketing agency for the purchase and marketing of farm products.

That is just about where we are headed for under the present law.

6. Constitutional changes. An amendment to the Constitution to make constitutional amendments less cumbersome.

It is my impression that if many people had their way now the Constitution would be amended to the point where we would not have any Constitution. They think that every restriction provided in the Constitution against carrying out their hobbies is a limitation on their ambition, and therefore they want to do away with the Constitution.

Abolition of the power of the Supreme Court to pass upon the constitutionality of legislation enacted by Congress.

We have almost reached that stage.

That gives us some idea of what the Socialist platform is. I will read further from Mr. Mansfield's letter:

Perusal of the Socialist Party platform adopted by the national convention, Milwaukee, Wis., May 25, 1932, reveals that 9 out of 12 items listed under unemployment and labor legislation, as well as a number of other measures listed under social ownership, banking, taxation, and agriculture, have either been put into actual practice already or are strongly advocated by the present administration.

The evidence thus presented convinces one, unfortunately too late, that, under the camouflage of national emergency, a brainstorm trust of radical sociologists has instituted a comprehensive program of social and economic reforms which are highly theoretical and idealistic, exceedingly impractical, opposed to all reason and experience and to scientific economic laws; and that those of us who innocently but in all sincerity voted the Democratic ticket in substance voted the Socialist ticket.

W. S. MANSFIELD.

CHICAGO.

Mr. CONNALLY. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. BARKLEY in the chair). Does the Senator from Iowa yield to the Senator from Texas?

Mr. DICKINSON. Yes.

Mr. CONNALLY. I am trying to follow the Senator in his remarks. What is his complaint? Is he picking out some particular thing that someone has done?

Mr. DICKINSON. If the Senator will just listen a while he will find out what the complaint is.

Mr. CONNALLY. The Senator from Texas has been listening for sometime, and he has not as yet found out.

Mr. DICKINSON. I showed that there is going to be a deficit of over $5Q0,000,000. Does that attract the attention of the Senator from Texas at all?

Mr. CONNALLY. Certainly it attracts it, but it does not attract it as much as it did when the administration of the Senator's party had a deficit of $5,000,000,000.

Mr. DICKINSON. Oh, yes; but I am talking about one item, only one item, and it is only the beginning; remember that.

Mr. CONNALLY. Is only what? The Senator from Texas always listens to the Senator from Iowa, but rarely understands him.

Mr. BYRNES. Mr. President, will the Senator yield to me?

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from South Carolina?

Mr. DICKINSON. I yield.

Mr. BYRNES. May I say that if the Senator from Iowa, who during the last administration was in favor of economy, continues to vote for the highest possible appropriations every time he gets a chance in this Congress he will not see the last of deficits.

Mr. DICKINSON. I want to suggest that if the present administration should adopt a program of economy and adhere to it, it would have my cooperation, but if it is going to adopt a program of curtailing on one hand and then voting money away by the billions of dollars on the other, it will not have my cooperation in that type of economy, because it is wasteful; it evidences mismanagement; it is not the type of economy that will ever get us out of the depression.

Mr. BYRNES. Will the Senator yield again?

The PRESIDING OFFICER. Does the Senator from Iowa yield further to the Senator from South Carolina?

Mr. DICKINSON. Yes.

Mr. BYRNES. Can the Senator name any single item in any appropriation bill which he has voted to reduce since this Congress convened?

Mr. DICKINSON. That I voted to reduce?

Mr. BYRNES. In the Committee on Appropriations has the Senator voted for a single reduction of any appropriation or has he failed to vote for any proposed increase of appropriations?

Mr. DICKINSON. The only appropriation that I voted to increase was that for the Federal employees and the soldiers' compensation.

Mr. BYRNES. Can the Senator name any item of appropriation he ever voted to reduce?

Mr. DICKINSON. I do not know that we have before us any proposal to reduce expenditures. The Democrats are increasing expenditures all the time and not decreasing them.

Mr. BYRNES. Has the Senator as yet proposed a reduction in any appropriation?

Mr. DICKINSON. No; I want the administration of the Senator's party to run this Government, and that is what it is trying to do, and I do not believe it will quit until it shall have wrecked the credit of the Government of the United States.

Mr. HARRISON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Mississippi?

Mr. DICKINSON. I yield.

Mr. HARRISON. I like to hear the Senator speak, and sometimes like a political controversy, but we met today at 12 o'clock to take up an important measure which is designed to raise $330,000,000 of revenue. I am not saying this in criticism of the Senator, because the Senator has not occupied any time, mind you; he has just begun; and my appeal is not to the Senator, but to other Senators. Will they not allow us to get started on this great tax bill just as soon as possible?

Mr. DICKINSON. I have a good amendment to the bill which I want to present after a while.

Mr. HARRISON. If it is a good amendment it will be adopted.

Mr. DICKINSON. I am going to propose now, in view of the suggestion of the Senator from South Carolina [Mr. BYRNES], that none of the Public Works money heretofore appropriated shall be used for erecting a new Interior Department building in the city of Washington, D.C. I hope the Senator from Mississippi and the Senator from South Carolina will accept the amendment.

Mr. BYRNES. I can say that so far as the Senator from South Carolina is concerned he will vote for the amendment of the Senator from Iowa.

Mr. DICKINSON. That is very kind; we will again cooperate.

Mr. HARRISON. I want to say to the Senator if he will just stop talking I will vote for his amendment. [Laughter.]

Mr. DICKINSON. There are a few more things that I think Senators on the other side ought to know about Dr. Tugwell, and which I want to put in the RECORD before I quit.

In order that we may understand the program that is being carried out, let me refer to an interesting observation made by Dr. R. G. Tugwell before the American Economic Association in Washington, D.C., in December 1931, as published in the American Economic Review Supplement of March 1932. In this address there was set forth the very foundation—indeed, the very formation of the type of legislative program that is now being carried out. Let me read from the first paragraph:

> There can be no secure peace in the world so long as its people are engaged in industry and organized in independent units. It is difficult to discriminate between what is a racket and what is simply business. All this is the essence of laissez faire. War in industry is just as ruinous as war among nations, and equally strenuous measures are taken to prevent it. It is my belief that practically all of this represents unconsidered adherence to a slogan or perhaps a withdrawal from the hard lessons of depression years, and it remains unrelated to a vast background of revision and reorganization among our institutions which would condition its functioning.
>
> Some say easy this way, but they do not understand it. This amounts, in fact, to the abandonment of laissez faire. It amounts to practically the abolition of business. That is what planning calls for. Those who talk most about this sort of change are not contemplating sacrifice. They are expecting gains. Business as we know it is chiefly interested in profit, and if these are disestablished, a certain kind of enterprise will disappear.

Mr. President, in order to avoid reading further, I am going to ask that the entire quotation be inserted in the RECORD at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

Excerpts from the address of R. G. Tugwell, before the forty-fourth annual meeting of the American Economic Association in Washington, D.C., in December 1931. It was published in the American Economic Review Supplement, March 1932:

There can be no secure peace in the world so long as its people are engaged in industry and organized in independent units. It is difficult to discriminate between what is a racket and what is simply business. All this is the essence of laissez faire. War in industry is just as ruinous as war among nations, and equally strenuous measures are taken to prevent it. It is my belief that practically all of this represents an unconsidered adherence to a slogan or perhaps a withdrawal from the hard lessons of depression years, and it remains unrelated to a vast background of revision and reorganization among our institutions which would condition its functioning. Some say easy this way, but they do not understand it. This amounts, in fact, to the abandonment of laissez faire. It amounts to practically the abolition of business. That is what planning calls for. Those who talk most about this sort of change are not contemplating sacrifice. They are expecting gains. Business as we know it is chiefly interested in profit, and if these are disestablished a certain kind of enterprise will disappear.

Most of us ought not to have been quite so free in our predictions that the institutions of Soviet Russia would break down from a failure of motive. It ought to be a source of wonder that a society could operate at all when profits are allowed to be earned and disposed of as we do it.

Every depression period wearies us with insecurity; the majority of us seem all to be whipped at once; and what we long for temporarily is safety rather than adventure. Planning seems at first to offer this safety and so gains a good deal of unconsidered support. But when it is discovered that planning for production means planning for consumption, too; that something more is involved than simple limitation to amounts which can be sold at any price producers temporarily happen to find best for themselves; that profits must be limited and their uses controlled; that what really is implied is something not unlike an integrated group of enterprises run for its consumers rather than for its owners—when all this gradually appears there is likely to be a great changing of sides.

Strange as it may seem—directly antithetical to the interests of business and unlikely to be allowed freedom of speech, to say nothing of action—it seems altogether likely that we shall set up, and soon, such a consultative body.

When the Chamber of Commerce of the United States is brought to consent, realization cannot be far off. It seems to me quite possible to argue that in spite of its innocuous nature, the day in which it comes into existence will be a dangerous one for business. There may be a long and lingering death, but it must be regarded as inevitable.

It is necessary to realize quite finally that everything will be changed if the linking of industry can finally be brought to completion in a plan.

We have traveled a long road to this threshold we now consider crossing. The setting up of an effective cntral coordinating body in Washington will form a focus about which recognition may gradually gather. For we have a century and more of development to undo.

Any new economic council will be hampered on every side; it will be pressed for favors and undermined by political jobbery. It will not dare to call its soul its own nor speak its mind in any emergency. But it will be a clear recognition—one that can never be undone—that order and reason are superior to adventurous competition. * * * Let it be as poor a thing as it may, still it will be a constant reminder that once business was sick to death and may be again. Planning will necessarily become a function of the Federal Government; either that or the planning agency will supersede that Government, which is why, of course, such a scheme will eventually be assimilated to the State rather than possess some of its powers without its responsibilities.

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It has already been suggested that business will logically be required to disappear. This is not an overstatement for the sake of emphasis; it is literally meant.

* * * * * * *

We shall not—we never do—proceed to the changes suggested all at once. Little by little, however, we may be driven the whole length of this road; once the first step is taken, which we seem about to take, that road will begin to suggest itself as the way to a civilized industry. For it will become more and more clear, as thinking and discussion centers on industrial and economic rather than business problems, that not very much is to be gained until the last step is taken. What seems to be indicated now is years of gradual modification, accompanied by agonies and recriminations, without much visible gain; then, suddenly, as it was with the serialization of machines, the last link will almost imperceptibly find its place, and suddenly we shall discover that we have a new world, as, some years ago, we suddenly discovered that we had unconsciously created a new industry.

Most of those who say so easily that this is our way out do not, I am convinced, understand that fundamental changes of attitude, new disciplines, revised legal structures, unaccustomed limitations on activity, are all necessary if we are to plan. This amounts, in fact, to the abandonment, finally, of laissez faire. It amounts, practically, to the abolition of business.

But a mature and rational economy which considered its purposes and sought reasonable ways to attain them would certainly not present many of the characteristics of the present, its violent contrasts of well-being, its irrational allotments of individual liberty, its unconsidered exploitation of human and natural resources. It is better that these things be recognized early rather than late.

We shall all of us be made unhappy in one way or another, for things we love, as well as things that are only privileges, will have to go.

The first changes will have to do with statutes, with constitution, with government. We shall be changing once for all, and it will require the laying of rough, unholy hands on many a precedent.

There is no private business, if by that we mean one of no consequence to anyone but its proprietors; and so none exempt from compulsion to serve a planned public interest. Furthermore, we shall have to progress sufficiently far in elementary realism to recognize that only the Federal area, and often that, is large enough to be coextensive with modern industry; and that consequently the States are wholly ineffective instruments of control. All three of these wholesale changes are required by even a limited acceptance of the planning idea, doubtless calling on an enlarged and naturalized police power for enforcement.

Perhaps our vested interests will submit. Perhaps our statesmen will give way. It seems just as credible that we may have a revolution, yet the new kind of economy cannot function in our present economy. The situation is such that the choices are hard, yet one of them has to be made. There is no denying the contemporary situation in the United States has explosive possibilities.

The future is becoming visible in Russia. No one can pretend to know how the release of this pressure is likely to come. It may be by calling on the organized police power for enforcement. There is no private business exempt from compulsion to serve a planned public interest. The essence of business in its free venture for profits is unregulated economy. Planning implies guidance to all business. To take away from business its freedom of venture and expansion, and to limit the profits it may make, is to destroy it as business and to make it something else.

So long as it was possible we tried to delude ourselves, in one way or another, that purpose existed and that it had a definite reference to mankind; all that comfort is torn away now, and we remain poor, inconsequent creatures exposed to chance developments which are neither kind nor untried with reference to ourselves, but simply impersonal.

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It is, in other words, a logical impossibility to have a planned economy and to have businesses operating its industries, just as it is also impossible to have one within our present constitutional and statutory structure.

Mr. DICKINSON. Mr. President, I will not delay the Senator from Mississippi very long. There are just one or two more expressions in this book to which I wish to refer, following the address delivered in Washington in 1931. On page 541 of this famous book, which has just been published and placed in the library in February of this year, I find this statement:

As we approach the end of this book we may say that it has presented a great issue: How can we raise levels of living in the United States? * * * The objectives are clear. * * * We must act, and we cannot act without planning. To act in the public interest, we must plan on a national scale. To put national plans into effect, we set up social controls. These two processes constitute economic planning.

What we hear most about all along the line here is economic planning.

For many years the technical task of devising plans for regulating our complex economic interests was too difficult to attempt. But today we know that this is no longer true, for Russia has shown that planning is practicable. Thinkers in our own land, too, have advanced plans which do not seem Utopian dreams. * * *

The real obstacle to economic planning is the set of ideals that we have carried over from an earlier day and which developed to fit a totally different economic situation. We continue to think in terms of individualism and competitive profit seeking long after the conditions favorable to that economic philosophy have passed away. In undertaking economic planning, we need not accept any particular plan or any specific set of objectives. We need rather to set out in the scientific spirit to solve our pressing economic problems.

I omit portions of a page or so and come to the purpose of this book, which is to advocate economic planning.

Purpose of this book. This book has been planned to develop and express an experimental attitude.

We have been told that the present one is an administration of trial and error—mostly trial and all error, so far as I have been able to see.

We have never meant to be dogmatic, but only to be helpful. We have not attempted to present problems so as to close the argument, but only to open it more widely for thoughtful consideration. If this book has helped to develop an experimental attitude—

And we are just going to proceed on a long campaign of experiment.

If it has clarified the nature of our economic life, and has awakened intelligent interest in and focused attention on the key problems of American Economic Society, it has served its purpose.

So we find what is the purpose of economic planning. Now, let us find out what the author says economic planning will do. I quote from page 543, headed "Summary."

Complete economic planning is possible only when there is public ownership and control of the means of production.

No wonder one of the distinguished employees or assistants in this administration went to New York the other night and said that we made a mistake in ever parting with the land in this country, that we ought to have kept it all and collectivized farms, as has been done in Russia, to be operated, if you please, on a collectivized basis.

Mr. FESS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Ohio?

Mr. DICKINSON. I yield.

Mr. FESS. I have here from the same book an excerpt which the Senator has not quoted. May I read it?

Mr. DICKINSON. Yes.

Mr. FESS. I read:

Private control has failed to use wisely its control of land. For the first time the Government is thinking of the land as a whole. For the first time we are preparing to build a land program which will control the use of that greatest of all natural resources not merely for the benefit of those who happen to hold title to it, but for the greater welfare of all the citizens in the country.

I should like to have the Senator comment on that suggestion, that land is to be controlled not for the persons who happen to hold the title to it but for the welfare of all citizens. It appears that individuals should not hold title to the land, but evidently the Government should hold title to it.

Mr. DICKINSON. Let me suggest that, if that contention be sound, then the $2,000,000,000 appropriated by the Congress for Federal land-bank loans in order that the farmers may hold their farms and the $2,000,000,000 appropriated for the Home Owners' Loan Corporation in order that the people may hold their homes, is money wasted. What we ought to do is to say that the Government should have all this property and that no individual should own any of it.

Mr. FESS. Is not that the direct conclusion, the inevitable conclusion, from the quotation I have just read?

Mr. DICKINSON. Absolutely. Let me suggest further that what made this country great was the right of a man to go out and secure a little piece of land which he could occupy as a home and maintain it for himself and family and, on the land which he owned, to raise the necessaries of life, giving him an assurance that his family was going to be fed and clothed.

Let me quote further:

In the United States the Communists seek to achieve this objective by a revolution engineered by the proletariat. The Socialists, although desiring the same type of society, are willing to work gradually for its orderly attainment. In the meantime they propose considerable labor legislation, the socialization of primary industries and of banking, high taxation of wealth, and revision of the Constitution.

Revision of the Constitution, if you please! Oh, the Constitution, the thing that has been protecting American rights all these years, is now found to be in the way of this economic planning about which we hear so much.

The second group of proposals for economic planning suggests (1) Government ownership of many industries.

We do not own the railroads. We have loaned them enough money so that we own them to all intents and purposes, except that we have not taken possession of them. I suppose it would be an easy matter to take possession of them if someone had such a motive in mind. We are lending money to the banks to the point where we now have ownership of practically one half of the bank stock of the United States. It would be an easy matter to take over the banking system of the United States. Now it is proposed to make loans to industry. In a little while, if we lend anybody enough money and they cannot pay it back, we

soon own their industry. We seem to be drifting in that direction.

I continue quoting:

And (2) a Government agency with power to fix production, prices, credit, and wages so as to coordinate private economic activity in the public interest.

That is what we are doing under the N.R.A. We are not very far from this socialistic program I have been reading.

Under such planning the Government would operate through a series of voluntary boards—

What have we here? We have a board which is assistant to General Johnson. It has had on its membership most of the leading corporation magnates in the United States of whom I know—Mr. Sloan, Mr. Swope, Mr. Taylor, Mr. McInerney, and so on down the line.

I continue quoting:

Under such planning the Government would operate through a series of voluntary boards or syndicates at the head of each industrial, commercial, and agricultural group. These proposals seek to exercise a leveling effect upon incomes and to stabilize economic affairs, at the same time allowing scope for private initiative within the various groups.

The third group of proposals suggests economic planning by allowing all the businesses within an industry to plan, cooperate, and combine, with a Government agency serving in an advisory capacity and sometimes possessing veto power. This type of planning does not touch the central problem of subordinating the profit motive to social welfare.

In other words, we are going to have profits subordinated to the public welfare. When we take a profit out of business, what do we do? We take away the incentive for going into business. In Russia, what happened? When they first started on their program over there they said to the farmer, "If you will take a piece of land, you can have all the grain and all the stock you raise on that piece of land that you need in order to keep your own family, but the remainder you shall turn over to the Government for the general purpose of feeding the population." The only trouble with the whole program was that the farmer never raised any to turn over to the Government with which to feed the general public. He knew when he had raised enough to keep his own family that that was all he was going to need, and that is one of the reasons why they have been forced to collectivize all the lands of Russia.

As to the third type of planning, Mr. Tugwell says:

It is likely to result in an increasing concentration of power within a private industry which will make genuine economic planning and social control even more necessary than it is today.

Let me suggest that this increased concentration of power within a private industry has resulted in the ability of great associations, representing the major industries of the country, to get together and formulate their codes in a way whereby they have been able to increase the costs to the consumer all along the line. There is no question about the increase. The increase is absolutely being passed on to the consumer wherever possible.

What else? It is centralizing our big industries in larger units all the time, and we find that trade associations which a few years ago were struggling in their efforts to maintain their existence are now thriving. Why? Because business men realized that in order to gain their objective they had to join a trade association. It is on this account, as I said, that the hotels of Washington and the railroads of the country ought to be thorough advocates of the N.R.A., because the railroads have been bringing to Washington and the hotels of Washington have been caring for people from all over the country who are coming here in their endeavors to incorporate their own ideas in the codes.

In one respect everyone admits the code system is faulty, for after a code has been agreed upon and arranged so that all the conflicting interests think they are cared for, then we find that someone goes out and violates the code. What does big industry do now? In order to make the plan successful they say we have to have enforcement of the N.R.A. code by the Government itself. In other words, they want the Government to assume the responsibility of trying to enforce business ethics among business men. We tried for a number of years to enforce a law to control men's appetites. I am told we did not succeed very well. Now we are going much further than that to say that we are not only going to impose upon a man the laws under which he shall live but we are going to have the Government going around snooping into his business to find out whether or not he is following out the code that has been imposed upon him by Government regulation.

I do not care whether Senators read America Must Choose, or We Are On the Way, or the other new book, the name of which escapes me at the moment, or Our Economic Society and Its Problems; the facts are that the program is impracticable and impossible, and the sooner the Government gets away from attempting to enforce these regulations the better it will be for the Government.

What is the last sentence in this wonderful book?—

The chief handicap to overcome is our allegiance to ideals that belong to an earlier industrial setting. In place of adhering to blind traditionalism we should develop an open-minded experimental attitude toward social and economic institutions and problems.

We want to forget all about the past. We want to forget all of the things that tradition has taught us. We want to forget all about the Constitution. We want to forget all about the teachings of history for all of these years. We are going to have a new deal now, and we are going to apply these principles. I want to say to you it will wreck this country unless we find a method by which we can go into reverse gear.

In place of adhering to blind traditionalism we should develop an open-minded experimental attitude toward social and economic institutions and problems.

Think of that book being put into the universities and into the high schools of this country for the purpose of teaching the young people of this country that the Constitution ought to be amended, and probably done away with.

Just one word in closing: On Sunday there was published in the Washington Star an article entitled "How the United States Has Divided Relief Burdens with the Various States." According to statistics covering the first 11 months of the calendar year 1933, the latest statistics available, only two States outranked the District in this respect.

To avoid taking unnecessary time I ask to have a tabulation of those States and the benefits they received and the percentages of Federal relief furnished by the Government inserted in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The tabulation is as follows:

How United States has divided relief with States

	Percent of relief furnished by Federal Government	Advanced by F.E.R.A.
South Carolina	99.7	$8,925,944.43
Arkansas	99.3	6,682,872.67
Mississippi	99.0	5,437,333.30
Louisiana	97.8	12,939,560.94
Alabama	97.2	8,376,767.51
Tennessee	97.1	4,836,127.83
West Virginia	95.2	15,388,994.80
Georgia	95.1	5,019,934.66
Kentucky	94.4	9,599,698.10
Texas	94.2	14,052,452.78
Florida	92.9	7,957,135.92
New Mexico	92.6	540,732.15
North Carolina	88.7	7,806,459.18
Oregon	86.0	4,227,585.81
Oklahoma	85.5	7,932,823.97
Washington	85.4	8,950,829.03
Arizona	82.2	2,499,293.99
Colorado	81.3	4,954,908.88
Illinois	80.6	58,436,602.61
Michigan	80.6	34,108,690.85
Virginia	80.1	2,677,868.47
Utah	79.6	2,766,730.43
Montana	79.3	3,333,786.21
Nevada	79.2	373,850.18
Idaho	76.4	1,136,345.70
South Dakota	74.9	2,675,405.90
Missouri	71.5	6,990,566.68
Wisconsin	66.7	13,508,802.96
Ohio	64.9	26,490,971.53
New Hampshire	61.0	1,291,647.32

How United States has divided relief with States—Continued

	Percent of relief furnished by Federal Government	Advanced by F.E.R.A.
Indiana	60.2	$8,034,380.28
Kansas	59.0	3,630,784.16
Pennsylvania	55.9	44,391,321.57
North Dakota	52.9	1,120,685.65
Iowa	51.7	3,771,798.81
Minnesota	51.4	4,241,024.13
California	47.1	17,502,202.63
New York	43.6	59,325,774.60
Maryland	39.5	3,195,007.58
Rhode Island	33.5	1,423,581.46
Nebraska	28.9	531,304.92
Delaware	24.8	537,718.52
New Jersey	23.1	5,457,366.29
Massachusetts	18.9	7,117,676.92
Vermont	18.6	199,811.32
Maine	14.9	584,104.17
District of Columbia	12.9	295,172.66
Connecticut	10.5	973,540.42
Wyoming	10.4	31,918.16
All States	61.5	452,432,925.00

Mr. DICKINSON. I desire to make just a brief comment with reference to the article.

There are 12 States where the Federal Government has furnished more than 92.6 percent of all relief.

There are nine States where the Federal Government has furnished more than 80.1 percent of all relief.

There are six States where the Federal Government has furnished less than 20 percent. Those States are Massachusetts, Vermont, Maine, the District of Columbia, Connecticut, and Wyoming.

I think this table is most interesting, and I think it has in it some information that all of us can read with interest.

I send to the desk an amendment which I desire to have inserted in the bill at the proper place, and ask that it be read for the information of the Senate.

The PRESIDING OFFICER. The amendment will be read for the information of the Senate.

The legislative clerk read as follows:

At the proper place insert the following new section:

"SEC. —. Public Works Administration—Public buildings in District of Columbia: No funds shall be made available by the Public Works Administration or any other Government agency for beginning the construction of any public building in the District of Columbia, until the Congress shall have specifically appropriated money for that purpose."

Mr. CONNALLY. Mr. President, I realize how anxious the Senator from Mississippi [Mr. HARRISON] is to proceed with the tax bill. I am a member of the Finance Committee and desire to speed the bill, but the Senator from Iowa [Mr. DICKINSON] has spent a good portion of the Senate's time in trying to open the Republican campaign for Congress this fall. He is going to have a very difficult time to get it opened unless he makes a better showing than he and Dr. Wirt have made and a few of those with whom he is in conspiracy to try to thwart the efforts of this administration in its heroic effort to repair the wreckage which he, along with the Hoover administration, had a large share in bringing about.

I am sure the modesty of the Senator from Iowa would disclaim any responsibility, but we all know what a prominent part he took in the Hoover administration.

I remember that he was the great friend of the farmer from Iowa when he arrived here in the Senate. I remember how we had our ears—we did not have to listen as we do to the Senator from Ohio [Mr. FESS]—how we had our ears deafened with the booming oratory of the Senator from Iowa about what they were going to do for the farmers out in Iowa, and we followed them because there was no other way to go. We wanted the debenture, but when that was defeated we voted for the Farm Board bill. The Republicans were in control. We had to follow them on the Farm Board, and we all voted for the Farm Board; and we all know what happened to the American farmer and what happened to the American Treasury.

Now, the Senator from Iowa, who was one of the authors of that greatest blunder that was ever made in undertaking to aid agriculture, gets up on the floor of the Senate and tells us that he is afraid the Democratic Party is going to wreck the Treasury, and that he is going to help wreck it. He said that in effect. The Senator smiles. I challenge him to read the Official Reporter's transcript, and I want the Official Reporter to bring me the transcript of the Senator's speech. The Senator from South Carolina [Mr. BYRNES] challenged the Senator from Iowa to point out a single appropriation that he had voted to reduce, and he said he had not voted to reduce any because he wanted to see us run amuck with reference to the Treasury.

Mr. LONG. Mr. President——

Mr. CONNALLY. Speak of patriotism—patriotism! Some Senators may think I am going to be rough. I am not going to be rough; but I say, Mr. President, that for a Senator to stand upon the floor of the Senate and avow that he is willing that the Treasury of the United States shall be wrecked if it will help his puny little political fortunes is unworthy of a Senator, or unworthy of one who parades as a Senator, whether he comes from Iowa or from Texas or anywhere else.

Mr. DICKINSON. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield. I never inject a Senator into my speech unless I yield to him.

Mr. DICKINSON. The Senator from Texas knows very well that here in the Senate, and always, I have stood for a conservative financial budget; and it is only when the Democratic Party has gone off on a tangent, as you have gone off, with a waste of money, that I said to the Senator from South Carolina that apparently the only thing that would bring you to your senses would be a collapse of Federal finances. I desire to suggest now that the thing you are doing right here every day is the very thing that I think will have to happen before you will reach a termination and know "where you are at." In other words, you are on your way, but you do not know where. [Laughter.]

Mr. CONNALLY. I know we are on the way.

Mr. DICKINSON. To wreckage.

Mr. CONNALLY. We are on the way out of the terrible mess that the Senator from Iowa and his party left us in on the 4th day of March 1933. [Laughter.]

Mr. DICKINSON rose.

Mr. CONNALLY. Let me answer the Senator before he asks me another question.

The Senator from Iowa undertakes to explain what he said about wrecking the Treasury, but he does not deny the statement that he said here on the floor of the Senate that he is willing for the financial affairs of this Government and the Treasury to be wrecked if it will help his political party and his political fortunes.

Mr. DICKINSON. Now will the Senator yield?

Mr. CONNALLY. I yield; yes.

Mr. DICKINSON. The Senator knows that I never mentioned my political party. I said that the only thing that would bring you to your senses was a collapse of Federal finances, and I say the record indicates that that is the only thing that will bring you to your senses.

Mr. CONNALLY. And did not the Senator say he wanted that to happen?

Mr. DICKINSON. Oh, no; I did not go that far.

Mr. CONNALLY. What did the Senator say?

Mr. DICKINSON. I said, just as I have repeated, that I thought that would be the only thing that would stop you in this orgy of expenditure.

Mr. CONNALLY. I ask the Official Reporter to bring me the transcript of the Senator's remarks, and we will see what the Senator said. Everybody except the Senator from Iowa understands that he meant that he was willing for the Treasury to be wrecked so that he could rise up and say, "I told you so! I told you so!"

When the Senator from Iowa was interrogated by the Senator from South Carolina [Mr. BYRNES], he did not deny that he had never voted to cut a single appropriation. Are not you on the other side of the Chamber just as re-

sponsible as we are on this side of the Chamber? Do you owe your country any less than we do? Is it not just as much your duty to vote against extravagant appropriations as it is our duty? Can you hide yourselves behind the shield of politics and wash your hands of responsibility for the conduct of this Government?

When we went into power on the 4th day of March last, when President Roosevelt, amid the clouds and the fogs that surrounded this Government, amid the grief and the gloom that 4 years of leadership of your party left us in, took the helm, and a Democratic Senate sat here in this Chamber and a Democratic House over at the other end of the Capitol, you said you wanted to help us. You said you wanted to stand by the President wherever you could. You went before the country, some of you, with hypocritical phrases to the effect that you were going to help the President pull us out. You did that for a while. You did that for a few months; and I am not indicting all the Senators on the other side. I am indicting those who, like the Senator from Iowa, profess to be concerned with the welfare of the country, and yet are playing politics 24 hours out of the 24.

The Senator from Iowa never goes under the N.R.A. The Senator from Iowa does not work merely 6 hours a day and 5 days a week as a partisan. He works 24 hours out of every day as a political sniper at the President and the administration, and everything they are undertaking to do.

Now, let us see about it.

The Senator from Iowa has complained about the extravagance of the Farm Board. I have already answered that. Of all the colossal failures, of all the abysmal blunders, of all the superlatively asinine accomplishments in behalf of agriculture the Farm Board, bearing the brand of the Senator from Iowa all over, will stand out in history as the greatest and the most marvelous cataclysm of legislation that ever was enacted.

What else is the matter with the present system, according to the Senator from Iowa? What is he complaining about? What has this administration done that he challenges? He does not challenge any one act. He just has a grouch, like an old woman with the rheumatism. [Laughter.] She knows she has a pain, and cannot quite locate it, but she knows she has it. That is the condition of the Senator from Iowa. Is he complaining because President Roosevelt saved the banking situation of the country? Why, the Senator from Iowa a while ago read a statement from somebody to the effect that if we did not look out the Government was going to be in the banking business. If we had followed the Senator from Iowa and his late lamented President Hoover, the Government would not have been in the banking business, and, by Gatlings! there would not have been anybody else in the banking business in this country [laughter], because the banks would have all closed their doors, most of them never to open again.

I ask the Senator from Iowa, is that what he is complaining about, because we saved the banking structure of the Nation? Is that where his pain is located?

What else is the Senator complaining about? Is the Senator from Iowa complaining because, instead of 13,000,000 of men walking the streets in idleness and in hunger, clothed in rags, and begging for a job, under this administration four or five million of those men have been returned to useful occupations? Is that his complaint?

I am wondering whether the Senator from Iowa is angry because factories in the States of Rhode Island, Wisconsin, Connecticut, and Maine, and many other States are now open, employing more men than they did in the olden days. Is that his complaint? Let him challenge it. Let him deny it.

Coming from a great farming State, is the Senator from Iowa complaining because wheat was selling for about 30 cents when this administration came into power and the same wheat now is selling for from 85 to 90 cents a bushel? I do not know the latest quotation. Is that the reason why the Senator from Iowa complains, that higher prices are being received by the farmer, for whom he has shed tears as big as a goose egg on this floor, but for whom I never saw him do anything in all his legislative career? Is that the complaint of the Senator from Iowa?

Mr. President, is he angry because the corn out in Iowa, where the tall corn grows and where the short politicians grow [laughter]—I am wondering whether he is complaining that under the Roosevelt administration the corn, which he tells the voters he used to raise when he was a farm boy—I wonder if he is complaining that that corn is now selling for twice as much as it was selling for when Mr. Roosevelt took charge and the Democratic Party relieved the Senator from Iowa from any responsibility. [Laughter.]

Mr. MURPHY. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. MURPHY. Corn is selling for four or five times as much as it was.

Mr. CONNALLY. I thank the Senator. If you want to get the truth, call upon a Democrat from Iowa, and he will tell you the truth. [Laughter.]

Mr. President, the junior Senator from Iowa [Mr. MURPHY] says that corn is selling for four or five times as much in the State of Iowa, where the tall corn grows, as it was before. Yet the senior Senator from Iowa, the representative of those farmers out there in Iowa, spends his time here in denouncing the administration and in denouncing the President, who has made his farmers receive four times as much for their corn as they were getting before.

Mr. President, even hogs are higher. Iowa is a great hog State—a great hog State—a great hog State. [Laughter.] They are even getting more for hogs now than when Mr. Roosevelt took the President's chair, and when the Democratic Congress went to work on its program of restoration. Yet the thanks we get consist of denunciation from the senior Senator from Iowa, representing more hogs than any man who ever sat in this Chamber. [Laughter.]

Mr. President, what else is wrong? What have we done to ruin the country? Oh, he says, "the Constitution"! He is afraid that the Constitution is going to be violated. [Laughter.]

The PRESIDING OFFICER. The Chair must admonish the occupants of the gallery that it is against the rules of the Senate to give vent to feelings or to engage in demonstrations, and the Chair hopes the galleries will observe the rule.

Mr. CONNALLY. Mr. President, the Senator from Iowa is worried about the Constitution.

Mr. DICKINSON. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. DICKINSON. I have read what Mr. Tugwell, who is one of the "brain trusters" of the administration, said about the Constitution. I have explained his attitude.

Mr. CONNALLY. I shall refer to Mr. Tugwell. I know Mr. Tugwell only by sight. I do not know the other "brain trusters." As far as I am concerned, I shall follow the advice of the "brain trusters" when I think they are right, and I shall not follow them when I think they are wrong.

The Senator from Iowa is worried about Mr. Tugwell's views. I do not think that Mr. Tugwell's views would have any influence at all on the Senator from Iowa. I do not think argument of any kind will have any influence on the Senator from Iowa if there is a partisan political question involved. I think that if there were 3 votes in a group and the Senator from Iowa should see those 3 votes, he would not see any other question involved. The Senator from Iowa reminds me of a swamp owl. The more light you throw around his head, the blinder he gets. [Laughter.]

The Senator quotes Mr. Tugwell. Who is Tugwell? He is an officer in the Department of Agriculture. This Government does not do what Mr. Tugwell wants done unless the Congress and the President say so. Mr. Tugwell is not running this Government any more than the Senator from Iowa is running it, thank God! [Laughter.]

Let me return to the Constitution. The Senator wanted to divert me from the Constitution. Oh, he is worried about

the Constitution. Let him point out where the Constitution has been violated. The Constitution of the United States was made to serve the people of the United States. It was made to guarantee personal rights. But every time some old, hard-boiled, reactionary, crusty standpatter sees one of his dollars endangered by any kind of new legislation, he begins to talk about the Constitution, as if the only function the Constitution had to perform was to keep some scoundrel from robbing all of the people in the United States. Whenever you get after the trusts, whenever you get after the monopolies or the international bankers and companies that exploit the public, whenever you get after the high-income-tax dodgers, whenever you get after the Insulls, the deposed power kings who run away to hide themselves and their riches in foreign lands, and whenever you get them up to the bar of judgment, they begin to talk about the Constitution and about violating the Constitution. The Constitution is made to serve and protect the people. If it has been violated, the power of the courts may be invoked.

I have not consciously, as I am sure other Senators have not, in voting for legislation here, violated any of the provisions of the Constitution. I love and respect the Constitution. I want to see it observed and obeyed. Congress derives its power from the Constitution; and if it transgresses the limits of its authority, the courts were established to hold it in check. Why does not the Senator point out the trouble with these things? Let the Senator from Iowa point out where the Constitution has been violated. The trouble with him is that he is not worrying about the real Constitution; he is worrying about the constitution of his little political machine, which was wrecked on the rocks in November 1932; and if he ever gets it together again, he will have to use a magnet to attract its shattered fragments into one unit. I am talking about that little political organization they have out in Iowa which pretends to be for the American farmer, and then denounces this administration, the only administration that has ever done anything substantial and concrete for the American farmer in the past 50 years.

Where was your wheat? Where was your cotton? Where was your corn? Where were your hogs?

Mr. President, they talk about the "brain trust", and the Senator from Iowa is talking about Dr. Wirt.

Mr. DICKINSON. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. DICKINSON. I did not menton Dr. Wirt at all.

Mr. CONNALLY. Very well.

Mr. DICKINSON. The Senator seems to have a mental obsession that I started in to talk about a lot of things. He is putting on a grand theatrical show, but he is not sticking to the facts.

Mr. CONNALLY. I thank the Senator. If I received the approval of the Senator from Iowa, I should begin to doubt both my Democracy and my duty as a Senator. [Laughter.]

The Senator from Iowa says he did not mention Dr. Wirt. He had Dr. Wirt in his mind; he had Dr. Wirt spread all over his clothes. I can see him. [Laughter.] He had Dr. Wirt on his lips and in his oratory. I could see Dr. Wirt's views like a halo gathered around the silvery locks of the Senator from Iowa.

Who is Dr. Wirt—this cheap publicity seeker? Who is this man who has discovered a conspiracy to wreck the country? How did he, out in Gary, Ind., find out these dark secrets which even the eagle eye and inquisitive mind of the astute trail blazer from Iowa could not ascertain?

Here, with all the committees in Washington, the congressional committees, and the National Republican Committee, and the Senator from Iowa, with his astute mind, they could not find out about this terrible conspiracy to destroy the Government and to make President Roosevelt a Kerensky and then replace him with a Stalin.

I shall read what Dr. Wirt says. I think that Dr. Wirt is just a sensation monger. He wants to make the headlines, and he does make the headlines. He is more successful than the Senator from Iowa in that respect.

This is what he says. Here is his pamphlet:

> America must lose by a "planned economy", the stepping-stone to a regimentated state.

Here is the whole deep, dark secret. Speak only in whispers.

> The most surprising statement made to me was the following—

This is supposed to have been made by someone in the "brain trust" to this man Wirt, in whom they had confidence. One does not convey one's secret, inmost thoughts to another in whom one has no confidence. Here was this "brain truster" giving out the dark conspiracy to Dr. Wirt, when he knew that Dr. Wirt would go immediately and put it in the newspaper. Either Dr. Wirt was in on the conspiracy and betrayed the conspirator, or else he is a base betrayer of confidences extended to him. Here is what the "brain truster" is supposed to have told Dr. Wirt:

> We believe that we have Mr. Roosevelt in the middle of a swift stream and that the current is so strong that he cannot turn back or escape from it. We believe that we can keep Mr. Roosevelt there until we are ready to supplant him with a Stalin. We all think that Mr. Roosevelt is only the Kerensky of this revolution.

The rules of the Senate prohibit me from expressing my opinion of that material. Of course, it is moonshine. I do not know who in the "brain trust" is supposed to have told that to Dr. Wirt.

What is the "brain trust"? The "brain trust" is composed of some advisers in the various departments. Nothing can be done in the way of enactment of law unless the law is passed by both branches of the Congress and receives the approval of the President, unless it be that his veto should be overridden by a two-thirds vote of both Houses. The talk about a conspiracy is all bunk.

Something has been said about a revolution. Mr. President, if to lift the country from ruin and wreckage and put it back on the highway to prosperity again be revolution, then we have had a revolution. If to open the banks that were closed by misfortune and by financial collapse and strengthen them and secure the deposits of depositors be revolution, then I say to the Senator from Iowa we are in the midst of a revolution. If to find agriculture, as in the Senator's own beloved Iowa, prostrate and in ruins, prostrated through a course of years, and to lift it up and set it on its feet and to give it a staff and to give it food and to give it raiment and put it again on the road that shall lead back to rehabilitation and restoration be revolution, then the Senator from Iowa is correct.

Mr. President, nations do not "revolute" when the hungry are fed and the naked are clad. Nations do not "revolute" when prosperity is abroad in the land. Nations do not "revolute" when they are convinced that those who rule them in legislative chambers and in executive halls are exerting their powers of government in behalf of the masses rather than the classes. Revolution comes when there is inspired in the hearts of the masses a belief that wrong and oppression are coming from above; when they feel that the Government exerts its powers to exalt the mighty and the powerful and the rich, and to grind down the humble and the poor. Revolution comes when hunger drives with a tremendous physical appeal and the mind is stirred and thrilled by a sense of wrong. In such hours as these revolutions come.

We are now on the upgrade. We are now back on the road to recovery. The hungry have been fed, the naked have been clothed, the unemployed are again busy with the implements of their toil at gainful occupations. Business is reviving. Corporations' dividends are increasing. The American people are becoming happy and prosperous once again. There is no revolution except the revolution from ruin to prosperity. There is no revolution except the revolution from a sense of despair, from a sense of suffering back yonder prior to March 1933, to a sense of confidence in government, confidence in President Franklin D. Roosevelt, who is leading us, and confidence in Congress, confidence that, through their efforts, America will soon come

into its own again. If that be revolution—make the most of it.

Mr. DICKINSON. Mr. President——

Mr. LONG. Will the Senator from Iowa yield?

Mr. DICKINSON. I yield.

Mr. LONG. I desire to ask a question of the Senator from Iowa, and I should like to have the attention of the Senator from Texas. I was wondering if the Senator from Iowa was trying to get revenge by voting for some of our Democratic measures because we Democrats voted so solidly for the Hoover measures. I was wondering if there was an effort to do that?

Mr. DICKINSON. Mr. President, I want to refer to three or four items. I shall not be personal, as the Senator from Texas has been. That is not my style of debate. I stick to the facts and I do not deal in personalities.

The Senator from Texas referred to the banking situation. In the report furnished for the week ending February 3, 1934—and these reports are printed pursuant to a resolution passed by the Senate—the total commitments to make loans, purchase preferred stock, capital notes, or debentures by the Reconstruction Finance Corporation of banks of this country was $3,069,480,418.26. The total bank stock of the United States is approximately $8,000,000,000. That shows that we are almost reaching the 50-percent mark of bank control in the United States.

With reference to the Farm Board, concerning which the Senator from Texas dealt so long, the Federal Farm Board lost $270,000,000. It never had an appropriation of over $500,000,000. Much of that which was appropriated for it has already been returned to the Treasury. What has resulted under the operations of the present program? There have been commitments by the Department of Agriculture of over $855,000,000, and there has only been a repayment of $235,000,000 to date. The present administration is trying to do in a few months what it took the former, or Hoover Farm Board, as the Senator wants to call it, over 2 years to do.

Mr. FESS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Ohio?

Mr. DICKINSON. I yield.

Mr. FESS. The Farm Board was created after both the Democratic and Republican Parties pronounced for it in their 1928 platforms.

Mr. DICKINSON. That is correct; and it was voted for almost as unanimously by the Democrats as by the Republicans.

Mr. FESS. And the Senator from Texas voted for it.

Mr. CONNALLY. Mr. President, the Senator from Texas said he voted for it. What he is complaining about is that others fooled him, hoodwinked him, deceived him, and betrayed him into voting for that measure.

Mr. DICKINSON. The Senator from Texas has talked about the hungry being fed and clothed, and so forth and so on. I have just put into the RECORD a statement with regard to 11 of the States of the Union, and I desire to say that Alabama has received out of the Federal Treasury 97.2 percent of every dollar that State has used to feed the hungry.

The State of Texas, about which the Senator from that State brags so much, has received from the Federal Treasury 94.2 cents out of every dollar with which it has fed the poor of that State. Of course, when there is a Government out of whose Treasury a State can take the money fast enough, it can feed the poor. There is no question about that.

With reference to the Iowa situation: The processing tax has been imposed upon hogs. What has happened to the price of hogs? It went down just as fast as the processing tax was put on it.

We had a good price for hogs in July of last year, when there was a threatened inflation. Of course, we were being paid with 49- and 50-cent dollars. Our dollars were all cheapened, there is no question about that, but we had more of them, and we were feeling pretty good. Then what was done? A processing tax was imposed, and there were taken from the people of Iowa and the Midwestern States 6,000,000 pigs. Nine dollars a head was paid for a pig worth 75 cents. Of course, the fellow who had a 75-cent pig that he could sell for $9 felt good about it. But he knows that the scheme will not continue to work. Why? Because the Federal taxpayers of the United States will not continue to pay in the money to provide that sort of fund.

What else has happened? The Senator from Texas says nothing about it, but it is now proposed, by new legislation, to regiment the number of pigs that one can raise on a farm, the number of bales of cotton that one can produce on a farm, the number of acres of corn that one can plant on a farm. There is proposed to be a regimentation of agriculture all along the line. By whom was that suggested? It was not suggested by Secretary Wallace. He said yesterday, according to the New York Times of today—

> I think we must look forward to more and more reliance upon voluntary cooperation among farmers and view proposals for regimentation with skepticism, at least until the experiment proves its worth.

Who put regimentation into the farm bill? It was not Secretary Wallace; it was done by the theorists; and I say to you, Mr. President, the record is plain enough if you will read the book from which I have just quoted and also read the various speeches of Mr. Tugwell, to show that Mr. Tugwell is a man who believes in regimentation; he believes in a planned economy. I do not know Dr. Wirt. I never heard of Dr. Wirt until his statement was published in the newspapers.

Mr. LONG. Mr. President——

Mr. DICKINSON. I yield.

Mr. LONG. I never have been able to see why there should be any row between Democrats and Republicans on the farm problem. What is the difference between the Hoover proposition and what we propose? Hoover proposed that cotton be plowed under in the South, but we would not let him do it. Then we came along and plowed up the cotton because our mules could do it better than his mules. There is no difference there. I never have seen any difference in the attitude of the two parties on the farm problem. We row in Congress, and Democrats accuse Republicans of ruining everything because they voted one way, and the Republicans accuse us of ruining everything just because we did not vote with them, but they all stood for the same thing. I do not see why we should waste the time of the Senate rowing over Democratic farm policies and Republican farm policies when the only difference between them is that one of them got a lot more money to spend than the other did and spent it a little faster; that is all. It is true Hoover did not propose to kill all the fat pigs, but he proposed to plow under the cotton; and although we voted him out, he must have been right, for we just went him one better. There is no difference in the policy; there is no difference in plowing up good cotton and killing a good live pig. We just doubled up on that proposal; so I think where the Republicans are making their mistake is in not claiming that we went and adopted the Hoover policies when they might have made good with them. That seems to be the only complaint. I do not see the object of the argument.

Mr. DICKINSON. Mr. President, in reference to the farm problem, there is a great deal of difference. The only control provided in the Federal Farm Board law was market control, but now the party in power are going further than that; they are limiting acreage. There is in a bill now pending before Congress an appropriation of $724,276,400 to pay rentals on land, and, on top of that, they are limiting production; they are regimenting agriculture. No one in the Republican administration ever suggested such a thing.

As a matter of fact, the banks that were closed on March 4 caused a deflation in this country, as is stated by Walter Lippmann, which has prevented a recovery under the N.R.A. and the A.A.A. We have two theories here, one counterchecking the other. One is for deflation and the other is for expansion. Walter Lippmann is right when he says that, following out the monetary policy of today, you are not going to be able to have expansion in industry, while, on the

other hand, you are putting forth all your efforts to try to expand industry and to expand agriculture. I make that suggestion, regardless of the merriment the Senator from Texas [Mr. CONNALLY] may create on the floor of the Senate. I have listened to him in debate for many years; he is always entertaining, but he pays little attention to facts, pays no attention to the history of legislation, and misstates a good many arguments when he advances them. We all like him; but we pay no attention to him. I do not want to reply personally to him, but I wanted to put these facts in the RECORD.

Mr. FESS. Mr. President——

The PRESIDING OFFICER. The clerk will read the first amendment passed over.

Mr. FESS. Mr. President——

The LEGISLATIVE CLERK. On page 15——

Mr. FESS. Mr. President——

The PRESIDING OFFICER. When the clerk finishes reading the amendment, the Senator will be recognized.

Mr. FESS. After the clerk has finished?

The PRESIDING OFFICER. Yes.

Mr. FESS. I am addressing the Presiding Officer before the clerk begins.

The PRESIDING OFFICER. Does the Senator from Ohio now want to address the Senate?

Mr. FESS. I do.

The PRESIDING OFFICER. The Chair recognizes the Senator from Ohio.

Mr. FESS. Mr. President, the present Presiding Officer has had a long period of discipline in both branches of Congress and recognizes that the Senator who is addressing the Senate does not violate the rules of the Senate. That is why I am asking the Chair now to recognize me.

Mr. President, the temptation to enter into an elaborate discussion of the subject that has been projected into the debate is very great, but I am not going to embrace that opportunity. I am not going to do so because I want to give freedom to the committee that has in charge the pending tax bill.

I only want to take time enough at the present moment to say, after listening to the eloquent address of the Senator from Texas [Mr. CONNALLY], in which he referred to recovery, that it would appear to me he would feel considerably embarrassed in giving the assurance that recovery is here, in the light of all the facts which have been reported to us. Secretary Ickes announces that there have been a million people employed on public works, Director Hopkins announces there have been 4,000,000 employed under the C.W.A., and General Johnson announces that there have been 3,000,000 employed under the activities of the N.R.A., making an aggregate of 8,000,000 people reemployed by the sharing of work, the spreading of labor, the shortening of hours, and by the Government's stimulus to industry; but when the head of the Federation of Labor makes the statement that today there are 11,670,000 unemployed in industry, it is a very embarrassing statement, if it be true, because that would indicate that the reemployment, in spite of the tremendous expenditures by the Government in trying to take up unemployment, has not been substantially a success. So I should think that those facts would be somewhat embarrassing to the Senator, who in his eloquent address indicates that prosperity is here. I regret to say that all business is being put to the severest test. While we all hope that there may be substantial recovery, it is not here as yet, and the prospect is not very promising, as it appears to me.

That, however, was not what I arose to say. I desire to refer to the statement of the Senator from Idaho [Mr. BORAH], reinforced by the reading of many letters, upon the basis of which the Senator expressed the hope that the Secretary of Agriculture would withdraw the processing tax. I was wondering if the processing tax should be withdrawn, whether there would be any method under the A.A.A. to bring about agriculture recovery. The processing tax was announced by the promoters of the legislation as a basis for the assurance of an increase in the price of commodities. Wherever the processing tax could be assessed on the consumer, we would have an increase in prices, but if the processing tax were assessed on the producer, it would not only take up all the advantage of the increase in price but would probably be a direct injury beyond what had been suffered before the law was passed. If there is any way for the Secretary of Agriculture to withdraw the processing tax, I should like to see it done; but what would become of the administration of the law if it were done?

I was impressed greatly with the observations made by the Senator from California [Mr. JOHNSON]. I was impressed by the statement that there was no complaint to be offered against the Secretary of Agriculture. I agree with him as to that. The Secretary of Agriculture was given the authority to lay and collect taxes; and if he has the authority and exercises it, there is not any basis for us to complain of his action. I simply rose to state that there were 20 Members of this body who refused to give to the Secretary of Agriculture such power over taxation. I wanted to state this much while we were discussing the question of taxation, because in the writing of any taxing bill there should be uppermost the idea of clarity, definiteness, the avoidance of ambiguity, so as to relieve any necessity of judicial construction or interpretation of what a law is. I think that has been observed in a large way in the pending bill as reported by the Committee on Finance.

It is in direct, sharp contrast with the law we call the Agricultural Adjustment Act. That law is replete with uncertainty. There is no element of clarity in it. There is no one who can tell what the tax will be. The authority to lay the tax, usually regarded under the Constitution as the Congress, is delegated to an individual, and the individual himself does not know what the tax will be. The authority under which he is acting is as follows:

> The Secretary of Agriculture and the Secretary of the Treasury shall jointly estimate from time to time the amounts currently required for such payments and expenses, and the Secretary of the Treasury shall advance, out of any moneys in the Treasury not otherwise appropriated, to the Secretary of Agriculture the amount so estimated.

That involves a mere guess. No one knows what the tax will be. Not only that, but, as I see it, that is a clear contravention of the authority under the Constitution which requires that all moneys that come out of the Treasury must come by virtue of an act of Congress; while this law ab initio appears to authorize a drawing from the Treasury of funds that are not yet in the Treasury, and even funds to be made up by assessments that are not yet made. It seems to me it is a far stretch of authority. Usually all moneys collected are collected under certain regulations. All moneys collected go into the Treasury. Here are moneys which are to be expended before they get to the Treasury. That was authorized by the act of April 1933. On that occasion this statement was made:

> The tax is not yet fixed. The tax is not yet collected. The tax is supposed to go to the Treasury; but the tax is taken out of the Treasury, in violation of the Constitution, by the act that authorizes it to be placed in the Treasury, the appropriation being made even before the tax is collected.

Nothing like this has ever been suggested in either legislative body of our country since its beginning. The law reads:

> To obtain the revenue for extraordinary expenses incurred by reason of the existing national economic emergency, including expenditures for rental and benefit payments and administrative expenses under this title, there shall be levied processing taxes as hereinafter provided.

That tax is uncertain. We do not know what it is.

Then the law continues:

> The rate of tax shall conform to the requirements of subsection (b). Such rate shall be determined by the Secretary of Agriculture.

They are not determined by Congress but by an appointive officer. I read further:

> Such rate shall be determined by the Secretary of Agriculture as of the date the tax first takes effect, and the rate so determined shall, at such intervals as the Secretary finds necessary to effectuate the declared policy, be adjusted by him to conform to such requirements.

That provision not only authorizes the Secretary of Agriculture to fix the tax, but at any time he may change it or modify it. The attribute of clarity which is elemental in taxation is entirely eliminated by express provision of the law.

I continue to read from the law:

The processing tax shall terminate at the end of the marketing year current at the time the Secretary proclaims that rental or benefit payments are to be discontinued with respect to such commodity.

On the occasion of the debate on that measure, a statement was made on the floor of the Senate, which I am about to read. Asked the reason why such authority was given, this statement was made, and I think it was a correct statement:

I think I need not say that so far as I know the present Secretary of Agriculture is a man of very capable mind. It is not that to which I object, but we are giving over to one person the power to fix something when nobody knows what it will be, and then give it the force of law.

Then I quote the requirements of the law:

The processing tax shall be at such rate as equals the difference between the current average farm price for the commodity and the fair exchange value of the commodity, except that if the Secretary has reason to believe that the tax at such rate will cause such reduction in the quantity of the commodity or products thereof domestically consumed as to result in the accumulation of surplus stocks of the commodity or products thereof or in the depression of the farm price of the commodity, then he shall cause an appropriate investigation to be made and afford due notice and opportunity for hearing to interested parties.

That was in order that there might be a further reduction of taxes. We are complaining today, 10 months after the law went into effect, of the precise effect against which the country was warned at the time. Of course, we cannot find fault with the Secretary of Agriculture, but we should find fault with the foolishness of the original legislation.

Now we have gone to the point where we cannot repeal the legislation. We are in the process of distributing a large amount of money to the individual farmers. While that is being done to the satisfaction of some of the farmers, it is producing a very unfortunate attitude of mind throughout the country. For example, the largest wheat grower in my section of the country does not need any subsidy; yet under the administration of the reduction plan on a great estate he reduced the acreage for which he was paid an enormous amount of money from the Treasury of the United States. He immediately said, "This is fine for me. It is more money than I ever received from the farm at any one time, but I am wondering why I should have obtained it."

Then the neighbors, the small wheat growers, who know that the man does not need that subsidy, feel that the Government has done the wrong thing in paying out of the Treasury, to one who does not need it, a large sum in pursuance of the law. That very farmer is put under suspicion by his neighbors, who think he is being specially favored. It is not a special favor. It is simply the administration of the law. The whole thing seems to me to be artificial, and the law really ought to be modified; yet we have gone so far and made our obligations so fixed that everybody is now saying, What would be the effect if we should repeal the law? It seems to be the general opinion that we cannot repeal it or that we ought not to repeal it.

Mr. President and Senators, I say that legislation of this sort, which we launched with much trepidation, with Senators voting for it without their own approval, but merely because there was an emergency, feeling it was probably the only thing they could do, is not the right kind of legislation for us to enact. The difficulty is that under the force of an emergency we do things that we cannot later undo. I am of the opinion that with the operation of the Agricultural Adjustment Act, with all of the complaints about inequality, as well as the admitted failures as in the case of voluntary reduction of cotton acreage—with all those things being cumulative, the effect will be that we will have to modify it even if we do not have to repeal it.

I have mentioned this matter only because we are discussing the question of taxation today, and the question of clarity of taxes seems to me quite important. I am of the opinion that the proposal now before us, while it may contain some elements of confusion, rather tends to clarify the law.

Mr. President, I had intended to ask for a reprinting of some of the statements made on April 14, 1933, pointing out what we would face if we should launch upon legislation of this sort; but I shall not take the time to do it.

Before I take my seat I desire to say that recently an article appeared in the magazine known as "Aviation," in which the general payments under the air mail law were discussed; also the bull market in which stocks went so high; also the conditions essential to a successful aviation industry, as well as the almost certainly assured profits to the Government if the industry shall be continued, with suggestions of some modifications that should be made in the law. I had intended to comment upon this article, but out of deference to the wishes of the chairman of the committee I shall not take the time to do so. Instead I ask unanimous consent to have the article by the editor of Aviation, Edward P. Warner, printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The article is as follows:

AIR MAIL—THE RECORD IN THE CASE

By Edward P. Warner, editor of Aviation

The composition of this story is undertaken almost at the very moment when the first Army airplane is taking off with the first load of mail. About the most dramatic week in the history of aviation has attained its climax.

One's first impulse when the news of the cancelation came through on the evening of February 9 was to give way to impotent despair at a situation that seemed so destructive and so incomprehensible. For a good 4 days the aeronautical world spent its time in trying to fit the evidence together in some coherent fashion and to get some idea of what it all meant. It seemed inconceivable then, and it seems inconceivable still, that anyone really intended that the existing air-transport system should be leveled to the ground and rebuilt by a painstaking reassembly of its various elements into wholly new patterns.

Rational comment is badly needed. This is no time for emotion. The American people have so far had only a fragmentary presentation of the case. It ought to be laid before them in full, and it ought to be laid before them in terms of definite evidence. In discussing the cancelation and its consequences we must stick as closely as possible to the record of actual facts and to the provable lessons of experience at home and abroad.

We shall try to do just that, but before taking up the charges that have been made against the American air-mail lines and attempting to examine and to interpret them, there are a couple of things that must be said in more general terms. The first is that we explicitly and without qualification dissociate ourselves from any criticism of the administration's motives. We are absolutely certain that the President intends that America shall have a first-class air-transport system, and that he will take any action that he considers necessary to that end. We do feel that the action so far taken has been very unhappy and that there has as yet been no showing of any necessity for sudden general cancelation while the investigation was still going on, but we take for granted the essential soundness of the President's ultimate aims. We are only anxious that the progress towards those aims should be a sure one, with a minimum of injustice and waste and with full advantage taken of the record of past experience to guard against costly and time-consuming missteps along the way.

The second point on which we wish to make ourselves clear is that we have not the slightest sympathy with or tolerance for individual wrong-doing. Wherever criminal practices have existed, they should be dealt with severely. We have not the slightest desire in the world to protect any guilty party, if a guilty party can be found. We do wish to protect the innocent.

It seems to us, to put it very mildly and conservatively, that the American public has been getting an extraordinarily one-sided view of air transport during these past few weeks. Even the people who are in the business have very commonly received the same distorted impressions, for naturally the daily press is concerned mainly with the sensational aspects of an investigation and very little or not at all with the tremendous amount of technical detail that necessarily underlies it. Probably not 2 percent of the readers of Aviation, and certainly not one hundredth of 1 percent of the interested general public, have had the opportunity of reading even a major part of the specific record of fact relating to the air-mail contracts and their administration, and of working out for themselves all of the figures of mileage flown and extensions granted and compensation paid under various contracts and the like that are pertinent to the administration's action and to its probable consequences.

CONFERENCES FOR ALL

The full explanation of the cancelation of the contracts is still very far from clear, but some things have become apparent. It has become apparent, for example, that the meetings of air-transport operators in the spring of 1930 are now considered as having

been collusive and conspiratorial, notwithstanding the fact that their existence and purpose was more or less fully described in the daily press and much more fully described in the pages of Aviation at the time. It is worth recalling after a lapse of 4 years that this magazine made repeated report of just what was being done to build up an effective national air-transport system and to maintain competitive lines so far as possible. It is worth recalling that not by any means all of the groups represented at the Postmaster General's conference were air-mail contractors, either then or thereafter, and that on the other hand well over 90 percent of all the transport mileage then being flown was fully represented at the conference, with no operator of any importance missing.

It has not been sufficiently recognized that a major part of the essential structure of the air-mail system had already been laid down prior to the 1930 conference and has been unchanged since that date. Substantially 60 percent of the total domestic air-mail operations at the end of 1933 were being carried on routes that existed at the time of the Post Office conferences of 1930 and that were still, at the end of 1933, in the hands of the original contractors or their direct successors by purchase. To have transferred or (as was the case with most of the routes concerned) to have newly created only 40 percent of the total of air-mail operations within the course of 3½ years seems by no means remarkable or excessive in a field so new, and one that has been developing and expanding so rapidly, as has been the case with air transport.

There has been too little attention paid also to the fact that Congress very wisely decided in 1928, even before the beginning of Mr. Brown's term in the Post Office, to get away from the periodic reopening of air-mail contracts and their reaward by competitive bidding. It was recognized that to build up and maintain a proper organization some assurance of long-term operation was absolutely indispensable, and the air mail law was accordingly amended to provide reasonable assurance of a 10-year period of operation for any holder of a contract.

In order to harmonize the system that had grown by bits, Congress further provided in 1930 for certain extensions of routes. There was nothing covert or ambiguous about the provisions for the extensions, and out of the total of operations at the time of the cancelations only 20 percent was over routes that had been covered by extensions granted by the Postmaster General. A substantial majority of all operations on February 10, 1934, was covered by contracts that had been let as the result of competitive bidding, with two or more competitors.

PAYMENTS EXCESSIVE

The allegations of improper practices in the making of contracts are supplemented by allegations of waste and of excessive payments under certain contracts or route certificates. The fact is, of course, that the air-mail appropriation has always been recognized by all parties, including presumably all Members of Congress, as a device for building up and maintaining an air transport system. It has always been recognized as something more than a mere payment for the carriage of certain letters at the payment of so much per letter. In the earliest stages of air transport it was necessary that payments be on a rather generous scale to cover the risk of entering in an entirely new field and providing the necessary material and organization. As the transport business began to progress the rates of payment by the Post Office Department were rapidly reduced. They have never been on a large enough scale to permit of the making of any very substantial operating profit by even the most fortunate operators (according to the very careful study made of the income and expenditures of air-mail contractors for the House Post Office Committee by a special investigator a year ago), and for a very large part of the air-mail system there has actually been a net loss over a considerable part of its history.

The Post Office Department has made frequent and drastic reductions in the amount paid for carrying the mails, as is shown forth statistically in the pages in this issue that are devoted to reviewing the general record of air transport. When it is suggested now that less than half as much money need have been spent if payment had been made only for service actually rendered, the point is overlooked that upon those terms it would have been impossible to induce anyone to start proper air transport lines or to operate them on a proper basis. The actual saving under any such heroic policy as that would have been not a mere 50 to 60 percent, but almost 100 percent, for most of the air transport lines would have gone out of business and would have ceased either to receive any pay from the Government or to render any service to anyone. That observation applies to the general suggestion that substantial savings could have been made on the system as a whole under some imagined set of conditions, and it applies also to the collateral suggestions that excessive payments have been made on certain individual routes. In one case the scale of payment suggested by the Postmaster General would have been equivalent to requiring an operator to carry the mail over a route where very little passenger traffic was available at a gross payment of 4½ cents a mile.

AVIATION AND THE BULL MARKET

May it finally be suggested, before turning to more general observations upon the relations between governments and air lines and the teachings of experience concerning the development of air transport systems, that public opinion has fallen into a sad fog of confusion concerning the relationship between operating profits of a transport company and profits that were or theoretically might have been made in speculative transactions by certain fortunate or far-sighted individuals. It is no news that there was a bull market in 1929, and that the whole stock market rushed up to heights that can now be seen to have been ridiculously inflated. The aircraft stocks were about as bad as the rest, but no worse than a good many others. Public enthusiasm for the prospects of aviation had arisen, almost without need for promotion or encouragement, to heights that the soundest heads in the industry themselves recognized as ridiculous.

As a matter of fact, a great many of the insiders, even among those who were speculatively inclined, were unable to make any substantial amount of money on the stock market in that period because they saw only too clearly the absurdity of the heights to which prices were being pushed and sold whatever securities they themselves held at a very early stage in the rise. Many of them, including officials of the companies that have been most bitterly attacked in recent months, went further and made public statements warning against the boom psychology then rampant and by implication against the absurd levels to which the prices of aeronautical securities were being driven. It was during the climactic stages of the boom that an old hand in Wall Street with a special interest in aviation and an expert knowledge of the field remarked to the editor of Aviation that "the present prices of aircraft stock bear no possible relationship either to the present earnings or the future prospects of most of the companies concerned. They signify simply an apparently insatiable public demand for certain pieces of paper, of which there is only a limited supply and which represent a part ownership in an industry of peculiar romantic appeal." All that had little or nothing to do with the aviation industry, and the industry should not be indicted for prices made by the folly of speculators who in most cases were utterly ignorant of everything connected with aviation and had no inclination to make the effort necessary to learn anything.

IF WE ARE TO HAVE AIR TRANSPORT

But now we must turn again from the specific to the general and dig deep into the fundamentals of the problem. There are certain facts that must be borne in mind if America is to have any air transport system at all, and particularly if it is to be under any form of private ownership.

The first of the essential facts is that air transport requires, as most other forms of transportation have required in the early stages of their development, and as some of them still do, Government assistance. There is every reason to suppose that in the course of a few years we shall evolve out of dependence on anything even remotely resembling a subsidy, and some lines exceptionally favored by passenger traffic have already been carrying the mails at a gross cost to the Government no greater than the income from postage, so far as that income can be determined—or, in other words, at no net cost to the Government whatever or even at a small profit. Such lines are still, and are likely for the next few years to remain, the exceptions. The general rule is that there must be Government support.

NEW CONTRACTS FOR EACH ADMINISTRATION?

That being the case, it is indispensable that some means of allocating support be found. One point on which we can be immediately clear is the undesirability of periodic reassignment of contracts, or route certificates, or subsidies, or whatever particular documents may embody the Government aid. European countries have had an immense amount of experience with the assignment of air-transport subsidies on a hand-to-mouth basis, and all the experience has been bad. Without exception, the major countries have finally been forced as a result of their trial with other systems to adopt the principle of long-term contracts, running 10 years at the very least and in some instances for more than 20. When the suggestion is made that the thing to do is to let contracts for carrying the mail for a 4-year period, and then to readvertise and reaward them as a result of new bidding, and then presumably after 4 years more to do the same thing again, it is equivalent to a suggestion that America should have no real air-transport system at all. No one who has the slightest understanding of the dependence of transport flying on ground organization and of the amount of money that has to be spent on perfecting that organization will suppose for a moment that it would be possible to persuade any sensible man to assume the expense of providing the necessary ground facilities and of getting an organization together in the face of the prospect that it would all have to be sold for junk at the end of a 4-year period as the result of the reaward of the contract in other quarters. To adopt any such policy as that would be just exactly as foolish as for a city government to offer 4-year franchises for street-railway operation with no presumptive right for the recipient of the franchise to continue running after the 4-year period has expired, and with a consequent necessity of amortizing the entire cost of laying the track and purchasing equipment over that brief span of time.

A BUYER'S MARKET

No doubt it will be said that if these costs are so high, the group that has once assumed them and that has been running for 4 years will be assured of being able to underbid any outside competitor when after a very few years the contract is reopened for reawarding. It is by no means possible to be sure of it. There is always the chance that some entirely new group interested primarily in securing a contract for promotion purposes and as a foundation for the rearing of a financial edifice will offer a bid so ridiculously low that the operator who has to make his operations clear expenses cannot hope to compete with it. The possibility always exists, also, that an outside bidder may feel that he can go to a very low figure precisely because of his confidence that if he receives the award of the contract, he will be able to cut his

operating costs by securing both his ground and flying equipment at junk prices from the previous operator, who, after the destruction of the basis upon which his only chance of running profitably reposes, will naturally offer his equipment for sale for whatever it will bring in the only market available. No less distinguished a commentator upon American affairs than Arthur Brisbane has actually suggested the availability of such distress merchandise as a means of reducing costs. Proposing in his column that the Army might undertake the carrying of passengers as well as mail, Mr. Brisbane observed: "And he (the President) might get great bargains in almost new planes for mail and passenger traffic. Companies, unable to operate without post office income, might sell cheap." Any such policy of distress merchandising, whether it concerns sales from private operators to the Government or forced sales from one private operator to his successor in possession of the contract, seems to us utterly alien to any spirit of fairness, and particularly alien to the spirit of N.R.A.

We can imagine nothing that would be more distasteful to the present administration than the creation of a situation likely to result in such injustices, and we are quite certain that the administration has no desire to employ a method of letting air-mail contracts which would operate to keep the lines running on a shoestring basis and to prevent their risking necessary expenditures for the installation of facilities that would promote the safety and the reliability and the efficiency of their services.

Before we turn to detailed examination of the precise ways in which the beneficiaries of Government aid should be selected, the question of the form that the aid should take deserves at least a passing glance.

Most of the countries of Europe, and, in fact, practically all the countries in the world except the United States and Canada, have proceeded by giving direct subsidies to aviation. In Canada and in the United States the Government has operated rather through awarding contracts for carrying the mails by air. Either system is perfectly feasible if properly handled. Either one is capable of giving terribly bad results if misapplied. Most of the European countries have had more or less extended periods of very unhappy experience with subsidies, as many of the subsidy laws have been so drawn that they gave very little encouragement for the development of a genuine commercial traffic, and, in fact, in some instances they have positively discouraged it. Some of them by elaborate regulations concerning the bonuses to be paid for various types of equipment have resulted in the development and adoption in transport service of aircraft of characteristics extremely uneconomical or unsafe, or both.

PROFITS AHEAD FOR THE GOVERNMENT

A subsidy law can be drawn which will be immune from those drawbacks, and some of the European subsidies are working out in a reasonably satisfactory fashion. On the whole, however, the air-mail contract has seemed a more satisfactory device for aiding aviation in the Western Hemisphere, as it has carried within itself the mechanism of the extinction of the subsidy feature.

As the mail traffic has increased and as periodic reductions have been made in the payments for carrying the mail, the goal of complete self-support has been steadily approached and in fact has actually been reached on certain routes. It appears that at least two of the routes upon which route certificates are now outstanding as extensions of contracts originally entered into some years ago are actually returning to the Government in revenue received from the sale of air-mail postage more money than is paid to the operator of the air lines for carrying the mail. The subsidy in those cases, in other words, has dropped to zero or even been converted into a profit. In a couple of other instances the border line has been reached and the air mail is at least very close to being on a basis profitable to the Government and very soon would have reached such a basis as the normal result of a normal continuance of the process that has been going on for the past 4 years.

POUND-MILE PAYMENTS AGAIN

The suggestion is now being made that the payment to the contractors for handling the air mail should be put on a wholly new footing and that it should be proportioned to the amount of mail traffic calculated in pound-miles rather than simply to the number of miles flown by the company's mail-carrying planes. A number of bills to accomplish such a change of basic type of compensation has been introduced in Congress, and they have the very strong support of Representative MEAD, Chairman of the Committee on the Post Office and Post Roads. Unfortunately some of the talk about the development of new air-mail legislation has perhaps led the lay public to suppose that the order canceling the contracts was a necessary or desirable preliminary to the revision of the basis of payment and to putting the Air Mail Service upon a sounder and more consistent economic footing. So far from that being the case, practically all of the air-mail operators have been quite ready to welcome a change from mileage to pound-mileage payments at any time during the last 2 or 3 years. Some of them have been enthusiastic advocates of such a change.

The bills now being discussed with the object of revising the air-mail postage downward, of creating new classes of air-mail matter such as the airgram or airbrief, and establishing a flat pound-mileage rate, are very closely similar to the Kelly bill introduced in Congress in 1933 and regarded with considerable favor, either exactly as it stood or in slightly modified form, by most of the air transport companies. Even if there had never been a Black committee nor an investigation nor an air-mail contract cancelation, the adoption of the pound-mileage system of payment would have been a natural development of the very near future, and indeed it has for some time been generally believed by those interested in air transport that that system was the natural one and that it would in due course be adopted with the cheerful acquiescence of all parties concerned.

In this same connection it is worthy of note that whereas the air-mail contractors, and especially the largest of the contract-holding companies, have been subject to much denunciation in the last few weeks because of their "greed" and of their exaction of excessive sums from the Government, the largest of all those systems would actually receive substantially more money either under the fixed rates proposed in the Kelly bill of 1933 or those suggested in the Mead bill now under discussion than has been paid to that operator during the last 8 months under the old system. Another of the very largest operating companies would receive practically the same amount of money under the Kelly bill as under the mileage payment that has been fixed by the Postmaster General in recent months, and only a little less under the rules promulgated in the Mead bill than under that which has actually been prevailing.

If it be accepted as proven that there must be Government assistance of some kind and that it must be extended on a long-term basis if a proper system is to be maintained, it remains only to be considered how that assistance should be allocated. It is obviously impossible to hold out the offer of Government aid to all comers. There must be some discrimination. Under any administration or under any method of awarding contracts that may be used there will be some people or some corporations that will get the contracts and others that would like very much to have them but will fail of an award.

Under any conceivable system involving any degree of private ownership, after the awards have been made and the tumult has died away, it will be found that there are still insiders and outsiders, with the latter able in some cases to operate (usually on a very restricted scale) without government assistance because of exceptionally favorable conditions or as a result of paying exceptionally low wages to personnel or of omitting safeguards generally thought to be desirable.

ONE BIG COMPANY

In this respect also the experience of all the major European countries coincides with our own. In each of the principal states of Europe, in fact, concentration of the benefits of government assistance has been carried to such a length that there is a single subsidized company, while a number of other small groups run scattered and more or less seasonal services without government help. In Great Britain, for example, in 1922 there were three separate British companies carrying passengers by air between London and Paris and other continental points, and all of them were subsidized by the Government. It became apparent in due course that that was nonsensical, and the Government forced all the various interests to get together and to form Imperial Airways. Imperial Airways is a privately owned company, its stock listed upon the London Stock Exchange. Its routes and schedules have been revised and extended from time to time by direction of or in agreement with the Government, and the company now receives and has for almost 10 years received the entire British transport subsidy. In short, the British Government has made, and a succession of governments of various parties has confirmed, a selection of a particular group of private individuals to operate British air transport. An initial consolidation and subsequent extension of routes have been arranged by governmental direction. In short, the British have done, with apparently general approval, essentially what the Postmaster General here was engaged in doing in 1930, except that he tried as far as possible to retain the competitive system, with the several transcontinental routes independent of each other, and that Congress never gave him powers as extensive as those which the British Government felt free to exercise in dealing with Imperial Airways and its various predecessor companies. The story of air transport in Germany and in France, though differing from that in Great Britain in detail and in respect of the time at which various things have happened, has been essentially the same in its general course.

To return once more to the question of method of allocation, of course, the first possibility that occurs to everyone is the use of competitive bidding. We have already mentioned that repeatedly as though it were to be taken more or less for granted. It is, as a matter of fact, the system that has been used throughout, for approximately 80 percent of the volume of air-mail operation at the time of the cancelation order was on routes that had been awarded in open competition. In the letting of the 34 domestic air-mail contracts that have at various times been outstanding there were two or more competitors for 24 of the routes, and most of the 10 contracts for which there was only a single bidder were short and relatively unimportant. Three of those 10, as a matter of fact, were very shortly canceled and service suspended.

Perhaps competitive bidding is the best method to use whenever new contracts have to be awarded, but certainly it must be used with some care. It must at all times be remembered that the fundamental object of Government assistance is to build a strong and well-run air transport system, and not merely a cheap one. It must be realized that that goal is only likely to be attained by strictly limiting service to responsible and experienced groups controlled by people who give every evidence of their intention of staying in the business, of rendering a constantly improving service, and of taking the fullest possible advantage, at the earliest possible moment, of every new scientific development. It must be borne in mind that competitive bidding for an airline is unlike almost every other form of competitive bidding, in that the figures on the bid submitted are likely to have very little to do with the actual cost to the Government of running the service. In this

rapidly developing art it would be incomparable folly for the Government to tie itself down for any considerable length of time to pay air-transport companies at a flat and invariable rate. Some of the European countries have tried to get around that difficulty by letting subsidy contracts on the basis of a specified rate of diminution in the subsidy payable, but that also fails to work out very well because of the virtual impossibility of foreseeing the situation of 5 or 6 years hence or the amount or type of assistance that may then be needed in so new and so swiftly changing a field.

HIGH BID OR LOW?

It is absolutely necessary that there should be administrative discretion somewhere for the periodic revision of the terms of contracts and of the compensation payable under them. It is necessary, in other words, that some agency of the Government should be free, within a comparatively short time after a contract has been entered into, to reduce the compensation payable under that contract to below the level of the original bid. Under those circumstances it may well be that, whether the contract is originally awarded to the lowest bidder or to the highest one, the rate of payment after a couple of years will be exactly the same. That as a matter of fact is what has been happening over the last 3 years. At the time of the cancelation there was not a single air-mail contractor who was being paid an amount even closely resembling that which would have been due under the terms of his original bid, and in practically every instance the rate of payment had been sharply and repeatedly reduced to far below the amount fixed at the time the contract was first awarded. Even from the point of view of simple economy for the Government, the major concern in awarding a contract must be with the responsibility and character and apparent ability of the would-be contractors rather than with the figures that they put into their tenders—figures which will within a comparatively short time become meaningless in any event as the result of the development of the art and of the periodic revisions that become necessary in consequence.

Another point to be borne in mind in connection with competitive bidding is that the passage of any kind of a law fixing a uniform scale of payment would appear to make the competitive system in its ordinary form unworkable. If every carrier of the mail is to get 2 mills per pound-mile, in what form are bids for a new service to be submitted? Or upon what basis is competition to be held? When suitable legislation reorganizing and perfecting the basis of payment has been enacted, it will be more than ever clearly logical that awards shall be made upon the apparent relative responsibility and experience of the competitors and upon the presumed or anticipated qualities of the services that they could severally offer.

COMMISSION CONTROL

There are various ways in which contracts may be awarded, at least as to the first step in the classification of candidates. The first move may be to ask for bids or it may be to shake dice, but in any event before an award is actually made it is absolutely indispensable that some administrative agency have the fullest possible measure of discretion in deciding which of the proposals is most advantageous, taking everything into consideration, and which is likely to give the best results through all the modifications and revisions and new developments that will be necessary over a long term of years. In the past that administrative agency has been wholly in the Post Office Department. That seems to us a somewhat unsatisfactory state of affairs, and the editor of Aviation has repeatedly argued, both in the pages of this magazine and elsewhere, that the award of Government aid to air transport through air-mail contracts or otherwise and the fixing of the financial relations between the air-transport operators and the Government should be put in the hands of a commission of an absolutely nonpolitical nature, its members appointed for long terms. The events of the past month confirm and in fact multiply a thousandfold our conviction that that would have been in the past, would be now, and certainly will be in the future, the wisest course and indeed the only sound one. Certainly it is earnestly to be hoped that a flinging of the whole system into the maelstrom of competitive bidding, with its concomitants of fresh antagonisms and a feverish rush of new air-line promotions, can be avoided, and that the administration's basic purposes can be attained without too violent a rearrangement of the present map—or too vigorous a disruption of the existing organizations.

Mr. FESS. I thank the Senator from Mississippi. I have said all I desire to say at this time.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed without amendment the following bills of the Senate:

S. 552. An act for the relief of Manuel Merritt; and

S. 1484. An act for the relief of Miles Thomas Barrett.

The message also announced that the House had agreed to the amendment of the Senate to the bill (H.R. 881) for the relief of Primo Tiburzio.

The message further announced that the House had agreed to the amendments of the Senate to the bill (H.R. 2639) for the relief of Charles J. Eisenhauer.

The message returned to the Senate, in compliance with its request, the bill (S. 2686) to provide a penalty for the presentation of a false written instrument relating to any matter within the jurisdiction of any department or agency of the Federal Government.

INTERNAL-REVENUE TAXATION

The Senate resumed the consideration of the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes.

Mr. HARRISON. Mr. President, I should like to turn to the first amendment contained in the bill—not a Senate committee amendment, but the provision appearing on page 6, which does not appear as an amendment in the bill but is an amendment to the law, and it is one in which the Senator from Michigan [Mr. COUZENS] is interested. I shall be glad if we can take up that matter at this time.

Mr. LA FOLLETTE. Mr. President, it seems to me that we ought to pass upon the question of the rates before we decide upon changing from the fiscal-year to the calendar-year basis. That is the procedure which we followed in the committee.

Mr. HARRISON. It is immaterial to me whether or not we settle the matter at this time. Of course, it would change the whole bill if this amendment should not be adopted, so I thought perhaps the Senator from Michigan would prefer to take it up first.

Mr. COUZENS. Mr. President, I am inherently against the provision because it changes the old law in that heretofore taxpayers on a fiscal-year basis have been required to pay the tax in relation to the number of months of the fiscal year during which they operated under the specific tax law.

Mr. LA FOLLETTE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Wisconsin?

Mr. COUZENS. I do.

Mr. LA FOLLETTE. If we are going to take up the bill at this time, it seems to me we ought to have a quorum, because many Senators have left the Chamber and perhaps are not aware that we have returned to the tax bill. Will the Senator from Michigan yield to me for the purpose of permitting me to suggest the absence of a quorum?

Mr. COUZENS. I yield.

Mr. LA FOLLETTE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	Kean	Reed
Ashurst	Davis	Keyes	Robinson, Ark.
Austin	Dickinson	King	Russell
Bachman	Dieterich	La Follette	Schall
Bankhead	Dill	Lewis	Sheppard
Barbour	Duffy	Logan	Shipstead
Barkley	Erickson	Lonergan	Smith
Black	Fess	Long	Steiwer
Bone	Fletcher	McAdoo	Thomas, Okla.
Borah	Frazier	McGill	Thomas, Utah
Brown	George	McKellar	Thompson
Bulow	Gibson	McNary	Townsend
Byrd	Glass	Metcalf	Tydings
Byrnes	Goldsborough	Murphy	Vandenberg
Capper	Gore	Neely	Van Nuys
Caraway	Hale	Norris	Wagner
Carey	Harrison	Nye	Walcott
Clark	Hastings	O'Mahoney	Walsh
Connally	Hatch	Overton	White
Coolidge	Hayden	Patterson	
Copeland	Hebert	Pittman	
Costigan	Johnson	Pope	

The PRESIDING OFFICER. Eighty-five Senators have answered to their names. A quorum is present.

Mr. COUZENS. Mr. President, it is rather difficult to understand the changes in the law that are proposed in this bill.

The print we have before us on page 6, title I, changes the existing law. The old law, which I have here in the form of a committee print, provided that any taxpayer on a fiscal-year basis should pay, for the proportion of the year represented by his taxable year, on the basis of the rates in existence at that time. The House bill as approved by the Senate committee provides that the changes in the law shall take

effect on January 1, 1934, so that it is necessary for me to give an example of what would occur in case we should approve the change in the law; and the statement is rather difficult, because this is not a committee amendment.

In other words, title I, on page 6, affects several dozen provisions in the bill. It is not confined to any one provision. Therefore it should be laid over until every other paragraph in the bill has been acted upon; and in view of the fact that this provision affects nearly every other paragraph in the bill, I desire to ask the Senator from Mississippi if we would not make time by passing it over for further consideration?

Mr. HARRISON. If it is the desire of the Senator from Michigan that it be passed over, it is perfectly agreeable to me. I merely wish to make some progress with the bill. Of course, written throughout the bill are the effects of this amendment of existing law.

Mr. COUZENS. Yes.

Mr. HARRISON. If this amendment of existing law should be changed, we should have to change the bill in many particulars; but if it is the desire of the Senator not to take up this provision at this time, we will proceed to something else.

Mr. COUZENS. I wish to make it plain to the Senator from Mississippi that it is not particularly my desire. I want the Senate to understand it, because it is a matter to which we must refer later on in any event, it seems to me, because it does change the existing law, and if the rates are changed materially, later on they will be materially affected by the adoption of this particular section.

Mr. HARRISON. I will ask that this matter be passed over for the present.

The PRESIDING OFFICER. The Chair desires to state that there is no amendment pending before the Senate with reference to this portion of the bill. The language shows it to be an amendment to the present law put in by the House, and it has not been changed by the Senate committee.

Mr. COUZENS. May I explain to the Chair that the general practice of handling bills is not being followed in this case, because there was no unanimous-consent agreement entered into that the bill be considered for committee amendments only. I had a distinct understanding with the Chairman of the Committee on Finance that that would not be asked during the consideration of this bill, because the fundamental law is changed in many paragraphs of the bill, and not by the Committee on Finance.

Mr. HARRISON. Mr. President, the Senator from Michigan is correct in that respect. May we now turn to page 23 and take up the amendment touching annuities? I suppose we had better pass over the rate structure at this time.

Mr. LA FOLLETTE. Mr. President, I want to accommodate myself to the procedure the Senator from Mississippi desires, but I understood the Senator preferred that we take up some of the less controversial items and make some progress, and then come back to the controversial items, as we did in the committee.

Mr. HARRISON. I should like to clear up all these propositions, then take up the rate structure, and then the excise taxes.

Mr. LA FOLLETTE. As I stated to the Senator in conference with him yesterday, that is agreeable to me, if he prefers that procedure. That is the one we followed in the committee, and perhaps it would be the best one to follow on the floor.

Mr. HARRISON. I should like to take up the amendment passed over on page 15.

The PRESIDING OFFICER. The clerk will state the amendment on page 15.

The CHIEF CLERK. On page 15, line 14, after the word "income" and the period, it is proposed to strike out:

Amounts received as annuities under annuity or endowment contracts shall be included in gross income; except that there shall be excluded from gross income the excess of the amount received in the taxable year over an amount equal to 3 percent of the aggregate premiums or consideration paid (whether or not paid during such year), until the aggregate amount excluded from gross income under this title or prior income-tax laws equals the aggregate premiums or consideration paid.

And insert:

Amounts received as an annuity under an annuity or endowment contract shall be included in gross income; except that there shall be excluded from gross income (until the aggregate amount excluded from gross income under this title or prior income-tax laws in respect of such annuity equals the aggregate premiums or consideration paid for such annuity): (A) the excess of the amount received in the taxable year over an amount equal to 3 percent of the aggregate premiums or consideration paid for such annuity (whether or not paid during such year), or (B) the entire amount of the annuity if the sum thereof and amounts of other annuities received in the same taxable year is not more than $500.

So as to read:

(2) Annuities, etc.: Amounts received (other than amounts paid by reason of the death of the insured and interest payments on such amounts and other than amounts received as annuities) under a life-insurance or endowment contract, but if such amounts (when added to amounts received before the taxable year under such contract) exceed the aggregate premiums or consideration paid (whether or not paid during the taxable year) then the excess shall be included in gross income. Amounts received as an annuity under an annuity or endowment contract shall be included in gross income; except that there shall be excluded from gross income (until the aggregate amount excluded from gross income under this title or prior income-tax laws in respect of such annuity equals the aggregate premiums or consideration paid for such annuity): (A) the excess of the amount received in the taxable year over an amount equal to 3 percent of the aggregate premiums or consideration paid for such annuity (whether or not paid during such), or (B) the entire amount of the annuity if the sum thereof and amounts of other annuities received in the same taxable year is not more than $500. In the case of a transfer for a valuable consideration, by assignment or otherwise, of a life-insurance, endowment, or annuity contract, or any interest therein, only the actual value of such consideration and the amount of the premiums and other sums subsequently paid by the transferee shall be exempt from taxation under paragraph (1) or this paragraph.

Mr. COUZENS. Mr. President, this tax on annuities is something new, it is new law, and this presents one of the difficulties in handling the bill, because the matter does not arise in the form of a committee amendment. As I recall, the Senator from Pennsylvania [Mr. REED] was particularly active in the committee with respect to annuities, and I think the Senator from Mississippi or the Senator from Pennsylvania should explain fully that this is a new tax, and the purpose of it.

Mr. HARRISON. Mr. President, I had understood that an amendment would be offered by the junior Senator from Rhode Island [Mr. HEBERT] to this amendment, and then I expected to explain it.

What is done in this provision is this: For the first time we have attempted to tax annuities and we have imposed what we conceive to be a very small tax on them. We propose to include in income subject to tax only 3 percent of the amount paid for the annuity.

Mr. COUZENS. Mr. President, is the Senator quite correct in saying that we impose a small tax on annuities?

Mr. HARRISON. It is 3 percent.

Mr. COUZENS. No; we add 3 percent of the annuities to the gross taxable income. It is not a 3-percent tax.

Mr. HARRISON. That is quite true, as I am going to try now to illustrate. Suppose I go to an insurance company and purchase a 10-year annuity and pay in a hundred thousand dollars. They pay me back in the first year, say, $10,000. Three percent of the hundred thousand dollars is included in net income. That would be $3,000. That $3,000 is added to the taxable income of the particular person, and then the rates of tax are applied to this taxable income. The other $7,000 is considered return of capital and is not taxed.

Mr. REED. Mr. President, will the Senator permit an interruption?

Mr. HARRISON. Certainly.

Mr. REED. When insurance companies figure the amount that can be paid annually on annuity contracts, they calculate, first, the rental value of the principal during each year. Then, according to the expectancy of life of the individual, they compute how much of the principal can be returned to the annuitant, based on that expectancy. Their calcula-

tions involve, first, the interest on the money; second, return of principal during the balance of the probable life of the individual.

In Great Britain the whole amount of such annuities is taxed as income. It did not seem fair to the Treasury—and this suggestion comes from the Treasury—to tax that part of the annuity which represents the return of principal, but it did seem fair, and it seemed to the committee that it would stop a most important loophole, to tax that part of the annuity which represents interest on the capital. That factor is generally computed by the insurance companies at 4 percent, but obviously, since the principal is diminishing a little each year, it would be unfair to tax every year 4 perecent of the original principal, because that would be more than the remaining principal after the expiration of 2 years.

Consequently the Treasury, in the effort to reach a fair mean, has fixed on the figure of 3 percent. That is less than the interest return on the money in the early years, and it is probably more than the interest return toward the later years of the annuity. That is the way the arbitrary 3 percent was arrived at.

Mr. President, this is the view the Finance Committee took by a considerable majority——

Mr. HARRISON. The Senator might state that in order to let the little fellow out we provided that an annuity of $500 or less should not be taxed.

Mr. REED. Yes. The effect of this, then, is to take the aggregate of the premiums paid by the annuitant, or the lump sum which he pays, as many of them do, and figure 3 percent on that as being interest, and therefore income, and that 3 percent of the original principal is included in the gross income of the taxpayer, and is subjected to the ordinary normal and surtax rate.

This has been objected to very strongly by insurance companies, insurance agents, and by people who have bought annuities, and it is quite natural that they should object, because such annuities have been sold for years on the representation of the agents that they were totally tax free until the whole amount of the principal had been returned to the investor. It does seem harsh in the case of those annuitants to have the rule changed in the middle of their annuity period, but, on the other hand, I think it is equally true that this represents probably the biggest loophole in the present income tax law. I concede that we would be highly unfair if we should go as far as Great Britain goes, and should tax the whole annuity, but it seems to me that we strike a rather respectable average in the plan we have incorporated in the bill.

I think the Finance Committee's amendment is to be preferred over the House provision, because it does exempt the very small annuities, those under $500 a year. I do not mean that every annuity under $500 is exempt. We must take the aggregate of all the annuities received by the taxpayer, and he cannot beat the law by simply getting 10 annuities of $500 each, instead of one at $5,000.

There is another factor in this proposal which I think ought to be considered. It is that the average annuity is a comparatively small sum. Even if the individual invests $100,000 in an annuity, assuming him to be a married man having a $2,500 exemption, only $500 of his annuity would be taxable at all. Therefore, if he had no other taxable income, as retired people are unlikely to have, he would be taxed on $500 at the rate of 4 percent; and although he were a capitalist, who had invested $100,000, his tax for the year would be only $20.

The Senator from Michigan suggests that I illustrate how annuities have been used for tax avoidance, and that is quite easy to do. I know of cases where as high as $1,000,000 has been paid in a single lump-sum premium for an annuity for the balance of the taxpayer's life. He does not have to pay one penny of tax on the yield from that annuity, on the yield from his $1,000,000, until the payments to him have amounted to a complete return of the principal which he has invested; in other words, until he has lived long enough for his annuities to amount to $1,000,000. It is totally tax free in the interim; and many rich men, with their fortunes in cash form, or easily convertible into cash, have resorted to that device, because, obviously, not until 10, 15, or perhaps 20 years after the transaction was entered into would they begin to pay income tax; and when they did, it would be treated as a capital gain, I take it, and they would be taxed at a reduced rate on the theory that they had made this capital investment years before and were now realizing a capital gain from the subsequent payments.

The position of the annuitant under the present law is extremely favorable; more so than that of any other capitalist of whom I know, except the one who has bought totally tax-free bonds. Those bonds cannot be reached.

Mr. HEBERT. Mr. President, I had heretofore submitted and had printed an amendment. I ask whether it would be in order for me to offer it at this time for the purpose of discussing it?

Mr. HARRISON. Mr. President, I think it would be.

The PRESIDING OFFICER. The Senator from Rhode Island [Mr. HEBERT] offers an amendment, which the clerk will read.

The CHIEF CLERK. It is proposed on page 15, to strike out all of lines 5 to 25, both inclusive, and on page 16, to strike out through the period in line 11, and in lieu thereof to insert the following:

(2) Annuities, etc.: Amounts received (other than amounts paid by reason of the death of the insured and interest payments on such amounts) under a life insurance, endowment, or annuity contract, but if such amounts (when added to amounts received before the taxable year under such contract) exceed the aggregate premiums or consideration paid (whether or not paid during the taxable year) then the excess shall be included in gross income.

Mr. HARRISON. If I understand the Senator from Rhode Island, his amendment contemplates a return to the present law?

Mr. HEBERT. That is true. First, let me explain, Mr. President, what the present law does. My amendment proposes to restore the present law. When an annuitant has paid a premium as a consideration for a return to him of annual sums during the remainder of his life, the present law absolves him from taxation upon the payments which he receives from year to year, until the aggregate of the amounts paid back to him by the company equals the sum which he has paid as a premium for the annuity.

Perhaps I can make that more clear by using some figures. Under existing law when an annuitant pays a premium, say, of $10,000, he is free from taxation until the annual payments to him have aggregated $10,000. Of course, the reason for that is obvious, because those payments to the annuitant by the company selling the annuity are contingent upon his continuing to live. If after having received one annual payment, say, of $1,000, the annuitant dies, then he loses the remaining $9,000. Nothing is due him after he dies.

On the other hand, if the annuitant lives beyond his expectancy, or if he lives beyond the time when he has received back the total he paid—in this illustration $10,000—then all sums in excess of that $10,000 received by him must be reported as income and as subject to taxation.

Under the proposed amendment the change would operate to tax the premium which the annuitant pays at the rate of 3 percent, and require the annuitant to report that 3 percent of his premium as income in his annual tax returns. So that if an annuitant has paid a premium of $10,000, he must report as income each year the sum of $300. If the annuity paid to him is $1,000 per annum, then he has to account for 30 percent of the annuity which he receives each year as income, for the purpose of taxation.

Let us assume that a man pays a premium of $10,000 for an annuity. Surely until he receives back from the company the sum of $10,000, there has been no income to him, and it is just as if he took the $10,000 and put it underneath the mattress and took away from it $1,000 each year for 10 years. That is precisely the return he gets from his premium until he has received back the total amount he has paid.

Mr. REED. Mr. President, will the Senator yield?

Mr. HEBERT. I yield.

Mr. REED. It seems to me there is this difference between putting it under the mattress and paying it to the insurance company, that the money under the mattress yields no return annually; it is not working money; but the money paid to the insurance company earns interest in the hands of the insurance company, and the amount that is paid to the annuitant is increased by the amount of the interest which is earned.

Mr. HEBERT. Mr. President, I propose to show the fallacy of that reasoning, and I maintain what I have just said, that so far as the individual annuitant is concerned, it makes no difference to him whether half of the amount that is paid him is interest and half principal, or whether one third of it is interest and the two thirds principal; the fact remains that until he has received back his principal, he has received no income from that which he has paid in. There cannot be any two ways of thinking about that.

If I pay $10,000 as a premium for an annuity, I get no interest on that annuity until I have received back the $10,000. There is this added contingency—that if I die after receiving $5,000, I not only get no income from my investment but I lose $5,000.

Mr. BONE. Mr. President, will the Senator yield?

Mr. HEBERT. I yield.

Mr. BONE. The last statement of the Senator leads to make this inquiry: Of course, in the event of the death of the annuitant, he would get no return, and whether any further payment were made by the insurance company would depend on the character of the policy written, but I assume for the purpose of my inquiry that the policy would be so written that there would be a payment to the estate or the family of the annuitant. My purpose in asking the question is to ascertain whether or not there would be a further payment under most types of annuity policies which are written.

Mr. HEBERT. Mr. President, the fact is that, by and large, there is no further payment upon annuities, but whenever there is a further payment after the death of the annuitant, then to the extent that it is income it must be accounted for by the recipient of the payment, and under existing law that is true.

Mr. BONE. I fully realize the correctness of what the Senator has stated; but my question merely sought to develop whether the insurance company would be absolved from further payments. I realize that such a type of policy is probably written. I am not familiar with all the different types of policies.

Mr. HEBERT. Mr. President, for the purpose of this discussion I am making use of the ordinary annuity, as we understand an annuity, which is a payment during the life of the annuitant in consideration of a premium paid. Of course, an annuity is just the opposite of a life-insurance policy. In order to win, if you are an annuitant, you must live; whereas in the case of a life-insurance policy, in order to win, it is commonly said that you must die.

Mr. REED. Will the Senator permit an interruption?

Mr. HEBERT. Yes.

Mr. REED. I have heard them described in this way: That in the case of an insurance policy the company bets you that you will live; in the case of an annuity contract the company bets that you will die.

Mr. HEBERT. That is precisely the difference between the two contracts. In an annuity the annuitant sets up a sum at the outset, out of which he is to receive payments annually or quarterly or semiannually, as the case may be, and for a period—usually for life. Gradually the principal of the annuity is decreased by reason of the payments which are made during the life of the annuitant.

In the case of a life-insurance policy nothing is set up at the outset, except there is an annual premium out of which is created what is known as a "reserve", which put at interest at a given rate, accumulates from year to year, and which is expected at the time of the death of the policyholder, under the tables of mortality, to amount to the face of his policy. So it is seen that an annuity is just the reverse of a life-insurance contract.

Let us take, for example, in order to show the inequity of provision as pending before the Senate and recommended by the committee, an annuity premium of $100,000 paid in by a man aged 50, in consideration of which the annuitant is to receive annually the sum of $10,000.

Mr. COUZENS. Mr. President, does the Senator mean that that amount is paid in in a lump sum?

Mr. HEBERT. Exactly; that is the annuity premium.

Mr. COUZENS. Yes.

Mr. HEBERT. One hundred thousand dollars are paid in as a premium at the age of 50. The annuitant, we will assume, is to receive annually for life the sum of $10,000. Under the pending provision in the revenue bill as reported by the committee, that annuitant would be required to report as income in his tax return the sum of $3,000, or 3 percent of the premium which he paid for the annuity, namely, $100,000.

Then, let us take another case of a like premium of $100,000 on an annuity policy taken out at the age of 65. Bear in mind there are two annuitants each paying a premium of $100,000. In consideration of that premium of $100,000 paid by the man at the age of 50 he will receive annually $10,000; but the annuitant who takes out the annuity policy at the age of 65 will receive for the same consideration $20,000. I repeat, each annuitant has paid the same consideration. They are not of the same age, and therefore they do not receive the same amount each month. Therefore, too, in the first case the annuitant taking out his policy at the age of 50 under this supposititious case pays a tax upon 30 percent of his income, whereas in the second case the annuitant pays a tax on 15 percent of his income, the consideration being precisely the same in both cases.

It is not my purpose to attempt to deny to the Government a revenue from this character of income; I think there is some justification for taxing such annuities; but I myself have reached the conclusion not only that it is more equitable to tax them on the present basis, on the basis of the existing law, but that, by and large, the existing law will bring more revenue to the Government than would the amendment which is proposed.

Perhaps I can illustrate that by using some figures. We will assume, for example, that 100 men buy annuities each for a premium of $10,000, each one being aged 63 at the time he purchases the annuity. That would represent a total investment, say, of $1,000,000, but this proposed amendment for taxable purposes would require to be reported an income of $30,000 a year; in other words, 3 percent of the $1,000,000; and that $30,000 a year, here and there, by all the annuitants must be reported in their income-tax returns, representing an average of $300 each.

At the end of 10 years each of the annuitants receiving a payment of $1,000 a year would have received back all his capital; but according to the tables of mortality 35 of them would have died. Under existing law none of them would have paid any tax up to that time; but at the end of the tenth year, 65 being still living, each receiving $1,000, would receive in the aggregate $65,000; and that $65,000 would be required to be reported as income on which a tax would be paid. That is, there would be $65,000 of taxable income as against $30,000 taxable income as provided by the pending amendment to the bill. So it would take but a little over 3 years for the tax in that case to equal what is going to be received under the pending amendment.

There is the added advantage, however, that in the second case, that of the 65 who are each receiving $1,000 a year and have to report $65,000 income, instead of the reporting for income-tax purposes of $300 each, which might more easily be absorbed in the income of any annuitant, there would be reported $1,000 per annuitant, which could not be so easily absorbed; and in the case of an unmarried person would use up all the deductible amount on his income-tax return. If he had any other income, then he would have to pay a tax, whereas in the case of the annuitant under the

bill as reported by the committee, he would have to absorb only $300 of the amount derived from his annuity.

So I believe that, by and large, the existing law requiring annuitants to report for income-tax purposes all money paid to them in excess of the amount paid by them as premiums for annuities would yield a greater revenue than would the provision recommended by the committee.

Then, there is another objection to the recommendation of the committee, as I see it. The bill provides that the total premium shall be assumed to yield an income of 3 percent, and that such income shall be reported each year for tax purposes, and there is no provision for the reduction which takes place in that income from year to year, but the annuitant must report 3 percent of his entire premium throughout his life. Assuming that an annuitant had paid a premium of $10,000 and received back a payment of $1,000 per year, at the end of 10 years he has received back his $10,000, and his entire principal is used up. Notwithstanding that, under the provision recommended by the committee, it is still assumed that the entire amount of the principal, $10,000, is in existence, and he is required to report income of 3 percent of that $10,000.

Even accepting the argument of those who advocate this change, it would only be about 12 years before the principal is used up if the interest element be applied to the payments, but, notwithstanding that, the annuitant is required to report as income 3 percent of the entire premium that he has paid for his annuity, regardless of the fact that the time comes, sooner or later, when the entire principal is used up, and there is no provision made for taxing that which remains, but the annuitant must pay a tax on the total amount. It seems to me that it is manifestly unfair. It is unfair to tax one man who receives an income of $10,000 the same amount as is taxed the man who receives an income of $20,000 a year; and, after all, this is an income tax.

Mr. REED. Mr. President, may I interrupt the Senator?

The PRESIDING OFFICER. Does the Senator from Rhode Island yield to the Senator from Pennsylvania?

Mr. HEBERT. I yield.

Mr. REED. It seems to me that the illustration the Senator gives shows the fairness and not the unfairness of this proposal, because the man aged 65 whose annuity is $20,000 a year has put in the same amount as the man of 50 whose income is only $10,000 a year. The reason for the difference is that $3,000 is being earned as rental for the money that each of them paid. They both put in the same amount of money. The larger amount paid to the older man is a quicker return of principal to him. I repeat, I think it illustrates the fairness and not the unfairness of the provision.

Mr. HEBERT. I know the argument that is advanced to sustain that contention; I know, in the aggregate, taking all the annuitants together, the element of expectancy of life and the interest element, all things combined, enter into the calculation of the premium; but I am led to repeat what I have often heard about annuitants, that no man lives the average; he is either alive or he is dead; so long as he lives he receives the annuity payments; the minute he dies, he has kissed good-bye to his principal, and there is no interest element that can enter into it, so far as he is concerned or so far as any annuitant is concerned, until he has received back the total amount he has paid in. But the insurance company, yes, most assuredly, the insurance company, or any company that issues an annuity policy, expects that the funds placed in its custody will earn interest; it may be 3 percent; it may be 3½ percent or 4 percent; but that does not benefit the annuitant until such time as he has received back the total of his principal. To an insurance company or a company selling the annuity the interest element does enter into it. When they make this supposititious payment of a thousand dollars a year, there is the interest element, so far as the insurance company is concerned; but there is not so far as the annuitant is concerned, and he gets no interest. It seems to me to be so clear that it does not need to be argued that if I pay $10,000 as a premium for an annuity, I get no interest on my payment until after I have received back my $10,000.

Mr. GEORGE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Rhode Island yield to the Senator from Georgia?

Mr. HEBERT. I yield.

Mr. GEORGE. Where the annuitant lives out his expectancy, he does receive a profit or interest on the transaction, does he not?

Mr. HEBERT. If an annuitant lives beyond his expectancy——

Mr. GEORGE. If he lives his expectancy.

Mr. HEBERT. If he lives his expectancy, he will get a profit; and to the extent that he gets a profit, under the amendment which I have proposed that profit goes in as income and must be subject to taxation.

Mr. GEORGE. I understand that, but I wanted to be clear as to the Senator's position. I thought his argument was that in no event would the annuitant get back any more than he put in as premium.

Mr. HEBERT. The Senator misunderstood me, I am sure. I said the annuitant receives no profit, no income, no interest from his investment until after there has been a return to him of the entire amount of his principal or his premium.

Mr. GEORGE. That is true so far as receipt is concerned, but if he lives out his expectancy there is an income to him.

Mr. HEBERT. What I understand the Senator to mean is that the man buying an annuity at the age of 50 has an expectancy of 20 years. He pays in a premium of $10,000. He is to be paid $1,000 a year during the remainder of his life, we will say. At the end of 10 years he has received back his principal. Then if he lives the remainder of his expectancy, or 10 years more, to that extent what he receives is profit, and under existing law he has to account for that in his income-tax return.

Mr. GEORGE. I understand what the existing law is, but there is an earning upon the money, actual or expected; and if he lives out his expectancy, there is, of course, an actual earning.

Mr. HEBERT. There is an earning. Necessarily there must be an earning, because otherwise there would not be enough money to take care of all the annuitants. But up to the time when the total premium he has paid has been returned to him, so far as the individual annuitant is concerned, there is no interest return to him and no profit to him.

Mr. GEORGE. That is true; but is there anything essentially unfair in the Government's saying to him, "We will treat 3 percent of the gross premium paid as taxable income each year. We will not allow you to defer the payment of all taxes until you have received a return of the total premium paid." In the event he should die before he received the total premium paid, of course, he would never become liable to the Government for any income.

Mr. HEBERT. But let me remind the Senator that under the proposed amendment in the bill, he would be liable.

Mr. GEORGE. I understand that, but I am speaking of the present law. Under the present law, if he has an annuity of $10,000 a year, he has bought and paid for it. He gave for it $100,000. He has an income of $10,000, as a mere illustration. If he should live 9 years and receive $10,000 a year, he would not of course be liable for any income tax on that transaction.

Mr. HEBERT. Because he had received no income.

Mr. GEORGE. I understand, but it was a profit-making enterprise which he bought. If he should live out his expectancy, he would in fact make a profit upon it. Is there anything essentially unfair if the Government should say to him, "Each year we will count 3 percent of the total premium paid as taxable income to go into your tax return? We will not permit you to receive these annuities until you have gotten back all your money and thereby defer any claim the Government has for its taxes as against this particular transaction."

Mr. HEBERT. To my mind it is manifestly unfair, because in the first place the annuitant derives no income until after he has received back his principal, and by no stretch of the imagination may it be said that the annuitant paying $100,000 for his principal——

Mr. GEORGE. Let us suppose he invested it in some kind of property.

Mr. HEBERT. Then, a different element enters into the transaction.

Mr. GEORGE. I know there is a difference, but can it be accurately said that he received no income from the transaction?

Mr. HEBERT. Absolutely.

Mr. GEORGE. It is true he has never gotten back his original investment, but can it be accurately said he has received no income from the transaction?

Mr. HEBERT. It can absolutely be said without fear of contradiction that he has received no income until he derives a profit from the transaction. Of course, we cannot make a comparison with one making an investment——

Mr. GEORGE. I understand.

Mr. HEBERT. Because the purchase of an annuity is not an investment.

Mr. GEORGE. It is an investment, if the Senator pleases, because otherwise nobody would buy it. It may be a speculative investment. It does not carry any tangible property along with it to leave after the man dies, but it is an investment after all.

Mr. HEBERT. I may say to the Senator that in no sense is an annuity considered as an investment. The purpose of those who purchase annuities is to guarantee, out of the sum which they have on hand, a fixed income during the remainder of their lives. It is in no sense an investment, because there is always the possibility that they may lose as much as 90 percent of the total of their capital. As the Senator well knows, if after receiving one annuity payment the annuitant dies, the remainder of his principal is absorbed and the company that sold the annuity takes it with all the earnings on it, whatever they may be.

Mr. GEORGE. The Senator is entirely correct; but, after all, it partakes of the character of an investment. It does not seem to me that it is essentially unfair for the taxing authority to say the Government has the right to maintain that a portion of this annual return, a small portion, 3 percent of the original out-of-pocket payment as premium, shall be regarded as taxable income for the purpose at least of meeting the tax obligations of the Government.

Mr. HEBERT. May I say to the Senator that, so far as the annuitant is concerned, he never sees that yield on the money he has paid into the company until he has had back in payments the total of his premium. If the Senator asks me whether or not the company derives an income out of the investment of that premium, I say most assuredly it does. It must of necessity do so. It is based on the law of averages; the tables of mortality figure in it; the expectation of life enters into it. There are annuitants who live away beyond their expectation. The profit that is made from the early death of A is used to pay on the later death of B; but that is not a benefit to A, who dies before the end of his expectancy.

Mr. COUZENS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Rhode Island yield to the Senator from Michigan?

Mr. HEBERT. I yield.

Mr. COUZENS. The Senator is an expert in insurance, I know. I was wondering what is the expectancy in the two illustrations he gave of the man who put up $100,000 at age 50 and the man who put up $100,000 at age 65. What is the expectancy in those two cases?

Mr. HEBERT. The man at age 50 would have an expectancy of about 20 years, I should say, while the man at age 65 would have an expectancy of perhaps 10 or 15 years.

Mr. COUZENS. So, when those who issue the annuity take $100,000 from the man at age 50, they really expect to pay back $200,000 on the expectancy the Senator has mentioned. Is that correct?

Mr. HEBERT. Oh, no.

Mr. COUZENS. If they should pay back $10,000 a year for 10 years that would be the case, would it not?

Mr. HEBERT. That is the illustration I gave, but I am not giving the Senator the exact figures.

Mr. COUZENS. That is what I am trying to get. I should like to have the exact figures if the Senator can give them.

Mr. HEBERT. I do not have them in mind. I could not give the Senator the exact figures. I am using the figures only for the purposes of illustration.

Mr. COUZENS. But the Senator said a man at age 50 would get $10,000 a year.

Mr. HEBERT. That again was only an illustration.

Mr. COUZENS. I think the illustrations ought to be analyzed. I can see the point the Senator makes. In other words, if I pay in $100,000 at the age of 50 and take out $10,000 a year and do not get any interest, of course, I do not pay any income tax.

Mr. HEBERT. That is precisely the point I am trying to make. If the Senator deposits $100,000 in bank without interest, and draws out $10,000 of it each year, at the end of 10 years he will have used up his capital, and there will be no profit to tax.

Mr. GEORGE. If the Senator please, that is precisely why I asked if, in the case of the ordinary annuity, it was not figured that where the expectancy was lived out there would be a profit in excess of the money actually paid in. Of course, the Senator very properly and correctly said that there was such a profit. There would have to be, of course, or else annuities ordinarily could not be sold.

Mr. HEBERT. The Senator speaks of profit now in what respect—profit to the company selling the annuity?

Mr. GEORGE. In the sense that the total return where the annuitant lives out his full expectancy will, of course, exceed the amount paid in.

Mr. HEBERT. Naturally it will exceed the amount paid in.

Mr. GEORGE. Certainly; but in the case of the deposit of money in bank without interest, precisely the opposite is true. The depositor would get back only what he put in the bank.

Mr. HEBERT. Oh, no, Mr. President! For a given length of time he gets no more in one instance than he does in the other.

Mr. GEORGE. I understand; but, of course, he would continue to get the money in bank until it was all exhausted, whether he lived or died.

Mr. HEBERT. Yes; of course, there is that difference.

Mr. GEORGE. But there is no element of possible profit in a transaction of that kind.

Mr. HEBERT. Neither is there an element of possible loss.

Mr. GEORGE. That is very true.

Mr. HEBERT. The depositor in a bank ordinarily is sure that he is going to get his principal back; but when a man puts his money into an annuity company he never is sure that he is going to get even his principal back, to say nothing of any income.

Mr. GEORGE. That is quite true.

Mr. HEBERT. And the annuitant must live out his expectancy before he can get any income from his money. If he does not live out his expectancy, he loses; and yet it is proposed to tax that man who loses for something he loses, something he never gets. That is the purpose of this amendment.

Mr. GEORGE. That is quite true. Otherwise, if we admit the full theoretical justice of the Senator's position, we have the easy case of a very wealthy man simply buying an annuity and escaping all possible liability to taxes upon that investment, or whatever we may decide to call it, until he has gotten back his entire capital.

Mr. HEBERT. Mr. President, let us analyze the statement of the Senator that the man who has a million dollars with which to purchase an annuity escapes taxation. Let us assume that he purchases that annuity for a million dollars, and deposits the money with the company that sells him the annuity upon condition that he is to get a certain fixed sum out of it each year. What he gets each year, until he has gotten back his million dollars, is his. It is not anybody else's. It is taken right out of the corpus of his estate. It is not until he goes beyond the time when he has had back the sum he paid over that he has a profit.

Mr. GEORGE. Exactly; but the Government has the right, and I think it has a moral right, to say, with respect to a transaction of that kind, that it will treat at least a certain small percentage of the annual return as a profit for the purpose of taxation, because it might be perfectly consistent with sound public policy not to offer this avenue of possible escape from any liability to taxation.

Mr. HEBERT. The Senator and I disagree about the legality of it. In fact, the cases I have examined lead me to the conclusion that we cannot assume as income that which is not income.

Let me illustrate that.

Suppose the Senator purchases for $100,000 a home which he occupies himself. That $100,000 will not yield him any income, but the Government has essayed to claim that a fair rental value of that house should be reported as income. The courts said, "No; that is not income. There has been no income. It is true that because the owner occupies his own home and does not have to pay rent elsewhere he saves that charge; but it is not income, and it is not income for tax purposes." So in the case of the annuity the man deposits $100,000 for a specific purpose. It is not income for him to have paid back to him the sum which he deposits.

Suppose the payment shall stop, as it might well stop, after he had received his principal. Could there be said to have been any income there? Yet, in many, many cases that is true. Not only is that true, but many times the payment stops before he has received back his principal, to say nothing about income.

Mr. GEORGE. If the Senator will permit me, I think it can be said that there is income there, because had the contract gone on to its maturity, as contemplated by the parties, there would have been an income in each annual repayment to the annuitant.

Mr. HEBERT. Then, Mr. President, if that is the contention of the Senator, what is going to be done with the annuitant who pays $100,000 and receives back $10,000, and then gets nothing else? Are we going to give him credit for the loss of the $90,000?

Mr. GEORGE. That subject is not dealt with in this particular bill, but it is just like any other fortuitous investment or enterprise. We often make them. We make them with reference to real property. We make them with reference to all other forms of contract.

Mr. BONE. Mr. President, in view of the Senator's argument that this tax is an invasion of the corpus of the property, diminishing it year by year, I gather that the Senator's idea is that this is, in effect and by indirection, a capital levy rather than a tax on income.

Mr. HEBERT. To the extent that we tax something that is not there, of course, it is a capital levy.

Mr. BONE. Of course, it is beside the question to argue the matter as a question of law when the Senator referred to the home; but under our property tax systems we do tax the home, of course. We tax it to support the Government.

Mr. HEBERT. But not as income.

Mr. BONE. Not as income; but we do tax the corpus of the property in other ways.

Mr. COUZENS. Not for the Federal Government.

Mr. BONE. No; that is true. The Federal Government does not do it.

Mr. SMITH. Mr. President, I should like to have one point cleared up.

In figuring the expectancy of life it has been suggested, I think by the Senator from Pennsylvania [Mr. REED], that the company that sells me the annuity figures in 3 or 4 percent annually as the possible earning of the money; therefore shortening the term within which the amount I put in may be returned to me. Therefore, if I should live out the term of expectancy which would be shortened by virtue of adding to the principal the interest earned, I would be receiving each year a part of the interest earned by the money put in the hands of the company.

Mr. HEBERT. Mr. President, if, as the Senator believes, the application of the interest element shortens the term, the amendment I have proposed is all the more favorable to the Government, because the sooner the return of the principal is made to the annuitant, the sooner the Government will get a higher tax on income.

Mr. SMITH. I am perfectly in sympathy with the proposition of the Senator, for the reason that until the annuitant has received back—whether the time be short or long—the amount he paid for his annuity, he has earned nothing.

Mr. HEBERT. Of course not, Mr. President. The question cannot be argued in any other way. It may be said that the company has received interest on the sum the annuitant has paid, but that is not his money. He has nothing to do with that.

Mr. SMITH. That does not enter into the equation; and, as the Senator has very clearly put the matter, if the interest is added so as to increase the amount payable per year and shorten the term of expectancy, just that much sooner does the annuitant get interest on his money, because the minute he gets back the amount that he paid all that he receives subsequently is subject to taxation, since it is really income.

Mr. HEBERT. And generally it is about three times as much as the amount of the income based upon a tax of 3 percent.

Mr. SMITH. Yes; I see.

Mr. REED. Mr. President, there are two other factors that I think are worth bearing in mind in this connection.

One of them is that we are now entering a period of very high tax rates. It is probable that it will be 3 years yet before the administration will be changed and we shall be able to make reductions in taxes. The people who invest their money in annuities, with the knowledge that they are not going to be taxed for 10 or 15 or 20 years in the future are going to escape completely the high income-tax rates carried by this bill; and the chances are very strong that 20 years from now, when they do begin to pay income taxes, the rates will be very much less than they now are.

Mr. HEBERT. Mr. President——

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. REED. Yes; I yield.

Mr. COUZENS. If the owner of the money did not invest it, of course, he would not have any income; would he?

Mr. REED. No; that is true.

Mr. COUZENS. I am quite in sympathy with what the Senator is seeking, and the purpose of the amendment; but I cannot see how the Government, during the time these high rates are in force, will get any money out of these rich men if they do not invest it; and certainly such a man is not investing his money by merely putting it away in a vault or into an annuity, is he?

Mr. REED. Yes; he is investing it when he buys an annuity.

Mr. COUZENS. He does not get any return on it.

Mr. REED. He is putting the money right into the investment field.

The second point I wish to make is that when this money is paid over to an insurance company, it becomes a part of the great mass of its reserves; and the Senate should understand that these insurance companies are totally tax-exempt on the first 3¾ percent that they get each year on their reserves. Three and three fourths percent is totally tax-exempt, and that is about the amount of the interest that would be received on a first-grade bond. By the present law we immunize the annuitant from taxation, and there is a mass of wealth—a million dollars, let us assume—paid by an individual who is not going to be taxed on it to an insurance company which is not going to be taxed on it, and

that whole mass of wealth is taken away from the taxing power of the Government. It seems to me we should bear that in mind when we are considering the reasonableness of this proposal.

Mr. HEBERT. Mr. President, it should be observed that under existing conditions, even if there were no tax upon annuities, there could be no tax upon a million dollars that is not invested and does not earn something. The tax is not upon the million dollars; the tax is upon an income from a million dollars. We must bear that distinction in mind. It does not make any difference whether a man is possessed of a million or ten million or a hundred million; it is not the capital tax he pays; he pays a tax on the income.

Mr. REED. Of course, that is true, and that is what I meant when I said that this money was placed beyond the reach of the taxing power. We tax the income only; we do not tax the capital. Everybody knows that. But I say that the earning power of that mass of wealth is exempt from taxation against the real beneficiary, and it is exempt from taxation in the hands of the insurance company. The income from that money is totally tax-exempt.

Mr. HEBERT. I do not know whether or not the insurance companies derive any income from their annuities. I do know that only recently they raised their rates for annuities. The sale of annuities is something new in this country, but it is far from being new in certain European countries, and it has come to be a common saying in insurance circles that annuitants never die. Once a person has an assured income for his life he stops worrying, and it is assumed that that is conducive to longevity; but under no stretch of the imagination is that income, because it is a return of his own money.

If I am asked whether the insurance company gets any income from that fund, I say it must derive some income from it, because in the application of the tables of mortality and the expectation of life, the element of interest enters in; but if the income goes to anyone, it goes to the insurance company, and if we are going to tax it anywhere, that is the place to tax it.

Mr. AUSTIN. Mr. President, I wish to support the amendment offered by the Senator from Rhode Island [Mr. HEBERT] and to oppose the amendment as it appears in the report of the committee.

It seems to me, at the outset, that the bill as it is reported would inaugurate a novel theory of taxation. This is the first time in my study of tax laws, particularly income-tax laws, where there has been an attempt to tax a profit not yet realized, a purely prospective profit, so far as the taxpayer is concerned. Of course, if we take the whole class of annuitants, a great number of them, say several thousand of them, one realizes that under the present law those who actually obtain their profits are actually being taxed, according to the entire spirit and theory of the law as applied to any other type of profits or of income.

The pending bill undertakes to tax a return of the capital and nothing more, up to the time when the annuitant has received the whole of the amount of the consideration paid by him, the entire title of which passed out of his control and into the possession and control and exclusive ownership of the insurance company, or such other company as may have undertaken the contract.

At this point may I inquire of the chairman of the committee whether it is his understanding that this measure would apply to hospitals and universities, which obtain a large amount of their endowments by selling annuity contracts? Is that the interpretation which would be placed upon the measure?

Mr. HARRISON. Mr. President, it does not apply to them at all. It applies only to persons receiving income. It does not apply to them.

Mr. AUSTIN. I do not think the Senator has understood my question.

Mr. HARRISON. I know of no hospital that has gone out and put up $100,000, or $10,000, or $50,000, in order to buy an annuity.

Mr. AUSTIN. That is what I apprehended was the trouble, that my question was not clear.

Assume that a hospital has received from a philanthropist $100,000 for immediate use by the hospital in erecting buildings, in consideration of which the hospital promises to pay to the donor as an annuity a sum corresponding to 5 percent annually of the amount of the gift. Would the receiver of that income be a taxpayer, under this provision of the measure?

Mr. HARRISON. It does not apply to him.

Mr. AUSTIN. It does not apply to a person who makes such a donation to a university or college?

Mr. HARRISON. It might apply to the person who took out one of these policies, and to the income coming back to him, if he was giving it over to the hospital.

Mr. AUSTIN. That is all there is to my question. Would the donor to a university who received an annuity payment during his lifetime have to pay a tax, under the bill?

Mr. HARRISON. I have stated to the Senator that it all depends on the circumstances. In my opinion, if an individual should take out one of these annuities and collect a certain amount each year and turn it over to a hospital, of course he would have to pay on the income.

Mr. AUSTIN. It is very much simpler than that. Many of our universities throughout the United States receive gifts or payments of large sums of money for specific uses, and in consideration of those gifts they issue to the donor an annuity contract, promising to pay the donor a sum annually which is equivalent, in many cases, to only 5 percent of the amount of the gift. Of course, if this measure is intended to reach such people, it is an extraordinarily cruel bill, an extraordinarily unfair bill, and of course I regard it as unfair, where the contract is one of insurance or one where an insurance company issues an annuity contract for a consideration. It seems to me we can test the fairness of the bill by this one illustration: Suppose I have made a payment for an annuity today and receive but one annuity and then die; there is no provision in the bill whatever for a deduction on account of the large loss.

If we take the example given by the Senator from Rhode Island, of the payment of $100,000 in the puchase of an annuity contract and a return of only $10,000 and thereupon the death of the annuitant, we can readily see that there has been an absolute total loss of $90,000, which is not recognized in any way whatever by this measure, although the entire theory of all our income-tax laws has been to recognize and to allow a deduction for actual realized losses.

Mr. President, for these two reasons, first, that this bill undertakes to tax a profit which is not yet realized, and for the reason that it does not allow a deduction for a loss which is realized, the measure is unjust and unfair, and ought not to be passed.

The amendment proposed by the Senator from Rhode Island would preserve the status quo, as I interpret it, and would admit of taxation by the Government of all it is entitled to tax under any theory we have yet adopted in an income tax law, that is, taxation of actual income. As soon as there is anybody in this whole class of annuitants who is receiving income, he pays a tax, not on a part of his income, but on the whole of the income.

If it be true that the issuing of annuities is a modern plan, and has not yet arrived at that stage of maturity where the class of those who have received again all they paid for their annuity is large, nevertheless the principle is sound and true that those who have exceeded the expectancy, or have received again all the return of capital to which they are entitled under their contract—and that is what the contract is, we must understand—would pay a tax under the bill as it is, and they would pay a tax under the amendment proposed by the Senator from Rhode Island, and that would be a correct principle. That would be consistent with the law as we have always known it to be.

I have a letter here which I know went into the record of the committee, but which has not been available to the

Senate because the hearings have not been printed, and with the permission of the Senate I should like to read it. It is from Hon. Fred A. Howland, president of the National Life Insurance Co., of Montpelier, Vt., addressed to me, in which he says:

The revenue bill of 1934 (H.R. 7835) proposes a change in the method of taxing annuities which seems so objectionable as to warrant its elimination from the measure.

The present law does not tax the annuitant until he has received an aggregate amount of payments equal to the consideration paid for the annuity (whereupon the whole amount of payments to the annuitant thereafter made are treated as income), while the method in the pending bill would require the annuitant to include in his gross income immediately a portion of the annual payments in the amount of 3 percent of the consideration paid for the purchase of the annuity.

The reason given in the committee report, page 21, for making the change is that the taxes on annuities are postponed indefinitely.

It is true that the payments are postponed, but it is equally true that they ought to be deferred until the annuitant gets back the principal sum which he paid to buy the annuity, as it is not till then that he begins to profit by his investment.

Considering the entire body of annuitants as a unit, the new plan might work equitably; but, taking the individual cases, the hardship imposed and the inequality of the burden imposed are clearly apparent.

For example, take the case of two people, both of age 63, who each put $5,000 into an annuity. Annuitant A dies at the end of the seventh year, while annuitant B dies at 85, the end of the twenty-second year. Under the proposed amendment annuitant A, who never got back the purchase price of his annuity but has actually suffered loss in both principal and income, has been taxed on assumed income; while under the present law annuitant A would pay no tax, but annuitant B would be taxed on the whole of the annuity income after the payments theretofore received by him had equaled the principal invested.

I venture to say that there is no provision in the present income tax law and no other proposed amendment which taxes as income an investment which shows loss in both principal and income. If the suggested amendment is to be seriously considered, the estate of the annuitant who dies before the sums paid back to him in annual payments equal the purchase price should be allowed credit as an actual loss for the difference between the consideration paid for the annuity and the annual payments received.

The enclosed copy of letter from Dr. Huebner, professor of insurance and commerce at the University of Pennsylvania, and also a copy of the brief of Roger B. Hull, managing director of, and representing, the National Association of Life Underwriters, contain objections to the measure.

These underwriting agents represent a large and intelligent group of salesmen the country over, and their annuity clients are largely people of moderate means and of advanced years, to whom a tax burden on property not yet yielding actual profit would be a most objectionable burden.

There are further remarks in the letter which are personal in nature and I will not read them.

I have a letter from the Vermont Association of Life Underwriters which I ask unanimous consent to have printed in the RECORD in connection with my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

The letter is as follows:

VERMONT ASSOCIATION OF LIFE UNDERWRITERS,
St. Johnsbury, Vt., March 15, 1934.

Hon. WARREN R. AUSTIN,
Washington, D.C.

DEAR SENATOR: As president of the Vermont Life Underwriters Association and as the official representative of the Life Underwriters of Vermont, I want to state that our association is very interested in that section of the report of the Hill subcommittee which recommends adoption of an arbitrary method of determining income under annuity contracts. Namely, that a portion of each annual payment equal to 3 percent of the purchase price be assumed to be interest income. Where an annuity is paid for with a principal sum, the annuitant gives up all title to the capital thus invested, in contrast to the situation which prevails when money is deposited in a bank or other depository institution. The annuitant is promised a definite income regardless of whether the insurance company loses or profits from the transaction. Moreover, should he die early, the entire capital sum is considered liquidated. In no case can the annuitant derive a profit unless he or she lives long enough to have first received back in annuities an amount equal to the principal sum paid for the annuity. Therefore, profit begins to accrue to the annuitant only when this particular point has been reached.

It also follows, that to impose an income tax upon annuity payments prior to the time that the annuitant has received back his principal is an altogether uneconomical proposition. After annuities represent a profit, they should, of course, be taxed, and according to our understanding that is the ruling under the present income tax.

In all probability, the Hill report is based upon the actuarial explanation that annuity payments using averages represent a return annually of part of the principal, together with a certain amount of interest. This is true when the annuity account is averaged for a larger number of annuitants, but it is not at all a case with the individual annuitant. Ten thousand annuitants would receive annually part of the principal and some interest, but the individual does not profit until he has received payments for a sufficient term of years to make them equal the principal paid for the annuity. Should he die prior to that time, the individual will have actually suffered a loss.

You can, therefore, understand why we as life underwriters are not in sympathy with this report and trust that you will do everything in your power to see that this does not become a law.

Sincerely yours,

E. WESLEY ENMAN, *President.*

Mr. AUSTIN. Mr. President, I desire to say from some personal knowledge, by virtue of a connection of many years with the issuing of annuity contracts by a university, that I know that a large percentage, probably 80 percent of those who hold the annuity contracts of that university with which I was connected are people of very moderate means, many of them elderly people who have bought this very meager income, and in many cases just barely enough to support them in their old age, on the understanding which was set forth in the certificate of the internal revenue department, that that was a return of capital to them under their contract, which was not taxable in theory and under the law, and, therefore, that the investment which they had made would probably shield and protect them for the short remainder of their years.

If we apply the proposed tax—and it is a very high one—we thereby reduce that meager income of individuals who have parted with their principal and turned it over to a university in order that it might perform two functions, one to aid in the cause of education by the immediate use by the university of the principal in the erection of buildings, or in the establishment of instruments and means of education, the other purpose being to obtain a moderate income, which would be certain in amount, and not subject to fluctuation by taxation. If we pass the bill without the amendment proposed by the Senator from Rhode Island we rewrite those contracts on a basis that will cause tremendous hardship, and I know that what is true of my own little university is true of many others, for I made investigations covering that situation some years ago.

Mr. HEBERT. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield.

Mr. HEBERT. The Senator has referred to sums that have been deposited with universities on condition that the universities shall pay an annuity to the depositors. Can the Senator state what becomes of those funds? Whether for the most part they are invested to yield an income, or whether they are put into brick and mortar and yield no income whatsoever?

Mr. AUSTIN. The funds of this character with which I am familiar went into brick and mortar; into the erection of useful structures on the campus.

Mr. HEBERT. So that the amendment proposed by the committee assumes that there is income when, in fact, there is absolutely no income from those sources?

Mr. AUSTIN. That is true, and that is a very cogent reason for not passing the bill without the amendment proposed by the Senator from Rhode Island. The funds are not interest bearing; they are not income producing. No one anywhere earns a profit by virtue of the payment, by virtue of the parting of title by some elderly woman of moderate means to a university or hospital which she desires to help and at the same time reserve a life support for herself.

Mr. HEBERT. Mr. President, will the Senator yield further?

Mr. AUSTIN. I yield.

Mr. HEBERT. The Senator has referred to the high rate of tax on such incomes. As I compute it, the tax is equivalent to 12 percent of the payments made to the annuitants.

Mr. AUSTIN. Mr. President, I will conclude very shortly.

Mr. OVERTON. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield.

Mr. OVERTON. It has been pointed out in the debate that the annuities in question represent a return of money placed, we will say, with an insurance company. The insurance company takes the money and invests it and makes, or expects to make, a profit. If the insurance company could not invest that money—say it had it deposited in the vault—would the annuity it paid to the annuitant be as large as it now pays, in view of the fact that it has the opportunity to use the investor's money and make a profit out of it?

Mr. AUSTIN. Mr. President, in answer to the Senator's question I would say "no." But the point is that the Government taxes the profit, all the profit, at the right time so far as the individual annuitant is concerned, and that is when he receives the profit, and not before, not when he has not received it and is receiving nothing but capital.

Mr. OVERTON. If the Senator will permit me to interrupt him again, I will say to the Senator that I think he does not catch the point I am making. The point I am undertaking to make is that the insurance company distributes the profits annually among the annuitants by paying them a larger annuity by reason of the fact that the company has the annuitant's money and invests that money, makes an income on it, and, therefore, is in a position to pay the annuitant a larger annuity than it would otherwise pay. If I am correct in that premise, then it seems to me the philosophy of the bill is that the Government is taxing annual income as it is being made and as it is being distributed.

Mr. AUSTIN. Mr. President, so far as I know, no insurance company undertakes to divide its funds so as to earmark what is money earned in the revolution of these funds in its hands, and what is principal added to the fund by some new annuitant paying in another sum of money. No attempt is made to do that, but the company makes a contract based and calculated upon a great number of experiences, the average of which results in close accuracy, and on that basis is able to provide a contract which is held out in terms of years, and which is understood by both parties to the contract to represent a return of principal up to a certain length of time, whereupon there begins the payment of realized profits. All there is in the theory of an income tax law that is justly laid upon the people is that it shall be upon realized profits. Unrealized profits may never be realized.

It is true that when a person dies before the profits are realized his estate has suffered a loss. I made that statement previously, and I want to put into the RECORD something which represents the opinion of the United States Board of Tax Appeals of very recent date.

I refer to the case of Cora K. Louis, petitioner, against Commissioner of Internal Revenue, respondent. Docket No. 49179. Promulgated February 23, 1934. I will not weary the Senators by reading the whole case. I will read merely the dictum and put into the RECORD the whole case. The dictum is:

> Petitioner acquired an annuity in consideration of a surrender of a part of her interest in her father's estate. Such annuity was terminated in the taxable year by the death of her mother, upon whose life expectancy it was based. Held, that the unrecovered cost of the annuity at date of termination was a loss in the year the contract was terminated.

It was further held that there was, on that account, a legal deduction made, and the amount of tax paid by the estate was reduced thereby.

I ask that the entire opinion may be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. AUSTIN. Mr. President, in conclusion, let me say that I trust Senators will consider carefully this question. It has a very serious effect upon many individuals who have no other way of having their rights protected than to have Senators consider them carefully, even though the proposal is in the form of an amendment to a bill which comes out of a committee which has expended a great deal of earnest study upon the subject. I doubt, however, if the committee has considered this aspect of the case. I wonder if Senators have considered the possible harm that will be done by this measure to the annuitants whom I have mentioned; and they constitute a large class? Certainly no harm can come to the Government by allowing the law to remain as it is, because under the present law, and as it would be preserved by the amendment of the Senator from Rhode Island [Mr. HEBERT], the United States could levy a tax upon all it is entitled to tax under the true theory of any income tax law, and that is realized profits, income.

Therefore, Mr. President, I hope the amendment of the Senator from Rhode Island will be adopted.

[The decision of the Board of Tax Appeals referred to by Mr. AUSTIN is as follows:]

DECISION UNITED STATES BOARD OF TAX APPEALS

CORA K. LOUIS, PETITIONER *v.* COMMISSIONER OF INTERNAL REVENUE, RESPONDENT

Docket No. 49179. Promulgated February 23, 1934

Petitioner acquired an annuity in consideration of a surrender of a part of her interest in her father's estate. Such annuity was terminated in the taxable year by the death of her mother, upon whose life expectancy it was based. Held, that the unrecovered cost of the annuity at date of termination was a loss in the year the contract was terminated.

Theodore B. Benson, Esq., for the petitioner.
James H. Yeatman, Esq., for the respondent.

OPINION

LANSDON: The respondent has determined a deficiency in income tax for the year 1925 in the amount of $1,107.09, from which the petitioner appeals on the allegation that a loss sustained in that year has been erroneously disallowed as a deduction from gross income. The parties have filed a stipulation, which is accepted and incorporated herein by reference. The following is a summary of the material facts:

"Petitioner is an individual who resides at Los Angeles, Calif. Her father died testate on December 28, 1912, and in his will, probated in Cook County, Ill., on January 2, 1913, disposed of an estate of the net value of $2,868,442.39. The estate was left in varying proportions to the widow, two sons and three daughters of the decedent. Among other things, each of the daughters was to receive $75,000. The petitioner and her sisters were not satisfied with their shares of their father's estate under the will and, on April 19, 1913, entered into an agreement with their brothers whereby each was to receive one third of certain personal properties included in the estate inventory, and, in addition thereto, an annuity of $5,000 during the life of their mother, Rosalinda Klein, in lieu of all their interests under the will. Under this agreement the annuity to the sisters was expressly specified as the joint and several obligations of the brothers. At the date of such agreement the life expectancy of the mother was 15 years, 1 month, and 9 days. The present worth of an annuity of $5,000 per year, payable semiannually over that period, is $57,753.50. Rosalinda Klein died in 1925, at which date the petitioner had received annuity payments under the agreement in the amount of $60,000. Such total payments discounted back to April 1913 had a then value of $48,568.94. If Rosalinda Klein had lived out her expectancy, petitioner could have received six additional payments of $2,500 each, or a total of $15,000. That amount had a capital value as on April 1913, of $9,184.56, which is claimed by the petitioner as a deductible loss in the taxable year.

The only question here is whether the petitioner sustained a loss in the year in which the death of her mother terminated the annuity payments provided for by contract with her brothers on April 19, 1913. The answer to this question involves (1) whether an annuity contract is property; (2) the amount of petitioner's capital investment as the cost of the annuity; (3) the amount of such investment recovered by her prior to the taxable year; (4) whether the annuity contract was a transaction entered into for profit; and (5) whether the termination of such contract by the death of petitioner's mother was a disposition thereof within the meaning of section 204 (a) of the Revenue Act of 1926.

The amount of $75,000 was devised to the petitioner in her father's will, but the record is not clear that the annuity was based thereon or in lieu thereof. After the will was probated, the three sisters and two brothers agreed among themselves to a distribution of that portion of their father's estate left to them which was materially different from the terms thereof. As part of the compromise settlement with her brothers and sisters, petitioner acquired the right to receive $5,000 a year during the life of her mother, whose life expectancy on April 19, 1913, was something over 15 years. What she surrendered was an interest in her father's estate sufficient to purchase the annuity in question and if that interest was the capital basis of such annuity it was equal to the present worth thereof computed on the mother's life expectancy of 15 years, 1 month and 9 days, which the parties agree was $57,753.50. In *Florence L. Klein* (6 B.T.A. 617), in a proceeding involving the taxability of the income received under this same annuity contract, we said: "The significant fact now before us is that the value of what petitioner acquired by contract on April 19, 1913, became the capital basis for measuring any subsequent gain or loss in

respect thereof." We are of the opinion that such amount was the cost of the petitioner's annuity at April 19, 1913.

The contention of the petitioner is that the annuity contract was property which cost her at least $57,753.50 and that, when her interest therein was terminated by the death of her mother, she sustained a loss under the provisions of section 202(a) of the Revenue Act of 1924,[1] measured by the difference between her capital investment and the amounts thereof recovered in the annual payments. That an annuity contract is property is too well established to require any discussion or citation of authorities. Here the annuity is not payable out of either the corpus or income of the estate of petitioner's father, but is created by contract between petitioner and her brothers, and there is therefore no question as to whether she received the annual payments as a beneficiary of the estate.

If the termination of the contract by the death of the petitioner's mother was a disposition of such property within the meaning of the taxing statute, it follows that the whole amount of the difference between the basis at acquisition and the recoveries of capital prior to such disposition is a deductible loss in the taxable year.

In *William P. Blodgett et al., Executors* (13 B.T.A. 1243) we held that the right of an estate to receive its decedent's share of the profits of a partnership for 1 year was a chose in action transmitted to the estate by such decedent and its capital cost was the present worth of such interest at the date the right to receive vested in the estate. The Commissioner determined that the entire amount of the partnership profits received by the estate during such first year was taxable income. We held that the chose in action was a capital asset of the estate and that realization therefrom was income only to the extent of the excess thereof over capital value at date of acquisition.

In *Guaranty Trust Co. of New York, Executor* (15 B.T.A. 20), the petitioner in the year 1919 exchanged certain leaseholds for an annuity of $100,000 per year and the next 2 years received the respective amounts of $100,000 and $99,999.96 in conformity with the contract under which the exchange was made. The Commissioner undertook to tax the total of each payment as income in the year in which it was received. In that proceeding we held that the present worth of the contract computed on the annuitant's life expectancy should be regarded as the fair market value of the annuity and as the starting point from which to determine the taxability of amounts received under the contract and that the owner is entitled to recover such value free from tax. On the authority of *Florence L. Klein, supra,* we also held that each annual payment constituted in part a recovery of capital and in part a gain.

In *Florence L. Klein, supra,* involving the identical contract now under consideration, we said that "when actually received in each year the annual payment consists of the principal of such payment, plus the discount, the latter being the gain taxable as income." This is the rule that was later applied in the cases above cited and discussed. None of the proceedings cited has been overruled by the Board or reversed on appeal, and as to the question therein decided they are controlling on similar issues.

In conformity with the decisions above cited and upon the stipulated facts, it follows that petitioner sustained a loss of $9,184.56 in the taxable year if the termination of her annuity contract by the death of her mother in 1925 can be regarded as the closing of a transaction entered into for profit as provided in section 214 (a) (5) of the Revenue Act of 1924. In *George M. Cohan* (11 B.T.A. 743) a very similar question was involved. In that proceeding the facts disclose that prior to the taxable year the petitioner had purchased an annuity contract and had made several substantial payments thereon. In the taxable year he decided that he had made a poor investment and forfeited the contract by nonpayment of installments then due. In his petition he claimed the right to deduct the sum of all payments theretofore made from his gross income as a loss sustained in the taxable year in a transaction entered into for profit. In our decision we held that an annuity contract is a transaction entered into for profit, that payments thereon are investments in property, and that the sum of such payments is a deductible loss in the year in which the contract is voluntarily forfeited for nonpayment of installments then due.

In *Pioneer Cooperage Co.* (17 B.T.A. 119) the petitioner claimed a deductible loss in the taxable year resulting from the destruction of timber by storm and the ravages of insects. In our decision we held that the facts brought the petitioner's contention within the loss provisions of the statutes. Upon appeal by the petitioner for increase in the amount of loss allowed by the Board, our decision was affirmed on all points in *Pioneer Cooperage Co.* v. *Commissioner* (53 Fed. 43; certiorari denied, 284 U.S. 687). In its opinion in that case the circuit court, in discussing the precedents relied on by the parties, said:

"These decisions refer to sale of property. The act includes not only sales but other disposition of property. A loss of property, such as occurred in this case, is a disposition within the meaning of the act, although it is involuntary. The property is disposed of so far as the owner is concerned, and there is no reason, in the absence of a positive statute, in determining a loss why a different rule should be adopted than in the case of a voluntary sale. The purpose of the act is to allow the owner to deduct what he has actually lost in the transaction. The depletion and exhaustion statutes were not intended to cover losses such as are involved here."

On brief the respondent relies on *Warner* v. *Walsh* (15 Fed. (2d) 367); *United States* v. *Bolster* (26 Fed. (2d) 760); *Allen* v. *Brandeis* (29 Fed. (2d) 363); *Logan* v. *Commissioner* (42 Fed. (2d) 193); affirmed: *Logan* v. *Burnet* (283 U.S. 444); and *Mary W. B. Curtis,* (26 B.T.A. 1103).

In our opinion these cases are all distinguishable from the present proceeding. In each the income in question was payable from an estate and the issue was whether, in accepting the terms of a will providing for annual payments from a testamentary trust, a widow bought an annuity at the cost of her relinquished interest in the estate to which she was entitled under the law. There is no such question here. This annuity is based on a contract between the petitioner and her brothers. The payments were not made from the estate but from the personal resources of the brothers, who, after April 19, 1919, were obligated to pay, entirely regardless of the amounts received by them from the estate. In the cases cited the payments were made either by the estate or by a testamentary trust and apparently involve no rule applicable to the present proceedings. In any event they have been so greatly modified by the Supreme Court in *Helvering* v. *Butterworth* (— U.S. —, Dec. 11, 1933) that they are no longer controlling as to the principal question therein involved.

In our opinion, the weight of authority supports the contention of the petitioner. There is no controversy of the present worth of the annuity at date of the contract or that of the payments received thereunder. Accordingly, we hold that petitioner sustained a loss in the taxable year in the amount of $9,184.56. The determination of the respondent is reversed.

Reviewed by the Board.

Decision will be entered for the petitioner.

Marquette and Leech dissent.

Mr. GEORGE. Mr. President, I do not rise to argue the question, but I do desire to say that the committee concluded at least that through the purchase of annuities by very wealthy people there is an opportunity to escape the payment of income tax upon the money used for that purpose. We were advised that there had been abuses, and that the opportunity existed for considerable abuse.

I felt at the time, and now feel, that I should not like to broaden the shelter under which wealthy people may go along with those holding tax-exempt securities to escape liability for possible taxation by the Federal Government. It seems to me that a question of policy is involved. It may be, as said by the distinguished Senator from Rhode Island [Mr. HEBERT] who is an expert on this question, that the Government may not get any more money. Indeed, it is conceivable that it may not get quite so much money. I am not prepared to argue the point. It is unquestionably true however, that through investments in annuities it is quite possible for a man of large means to put himself in a position where, for a long period of years, possibly for all time, he will escape even the prospect of possible liability for taxes upon the money so invested.

I do not desire to discourage the purchase of annuities. I do not know a great deal about the subject, but I assume that it is a form of investment which perhaps ought to be encouraged rather than discouraged. At least, discouragement is not the purpose of the committee. The purpose of the committee was to prevent a widening of the shelter under which our citizens could go and escape all liability for Federal income tax by virtue of this peculiar form of investment. I call it "investment" for lack of a better term.

It may be that the limit on annuities which are exempted should be raised from $500, as fixed in the bill, so as to take care of the relatively small annuitants for whom investments had been made for the purpose of taking care of them in their advanced age, and so forth, as Senators have so forcefully pointed out.

Of course, I can very well see how the Supreme Court would properly hold that money invested in a home, which in fact pays no dividend or income to the owner of the home, cannot be considered for the purpose of assessing and collecting an income tax. That, however, is not this case. Beyond all doubt, when an insurance company sells its annuity and when the purchaser buys it, both of them contemplate a situation in which there will be an income in excess of the amount of money actually paid. There may not be. There may be a speculative element in the transaction, and it may

[1] SEC. 202. (a) Except as hereinafter provided in this section, the gain from the sale or other disposition of property shall be the excess of the amount realized therefrom over the basis provided in subdivision (a) or (b) of section 204, and the loss shall be the excess of such basis over the amount realized.

be quite proper to say that until the full amount of the premium paid has been returned there is only a prospective profit, and no actual profit upon which the Government may legally or rightfully levy an income tax. Yet the nature of the transaction is such that it is entirely fair to say, in the case of the normal contract, which would run for its normal expectancy, the parties contemplate that there will be an accretion or income in excess of the actual sum of money paid.

That being true, it seems to me the tax that is here sought to be levied is legal; and it does not seem to me that the requirement that 3 percent of the premium be considered as gross income, and go into the taxpayer's gross income, from which he may make all kinds of deductions if he is entitled to them, is unfair or particularly harsh to the ordinary annuitant. If there are cases in which the tax runs into a very high percentage, then, as I have suggested, it might well be that the aggregate annuity received should exceed $500 per year. The amendment, of ccurse, does exempt from all taxation all annuities that do not aggregate more than $500 per annum.

It seems to me, however, that a sound principle of public policy is involved; and that principle is that whatever we may say about it, and however we may argue about it, we will not widen the shelter under which it is possible, at least, for a great many people to go and escape the possibility of tax upon a transaction which unquestionably contemplates, in the average and ordinary case, an element of profit or income.

Mr. HEBERT. Mr. President, will the Senator yield?

Mr. GEORGE. I yield the floor. I merely wish to say that I am making this statement because it is necessary for me to leave the Chamber, and I desired to express myself on this particular question.

Mr. HEBERT. I was about to cite an illustration which is not unlike that which the Senator appears to have in mind.

Let us assume that a citizen subject to tax desires to invest $10,000, and he loans it to someone, payable back to him in 10 years, interest to be paid at the end of the 10 years. Can interest on that loan be anticipated for purposes of income tax?

Mr. GEORGE. Certainly not; but I wish to make my position very plain. That is not what is done by an insurance company which writes an annuity policy. It figures that over the whole period of years there will be a slight increase or earning upon the premium paid; and while it may in its own mind, or as a matter of bookkeeping, defer the payment of any possible increase to the end of the period, it cannot actually do so.

Mr. HEBERT. The Senator constantly reverts to the company that sells the annuity. I have repeatedly conceded that it has an income from those funds; but those funds are no longer the property of the annuitant, once they have been paid over to the company. They are the property of the company.

Mr. GEORGE. Let me ask the Senator a question. Suppose we should tax those funds; does not the Senator believe that in every annuity thereafter written the company would see to it that the annuitant bore the tax?

Mr. HEBERT. Oh, that is something else!

Mr. GEORGE. No. I am getting back to the transaction. It is a transaction that contemplates a profit; and the profit is not deferred to the end of the contract, or until there has been a return of the amount of money paid, because if that were true the payments would not be divided into equal annual installments.

Mr. HEBERT. The Senator overlooks the fact that if those funds were taxed in the hands of the insurance company, the tax on the insurance company would amount to about one eighth of 1 percent under existing law taxing the income of corporations—a wholly different proposal than the one we have under consideration.

Mr. GEORGE. I understand that; but I am trying to illustrate to the Senator the element of investment involved in a contract of this kind by asking him a simple question. If the company selling the annuity were required to pay a tax, would it not in turn pass on that obligation to the annuitant?

Mr. HEBERT. But the insurance companies pay taxes.

Mr. GEORGE. Oh, I understand; but the Senator knows that the insurance companies have been very liberally dealt with in the income-tax acts.

Mr. HEBERT. The insurance companies pay the taxes imposed upon them by the Congress, and they pay taxes on the excess interest earnings over the amounts required to maintain their reserves.

Mr. GEORGE. Yes; and let me remind the Senator that the moral plea they always make is that the earnings upon their investments really accrue to the policyholders.

Mr. HEBERT. That is true.

Mr. GEORGE. It is true also of annuitants.

Mr. HEBERT. It is not always true. I was about to say that it is true of mutual companies.

Mr. GEORGE. It is true on their average transactions, and that is exactly why they have been dealt with most liberally by the Congress.

Mr. HEBERT. I desire to say to the Senator that it is not true on the average. It is true only in case of a company operating on the mutual plan. It is not true in the case of a company operating for profit; so the Senator should make that distinction.

Mr. GEORGE. There is, of course, a distinction between the two classes of companies. Congress has dealt liberally with insurance companies, however, and it has done so upon the moral ground, upon the basis of the plea repeatedly advanced, that in the case of a mutual company it is operating for the benefit of its stockholders, of its beneficiaries, of those who are to receive the benefit of the contracts. It seems to me altogether outside the bounds of reason to claim that an annuity contract stands upon any different footing morally than an ordinary life-insurance contract. I understand the difference in the contracts, but both of them contemplate the normal transaction where there is an increase that will flow finally to the beneficiary of the contract in excess of the money actually paid; and if the Senator be correct this bill will not impose, in the long run, any greater hardship than is imposed by the present law. It will get no more money for the Government.

Mr. HEBERT. No, Mr. President; I said I thought the existing law would yield more revenue to the Government than the proposed amendment.

Mr. GEORGE. Exactly.

Mr. HEBERT. But the existing law will not impose a burden upon annuitants where it should not be placed, whereas the proposed change in the law will impose such a burden, because it assumes as income that which is not income, and taxes it as such.

Mr. GEORGE. Mr. President, there is no need to argue the point. I know, and I have the utmost confidence that the courts will be able to say that when an insurance company writes an annuity contract and when citizen A or B or C buys that contract, both of them, contemplating the contract that is about to be purchased, figure on an increase over and above the actual money outlay for that contract, and, therefore, that the Government may properly say it will consider a small percentage—3 percent, in this case—on the actual money spent for the contract as gross annual income, to be added to the income of the taxpayer for the purpose of taxation, if the particular taxpayer is liable to pay an income tax.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee.

Mr. CAREY. Mr. President, I ask unanimous consent to have the clerk read an amendment which I intend to offer and which I ask to have printed.

The PRESIDING OFFICER. Without objection, the amendment will be read for the information of the Senate.

The legislative clerk read as follows:

On page 105, after line 11, it is proposed to insert a new section, as follows:

SEC. —. Net losses of taxpayers engaged in agriculture: If for any taxable year or years beginning after December 31, 1931, and

not after December 31, 1933, it appears upon the production of evidence satisfactory to the Commissioner that any taxpayer engaged in agriculture sustained a net loss as defined in section 117 of the Revenue Act of 1932, the amount or amounts thereof shall (except to the extent allowed as a deduction under the Revenue Act of 1932) be allowed as a deduction in computing net income for the first taxable year of such taxpayer beginning after December 31, 1933; the deduction in such cases to be made under regulations prescribed by the Commissioner with the approval of the Secretary. As used in this section, the term "taxpayer engaged in agriculture" means only a taxpayer 75 percent or more of whose gross income for the taxable years involved was derived from agricultural operations.

The PRESIDING OFFICER. The amendment will lie on the table and be printed.

The question is on the committee amendment.

Mr. HEBERT. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HEBERT. Did the Chair state that the question is on the committee amendment?

The PRESIDING OFFICER. Yes.

Mr. HEBERT. May I ask what becomes of my amendment?

The PRESIDING OFFICER. Regardless of the result of the vote on the committee amendment, the Senator's amendment will be in order after that vote; but his amendment, being in the nature of a substitute for certain language on pages 15 and 16, will have to be considered last.

Mr. FESS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Ohio will state it.

Mr. FESS. I am confused as to the question. Is not the Hebert amendment an amendment to the committee amendment?

The PRESIDING OFFICER. No; it is a substitute proposing to strike out certain language on pages 15 and 16 and insert new matter.

Mr. HARRISON. Mr. President, is there any objection to perfecting the paragraph by adopting the committee amendment?

Mr. FESS. I do not think so.

Mr. AUSTIN. Mr. President, if we are to proceed in this manner, apparently the only way of preserving some of the rights of annuitants who have turned over their property to the universities and hospitals is to assert them now. That is to say, if we are to follow the suggestion of the Senator from Georgia [Mr. GEORGE] of proposing a change in the amount of the exemption, it would have to be proposed now, would it not? I ask that as a parliamentary inquiry.

The PRESIDING OFFICER. Any amendment to the committee amendment would have to be offered now.

Mr. AUSTIN. Then, Mr. President, I move to strike out "$500", in line 11, page 16, and to substitute therefor "$10,000."

Mr. HARRISON. Let us have a vote on that amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Vermont to the amendment of the committee.

The amendment to the amendment was rejected.

The PRESIDING OFFICER. The question now is on the amendment of the committee. [Putting the question.] The Chair is in doubt.

Mr. HARRISON. I am about to suggest the absence of a quorum, Mr. President; but I will withhold that suggestion for a moment. Can we not have a unanimous-consent agreement that we will vote on this question without debate the first thing tomorrow?

Mr. HEBERT. So far as I am concerned, I have said all I expect to say about the subject. I cannot speak for other Members of the Senate who may desire to be heard tomorrow; but, so far as I am concerned, I shall have nothing further to say about it.

Mr. HARRISON. Before asking for such a unanimous-consent agreement, I may say that we have tried to show every degree of patience, and we have not gotten anywhere at all today. I know this is a rather important amendment, but the committees of both House and Senate gave it every consideration and are in agreement about it. If we can have a unanimous-consent agreement to vote without further debate the first thing upon convening tomorrow on this amendment, or any amendments that may be pending or that may be offered to it, I am perfectly willing not to have a quorum call tonight.

Mr. COUZENS. We could not agree to that, because we would have to have a quorum called anyway.

Mr. FESS. Mr. President, I am still in confusion about the parliamentary situation. I see no particular reason for adopting the amendment offered by the Senator, provided the amendment of the Senator from Rhode Island is to be voted on as a substitute.

The PRESIDING OFFICER. The Chair desires to state that the committee amendment is an amendment to the language of the House text, by striking out a part of that language. The amendment offered by the Senator from Rhode Island is a substitute for the entire section, both the House text and the Senate committee amendment.

Mr. HARRISON. What the Senator from Rhode Island proposes to do is to go back to the present law.

Mr. HEBERT. That is correct.

Mr. HARRISON. What the committee expects to do is to put on a 3-percent tax.

Mr. FESS. If that be the case, I see no objection to adopting the amendment to the amendment offered by the Senator from Mississippi, and then adopting the substitute.

Mr. HARRISON. As I understand, there is no objection to adopting the committee amendment, but we had reached a point where we were about to take a vote on the amendment offered by the Senator from Rhode Island, which is a substitute.

Mr. FESS. I have no objection to fixing a time for a vote tomorrow.

The PRESIDING OFFICER. The Chair was putting the question on the committee amendment when the interruption occurred.

Mr. REED. Mr. President, I feel perfectly certain that the Senators who side with the Senator from Rhode Island in this matter did not understand the effect of the question they were voting on. What the committee has done has been to introduce an exemption of $500, which the House did not have in its text. The committee has been more generous to annuitants than was the other House. Everyone, it seems to me, whatever may be his views about the contention of the Senator from Rhode Island, ought to be glad to see the committee amendment adopted. Then the real division will come over to the motion of the Senator from Rhode Island to substitute the present law for the tax of 3 percent on annuities.

Mr. HEBERT. Mr. President, I so understand the parliamentary situation, and I have no objection to the vote being taken on the committee amendment. I did object to the vote being taken on the amendment which I had submitted until after a quorum call.

Mr. HARRISON. Does the Senator object to the unanimous-consent request that at the convening of the Senate tomorrow the Senate shall, without further debate, vote on the amendment?

Mr. HEBERT. So far as I am concerned, I have no objection.

Mr. HARRISON. And any other amendment which may be offered to this provision, without further debate?

The PRESIDING OFFICER. The Senator from Mississippi asks unanimous consent that on the convening of the Senate tomorrow there be a vote on the committee amendment——

Mr. HARRISON. No; the committee amendment has been agreed to.

Th PRESIDING OFFICER. The committee amendment has not been agreed to. The Chair was putting the question on the committee amendment when the interruption came.

Mr. HARRISON. I heard the responses on the other side of the aisle, and I thought the amendment had been agreed to.

The PRESIDING OFFICER. A rising vote was being taken. If the Senator wants the vote completed, the Chair will put the question again.

The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The PRESIDING OFFICER. The Senator from Mississippi asks unanimous consent that on the convening of the Senate tomorrow the Senate vote, without further debate, on the amendment in the nature of a substitute offered by the Senator from Rhode Island [Mr. HEBERT] and on any other amendment which may be offered to this section. Is there objection? The Chair hears none, and it is so ordered.

RECESS

Mr. HARRISON. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 25 minutes p.m.) the Senate took a recess until tomorrow, Wednesday, April 4, 1934, at 12 o'clock m.

HOUSE OF REPRESENTATIVES

TUESDAY, APRIL 3, 1934

The House met at 12 o'clock noon, with Mr. SABATH, Speaker pro tempore, in the chair.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

O Lord, our God, from whom cometh all goodness, wisdom, and mercy, as we realize our dependence on Thee, write in our hearts, more lasting than on the tables of stone, that which is above the value of wealth, ambition, or personal glory, namely, virtue, honesty, and integrity. O may we know that there is nothing in all the world warmer than love, purer than virtue, and stronger than faith. We pray, our Heavenly Father, that these graces may live and grow in all our daily conduct until they shall shed a telling influence along our pathway. Blessed Lord, Thou who art the sum of all things conceivable in gentleness and in sweetness, in purity and in truth, be a living power in our souls through faith and love, and unto Thee be praises in a world without end. Through Christ our Savior. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed a concurrent resolution of the following title, in which the concurrence of the House is requested:

S.Con.Res. 12. Concurrent resolution to rescind the action of the Vice President and the Speaker in signing S. 2729, "An act to repeal an act of Congress entitled 'An act to prohibit the manufacture or sale of alcoholic liquors in the Territory of Alaska, and for other purposes', approved February 14, 1917, and for other purposes", and to enroll it with a correction.

The message also announced that the Vice President had appointed Mr. WALSH and Mr. BORAH members of the joint select committee on the part of the Senate, as provided for in the act of February 16, 1889, as amended by the act of March 2, 1895, entitled "An act to authorize and provide for the disposition of useless papers in the executive departments", for the disposition of useless papers in the Labor Department.

THE PROPOSED DESTRUCTION OF AMERICAN MARKETS

Mr. FISH. Mr. Speaker, I ask unanimous consent to extend my own remarks by including the remarks of my colleague, Mr. KNUTSON, of Minnesota, who has left the city.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. FISH. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following remarks of Hon. HAROLD KNUTSON, of Minnesota:

In the pending legislation we are asked to repeal section 8 of article 1 of the Constitution of the United States, which vests in Congress the power to lay import taxes. Under the bill now before the House Congress would surrender that power to the Executive, who, in his message to this body on March 2, announced that it was his purpose to negotiate trade treaties under this legislation that would stimulate foreign commerce. That is an objective we all are in sympathy with, but, in common with millions of my countrymen, I fear that any stimulation along that line would be enjoyed exclusively by the other fellow, and that we, as usual, would be left holding the sack.

If we enact this measure into law, we should make the job complete by also conferring the power to raise internal revenue and make appropriations. Then there will not even be an excuse for this rubber-stamp Congress remaining on the job and drawing pay for work that should be ours but is now being done by others to whom we have surrendered our responsibilities. Shades of Jefferson, Jackson, Lincoln, and Theodore Roosevelt! All that now remains is to rewrite the National Anthem to have it conform to what is and not what was.

There is absolutely no need for this revolutionary legislation, as the President now has the power under the flexible provision of the present tariff law to raise or lower existing rates by 50 percent. Surely no sane person will contend that the present law contains rates that should be lowered by so much as even 25 percent. As I view it much of our present unemployment and low commodity prices are altogether due to imports from abroad and to stimulate importations at this particular time through reciprocal trade agreements would only make matters worse and that is the last thing we should think of doing when we should bend every energy toward recapturing the American market for the American farmer and laboring man.

Mr. Speaker, I assume that under the proposed arrangement we will have a new set-up to be known as the International Trade Authority, with an administrator at its head. It will probably be known as the I.T.A. Let us see how it will operate: First, suitable quarters must be provided, and a permanent bureau of the Government will be moved out of its present quarters and into some fire trap on Sixth Street to make room for the new brain child. Stenographers, messengers, typewriters, filing cabinets, dictaphones, etc., must be provided. These acquired and the new bureau—pardon me, but I had forgotten for the moment that the term bureau is taboo under the new deal—authority, which does not cost so much to operate as does a bureau and will not be associated with increased governmental expenditures, is ready to operate. Now, we are all set for business, and the administrator sends for the Ambassador of Bergentina and the following dialogue takes place:

"ADMINISTRATOR. Mr. Ambassador, we would like very much to stimulate commerce between our countries and the President of the United States is prepared to make you some very substantial concessions in the way of preferential-trade treatment to attain that objective. You need automobiles, farm machinery, railroad equipment, radios, telephones, and what not. These we are prepared to supply in unlimited quantities. We want you to let the bars down so that commerce between us will be stimulated.

"AMBASSADOR. Your objective is most laudable, mi buen amigo, but what about our surpluses? We have more cattle, hogs, sheep, butter, casein, and corn than we know what to do with, and under your detestable Republican tariff law we experience difficulty in selling to you.

"ADMINISTRATOR. Under the new deal all peoples are brothers. We will have the A.A.A. restrict production in the things of which you have a surplus and you can then ship your surpluses into our country in proportion to our reduction, and if we find that the reduction ordered is not sufficient we will make yet greater reductions. What say you?

"AMBASSADOR. Muy bien. Muchas gracias, señor. Adios."

(Exit ambassador.)

(Enter Andrussian Ambassador.)

"AMBASSADOR. Good morning, Drug.

"ADMINISTRATOR. Good morning, Comrade. I cannot express adequately my deep satisfaction in resumption of diplomatic and trade relations between our countries which are daily having more and more in common, but my dear Comrade, we are not getting that volume of business from you that we anticipated when we resumed the relations that were interrupted back yonder. You are rapidly expanding and will need enormous quantities of machinery, railroad equipment, autos, trucks, radios over which you can educate the masses, and soon our domestic production of vodka will catch up with the demand of a people who thirsted for 13 years, and then we will be able to supply your needs along that line. As I said a moment ago, our countries have much in common. Let us enter into closer reciprocal trade relations. We will more than meet you half way as we always have. We will permit you to ship us matches, pulp, and print paper, iron ores, manganese, flax, copper, oils, timber and lumber, furs, etc. What say you, Drug?

"AMBASSADOR. I want to be perfectly frank, Comrade; we cannot buy for cash.

"ADMINISTRATOR. Comrade, let us not talk of such sordid things as money. Under the new deal you will need no money. We will furnish it.

"AMBASSADOR. You are aware that already the American match manufacturer has protested against Andrussian and Hopiganese matches which cost the domestic maker 78 cents per gross to manufacture, but which we can lay down in your country for 38 cents the gross. You are also aware, Comrade, that we can greatly undersell you in lumber, manganese, wheat, oil, pulp and print paper. What will the workers in these lines say to your admitting our products into this country and how will you take care of the tens of thousands of American workers who will be thrown out of employment under our arrangement?

"ADMINISTRATOR. They will have to go into other activities where they can compete. Under the new deal there will be no artificial tariff barriers. Our motto will be, 'Swim or sink.' If they cannot compete with other countries it will be just too bad.

"AMBASSADOR. Comrade, I cannot describe to you the ineffable happiness that will pervade all Andrussia when I send them the glad tidings of the open door in America. This is the greatest step toward universal brotherhood that has yet been taken. It is more than a new deal, it is the dawn of a new era. Only one inspired could have conceived such a glorious program. I must hasten and cable my government the good news. Good day."

(Exit Ambassador.)

"ADMINISTRATOR. Ho-hum, I have done enough business for one day. Guess I'll run over to the International Club for a highball and some bridge."

(Exit Administrator.)

(Next day, same scene.)

"ADMINISTRATOR (to messenger who enters on summons of buzzer). Who is without?

"MESSENGER. You mean without money, sir?

"ADMINISTRATOR. Blazes, no; I mean who is waiting to see me?

"MESSENGER. The Minister from Zneezokia, sir.

"ADMINISTRATOR. Admit him.

"MINISTER. Mr. Administrator, I have long awaited this happy moment when your glorious country should again show its noble heart. Last evening I heard of your doors having been opened to the poor and downtrodden producers of other lands. Truly, none but the generous American would do such a noble act. I have cabled my government to inform our manufacturers of shoes, glassware and crockery, toys, jewelry, and other things that under the new deal the hateful American protective tariff system is a thing of the past. Mr. Administrator, my heart is filled to the overflowing with gratitude and my eyes are suffused with tears of joy. Now, sir, what will you expect from us in return?

"ADMINISTRATOR. We would like to ship to you some of our surplus farm products, such as beef, pork, wheat, and corn."

"MINISTER. But can you sell these products in our market in competition with Russia, Argentina, and Australia? If so, we will be most happy to give you a part of our business, which, unfortunately, is not very great, for we are a frugal and industrious people, as any of the workers in your shoe factories and glass and crockery plants can attest. But I am sure we can work out a satisfactory solution, and to show our gratitude I am today recommending to my government that after we have secured your market we pay you a few thousand dollars on our debt as a token of our appreciation of your having opened your doors to the poor toilers of my country. I shall also recommend to my government that it bestow upon yourself and your magnificent coworkers in the vineyard of internatitonal good will and unrestricted commerce the illustrious order of the Cat and the Fiddle. Shall we consider that a trade treaty has already been negotiated, sir?

"ADMINISTRATOR. You may.

"AMBASSADOR. May Heaven bless you and your great country. Good day."

(Exit Minister.)

(Messenger announces Libyian Ambassador, who enters wreathed in smiles.)

"AMBASSADOR. Ah, mi amigo. I am the happiest of mortals.

"ADMINISTRATOR. Sit down and tell me about it.

"AMBASSADOR. When your government raised the sugar allotment of Libyia you conferred a boon upon my people and, incidentally, you greatly helped your international bankers who own most of our sugar mills and plantations. Under the open-door policy that you have announced, may we not confidently look forward to the entire American sugar market? Surely, we can give you advantages in return that will compensate you for your generosity. Let your cane and sugar-beet growers go into dairying and sheep and livestock.

"ADMINISTRATOR. Mr. Ambassador, we are in a tough spot so far as sugar goes. Such sugar-beet States as Michigan, Minnesota, South Dakota, Utah, Colorado, Wyoming, Nebraska, Idaho, Montana, and California went Democratic in 1932. We have already restricted their 1934 production as much as we dare in order to help you market your sugar. You must realize there is another election just around the corner, and then, too, we must not lose sight of 1936. Understand, I am not unsympathetic, but we must be practical. However, I am satisfied that we can work out something that will be mutually satisfactory. We have already suggested a processing tax on sugar, of which we only produce a small part of our needs, with a view to further reducing the domestic production. Take it from me, señor, we will do everything we can to help you market your sugar crop. Maybe we can take a few million more acres of beet land out of production, but for Heaven's sake, no publicity. For very obvious reasons we have not seen each other.

"AMBASSADOR. Comprendo. Adios, señor."

(Messenger announces ambassador from Hipigon.)

"AMBASSADOR. Mr. Administrator, is it true that under the new deal you will permit our products to come into your country without restriction?

"ADMINISTRATOR. Under the new deal all men are brothers. There is to be no color line, except for the Negro, and he is a domestic problem that we know how to handle. We have a very high regard for your people and we will do everything within our power to meet your wishes, but how about the practical angle? You folks are raising Cain with our domestic manufacturers and they are putting plenty of heat under us these days, but for your confidential information let me assure you that we are not going to baby these birds who cannot go out into the world market and stand on their own two feet. We want to develop a rugged individualism so far as commerce goes and from now on there will be no babying of infant industries.

"AMBASSADOR. Mr. Administrator, you are a great statesman. It is indeed unfortunate for my country that there are not more Americans like you. My government will confer upon you the Order of the Setting Moon as soon as I can communicate with my master. Again I thank you. Good day."

(Ambassador from Evadeland announced.)

"ADMINISTRATOR. Bonjour, Monsieur. We are always happy to see the representative of the country that dragged us into the war, borrowed our money, and had the courage to tell us to go and jump in the ocean when we ask for payment. The people of Evadeland have long been known for their ability to cut corners, and I'll tell the cockeyed world she plays no favorites in failing to pay her debts and obligations. Now, Monsieur, what can we do for you?

"AMBASSADOR. Well, we could use another loan, but I presume that is out of the question until the American people become more reasonable. What I really came to see you about is the California wine industry, which is assuming such proportions as to endanger the wine industry of la belle Evadeland. I am wondering if we could not work out a plan under your Agricultural Adjustment Administration to have the California vineyard acreage planted to wheat, cotton, alfalfa, or some other crop that will not interfere with us. Surely, Monsieur, that is not asking too much. I understand much of that land is peculiarly adapted to the raising of fine cotton and alfalfa and the rest of it is marginal land that should not be used for crops at all. Under my plan it would obviate the necessity of your railroads hauling thousands of cars of grapes and permit them to use their refrigerator cars where they are less needed. We love your country and are proud to have been present at your cradle. We have conferred thousands and thousands of decorations upon your bankers, your molders of public opinion, and to those who rebuilt our devastated areas after the war. Surely it is not asking too much in return that we be permitted to continue to supply you with our choice vintages.

"ADMINISTRATOR. Monsieur, the deuce of it is that your country isn't so hot over here just now, but be patient. I am sure that we will be able to work out something that will be entirely agreeable to you and your government. We have a number of obstacles to overcome, one being that group of Americans who suffer from an exaggerated love of country, also that bunch of damphools who expect you to pay your honest debt to us. As for another loan at this time, I think we'd better let that rest until after the congressional election.

"AMBASSADOR. Mr. Administrator, you are what your countrymen call a 'peach.' I shall remind you of this next winter. Adieu, mon ami, you are a great friend of Evadeland."

(Messenger announces Ambassador from Utopia.)

"AMBASSADOR. Good morning, Mr. Administrator. Is it really true that you have opened your doors to the products of the poor down-trodden farmers of my country? I was told so at the International Club a moment ago.

"ADMINISTRATOR. It is. It is our desire to bring about an era of international good will and unrestricted commerce between the nations of the earth. Of course, it must not be entirely one-sided, and therefore we shall expect certain concessions in return. You produce vast quantities of butter, eggs, poultry, cattle and hogs, grains, and other agricultural crops, and we understand that you have a large surplus in each. We will undertake to effect a substantial curtailment in the domestic production of those products of which you have an exportable surplus and permit you to ship such surpluses to us. In return we would expect to sell you farm machinery, autos, radios, steel, rails and railroad equipment, and some lumber. I know that your country is having financial difficulties, but we will arrange the necessary credit for you through the I.B.A.

"AMBASSADOR (nervously). Would we be expected to eventually pay such obligations? My government would be most reluctant to renege a second time on obligations we owe your government, although I may remind you that necessity knows no law.

"ADMINISTRATOR. That is a bridge we will cross when we come to it. Why borrow trouble unnecessarily?

"AMBASSADOR. I fail to find words to adequately express my feelings. Let us go over to the International Club and properly celebrate this great and momentous occasion. My government will gladly pay for the drinks."

(Exit Administrator and Ambassador.)

My friends, this little sketch may sound unreal and fantastic, but I assure you that it is not. There is hardly a man or woman within the confines of continental United States but will be adversely affected by the enactment of this legislation. It will

result in greatly increased importations of commodities of all kinds that we can and should produce at home. In normal times we consume 93 percent of all that we produce. Why all this concern about the 7-percent foreign market, the credit of which is in most instances doubtful?

If we negotiate a trade treaty with Argentina, which is altogether agricultural, we must of necessity give more favorable treatment to her exports of cattle, hogs, beef, butter, corn, and wheat. How can that possibly help agriculture, which is the basic industry of our Nation?

If we enter into reciprocal trade agreements with Japan, Czechoslovakia, and Russia, it will mean the absolute ruination of many American industries which now give employment to millions of Americans who pay taxes, consume American products, and support our institutions. How can that possibly help solve our unemployment problem?

This program of curtailing domestic production, in hope of raising prices of our farm products, without first providing protection against competitive substitutes, can only result in the American farmer being again and again forced to reduce his production until he will finally be driven out of business.

Is there anyone within the sound of my voice who will seriously contend that we will stimulate industry, reduce unemployment, and promote prosperity by buying more abroad and producing less at home? Such reasoning is so fallacious as to make further discussion of the subject needless and unprofitable and a complete waste of time. What is needed is to preserve the American market for the products of American farms and factories in order to keep the wheels of our own industries turning and to provide employment for our own people.

LEAVE OF ABSENCE

Mr. RANSLEY. Mr. Speaker, I ask unanimous consent that leave of absence be granted the gentleman from Pennsylvania [Mr. DARROW] on account of illness.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

VETERANS' LEGISLATION

Mr. WOODRUM. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD by inserting an analysis of the veterans' legislation contained in the independent offices appropriation bill, prepared by the Veterans' Administration.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. WOODRUM. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following analysis prepared by the Veterans' Administration:

Gen. Frank T. Hines, Administrator of Veterans' Affairs, announced today that the Veterans' Administration is taking immediate action to make the veterans' provisions of the Independent Offices Appropriation Act for the fiscal year 1935, passed by the Congress over the President's veto, effective in all respects as soon as possible. Primary consideration is being given to those persons who were removed from the rolls by reason of the provisions of the Economy Act of March 20, 1933, whose rights to benefits are reestablished by the new law. In all cases where it is possible to restore pension or compensation without the necessity of an administrative review, such action is being taken. Immediate attention is also being given to those groups of cases wherein a review of evidence is required before a determination may be made under the new legislation in order that an adjudication may be accomplished with the least possible delay to the veterans and their dependents.

It is estimated that approximately 330,000 World War veterans, 180,600 Spanish War veterans, and 34,900 dependents of Spanish War veterans will be affected by this legislation. It is further estimated that the increased cost of these changes will be approximately $83,000,000 on an annual basis.

Section 26 of the new law reinstates the former compensation rates for totally blind World War veterans, except where the veteran is being furnished hospital care by the Government and except as to cases involving fraud, mistake, or misrepresentation.

Section 27 provides for the payment of compensation to those persons who on March 19, 1933, had established service connection under section 200 of the World War Veterans' Act, 1924, as amended, and reenacts the provisions of that section as to such cases, except where the person entered the service subsequent to November 11, 1918, where clear and unmistakable evidence discloses that the disease, injury, or disability had inception before or after the period of service, unless there was aggravation, or where the prior service connection had been established by fraud, clear or unmistakable error or misrepresentation, but, as to all cases embraced by these three exceptions, all reasonable doubt is to be resolved in favor of the veteran and the burden of proof is to be upon the Government. The payment is to be at 75 percent of the amount payable in such cases on March 19, 1933.

Section 28 provides for the restoration of the World War rates in effect on March 19, 1933, for service-connected disability, except that reduction is permitted in accordance with regulations pertaining to payment of pension to men in hospitals. It perpetuates the rating schedule in effect on March 19, 1933, under which ratings are based as far as practicable upon the average impairment of earning capacity in civil occupations similar to the occupation of the veteran at time of enlistment. It further provides for service connection in death cases for the widows and children of those veterans who died prior to the enactment of the new act and who, if living, would be in a position to reestablish service connection thereunder.

The limitations as to receipt of pension and salary by Government employees and as to the 50 percent reduction of benefits while any person entitled thereto resides outside the continental limits of the United States are not for application in these cases.

Section 29 amends section 6 of the Economy Act of March 20, 1933, as amended, by adding a proviso authorizing hospitalization or domiciliary care within the limitations existing in Veterans' Administration facilities of any veteran of any war not dishonorably discharged who is suffering from disability, disease, or defect, and who is in need of hospitalization or domiciliary care, and is unable to defray the necessary expense therefor, including transportation to and from the institution. It provides that the statement under oath of the applicant as to his inability to pay for the service sought shall be accepted as sufficient.

Section 30 provides as to those veterans of the Spanish-American War who entered service on or before August 12, 1898, and persons who served in the Boxer rebellion or Philippine insurrection, who were on the rolls March 19, 1933, receiving pension for disability or age by virtue of the new law are entitled to receive not less than 75 percent of the pension being paid them on March 19, 1933, subject to the limitation requiring exemption from Federal income tax and as to Federal employees, the limitation that not more than $6 per month can be paid such employees, if his salary, if single, exceeds $1,000 or, if married, $2,500. The provisions pertaining to payment of pension to men in hospitals as established under Public, No. 2, and the veterans' regulations are applicable to these cases. The benefits of this amendment do not extend to disabilities resulting from willful misconduct. The limitation as to the 50 percent reduction of benefits while any person entitled thereto resides outside the continental limits of the United States is not for application in these cases.

Section 31 reestablishes the provisions of section 213 of the World War Veterans' Act, whereby a person who is injured as a result of training, hospitalization, or medical or surgical treatment or examination is awarded compensation on the same basis as if the condition were incurred in the military or naval service. The application must be made within 2 years after the injury or aggravation or death, or after the passage of the act, whichever is the later date.

Section 32 repeals the last sentence of section 9 of the economy act, which barred persons in receipt of benefits from participating in any determination or decision with respect to claims for benefits.

Section 33 changes the title of payments to be made in service-connected cases of World War veterans from "pension" to "compensation."

Section 34 provides that payments shall be effective from date of passage of the act.

Section 35 provides for the payment of those insurance claims which have been determined to be payable prior to, but in which payment has not commenced on, March 19, 1933.

HOUR OF MEETING

Mr. ARNOLD. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois [Mr. ARNOLD]?

Mr. MAPES. Reserving the right to object, and personally I shall not object, but may I say to the gentleman from Illinois that the Committee on Interstate and Foreign Commerce, for example, is considering in executive session very important legislation. I understand that one of the resolutions or bills which is likely to be brought up under suspension of the rules tomorrow is a resolution reported by that committee. I wonder if the gentleman has consulted with the chairman of that committee?

Mr. ARNOLD. I have not consulted with the chairman of the committee. I am making this unanimous-consent request at the suggestion of the majority leader.

Mr. MAPES. As far as I am concerned, I do not feel called upon to object if those in authority desire to meet at that hour.

Mr. BLANTON. Reserving the right to object, and I shall not object, I want to call the attention of the gentleman from Michigan [Mr. MAPES] to the fact that among the bills to be taken up tomorrow under suspension of the rules is a bill that will cost this Government $10,000,000, a private bill, that ought not to be passed, and we ought to have plenty of time tomorrow to carefully consider that bill on its merits. I feel sure the gentleman will be one of those to help stop

that bill when it comes up. We ought to meet in plenty of time, so that we will not be hurried.

Mr. RICH. What bill does the gentleman refer to?

Mr. BLANTON. It is the only $10,000,000 bill that is coming up under suspension.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois [Mr. ARNOLD]?

There was no objection.

THE TRUTH ABOUT THE VETERANS' RELIEF LEGISLATION

Mr. FISH. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the veterans' legislation.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York [Mr. FISH]?

There was no objection.

Mr. FISH. Mr. Speaker, there has been considerable furor evident in the editorials of the big newspapers of the country denouncing Members of Congress who voted to override the Presidential veto and enact the compromise legislation for relief of veterans with war service-connected disabilities and those whose disabilities are presumed to have been incident to their war service.

The actual amount of money involved between the proposals of the President and this compromise legislation is estimated to amount to less than $20,000,000. There is practically no difference in the benefits provided for the Spanish War veterans and the presumptive cases, the main difference being for the direct service-connected cases. However, there is obviously a false impression of the cost and purposes of this veteran relief legislation. This is probably due to the propaganda that has been issued from the White House and carried in a large part of the press throughout the country, so that people back home have been led to believe that a very much larger sum of money was involved and that the Congress was trying to place back on the rolls non-service-connected veterans. There is absolutely no foundation for such propaganda.

There evidently is a complete misunderstanding of the overwhelming vote of the Congress in overriding the Presidential veto, as I have received a number of letters condemning my vote and confusing it with the vote on the bonus bill, which I opposed. It is only fair to remember that the Congress was trying to right a wrong and remedy an injustice done the veterans with war service-connected disabilities whose compensation was cut a year ago by Presidential regulations, and to restore those benefits to the bona fide disabled, particularly in view of the debasing of the dollar to 59 cents and the efforts of Congress to increase the cost of the necessities of life, such as food and clothing, which have gone up approximately 15 percent within the last year.

The inference that the Budget is being unbalanced by the compromise veteran relief legislation is an absurdity when it is considered that the present administration has deliberately unbalanced the Budget by some $8,000,000,000 this year, and more billions are in prospect of being doled out for radical and socialistic experiments in the near future.

I deplore the attacks on the American Legion, which has been most reasonable, in spite of all propaganda to the contrary in the public press, in its advocacy of a fair deal toward the disabled veterans. The compromise legislation omitted entirely any benefits for widows and orphans for World War veterans, which was originally asked for by the Legion, and the Legion at no time this year has asked the Congress to support the bonus bill. It is well to remember in these days of radicalism tending toward a social and economic revolution that the American Legion is a bulwark not only for law and order but for the maintenance of the Federal Constitution and our American ideals and principles of government.

RELIEF AND RECOVERY, BUT NOT REVOLUTION

The SPEAKER pro tempore. Under the special order of the House, the Chair recognizes the gentleman from New Jersey [Mr. EATON] for 15 minutes.

Mr. EATON. Mr. Speaker, my thesis in this address is simply this: I am for relief and recovery, but not for revolution.

By a great majority, in 1932 the voters of the United States intrusted the Democratic Party with the task of lifting our country out of the depression which still casts its shadow over every civilized nation in the world.

On taking office in March 1933, the President outlined a program of relief and recovery for which he asked the support of Congress. In the belief that it was my duty as a citizen, I have given my support to all relief measures proposed by the administration and to a majority of those directed toward recovery.

In the administration's program of recovery, conditions obtaining in the year 1926, when Mr. Coolidge was in power, were set as the objective and standard of recovery. In March of that year I had the honor to address this House on the subject of America's Economic Revolution. I had come fresh from years of service in the great industries of the country, where I had been striving to put into practical application certain social principles in which I believed then and in which I believe now.

My fundamental proposition was that social progress consists of the increasing participation of more and more people in more and more of the good things of life. I believed then, as I do now, that the chief organ of civilization in effectuating this principle is organized industry. I believed then, as I believe now, that the central economic problem of our age is how to achieve a just distribution of wealth and that this just distribution is best made possible by a high wage level, which means, of course, profitable prices for the production of farm labor.

It cannot be denied that in the year 1926 the United States of America had reached a level of economic comfort and a wide-spread distribution of wealth among the masses of men never even dreamed of, let alone achieved by any other society in the history of the world. In that year our Nation's wealth was estimated to be around three hundred and fifty billions. The production of our manufacturing industries reached a total of more than sixty billions, with salaries and wages paid by all branches of industry amounting to the enormous total of forty billions.

Our foreign trade amounted to some nine billions a year. American farmers received an average of a billion dollars a month for the productions of their toil and soil.

In that year many of our great industrial leaders had awakened to the truth that mass consumption is an absolute necessity in a mass-production age. This established the first reason for high wages widely distributed. Perhaps unconsciously there was developing a great Nation-wide movement to cure the evils of the capitalistic system by making more capitalists.

It may be asked why the happy conditions of that year did not perpetuate themselves. My answer to that question is twofold. First, there was spreading over the world, but had not yet cast its blighting shadow over our Nation, a wave of fear caused by the inevitable economic collapse due to the wastage of the World War. And here at home our people failed to develop the moral qualities which are even more necessary to sustain prosperity than to meet adversity. As a result, there set in a rapidly developing moral collapse manifesting itself in every walk of our American life and reaching its supreme expression in the crash of 1929.

Wherever it is practical and in accord with the principles and ideals of our American Constitution and our American life I am in favor of having our Government render assistance in the process of economic recovery. But we must remember that our economic structure was not made. It grew. It is the unconscious complex result of the discipline and toil of countless millions of our people working through a century and a half as individuals and in cooperation. It is a vital organism like a tree or a family. Every vital organism contains within itself the powers necessary for its regeneration and recovery in times of sickness and

reaction. The doctor cannot cure, he can only diagnose, stimulate, nourish, and where surgical operation is indicated remove obstruction. After he has done that, unless the patient has within himself a sufficient power of recuperation, he will surely die.

So with our great economic and industrial organization. The giant, the most magnificent and powerful the world has ever seen, lies prostrate. I believe he has within himself still unused mighty energies of recovery. Insofar as the Government acts as the doctor, its activities may be legitimate, but I believe the time is here when the patient is ready to stand up and move out to his duties again. If instead of wrapping him in the grave clothes of hastily conceived theoretical and unworkable legislation, we drive the quacks out of the sick room and loose him and let him go, I am firmly of the faith that we shall see in the early future a real economic recovery.

If the President's program consisted of these two great objectives alone—relief and recovery—there would be small cause for the growing spirit of alarm and anxiety which manifests itself today among all classes in an increasing degree throughout the country.

We are, however, confronted with a third objective, sometimes called "reform", sometimes called "revolution." Because this program of revolution is so wrapped in uncertainty as to its origin, so contradictory in its announced policies and objectives, so unconstitutional and un-American in its plans and purposes, both relief and recovery are in serious danger of a set-back amounting to a national calamity. This program of revolution is not contained in the Democratic nor in the Republican platforms of 1932. It was not dreamed of by the outstanding leaders of the Democratic Party in March 1933, and it is alien to the best thought and leadership of both political parties.

We need to recall exactly what is going on in the world. The objective toward which the civilizing process has moved through the ages is the freedom of man. Not of one man or a few men, but of all men in all nations. After centuries of struggle in most civilized countries man achieved freedom to think, freedom to worship, and recently freedom to vote.

Today in every civilized nation the masses of men are fixing their attention upon one new objective—namely, how to achieve economic freedom. And this objective must be attained if civilization is to endure.

The common enemy of the civilized world today is economic poverty. Even a generation ago, to suggest the possibility of finally eliminating economic poverty would have been a fantastic dream. Not so now. Science has given man dominion over the forces and resources of nature so that our productive capacity is easily equal to the task of furnishing every human being with an abundance of material things. Our problem is no longer the problem of production; it is the problem of distribution.

There has lined up in the world a twofold approach to this problem. In Europe it has been definitely decided by the leading continental countries that this problem cannot be solved except by the sacrifice of religious, intellectual, and political freedom.

Italy, under its great and able dictator, is just now abandoning political government and assuming the form of corporate government.

A dictator rules for the moment in Germany, and who can deny that his proposals for economic freedom involve the complete disappearance of intellectual, religious, and political liberty?

Russia is not and has not been, under the Communists, a political state. The dictatorship of the proletariat scrapped the political state and erected in its place an economic structure. In this process not only has political liberty been destroyed but religion itself is being ruthlessly uprooted. There is no such thing in Russia as freedom of thought and speech, and political liberty is unknown.

The question before the American people is not now a question as between political parties and geographic sections or financial interests. The central question that confronts the American people today is simply this: Can we achieve economic liberty for the masses of men and at the same time preserve in their entirety the political, the spiritual, and the intellectual liberties under which we have become the greatest, most prosperous, and happiest people in the world?

Because I believe this to be the most central and vital problem now before the American people, I am deeply disturbed over the so-called "reform proposals" of mysterious origin, but bearing Executive sanction, which seek to take shape in legislation. In the interest of our common country, I believe it is the duty of the present administration, with the support of both political parties and all sections and interests, to turn away for the present from these grandiose un-American schemes of reform or revolution and confine our attention to the two problems of relief and recovery. When once more our unemployed have been put back to earn a living for themselves, when our farmers have reached a reasonable economic security and our industries and financial institutions have begun to function normally, then, if reform or revolution seems a necessity, the people themselves ought to have the right by their vote, after full education and discussion, to decide what form the new revolution shall take.

The next great alinement of public opinion in this country, in my judgment, will take the form of a contest between American-minded citizens and Russian-minded citizens, Between those who believe that we can become economically free and still retain our American ideals of political freedom and those who believe that we must purchase economic freedom by the sacrifice of every other form of liberty that has blessed the world.

Whatever this alleged revolution may mean, it has demonstrated that it includes at least two great fallacies. First of these fallacies is the attempt to ignore or avoid the struggle for existence by legislative enactment. If this were possible for the human race, it would be the only instance among all vital organisms where the price of progress is not found in continuous struggle.

A second fallacy is the idea that we can substitute the authority of a bureaucracy for the control of personal conscience and the guidance of individual intelligence in the daily life of the people.

The SPEAKER pro tempore. The time of the gentleman from New Jersey [Mr. EATON] has expired.

Mr. EATON. Mr. Speaker, I ask unanimous consent to proceed for 5 additional minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. EATON. I thank you, Mr. Speaker, and I thank the Members for their very courteous attention.

If we are to stumble on through this fog of uncertainty which is falling like a pall over the Nation, it must be self-evident to every Member of this House that we will soon have to have an entirely different political set-up. The Constitution under which we have prospered will have to be amended or completely destroyed. This House represents the greatest single political achievement in the history of the English-speaking race, namely, the right of the people to govern themselves and to tax themselves. If the American people are now ready to renounce this right, ready to declare that they are incapable of self-government, ready to turn themselves over to the control of a dictatorship or a bureaucracy, then the function of Members of this body must undergo a radical change. It will not be necessary for us to legislate or appropriate moneys or levy taxes. That will be done by the bureaucracy. We will become a sort of attorney for the people. Each Member will have to have an expert in his office to study the thousands of bills handed to us by our rulers, in their effect upon the individual citizen, upon his business, upon his personal liberties. And especially will we have to have experts to deal with the bureaucracy in behalf of individual citizens dissatisfied with the share of the common wealth doled out to them.

I cannot close this hasty sketch of the problems confronting the American people without declaring my invincible

belief that our central need today is not economic, not political, urgent as these are. Our central need is moral and intellectual. We must derive from some source a new spiritual concept of the duties as well as the rights and dignities of men, whether they be great or small, rich or poor. If we can achieve this, we shall find an abundant resource of wisdom and character to solve all our problems and to carry our great and glorious country steadily forward in its place of leadership among the nations of the world. [Applause.]

At this point I wish to include a paragraph from an address by Daniel Webster on the one hundredth anniversary of Washington's Birthday:

Other misfortunes may be borne or their effects overcome. If disastrous wars should sweep our commerce from the ocean, another generation may renew it; if it exhaust our Treasury, future industry may replenish it; if it desolate and lay waste our fields, still, under a new cultivation, they will grow green again and ripen to future harvests. It were but a trifle even if the walls of yonder Capitol were to crumble, if its lofty pillars should fall, and its gorgeous decorations be all covered by the dust of the valley. All these may be rebuilt. But who shall reconstruct the fabric of demolished government? Who shall rear again the well-proportioned columns of constitutional liberty? Who shall frame together the skillful architecture which unites national sovereignty with State rights, individual security, and public prosperity? No; if these columns fall, they will be raised not again. Like the Colosseum and the Parthenon, they will be destined to a mournful and a melancholy immortality. Bitterer tears, however, will flow over them than were ever shed over the monuments of Roman or Grecian art; for they will be the monuments of a more glorious edifice than Greece or Rome ever saw—the edifice of constitutional American liberty.

The great civilizations of the past which crumbled into ruin fell because they lacked spiritual and intellectual resources to support their material superstructure. Thus far our beloved country has possessed the wisdom and character among its people to solve every problem and meet every crisis. I believe we now possess the resources of brains and character to solve the problem of economic poverty without laying in the dust the glorious fabric of our political institutions. And believing this, I face the future firm in the faith that the American people will never surrender their liberties to any dictatorship, however specious and alluring its appeal. [Applause.]

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 3 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. RANKIN. Mr. Speaker, on tomorrow I am going to take up, under suspension of the rules, the Rankin-Norris resolution to authorize the Federal Power Commission to gather and publish power rates throughout the country.

The startling revelations that are being made today not only in the States of New York and Tennessee but in every other State where the activities of the power interests are being investigated, render it more imperative than ever that this information be made available to the American people.

I do not wish to take up the time of the House today, but time for debate tomorrow will be limited. I have some information I should like to give to the Members of the House; and I, therefore, ask unanimous consent to extend my remarks in the RECORD at this point and to include a short quotation on this subject.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

Mr. RICH. Mr. Speaker, reserving the right to object, what does the gentleman mean by short quotations? How much space will it take in the RECORD?

Mr. RANKIN. Mr. Speaker, I shall read the only quotation I desire to insert, and then I shall not have to insert it by unanimous consent. The gentleman has no objection to my own remarks, has he?

Mr. RICH. Certainly not; we like to hear from the gentleman.

Mr. RANKIN. I want to show, Mr. Speaker, the attitude of the power interests with reference to investigations; and I think I can say without boasting that there is no man in the House more familiar with their activities than I am. I am down there right in the midst of their operations; I have been fighting them for a long time and have fought them successfully.

We read in this morning's Washington Herald that Mr. John T. Mange, president of the Associated Gas & Electric System—

carefully counseled the vice president to "limit the number of references so that the people called upon will be as few as possible", adding:

"And for God's sake, leave me out."

And again later on Mange wrote:

"I should avoid expressing opinions or giving advice just as far as I possibly could."

Hopson wrote Mange:

"Please note the testimony of Mr. Carlisle (chairman of the Niagara-Hudson Power Corporation). Undoubtedly, during the coming week some of us will also be summoned to testify and we will be asked questions about what we are doing with respect to the reduction of rates and the like.

ATTITUDE ASKED

"What do you think our attitude should be toward this sort of questioning? Should we express complete ignorance of what is being done by the hydroelectric commission in Canada? Should we get up an elaborate lot of data on all kinds of subjects to spout into the RECORD, as was done by Carlisle?"

They want to keep the people in the dark on the subject of power and light rates; and in order to do so, they propose to express complete ignorance of what is being done by the hydroelectric commission in Canada.

They have also pretended ignorance of the power rates in Canada and elsewhere, rather than give the people the information that would inform them as to what electric power is worth.

You note it is suggested that "we get up an elaborate lot of data on all kinds of subjects to spout into the RECORD, as was done by Carlisle." That is one of the typical methods of procedure they follow in their attempts to keep the people blinded as to the rates they should be charged for electric lights and power.

One farmer up near the city of Madison, in Minnesota, says that in 1924 he and nine other farmers built an electric line. They put in $500 each, making a total of $5,000. They own their own line, take care of it and repair it themselves. They connected with the Ottertail Power Co. and had to sign a contract to pay 10 cents a kilowatt-hour, besides $2.22 per month leakage charge, which made the small amount of power they used cost them more than 25 cents a kilowatt-hour. Add to that the interest on their investment in their line, and it cost them on an average of around 40 cents a kilowatt-hour.

Under the T.V.A. contract a farmer in the Tupelo territory pays 3 cents a kilowatt-hour for the first 50 kilowatt-hours, 2 cents a kilowatt-hour for the next 150 kilowatt-hours, 1 cent a kilowatt-hour for the next 200 kilowatt-hours, and 4 mills a kilowatt-hour for all over 400 kilowatt-hours per month.

Those Minnesota farmers did not have the information as to what electric power is worth and probably were unprotected by their State utilities commission.

I pointed out in my address to the House some time ago that the average consumer of electric energy in Canada uses 350 kilowatt-hours per month, whereas the average consumer in America uses only about 50 kilowatt-hours per month, or about one seventh of the amount used by the Canadian.

In Winnipeg, Canada, 350 kilowatt-hours per month would cost $3.08.

In London, Ontario, Canada, they get their power from Niagara Falls, 125 miles away, and for 350 kilowatt-hours per month they pay $3.99.

In Windsor, Canada, where they get their power from Niagara Falls, 250 miles away, 350 kilowatt-hours per month cost exactly $4.26.

Windsor is right across the river from Detroit, Mich. In Detroit 350 kilowatt-hours per month cost $11.80.

The figures from Winnipeg, London, and Windsor, Canada, are up to date, and show what light and power cost in those places at this time.

In Tacoma, Wash., where they have an exclusive municipal monopoly, these 350 kilowatt-hours per month cost $4.55.

In Seattle, Wash., where they have a municipal plant with private competition to divide the load, these 350 kilowatt-hours per month cost $6.30.

In Tupelo, Miss., and in all the other territory served by the T.V.A. where the yardstick rates are applied, the 350 kilowatt-hours per month will cost exactly $6.

Now, let us see what they cost elsewhere. According to this book, NELA, which, as I said, was issued by the National Electric Light Association in 1931, 350 kilowatt-hours per month for residential lighting in Bisbee, Ariz., would cost $18.40; in Fort Smith, Ark., $24.40; Andalusia, Ala., $27.10; Birmingham, Ala., $24.75; Denver, Colo., $18.10; Danbury, Conn., $16.28; Wilmington, Del., $16.50; Miami, Fla., $29.90; Valdosta, Ga., $12.66; Boise, Idaho, $15.90; Quincy, Ill., $21.75; Indianapolis, Ind., $17.25; Des Moines, Iowa, $12.65; Salina, Kans., $13; Ashland, Ky., $21; Baton Rouge, La., $33; Bangor, Maine, $31.50; Hagerstown, Md., $13.20; Boston, Mass., $26.25; Winona, Minn., $14.70; Bay City, Mich., $13.50; Meridian, Miss., $27.10; Jefferson City, Mo., $10.15; Reno, Nev., $21.50; Scottsbluff, Nebr., $25.38; Butte, Mont., $9; Berlin, N.H., $25.20; Asbury Park, N.J., $19.75; Ithaca, N.Y., $32.30; Raleigh, N.C., $20.75; Columbus, Ohio, $14.50; Tulsa, Okla., $26; Portland, Oreg., $7.89; Pittsburgh, Pa., $12.10; Columbia, S.C., $24; Chattanooga, Tenn., $16.60; San Antonio, Tex., $25.50; Richmond, Va., $22.

Thus it will be seen that, with a few shining exceptions, such as Seattle and Tacoma, Wash., Portland, Oreg., and Butte, Mont., the cost of these 350 kilowatt-hours per month to the small users of electricity runs from two to five and one half times what they will cost under the T.V.A. yardstick.

The contract between the city of Tupelo, Miss., and the Tennessee Valley Authority went into effect some time ago, and I have before me duplicate copies of light and power receipts in that city for the month before this contract went into effect, and for the month succeeding that time. Here are some of the figures:

Under the old contract the monthly light and power bill of R. W. Reed Co., a retail mercantile establishment, was $65.14; the next month it was $23.69.

J. H. Merrit paid $11.26 for the month under the old rate and $4.77 the next month under the T.V.A. rate.

L. W. Trice paid $2.30 under the old rate and 75 cents under the new; Tupelo Journal paid $41.38 under the old and $18.94 under the new; J. H. Ledyard, $5 under the old rate and $1.58 under the new; George Maynard, $9 under the old and $2 under the new. J. C. Penny Co., Inc., paid $84.50 under the old rate and $28.49 under the new. Tupelo Daily News paid $61.50 under the old and $25.01 under the new; Hotel Tupelo paid $145.58 under the old rate and $46.60 under the new. Kroger Grocery & Baking Co. paid $30.18 under the old rate and $14.85 under the new rate.

Some men have asked why we want the information to be compiled under this resolution. We want it for the benefit of the American people. We want it for the benefit of the Federal Power Commission, the Tennessee Valley Authority, and other governmental agencies interested in the prices of electric lights and power.

We want it for the benefit of municipal officials, county officials, and State officials.

We want it for the benefit of Congressmen and Senators, Governors of States, and members of State legislatures who are interested in seeing that their people are given the benefits of this great national resource at rates which the producer can afford to accept and which the consumer can afford to pay.

We also want these rates for the benefit of any private power companies that are doing a legitimate business and are interested in furnishing electric energy at reasonable rates, based upon the cost of production.

We want it for the public generally, and there is no reason on earth why they should not have it.

CAMP MERRITT MERITS ALL

Mr. KENNEY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a copy of the bill H.R. 8139.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. KENNEY. Mr. Speaker, under leave to extend my remarks, I include bill H.R. 8139, having for its purpose the establishment of Camp Merritt as a national shrine. Every Member of Congress should rally to its support. It was America's leading military cantonment during the World War. It is enshrined in the hearts of veterans. Let us preserve its hallowed site in New Jersey just beyond the Palisades. Now is the time.

The bill referred to is as follows:

H.R. 8139

A bill to provide for the establishment of a national monument on the site of Camp Merritt, N.J.

Be it enacted, etc., That the Secretary of the Interior is authorized and directed to acquire, on behalf of the United States, such portion of the site of Camp Merritt, N.J., as, in his judgment, may be necessary and suitable for the establishment of a national park or monument, which shall be a public national memorial to the members of the American Expeditionary Forces who occupied such camp during the World War. If practicable, the property so acquired shall include the site on which a memorial monument has been erected and the land adjacent to such monument. In the event the Secretary is unable to purchase a portion of the site of such camp at a reasonable price, he is authorized and directed to acquire such property by condemnation in the manner provided by law. The Director of the Office of National Parks, Buildings, and Reservations, under the direction of the Secretary of the Interior, shall have the supervision, management, and control of such national park or monument, which shall be known as the "Camp Merritt National Monument", and shall maintain and preserve it for the benefit and enjoyment of the people of the United States.

SEC. 2. The Secretary of the Interior is authorized, in his discretion, to mark with monuments, tablets, or otherwise, historical points of interest within the boundaries of the Camp Merritt National Monument.

SEC. 3. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this act.

S. 2686

The SPEAKER pro tempore. The Chair lays before the House the following communication from the Senate:

Ordered, That the Secretary be directed to request the House of Representatives to return to the Senate the bill (S. 2686) to provide a penalty for the presentation of a false written instrument relating to any matter within the jurisdiction of any department or agency of the Federal Government.

The SPEAKER pro tempore. Without objection, the request of the Senate will be agreed to.

There was no objection.

PRIMO TIBURZIO

Mr. BLACK. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill H.R. 881, entitled "An act for the relief of Primo Tiburzio', with a Senate amendment, and agree to the Senate amendment.

Mr. HANCOCK of New York. Reserving the right to object, can the gentleman from New York tell me what the number of this bill is on the Private Calendar?

Mr. BLACK. It is a House bill which just passed the Senate. The Senate amended the bill by cutting the amount from $1,500 to $1,000.

There being no objection, the Clerk read the Senate amendment, as follows:

Page 1, line 6, strike out "$1,500" and insert "$1,000."

The Senate amendment was agreed to.

CHARLES J. EISENHAUER

Mr. BLACK. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 2639) entitled "An act for the relief of Charles J. Eisenhauer", with Senate amendments, and agree to the Senate amendments.

The Clerk read the title of the bill.

There being no objection, the Clerk read the Senate amendments, as follows:

Page 1, line 4, after "pay", insert ", out of any money in the Treasury not otherwise appropriated."
Page 1, line 4, strike out "$1,500" and insert "$1,000."

The Senate amendments were agreed to.

PRIVATE CALENDAR

The SPEAKER pro tempore. The Clerk will call the first bill on the Private Calendar, beginning at the star.

C. A. DICKSON

The Clerk called the first bill on the Private Calendar, H.R. 916, for the relief of C. A. Dickson.

WE INVITE MEMBERS TO SIGN FRAZIER BILL MOTION

Mr. LUNDEEN. Mr. Speaker, if the gentleman will permit, I wish to call attention to the petition on the Speaker's desk, for the Frazier-Lemke bill, which now has the signatures of 127 Congressmen. One hundred and forty-five names are necessary to bring the motion before the House to discharge the Committee on Agriculture from further consideration of this bill.

JOHN A. SIMPSON STRONG ADVOCATE OF FRAZIER BILL

This is the bill our revered farm leader, the late John A. Simpson, national president Farmers' Union, fought for so valiantly and so courageously. He has now gone over the horizon into the great beyond; his spirit speaks to us today to carry on. He was diligent and eternally vigilant on the public platform and on the radio with masterly addresses, well delivered and listened to by millions of our fellow citizens. I remember so well the last meeting he addressed in the large caucus room of the old House Office Building on February 21, 1934, just a few days before his death. He came with his good wife, Mrs. John A. Simpson, and daughter, Miss Mildred Simpson, and his address was heard by a great number of the Members of the House and Senate and friends who listened with great interest to the proceedings of that evening.

JOHN BOSCH, MINNESOTA FARM LEADER, SUPPORTS FRAZIER BILL

During the spring of 1933 I called the Members of the House from North Dakota and Minnesota together in my office at 535 old House Office Building, and John A. Simpson spoke to us at that time in his convincing manner, concerning farm legislation. John Bosch, of Atwater, Minn., national vice president Farmers' Holiday and Minnesota president Farmers' Holiday, is one of our sturdy, dependable Minnesota farm fighters. He has given time and effort for years in favor of the Frazier bill and other farm legislation of interest to agricultural America. I am happy to say that I joined with them and voted exactly as they counseled in that conference.

I have great admiration for their leadership, and I recently attended an inspiring conference in the Continental Hotel, which was attended by Mr. Simpson, Milo Reno, and others.

LOW INTEREST RATE NECESSARY FOR REVIVAL OF BUSINESS

Why leave the Frazier bill lying on the Speaker's desk? Why not complete the 145 signatures at once? Why not give farmers low-interest rates? I have only one fault to find with the Frazier bill and that is the interest rate is too high at 1½-percent interest and 1½-percent amortization. If I had my way about it I would make it a total of not more than 1-percent interest and 1-percent amortization. There is no good reason that can be advanced why the farmers should not have money at the same rate given banks who are receiving money at the rate of a fraction of 1-percent interest to cover the bare cost of the transaction.

I have risen on this floor many times urging Members to support the Frazier bill. I do so once more today, and ask your attendance at our conference in the main caucus room of the old House Office Building, Wednesday, April 4, at 8 o'clock in the evening.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Postmaster General is authorized and directed to credit the account of C. A. Dickson, postmaster at Cleburne, Tex., in the sum of $72.45, and to certify such credit to the Comptroller General. Such sum represents the amount of United States postal funds lost by reason of the failure of the Home National Bank and the Farmers and Merchants National Bank of Cleburne, Tex., and charged in the account of the said postmaster as a balance due the United States after the payment of final dividends in respect of such deposits.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

JAMES T. WEBSTER AND MARY A. WEBSTER

The Clerk called the next bill, H.R. 939, for the relief of James T. Webster and Mary A. Webster.

Mr. TRUAX. Mr. Speaker, reserving the right to object, this bill provides for reimbursement to these parties for attorneys' fees in contesting a condemnation suit by the Government for a post-office site. The report of the acting head of the Public Land Division has this to say:

If bills of this character are to be presented to Congress, we would have the same situation in behalf of an owner such as the owner at Beaver Falls. In many instances, probably, it would be embarrassing for Congressmen to refuse to introduce a bill in behalf of influential constituents. So it all results in the question as to whether or not we will initiate in this case a most unwholesome and unwise custom.

Mr. Speaker, in view of this, I object to the bill.

MANUEL MERRITT

The Clerk called the next bill, H. R. 998, for the relief of Manuel Merritt.

The SPEAKER pro tempore. There is a similar Senate bill on the Speaker's table.

Mr. BLANTON. Mr. Speaker, there is a recommendation from the Department respecting the House bill.

The SPEAKER pro tempore. Does the gentleman object to the consideration of the Senate bill?

Mr. BLANTON. Is the Senate bill identical with the House bill in amount?

The SPEAKER pro tempore. There is a difference of 10 cents.

Mr. BLANTON. Then the Senate bill carries out the recommendation of the Department.

There being no objection, the Clerk read the Senate bill, as follows:

S. 552

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated and in full settlement against the Government, the sum of $40.20 to Manuel Merritt in payment of amount of loss sustained in postal funds by the failure and closing of the First National Bank of Roff, Okla.

Mr. BLANTON. Mr. Speaker, I move to strike out the last word. This bill exemplifies the necessity of getting a report from the Department. It shows how accurate the departments are and how closely they study these bills. When this bill was presented to the Department for report it showed that the House bill was for $40.30, while only $40.20 was involved. The Department recommended that the 10 cents be taken off. The Senate has seen fit to correct the bill. I call this to the attention of my colleagues to show that our departments watch even small, insignificant amounts in their recommendations and reports.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

A similar House bill was laid on the table.

MILES THOMAS BARRETT

Mr. HOPE. Mr. Speaker, I ask unanimous consent to return to Calendar No. 205, the bill (H.R. 5709) for the relief of Miles Thomas Barrett.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kansas?

There was no objection.

The Clerk read the title of the bill.

The SPEAKER pro tempore. There is a similar Senate bill on the Speaker's desk.

There being no objection, the Clerk read the Senate bill, as follows:

S. 1484

Be it enacted, etc., That the Secretary of the Treasury is authorized to pay Miles Thomas Barrett, of Bridgeville, Pa., out of any money in the Treasury not otherwise appropriated, for his service in the United States Army as a sergeant in the Corps of Engineers for the period of May 3, 1918, to August 19, 1918, both dates inclusive, the sum of $175: *Provided*, That his service in the United States Army during the period in question is hereby made honorable by virtue of the passage of this act.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

A similar House bill was laid on the table.

ANNIE I. HISSEY

The Clerk called the next bill, H.R. 1158, for the relief of Annie I. Hissey.

Mr. GRISWOLD. Mr. Speaker, reserving the right to object, may I ask the gentleman from Maryland if he would be willing to accept an amendment providing $5,000 instead of $10,000?

Mr. PALMISANO. Mr. Speaker, I hope the gentleman will not insist on that amendment. Ten thousand dollars is a very small sum for the death of a man.

Mr. GRISWOLD. The gentleman will realize that we have not been granting $10,000 on these claims, and we want to treat them all alike.

Mr. PALMISANO. Mr. Speaker, I agree if that is the limit.

Mr. BLANTON. That is the limit on a death claim.

Mr. HOLLISTER. Mr. Speaker, reserving the right to object, may I ask the gentleman if he will consent to the usual attorney's fee amendment, which this bill does not include?

Mr. PALMISANO. I accept the gentleman's suggestion.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That there is hereby appropriated, and the Secretary of the Treasury is hereby authorized and directed to pay, out of any money in the United States Treasury not otherwise appropriated, the sum of $10,000 to Annie I. Hissey in full for all claims she may have against the Government on account of the death of her husband, William Hissey, who was fatally injured in the city of Washington, D.C., on the 6th day of January 1932, resulting from a driver of a United States Government truck negligently running into and upon William Hissey while he was attempting to cross the street at the intersection of Thirteenth Street, I Street, and Potomac Avenue SE.

Mr. PALMISANO. Mr. Speaker, I offer an amendment changing the amount from $10,000 to $5,000, and also an amendment with respect to attorneys' fees.

The Clerk read as follows:

Amendments offered by Mr. PALMISANO: Line 6, strike out "$10,000" and insert in lieu thereof "$5,000", and at the end of line 14 insert the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

GLENNA F. KELLEY

The Clerk called the next bill, H.R. 1197, for the relief of Glenna F. Kelley.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Postmaster General is authorized and directed to credit the accounts of Glenna F. Kelley, postmaster at Goreville, Ill., in the sum of $48.34. Such sum represents the amount of a deficit in the accounts of the said Glenna F. Kelley, caused by the loss by said Glenna F. Kelley of postal funds deposited in the First National Bank of Goreville, Ill., which failed December 30, 1930.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

ROBERT TURNER

The Clerk called the next bill, H.R. 1207, for the relief of Robert Turner.

Mr. ZIONCHECK. Mr. Speaker, reserving the right to object, the only objection I have is to the word "bodily", in line 7, page 1. If that word is stricken out, I shall have no objection to the bill.

Mr. BLACK. I accept that amendment, Mr. Speaker.

Mr. HOLLISTER. Reserving the right to object, Mr. Speaker, we also ought to have the usual clauses that this is in full settlement of all claims against the Government and the usual attorney's fee provision.

Mr. ZIONCHECK. That is true.

Mr. TRUAX. Mr. Speaker, reserving the right to object, I should like to ask the chairman of the committee why this bill has not been passed before. It dates back to 1921.

Mr. BLACK. The gentleman will have to ask the gentleman who was chairman of the committee back in 1921.

Mr. TRUAX. Has it been objected to heretofore?

Mr. BLACK. Yes.

Mr. TRUAX. I object, Mr. Speaker.

FREDERICK W. PETER

The Clerk called the next bill, H.R. 1208, for the relief of Frederick W. Peter.

Mr. HOLLISTER. Reserving the right to object, Mr. Speaker, I should like to ask the gentleman from Ohio [Mr. TRUAX] a question. The relief requested in this bill is based on the same accident as in the bill the gentleman just objected to. If one bill is good, the other is good, or if one is bad, the other is bad. The only difference is that with respect to the one to which the gentleman objected, in my opinion, the amount carried in the bill is more proportionate to the injury sustained than this particular one. I did not object to the preceding bill, and I only reserved the right to object to this one because it seemed to me the amount ought to be cut down. Perhaps the gentleman from Ohio might want to withdraw his objection to the previous bill and let it go through.

Mr. TRUAX. Mr. Speaker, I may say to the gentleman from Ohio [Mr. HOLLISTER] I shall object to this bill also.

The SPEAKER pro tempore. Objection is heard.

NELLIE REAY

The Clerk called the next bill, H.R. 1209, for the relief of Nellie Reay.

There being no objection, the Clerk read the bill as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay Nellie Reay, out of any money in the Treasury not otherwise appropriated, the sum of $13.42 in full and final settlement of all claims against the Government for work performed as a charwoman in the custodian service of the post office and courthouse at Trenton, N.J., from November 1 to November 7, 1929.

With the following committee amendment:

Line 6, strike out "$13.42" and insert in lieu thereof "$12.95."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

AGNES M. ALLSOP

The Clerk called the next bill, H.R. 1210, for the relief of Agnes M. Allsop.

Mr. BLANTON. Mr. Speaker, reserving the right to object, is the author of the bill here?

Mr. POWERS. Yes.

Mr. BLANTON. As our friend knows, this bill will establish a precedent that will cause several thousand claims to be filed against the Government of the United States, and

eventually will cost us many millions of dollars. Whenever you go back to the year 1913 and place parties under the jurisdiction of the Employees' Compensation Commission you open up a Pandora's box that will cause thousands of new claims to be filed against the Government. We have prevented these bills from coming up here year after year because they would cost the Government millions of dollars.

For this reason I object, Mr. Speaker.

R. GILBERTSEN

The Clerk called the bill (H.R. 1211) for the relief of R. Gilbertsen.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Postmaster General be, and he is hereby, authorized and directed to credit the accounts of R. Gilbertsen, postmaster at Glenburn, N.Dak., in the sum of $250.30 due the United States on account of the loss of postal funds resulting from the failure of the Glenburn State Bank of Glenburn, N.Dak: *Provided*, That the said R. Gilbertsen shall assign to the United States any and all claims he may have to dividends arising from the liquidation of said bank.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

MARIE TOENBERG

The Clerk called the bill (H.R. 1212) for the relief of Marie Toenberg.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Postmaster General be, and he is hereby, authorized and directed to credit the accounts of Marie Toenberg, postmaster at Alexander, N.Dak., in the sum of $239.89, due the United States on account of the loss of postal funds resulting from the failure of the First National Bank of Alexander, Alexander, N.Dak.: *Provided*, That the said Marie Toenberg shall assign to the United States any and all claims she may have to dividends arising from the liquidation of said bank.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

MINNIE D. HINES

The Clerk called the bill (H.R. 6390) for the relief of Minnie D. Hines.

The SPEAKER pro tempore. Is there objection?

Mr. ZIONCHECK. Mr. Speaker, I reserve the right to object.

Mr. DUNCAN of Missouri. Mr. Speaker, it seems to me that this is a worthy claim. A number of bills of this kind have been passed. This woman is not a professional bondswoman in any sense of the word. I personally have known her for many years. She was like a lot of other people who were influenced to sign a bond for a bootlegger. She offered a reward for his arrest. She offered $500 reward. It was determined by the court that she was not able to pay the $7,000 claimed, and the court permitted her to pay $4,000. She had to mortgage her property to do that, and the property is now being threatened with foreclosure. The prisoner was returned, and I am informed she paid the expenses of bringing him back. He served 2 years in the penitentiary following that and was fined $1,000 by the court.

Mr. HOLLISTER. Mr. Speaker, I reserve the right to object. The only objection I have is this: I understand that the signer of this bond, the person for whom relief is sought, received $700 for signing the bond.

Mr. DUNCAN of Missouri. I notice that in a letter from the Attorney General.

Mr. HOLLISTER. It does seem to me, if that is so, that this $700 should be subtracted from what she gets from the Government.

Mr. DUNCAN of Missouri. I did not have any knowledge of that, but the report says she received no fee for executing the bond. If that is the gentleman's only objection, I would be willing to have that deducted from the amount.

Mr. HOLLISTER. I have no objection if that is deducted.

Mr. ZIONCHECK. Mr. Speaker, in answer to the statement made by the gentleman from Missouri [Mr. DUNCAN], the amount of the sum due under the bond has already been reduced from $7,000 to $4,000. The fact that the woman received $700 is ample proof that she was in the business of putting up bonds.

Mr. DUNCAN of Missouri. I know personally that she was not. She may have done it this time. I have no knowledge about that. I was informed that she had not done it, but the letter of the Attorney General shows that she did.

Mr. ZIONCHECK. The reason I shall object to the bill is a matter of policy. When anyone signs a bond it is his duty to produce the prisoner.

Mr. DUNCAN of Missouri. She did offer a reward and paid the expenses of having him produced.

Mr. ZIONCHECK. Despite that fact, I object.

JOHN EVANS

The Clerk called the next bill, H.R. 6626, for the relief of John Evans.

The SPEAKER pro tempore. Is there objection?

Mr. GRISWOLD. Mr. Speaker, I reserve the right to object and I shall object unless the gentleman from Missouri [Mr. DUNCAN] cares to make some statement.

Mr. DUNCAN. The same condition exists with respect to this as to the other, except there was no compensation paid for the signing of the bond. I believe the record so states. It is the same kind of a bond. The prisoner was apprehended and brought back and, I believe, served 30 days in jail. It was not an important case. He paid $2,000 on the bond.

Mr. GRISWOLD. Mr. Speaker, the conditions are the same. The bond was given in good faith and was accepted by the court in good faith. They did not produce the prisoner. The court was delayed. I object.

J. B. HUDSON

The Clerk called the next bill, H.R. 7230, for the relief of J. B. Hudson.

The SPEAKER pro tempore. Is there objection?

Mr. TRUAX. Mr. Speaker, I reserve the right to object. The War Department recommends that Hudson be paid $157.80. It was ascertained that the damage to the car amounted to only $92.20. If the author of the bill will accept that amendment I have no objection.

Mr. RAMSPECK. Of course, if the gentleman insists, I shall have to accept, but I call attention to the fact that there were two boards of Army officers who passed on this matter. The second board which found the exact cost also held that Hudson was not liable for the damage, and that it should not have been deducted from his pay at all.

Mr. TRUAX. Is this a similar case to the horse case the gentleman had 2 or 3 weeks ago?

Mr. RAMSPECK. No.

Mr. TRUAX. Then I withdraw my objection.

The SPEAKER pro tempore. The Clerk will report the bill.

The Clerk read as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $250 to J. B. Hudson, said sum representing deduction in pay while a sergeant in the United States Army.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

PORTER BROS. & BIFFLE ET AL.

The Clerk called the next bill, H.R. 7279, for the relief of Porter Bros. & Biffle and certain other citizens.

Mr. BLANCHARD. Reserving the right to object, Mr. Speaker, I will not object, with the understanding that the bill may be amended to clarify the language.

There being no objection, the Clerk read as follows:

Be it enacted, etc., That Porter Bros. & Biffle, a copartnership composed of H. L. Porter, L. A. Porter, and J. W. Biffle; Spradling & Porter Bros., a copartnership composed of Royal Spradling, H. L. Porter, and L. A. Porter; Henry Price, Royal Spradling, J. L. Keith, W. T. Brummett; Price & Florence, a copartnership composed of Henry Price and Buster Florence; J. B. O'Harro and estate of G. J. Keith, their heirs, legal representatives, executors, administrators, and assigns, and statutes of limitations being waived,

are hereby authorized to enter suit in the United States District Court for the Northern District of Texas for the amount alleged to be due to said claimants from the United States by reason of the alleged neglect and alleged wrongdoing of officials and inspectors of the United States Bureau of Animal Industry, in the dipping of tick-infested cattle in Texas and Oklahoma, which said cattle were shipped to Oklahoma in the year 1919.

SEC. 2. Jurisdiction is hereby conferred upon said United States District Court for the Northern District of Texas to hear and determine all such claims without the intervention of a jury. The action in said court may be presented by a single petition making the United States party defendant, and shall set forth all the facts upon which the claimants base their claims, and the petition may be verified by the agent or attorney of said claimants; official letters, reports, and public records, or certified copies thereof, may be used as evidence, and said court shall have jurisdiction to hear and determine said suit and to enter a judgment or decree for the amount of such damages and costs, if any, as shall be found due from the United States to the said claimants by reason of the alleged negligence and erroneous certification, upon the same principles and under the same measures of liability as in like cases between private parties, and the Government hereby waives its immunity from suit. And said claimants and the United States of America shall have all rights of appeal or writ of error or other remedy as in similar cases between private persons or corporations: *Provided*, That such notice of the suit shall be given to the Attorney General of the United States as may be provided by order of said court, and upon such notice it shall be the duty of the Attorney General to cause the United States attorney in such district to appear and defend for the United States: *Provided further*, That such suit shall be begun within 6 months of the date of the approval of this act.

Mr. BLANCHARD. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Page 2, line 4, after the word "neglect", strike out the balance of the paragraph and insert in lieu thereof the following words: "of the inspectors of the Bureau of Animal Industry, United States Department of Agriculture, in certifying as clean of splenetic fever and ticks cattle shipped from Texas and Oklahoma in the year 1919."

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

BOSTON STORE CO.

The Clerk called the next bill, H.R. 7292, for the relief of the Boston Store Co., a corporation, Chicago, Ill.

Mr. WEIDEMAN. Mr. Speaker, I reserve the right to object.

Mr. TRUAX. Mr. Speaker, reserving the right to object, the author of this bill is present and desires to offer an explanation of the bill. I want to say, however, that this bill is for the relief of the Boston Store Co. in the sum of $6,246 for a claim that dates back to August 16, 1921. This bill was presented, evidently, to the greatest Secretary of the Treasury since Alexander Hamilton, Mr. Andrew Mellon, and he disallowed this bill. The claimant had overpaid the Government $19,000 on income taxes for the year 1920, and the Treasury sent the claimant a check for that amount, less the amount of this claim, the claim having been once allowed. To let this bill pass unobjected to, in my judgment, would be sanctioning the infamous methods of the Treasury Department for the past 12 or 13 years in refunding between four and a half and five billion dollars to the rich income-tax payers.

The Boston Store Co. is one of the mammoth chain systems. They have stores all over the United States of America. They have a big store in Columbus, Ohio, and they have one in my home town, Bucyrus. We all know those big chain stores are draining the country of all of its cash resources every Saturday night.

Mr. WEIDEMAN. Will the gentleman yield?

Mr. TRUAX. I yield.

Mr. WEIDEMAN. That same store is the firm which says it will sell shoes made in Massachusetts, and they sell the people of Chicago shoes with paper soles, do they not? That is how they make their money.

Mr. ZIONCHECK. Does the gentleman mean they are perpetrating a fraud on the public?

Mr. WEIDEMAN. Yes.

Mr. ZIONCHECK. Well, I object.

Mr. SABATH. Will the gentleman reserve his objection until I make a statement?

Mr. ZIONCHECK. I will reserve the objection.

Mr. SABATH. Mr. Speaker, this bill has been passed twice before in this House. This bill has been approved by all of the departments. Notwithstanding what the gentleman from Ohio [Mr. TRUAX] states, it is one of the very few houses or firms that has overpaid its income tax to the Government, or paid more than it actually owed, and they received a return of $19,000. So it shows they must be pretty honest people. I do not know whether the same concern has any other stores outside of Chicago. There are many other stores by the name of "The Boston Store", but I doubt very much whether this firm has any other interests outside of the store in the city of Chicago. They have been in business for over 50 years and have a splendid reputation. If they sometimes sell shoes that are not so good, as has been claimed, it is due to the manufacturer in the gentleman's district or in the district of the gentleman from Massachusetts.

Mr. TRUAX. Will the gentleman yield?

Mr. SABATH. I yield.

Mr. TRUAX. Upon what authority does the gentleman from Illinois make the statement that they overpaid their income taxes compared to what they should honestly have paid?

Mr. SABATH. Upon the report of the Revenue Department, which examined their books and returned to them $19,000 as an overpayment.

Mr. TRUAX. In what year?

Mr. SABATH. I do not recall the year.

Mr. TRUAX. Was it during the regime of Mr. Mellon?

Mr. SABATH. I do not know who was then in power, whether it was Mellon or not; but I think it was long before Mr. Mellon came into control of the Treasury.

Mr. TRUAX. This claim originated in 1920, and Mellon took office in 1921, did he not?

Mr. SABATH. I think the gentleman is right on that point. Of course, we say many things sometimes in jest that are repeated and have a serious effect. I want to say, in justice to this concern, that it has as good a reputation as any in the United States. They are not people who have many chain stores. The gentleman from Ohio [Mr. TRUAX] knows my stand on chain stores. I have been trying to put them out of business for many years.

Mr. TRUAX. By handing them more money?

Mr. SABATH. No, no; not handing them more money. The only thing I would hand them is a wallop.

Mr. TRUAX. A wallop of $6,000?

Mr. SABATH. Not at all. They paid this money to the Government that they should not have paid. The report shows clearly that they bought in good faith and paid for merchandise which turned out to be worthless, which could not be used or sold. I know that neither the gentleman from Ohio nor any other Member desires that the Government retain this money. The merchandise was not as represented; it could not be sold or utilized.

This bill has twice passed the House, but due to conditions in the Senate, and I presume because I do not stand so well over there, the bill did not pass that body.

Mr. KRAMER. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield.

Mr. KRAMER. What became of the cots? Where are they now?

Mr. SABATH. Most of them were so damaged that they had to be thrown away; they could not be sold.

Mr. KRAMER. Were they given to Wolshinsky in Chicago?

Mr. SABATH. I do not know any such firm.

I doubt very much if these cots were sold to anybody, as they were eaten up by rust, and the condition was such that I do not see how they could have been used. This information comes to me from investigation that has been made.

Mr. HANCOCK of New York. Mr. Speaker, I demand the regular order.

The SPEAKER. The regular order is, Is there objection to the present consideration of the bill?

Mr. WEIDEMAN. Mr. Speaker, I object.

ROYCE WELLS

The Clerk called the next bill, H.R. 7387, for the relief of Royce Wells.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury of the United States not otherwise appropriated, to Royce Wells the sum of $2,500 in full settlement for personal injury sustained by reason of the explosion of a bomb under the direction of the war-loan organization of the eighth Federal Reserve district in connection with a Victory-loan drive at De Soto, Mo.

With the following committee amendments:

Page 1, line 6, strike out "$2,500" and insert in lieu thereof "$1,500."

Page 1, line 7, after the word "by", insert "Royce Wells by".

At the end of the bill add the customary attorney fee amendment, as follows: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

SUBCONTRACTORS ON THE POST OFFICE AT LAS VEGAS, NEV.

The Clerk called the next bill, H.R. 3900, authorizing the Secretary of the Treasury to pay certain subcontractors for material and labor furnished in the construction of the post office at Las Vegas, Nev.

Mr. GRISWOLD. Mr. Speaker, I object.

EDNA B. WYLIE

The Clerk called the next bill, H.R. 1362, for the relief of Edna B. Wylie.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Edna B. Wylie, postmaster of Derby, Iowa, out of any money in the Treasury not otherwise appropriated, the sum of $21.97, being the amount of postal funds lost in the failure of the First National Bank of Derby, Iowa, on or about February 10, 1928.

Mr. BLANCHARD. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BLANCHARD: Page 1, line 6, strike out "$21.97" and insert in lieu thereof "$22.90."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

W. C. GARBER

The Clerk called the next bill, H.R. 1418, for the relief of W. C. Garber.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to W. C. Garber, out of any money in the Treasury not otherwise appropriated, the sum of $112.44, under an agreement by which the Government exercised an option to rent certain property to be used as a landing field, although the project was abandoned by the Government, and this sum as accrued rental recommended by the Department of Commerce for payment.

With the following committee amendment:

Page 1, line 10, insert the customary attorney fee proviso as follows: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendment was agreed to.

Mr. BLANCHARD. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BLANCHARD: Page 1, line 6, after the figures insert the words "in full settlement of all claims against the United States."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time and passed.

A motion to reconsider was laid on the table.

WILLARD F. HOLTEEN

The Clerk called the next bill, H.R. 1486, for the relief of Willard F. Holteen.

Mr. ZIONCHECK. Mr. Speaker, I object.

Mr. WOLVERTON. Mr. Speaker, will the gentleman withhold his objection to permit an explanation?

Mr. ZIONCHECK. Certainly.

Mr. WOLVERTON. I think if the gentleman will give careful consideration to the reports that have been made by the War Department he will see that this claim has had the approval of the Secretary of War.

Mr. ZIONCHECK. I so understand.

Mr. WOLVERTON. The only objection has come from an auditor of the Department on a technical question as to whether the goods belonging to this second lieutenant, who was then doing service in France, were destroyed prior to or following the destruction of Government property which was destroyed in the same fire. It seems to me that such a position is so technical that it should be brushed aside. I hope the gentleman from Washington will see the justice of the claim made by this soldier, who lost his property through no fault of his own.

Mr. ZIONCHECK. I am objecting as a matter of carrying out the policy that the Government should not be an insurer of the personal property of soldiers and sailors.

Mr. GRISWOLD. The gentleman realizes that we have bills of this nature on the Private Calendar running as high as $6,000 and $7,000 for the loss of personal property of Army officers while the property was on Government premises. All such bills have been objected to.

Mr. WOLVERTON. I understand the principle that the gentleman has in mind, but I think if the gentleman will examine this case carefully, as I have sought to do, through the records of the War Department and otherwise, he will find that it comes in a different class than those to which he has referred, for the reason that under the law of 1918 there could be a recovery by the claimant if he lost his property while trying to save Government property. The fact is that when the alarm was sounded that the barracks were on fire, the claimant, Lieutenant Holteen, hurried to answer the alarm, and engaged in an effort to stop the fire. His personal property was in the barracks and destroyed by the flames. If he had thought only of his own property and had gone to save it, he might have been able to do so and thereby saved himself this loss. The strange part of the law under which the auditor of the War Department refused to pay the claim, or at least the interpretation he gave to it, was this, if when Lieutenant Holteen went to save the Government property, if his own property was not already destroyed, he could recover under the law. Thus, the whole question, under the ruling of the auditor, centered around the fact of whether claimant's property was destroyed while he was protecting Government property. Those who were on the field at the time of the fire reported favorably on his claim, but an auditor in Washington said that he believed the lieutenant's property had already been destroyed when he sought to save the Government property, and, therefore, there could be no recovery.

I feel that even though this may be a close case from a technical standpoint, yet as the veteran whole-heartedly and courageously assisted in the effort to put out the fire, he should not be tied down by a technical interpretation of an auditor in Washington as against those who were on the field at the time of the fire and who knew the facts of the case.

Mr. GRISWOLD. Under the act of July 1918 the burden of proof was on the officer to show that he came within the act.

Mr. WOLVERTON. That may be true.

Mr. GRISWOLD. In this particular case he did not show that he came within the act. That is why the auditor disallowed the claim. The disallowance was due to his failure to bring himself under the provisions of the act.

Mr. WOLVERTON. For the gentleman's information I wish to say that Lieutenant Holteen satisfied the officers in France that he was entitled to recover for his loss of property and he has satisfied the Secretary of War that he is entitled to this relief.

Mr. ZIONCHECK. The War Department and the officers always recommend these bills. The mere fact that their recommendation comes in makes no difference.

Mr. WOLVERTON. The gentleman has, then, had a different experience than I have had. It has been my experience that departments of Government seldom recommend payment of claims without any ifs or buts. The fact that the War Department, through the Secretary of War, has done so in this case emphasizes the merit of the claim.

Mr. ZIONCHECK. They do it all the time, I may say for the gentleman's information.

Mr. WOLVERTON. I wish the gentleman would take into consideration the welfare of this veteran, who was engaged in his Government's service in France, and give him the benefit of the doubt in a close case, and that is what this amounts to. This is a close case in the construction of an act, and I would like to see the gentleman accept the construction that has been adopted by the Secretary of War, rather than that of an auditor.

Mr. ZIONCHECK. Mr. Speaker, I move that this bill be passed over without prejudice, to be called up on the next day the Private Calendar is called.

The motion was agreed to.

IRVIN PENDLETON

The Clerk called the next bill, H.R. 1893, for the relief of Irvin Pendleton.

Mr. BLANTON. Mr. Speaker, this bill would set the same new precedent as the one I mentioned awhile ago. It seeks to set aside the statute of limitation in the Employees' Compensation Act, and, if passed, would establish a precedent which eventually would cost the Government many millions of dollars. For there are thousands of such claims now existing in all parts of the United States; and if we passed this bill, they would be filed immediately against the Government and we would have no excuse, then, for not allowing them all. For the above reason, Mr. Speaker, I object to this bill, just as I did when the other one was called a while ago.

WILLIAM L. JENKINS

The Clerk called the next bill, H.R. 1939, for the relief of William L. Jenkins.

Mr. TRUAX. Mr. Speaker, this bill is one that goes back to 1916, therefore I object.

Mr. BLANCHARD. Mr. Speaker, will the gentleman reserve the objection?

Mr. TRUAX. I will reserve the right to object.

Mr. BLANCHARD. Mr. Speaker, this is a bill that the gentleman from Pennsylvania [Mr. DITTER] introduced. I wonder if the gentleman would be willing to pass this bill over without prejudice, with the right to call it up on the next day the Private Calendar is called.

Mr. TRUAX. I am willing to do that.

Mr. BLANTON. It is passed without prejudice automatically and remains on the Private Calendar.

Mr. BLANCHARD. With the understanding that it will come up first on the next day the Private Calendar is considered.

Mr. ZIONCHECK. There is another bill ahead of this one.

The SPEAKER pro tempore. The bill will retain its place on the Private Calendar.

A. H. POWELL

The Clerk called the next bill, H.R. 1943, for the relief of A. H. Powell.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Comptroller General of the United States is authorized and directed to credit to A. H. Powell, special disbursing agent, Bureau of Industrial Alcohol, United States Treasury Department, New Orleans, La., the sum of $144, under certificate of settlement no. G–27718–T, dated August 26, 1932, New Orleans industrial alcohol account, symbol no. 14907, supplemental from October 1, 1931, to April 1, 1932, under bond of March 26, 1928, such credit to become effective immediately after the passage of this act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GEORGE JEFFCOAT

The Clerk called the next bill, H.R. 2026, for the relief of George Jeffcoat.

The SPEAKER pro tempore (Mr. DOBBINS). Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated and in full settlement against the Government, the sum of $10,000 to George Jeffcoat, husband of Mary Alma Jeffcoat, on account of the death of the said Mary Alma Jeffcoat, who was killed by one S. S. Sligh, Jr. (a Federal officer, known as a Federal prohibition officer, in Government service, while on duty), on December 21, 1931, while driving an automobile on a public street in the town of New Brookland, Lexington County, S.C.

With the following committee amendments:

Page 1, line 6, at the beginning of the line, insert the words "of all claims", and after the word "Government", insert the words "of the United States"; and page 1, line 7, strike out "$10,000" and insert in lieu thereof "$5,000"; and on page 2, line 3, strike out the period after "Carolina", insert a colon, and add the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

JOHN S. CATHCART

The Clerk called the next bill, H.R. 2054, for the relief of John S. Cathcart.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to John S. Cathcart, of Hartsville, S.C., the sum of $89.50 for money expended for the Post Office Department.

Mr. BLANCHARD. Mr. Speaker, there is a slight discrepancy between the amount carried in the bill and the amount set out in the report, and for the purpose of correcting that I offer an amendment striking out "$89.50" and inserting in lieu thereof "$87.80."

The Clerk read as follows:

Amendment offered by Mr. BLANCHARD: Page 1, line 6, strike out "$89.50" and insert in lieu thereof "$87.80."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

EDWARD V. BRYANT

The Clerk called the next bill, H.R. 2169, for the relief of Edward V. Bryant.

Mr. TRUAX. Mr. Speaker, reserving the right to object, I would like to ask the author of this bill for an explanation.

Mr. HANCOCK of New York. Mr. Speaker, as the gentleman probably recalls, the Lever Act was one of the bills passed during the hysteria of 1917. It was a so-called "antiprofiteering law." A special prosecutor was appointed, a gentleman I know very well, as he is from my own home city and a very energetic and able lawyer. Every indictment under that act resulted in a conviction. When the first case was tried it was appealed and went to the circuit court of appeals, and there the act was held unconstitutional, but subsequent prosecutions came along and nearly all the defendants in these subsequent cases pleaded guilty and paid their fines, with a proviso and an understanding with the special district attorney that in the event the Lever Act was finally declared to be unconstitutional by the Supreme Court of the United States the fines would be repaid. This stipulation was entered into between the attorneys for the Government and these varicus defendants.

The Lever Act was declared unconstitutional, as the gentleman recalls, but these fines had been covered into the Treasury. So the defendants then went into the Court of Claims, and received awards from the Court of Claims in the amounts they had paid as fines. The Government appealed from that decision, and it was held that the Court of Claims did not have jurisdiction to make these awards.

So the only relief these defendants have is through acts of Congress. We have passed four or five or perhaps six similar bills refunding Lever fines. I do not know that there are that many, but everyone that has come before Congress has been passed. I know several of my own personal knowledge.

Mr. TRUAX. Has the gentleman any knowledge of the approximate total amount of fines that was paid on account of indictments under the Lever Act?

Mr. HANCOCK of New York. I have those figures in my office. I do not think they amounted to much more than $50,000.

Mr. BLACK. It was more than that, because the House passed a bill back in 1924 granting the return of a considerable amount of money. The bill was known as the "Leavitt bill."

Mr. HANCOCK of New York. I do not remember that, but I know the circumstances in this particular case. If the gentleman would like to have me go into the details of the Bryant case, I shall be pleased to do so.

Mr. TRUAX. I may say to the gentleman that it is not necessary, but I think it is a very bad policy to establish in this Congress that we will go back 15 or 20 years and refund fines that have been paid into the Treasury, because there is no question but that during the prohibition era fines amounting to thousands and hundreds of thousands of dollars were paid into the Federal Treasury on account of acts that would not be considered violations of the law today. They were technical violations.

Mr. HANCOCK of New York. The gentleman, of course, can make the distinction that this was an unconstitutional law and so declared by the Supreme Court. The fine in the Bryant case was paid with an express agreement on the part of the Government that if the Supreme Court of the United States finally held the law to be unconstitutional, the fines would be returned. In some cases the district attorney actually held the money in escrow, in the bank or in his own office, and in such cases the money was turned back.

Mr. TRUAX. Was the money paid under protest?

Mr. HANCOCK of New York. It was paid under protest and under a stipulation which I believe is set out in the report.

Mr. BLACK. It is also set out in the bill.

Mr. HANCOCK of New York. I did not realize this bill was coming up today, or I would have brought my file with me.

Mr. TRUAX. Mr. Speaker, I withdraw my reservation of objection.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay to Edward V. Bryant, out of any money in the Treasury not otherwise appropriated, the sum of $2,400, the amount of a fine paid by Edward V. Bryant in pursuance of a judgment entered upon a plea nolo contendere under certain provisions of the so-called "Lever Act" previous to the time that the Supreme Court of the United States held such provisions void, the said plea and said payment being made under a stipulation as follows: "In consideration that the Attorney General and his court shall accept the plea nolo contendere which I hereby tender to the above-entitled indictment, I do hereby waive any and all fines which the court may see fit to impose upon me upon such plea, except in the event that the so-called 'Lever Act' under which said indictment is found shall be declared unconstitutional by the Supreme Court of the United States and that no prosecution could be sustained upon the facts stated in said indictment."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

ROBERT TURNER

Mr. POWERS. Mr. Speaker, I ask unanimous consent to return to H.R. 1207, Calendar No. 230 on the Private Calendar.

Mr. TRUAX. Reserving the right to object, is this one of the bills which the gentleman asked me to withdraw my objection to?

Mr. POWERS. That is correct.

Mr. TRUAX. I shall not object to the reconsideration of the bill.

Mr. BLANTON. Reserving the right to object, what bill is it?

Mr. POWERS. It is a bill for the relief of Robert Turner.

Mr. BLANTON. Does it affect the Employees' Compensation Commission?

Mr. POWERS. No.

The SPEAKER pro tempore. Is there objection to returning to the consideration of the bill?

There was no objection.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection?

Mr. TRUAX. Reserving the right to object.

Mr. POWERS. I believe the gentleman from Ohio is not fully cognizant of the facts in this case. This bill provides for the payment of the sum of $1,500 for the relief of Robert Turner, of Burlington, N.J. Mr. Turner sustained an injury in a collision with an automobile of the United States Army on or about October 28, 1921.

A board of officers found that the collision was due to the carelessness and negligence of the driver of the Government car, which at the time was being used in the Government service, and that Mr. Turner was without fault in the matter.

Frankly, I think this is a just claim and it is not an excessive one. I should be most happy if the gentleman from Ohio would not object to it.

Mr. TRUAX. Will the gentleman yield?

Mr. POWERS. Certainly.

Mr. TRUAX. Did the Secretary of War recommend the payment of this claim?

Mr. POWERS. From the committee report he evidently did.

Mr. DUNN. Will the gentleman yield?

Mr. POWERS. I yield.

Mr. DUNN. To what extent was this man injured?

Mr. POWERS. He had one rib broken, injuries to his head, and a broken arm.

Mr. DUNN. Was he employed by the Government?

Mr. POWERS. No; he was a civilian, a highly respected citizen of my district.

Mr. DUNN. I do not see why he should not be given compensation.

Mr. POWERS. The original claim was for $5,000, but it has been cut down to $1,500. It does seem that this claim is just, fair, and reasonable.

Mr. DUNN. I think it is the duty of the Federal Government to pay such claims, especially if the man could not find work.

Mr. POWERS. And the employee of the Federal Government was absolutely responsible for the injury.

Mr. TRUAX. In the report of the Secretary of War he says that it appears that the negligence of the driver of the Government car was the proximate cause of Mr. Turner's injuries. I therefore withdraw my objection.

Mr. ZIONCHECK. I have an amendment, which I will offer later.

There being no further objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Robert Turner, of the city of Burlington, N.J., the sum of $5,000 for bodily injuries sustained by him on Friday, October 28, 1921, when an automobile in which he was riding was in collision with an automobile of the United States Army, the said automobile being one of a fleet of motor cars traveling toward the city of Philadelphia in charge of Captain Hatfield, of Camp Holabird, Md.

With the following committee amendment:

Page 1, line 6, strike out "$5,000" and insert "$1,500."

The committee amendment was agreed to.

Mr. ZIONCHECK. Mr. Speaker, I offer the following amendment.

The Clerk read as follows:

Page 1, line 7, after the word "for", strike out the word "bodily" and insert "all."

The amendment was agreed to.

Mr. HOLLISTER. Mr. Speaker, I offer the following amendment.

The Clerk read as follows:

At the end of the bill insert the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider the vote was laid on the table.

FREDERICK W. PETER

Mr. POWERS. Mr. Speaker, I ask unanimous consent to return to Calendar No. 231, H.R. 1208, for the relief of Frederick W. Peter. This is what might be termed a companion bill to the bill just passed. I mean that the beneficiary, Mr. Peter, was a companion of Mr. Turner at the time the accident occurred. I would appreciate very much if the gentleman from Ohio [Mr. TRUAX] and those on that side and on my own side would register no objection to this.

The SPEAKER pro tempore. Is there objection?

Mr. ZIONCHECK. Mr. Speaker, I think the gentleman from Ohio [Mr. HOLLISTER] had some objection to this particular bill.

Mr. HOLLISTER. Mr. Speaker, as far as I can make out from the record, it seems that the injury to this man was not nearly as severe as was the injury to the other man and that there should be a cutting down of the amount because of that. I suggest that the amount be cut down from $1,500 to $1,000.

Mr. POWERS. That amendment is acceptable.

The SPEAKER pro tempore. Is there objection to the consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Frederick W. Peter, of the city of Burlington, N.J., the sum of $5,000 for bodily injuries sustained by him on Friday, October 28, 1921, when an automobile in which he was riding was in collision with an automobile of the United States Army, the said automobile being one of a fleet of motor cars traveling toward the city of Philadelphia, in charge of Captain Hatfield, of Camp Holabird, Md.

With the following committee amendment:

Line 7, strike out "$5,000" and insert "$1,500."

Mr. HOLLISTER. Mr. Speaker, I move to amend the committee amendment by striking out "$1,500" and insert ing in lieu thereof "$1,000."

The SPEAKER pro tempore. The Clerk will report the amendment.

The Clerk read as follows:

Amendment to the committee amendment offered by Mr. HOLLISTER: Strike out "$1,500" and insert in lieu thereof "$1,000."

The amendment to the committee amendment was agreed to.

The SPEAKER pro tempore. The question is on agreeing to the committee amendment as amended.

The committee amendment was agreed to.

Mr. HOLLISTER. Mr. Speaker, I move to strike out the word "bodily" in line 7 and insert in lieu thereof the word "all."

The SPEAKER pro tempore. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. HOLLISTER: Line 7, strike out "bodily" and insert "all."

The amendment was agreed to.

Mr. HOLLISTER. Mr. Speaker, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. HOLLISTER: Line 7, after the figures "$1,000", insert "in full settlement of all claims against the Government of the United States."

The amendment was agreed to.

Mr. HOLLISTER. Also the following amendment.

The Clerk read as follows:

Amendment offered by Mr. HOLLISTER: At the end of the bill strike out the period, insert a colon and the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendment was agreed to.

The bill, as amended, was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

TO PAY SUBCONTRACTORS, LAS VEGAS, NEV.

Mr. SCRUGHAM. Mr. Speaker, I ask unanimous consent to return to the bill (H.R. 3900) authorizing the Secretary of the Treasury to pay certain subcontractors for material and labor furnished in the construction of the post office at Las Vegas, Nev., Calendar No. 242.

The SPEAKER pro tempore. Is there objection?

Mr. BLANTON. Mr. Speaker, I have no objection to returning to the bill but do reserve the right to object to its consideration after returning to it.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Nevada?

There was no objection.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection?

Mr. ZIONCHECK. Mr. Speaker, I reserve the right to object.

Mr. SCRUGHAM. Mr. Speaker, this is a most unusual case. A contractor bid on the construction of a new post-office building at Las Vegas, Nev., was awarded the bid, and gave what appeared to be a good and sufficient bond. It was approved by the attorneys for the Government. Complaints were made later on to the Government that the contractor was not paying his material men and his laborers, and it was found that he was unable to proceed on account of lack of finances. His bondsmen denied that they had authorized the use of their names. There was no responsibility running to the contractor. These men are almost entirely poor men, largely laborers and small contractors. The amount involved in each case is comparatively small. This is recommended by the Treasury Department.

Mr. McFARLANE. Did they put this gentleman in the penitentiary, where he belonged?

Mr. SCRUGHAM. The case was tried in the State of Texas, and he was acquitted.

Mr. GRISWOLD. Mr. Speaker, in the Seventy-second Congress a bill was introduced and voted on on the floor of the House, known as the "Goss bill", which would have corrected all such defects as this. They exist in many instances where the Government actually sets a premium on the kind of contracts entered into here—it invites them. The Goss bill would have cured those defects. Congress saw fit to defeat the Goss bill, and in view of that fact I object to the bill.

Mr. ZIONCHECK. I imagine that if the gentleman from Nevada had been here he would have voted for the Goss bill.

Mr. SCRUGHAM. Certainly.

Mr. GRISWOLD. In view of the fact that Congress has taken that attitude, I think it would be poor policy to go back and grant something in favor of one particular case.

Mr. SCRUGHAM. Mr. Speaker, will the gentleman withhold his objection?

Mr. GRISWOLD. Yes.

Mr. SCRUGHAM. This case is that of the Plains Construction Co., of Pampa, Tex. That is a long distance from Las Vegas, but they made the lowest bid. The sufferers in this case are entirely innocent. They had faith in the Government.

They had faith in the fact that the contractor's bond had been approved by the Government attorneys. For that reason, I think an injustice to a number of poor people has been done, through no fault of their own. Their work went into this post office. Their material went into the post office. It was actually used. When the new contract was let they took it up where the other contractor left off. The laborers and the small-material men received absolutely nothing. The work was done on the post office and the materials went into the post office. The Treasury Department has recommended the payment of these sums.

Mr. DUNN. Will the gentleman yield?

Mr. SCRUGHAM. I yield.

Mr. DUNN. Did those laborers receive any compensation at all for the services rendered?

Mr. SCRUGHAM. None whatever.

Mr. GRISWOLD. The Post Office Department may have recommended this, but they recommended against the passage of the Goss bill that would have prevented such things as this, and therefore I must object.

NOANK SHIPYARD, INC.

The Clerk called the next bill, H.R. 2194, for the relief of the Noank Shipyard, Inc.

Mr. ZIONCHECK. Mr. Speaker, reserving the right to object, I will have no objection to the bill before us if there is an amendment allowed on line 7, striking out the provision "with interest at 4 percent per annum from March 1, 1928", and inserting in lieu thereof "in full settlement of all claims against the Government of the United States."

Mr. HANCOCK of New York. We have passed a great many bills today without allowing any interest, and I agree with the gentleman that we should not start a new precedent. It is not customary for the Government to allow interest. I imagine we have passed 20 bills today without allowing interest, and I suggest we follow that uniform practice.

Mr. BLANTON. The President vetoed a bill the other day and sent it back because interest was allowed.

Mr. ZIONCHECK. And on a Liberty bond.

Mr. BLANTON. That was the only reason he vetoed it.

Mr. BAKEWELL. I offer no objection to the amendment. I will accept the amendment.

The SPEAKER pro tempore. Without objection, a similar Senate bill (S. 2324) will be considered.

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury of the United States not otherwise appropriated, to the Noank Shipyard, Inc., of Noank, Conn., the sum of $1,700, with interest at 4 percent per annum from March 1, 1928, to complete the payment to the said Noank Shipyard, Inc., of a bill for repairs, which it completed under contract no. W-971-qm-247, dated January 7, 1928, of Quartermaster Department on Army mine planter *Brigadier General Absalom Baird*, which sum represents a penalty of $100 per day for 17 days' alleged delay in delivery of said steamship *Baird* after completion of repairs, said delay being due to causes partly attributable to acts of Government agents and wholly beyond the control of the contractor.

Mr. ZIONCHECK. Mr. Speaker, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. ZIONCHECK: On line 7, after the figures, strike out the words "with interest at 4 percent per annum from March 1, 1928", and insert in lieu thereof "in full settlement of all claims against the Government of the United States."

The amendment was agreed to.

Mr. HANCOCK of New York. Mr. Speaker, I offer an amendment, to insert the usual attorney's fee amendment at the end of the bill.

The Clerk read as follows:

Amendment offered by Mr. HANCOCK of New York: At the end of line 5, on page 2, insert the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

Mr. BLACK. Mr. Speaker, I rise in support of the amendment.

In behalf of the committee, I should like to say the reason the usual attorney's fee amendment is not on some of these bills is because a great number of the bills are copies of old bills that have been heretofore reported by the House. It seems the Printing Office keeps the type on these old reports set up; and if we put on the attorney's fee amendment when we report the bill and insist on it going into the report, it means that the Government Printing Office would have to break down the type and set it up again. It saves a great deal of expense to the Government Printing Office. That is the reason you will not find the attorney's fee amendment on these old bills.

Mr. HANCOCK of New York. It is poor economy, because we follow the practice of adding them here in the House.

Mr. BLACK. But it does not require breaking down these old forms.

Mr. HANCOCK of New York. Do I understand it is the practice of the committee that on new bills to include the attorney's fee amendment?

Mr. BLACK. Yes; it is.

The SPEAKER pro tempore. The question is on the amendment offered by the gentleman from New York [Mr. HANCOCK].

The amendment was agreed to.

The bill as amended was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

A similar House bill was laid on the table.

CAPT. J. O. FARIA

The Clerk called the next bill, H.R. 2321, for the relief of Capt. J. O. Faria.

Mr. FOULKES. Mr. Speaker, I reserve a point of order and ask unanimous consent to speak for 5 minutes.

The SPEAKER pro tempore. The gentleman from Michigan asks unanimous consent to address the House for 5 minutes.

Mr. FISH. Reserving the right to object, on what subject?

Mr. FOULKES. I am going to talk on a subject that has attracted some attention lately; that is, the criticism that has been offered against certain members of the Department of Agriculture.

Mr. BLACK. Well, Mr. Speaker, I must object to that.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. HANCOCK of New York. Reserving the right to object, I wish to ask the author of the bill if he can offer some good excuse for giving additional compensation to this gentleman, because in the report I see he accepted in full settlement $1,200?

Mr. KLEBERG. Of course, my colleague understands that this bill is purely a bill for the purpose of giving a man who is bedridden, because of his accident, an opportunity to have his case reviewed. Of course, the Employees' Compensation Commission, at such time as the case comes up, will have full possession of all of the data and unquestionably the compensation which has been advanced to this man will be taken into consideration.

Mr. HANCOCK of New York. It will be offset against any award that may be made?

Mr. KLEBERG. Of course. I might suggest in further explanation, and I think my colleague is entitled to it, in this particular instance we have a case where apparently we have both justice and humanitarian interests behind it. This old deep-sea pilot has been in bed ever since this more or less insignificant accident.

He has a complete family of dependents to support. He has one daughter-in-law who is an interior decorator, but she has a baby 27 months old and has had nothing at all to do. This old fellow is lying there on his bed, but up to the time he was injured he had always done his part. He is a real old sea dog, one of the real kind of men you hear about. This old fellow is lying there helpless. All in the world he is asking is an opportunity to present his case to the Federal Employees Compensation Commission, that they may look into it and see if he is not entitled to assistance.

Mr. HOLLISTER. On the face of things this claimant has been settled with in full. I observe that the attorney who undertook to represent him in making this settlement was an employee of the Shipping Board, although this fact was not known to Captain Faria. I assume the claimant was not advised of this, but that he was humbugged and fooled into making this statement.

Mr. KLEBERG. I may say this, that the settlement was made by the old sea dog's wife. She was humbugged into making this statement on his behalf.

Mr. HOLLISTER. I am inclined to think that justice demands that we give this man his chance to present his case to the Compensation Commission; so, Mr. Speaker, I withdraw my objection.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the United States Employees' Compensation Commission is authorized and directed to extend to Capt. J. O. Faria, formerly employed by the United States Shipping Board as master of the steamship *Commack*, the provisions of an act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916, and afterward amendd by an act of February 12, 1927, compensation hereunder to be based on an employee totally and permanently disabled and to commence from and after the passage of this act.

With the following committee amendment:

Strike out all after the enacting clause and insert the following: "That the United States Employees' Compensation Commission is hereby authorized to consider and determine the claim of Capt. J. O. Faria, on account of injuries sustained by him while employed by the United States Shipping Board as master of the steamship *Commack*, in the year 1925, in the same manner and to the same extent as if said Capt. J. O. Faria had made application for the benefits of the act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916, as amended, within the 1-year period required by sections 17 and 20 thereof: *Provided*, That no benefits shall accrue prior to the approval of this act."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

Mr. FOULKES. Mr. Speaker, I ask unanimous consent to proceed for 5 minutes.

The SPEAKER pro tempore (Mr. SABATH). Is there objection to the request of the gentleman from Michigan?

Mr. BLANTON. Mr. Speaker, reserving the right to object, and I shall not object, if our friend expects to defend the Rex Tugwells here in 5 minutes, he has got another guess coming; it will take him 3 weeks.

Mr. FOULKES. I assure the Speaker I shall take but 5 minutes.

Mr. HOLLISTER. Mr. Speaker, I object.

Mr. BLANTON. Regardless of whether his remarks will suit us or not, the gentleman should be allowed to speak for 5 minutes.

C. K. MORRIS

The Clerk called the next bill, H.R. 2322, for the relief of C. K. Morris.

Mr. HOLLISTER. Mr. Speaker, reserving the right to object, does the gentleman from Texas wish to make any explanation? I am frank to say that on the face of things I can see no reason why this bill should be passed, but I shall be pleased to reserve my objection to permit the gentleman to make an explanation of the bill.

Mr. KLEBERG. Mr. Speaker, I should like to make this explanation; and, after a reexamination of the facts involved in this case, I personally request that the amount be cut from $1,000 to $600. I do this because the actual facts show that the combination of personal injury and damage to the automobile involved in this case would be more than covered by the $1,000 asked for by the bill. For this reason I am asking a reduction of $400.

In addition, may I say to the gentleman from New York that three elements were involved in this accident: First, a one-eyed man; second, the city had this street in a torn-up condition; and, third, the operator of the Government truck, as well as the injured party, was forced out of the existing channel of traffic on the street.

As a matter of fact, the surrounding circumstances show that if there were real fault involved, the fault was on the part of the driver of the Government vehicle in not coming to a stop and permitting to pass this other vehicle driven by Mr. Morris, which had the right-of-way.

As I said at the outset, the facts and circumstances show that the amount should be changed from $1,000 to $600, the latter figure representing the actual damage. I do not want anything more for this claimant than that to which he is entitled.

Mr. HOLLISTER. The gentleman deserves commendation for his willingness to reduce the figure.

Mr. KLEBERG. I make the suggestion myself.

Mr. HOLLISTER. The thing which worries me particularly with respect to this bill is not so much the question of contributory negligence, which does appear to some extent, but the question of whether the Government employee at the time of the accident was acting within the scope of his employment. Unless the gentleman from Texas can show me that the Government employee was acting within the scope of his employment at the time this accident occurred I shall feel constrained to object.

Mr. KLEBERG. May I ask the gentleman whether this Government employee was driving Government equipment?

Mr. HOLLISTER. He was.

Mr. KLEBERG. When Government equipment goes out on a public highway, is not the Government charged with responsibility for the conduct of those operating it?

Mr. HOLLISTER. I should doubt the application of that doctrine in all circumstances.

Mr. BLANCHARD. Mr. Speaker, will the gentleman yield?

Mr. KLEBERG. Certainly.

Mr. BLANCHARD. If someone stole the gentleman's car, the gentleman would not be charged with the responsibility of an accident.

Mr. KLEBERG. This was not a case of theft. My colleague must admit that.

Mr. BLANCHARD. But if he took a Government truck without authority—was not that what happened?

Mr. KLEBERG. No; not exactly. This man was returning with an empty truck during working hours. At the time he was not actually engaged on duty, but he was in reality engaged in making a part of a trip that involved a part of his duties when this accident occurred. If the gentleman will read the report, the gentleman will see this fact clearly set out.

Mr. HOLLISTER. I read the report very carefully. Apparently he was required to turn in his truck and he did not do so. In the meanwhile he got drunk and was out driving with a truck that had been turned over to him earlier in the day. I am afraid the gentleman cannot show me that this was within the scope of his employment.

Mr. KLEBERG. May I suggest that my contention that the Government is liable in this case is due to the fact that this agent, and I so consider him, when he is called on to turn in Government equipment, up to the time that he has fulfilled the duty of turning back the truck, is engaged on business of the Government. Whether or not he turned the truck back on time happened to be his own individual responsibility, but he was called upon to take the truck back and store it after returning from the last trip, and during this period he got drunk. Of course, the Government is not responsible for the fact that he got off the wagon and the truck too, as it were, but at the same time the truck was in his charge at the particular moment of the accident.

Mr. HOLLISTER. I may say to the gentleman I will have to object under the present showing. The bill may be passed over and can be taken up on the next Private Calendar day. In the meantime, the gentleman may submit cases to show that under circumstances of this kind there would be liability with respect to a private corporation, and if the gentleman can do so, I shall not object.

Mr. KLEBERG. May I say in conclusion, with reference to the Government's liability, that it was not possible, of course, for the man to be reimbursed by the particular department of which he complains, namely, the War Department. The gentleman would not expect the War Department to incriminate itself or to admit negligence.

Mr. HOLLISTER. My impression of most of these reports I get from the departments is that they are very fair in the conclusions they reach with reference to the liability or nonliability which would attach to the Government if it were a private corporation. Everything else being equal, I am disposed to follow these recommendations unless there is a showing that the recommendation is wrong. We have here the surveying officers' recommendations and a reviewing board upholding the surveying officers.

Mr. BLANTON. Mr. Speaker, while our friends are getting together on this proposition, we should have a few minutes' intermission. Our friend from Michigan [Mr. FOULKES] has something on his system that he wants to get rid of, and I ask unanimous consent that he be permitted to proceed for 5 minutes out of order and that we have permission to answer the gentleman for 5 minutes if his remarks need answering. In the meantime these gentlemen may adjust their differences. The gentleman from Michigan has used only 2 minutes in speaking on this floor since he has been a Member of this House. By unanimous consent, the gentleman from New Jersey [Mr. EATON] was allowed to speak for 15 minutes today, and I think that it is only just that we give 5 minutes to our colleague from Michigan.

Mr. HANCOCK of New York. Mr. Speaker, I object. One speech always produces another.

Mr. BLANTON. Mr. Speaker, I insist on my request. We sit here and work hard on every Private Calendar, and we ought to have an intermission for 5 minutes once in a while, and the gentleman from Michigan is entitled to speak for 5 minutes.

Mr. MILLARD. Mr. Speaker, reserving the right to object, on what does the gentleman wish to speak? We have a Private Calendar day very seldom, and we should get through with this calendar.

Mr. BLANTON. His subject should be immaterial. He has the right to speak. We have been working very assiduously on the Private Calendar.

Mr. MILLARD. I know the gentleman has, and I am not criticizing him.

Mr. BLANTON. We are trying to have a few minutes' recess here to allow our friend 5 minutes. Every new Member of this House should be shown this consideration and given 5 minutes on this floor occasionally.

Mr. HOLLISTER. As I understand it, by consent on both sides there will be an adjournment in probably not more than an hour from now. I suggest that we continue the work on the Private Calendar, and when we have finished then the gentlemen who wish to speak by unanimous consent may be allowed to proceed.

Mr. BLANTON. The gentleman from Michigan [Mr. FOULKES] has used only 2 minutes in speaking from this floor since he has been a Member of this House, and he asks unanimous consent to now use 5 minutes. I believe in fair play to all Members—new and old ones alike.

Mr. HOLLISTER. Under the circumstances, I shall object.

Mr. BLANTON. Then, Mr. Speaker, I make the point of no quorum. We will take a 20-minute recess anyway, while the roll is being called.

Mr. HANCOCK of New York. That is hardly fair.

Mr. BLANTON. If the gentleman from Michigan [Mr. FOULKES], a new Member here, cannot have 5 minutes, when he has used only 2 minutes heretofore in all his service, then we will have a 20-minute recess, as it will take that long to call the roll.

Mr. HANCOCK of New York. There are a great many gentlemen sitting around here who are interested in the Private Calendar.

Mr. BLANTON. There are a few Members here who have private bills on this calendar, and they are so impatient to pass them that they cannot sit here and listen to their Michigan colleague make a 5-minute address. Under these circumstances their private bills may wait for 20 minutes.

Mr. HANCOCK of New York. Is it the understanding that this is to be a debate, with 5 minutes to be allowed the gentleman from Michigan and 5 minutes allowed the gentleman from Texas?

Mr. BLANTON. The gentleman from Michigan [Mr. FOULKES] wants only 5 minutes. I do not know what he will say. If his remarks should need answering, that would require 5 minutes, which would be 10 minutes at the most.

Mr. HANCOCK of New York. I am willing to concede 10 minutes.

Mr. BLANTON. Mr. Speaker, I renew my request.

Mr. HANCOCK of New York. But I shall object to any more requests for time.

Mr. BLANTON. We older Members get time whenever we want it. The new Members have the same rights we enjoy. I insist that our colleague from Michigan should be allowed 5 minutes to speak out of order.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

Mr. CARPENTER of Nebraska. I object.

Mr. HANCOCK of New York. I would object to any more of these requests being made.

Mr. BLANTON. Mr. Speaker, I make a point of no quorum. No one will accomplish anything by denying 5 minutes to our colleague from Michigan. And I serve notice now that the gentleman will have to keep a quorum here all afternoon.

Mr. HOLLISTER. Mr. Speaker, I move the House do now adjourn.

Mr. CARPENTER of Nebraska. Mr. Speaker, I withdraw my objection.

Mr. BLANTON. Mr. Speaker, I withdraw my point of no quorum and renew my request that the gentleman from Michigan be allowed to address the House for 5 minutes. Inasmuch as he has used only 2 minutes since he has been a Member, he should have 5 minutes to address the House.

Mr. HOLLISTER. Mr. Speaker, I see no reason in the world why the House should be held up in this way. If the gentleman from Texas is willing to delay the House for three quarters of an hour, I see no reason why I should wait for 10 minutes. I do not see why the gentleman will not wait an hour until we finish considering the Private Calendar.

Mr. BLANTON. My request is to accommodate one of our new colleagues.

The SPEAKER pro tempore. Does the gentleman withdraw the motion to adjourn?

Mr. HOLLISTER. I do not withdraw the motion.

The SPEAKER pro tempore. The question is on the motion of the gentleman from Ohio [Mr. HOLLISTER] that the House do now adjourn.

Mr. ROBERTSON. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore (Mr. SABATH). The gentleman will state it.

Mr. ROBERTSON. Did the gentleman from Texas [Mr. BLANTON] withdraw his point of no quorum?

Mr. BLANTON. I did.

The SPEAKER pro tempore. The question is on the motion of the gentleman from Ohio that the House do now adjourn.

Mr. BLACK. Mr. Speaker, I understand the point of no quorum has been withdrawn.

Mr. HOLLISTER. Mr. Speaker, if the gentleman from Texas will withdraw his request, I will withdraw my motion.

Mr. BLANTON. Mr. Speaker, I renew my request that the gentleman from Michigan [Mr. FOULKES] be permitted to proceed for 5 minutes and that I may have 5 minutes to answer the gentleman.

The SPEAKER pro tempore. Does the gentleman from Ohio [Mr. HOLLISTER] withdraw his motion to adjourn?

Mr. HOLLISTER. I do not withdraw the motion, Mr. Speaker.

The SPEAKER pro tempore. The question is on the motion of the gentleman from Ohio that the House do now adjourn.

The question was taken; and on a division (demanded by Mr. HOLLISTER) there were—ayes 16, noes 47.

So the motion to adjourn was rejected.

Mr. BLANTON. Mr. Speaker, I renew my unanimous-consent request.

Mr. BLANCHARD. I object, Mr. Speaker.

Mr. BLANTON. Mr. Speaker, I make the point of no quorum.

The SPEAKER pro tempore. Evidently, there is not a quorum present.

Mr. BLACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, when the following Members failed to answer to their names:

[Roll No. 118]

Abernethy	Auf der Heide	Beedy	Boileau
Adair	Bankhead	Beiter	Boland
Allen	Beam	Biermann	Bolton
Allgood	Beck	Boehne	Brennan
Brooks	Disney	Kennedy, N.Y.	Reid, Ill.
Brown, Ky.	Doughton	Kerr	Richardson
Brown, Mich.	Doutrich	Knutson	Robinson, Utah
Brumm	Doxey	Kocialkowski	Rogers, N.H.
Buchanan	Duncan	Kopplemann	Romjue
Buck	Eagle	Kramer	Sadowski
Buckbee	Edmiston	Kurtz	Schuetz
Bulwinkle	Ellenbogen	Kvale	Sears
Burch	Evans	Lambeth	Shoemaker
Busby	Faddis	Larrabee	Simpson
Byrns	Fitzgibbons	Lee, Mo.	Sisson
Cady	Foss	Lehlbach	Smith, W.Va.
Cannon, Wis.	Gambrill	Lehr	Snell
Carley	Gasque	Lesinski	Stalker
Cary	Gifford	Lewis, Md.	Sullivan
Cavicchia	Gillespie	Lindsay	Taylor, S.C.
Celler	Goldsborough	McClintic	Taylor, Tenn.
Chavez	Goss, Conn.	McKeown	Terry, Ark.
Christianson	Granfield	Marland	Thompson, Ill.
Church	Gray	Martin, Mass.	Thompson, Tex.
Claiborne	Green	Montague	Tobey
Clark, N.C.	Greenwood	Muldowney	Umstead
Cochran, Mo.	Haines	Musselwhite	Underwood
Cochran, Pa.	Hancock, N.C.	Nesbit	Utterback
Collins, Miss.	Harlan	Norton	Vinson, Ga.
Cox	Hart	O'Brien	Waldron
Crosby	Harter	O'Connell	Wallgren
Crowther	Hess	O'Connor	Warren
Crump	Higgins	Oliver, Ala.	Weaver
Culkin	Hoeppel	Palmisano	Weideman
Darrow	Imhoff	Parks	Whitley
Delaney	James	Peavey	Wigglesworth
De Priest	Jeffers	Peterson	Withrow
Dickinson	Jenckes	Plumley	Woodruff, Mich.
Dingell	Kelly, Ill.	Randolph	

Mr. HILL of Alabama. Mr. Speaker, the gentleman from New Hampshire, Mr. ROGERS, the gentleman from Michigan, Mr. JAMES, the gentleman from Vermont, Mr. PLUMLEY, the gentleman from Connecticut, Mr. Goss, the gentleman from Minnesota, Mr. KVALE, and the gentleman from Ohio, Mr. HARTER, are absent from this roll call on account of being in the special committee of the House on the investigation of the purchase of aircraft and other War Department matériel.

The SPEAKER pro tempore. Two hundred and seventy-five Members have answered to their names; a quorum is present.

On motion of Mr. BLACK, further proceedings under the call were dispensed with.

THE MISSION OF ODDFELLOWSHIP

Mr. COLE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including an address delivered by my colleague the gentleman from Oklahoma [Mr. CARTWRIGHT].

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maryland?

There was no objection.

Mr. COLE. Mr. Speaker, under leave to extend my remarks in the RECORD I include therein an address delivered at the Grand Encampment of the I.O.O.F. of Maryland, on March 20, by Congressman WILBURN CARTWRIGHT. I think it appropriate to state that Congressman CARTWRIGHT is at this time Grand-Master-elect of the I.O.O.F. of the State of Oklahoma. Congressman CARTWRIGHT'S membership in the order of Odd Fellows covers a period of 21 years, he having been initiated by Tupelo Lodge No. 333 on April 26, 1913, and later became a member of McAlester Lodge No. 388. His work in the interest of Odd Fellowship merits the enviable position he holds in the order today. Simultaneous with the progress he is making in the I.O.O.F. he has been progressing likewise as a Member of this House, being a member of numerous committees. He was recently elevated to the chairmanship of the very important Committee on Roads, in which capacity he now serves.

The address Mr. CARTWRIGHT delivered in Baltimore on March 20 is as follows:

My friends, I always feel when I am in a gathering of Odd Fellows that I am mingling with men and women who have an adequate conception of the duties and responsibilities of life; those who realize that in this day and generation it is not sufficient for a man merely to so live and act that he may escape the doors of the penitentiary; and at each succeeding eventide congratulate himself that on that day at least society through the law laid no heavy hand upon his shoulder and banished him for

his misdeeds from its presence. Rather, that I am in the presence of those who know and realize that the welfare of every individual is closely wrapped up and identified with the welfare of every other individual with whom he associates; that no man, no matter how broad his shoulders and how undaunted his courage, can stem single-handed the adverse currents that beset him.

The other day in one of the smaller cities in the southern part of our State, one of those weary, disreputable-looking fellows who come into town along the railroad track and leave it by the same route—drifting upon the street of life without thought of anchor or hope of harbor, ragged, dirty, disreputable-looking, and hungry—walked up to the door of a house and rapped. Now, it chanced that in that house there lived a woman, a good woman, one of those, nevertheless, found even in Oklahoma, whose kindness is flaunted in the face of the unfortunate; who do good merely to be seen and known of men; who have no charity in their heart, no sympathy in their soul; who care nothing for the unfortunate and do nothing for them except as driven under the lash of public sentiment.

This woman opened the door, looked the poor fellow over from head to foot, heard his request for something to eat, and tried to freeze him with a look, and said, "Stand there, sir." She then went back into the pantry and in a minute returned with the hardest and driest piece of bread the house afforded. Just a great dry hunk, 2 weeks old, and she handed the poor fellow a chunk with these words, "Not for my sake, not for thy sake, but for the Lord's sake, do I give you this bread." Now, it happened that the poor unfortunate was one of those fellows who—well educated, intelligent, but for some reason, lacking stability, common sense, or other essential—was wholly unable to successfully fight the battle of life. Without moving he reached out his hand, took the bread, straightened up, and in the same tone of voice replied, "Madam, not for my sake, nor for thy sake, but for the Lord's sake, put some butter on that bread."

And I am quite certain that when I am mingling with Odd Fellows and their families and associates I am associating with those who are in a sense the butter upon the bread of humanity—those who are doing their part to alleviate the conditions of those with whom they come in contact; whose endeavor it is to make the world a better and brighter place in which to live.

We are assembled here under the banner of a great fraternity; an organization that has withstood the waves that have beat upon it for more than a century; and it has withstood all tests. Odd Fellowship teaches loyalty to God and service to our fellow man, and the wonderful strides which our fraternity has made during the 114 years of its existence is based upon its broad principles of the Fatherhood of God and the brotherhood of man.

Throughout the world, whenever Odd Fellowship has gained a foothold, our members are imbued with the same principle of helpfulness and service which has made it play a leading part in the history of the affairs of the world, and it has become one of the greatest forces for the uplift and betterment of mankind.

Our fraternity has been tested for more than a century under the most trying circumstances, and the tenacity of its structure has withstood all tests. During the great Civil War, when family ties were broken, social bonds destroyed, and when one State was arrayed against another, Odd Fellowship knew no division; and when that fratricidal strife was over, the brethren of the South came back into the councils of the order and united with the brethren of the North—went forward hand in hand to complete the unfinished work which they had laid down before the great struggle. No greater tribute to our teachings or example of our principles has ever been known in all the world's history.

Our order seeks to elevate human character. Every brother who enters our portals pledges himself to reflect in his daily life the very essence of good citizenship and the embodiment of all that makes for his own happiness and the happiness of those about him. He who lives up to the teachings of Odd Fellowship to its full meaning will spread rays of sunshine over the earth, and his deeds will live as hallowed memories long after he has crossed the "silent river."

The work of our fraternity extends far beyond the confines of any community or any city. There are located in the Odd Fellow home of this State, as the wards of this great fraternity, brothers and sisters of our order who have in their day shouldered each other's burdens, but now because of sickness or adversity they are no longer able to bear up under the load. They are tonight, through your generosity, able to find repose and care and rest beneath the sheltering roofs of the homes of our order, safe from worldly dangers, where they can pass the closing years of their life in contentment and peace.

How essential that, as the days of usefulness and helpfulness come to us all, we do our part in life's work, not depending upon what we believe is ours, but remembering that we are our brother's keeper in all that pertains to this life; doing and practicing those immortal virtues which contribute so largely toward smoothing the troubles and softening the asperities of life.

We believe that Odd Fellowship is destined by an all-wise and all-powerful God to have no small part in breaking down the selfishness of the world and bringing man to a realization that all men are brothers.

It is an historic fact that wherever calamities have befallen our country Odd Fellowship has been among the first to render aid in relieving suffering and distress.

At the time of the Galveston flood; at the time of the San Francisco earthquake; when Florida was devastated and hundreds of homes wrecked by the storm; when the great Father of Waters arose to such enormous heights that he swept all before him—in all these great calamities, and true to our traditions, Odd Fellowship responded to the call of humanity.

Retrospect of the past history of American Odd Fellowship shows that our labors have not been in vain and that Odd Fellowship is entitled to live and spread its beneficent influence over the earth. And yet has the fraternity reached the zenith of its spreading the doctrine of love and power? Or is it to go on and on spreading the doctrines of love and brotherhood and making itself a vital force in the community?

In this, what we might call the vital crisis of our Nation, when our country's heritage as a law-abiding land is being belittled and even thrust aside under the trend of the times, what is going to be the position of our fraternity? Never in the history of our Nation have we been beset with a greater or more complex problem than this growing lawlessness that is sweeping from one end of the country to the other. The problem is appalling, and it will require the cooperation of our millions lest, through lawlessness, the Nation gradually disintegrate and decay. In which side of the scales will the weight of 2,500,000 Odd Fellows and Rebekahs be thrown?

This growing lack of respect for the laws of the country and for home and family may bring about a reign of chaos which will permeate the entire country and even undermine the very foundations of the Republic.

Whatever may be our personal feelings upon the great problem of the day, whatever may be our ideas upon the propriety of any particular law or the enforcement thereof, as Odd Fellows, constituting one fiftieth of the entire population of the United States, there can be but one pathway for us to follow, and that is an observance of the laws by ourselves and a discouragement of the violation on the part of others.

Our duty is plain, the pathway is clear, and, as Odd Fellows, representing the best spirit of American manhood and womanhood, we cannot afford to waiver.

Duty, our obligations, our heritage of over a century—all are forcing us irresistibly along the pathway of absolute support of the supreme law of the land. God helping us, we can do no other.

Odd Fellowship undoubtedly faces the most challenging test in its history. It is of vital importance that we seriously consider the contribution that every member may make for "the good of the order." Never were the demands for constructive effort and intelligent devotion as great as today. Never before was it as incumbent upon every member to restate loyalty and exemplify fraternal obligation by consistent life and unimpeachable character. But these must now be reinforced by a growing consciousness of the responsibilities that Odd Fellowship faces in the world of today, where, if ever the problems are to be solved and a way of deliverance discovered, it must be by the application of these undying principles of friendship, love, and truth, not interpreted in any exclusive sense but in the most comprehensive meaning of these euphonious terms, so that they may "be not unmeaning words upon our lips but the sentiment of our hearts and the practice of our lives." Friendship, interpreted in the realm of world relationship; love as the spirit that must cast our fear and eradicate the prejudices and antipathies of race and clan and resuscitate the devitalized institutions that substitute the form for the spirit and power of neighborliness and religion; truth, that cardinal virtue which is the rock foundation upon which we must rebuild the world.

Odd Fellowship is a character-building institution. Its chief mission is the education of the human race in the grand principles that tend to make men more social and humane. Let us refrain from trampling it in the dirt of mercenary considerations, by approaching its altars with any unworthy motive or selfish purpose. Equally important is it that we refrain from a perfunctory exercise of its impressive ritual and ceremony but rather invest these with all the fervor of a sincere and consistent life. Our membership falls into three groupings, illustrated by the men in the stone quarry. In answer to the question, "What are you doing here?" one replied, "Cutting stone." Another answered, "Earning $4 a day." But a third responded, with a gleam of noble aspiration, "I am building a cathedral." Odd Fellows may reduce their activities to the merest routine and go through the motions with slight comprehension of their meaning. Others there are who allow the mercenary thoughts to deprive them of the joy of disinterested and unselfish service. But there are thousands of our membership who interpret Odd Fellowship in its dignified and immortal task of building—the erection of a noble structure, incorporating humanity as the temple of God.

Let us not weaken because of the difficulty of what appear as evil days. We are here to help transform apparent defeat into ultimate, lasting victory. With prophetic vision, we may see, not the desolate darkness of a hopeless night, but the gray dawn of a new day. Two travelers were camped in the Pyrenees. In the early dawn they were rudely awakened by terrific wind; trees being torn from their roots, and rocks hurtling down the mountain side. Their tent was blown down, and in the general havoc, one cried out in terror, "Surly this is the end of the world!" But his comrade, an experienced mountaineer, who had traveled that way before, said, "No, this is not the end of the world; this is how the day breaks in the Pyrenees!"

Odd Fellowship faces the testing experiences of the daybreak. The craven heart may resign himself to the worst, and fall out of the ranks in despair and defeat; but his courageous brother,

with vision, and in the spirit of endurance, will march forward with the mighty host, who, "according to His promise, look for a new heaven and a new earth, wherein dwelleth righteousness." Angela Morgan has nobly written:

"To be alive in such an age,
With every year a lightning page,
Turned in the world's great wonder-book,
Whereon the leading nations look!
Where men speak strong for brotherhood,
For peace and universal good.
To be alive in such an age!
To live in it! To give in it!
Rise, Soul, from thy despairing knees,
What if thy lips have drunk the lees?
The passion of a larger claim
Will put thy puny grief to shame.
Fling forth thy sorrow to the wind,
And link thy hope with humankind;
Breathe the world-thought, do the world-deed,
Think highly of thy brother's need.
Give thanks with all thy flaming heart,
Crave but to have in it a part—
Give thanks and clasp thy heritage—
To be alive in such an age!"

THE IMPENDING ISSUE

Mr. MILLARD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting a speech by the gentleman from New York [Mr. WADSWORTH], delivered last night over the radio from station WRC.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. MILLARD. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following:

Through the courtesy of the Evening Star, of Washington, and through the facilities furnished by the National Broadcasting Co., I am afforded an opportunity to bring before this great radio audience a situation which, I am sure, warrants the thoughtful consideration of every citizen. The thing I have in mind, is, I believe, of such vast importance, so fundamental in character, so vital to the future life of the Nation, that I say to you quite frankly I approach its discussion with hesitancy as to my ability to portray it correctly. That this thing needs discussion, frank and open, must be my excuse for this venture.

For a little more than a year things have been happening here at Washington with bewildering rapidity. Since the advent of the new administration on March 4, 1933, at a time difficult and critical, the Congress, upon the recommendation of the President, has passed a large number of measures calculated and intended to overcome the depression from which the whole Nation has been suffering. During the extra session of the Congress last spring, and thus far during the regular session this winter, scarce a week has gone by without passage of some extraordinary measure. I think it is fair to say that the average citizen has found it exceedingly difficult to keep himself thoroughly informed concerning this rapidly piled-up legislative record. Indeed, I doubt if most of us Members of Congress have been able to keep pace with it. Practically all of these measures are important, many of them novel, and some of them revolutionary. Hungry for relief and willing to try almost anything, the country has accepted them and has given to them and to the administration a sympathetic and optimistic support. Generally speaking, captious criticism has been stilled. Those who have been doubtful as to the wisdom and efficacy of some of these measures have refrained from attacking them and have been hoping very earnestly that their doubts might vanish.

Seldom, if ever, has there been a more tolerant spirit abroad in America with respect to the efforts of a President and his administration. And this is as it should be, for no one will deny that the new administration was confronted with extraordinarily difficult problems when it took office on March 4 last and that it was entitled to a generous degree of support in its efforts to overcome these difficulties. That support has been sought, and in large measure gained, in a vast publicity program in the press, on the screen, and over the radio. Every effort has been put forth to rivet the attention of the public upon this great so-called "recovery program" and to assure the public that it was making rapid progress. I am sure you will agree with me that there has never been anything like it in the way of organized propaganda. We have been enduring it, first, because we have been longing for recovery, we have been anxious for the President to succeed, and have been more than willing to join in support of his efforts. And, second, we have endured it because we have been looking upon all these extraordinary measures as being merely temporary—set up to meet the emergency and to be abandoned the instant the emergency has passed. Nearly all of us, having this thought in mind, have been willing to submit in large measure to the extraordinary restrictions imposed upon us by this program, confident that the day would soon come, with the passage of the emergency, when we would be left free once more to order our lives and pursue our happiness as of old.

I do not intend upon this occasion to discuss with you the efficiency of the several measures which, in the aggregate, represent the recovery program. I shall not discuss their merits as emergency measures. I shall not attempt to measure the progress the country has made since their enactment. There is grave division of opinion about them, but I doubt if any person can reach an absolutely accurate conclusion. What I want to bring to your attention is not the present condition of the country, not its immediate prospects with respect to this depression, but, rather, its future. I make bold to talk about the future because in recent weeks it has become perfectly apparent that these emergency measures are not intended to be merely temporary. Through the utterances of the President and of many of his closest advisers we now know absolutely that it is the intention of the sponsors of these measures to make them a vital element in the permanent policy of the United States, emergency or no emergency. In his message at the opening of the Congress last January the President made this reasonably clear. His more recent utterances and those of his lieutenants leave no doubt whatsoever. The issue involved stands before us in definite outline. Shall these emergency measures be continued indefinitely upon the statute books? Shall the philosophy which underlies them become permanent in the political philosophy of the United States? We cannot ignore or avoid this question. It stands squarely in our path. We shall have to answer it. To illustrate better what I mean, let me remind you that the more important of these emergency measures expire by their own limitations in June of 1935, a little over 1 year from now. I have in mind especially the National Industrial Recovery Act and the Agricultural Adjustment Act, those two measures which, taken together, represent the new philosophy of government which it is sought to impose upon us and our children.

It is to be assumed that as the month of June in the year 1935 approaches the administration will exert its power to the utmost in an effort to persuade Congress to reenact upon a permanent basis the general principles of N.R.A. and of A.A.A., together with such other measures as may fit into the general scheme. I anticipate that every Member of that Congress will have to face the issue during the winter and spring of 1935. Indeed, unless I am very much mistaken, we shall all have to face it in the congressional campaign of next autumn. Now, what is the nature of the issue itself? There is nothing very complicated about it, certainly nothing mysterious. We can be specific in our analysis of it. For a little over 140 years the American Nation has maintained, without substantial change, a certain form of government. Its form and its functions are outlined in the Constitution of the United States. And, what is more important, some of the very vital relations of the citizen to his Government are expressed in the Constitution, notably in the Bill of Rights. Jealous of our privileges as free men, we have delegated to the National Government certain carefully specified powers, and, at the same time, we have reserved to the States, and to ourselves, the people, all those powers which are not specifically delegated to the Federal Government. It is this reservation in favor of the people that spells liberty of the traditional American kind. It is this reservation which guarantees to us local self-government and the right of the States to order their domestic affairs through the exercise of their police powers. It is in the localities, the towns, the villages, the cities, the counties, and the States that our people practice self-government, and thereby maintain their ability unatrophied to carry on a representative democracy. Let us never forget that our opportunities and abilities to govern ourselves are not conferred upon us by the Federal Government in Washington.

We possess these abilities and enjoy these opportunities as a result of that reservation of power in favor of the people which is found in the tenth amendment of the Constitution. The success of our experiment has been extraordinary. We have grown and thrived. Generally speaking, our Federal Government has performed efficiently those functions which are clearly national in character, and the people of the States and smaller communities have performed their functions in local government likewise. And it is in the performance of the latter, especially, that there has been kept alive amongst the people the spirit of liberty. I have said we have lived for more than 140 years in this Federal Union of States. I wonder how many of you realize that the Government of the United States is today the oldest government upon the face of the earth. By that I mean that it has existed longer, without substantial change in form, than the present-day government of any other nation. Let us glance at the list for a moment. Since Washington was inaugurated in the year 1789, the French nation has experienced three republican governments, with variations, and two imperial governments. The Spanish nation has seen several changes in its government, resulting recently in the overthrow of their monarchy and the establishment of a republic. The German nation, welded together by Bismarck as late as 1870 has but recently expelled the Hohenzollerns, tried a republic, and is now trying Hitler. The Italian nation, welded together about 1850 by Cavour, finally set up a constitutional monarchy 60 years after Washington took office, and today we see Mussolini the dictator of that ancient kingdom. What was formerly the Austro-Hungarian Empire is now divided into three or more nations, and the Hapsburgs are gone. From Russia the Romanoffs have disappeared and we see the communistic soviets in their place. Commander Perry, of the United States Navy, reached the shores of Japan in 1850 and found the Shogunate. Shortly after that the Japanese established a responsible parliamentary form of government. China, which had for centuries lived under an imperial government, has in recent years expelled the Manchu dynasty and is now struggling to establish a republic. And even in Great Britain, from whom we have inherited so many of our concepts of liberty, we find as late as 1911 the House

of Lords deprived of its equal legislative power with the House of Commons and relegated to a secondary position—a distinct and substantial change in the British parliamentary structure.

While all these changes have been going on in practically all the nations of the earth during this 140-year period, the Government of the United States has stood alone, unchallenged, substantial, secure. I mention this historical fact to answer in part the suggestion that we hear so often these days that the old American system has outlived its usefulness, that it has failed, and that something new must be erected upon its ruins. Let me say to you that a government that has weathered storms as severe as those of the Civil War must have been founded upon human truths, and, that being so, it should not be discarded in haste. And yet it is now propsed to do that very thing. When it is done the whole picture of American life will be transformed into something never dreamed of by any respectable number of people prior to 1933. Instead of a Federal union of States we shall have, in effect, an imperial government centered here at Washington, with its tentacles reaching out into the smallest community and creeping into the very homes of the people. To all intents and purposes the States will be reduced to provinces, for the powers which they now enjoy in regulating their home affairs and, within reason, the daily conduct of their citizens, will have been taken over by the new national government. This transformation is to be achieved in order that the people may be regimented and made obedient to whatever economic plan is deemed to be good for them by the Washington bureaucracy. We may anticipate a series of 4-year plans under such a system, each one corresponding to a presidential term with its consequent change in the bureaucracy. Russia furnishes something of an analogy in this respect, for we learn that the soviets are now embarked upon their second 5-year plan. Remember when we speak of economic planning we really mean that the Government is going to do the planning for us in the last analysis. We can get a pretty clear idea of some of the details of this thing by observing the regulations now being imposed upon industry and agriculture under N.R.A. and A.A.A. Many of you have seen them in operation.

An industry is told that it must not produce more than a certain quantity of goods, and that quantity is divided, presumably, amongst the members of the industry in proportion to what is regarded as their normal capacity. Then every person in the industry is put upon a quota system and told, moreover, that he must not charge less than a certain amount for the goods which he produces. Furthermore, in many instances he is told that he must not add a new machine in his factory, lest the amount of his production be increased or its unit cost decreased. If he disobeys the code, he finds that the code has the force of law, and that he may be haled into a Federal court and punished for daring to produce more or charge less than the Government permits. This system is being rapidly extended over the whole industrial and business field. It has reached down to toll bridges, clothes-pressing establishments, barber shops, beauty shops, and the undertaking business, all of them enclosed in the straitjacket devised for them by superior authority. The same thing is true under A.A.A. as it affects agriculture. The farmer is urged to plant a smaller acreage of a certain crop. He is told that if he signs a contract to reduce his acreage in that crop he will be paid a bonus on the remainder, or that his excess lands will be rented from him for cash. And he is not permitted to plant that excess acreage in any other crop which may be sold for cash. That land must lie idle. It is interesting to note how this thing proceeds. It starts with an appeal for voluntary cooperation. It moves along step by step. The first step is generally pretty short, but having been taken, it practically compels the taking of a second and longer step. The second step leads to the third, and so on to the end of the journey, at which we find the farmer subjected to outright compulsion at the hands of the Government, which threatens him with confiscatory taxation backed up by criminal prosecution if he should dare disobey.

As an example of this, I call your attention to the so-called "cotton control bill" which is just now passing the Congress, and which will be signed, undoubtedly, by the President; for the fact is the President has already recommended its passage in a letter to the Committee on Agriculture of the House of Representatives. That bill provides that the total number of bales of cotton which may be marketed in the United States in the 1934 crop year shall not exceed 10,000,000, as contrasted with something like 13,000,000 bales last year. The Secretary of Agriculture is to allot to each cotton-growing State its proportionate share of the 10,000,000 bales. Inside of each State, there is to be allotted to each county its proportionate number of bales, and inside of each county there is to be allotted to each cotton farmer the number of bales which he may produce and sell from his farm. The bill then goes on to provide that should any cotton farmer sell more bales than allowed to him under this quota system, he shall be taxed upon those excess bales an amount equal to 75 percent of the market value of cotton at the time—a confiscatory tax. Moreover, if he disobeys or attempts to evade the tax and sell his extra bales, he may be prosecuted criminally in the Federal courts. There is where we are going in the field of agriculture. The farmer is to be told how many acres he may plant and how many bushels he may sell. He may be left in possession of his land, but its management will pass to the bureaucracy. To put it briefly, the Government will decide how a man shall be permitted to earn his living, whether it be in a dry-cleaning establishment in Jacksonville or on a wheat farm in Kansas. You and I might not be disturbed about this thing if we were absolutely certain that it was temporary. But that is not the case. It is proposed that this philosophy of governmental control and regimentation shall become a part of the permanent policy of the United States.

The President himself has said we will not go back. He has indicated that he intends to build a new system upon the ruins of the old, and we know from his utterances and those of his advisors publicly made, and with the greatest frankness, that they expect and intend to do this very thing. Mind you, I am not criticizing their motives or their sincerity. They are devoted to this philosophy of regimentation. They believe in it. They are convinced that the race would be happier if it proceeded en masse along the highway of life guided by the superior wisdom of government. And let me say this: Let us not place sole responsibility for these proposals upon the so-called "brain trust", whoever may be its members. Those men are here in Washington under appointment from the President. He keeps them here. He consults with them. They help draft the legislation which is sent to the Congress from time to time, intended to put these things into effect. They are members of his team. He is their captain and leader. It is the President's program. Surely, in view of the combination of events rapidly unfolding before our very eyes, there can be no doubt whatsoever that we are face to face with a tremendous issue. What is to be done about this program which seeks the abandonment of the American conception of liberty under a constitution, which challenges the tenth amendment by putting the Federal Government in the possession of complete authority over those matters which that amendment reserves to the States and the people; which spells the end of the Federal Union of States; which sets up a government, imperial in character, ruled by a huge bureaucracy, and controlling the daily lives of millions of people—tells them, in fact, how they shall earn their living? If this program is to become permanent, if this new philosophy is to prevail, then, indeed, our children will exist as subjects in a land where their forefathers have lived as masters. I cannot believe that the American people, having tasted liberty for a century and a half, will lightly surrender it.

C. K. MORRIS

Mr. HOLLISTER. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. HOLLISTER. What is the order of business?

The SPEAKER pro tempore. The gentleman from Ohio had the floor at the time the point of no quorum was made.

Mr. HOLLISTER. Mr. Speaker, I may say that when the point of no quorum was made I was discussing with the gentleman from Texas [Mr. KLEBERG] a bill to which I had reserved an objection. I wish to repeat to the gentleman from Texas that if he would care to have this bill passed over, to be taken up by unanimous consent as no. 3 at the next call of the Private Calendar, during which time he may secure more information with respect to the claim, I shall have no objection.

Mr. KLEBERG. Mr. Speaker, I ask unanimous consent that the bill be placed as no. 3 on the Private Calendar pending such time as additional evidence may be developed.

The SPEAKER pro tempore. Is there objection?

There was no objection.

HARRY L. HABERKORN

The Clerk called the next bill, H.R. 2337, for the relief of Harry L. Haberkorn.

Mr. ZIONCHECK. Mr. Speaker, reserving the right to object, as I understand, this is a bill for the payment of the salary of a clerk of a Member-elect, who was not seated in the beginning of the Congress. There was an election contest, and as a result the Member who was out succeeded to the position, and this bill is for payment of clerk hire during the time the Congressman was not seated.

Mr. KLEBERG. That is correct.

Mr. ZIONCHECK. Does the gentleman know whether the other clerk was paid in full during this time?

Mr. KLEBERG. I do not know just what settlement was made with reference to the secretary of Mr. McCloskey, who was only seated by a certificate pending an election contest. I do know, however, that Congressman Wurzbach was seated as a result of the election contest and his compensation dated as of March 4, 1929, to March 4, 1930. I also know that the claimant under this bill, Mr. Haberkorn, had been secretary to Congressman Wurzbach for a good many years prior to the particular election in which the contest arose.

Mr. ZIONCHECK. Was he secretary, acting in the capacity of a Congressman?

Mr. KLEBERG. He was secretary to Congressman Wurzbach.

Mr. ZIONCHECK. In other words, Wurzbach was the Congressman, and then McCloskey ran against him, and then there was a question of whether or not McCloskey was elected?

Mr. KLEBERG. Yes; and, if I may continue, the constituency of the Fourteenth Congressional District, in large part, during the pendency of this contest, called upon this man Haberkorn, who never did anything other than act as secretary to Congressman Wurzbach. The gentleman, of course, will see by the report and the sworn statement of Mr. Haberkorn that he continued the work just as though there had never been any contest.

Mr. BLACK. There is another thing that should be mentioned about this case. The Wurzbach contest was a little unusual, because prior to the seating of the other gentleman a special committee of Congress investigated the election—not a regular elections committee—and it was quite evident after the first day of the hearing held by the special committee that ultimately Mr. Wurzbach would be seated, because there was enough uncovered in the way of fraud in the first 2 or 3 days of the hearing to show that the other man could never keep his seat, although he had the certificate of election. It was clear that Wurzbach would be called upon to act as Congressman and his clerk would be called upon to act as clerk.

Mr. ZIONCHECK. What period of time did this man serve for which he wants compensation?

Mr. KLEBERG. For March, April, May, June, July, August, September, October, November, December, January, and until February 9, 1930.

Mr. ZIONCHECK. Would he not be willing to accept $200 a month for 12 months, making $2,400?

Mr. KLEBERG. I think a fairer situation would be—because I happen to know, being the Congressman that represents that district—that the secretary who undertakes that job is entitled to at least $250 a month.

Mr. ZIONCHECK. But there has been a duplication of payment.

Mr. KLEBERG. Not through the fault of this man. My colleague may force me to accept the reduction, but I know that this man has been one of the most faithful secretaries that a Congressman ever had. He delivered the goods. I would not want to ask him to accept a reduction for the sake of passing the bill.

Mr. ZIONCHECK. The reason the reduction is necessary is because there has been a duplication of payment. Would not the gentleman accept $2,500?

Mr. KLEBERG. Would not the gentleman make it $2,750?

Mr. ZIONCHECK. All right. I will agree to $2,750.

Mr. KLEBERG. I will accept that.

Mr. BLANCHARD. Does the gentleman think it wise to accept legislation of this character?

Mr. KLEBERG. I do not know what angle the gentleman refers to, but it is not unusual to pass a bill of this character. As a matter of fact, I will say that there have been cases on record of this kind. There was the case resulting in the decision of Comptroller Warwick (27 Comp. Dec. 766).

Mr. BLANTON. Will the gentleman yield?

Mr. KLEBERG. I yield.

Mr. BLANTON. My colleague from Texas is a Democrat?

Mr. KLEBERG. Yes.

Mr. BLANTON. And Mr. Wurzbach was a partisan Republican?

Mr. KLEBERG. Yes.

Mr. BLANTON. And Mr. Haberkorn is a partisan Republican, and my Democratic friend now is working very hard to remunerate a Republican secretary for a Republican Congressman. [Laughter.]

Mr. KLEBERG. Of course, Mr. Speaker, I have always held that meritorious effort deserves just reward.

Mr. BLANCHARD. I commend the gentleman from Texas for the attitude he has taken. There is a little doubt in the Warwick case, and this will clear up any doubt. I believe that when we do establish this precedent, it is a proper one for cases of this character.

Mr. KLEBERG. I do not think there is any question about that.

Mr. BLANCHARD. I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The Clerk read the bill as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Harry L. Haberkorn, San Antonio, Tex., the sum of $3,445 for services actually performed as a clerk to Harry M. Wurzbach from March 4, 1929, to February 9, 1930, both dates inclusive, said Wurzbach having been declared by the House of Representatives duly elected as a Representative from the Fourteenth Congressional District of Texas in the Seventy-first Congress for the term commencing March 4, 1929.

With the following committee amendment:

Page 1, line 6, after the figures insert: "in full settlement of all claims against the Government of the United States", and on page 2, line 3, at the end of the line strike out the period, insert a colon and the following:

"*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendments were agreed to.

Mr. ZIONCHECK. Mr. Speaker, I offer the following amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. ZIONCHECK: Page 1, line 6, strike out "$3,445" and insert in lieu "$2,750."

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read a third time, and passed, and a motion to reconsider laid on the table.

EMERSON C. SALISBURY

The Clerk called the next bill, H.R. 2414, for the relief of Emerson C. Salisbury.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Emerson C. Salisbury, of Leavenworth, Kans., out of any money in the Treasury not otherwise appropriated, the sum of $1,500, as full compensation for damages to his property on December 11, 1931, when three Federal prisoners escaped from the United States penitentiary at Leavenworth, Kans., and barricaded themselves in the house which was bombarded by the posse seeking the escaped prisoners: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

MRS. GEORGE LOGAN ET AL.

The Clerk called the next bill, H.R. 2416, for the relief of Mrs. George Logan and her minor children, Lewis and Barbara Logan.

The SPEAKER pro tempore. Is there objection?

Mr. ZIONCHECK. Mr. Speaker, I object.

Mr. LAMBERTSON. Mr. Speaker, will the gentleman withhold his objection?

Mr. ZIONCHECK. Yes.

Mr. LAMBERTSON. Mr. Speaker, this is a meritorious case. This is a widow with two children, and she is not trained very well to help herself. Her husband died as a result of an injury incurred in aiding a companion guard. He was stabbed in a prison escape. If there ever was a meritorious case, I think this is. I have thought more of this than of any bill that I have introduced in the 5 years that I have been in Congress.

Mr. ZIONCHECK. There is a statement in the report that the application was filed before the United States Employees' Compensation Commission, but was rejected for the reason that the death occurred 6 years after the injury.

A 6-year period elapsed between the time of the injury and the time of death?

Mr. LAMBERTSON. Yes.

Mr. ZIONCHECK. Is there anything to prove that the injury caused the death?

Mr. LAMBERTSON. All the doctors so testified, and that is the finding of the subcommittee. The doctors' testimony is that death was the direct result of that stabbing. I saw this man and talked to him a little while before he died. I knew him casually. He said to me, as his dying statement, that there was no question but that his failing health was because of the stabbing, 6 years before, in going to the rescue of another guard.

Mr. ZIONCHECK. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice, with the right to call it up on the next call of the Private Calendar.

Mr. LAMBERTSON. Mr. Speaker, I hope the gentleman will withdraw his objection. This woman has two small children.

Mr. ZIONCHECK. If she had 16 children, that would not make any difference in the case.

Mr. LAMBERTSON. No; but the evidence supports the fact that the death was the result of the injury he received.

Mr. ZIONCHECK. Mr. Speaker, I ask unanimous consent that the bill be passed over to come up at the next call of the Private Calendar.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

RELIEF OF CERTAIN CLAIMANTS BECAUSE OF DAMAGE INFLICTED BY ESCAPING PRISONERS

The Clerk called the next bill, H.R. 2418, for the relief of certain claimants at Leavenworth, Kans., occasioned through damage to property inflicted by escaping prisoners.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Comptroller General of the United States be, and he is hereby, authorized and directed to settle and adjust the claim of Elizabeth Phillips, in the amount of $55; Joseph M. Kressin, in the amount of $63.80; Joseph Verlinde, in the amount of $4.95, all arising through damages to personal property occasioned by the escape of seven prisoners from the United States penitentiary at Leavenworth, Kans., on December 11, 1931. There is hereby appropriated the sum of $123.75, or so much thereof as may be necessary, for the payment of these claims.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

ANNA H. JONES

The Clerk called the next bill, H.R. 2433, for the relief of Anna H. Jones.

The SPEAKER pro tempore. Is there objection?

Mr. ZIONCHECK. Mr. Speaker, I object.

Mr. LUDLOW. Mr. Speaker, will the gentleman withhold his objection?

Mr. ZIONCHECK. Yes.

Mr. LUDLOW. I hope the gentleman will not press his objection. This is a meritorious case. The beneficiary is a very worthy old lady, living in my district, 66 years of age, ill, and in financial straits. This service man was an orphan from the time he was 7 years old.

Mr. ZIONCHECK. He was not related to the beneficiary?

Mr. LUDLOW. They were brother and sister. They were orphans, and she served in loco parentis. She was a mother to this boy from the time he was 7 years of age until he entered the Marine Corps. She was very good to him. She brought him up. Her circumstances became adverse, and after he was in the Marine Corps she was the one dependent upon him. He contributed to her support. The only reason in the world why she has not been able to get this 6 months' gratuity is that the law at the time of his death was such that it required he should designate the beneficiary. He simply neglected to do that, although testimony shows he intended to provide for her always. If the law had been as it is now, there would not be any question about it; she would get the gratuity.

Mr. ZIONCHECK. Did he have any legal responsibility to support her?

Mr. LUDLOW. I do not know about the legal responsibility. The fact remains that she was in such condition that she had to have support. He supported her out of his income. The fact that he was supporting her establishes the legal responsibility. I think it is absolutely meritorious. I hope the gentleman will not press his objection.

Mr. ZIONCHECK. Mr. Speaker, I will withdraw my reservation of objection.

There being no objection, the Clerk read as follows:

Be it enacted, etc., That the Comptroller General of the United States be, and he is hereby, authorized, notwithstanding the provisions of the act of June 4, 1920 (41 Stat. 824; 34 U.S.C. 943), to settle, adjust, and certify the claim of Anna H. Jones as a person standing in loco parentis to the late Marine Gunner Walter G. Jones, United States Marine Corps, for the sum of $1,110 as 6 months' death gratuity.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

Mr. BLANTON. Mr. Speaker, I desire again to prefer a unanimous-consent request. Our colleague, the gentleman from Michigan [Mr. FOULKES], since he has been a Member of this Congress has used only 2 minutes of time. He now wants to speak for 5 minutes. I do not know what the gentleman is going to speak about. I may not agree with one single word the gentleman says, but as a new Member of this Congress, this is his public forum. I hope my colleagues will let the gentleman speak for 5 minutes. We may all disagree with what he will say, but we have no right to censor what he is going to say. And he should have the right to speak. I ask unanimous consent, Mr. Speaker, that the gentleman from Michigan [Mr. FOULKES] may proceed for 5 minutes.

Mr. HANCOCK of New York. Mr. Speaker, I object.

Mr. BLANTON. Mr. Speaker, then I make a point of no quorum. We will use another 20 minutes calling the roll. We ought to keep a quorum here if we are going to deny to one of our colleagues the right to speak 5 minutes.

Mr. HANCOCK of New York. Mr. Speaker, I move that we adjourn.

The SPEAKER pro tempore. A motion to adjourn is always in order. The question is on the motion to adjourn.

The motion was rejected.

Mr. MAPES. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were refused.

The SPEAKER pro tempore. Does the gentleman from Texas insist on the point of order?

Mr. BLANTON. Yes; for I think we should allow the gentleman from Michigan to speak for 5 minutes.

Mr. HANCOCK of New York. Wait until we finish the Private Calendar.

Mr. BLANTON. No; I make the point of order that there is no quorum present.

Mr. HOLLISTER. If the gentleman wants to spend the whole afternoon calling the Members of the House back and forth, that is his responsibility.

Mr. BLANTON. I am fighting for equal rights to all Members here.

Mr. McFARLANE. Mr. Speaker, regular order.

Mr. HANCOCK of New York. Mr. Speaker, I see no reason why we should be bulldozed by the gentleman from Michigan.

The SPEAKER pro tempore. The gentleman from Texas makes the point of order that there is not a quorum present. The Chair will count.

Mr. BLANTON (interrupting the count). It is evident that we have no quorum, Mr. Speaker. We have an honest Speaker.

The SPEAKER pro tempore. Evidently there is not a quorum present.

Mr. BLANTON. Mr. Speaker, I move a call of the House.

The SPEAKER pro tempore. The question is on the motion of the gentleman from Texas [Mr. BLANTON].

The question was taken; and on a division (demanded by Mr. BLANTON) there were ayes 22 and noes 24.

So the motion was rejected.

Mr. BLANTON. The House should either be called or should adjourn, Mr. Speaker, for we cannot proceed until we get a quorum.

The SPEAKER pro tempore. The vote was taken on a motion for a call of the House. The House refuses to order the call.

Mr. BLANTON. But the Chair had announced there was not a quorum present. It should force an automatic call of the House if we do not want to adjourn.

The SPEAKER pro tempore. An automatic roll call follows only where a quorum fails to vote on a question requiring a quorum. A motion for a call of the House does not require a quorum for its adoption, so an automatic roll call does not follow.

Mr. BLANTON. I make the point of order that there is no quorum. The Chair had stated that evidently there was no quorum present.

The SPEAKER pro tempore. The gentleman is correct.

Mr. BLANTON. The House must get a quorum before it can proceed.

The SPEAKER pro tempore. The gentleman is correct.

Mr. MAPES. I suggest the gentleman from Texas consult the Parliamentarian to find out what to do next.

Mr. BLANTON. The gentleman from Texas does not have to do that. The gentleman from Texas has been here long enough to know how to proceed on his own motion.

Mr. MAPES. I can tell the gentleman what to do.

Mr. BLANTON. But the gentleman from Texas does not want to adjourn. I am willing to rest on our oars as long as is the gentleman from Michigan.

The SPEAKER pro tempore. Of course, a motion to adjourn is always in order.

Mr. BLANTON. Mr. Speaker, there are but two alternatives: One is to adjourn, and I am not in favor of adjourning. Therefore, I do not make such a motion. The other alternative is that when the House finds itself without a quorum it must get a quorum before it can proceed. I make the point of order that if the House remain in session there must be a quorum present.

Mr. HOLLISTER. There is a third alternative, Mr. Speaker, and that is to give the gentleman from Texas his way.

Mr. BLANTON. I am fighting for the rights of a new Member. That is the paramount question just now. No Member here will gain anything by denying him his rights.

Mr. LAMBERTSON. Has the gentleman from Michigan asked the gentleman from Texas to do this?

Mr. BLANTON. Yes.

Mr. LAMBERTSON. The gentleman does not act like it.

Mr. BLANTON. The gentleman from Michigan has asked me to do it; and he is entitled to speak 5 minutes. If he had been granted this time, we could have considered and passed on over a dozen bills during this interim.

The SPEAKER pro tempore. There is nothing the House can do until a motion is made.

Mr. MEAD. Mr. Speaker, I have several important bills that will come up shortly, but unless we can agree I am willing that the House adjourn until such time as the House may be able to proceed in an orderly manner to take up these bills. Unless we can reach an agreement, I shall move that the House adjourn.

Perhaps the gentleman from Michigan will withdraw his request.

Mr. MAPES. Mr. Speaker, I make the point of order that the Chair having announced that a quorum was not present, no business can be transacted until a quorum is obtained.

The SPEAKER pro tempore. A motion to adjourn is always in order.

Mr. MAPES. Certainly; and that is the only motion that is in order at the present time.

Mr. MEAD. Mr. Speaker, I move that the House do now adjourn.

The SPEAKER pro tempore. The question is on the motion to adjourn.

Mr. MAPES. Mr. Speaker, I make the point of order that no business has been transacted since there was a vote on that motion.

The SPEAKER pro tempore. There was a vote on a motion for a call of the House, which is intervening business. The Chair overrules the point of order.

The motion to adjourn was rejected.

Mr. BLANTON. Mr. Speaker, I move a call of the House.

The question was taken; and on a division (demanded by Mr. BLANTON) there were—ayes 43, noes 47.

Mr. BLANTON. Mr. Speaker, I demand tellers.

Mr. TARVER. Mr. Speaker, I object to the vote on the ground there is not a quorum present; and I submit that the vote is automatic. This is not a motion to adjourn.

The SPEAKER pro tempore. This motion does not require a quorum for its adoption.

Tellers were refused.

Mr. BLANTON. Mr. Speaker, we either must have a call of the House or else we must adjourn. I move that the House do now adjourn.

Mr. MAPES. Mr. Speaker, a point of order. My recollection is that in this situation a motion to adjourn must be supported by a majority of those present.

The SPEAKER pro tempore. Will the gentleman cite the precedent or the rule upon which he relies?

Mr. MAPES. I have not the rules before me; but my recollection is that after a motion to adjourn has been voted down other business must intervene before a motion to adjourn can again be submitted by the Chair, unless the motion is supported by a majority of those present.

The SPEAKER pro tempore. That is true when the House is proceeding under the automatic roll-call rule, but we are not proceeding under that rule.

The vote now is on the motion of the gentleman from Texas that the House do now adjourn.

The motion was rejected.

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to address the House for 3 minutes.

Mr. BLANTON. Mr. Speaker, the House must have a quorum before it can proceed with any business. The House has found itself without a quorum, and it must have one before it can proceed.

The SPEAKER pro tempore. The gentleman is correct.

Mr. BLACK. Mr. Speaker, I move a call of the House. Let us do something on this Private Calendar and stop this nonsense.

The SPEAKER pro tempore. The question is on the motion of the gentleman from New York.

The question was taken, and a call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 119]

Abernethy	Boehne	Burch	Cochran, Mo.
Allen	Boileau	Burke, Calif.	Cochran, Pa.
Allgood	Boland	Busby	Collins, Miss.
Andrews, N.Y.	Brennan	Byrns	Cox
Arnold	Britten	Caldwell	Crowe
Auf der Heide	Brooks	Cannon, Wis.	Crowther
Ayres, Kans.	Brown, Ky.	Carley, N.Y.	Crump
Bankhead	Brown, Mich.	Cavicchia	Culkin
Beam	Brumm	Celler	Darrow
Beck	Buchanan	Chapman	De Priest
Biermann	Buck	Christianson	Dockweiler
Bland	Buckbee	Church	Doughton
Bloom	Bulwinkle	Clark, N.C.	Doutrich

Doxey	Healey	McDuffie	Smith, Va.
Duffey	Hess	McLeod	Smith, Wash.
Eagle	Higgins	Marland	Smith, W.Va.
Edmiston	Hill, Ala.	Martin, Mass.	Snell
Ellenbogen	Hill, Knute	Montague	Stalker
Evans	Hill, Samuel B.	Moynihan, Ill.	Stokes
Faddis	Hoeppel	Muldowney	Sullivan
Fitzgibbons	James	Nesbit	Sutphin
Flannagan	Jeffers	Norton	Sweeney
Foss	Jenckes, Ind.	O'Brien	Taylor, S.C.
Frear	Kelly, Ill.	O'Connor	Taylor, Tenn.
Fuller	Kennedy, Md.	Oliver, Ala.	Terrell, Tex.
Fulmer	Kennedy, N.Y.	Parks	Thompson, Ill.
Gambrill	Kerr	Peavey	Thompson, Tex.
Gasque	Kocialkowski	Perkins	Tobey
Gifford	Kopplemann	Peterson	Umstead
Gilchrist	Kramer	Plumley	Underwood
Gillespie	Kurtz	Polk	Utterback
Goss	Kvale	Prall	Waldron
Granfield	Lambeth	Randolph	Wallgren
Gray	Lamneck	Rayburn	Warren
Green	Lanham	Reid, Ill.	Weaver
Greenwood	Lanzetta	Richardson	Whitley
Hamilton	Larrabee	Robinson, Utah	Wigglesworth
Hancock, N.C.	Lee, Mo.	Rogers, N.H.	Wilcox
Harlan	Lehlbach	Schuetz	Wilson
Hart	Lewis, Md.	Sears	Withrow
Harter	Lindsay	Simpson	Woodrum
Hartley	Lozier	Sirovich	
Hastings	McClintic	Sisson	

The SPEAKER pro tempore. Two hundred and sixty Members have answered to their names. A quorum is present.

On motion of Mr. BLACK, further proceedings under the call were dispensed with.

ORDER OF BUSINESS

Mr. CULLEN. Mr. Speaker, it is apparent that the House is in no frame of mind to do business today. I am sorry, because there are a lot of bills on the Private Calendar which are of great interest to the Members who have introduced these bills, but if we are going to continue in this way I think the better thing to do is to adjourn, and I therefore move that the House do now adjourn.

Mr. McSWAIN. Will the gentleman withhold the motion?

Mr. CULLEN. I withhold it.

Mr. McSWAIN. Mr. Speaker, certain members of the Committee on Military Affairs, to wit, the gentleman from New Hampshire [Mr. ROGERS], the gentleman from Alabama [Mr. HILL], the gentleman from Michigan [Mr. JAMES], the gentleman from Ohio [Mr. HARTER], the gentleman from Connecticut [Mr. GOSS], the gentleman from Louisiana [Mr. MONTET], and the gentleman from Minnesota [Mr. KVALE] are detained attending hearings on important matters before that committee, and for this reason were not present at the roll call.

LEAVE OF ABSENCE

By unanimous consent leave of absence was granted to Mr. BURCH (at the request of Mr. BLAND), on account of death in family.

BILL PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on April 2, 1934, present to the President, for his approval, a bill of the House of the following title:

H.R. 7478. An act to amend the Agricultural Adjustment Act so as to include cattle and other products as basic agricultural commodities, and for other purposes.

Mr. BLACK. Mr. Speaker, the majority leader asked me to move, at the end of this afternoon's proceedings, for a recess until this evening on the Private Calendar. The gentleman from New York is now making a motion to adjourn and I wanted my position in the matter understood in the RECORD. It is apparent to me that the Committee on Claims can make no progress on these bills. We are not getting a good reception this afternoon.

Mr. MAPES. A point of order, Mr. Speaker.

Mr. BLACK. It is unfair to the committee and unfair to the Members.

ADJOURNMENT

Mr. CULLEN. Mr. Speaker, I renew my motion to adjourn.

The question was taken; and, a division being demanded, there were—ayes 74, noes 62.

Mr. COOPER of Ohio. Mr. Speaker, I demand tellers.

The SPEAKER pro tempore. The question is on ordering tellers. All those in favor of ordering tellers will rise and stand until counted.

Mr. RICH. Mr. Speaker, I demand the yeas and nays.

The SPEAKER pro tempore. Evidently a sufficient number have risen.

Mr. RICH. Mr. Speaker, I demand the yeas and nays.

The SPEAKER pro tempore. Tellers have been ordered, and the Chair appoints as tellers the gentleman from New York [Mr. CULLEN] and the gentleman from Pennsylvania [Mr. RICH].

The House again divided, and the tellers reported that there were—ayes 75, noes 70.

So the motion to adjourn was agreed to.

Accordingly (at 3 o'clock and 48 minutes p.m.), in accordance with its previous order, the House adjourned until Wednesday, April 4, 1934, at 11 o'clock a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

398. A letter from the Chairman and Secretary of the Reconstruction Finance Corporation, transmitting the Corporation's report covering its operations for the fourth quarter of 1933, and for the period from the organization of the Corporation on February 2, 1932, to December 31, 1933, inclusive (H.Doc. No. 297); to the Committee on Banking and Currency and ordered to be printed.

399. A letter from the assistant to the Secretary of Labor, transmitting a request for authority to dispose of an accumulation of miscellaneous material in the office of the Secretary of no further use in the transaction of official business; to the Committee on Disposition of Useless Executive Papers.

400. A letter from the Secretary of the Interior, transmitting a request for authority to destroy certain obsolete files of the war-time Railroad Administration; to the Committee on Disposition of Useless Executive Papers.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. ENGLEBRIGHT: Committee on Mines and Mining. H.R. 1503. A bill to amend the act entitled "An act to create the California Debris Commission and regulate hydraulic mining in the State of California", approved March 1, 1893, as amended; with amendment (Rept. No. 1133). Referred to the Committee of the Whole House on the state of the Union.

Mr. COFFIN: Committee on Military Affairs. H.R. 7982. A bill to establish a national military park at the battlefield of Monocacy, Md.; with amendment (Rept. No. 1134). Referred to the Committee of the Whole House on the state of the Union.

Mr. STEAGALL: Committee on Banking and Currency. S. 2601. An act to amend section 31 of the Banking Act of 1933 with respect to stock ownership by directors of member banks of the Federal Reserve System; without amendment (Rept. No. 1135). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. THOM: Committee on Claims. H.R. 871. A bill for the relief of Fred C. Blenkner; with amendment (Rept. No. 1114). Referred to the Committee of the Whole House.

Mr. SWANK: Committee on Claims. H.R. 5059. A bill for the relief of Louis Alfano; with amendment (Rept. No. 1115). Referred to the Committee of the Whole House.

Mr. EICHER: Committee on Claims. H.R. 5288. A bill for the relief of Lt. Col. Russell B. Putnam, United States Marine Corps; without amendment (Rept. No. 1116). Referred to the Committee of the Whole House.

Mr. DICKSTEIN. Committee on Claims. H.R. 5982. A bill for the relief of Ladislav Cizek; with amendment (Rept. No. 1117). Referred to the Committee of the Whole House.

Mr. DICKSTEIN: Committee on Claims. H.R. 6653. A bill for the relief of Frank Williams; with amendment (Rept. No. 1118). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 6893. A bill for the relief of Art Metal Construction Co., with respect to the maintenance of suit against the United States for the recovery of any income or profits taxes paid to the United States for the calendar year 1918, in excess of the amount of taxes lawfully due for such period; without amendment (Rept. No. 1119). Referred to the Committee of the Whole House.

Mr. BROWN of Kentucky: Committee on Claims. H.R. 7039. A bill for the relief of the Goldsmith Metal Lath Co., Price-Evans Foundry Corporation, and R. W. Felix; with amendment (Rept. No. 1120). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 7824. A bill to confer jurisdiction on the Court of Claims to hear and determine the claim of Carlo de Luca; without amendment (Rept. No. 1121). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 8380. A bill for the relief of Joseph Walter Gautier; without amendment (Rept. No. 1122). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 8510. A bill for the relief of Julian C. Dorr; without amendment (Rept. No. 1123). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 8870. A bill for the relief of Mrs. J. A. Joullian; with amendment (Rept. No. 1124). Referred to the Committee of the Whole House.

Mr. DICKSTEIN: Committee on Claims. S. 60. An act for the relief of Richard J. Rooney; with amendment (Rept. No. 1125). Referred to the Committee of the Whole House.

Mr. DICKSTEIN: Committee on Claims. S. 232. An act conferring jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of Elmer E. Miller; without amendment (Rept. No. 1126). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. S. 336. An act for the relief of the Edward F. Gruver Co.; without amendment (Rept. No. 1127). Referred to the Committee of the Whole House.

Mr. DICKSTEIN: Committee on Claims. S. 365. An act for the relief of Archibald MacDonald; with amendment (Rept. No. 1128). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. S. 1232. An act for the relief of George Voeltz; without amendment (Rept. No. 1129). Referred to the Committee of the Whole House.

Mr. DICKSTEIN: Committee on Claims. S. 2807. An act for the relief of the Germania Catering Co., Inc.; with amendment (Rept. No. 1130). Referred to the Committee of the Whole House.

Mr. MONTET: Committee on Military Affairs. H.R. 6817. A bill for the relief of Andrew Amsbaugher; without amendment (Rept. No. 1131). Referred to the Committee of the Whole House.

Mr. MONTET: Committee on Military Affairs. H.R. 1449. A bill for the relief of Robert D. Hutchinson; without amendment (Rept. No. 1132). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on World War Veterans' Legislation was discharged from the consideration of the bill (H.R. 5190) granting back pay to Auguste C. Loiseau, and the same was referred to the Committee on Claims.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mrs. GREENWAY: A bill (H.R. 8927) to define the exterior boundaries of the Navajo Indian Reservation in Arizona, and for other purposes; to the Committee on Indian Affairs.

By Mr. FORD: A bill (H.R. 8928) to further the utilization of electrical energy generated in connection with Federal projects; to the Committee on Banking and Currency.

By Mr. PATMAN: A bill (H.R. 8929) regulating the removal of cotton by the Commodity Credit Corporation; to the Committee on Agriculture.

By Mr. McCORMACK: A bill (H.R. 8930) to provide for the construction and operation of a vessel for use in research work with respect to ocean fisheries; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. ELLENBOGEN: A bill (H.R. 8931) making an additional appropriation of $1,500,000,000 for the continuation of the Civil Works program, and for other purposes; to the Committee on Appropriations.

By Mr. BURKE of Nebraska: A bill (H.R. 8932) authorizing the purchase of additional land and the construction of an enclosure thereon at the radio station near Grand Island, Nebr.; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. EVANS: A bill (H.R. 8933) to amend an act approved August 13, 1894, entitled "An act for the protection of persons furnishing materials and labor for the construction of public works"; to the Committee on the Judiciary.

By Mr. MUSSELWHITE (by request): A bill (H.R. 8934) to reclassify terminal-railway post offices; to the Committee on the Post Office and Post Roads.

By Mrs. NORTON: A bill (H.R. 8935) to provide for the prevention of blindness in infants born in the District of Columbia; to the Committee on the District of Columbia.

By Mr. ROGERS of Oklahoma: A bill (H.R. 8936) providing for the distribution of funds awarded in judgment to the Creek Nation of Indians; to the Committee on Indian Affairs.

By Mr. DURGAN of Indiana: A bill (H.R. 8937) granting the consent of Congress to the State of Indiana to construct, maintain, and operate a free highway bridge across the Wabash River at or near Delphi, Ind.; to the Committee on Interstate and Foreign Commerce.

By Mrs. GREENWAY: A bill (H.R. 8938) to amend the act of Congress approved June 7, 1924, commonly called the "San Carlos Act", and acts supplementary thereto; to the Committee on Indian Affairs.

By Mr. PARSONS: A bill (H.R. 8951) authorizing the city of Shawneetown, Ill., to construct, maintain, and operate a toll bridge across the Ohio River at or near a point between Washington Avenue and Monroe Street in said city of Shawneetown and a point opposite thereto in the county of Union and State of Kentucky; to the Committee on Interstate and Foreign Commerce.

By Mr. SCRUGHAM: A bill (H.R. 8952) authorizing loans by Federal land banks to incorporated associations and corporations in certain cases, and for other purposes; to the Committee on Agriculture.

By Mr. WOOD of Georgia: A bill (H.R. 8953) to provide for the regulation of interstate transportation of passengers, mail, and property by aircraft within the United States, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. DEROUEN: A bill (H.R. 8954) to amend an act approved June 14, 1932 (47 Stat. 306) entitled "An act granting the consent of Congress to the States of Montana and Wyoming to negotiate and enter into a compact or agreement for division of the waters of the Yellowstone River"; to the Committee on the Public Lands.

By Mr. CELLER: Resolution (H.Res. 319) directing the Committee on Rules to make an investigation of the economic effect on Negro industrial workers of codes of fair competition formulated under title I of the National Industrial Recovery Act; to the Committee on Rules.

By Mr. KELLY of Pennsylvania: Joint resolution (H.J. Res. 314) to provide for the temporary carriage of air mail

at a fixed pound-mile rate by carriers which held route certificates February 9, 1934, and for other purposes; to the Committee on the Post Office and Post Roads.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred, as follows:

By Mr. BERLIN: A bill (H.R. 8939) for the relief of Herbert L. Stafford; to the Committee on Naval Affairs.

By Mr. CONNERY: A bill (H.R. 8940) to recognize the high public service rendered by soldiers who volunteered and served in trench-fever experiments in the American Expeditionary Forces; to the Committee on Military Affairs.

By Mr. ELTSE of California: A bill (H.R. 8941) for the relief of Mrs. Macdermott Meggitt; to the Committee on Claims.

By Mr. GILLETTE: A bill (H.R. 8942) for the relief of the Odd Fellows Lodge, Alvord, Iowa; to the Committee on Claims.

By Mr. JONES: A bill (H.R. 8943) for the relief of Henry A. Shepard; to the Committee on Military Affairs.

By Mr. KLEBERG: A bill (H.R. 8944) to confer jurisdiction upon the United States District Court for the Southern District of Texas, Corpus Christi Division, to determine the claim of Mrs. L. B. Gentry; to the Committee on Claims.

By Mr. MONAGHAN of Montana: A bill (H.R. 8945) for the relief of T. W. Robbins; to the Committee on Naval Affairs.

Also, a bill (H.R. 8946) for the relief of Marie M. Leipheimer; to the Committee on War Claims.

Also, a bill (H.R. 8947) for the relief of Clifford F. Milkwick; to the Committee on Military Affairs.

By Mr. SHANNON: A bill (H.R. 8948) for the relief of Thomas J. Gould; to the Committee on Claims.

By Mr. THOMAS: A bill (H.R. 8949) granting a pension to Elizabeth E. DeSilva; to the Committee on Invalid Pensions.

By Mr. WILLIAMS: A bill (H.R. 8950) for the relief of H. J. Walker; to the Committee on the Post Office and Post Roads.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3528. By Mr. ANDREW of Massachusetts: Resolutions adopted by House of Representatives of Massachusetts, favoring passage of legislation to permit employers in States having compulsory unemployment insurance to deduct from their United States income-tax payments a substantial portion of their contributions to the insurance fund; to the Committee on Ways and Means.

3529. By Mr. BLOOM: Petition of the New York Commandery of the Military Order of Foreign Wars of the United States, recommending that the amount provided in the military appropriation bill for the citizens' military training camps and the training of officers of the Reserve Corps for the years 1934–35 be increased by 25 percent; to the Committee on Military Affairs.

3530. Also, petition of the Cork Institute of America, New York City, opposing the Wagner bill (S. 2926) and the Connery bill (H.R. 8423); to the Committee on Labor.

3531. Also, petition of Metropolitan Builders Association, of New York City, opposing the passage of the Wagner-Connery labor bills (S. 2926 and H.R. 8423); to the Committee on Labor.

3532. Also, petition of the Cork Institute of America, New York City, opposing the national securities exchange bills (S. 2693 and H.R. 8720); to the Committee on Interstate and Foreign Commerce.

3533. By Mr. DONDERO: Petition of the members of the National Federation of Post Office Clerks, Local No. 295, Detroit, Mich., urging the passage of the so-called "Sweeney bill", to abolish all furloughs; to the Committee on the Post Office and Post Roads.

3534. By Mr. FITZPATRICK: Petition signed by a number of residents of the city of Yonkers, N.Y., opposing the passage of the Fletcher-Rayburn bill affecting the stock exchange; to the Committee on Interstate and Foreign Commerce.

3535. Also, petition signed by a number of residents of Bronx County, New York City, N.Y., urging the enactment of the amendment offered to Senate bill 2910, section 301, submitted by Radio Station WLWL, New York; to the Committee on Merchant Marine, Radio, and Fisheries.

3536. Also, petition of the common council of the city of Yonkers, N.Y., urging the elimination of that part of the economy act which permits the department heads to impose payless furlough days in the Postal Department; to the Committee on the Post Office and Post Roads.

3537. By Mr. FORD: Resolution of the California Association Retail Dry Goods and Specialty Stores, protesting against any decrease in the hours of labor as set forth in article V and/or any increase in the schedule of wages as set worth in article VI of the Code of Fair Competition for the Retail Trade as approved on October 21, 1933; to the Committee on Labor.

3538. Also, resolution of the Winter Capitol Lodge, No. 595, I.B.P.O.E.W., of New Orleans, La., urging the passage of the Costigan-Wagner Federal antilynching bill; to the Committee on the Judiciary.

3539. By Mr. GOODWIN: Petition of Military Order of Foreign Wars of the United States, New York Commandery, New York, N.Y., recommending that appropriations for citizens' military training camps and training Reserve Corps officers be increased by 25 percent for the years 1934–35; to the Committee on Military Affairs.

3540. By Mr. GOODWIN: Petition of Timothy J. Hoben and others, of Kingston, N.Y., and vicinity, employees of the New York Telephone Co., taking exception to paragraph 4, section 5, title I, of the labor disputes act as proposed in the Wagner bill, believing it to be an infringement upon their rights to choose a form of organization for collective bargaining; to the Committee on Labor.

3541. Also, petition of the Catskill Chamber of Commerce, Catskill, Greene County, N.Y., approving the Whittington bill providing for an additional $400,000,000 for highway work; to the Committee on Roads.

3542. Also, petition of the Senate of the State of New York, carrying a resolution urging the Congress of the United States to enact such measures as will prohibit all public restaurants under its control and management from discriminating against patrons thereof because of race, creed, or color; to the Committee on Rules.

3543. Also, petition of J. E. Schoonmaker and others, of the vicinity of High Falls, N.Y., urging support of amendment to section 301 of Senate bill 2910 relating to license for radio communication or transmission of energy; to the Committee on Interstate and Foreign Commerce.

3544. By Mr. KENNEY: Petition of the mayor and council of the borough of Cresskill, county of Bergen, State of New Jersey, endorsing the passage of House bill 3082 introduced by Representative EDWARD A. KENNEY, of New Jersey, in the House of Representatives, to amend the Reconstruction Finance Corporation Act so as to extend the provisions thereof to provide emergency financial facilities for the municipalities of the Nation; to the Committee on Banking and Currency.

3545. By Mr. KENNEDY of New York: Petition of the Xavier Alumni Sodality, of the city of New York, favoring and approving the proposed amendments to Senate bill 2910, as more particularly provided in section 301 (c) thereof, so that radio-broadcasting facilities shall be so apportioned by the proposed Federal Communications Commission that at least one fourth of all of such facilities within its jurisdiction, excepting those facilities issued to ships and to the use of the United States Government departments or agencies, shall be distributed or allotted to such responsible religious, educational, cultural, and other human welfare agencies of a non-profit-making type as will enable them to

reach the largest group of listeners who avail themselves of such radio-broadcasting facilities; to the Committee on Merchant Marine, Radio, and Fisheries.

3546. Also, memorial of the Legislature of the State of New York that the Congress of the United States enact such measures as will prohibit all public restaurants under its control and management from discriminating against patrons thereof because of race, creed, or color; to the Committee on Accounts.

3547. By Mr. KRAMER: Resolution adopted by the Young Democratic Clubs of California on March 19, 1934, regarding the Dickstein bill regulating entrance into the United States of foreign actors unless of recognized merit and special talent; to the Committee on Immigration and Naturalization.

3548. Also, resolution adopted by the Associated Portrait Photographers of Southern California on March 14, 1934, for the benefit of all businesses and photographic industries in particular; to the Committee on Interstate and Foreign Commerce.

3549. By Mr. LINDSAY: Petition of Frank J. McCabe, New York City, opposing the Fletcher-Rayburn bill; to the Committee on Interstate and Foreign Commerce.

3550. Also, petition of the Vulcan Proofing Co., Brooklyn, N.Y., opposing the Wagner-Connery bills; to the Committee on Labor.

3551. Also, petition of the Association of Employees, Branch No. 14, Long Lines Department, American Telephone & Telegraph Co., New York City, protesting against the Wagner Labor Disputes Act in its present form; to the Committee on Labor.

3552. Also, telegram from the New York Press Association, J. W. Shaw, secretary, Elmira, N.Y., protesting against the Wagner-Lewis bill; to the Committee on Labor.

3553. Also, petition of the Western Conference Committee of the Standard Railroad Labor Organizations, San Francisco, Calif., favoring the passage of House bill 8100; to the Committee on Interstate and Foreign Commerce.

3554. Also, petition of Dr. Pedro N. Ortiz, New York City, protesting against the passage of the sugar bill in its present form; to the Committee on Agriculture.

3555. By Mr. MARTIN of Massachusetts: Memorial of the Massachusetts House of Representatives opposing the imposition of a furlough of 1 day each month for employees of the Postal Service; to the Committee on Appropriations.

3556. By Mr. MILLARD: Petition signed by members of Branch No. 14, Association of Employees, Long Lines Department, American Telephone & Telegraph Co., urging the defeat of the Wagner labor bill; to the Committee on Labor.

3557. Also, petition signed by representatives of both the Knights of Columbus and the Holy Name Society, of Suffern, N.Y., urging the passage of the amendment to the Radio Commission bill as proposed by the Reverend John Harney; to the Committee on Merchant Marine, Radio, and Fisheries.

3558. By Mr. RUDD: Petition of the Sterling Bag Co., Brooklyn, N.Y., favoring the passage of the Jones sugar bill (H.R. 8861); to the Committee on Agriculture.

3559. Also, petition of the Brooklyn Catholic Action Council, James J. Landers Jr., secretary, Brooklyn, N.Y., favoring the passage of the amendment submitted by the Reverend John B. Harney, C.S.P., to section 301 of Senate 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

3560. Also, petition of the New York Press Association, opposing the passage of the Wagner-Lewis unemployment bill; to the Committee on Labor.

3561. Also, petition of Branch No. 14, Association of Employees Long Lines Department, American Telephone & Telegraph Co., protesting against paragraph 4, section 5, title I, of the Wagner Labor Disputes Act; to the Committee on Labor.

3562. Also, petition of Dr. Pedro N. Ortiz, New York City, opposing the sugar bill and favoring reasonable fixed Puerto Rican quota amendment; to the Committee on Agriculture.

3563. Also, petition of Edward Strumpf, president Berriman Builders Supply Co., Inc., Brooklyn, N.Y., favoring the Steagall bill (H.R. 8403) with certain amendments to definitely provide Government funds for new construction and repairs; to the Committee on Banking and Currency.

3564. By Mr. SNELL: Memorial of the Senate of New York State, relative to discrimination against Negroes in House restaurant; to the Committee on Accounts.

3565. By Mr. STRONG of Pennsylvania: Petition of the Southmont Mothers' Club, of Johnstown, Pa., favoring the Patman motion-picture bill (H.R. 6097); to the Committee on Interstate and Foreign Commerce.

3566. Also, petition of citizens of Johnstown, Pa., opposing the Fletcher-Rayburn bill for the regulation of national-securities exchanges, in its present form, and urging a more equitable bill; to the Committee on Interstate and Foreign Commerce.

3568. By Mr. TREADWAY: Resolutions adopted by the House of Representatives, General Court of Massachusetts, protesting against the proposed furloughing of certain postal employees; to the Committee on Appropriations.

3569. By Mr. WIGGLESWORTH: Petition of the House of Representatives of the General Court of Massachusetts, memorializing Congress for legislation to promote the establishment of unemployment insurance or unemployment reserves in the several States by providing certain tax relief to employers in those States which have appropriate laws in this regard; to the Committee on Ways and Means.

SENATE

WEDNESDAY, APRIL 4, 1934

(Legislative day of Wednesday, Mar. 28, 1934)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had passed the bill (S. 2324) for the relief of the Noank Shipyard, Inc., with amendments, in which it requested the concurrence of the Senate.

The message also announced that the House had passed the following bills, in which its requested the concurrence of the Senate:

H.R. 916. An act for the relief of C. A. Dickson;
H.R. 1158. An act for the relief of Annie I. Hissey;
H.R. 1197. An act for the relief of Glenna F. Kelley;
H.R. 1207. An act for the relief of Robert Turner;
H.R. 1208. An act for the relief of Frederick W. Peter;
H.R. 1209. An act for the relief of Nellie Reay;
H.R. 1211. An act for the relief of R. Gilbertsen;
H.R. 1212. An act for the relief of Marie Toenberg;
H.R. 1362. An act for the relief of Edna B. Wylie;
H.R. 1418. An act for the relief of W. C. Garber;
H.R. 1943. An act for the relief of A. H. Powell;
H.R. 2026. An act for the relief of George Jeffcoat;
H.R. 2054. An act for the relief of John S. Cathcart;
H.R. 2169. An act for the relief of Edward V. Bryant;
H.R. 2321. An act for the relief of Capt. J. O. Faria;
H.R. 2337. An act for the relief of Harry L. Haberkorn;
H.R. 2414. An act for the relief of Emerson C. Salisbury;
H.R. 2418. An act for the relief of certain claimants at Leavenworth, Kans., occasioned through damage to property inflicted by escaping prisoners;
H.R. 2433. An act for the relief of Anna H. Jones;
H.R. 7230. An act for the relief of J. B. Hudson;
H.R. 7279. An act for the relief of Porter Bros. & Biffle and certain other citizens; and
H.R. 7387. An act for the relief of Royce Wells.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

H.R. 305. An act for the relief of Ernest B. Butte;
H.R. 469. An act for the relief of Lucy Murphy;
H.R. 1403. An act for the relief of David I. Brown;
H.R. 2342. An act for the relief of Lota Tidwell;

H.R. 2509. An act for the relief of John Newman;
H.R. 2990. An act for the relief of George G. Slonaker;
H.R. 3997. An act for the relief of Erney S. Blazer;
H.R. 4056. An act for the relief of Emma F. Taber;
H.R. 4252. An act for the relief of Mary Elizabeth O'Brien;
H.R. 4268. An act for the relief of Joe Setton;
H.R. 5007. An act for the relief of Lissie Maud Green;
H.R. 6084. An act for the relief of Lottie W. McCaskill;
H.R. 6525. An act to amend the act known as the "Perishable Agricultural Commodities Act, 1930", approved June 10, 1930;
H.R. 6822. An act for the relief of Warren F. Avery; and
H.R. 8046. An act to provide a penalty for the knowing of willful presentation of any false written instrument relating to any matter within the jurisdiction of any department or agency of the Government with intent to defraud the United States.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	Keyes	Reynolds
Ashurst	Davis	King	Robinson, Ark.
Austin	Dickinson	La Follette	Russell
Bachman	Dieterich	Logan	Schall
Bankhead	Dill	Lonergan	Sheppard
Barbour	Duffy	Long	Smith
Barkley	Erickson	McAdoo	Steiwer
Black	Fess	McGill	Thomas, Okla.
Bone	Fletcher	McKellar	Thomas, Utah
Borah	Frazier	McNary	Thompson
Brown	George	Metcalf	Townsend
Bulow	Gibson	Murphy	Tydings
Byrnes	Goldsborough	Neely	Vandenberg
Capper	Gore	Norris	Van Nuys
Caraway	Hale	Nye	Wagner
Carey	Harrison	O'Mahoney	Walcott
Clark	Hastings	Overton	Walsh
Connally	Hatch	Patterson	White
Coolidge	Hayden	Pittman	
Copeland	Hebert	Pope	
Costigan	Kean	Reed	

Mr. ROBINSON of Arkansas. I regret to announce that the Senator from Montana [Mr. WHEELER] is detained from the Senate on account of a severe cold.

I desire further to announce that the Senator from Florida [Mr. TRAMMELL], the Senator from North Carolina [Mr. BAILEY], the Senator from Nevada [Mr. MCCARRAN], the Senator from Mississippi [Mr. STEPHENS], the Senator from Ohio [Mr. BULKLEY], and the Senator from Virginia [Mr. BYRD] are necessarily detained from the Senate on official business.

Mr. HEBERT. I desire to announce that the Senator from West Virginia [Mr. HATFIELD] is necessarily absent from the Senate.

The VICE PRESIDENT. Eighty-one Senators have answered to their names. A quorum is present.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate numerous telegrams in the nature of memorials from sundry citizens of New Orleans, La., remonstrating against the passage of the so-called "Fletcher-Rayburn stock exchange bill" in its present form, and favoring a less drastic bill, which were referred to the Committee on Banking and Currency.

He also laid before the Senate a letter in the nature of a petition from Emmet Evans, of Stanberry, Mo., praying for the prompt passage of legislation providing payment of the so-called "soldiers' bonus", which was referred to the Committee on Finance.

Mr. CAPPER presented the petition of Local Union No. 705, United Mine Workers of America, Girard, Kans., praying for the passage of the bill (S. 2926) to equalize the bargaining power of employers and employees, to encourage the amicable settlement of disputes between employers and employees, to create a National Labor Board, and for other purposes, which was referred to the Committee on Education and Labor.

THE WORLD COURT

Mr. HEBERT presented the following resolution adopted by the General Assembly of the State of Rhode Island, which was referred to the Committee on Foreign Relations:

STATE OF RHODE ISLAND, ETC.,
IN GENERAL ASSEMBLY,
January Session, A.D. 1934.

Resolution approving ratification of World Court treaties (approved Mar. 22, 1934)

Whereas the United States of America was the first Government to urge the establishment of an international court for the settlement of controversies between nations;

Presidents McKinley, Roosevelt, Taft, and Wilson successively exerted their efforts toward the formation of such a Court;

The Permanent Court of International Justice was established by a treaty, dated December 16, 1920, which has been ratified by 49 nations;

President Harding and President Coolidge each urged that the United States adhere to this Court;

The Senate on January 27, 1926, by a vote of 76 to 17, gave its advice and consent to our adherence to the Court, subject to five reservations;

A treaty accepting all our reservations, the treaty establishing the Court, and a treaty revising its statute were signed on December 9, 1929, by order of President Hoover;

The Democratic and the Republican Party platforms in 1932 reiterated their approval of our adhering to the Court;

The Court, of which John Bassett Moore and Charles Evans Hughes were judges, and Frank B. Kellogg now is a judge, has adjudicated and settled some 46 international controversies and disputed questions, many of which threatened disastrous conflicts;

For nearly 4 years the three treaties signed by the United States have been pending in the Senate, awaiting its advice and consent to ratification;

Postponement of ratification lays us open to charges of insincerity in our foreign policy and withholds from the Court that prestige which our adherence would give it, when it is to our own constant and immediate interest to strengthen this tribunal by every means in our power;

Prompt ratification—the reaffirmation of our faith in judicial process as the primary substitute for war—would be of instant and immeasurable encouragement to a world striving, in the face of threats of wars which would ruin it, to emerge from the worst depression in history: Now, therefore, be it

Resolved, That the General Assembly of Rhode Island express its earnest hope that the United States Senate will give its advice and consent to ratification of the three treaties at the earliest possible moment; and that copies of this resolution be sent to the Senators from Rhode Island, with the request that this resolution be printed in the CONGRESSIONAL RECORD.

STATE OF RHODE ISLAND,
OFFICE OF THE SECRETARY OF STATE,
Providence, March 28, 1934.

I hereby certify the foregoing to be a true copy of the original resolution, entitled "Resolution approving ratification of World Court treaties", passed by the general assembly and approved by the Governor on the 22d day of March, A.D. 1934.

In testimony whereof I have hereunto set my hand and affixed the seal of the State of Rhode Island this 28th day of March, in the year 1934.

[SEAL] LOUIS W. CAPPELLI,
Secretary of State.

REPORTS OF COMMITTEES

Mr. THOMAS of Utah, from the Committee on Military Affairs, to which was referred the bill (S. 1595) extending the benefits of the Emergency Officers' Retirement Act of May 24, 1928, to provisional officers of the Regular Establishment who served during the World War, reported it with an amendment and submitted a report (No. 593) thereon.

Mr. WAGNER, from the Committee on Public Lands and Surveys, to which was referred the bill (S. 618) to amend the act of May 25, 1926, entitled "An act to provide for the establishment of the Mammoth Cave National Park in the State of Kentucky, and for other purposes", reported it with amendments and submitted a report (No. 594) thereon.

Mr. SMITH, from the Committee on Agriculture and Forestry, to which was referred the bill (S. 3007) to authorize an extension of exchange authority and addition of public lands to the Willamette National Forest in the State of Oregon, reported it without amendment and submitted a report (No. 595) thereon.

BILLS AND A JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. NEELY:

A bill (S. 3282) granting the Distinguished Service Cross to Acors Rathbun Thompson; to the Committee on Military Affairs.

By Mr. COPELAND:

A bill (S. 3283) granting a pension to Helena F. Joy; to the Committee on Pensions.

By Mr. THOMAS of Oklahoma:

A bill (S. 3284) granting a pension to Robert Hopkins (with accompanying papers); to the Committee on Pensions.

Mr. DILL. Mr. President, I desire to introduce a bill as a substitute for Senate bill 2910, to provide for the regulation of interstate and foreign communications by wire or radio, and for other purposes, and ask that it be referred to the Committee on Interstate Commerce.

The VICE PRESIDENT. The bill will be received and referred as requested.

By Mr. DILL:

A bill (S. 3285) to provide for the regulation of interstate and foreign communications by wire or radio, and for other purposes; to the Committee on Interstate Commerce.

By Mr. FLETCHER:

A bill (S. 3286) authorizing the exchange of the lands reserved for the Seminole Indians in Florida for other lands; to the Committee on Indian Affairs.

A bill (S. 3287) to authorize national banks situated in a Territory or possession of the United States to establish branches; to the Committee on Banking and Currency.

By Mr. CONNALLY:

A bill (S. 3288) authorizing the issuance of new currency and calling in of existing and outstanding currency every 2 years; to the Committee on Banking and Currency.

By Mr. KING:

A bill (S. 3289) to transfer the powers of the Board of Public Welfare to the Commissioners of the District of Columbia, and for other purposes; and

A bill (S. 3290) to amend an act entitled "An act to establish a board of indeterminate sentence and parole for the District of Columbia and to determine its functions, and for other purposes", approved July 15, 1932; to the Committee on the District of Columbia.

By Mr. STEIWER:

A bill (S. 3291) providing for a reimbursable loan to the Klamath and Modoc Tribe of Indians and the Yahooskin Band of Snake Indians, State of Oregon; to the Committee on Indian Affairs.

By Mr. HATCH:

A bill (S. 3292) granting a pension to Joseph F. Haynes; to the Committee on Pensions.

By Mr. CUTTING and Mr. HATCH:

A bill (S. 3293) creating the Roswell land district, establishing a land office at Roswell, N.Mex., and for other purposes; to the Committee on Public Lands and Surveys.

By Mr. SMITH:

A bill (S. 3294) to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of the Hampton & Branchville Railroad Co.; to the Committee on Interstate Commerce.

By Mr. ERICKSON:

A bill (S. 3295) for the relief of Mrs. Margaret Murphy; to the Committee on Claims.

By Mr. HARRISON (for Mr. STEPHENS):

A bill (S. 3296) to revive and reenact the act entitled "An act granting the consent of Congress to Meridian & Bigbee River Railway Co. to construct, maintain, and operate a railroad bridge across the Tombigbee River at or near Naheola, Ala.", approved January 15, 1927; to the Committee on Commerce.

By Mr. COPELAND:

A joint resolution (S.J.Res. 98) granting consent of Congress to an agreement or compact entered into by the State of New York with the Dominion of Canada for the establishment of the Buffalo and Fort Erie Public Bridge Authority, with power to take over, maintain, and operate the present highway bridge over the Niagara River between the city of Buffalo, N.Y., and the village of Fort Erie, Canada; to the Committee on Foreign Relations.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred to the Committee on Claims:

H.R. 916. An act for the relief of C. A. Dickson;
H.R. 1158. An act for the relief of Annie I. Hissey;
H.R. 1197. An act for the relief of Glenna F. Kelley;
H.R. 1207. An act for the relief of Robert Turner;
H.R. 1208. An act for the relief of Frederick W. Peter;
H.R. 1209. An act for the relief of Nellie Reay;
H.R. 1211. An act for the relief of R. Gilbertsen;
H.R. 1212. An act for the relief of Marie Toenberg;
H.R. 1362. An act for the relief of Edna B. Wylie;
H.R. 1418. An act for the relief of W. C. Garber;
H.R. 1943. An act for the relief of A. H. Powell;
H.R. 2026. An act for the relief of George Jeffcoat;
H.R. 2054. An act for the relief of John S. Cathcart;
H.R. 2169. An act for the relief of Edward V. Bryant;
H.R. 2321. An act for the relief of Capt. J. O. Faria;
H.R. 2337. An act for the relief of Harry L. Haberkorn;
H.R. 2414. An act for the relief of Emerson C. Salisbury;
H.R. 2418. An act for the relief of certain claimants at Leavenworth, Kans., occasioned through damage to property inflicted by escaping prisoners;
H.R. 2433. An act for the relief of Anna H. Jones;
H.R. 7230. An act for the relief of J. B. Hudson;
H.R. 7279. An act for the relief of Porter Bros. & Biffle and certain other citizens; and
H.R. 7387. An act for the relief of Royce Wells.

INTERNAL-REVENUE TAXATION—AMENDMENT

Mr. NORRIS submitted an amendment intended to be proposed by him to House bill 7835, the revenue bill, which was ordered to lie on the table and to be printed.

OPERATIONS OF RECONSTRUCTION FINANCE CORPORATION—AMENDMENT

Mr. FLETCHER submitted an amendment intended to be proposed by him to the bill (S. 3085) relating to the operations of the Reconstruction Finance Corporation, and for other purposes, which was ordered to lie on the table and to be printed.

BRANCH BANKS IN TERRITORIES AND POSSESSIONS

Mr. FLETCHER. From the Committee on Banking and Currency I report back favorably without amendment the bill (S. 3287) to authorize national banks situated in a Territory or possession of the United States to establish branches, and I submit a report (No. 592) thereon. I ask unanimous consent that the bill and report may be printed in the RECORD.

There being no objection, Senate bill No. 3287 (with the accompanying report) was ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That any national banking association legally established and situated in a Territory or possession of the United States may, with the approval of the Comptroller of the Currency, establish and operate new branches at any point in the Territory or possession within which such association is situated.

Mr. FLETCHER, from the Committee on Banking and Currency, submitted the following report (No. 592), to accompany S. 3287:

The Committee on Banking and Currency, to which was referred the bill (S. 3237) to authorize national banks situated in a Territory or possession of the United States to establish branches, having had the same under consideration, report the same with the recommendation that it pass without amendment.

In connection with certain national banks already established, and to be established, in the Territories and possessions of the United States, it is deemed essential from the point of view of economical and profitable operation that such banks should, under certain circumstances, establish and operate branches in the Territory or possession in which they are situated. At the present time there is no power to establish and operate such branches. National banks situated in States are authorized by section 5155 of the National Bank Act, as amended, to establish and operate branches in the State in which such banks are situated, provided that State banks in such State are affirmatively given such power by State law.

The word "State", as used in section 5155, however, probably does not include the Territories or possessions of the United States and the proposed bill is designed to permit national banks legally established and situated in a Territory or possession of the United States to establish and operate branches, with the approval of the Comptroller of the Currency, in such Territory or possession.

PURCHASE OF VEHICLES FROM EMERGENCY RECOVERY FUNDS

Mr. DICKINSON submitted a resolution (S.Res. 217), which was ordered to lie on the table, as follows:

Whereas under date of April 4, 1934, an Executive order was made overruling the decision of Comptroller General J. R. McCarl, wherein the Secretary of the Interior, Harold Ickes, was denied the right to purchase passenger-carrying vehicles out of emergency recovery funds under the National Recovery Act; and

Whereas it is of public interest to know whether the National Recovery Act supersedes other statutes controlling Federal expenditures: Therefore be it

Resolved, That Secretary of the Interior Harold Ickes and Comptroller General J. R. McCarl be requested to furnish the Senate with all correspondence, contracts, and memoranda in connection with such transactions, together with a copy of the Executive order made in connection therewith.

FEDERAL GOLD-HOARDING LEGISLATION

Mr. COSTIGAN. Mr. President, on March 15, 1934, the distinguished Senator from Virginia [Mr. GLASS] caused to be inserted in the CONGRESSIONAL RECORD a newspaper report of the decision of Judge John R. King, of the Court of Common Pleas of Ohio, holding constitutional the gold clause in contracts entered into prior to adoption of the gold-antihoarding provisions of the act of Congress of March 9, 1933.

The Ohio court decision cited a ruling of the British House of Lords, holding such legislation confiscatory, and requiring payment in the equivalent in value of the gold contracted for in the event that it proved impossible to produce the gold. The effect of this decision, if finally approved, according to the press reports presented by the Senator from Virginia [Mr. GLASS], would be to require a payment of about $6,000 to satisfy a debt of $3,600.

At Fort Morgan, Colo., in the same month in which Judge King's decision was rendered, Judge Arlington Taylor, one of Colorado's district court judges, having original jurisdiction for trial purposes in causes at law and in equity, in ruling on a demurrer, sustained a defense under the Antihoarding Act on the ground of impossibility of performance, and held sufficient an offer of payment in legal tender of the United States.

I have just received a copy of Judge Taylor's decision from Gen. James E. Jewel, a leading attorney and citizen of Fort Morgan, and, in view of the attention drawn to the subject by the reference to the decision of Judge King, it appears appropriate to request that the decision of Judge Taylor in a court of apparently similar jurisdiction be likewise printed in the RECORD.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

STATE OF COLORADO,
County of Yuma, ss:

IN THE DISTRICT COURT

No. 2968

HOWARD KENNEDY, AS TRUSTEE, PLAINTIFF, *v.* LAURANCE L. CONRAD AND J. Q. CONRAD, DEFENDANTS. RULING ON DEMURRER

The plaintiff in this action seeks to recover a judgment totaling $8,038.79, the amount alleged to be due for principal, interest and attorney's fees, due upon a promissory note executed by the defendants July 28, 1923, for the principal sum of $7,000, payable September 1, 1933, with semiannual interest at 6 percent per annum from August 10, 1923, evidenced by 20 interest coupon notes. February 13, 1933, all interest coupons having been paid up to that time, the parties by mutual written agreement extended the payment of said principal note 5 years from September 1, 1933, upon the same terms and conditions as provided in the original agreement.

The note, among other things, provided that upon failure to pay the interest when due, the holder could declare the whole sum, both principal and interest, due and payable at once. The note further provided that the same should be payable as follows:

"Both principal and interest payable in United States gold coin", with exchange on New York.

September 1, 1933, the defendants failed to pay the interest then due. Thereafter the plaintiff instituted this suit in the district court of said Yuma County on November 21, 1933. In the complaint he declared the whole sum aforesaid, principal and interest, due and payable. December 9, 1933, the defendants appeared by their attorneys, Messrs. Chutkow and Atler, and promptly moved for a cost bond, the plaintiff being a nonresident. December 26, 1933, motion for cost bond was heard, motion was granted, and the same day the cost bond was duly furnished by the plaintiff.

January 19, 1934, the defendants filed their answer, admitting the giving of the note sued upon herein, the extension thereof, and the failure to pay interest due September 1, 1933. At the same time they tendered into court the amount of interest due September 1, with interest on said interest up to the time of the tender, totaling $218.75.

The defendants, pleading affirmatively, allege:

"Aver that it is further provided in said note that both the principal and interest is payable 'in United States gold coin'; that heretofore and on, to wit, the 9th day of March, A.D. 1933, the Congress of the United States duly enacted certain statutes which were approved by the President of the United States, a copy of which, marked 'exhibit A', is attached hereto and by reference made a part hereof; that thereafter, under and by virtue of said statutes, there was issued by the President of the United States, on the 10th day of March, A.D. 1933, a certain Executive Order No. 6073, a copy of the pertinent portions of which, marked 'exhibit B', is attached hereto and by reference made a part hereof; that thereafter and on, to wit, the 5th day of April, A.D. 1933, under and by virtue of the statute hereinbefore referred to, there was issued by the President of the United States a certain Executive Order No. 6102, a copy of the pertinent portions of which, marked 'exhibit C', is attached hereto and by reference made a part hereof.

"Aver that it was legally impossible for these defendants to make any payment either of principal or interest or tender of payment of either principal or interest in United States gold coin in accordance with the terms and effect of the said principal promissory note; that payment of the said interest in the terms of the said principal promissory note was excused by virtue of the statutes and Executive orders hereinbefore referred to; that these defendants are ready and willing to pay the interest upon said promissory note due September 1, 1933, in legal tender of the United States Government, and at this time hereby tender into the registry of this Court the amount of interest due upon the said principal promissory note on September 1, 1933, to wit, $218.75."

So far as applicable to this case and the demurrer aforesaid, the exhibits A, B, and C are as follows:

EXHIBIT A

In order to provide for the safer and more effective operation of the national-bank system and the Federal Reserve System, to preserve for the people the full benefits of the currency provided for by the Congress through the national-banking system and the Federal Reserve System, and to relieve interstate commerce of the burdens and obstructions resulting from the receipt on an unsound or unsafe basis of deposits subject to withdrawal by check, during such emergency period as the President of the United States by proclamation may prescribe, no member bank of the Federal Reserve System shall transact any banking business except to such extent and subject to such regulations, limitations, and restrictions as may be prescribed by the Secretary of the Treasury, with the approval of the President. Any individual, partnership, corporation, or association, or any director, officer, or employee thereof, violating any of the provisions of this section shall be deemed guilty of a misdemeanor and, upon conviction thereof, shall be fined not more than $10,000, or, if a natural person, may, in addition to such fine, be imprisoned for a term not exceeding 10 years. Each day that any such violation continues shall be deemed a separate offense. (Mar. 9, 1933, c. —, 4, 48 Stat.)

"Whenever in the judgment of the Secretary of the Treasury such action is necessary to protect the currency system of the United States, the Secretary of the Treasury, in his discretion, may require any or all individuals, partnerships, associations, and corporations to pay and deliver to the Treasurer of the United States any or all gold coin, gold bullion, and gold certificates owned by such individuals, partnerships, associations, and corporations. Upon receipt of such gold coin, gold bullion, or gold certificates, the Secretary of the Treasury shall pay therefor an equivalent amount of any other form of coin or currency coined or issued under the laws of the United States. The Secretary of the Treasury shall pay all costs of the transportation of such gold bullion, gold certificates, coin, or currency, including the cost of insurance, protection, and such other incidental costs as may be reasonably necessary. Any individual, partnership, association, or corporation failing to comply with any requirement of the Secretary of the Treasury made under this subsection shall be subject to a penalty equal to twice the value of the gold or gold certificates in respect of which such failure occurred, and such penalty may be collected by the Secretary of the Treasury by suit or otherwise."

EXHIBIT B

"By virtue of the authority vested in me by section 5 (b) of the act of October 6, 1917 (40 Stat.L. 411), as amended by the act of March 9, 1933, and by section 4 of the said act of March 9, 1933, and by virtue of all other authority vested in me, I hereby issue the following Executive order. • • •

"No permission to any banking institution to perform any banking functions shall authorize such institution to pay out any gold coin, gold buillion, or gold certificates except as authorized by the Secretary of the Treasury, nor to allow withdrawal of any currency for hoarding, nor to engage in any transaction in foreign exchange except such as may be undertaken for legitimate and normal business requirements, for reasonable traveling and other personal requirements, and for the fulfillment of contracts entered into prior to March 6, 1933 * * *."

EXHIBIT C

"By virtue of the authority vested in me by section 5 (b) of the act of October 6, 1917, as amended by section 2 of the act of March 9, 1933, entitled 'An act to provide relief in the existing national emergency in banking, and for other purposes', in which amendatory act Congress declared that a serious emergency exists, I, Franklin D. Roosevelt, President of the United States of America, do declare that said national emergency still continues to exist and pursuant to said section do hereby prohibit the hoarding of gold coin, gold bullion, and gold certificates within the continental United States by individuals, partnerships, associations, and corporations and hereby prescribe the following regulations for carrying out the purposes of this order: * * *

"SEC. 3. Until otherwise ordered any person becoming the owner of any gold coin, gold bullion, or gold certificates after April 28, 1933, shall, within 3 days after receipt thereof, deliver the same in the manner prescribed in section 2, unless such gold coin, gold bullion, or gold certificates are held for any of the purposes specified in paragraphs (a), (b), or (c) of section 2; or unless such gold coin or gold bullion is held for purposes specified in paragraph (d) of section 2 and the person holding it is, with respect to such gold coin or bullion, a licensee or applicant for license pending action thereon. * * *

"SEC. 9. Whoever willfully violates any provision of this Executive order or of these regulations or of any rules, regulation, or license issued thereunder may be fined not more than $10,000, or, if a natural person, may be imprisoned for not more than 10 years, or both; and any officer, director, or agent of any corporation who knowingly participates in any such violation may be punished by a like fine, imprisonment, or both * * *."

January 22, 1934, the plaintiff through his attorney, Hon. Louis Henke, filed a general demurrer to the above defense. Oral arguments on this demurrer were heard by this court February 7, 1934, and written briefs were called for by the court. Briefs accordingly were submitted and have now been duly considered by the court. The arguments and briefs submitted disclose but one question to be considered and determined by the court (other matters of minor moment having otherwise been disposed of). This one question is: Does the legal impossibility to obtain gold coin with which to pay the interest which became due September 1, 1933, entitled the plaintiff to refuse other legal tender of the United States and declare the whole sum of both principal and interest now due and payable as called for in his complaint?

This is a new question before the courts, and so far as now appears there are no decisions of any appellate court in this country. Counsel have cited none and I have found none.

Two defenses were open to the defendants in this case, viz: (1) The constitutionality of the act of Congress and the Executive orders of the President; (2) the impossibility to obtain gold. Counsel for defendants elected only one—the legal impossibility to obtain gold. The constitutional question therefore is not before us and no expression thereon is necessary or proper.

Much, however, has been written in recent months by eminent lawyers and law commentators of high standing on the subject of the "gold-coin clause."

For example, in the 42 Yale Law Journal, page 1051 (written May 1933, shortly after the congressional act and Executive orders), appears a lengthy discussion of this gold-coin-clause question.

The plaintiff in this case contends that *Gregory* v. *Morris* (96 U.S. 619; 24 Law Ed. 740) and *Dorr* v. *Hunter* (183 Ill. 435; 56 N.E. 160), and a long line of cases therein cited, are decisive of this question. Among the cases cited, and which has become a leading case in the United States, is *Bronson* v. *Rodes* (7 Wall. 229; 19 Law ed. 141). This is the leading case in the United States establishing the doctrine that a provision for payment of gold in a contract is valid and enforceable according to its terms. In that case a mortgage was executed in 1851 securing a certain sum of money and was payable "in gold or silver coin, lawful money of the United States." The interest was also payable in the same manner. It was decided in 1869 in the Supreme Court of the United States. After this debt became due Congress passed the so-called "Legal Tender Act of 1862", making United States notes lawful money and a legal tender in payment of all debts, public and private, subject to certain exceptions not material in the case at bar. The debtor, after the passage of the legal-tender acts, attempted to pay his indebtedness with United States notes. The Supreme Court held that the creditor was not bound to accept such notes, but the debt could only be satisfied by the payment of coined dollars.

This decision has been consistently followed since that time in the United States. Practically all of the State courts have followed this case up to the present time.

A different situation exists at the present time, due to the enactment of the congressional statute and Executive orders set out above, as was said by the writer of a learned note in 84 A.L.R., page 1500:

"Assuming that payment in gold or of an additional or equivalent amount in legal-tender money is expressly forbidden by or under act of Congress, certain constitutional questions will doubtless arise with respect to existing contracts, such as the effect of the due-process clause in the fifth amendment to the Federal Constitution, or if such payment is not expressly forbidden but the contract becomes merely impossible of performance because of the action of Congress, or of the Executive under congressional authority, the question may arise whether the debtor can invoke the doctrine of intervening impossibility of performance. As a general proposition, one is discharged from his obligation under a contract where the act contracted for is rendered unlawful, or becomes impossible, because of a change in the law prior to the time for performance. Whether or not a contract to make payment in gold or gold coin comes within this rule may be doubted, because a substantial performance might be had by rendering a decree for such sum in legal-tender money as would be the equivalent of gold coin contracted for, as the courts have sometimes done."

Probably since the writing of the above Congress has acted and enacted the new statute, and the President has issued two Executive orders, the essential portions of which are above set out in haec verba. It will be seen from the above that the leading case of *Bronson* v. *Rodes*, and numerous subsequent cases, following the rule laid down, furnish no aid to the court in the case at bar for the reason that almost without exception, if not entirely without exception, in the Bronson case and the long list of cases following that case, gold coin was in fact obtainable, but now the entire picture has changed. Gold coin in the contract involved in this case cannot be obtained and could not be used if it were possible to obtain it.

I have stated above that the quoted reference from Eighty-fourth American Law Reporter was probably written prior to the act of Congress and Executive orders. From Eighty-sixth American Law Reporter I quote the following as the best statement of the situation shortly following the enactment by Congress and the promulgation of the Executive orders:

"The acts of Congress and of the Executive in declaring and enforcing the gold embargo and prohibiting the hoarding of gold raise some serious constitutional questions. Not only are individuals required thereunder to deliver up any gold over a small minimum that they may have on hand but they are thereby prevented from paying gold even in satisfaction of outstanding contracts and obligations which expressly call for payment in gold coins of the weight and fineness prevailing at the date of the obligations. According to a recent estimate, there are obligations in effect in the United States containing such gold clauses totaling about $124,000,000,000. This, of course, calls for more gold than exists in the United States, or even in the world. Under the regulations now in effect it is impossible to discharge any of these obligations in gold" (86 A.L.R. 1556).

From the above may be seen the seriousness of the question before this court, and the probability of an enormous amount of litigation that lies ahead in our pathway which the coming years can alone tell. The figures above stated are almost beyond belief.

Counsel for the defendants have well quoted in their brief a very significant statement written by the author of the article in the Yale Law Journal above alluded to. The article states in part in relation particularly to the rule that has long been observed and as laid down in the Bronson case:

"None of the cases raise any question of the effect upon gold-clause contracts of impossibility to secure gold coin. * * * By Executive order of April 5, 1933, all persons and corporations were required to deliver gold coins owned by them to the Federal Reserve banks. While payment of gold coins by private individuals or corporations other than banking institutions is not restrained by this order, it is practically impossible for the payor to procure gold with which to discharge his obligations. Moreover, restrictions on dealings in foreign exchange would appear to make the purchase of gold abroad also practically impossible. So long as these orders continue in force a court would not be hard pressed to find that there was legal impossibility of paying out gold coin. The following are four possible alternatives available to the courts: (1) They may construe the debt as dischargeable in its face amount of legal tender; (2) they may construe impossibility of procuring gold coin as suspending the creditor's right to gold coin until the restrictions are removed; (3) they may give judgments for damages payable in legal tender for the breach of the gold-coin contract; (4) they may hold the contract frustrated and the creditor entitled to restitution."

The performance of a contract cannot be compelled where it would involve a violation of law. The above has been the rule for many years. It has been frequently held that a contract is discharged where after it has been entered into the performance is made unlawful (13 C.J. 646, par. 720; 6 Ruling Case Law, p. 1000, par. 366).

Paragraph 366 above reads briefly in part:

"The decisions of practically all jurisdictions are to the effect that where a contract, legal in its inception, becomes illegal by subsequent statutory enactment, the contract is wholly terminated as soon as the statute takes effect, even though the time specified for its performance has not yet fully expired, and no action can be maintained by either party for failure to perform the obligations of the contract after the illegality has attached."

As illustrative of the above rules the case of *Cowley* v. *The Northern Pacific Railway Co.* (Washington) (123 Pacific, p. 998), is applicable. In 1898 Cowley made a contract with the railroad company to convey a parcel of land in the city of Spokane. In consideration of this conveyance the company signed a written

agreement to furnish an annual pass to the plaintiff and his family, entitling them to free transportation over the company's entire system of railway and steamship lines. The property was conveyed. In 1906 Congress passed what is known as the "Commerce Act", providing that:

"No carrier, * * * shall engage or participate in the transportation of passengers or property, as defined in this act, * * * nor shall any carrier charge or demand or collect or receive a greater or less or different compensation for such transportation of passengers, * * * than the rates, fares, and charges which are specified in the tariff filed and in effect at that time, nor shall any carrier refund or remit, in any manner or by any device, any portion of the rates, fares, and charges so specified, nor extend to any * * * person any privileges or facilities in the transportation of passengers * * * except such as are specified in such tariffs."

After the taking effect of this act the company refused to perform its contract any further upon the ground that it could not legally do so. Cowley brought suit for the reconveyance of the property. The Supreme Court of Washington in passing upon the question said in part:

"The act of Congress to which reference has been made forbade the further performance of the contract by the defendant. * * * The plaintiff conveyed the property to the defendant upon the faith of defendant's promise to perform conditions which were then wholly lawful, but which, after a substantial part performance, became unlawful without any contributing cause upon the part of either party. The full performance has not been arrested by any act or omission of the defendant, but by the Congress of the United States acting within its constitutional powers. It follows, from what has been said, that the defendant cannot be mulcted in damages because of and only because of its observance of a law making further performance of the contract on its part impossible."

The demurrer in this case admits that it was legally impossible for the defendants to make payment in accordance with the terms in effect as provided by the contract, and because of congressional acts and Executive orders, as set forth in the answer.

I am convinced that there is but one thing for the court in this case to do, and that is overrule the demurrer and to hold that as the acts of Congress and Executive orders of the President of the United States now stand, the plaintiff should be required in this case to accept the tendered payment of interest in the amount specified in the answer in whatever now remains as legal tender.

I am not unmindful of the now famous English case of *Belge D'Electricite* (149 L.T.N.S. 108; 86 A.L.R. 1158). I also have in mind the note pertaining to said case found in 84 A.L.R. 1498; and also have in mind the recent reversal by the House of Lords of the decision of the Court of Appeals of England in that case. However, the reversal decision or its holding is not at the time of the ruling on this demurrer available to the court.

I acknowledge great aid from the briefs in this case, and particularly the brief resisting the demurrer, and have had under consideration cases therein referred to, namely, *Irving Trust Co.* v. *Hazlewood* (265 N.Y.S. 57), and *Canada American Chicle Co.* v. *Paper Box Co.* (50 Ontario Law Reports 517). In the Irving Trust Co. case the Supreme Court of New York distinguished between the Bronson case and the situation arising in the case at bar.

In the Canada case a mortgage provided for payment "in current gold coin * * * in lawful money of Canada." The court found that gold coin was not procurable in Canada and

"It has become legally impossible for a debtor to distribute his obligation in Canada in gold coin made in Canada. * * * Indeed, my view of the legislation and the orders of council pursuant thereto is that they nullify or suspend for the time being the benefit of the exercise of the option given to these mortgagees * * * or rather prevent the debtor from complying with it and enable him to discharge his debt in money which is legal tender in this country."

The defendants in this case, in my opinion, cannot under existing congressional enactments and Executive orders go out and purchase "any gold coin of the United States" with which to pay their interest or the principal. The impossible ought not to be required of them. Neither can the plaintiff require in other legal tender any excess over the amount of the actual interest due September 1 last, or what might be termed the equivalent of the increased value of gold on that date. Assuming gold to have greatly increased, for example, on that date, the plaintiff is not entitled to any excess aforesaid, for the reason that he could not go out and buy the gold equivalent therewith. It would be as impossible for him so to do as it is for these defendants. If he had the gold equivalent, he could not pay his own obligations with it. He would have to turn it [over] to some Federal Reserve bank and at par. His Government could get the profit or increase but the plaintiff could not.

The answer states a complete defense on impossibility of performance, and the demurrer is overruled.

Done in chambers, at Fort Morgan, Colo., March 1, 1934.

By the court:

ARLINGTON TAYLOR,
District Judge, Fort Morgan, Colo.

TAXATION—ARTICLE BY SENATOR DAVIS

Mr. DAVIS. Mr. President, the editor of the Right of Way, a magazine published by the Pennsylvania Threshermen and Farmers Protective Association, asked me to contribute an article on State taxation and the expenditure thereof on social legislation, education, and the general maintenance and operation of municipal governments.

In response to that request I prepared for the March issue an article under the caption "The Right of Way is Right on Taxes." The Right of Way is an independent, nonpartisan publication, and, according to its own description, "is a periodical of protest against things unfair and unjust."

I ask unanimous consent to have that article printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Right of Way, March 1934]

THE RIGHT OF WAY IS RIGHT ON TAXES

By United States Senator JAMES J. DAVIS

The keen interest of our people in the problem of taxes is highly encouraging. When folks become interested in their taxes they become interested in their government, and this is the beginning of good health for politics. Pennsylvania has been and is the leader in industrial enterprise; she must now become the leader in social justice. To promote this end Pennsylvania should develop a first-class business government.

The first step toward sound government in Pennsylvania will be a constitutional convention which will give sufficient power to the general assembly to order the needed reforms. Our State constitution reminds me of an old pair of pants which I used to wear as a boy; they had been patched so many times and in so many places that scarcely none of the original cloth was left. We must take our choice between continuously patching up the pants of Pennsylvania law and the hopeful alternative of getting a new pair of pants. The patching process is slow business, does not always give protection where protection is needed, and in these days is a pennywise, pound-foolish policy. Like the pants of my boyhood days, the constitution of our Commonwealth did well enough when the State was young, but it does not meet our needs today. Our requirements are now so numerous that only a constitutional convention can provide the cloth necessary for a growing people. We need a new garment cut from clean, strong cloth.

MUST CUT DOWN

The second step toward sound government is the elimination of unnecessary offices. There is too much duplication of governmental activity. This is costly and cumbersome. We have too many political fences and too large an army of officeholders at work pulling the wires and making repairs. Again the citizens of Pennsylvania must choose between good government with less taxes and complicated government with more taxes. If the government of the State were put on a business basis, without resort to any extreme measures, the tax burden growing out of State, county, township, and municipal expenditures could be cut in half.

We need Federal, State, and local government, but the responsibilities of each province of government should be so closely defined and so carefully administered that needless overlapping and duplication would be avoided. During the last 20 years the tax increase has been tremendous. The ratio of increase in various governmental units is as follows: Cities, 206 percent; boroughs, 104 percent; school districts, 429 percent; counties, 400 percent; townships, 250 percent; State, 500 percent. During the same period the population has increased but 25 percent. There are 5,637 local government taxing units in Pennsylvania, and these local units require a fifth more of the tax dollar than the State and Federal Governments combined. It is, therefore, perfectly obvious that if there is to be economy in taxes it must be in the field of local government. A complete and scientific reorganization will bring the needed relief.

SOCIAL LEGISLATION

Our people must adapt themselves to our growing social needs together with the demand for substantial social-welfare legislation. Private benevolence has much to its credit, but has proven itself insufficient in time of national emergency. Now, we may expect government to assume a permanent responsibility for the social needs of our people. This will be viewed in the future as one of the constructive benefits of the depression. A comprehensive program of social-welfare legislation must be supported by taxes of sufficient stability to carry it through in all kinds of weather. This is more than can be said of Pennsylvania's tax program in the past. Taxes which shrink toward zero when they are most greatly needed to cover social-welfare demands will not be the chief taxes of the future. Income taxes have been producing less and less. Collections in 1933 from income taxes produced only one third the revenue thus obtained in 1930. Other forms of taxation will, therefore, be added to the income tax to produce the necessary revenue, but great care should be taken lest increased tax burdens shall be placed where they will increase poverty. The sales tax will help bear part of the tax load if it is rightly considered. The people of Illinois in time of depression and impending bankruptcy have improved their condition notably in 6 months' time by the sales tax. I believe that the sales tax is desirable, but only when low-priced food, clothing, and drug supplies are exempted. I believe that the sales tax should be graduated so as to rest most heavily on commodities on the higher price levels—the luxuries and the semiluxuries. Taxes which burden the poor

in order to provide for the poor are not to be encouraged. Indeed, they must not be tolerated.

A substantial social-welfare legislation program will cost money, but it will be money well spent and acceptable to the people if it is properly administered. For that reason, useless duplication of governmental activities and inefficiency in government must go. The electorate is weary of promises of reform, partial reforms, election-day orations, and the lopsided administration of government. Fortunately, taxpayers are becoming alert and are recording their verdicts at the polls. A costly social-welfare program plus our present waste in government will break the backs of the taxpayers and chaos will result. The people of Pennsylvania must now choose good government.

NATIONAL TAXES

A sharp increase of national taxes will soon be imposed upon us. This is but another reason why waste in Pennsylvania government can no longer be tolerated. The national debt now stands at $22,000,000,000. The Government expects to borrow $10,000,000,000 in the next 6 months. Thus it is anticipated that the national debt will mount to at least $32,000,000,000 by 1935. That is thirty-two thousand million dollars. The figures are easily written but never understood. Let us think of them this way. Approximately 1,000,000,000 minutes, that is, one thousand million minutes, have passed since the birth of Christ. An expenditure, therefore of $32 every minute since the birth of Christ, 1,935 years ago, would be the equivalent of our national debt, irrespective of interest—but there's the rub. This enormous unprecedented debt plus interest charges, which will exceed one thousand million dollars per annum, means increased taxes for everybody. The Federal Government now pays annually for interest alone one fourth of the cost of national administration during the prosperous years when Coolidge was President. It is now apparent that one of the great tragedies of tax history—that is, human history—was the failure to establish a sinking fund during the prosperity period from 1919 to 1929. If, instead of constantly publishing surpluses and lowering taxes, normal taxes had been maintained to meet current needs and to establish a sinking fund when the Nation was well able to do so, the pressure of the present emergency might now be greatly relieved. But because foresight was lacking, we now have unprecedented tax burdens. This is but one more reason why Pennsylvania must shield her people from unnecessary local taxes.

THE SCHOOL PROBLEM

Over 2,000,000 children who are ordinarily in school because they are of compulsory school age are now being deprived of an education throughout the Nation; nearly 2,000 rural schools in 24 States failed to open last fall; the average salary per year for public-school teachers in the United States this last year was less than $750. Moreover, each year 200,000 more children enroll in the public schools than the year before, and high school enrollment is increasing at the rate of 15 percent annually. These conditions apply in varying degrees to Pennsylvania. Our State has 2,587 school districts. Thirty-two districts have no schools nor teachers, yet a regular board is elected, a secretary, solicitor, treasurer, auditor, and tax collector hired. One hundred and ten districts each have only one teacher in a small one-room school, but the same set-up of five hired administrative officials exists. There are in the State 608 school districts in which there are more paid school officers than there are school teachers. Education is the right of every child. Country children are no exception. The township schools should be just as well equipped and taught as the city schools. This will mean that the larger governmental units must share the school-tax burden of the townships for farm mortgages are so high at the present time as to make school-tax increases in rural districts inexpedient. At the same time, parents and children who live in the rural districts should not be penalized because they have the good sense to live in the country. We must now choose improved education for our children even though some administrative officials can no longer be paid. I dare say that a large majority of these will prove public spirited enough to continue service even though tax conditions will not permit a continuation of their salaries. Otherwise we shall be whipped by taxes which we cannot bear.

THE SALES TAX

The ideal system of taxation has never yet been attained and probably never will be. Often the method which seems most perfect in theory has proven worst in practice. No one method should be overworked. Tax collection will succeed best when the burden is placed on earning power and this is not always in the same place. Experience teaches that the incidence of taxation is elusive. This should be in our minds when we are urging a new constitution for Pennsylvania.

The sales tax has been called the "painless tax." It is an excellent form of taxation under the right conditions, but the slogan attached to it should not be repeated thoughtlessly. A general turnover tax affects everyone for it touches every consumer as we now know through the operations of the gasoline and other sales taxes. Bearing on consumers as it does, it lays an especial burden on the people who have proportionately the least, if precautions are not taken to protect them. A very large number of our citizens, probably the majority, have an income which is only barely sufficient for a decent living, some a little more and some a little or considerably less. All that are included in this class find their living expenses require all or nearly all of their receipts. To them the cost of living is everything in a financial way and in proportion to their ability to pay the tax is heavy even though they may not realize it. To the wealthy the amount of tax on the cost of living is a negligible part of their income and to them the tax becomes insignificant, although it is often acceptable as it shields them from more direct forms of taxation. These considerations make it evident that a sales tax can be unsatisfactory.

GEORGE WASHINGTON

Mr. DICKINSON. Mr. President, I ask unanimous consent to have inserted in the RECORD a historical statement with reference to the life of George Washington, written by Mr. J. A. Nelson, an attorney of Decorah, Iowa.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

History is usually defined as a record of man's activities. In other words, it is a true story of past events. It might rightly be termed a "résumé of bad and good deeds, of movements that have either caused the enslavement or liberation of peoples." In a historic picture of the past clamors of people centered about certain ideals are brought forth; we call it civilization, which is in effect an improved condition; not a condition that is stationary, but ever moving forward and upward. In this onward march we are attracted by certain men who have occupied the arena of leadership and by their powers and influence have brought forth new standards of social and governmental conditions. Quite often such men have been the prime movers in these changing conditions, and in order rightly to understand the cause and effect of such eras or epochs a careful study of the biographies of such leaders is not only interesting but is of immeasurable value.

George Washington occupies just such a position of leadership in one of the greatest and most important movements in all history. As is invariably the case, ancestry and environment had their influence upon his life. His forefathers have been traced back to the days of William the Conqueror in England, the oldest record being that of a knight by the name of William de Hertborn, who occupied a village by that name. This place was later exchanged for a manor and village named Wessynton. With the passing of the time the name Wessynton became Washington, just as we speak of it today. But the interesting part is that historians who have been concerned with tracing the genealogy of the Washington family do not hesitate to state that the family tree came into existence on English soil—with the Norman conquest—and doubtless that condition to a certain extent accounts for the ruggedness, the love for adventure, and the longing for independence that seemed to permeate the very life of the subject of this address.

It is also an established fact that through the centuries the ancestors of Washington were inherently endowed with great vigor, a deep moral nature, and sound common sense. While they were neither brilliant nor impulsive, their station as owners and tillers of the soil left them in that important intermediate class between the nobility on one hand and the common class on the other, which has been termed the bone and sinew of the British Empire.

Tracing the Washingtons from the fifteenth century we find them moving from Durham in England to Northampton, where they attained to wealth and power. In 1657 Andrew and John Washington came to Virginia where they were granted large estates by the King for past military services, and here they became growers of wheat and tobacco.

In this new land the Washingtons were among the leaders, and this change of environment, of conditions and method of living, brought into being new qualities. While those remaining in the old country continued in their old ways and made no perceptible change in the record of their race, those in America took on a new life, snatching as if from a new atmosphere new visions, and were infected with a more aggressive spirit which became the dominating influence on the American soil from the time of the first settlement.

George Washington was born in Virginia February 22, 1732, and was a son of August and Mary Ball Washington. August Washington had two sons from a prior marriage, the most important of whom was Lawrence Washington. The latter, who was so fortunate as to secure his education abroad and have the advantages of military training and service under the Crown, at all times turned his attention to the welfare of his younger half-brother George. Upon the death of Lawrence Washington, when George was about 16, he became the possessor of his estate at Mount Vernon, so named by Lawrence Washington in honor of Admiral Vernon, an officer of the British Navy. A study of the life of Lawrence Washington, with reference to the influence he exerted over George, his younger brother, should, so far as his memory is concerned, demand favorable attention.

And we must not forget the valuable inheritances that George Washington received from his father and mother. No doubt his magnificent physique, his military talents, his common sense were seemingly derived from the paternal side, yet equally important was the sweetness of disposition, respect, and obedience to the finer virtues, not to overlook his firm belief in a Divine Providence, that came from his mother. It is true that Washington's school advantages were somewhat limited, owing to the fact that because of the death of his father while a young boy he was partially left to shift for himself. While his spelling and writing were far from excellent, his mental status became such that he could reason and speak in a masterly manner.

The love and affection that Washington exhibited toward his mother is a story that every schoolboy can well afford to take into

account. Washington had longed to enter the British Navy, and, through the efforts of his brother, Lawrence, he obtained the necessary papers to go to sea. In those days that signified high honors, and many were envious for this distinction. When the hour came for Washington to report for duty, and about to bid his mother good-bye, he was so overtaken by her grief that he surrendered his place. From every standpoint this must be termed a heroic act—giving insight into the good traits that must have inhabited that soul. At 18 he took up surveying, and, from an examination of the records in half a dozen counties in Virginia, he must have done a large business.

When 19 years of age he was put in charge of the local militia. In 1753 he had attracted enough attention to be appointed special commissioner to go to the headquarters of the French Army, which had military posts on the Ohio River, to determine by what authority they had invaded British soil. The task was filled with peril, but Washington was equal to the occasion. So well did he demonstrate his strength, his courage, and his intelligence that from thence on he was acknowledged as the rising hope of Virginia.

Shortly afterward we have the French and Indian Wars. He was appointed to an important post in the expedition sent out by the colonists. At the very beginning of this campaign he evinced a strong military talent, by which a possible defeat was turned to victory. The French troops were approaching him with a view to a surprise engagement, but Washington cut across a dense forest at night, overtaking the enemy before they were ready for defense, and annihilated the entire force.

In 1755 Washington was the aide-de-camp to General Braddock and took part in the luckless expedition against Fort Duquesne. Washington warned General Braddock against the European method of marching with drums beating and colors flying. His army was ambushed and routed and it was only the tact, the courage, the coolness, and the genius of Washington that saved the Army from complete destruction. While this may be termed a defeat, yet Washington earned his laurels, the same as though it had been victory. He gained the public confidence and was appointed Commander in Chief of all the Virginia forces. Again in 1758 he exhibited further gallantry and military skill in a similar campaign.

In the month of January 1759 he was happily married to a rich widow by the name of Martha Custis whose home was near Williamsburg. With her two children she became the proud mistress of the Mount Vernon plantation.

Washington now served in the Virginia Assembly, known as the House of Burgesses, where he became prominent by reason of his good judgment, efficiency, and common sense. From then on for 14 years he lived on his estate, always generous and hospitable, idolized by his people, and always taking a deep interest in local affairs.

As Washington went about his daily tasks, he never ignored the trend of current events. While he was a British subject, and had fought their battles, he began to harbor thoughts that had a more direct bearing on the welfare of the colonists. With him their interest came first.

To understand later events it is apparent that the direct result of the French and Indian wars, especially compelling the French to recede from Canada, brought new ideas into the minds of the colonists. They became more united and their military experience prepared them for coming events. On the other hand, England assumed the attitude of demanding reciprocity from the colonists for past services, which gave rise to many grievances, especially the idea of imposing taxes, though without representation, which was the immediate cause of the American Revolution.

The thought of absolute independence was of slow growth, even with Washington. At the time of the Continental Congress in 1775 he wrote that "independence was not then desired by any thinking man in America." But in the spring of 1776, after repeated attempts at reconciliation, Washington boldly asserted, "Nothing but independence can save us." Later that summer followed the great step known in American history as the "Declaration of Independence."

Thus the colonists finally assumed the idea that they had a common interest, and that in order to achieve the blessings of a new country they must renounce the shackles that interfered with their natural rights; and they were not entirely helpless in this, as their experience and that of Washington as well in the French and Indian wars now served as a priceless preparation for the Revolutionary struggle.

Washington, by common request and consent, became elevated to a station of great responsibility—that of Commander in Chief of the Colonial Armies. Under his wise leadership we witness the greatest panorama in history, known as the "American Revolution", comprising a most unique contest of wide-world consequences, inaugurated to rid the social order of unbearable and unfair monarchial demands and to establish permanently in their stead human liberty and individual rights, such as the masses for ages past had clamored for but failed to achieve—but, here then, as if in the fullness of time, under the spell of well-planned and crystallized efforts of visionary compartiots, like Patrick Henry, Thomas Jefferson, and John Madison, the differences of opinion resolved themselves into a terrible conflict of uncontrollable proportions, uncertain as to its outcome, with battle after battle, defeat upon defeat, yet the American troops appearing seemingly unconquerable; and as that war progressed, it resulted in complex and romantic military movements, the memories of which will always linger in our Nation's most sacred lore—such episodes as that of Washington and his troops crossing the icy Delaware, taking by surprise the feasting Hessians at Trenton, purposely leaving camp fires burning so as to slip unnoticed to rout the British at Princeton, and quickly moving northward to establish winter quarters at Morristown; switching from force to tactics and from tactics to force, as was deemed most advantageous, holding troops in line under the most adverse of circumstances, as was the case when the shivering troops left bloody footprints in the wintry snows at Valley Forge—but no trap could catch them, no genius could outwit them, even though there were dangerous contending forces within the American troops, poorly clad, scantily rationed, meagerly equipped, some officers quarrelsome and even soldiers refusing to fight, others deserting or hesitating to reenlist, and the people at home refusing to support them, these untrained soldiers often pitted against crack and well-trained armies of Europe; and in the darkest hour of that conflict moved the paltry shadow of Benedict Arnold, receding from the field of action, as he had turned traitor after winning Saratoga, one of the 15 decisive battles of the world. But the cause was not lost, for fortunately during all of the turbulent and nerve-wrecking years we are attracted by the glory and splendor of that heroic figure, George Washington, planning and moving as if by magic, never faltering, never losing hope, never losing faith in the guiding power of a Divine Providence, never losing sight of the justice of the cause, nor once doubting its victorious outcome, but remaining ever steadfast and determined—yes, unhesitatingly moving forward to the appointed end.

Aid from France at the important hour contributed greatly to success. As a contrast to the dark and gloomy days of former campaigns we finally see Cornwallis and the British troops bottled up at Yorktown, where they surrendered with victory for the colonists assured. Thus came to an end Washington's services as a great soldier—and now he returns to his home quarters at Mount Vernon to rest and recuperate.

The Thirteen Colonies were fully recognized as States and given cognizance as a government by the treaty of peace. They were held together by Articles of Confederation, by the terms of which each State maintained its separate government, without the aid of a centralized government. This condition was little short of anarchy. Everything was out of step. There was no government with which other powers could deal, no supreme laws by which money could be coined or debts redeemed. Meetings were held to air the popular griefs; rebellions were rampant; and every day things became not only more hopeless but actually violent. Little by little the idea of reform found favor. A convention met at Annapolis in 1786, with representatives from a majority of States, but after mature deliberation it was deemed inadvisable to proceed, although the States were called upon to take speedy measures and meeting the following May in full convention.

From his home at Mount Vernon Washington was watching with keen interest and intense solicitude the workings of the great political confederation. He said: "The Confederation seems a little more than a shadow. It is one of the most extraordinary things in nature, that we should confederate a nation and yet be afraid to give the rulers of the Nation sufficient powers to order and direct same." A commission went to Mount Vernon, where matters were discussed with Washington in quiet counsels, looking to the future solution of the intricate problems of the States.

The Constitutional Convention met at Philadelphia. It was the most remarkable gathering in all history. Each State sent their best timber; among them were conspicuous military leaders, statesmen of the day, future Presidents, with George Washington heading the Virginia delegation. On the 25th day of May 1787, with a quorum present and George Washington occupying a seat in the assembly, he was by unanimous choice made president of the Convention. The great soldier now assumed the role of a statesman. The preamble to the Constitution gives the reason for its adoption, "To form a more perfect Union." To go into detail as to the workings of that august assembly would be to depart from the purpose of this discourse, but let us remember that no sooner had the news of the adoption of the Constitution been heralded until the people again turned to Mount Vernon for leadership. By unanimous consent Washington became the first choice for President. He was inaugurated and commenced his task as first President of the United States of America. A great majority of the people viewed Washington in the new trust with confidence, others with doubt and apprehension.

The great leader held the new Nation under his sway, a Nation which now was one of unity, composed of inseparable States, to grow in number with the growth of the population and the call of the West, and westward toward the Mississippi and later the Pacific was the natural course.

This patriot and man, animated and dominated by a new national spirit, carried the young Republic through 8 troubled years—all of the time conscious of his limitations, knowing as he sat at its helm that it was an untried system, virtually an experiment, in the realm of government, but also knowing that true happiness can best be obtained when the people themselves rule under and by virtue of delegated authority. By his unselfish service he made the Constitution the most treasured of documents and the United States the most beloved of commonwealths.

His services ended as President, and refusing a third term, he once more embarked for his beloved homestead, there to pass his waning years. He died December 14, 1799, after a brief illness.

A few years ago it happened to be my privilege and pleasure to stand near the foot of the Washington Monument and to meditate on the subject of this tremendous memorial; to enter

the modest but celebrated Mount Vernon home and gaze with amazement at the beauty and splendor of that spacious estate; to see the church where Washington worshipped and the sepulchre where America's beloved couple, George and Martha Washington, rest on their Nation's bosom. Seeing this adds to one's admiration for the cradle of his country and causes one to reflect on the glory of the service of our Nation's builders.

That we may more fully appreciate the spirit that prevailed after George Washington's departure, attention is called to a portion of the memorial address delivered by John Marshall in the House of Representatives, December 19, 1799: "More than any other individual and as much as to one individual as possible has he contributed to found this, our wide-spreading empire, and to give to the western world independence and freedom."

On the same day Timothy Pickering, speaking in the United States Senate, said: "With patriotic pride we review the life of our Washington and compare him with those of other countries who have been preeminent in fame. Ancient and modern names diminish before him. Greatness and guilt have too often been allied; but his fame is whiter than it is brilliant. The destroyers of nations stood abashed at the majesty of his virtue. It reproved the intemperance of their ambition and darkened the splendor of victory. Let his countrymen consecrate the memory of the heroic general, the patriotic statesman, and the virtuous sage; let them teach their children never to forget that the fruit of his labors and his example are their inheritance."

And add to this the beautiful tribute from the pen and lips of Abraham Lincoln, when a Member of Congress: "Washington's is the mightiest name of earth—long since mightiest in the cause of civil liberty; still mightiest in moral reformation. On that name no eulogy is expected. It cannot be. To add brightness to the sun or glory to the name of Washington is alike impossible. Let none attempt it. In solemn awe we pronounce the name and, in its naked, deathless splendor, leave it shining on."

And as a final thought and in special reverence to the memory of the great Father of his Country, who was "first in war, first in peace, and first in the hearts of his countrymen", let us adopt Washington's prophetic words as our own, words that have a special significance in these days of uncertainty, both as to human rights and governmental stability:

"The game is yet in our own hands; to play it well is all that we have to do. Nothing but harmony, honesty, industry, and frugality are necessary to make us a free and happy people."

INTERNAL-REVENUE TAXATION

The Senate resumed the consideration of the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Rhode Island [Mr. HEBERT].

Mr. HEBERT. Mr. President, may the amendment be stated for the information of the Senate?

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 15, it is proposed to strike out all of lines 5 to 25, both inclusive, and, on page 16, to strike out through the period in line 11, and in lieu thereof to insert the following:

(2) Annuities, etc.: Amounts received (other than amounts paid by reason of the death of the insured and interest payments on such amounts) under a life-insurance, endowment, or annuity contract, but if such amounts (when added to amounts received before the taxable year under such contract) exceed the aggregate premiums or consideration paid (whether or not paid during the taxable year) then the excess shall be included in gross income.

Mr. ROBINSON of Arkansas. A parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. ROBINSON of Arkansas. The question now is on the amendment, in the nature of a substitute, offered by the Senator from Rhode Island for the committee amendment?

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Rhode Island [Mr. HEBERT] in the nature of a substitute for the provisions contained in the bill as reported by the committee, including a portion of the House text and the committee amendment.

Mr. McNARY. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. CAREY (when his name was called). On this question I have a pair with the junior Senator from Ohio [Mr. BULKLEY]. If he were present, he would vote "nay." If I were at liberty to vote, I should vote "yea."

Mr. FESS (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. GLASS]. I am advised that, if present, he would vote "nay." Were I permitted to vote, I should vote "yea."

The roll call was concluded.

Mr. HEBERT. I desire to announce the following general pairs:

The Senator from New Mexico [Mr. CUTTING] with the Senator from Florida [Mr. TRAMMELL];

The Senator from Indiana [Mr. ROBINSON] with the Senator from Mississippi [Mr. STEPHENS]; and

The Senator from Minnesota [Mr. SHIPSTEAD] with the Senator from Illinois [Mr. LEWIS].

I am not advised how any of these Senators would vote.

I also wish to announce that the Senator from California [Mr. JOHNSON] is detained on official business.

Mr. FLETCHER (after having voted in the negative). I have a pair with the Senator from West Virginia [Mr. HATFIELD]. I transfer that pair to the junior Senator from Virginia [Mr. BYRD] and allow my vote to stand.

The result was announced—yeas 24, nays 55, as follows:

YEAS—24

Austin	Goldsborough	Lonergan	Townsend
Barbour	Hale	McNary	Vandenberg
Copeland	Hastings	Metcalf	Wagner
Davis	Hebert	Patterson	Walcott
Dickinson	Kean	Schall	Walsh
Gibson	Keyes	Steiwer	White

NAYS—55

Adams	Connally	Hayden	Pittman
Ashurst	Coolidge	King	Pope
Bachman	Costigan	La Follette	Reed
Bankhead	Couzens	Logan	Reynolds
Barkley	Dieterich	Long	Robinson, Ark.
Black	Dill	McAdoo	Russell
Bone	Duffy	McGill	Sheppard
Borah	Erickson	McKellar	Smith
Brown	Fletcher	Murphy	Thomas, Okla.
Bulow	Frazier	Neely	Thomas, Utah
Byrnes	George	Norris	Thompson
Capper	Gore	Nye	Tydings
Caraway	Harrison	O'Mahoney	Van Nuys
Clark	Hatch	Overton	

NOT VOTING—17

Bailey	Fess	McCarran	Trammell
Bulkley	Glass	Norbeck	Wheeler
Byrd	Hatfield	Robinson, Ind.	
Carey	Johnson	Shipstead	
Cutting	Lewis	Stephens	

So Mr. HEBERT's amendment in the nature of a substitute for a portion of the House text and for the committee amendment was rejected.

Mr. AUSTIN. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. AUSTIN. Before proceeding to consider another amendment is it in order to move to amend the committee amendment, on page 16, line 6, by changing the numeral "3" to the numeral "2", and in line 11, by striking out "$500" and inserting "$1,000"?

The VICE PRESIDENT. It would be necessary to reconsider the vote of the Senate by which the amendment was agreed to in order that the Senator might offer an amendment to it.

Mr. AUSTIN. I ask unanimous consent that the vote be reconsidered for that purpose.

Mr. HARRISON. Mr. President, I will say that yesterday, when the unanimous-consent request was submitted and acquiesced in, it was on the theory that we would have no further debate, but that any amendment that might be pending or that might be offered to this section would be voted on without debate. I think it is fair to the Senator that he should have an opportunity to offer his amendment, to be voted on without debate of course.

The VICE PRESIDENT. Does the Senator from Vermont modify his request?

Mr. AUSTIN. I do; in accordance with the suggestion of the Senator from Mississippi.

The VICE PRESIDENT. The Senator from Vermont asks unanimous consent that the vote by which the committee amendment was agreed to be reconsidered and that he be permitted to offer an amendment to the committee amendment, to be voted on without debate. Is there objection?

The Chair hears none, and the Senator from Vermont may offer his amendment.

Mr. AUSTIN. On page 16, line 6, I move to amend the committee amendment by striking out the numeral "3" and inserting the numeral "2", and in line 11, by striking out the numerals "$500" and inserting "$1,000."

The VICE PRESIDENT. The clerk will report the amendment.

The CHIEF CLERK. On page 16, line 16, in the committee amendment it is proposed to strike out the numeral "3" and to insert the numeral "2", and in line 11, to strike out "$500" and to insert "$1,000", so as to read:

(A) the excess of the amount received in the taxable year over an amount equal to 2 percent of the aggregate premiums or consideration paid for such annuity (whether or not paid during such year), or (B) the entire amount of the annuity if the sum thereof and amounts of other annuities received in the same taxable year is not more than $1,000.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Vermont to the committee amendment.

The amendment to the amendment was rejected.

The VICE PRESIDENT. The question now is on agreeing to the committee amendment.

The amendment was agreed to.

Mr. HARRISON. Mr. President, I should like to take up now the Senate committee amendment on pages 19 and 20. I will state, by way of explanation, that this amendment shows some liberality toward the annuitant. It gives him the right to deduct interest paid by him on money borrowed in order to buy the annuity. I think all will agree that the amendment ought to be adopted.

The VICE PRESIDENT. The amendment will be stated.

The amendment was, on page 19, line 23, before the word "on", to strike out "(1)"; in line 24, after the word "carry", to strike out the comma and "or the proceeds of which were used to purchase or carry", and on page 20, line 4, after the word "title", to strike out the comma and "or (2) on indebtedness incurred or continued, or the proceeds of which were used, in connection with the purchasing or carrying of an annuity", so as to read:

SEC. 23. Deductions from gross income: In computing net income there shall be allowed as deductions:

(a) Expenses: All the ordinary and necessary expenses paid or incurred during the taxable year in carrying on any trade or business, including a reasonable allowance for salaries or other compensation for personal services actually rendered; traveling expenses (including the entire amount expended for meals and lodging) while away from home in the pursuit of a trade or business; and rentals or other payments required to be made as a condition to the continued use or possession, for purposes of the trade or business, of property to which the taxpayer has not taken or is not taking title or in which he has no equity.

(b) Interest: All interest paid or accrued within the taxable year on indebtedness, except on indebtedness incurred or continued to purchase or carry obligations (other than obligations of the United States issued after Sept. 24, 1917, and originally subscribed for by the taxpayer) the interest upon which is wholly exempt from the taxes imposed by this title.

The amendment was agreed to.

The next amendment passed over was, on page 25, line 7, after the word "individual", to insert a comma and "and no substantial part of the activities of which is participation in partisan politics or is carrying on propaganda, or otherwise attempting to influence legislation", so as to read:

(o) Charitable and other contributions: In the case of an individual, contributions or gifts made within the taxable year to or for the use of:

(1) The United States, any State, Territory, or any political subdivision thereof, or the District of Columbia, for exclusively public purposes;

(2) A corporation, or trust, or community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, and no substantial part of the activities of which is participation in partisan politics or is carrying on propaganda, or otherwise attempting to influence legislation.

The VICE PRESIDENT. The question is on agreeing to the amendment.

Mr. COUZENS. Mr. President, I hope this amendment will be agreed to. Then it can go to conference, and we can change the language if it is found to do any inequity.

Mr. HARRISON. I may say to the Senate that the attention of the Senate committee was called to the fact that there are certain organizations which are receiving contributions in order to influence legislation and carry on propaganda. The committee thought there ought to be an amendment which would stop that, so that is why we have put this amendment in the bill.

Mr. REED. Mr. President, I do not think the committee is proud of the language in which this amendment is couched. I know that the legislative drafting counsel who drew it expressed no pride whatever in their product; but I agree with the Senator from Michigan that if the amendment shall be agreed to we will have from now until the conference to study the subject and prepare better phraseology.

Mr. LA FOLLETTE. Mr. President, I desire to add just a word to what has been said about this amendment.

In my opinion, we shall never get away from abuses or mistakes of administration so far as contributions to organizations of this character are concerned until all contributors are deprived of exemption from the payment of income tax on contributions made to these organizations.

I recognize, as the Senator from Pennsylvania [Mr. REED] said the other day when this matter was up, that there are certain types of organizations to which Congress and the executive branch of the Government might desire to encourage contributions. It is difficult from the administrative point of view for those in the Internal Revenue Bureau to determine when an organization is carrying on a type of activity which ought to be encouraged, and when it is carrying on a propaganda type of activity. In my opinion, it will not make a penny's worth of difference, so far as the contributions to these various organizations are concerned, if they are all excluded from this immunity and all treated alike. It is my judgment that we never shall get away from mistakes of administration and from decisions which may seem like favoritism until all contributions to organizations of this kind are made subject to the income tax.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

The next amendment passed over was, on page 32, line 5, after the word "than", to strike out "$8,000" and insert "$20,000", so as to read:

(C) "Earned net income" means the excess of the amount of the earned income over the sum of the earned income deductions. If the taxpayer's net income is not more than $3,000, his entire net income shall be considered to be earned net income, and if his net income is more than $3,000, his earned net income shall not be considered to be less than $3,000. In no case shall the earned net income be considered to be more than $20,000.

Mr. HARRISON. Mr. President, just a word of explanation of that amendment. It has reference to earned income. The House fixed the limit at $8,000, while the Committee on Finance has recommended making $20,000 the maximum amount that should be considered earned income.

Mr. LA FOLLETTE. Mr. President, may I ask the Senator how much the experts estimate the loss in revenue will be if this amendment remains in the bill when it comes from conference?

Mr. HARRISON. Seven million dollars.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

The next amendment passed over was, under the subhead "Subtitle C—Supplemental provisions", on page 50, line 24, after the word "individual", to insert a comma and "and no substantial part of the activities of which is participation in partisan politics or is carrying on propaganda, or otherwise attempting to influence legislation", so as to read:

SEC. 101. Exemptions from tax on corporations: The following organizations shall be exempt from taxation under this title—

(1) Labor, agricultural, or horticultural organizations:

(2) Mutual savings banks not having a capital stock represented by shares;

(3) Fraternal beneficiary societies, orders, or associations, (A) operating under the lodge system or for the exclusive benefit of the members of a fraternity itself operating under the lodge system; and (B) providing for the payment of life, sick, accident, or other benefits to the members of such society, order, or association or their dependents;

(4) Domestic building and loan associations substantially all the business of which is confined to making loans to members; and cooperative banks without capital stock organized and operated for mutual purposes and without profit;

(5) Cemetery companies owned and operated exclusively for the benefit of their members or which are not operated for profit; and any corporation chartered solely for burial purposes as a cemetery corporation and not permitted by its charter to engage in any business not necessarily incident to that purpose, no part of the net earnings of which inures to the benefit of any private shareholder or individual;

(6) Corporations, and any community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, and no substantial part of the activities of which is participation in partisan politics or is carrying on propaganda, or otherwise attempting to influence legislation.

Mr. HARRISON. This is in line with the other propaganda amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

The next amendment passed over was, on page 55, after line 15, to strike out the following:

SEC. 102. Tax on personal holding companies: (a) Tax on personal holding company. In addition to the tax imposed by section 13, there shall be levied, collected, and paid, for each taxable year, upon the undistributed adjusted net income of every personal holding company a tax of 35 percent thereof. Such tax shall be computed, collected, and paid in the same manner and subject to the same provisions of law (including penalties) as the tax imposed by section 13.

(b) Definitions: As used in this section, (1) the term "personal holding company" means any corporation (other than a banking or insurance corporation) if (A) at least 80 percent of its gross income for the taxable year is derived from rents, royalties, dividends, interest, annuities, and (except in the case of regular dealers in stock or securities) gains from the sale of stock or securities, and (B) at any time during the last half of the taxable year more than 50 percent in value of its outstanding stock is owned, directly or indirectly, by or for not more than five individuals. For the purpose of determining the ownership of stock in a personal holding company—(C) stock owned, directly or indirectly, by a corporation, partnership, estate, or trust shall be considered as being owned proportionately by its shareholders, partners, or beneficiaries; (D) an individual shall be considered as owning, to the exclusion of any other individual, the stock owned, directly or indirectly, by his family, and this rule shall be applied in such manner as to produce the smallest possible number of individuals owning, directly or indirectly, more than 50 percent in value of the outstanding stock; and (E) the family of an individual shall include only his brothers and sisters (whether by the whole or half blood), spouse, ancestors, and lineal descendants. For the purpose of clause (A) of this paragraph the term "gross income" includes the amount of interest upon obligations of the United States issued after September 1, 1917, which would be subject to tax in whole or in part in the hands of an individual owner.

(2) The term "undistributed adjusted net income" means the adjusted net income minus the sum of:

(A) Ten percent of the adjusted net income; and

(B) Dividends paid during the taxable year.

(3) The term "adjusted net income" means the sum of:

(A) The net income determined without regard to the provisions of this section;

(B) The amount of the dividend deduction allowed under section 23 (p); and

(C) The amount of interest upon obligations of the United States issued after September 1, 1917, which would be subject to tax in whole or in part in the hands of an individual owner; minus the sum of:

(D) Federal income, war-profits, and excess-profits taxes paid or accrued, but not including the tax imposed by this section;

(E) Contributions or gifts, not otherwise allowed as a deduction, to or for the use of donees described in section 23 (o) for the purposes therein specified; and

(F) Losses from sales or exchanges of capital assets which are disallowed as a deduction by section 117 (d).

SEC. 103. Tax on other corporations improperly accumulating surplus: (a) In addition to the tax imposed by section 13, there shall be levied, collected, and paid for each taxable year upon the net income of every corporation (other than a personal holding company as defined in sec. 102) a tax equal to 25 percent of the amount thereof, if such corporation, however created or organized, is formed or availed of for the purpose of preventing the imposition of the surtax upon its shareholders or the shareholders of any other corporation, through the medium of permitting gains and profits to accumulate instead of being divided or distributed. Such tax shall be computed, collected, and paid in the same manner and subject to the same provisions of law (including penalties) as the tax imposed by section 13.

(b) The fact that any corporation is a mere holding or investment company, or that the gains or profits are permitted to accumulate beyond the reasonable needs of the business, shall be prima facie evidence of a purpose to avoid surtax.

(c) As used in this section, the term "net income" means the net income as defined in section 21, increased by the sum of:

(1) The amount of the dividend deduction allowed under section 23 (p); and

(2) The amount of the interest on obligations of the United States issued after September 1, 1917, which would be subject to tax, in whole or in part, in the hands of an individual owner; but diminished by the amount of dividends paid during the taxable year.

And to insert:

SEC. 102. Surtax on corporations improperly accumulating surplus: (a) Imposition of tax: There shall be levied, collected, and paid for each taxable year upon the adjusted net income of every corporation (other than a personal holding company as defined in sec. 351) if such corporation, however created or organized, is formed or availed of for the purpose of preventing the imposition of the surtax upon its shareholders or the shareholders of any other corporation, through the medium of permitting gains and profits to accumulate instead of being divided or distributed, a surtax equal to the sum of the following:

(1) 25 percent of the amount of the adjusted net income not in excess of $100,000, plus

(2) 35 percent of the amount of the adjusted net income in excess of $100,000.

(b) Prima facie evidence: The fact that any corporation is a mere holding or investment company, or that the gains or profits are permitted to accumulate beyond the reasonable needs of the business, shall be prima facie evidence of a purpose to avoid surtax.

(c) Definition of "adjusted net income": As used in this section, the term "adjusted net income" means the net income increased by the amount of the dividend deduction allowed under section 23 (p), but diminished by the amount of dividends paid during the taxable year.

(d) Tax on personal holding companies: For surtax on personal holding companies, see section 351.

The amendment was agreed to.

The next amendment passed over was, on page 68, line 4, after the article "a", to strike out "merger or consolidation, or (B)" and insert "statutory merger or consolidation, or (B) the acquisition by one corporation in exchange solely for its voting stock; of at least 80 percent of the voting stock and at least 80 percent of the total number of shares of all other classes of stock of another corporation; or of substantially all the properties of another corporation, or (C)"; in line 15, before the article "a", to strike out "(C)" and insert "(D)", and at the end of the same line to strike out "(D)" and insert "(E)"; and in line 20, after the word "reorganization", to insert "and includes both corporations in the case of a reorganization resulting from the acquisition by one corporation of stock or properties of another", so as to read:

(g) Definition of reorganization: As used in this section and section 113—

(1) The term "reorganization" means (A) a statutory merger or consolidation, or (B) the acquisition by one corporation in exchange solely for its voting stock; of at least 80 percent of the voting stock and at least 80 percent of the total number of shares of all other classes of stock of another corporation; or of substantially all the properties of another corporation, or (C) a transfer by a corporation of all or a part of its assets to another corporation if immediately after the transfer the transferor or its stockholders or both are in control of the corporation to which the assets are transferred, or (D) a recapitalization, or (E) a mere change in identity, form, or place of organization, however effected.

(2) The term "a party to a reorganization" includes a corporation resulting from a reorganization and includes both corporations in the case of a reorganization resulting from the acquisition by one corporation of stock or properties of another.

The amendment was agreed to.

The next amendment passed over was, on page 83, line 11, after the word "property" and the period, to strike out:

A taxpayer making his first return under this title in respect of a property shall state whether he elects to have the depletion allowance for such property for the taxable year for which the return is made computed with or without regard to percentage depletion, and the depletion allowance in respect of such property for such year and all succeeding taxable years shall be computed according to the election thus made. If the taxpayer fails to make such statement in the return, the depletion allowance for such property for all taxable years shall be computed without reference to percentage depletion.

And in lieu thereof to insert:

A taxpayer making his first return under this title in respect of a property shall state whether he elects to have the depletion allowance for such property for the taxable year for which the return is made computed with or without regard to percentage depletion, and the depletion allowance in respect of such property for such year shall be computed according to the election thus made. If the taxpayer fails to make such statement in the return, the depletion allowance for such property for such year shall be computed without reference to percentage depletion. The method, determined as above, of computing the depletion allowance shall be applied in the case of the property for all taxable years in which it is in the hands of such taxpayer, or of any other person if the basis of the property (for determining gain) in his hands is, under section 113, determined by reference to the basis in the hands of such taxpayer, either directly or through one or more substituted bases, as defined in that section.

So as to read:

(4) Percentage depletion for coal and metal mines and sulphur: The allowance for depletion under section 23 (m) shall be, in the case of coal mines, 5 percent, in the case of metal mines, 15 percent, and, in the case of sulphur mines or deposits, 23 percent, of the gross income from the property during the taxable year, excluding from such gross income an amount equal to any rents or royalties paid or incurred by the taxpayer in respect of the property. Such allowance shall not exceed 50 percent of the net income of the taxpayer (computed without allowance for depletion) from the property. A taxpayer making his first return under this title in respect of a property shall state whether he elects to have the depletion allowance for such property for the taxable year for which the return is made computed with or without regard to percentage depletion, and the depletion allowance in respect of such property for such year shall be computed according to the election thus made. If the taxpayer fails to make such statement in the return, the depletion allowance for such property for such year shall be computed without reference to percentage depletion. The method, determined as above, of computing the depletion allowance shall be applied in the case of the property for all taxable years in which it is in the hands of such taxpayer, or of any other person if the basis of the property (for determining gain) in his hands is, under section 113, determined by reference to the basis in the hands of such taxpayer, either directly or through one or more substituted bases, as defined in that section.

Mr. McKELLAR. Mr. President, I have an amendment that I desire to offer to this depletion section. I have not a copy of it on my desk.

Mr. HARRISON. I suggest that we pass over this amendment for the present.

Mr. McKELLAR. Very well.

The PRESIDENT pro tempore. The amendment will be passed over.

The next amendment passed over was, on page 93, line 16, after the figure "5", to strike out "years" and insert "years but not for more than 10 years", and on the same page, after line 17, to insert "30 percent if the capital asset has been held for more than 10 years", so as to read:

SEC. 117. Capital gains and losses: (a) General rule: In the case of a taxpayer, other than a corporation, only the following percentages of the gain or loss recognized upon the sale or exchange of a capital asset shall be taken into account in computing net income:

100 percent if the capital asset has been held for not more than 1 year;

80 percent if the capital asset has been held for more than 1 year but not for more than 2 years;

60 percent if the capital asset has been held for more than 2 years but not for more than 5 years;

40 percent if the capital asset has been held for more than 5 years but not for more than 10 years;

30 percent if the capital asset has been held for more than 10 years.

Mr. HARRISON. Mr. President, this is the amendment with reference to capital gains and losses. The Senate will recall that the tax on property held for more than 10 years is reduced in the House bill from 40 to 30 percent, which still makes it higher than the present 12½ percent.

Mr. CONNALLY. The Senator from Oklahoma [Mr. GORE] has an amendment on that subject.

Mr. HARRISON. On capital gains and losses?

Mr. CONNALLY. It is with regard to the 10-year provision.

Mr. MURPHY. I have an amendment on that subject, Mr. President.

Mr. KING. Mr. President, if I may have the attention of the Senator from Mississippi, in charge of the bill, I should like to inquire whether any disposition has been made of the provision dealing with personal holding companies. I was called from the Chamber to respond to a long-distance telephone call, and if the amendment was acted on, I should like to have a reconsideration of the vote.

Mr. HARRISON. Mr. President, the House provision was stricken out by the adoption of an amendment of the Committee on Finance.

Mr. KING. I should like to have the entire subject considered at the same time, because I think I shall want to have the House provision reinstated.

Mr. HARRISON. There will be no objection to that.

Mr. REED. Mr. President, I think the Senator from Utah ought to be told that we have already acted on the equivalent of section 220; that is, section 102 in the bill before us. The Senator will find it on page 59. The amendment there has been agreed to, but a long, complicated description of a personal holding company occurs in section 351, which we have not as yet reached.

Mr. KING. Mr. President, if, in the consideration of the entire subject, a reconsideration of the vote by which the amendment was agreed to shall be involved, I shall ask that any action taken be set aside, so that the whole subject may be considered.

Mr. HARRISON. But the Senator does not now ask for a reconsideration of section 102?

Mr. KING. Not at the present time.

Mr. MURPHY. Mr. President, I have an amendment to offer.

The PRESIDENT pro tempore. The amendment will be stated.

The Chief Clerk proceeded to read the amendment proposed by Mr. MURPHY.

The PRESIDING OFFICER. The Chair suggests that the Senate act first on the committee amendment on page 93, and then take up the amendment of the Senator from Iowa, which is offered as an amendment in the nature of a substitute for the entire section, because the proposed substitute takes in more than the committee amendment.

Mr. CONNALLY. A parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. CONNALLY. While the rule is that we act on committee amendments, is it not also in order to consider an amendment to a committee amendment?

The PRESIDENT pro tempore. Under the rule, the committee amendment should first be acted on, because it is a perfecting amendment.

Mr. ROBINSON of Arkansas. The rule is to perfect the text, and then to perfect the substitute.

The PRESIDENT pro tempore. The Clerk will read the amendment offered by the Senator from Iowa.

The CHIEF CLERK. It is proposed to amend section 117, subsection (a) and subsection (b), so as to read as follows:

SEC. 117. Capital gains and losses.—(a) Tax in the case of exceptional capital net gain: In the case of any taxpayer, other than a corporation, who for any taxable year realizes an exceptional capital net gain (as defined in subsection (b) of this section), the tax under this title shall be determined, under regulations to be prescribed by the Commissioner, with the approval of the Secretary, as follows:

(1) A partial tax shall first be computed on the ordinary net income at the rates and in the manner as if this section had not been enacted.

(2) To this amount shall be added an additional tax on the exceptional capital net gain, equal to—

Five times the additional tax that would be imposed, at the rates and in the manner as if this section had not been enacted, on one fifth of the exceptional capital net gain if the capital assets sold or exchanged by the taxpayer at a gain in the taxable year have been held by him an average of 5 years or more.

Four times the additional tax that would be similarly imposed on one fourth of the exceptional capital net gain if the said capital assets have been held by the taxpayer an average of 4 years.

Three times the additional tax that would be similarly imposed on one third of the exceptional capital net gain if the said capital assets have been held by the taxpayer an average of 3 years.

Twice the additional tax that would be similarly imposed on one half of the exceptional capital net gain if the said capital assets have been held by the taxpayer an average of 2 years.

The entire amount of the additional tax that would be similarly imposed on the entire exceptional capital net gain if the said capital assets have been held by the taxpayer an average of 1 year or less.

(3) The Commissioner (with the approval of the Secretary), in prescribing the method of determining the average number of years for which capital assets have been held, may limit the number of years that shall be counted in the case of a capital asset held for more than 5 years. He may also extend the method prescribed by this section for computing the tax on an exceptional capital net gain to cases in which the said average number of years, between 1 and 4, is determined in whole numbers and fractions thereof.

(b) Definitions: For the purposes of this title—

(1) "Capital assets" means property held by the taxpayer (whether or not connected with his trade or business), but does not include stock in trade of the taxpayer or other property of a kind which would properly be included in the inventory of the taxpayer if on hand at the close of the taxable year, or property held by the taxpayer primarily for sale in the course of his trade or business.

(2) "Capital gain" means taxable gain upon the sale or exchange of a capital asset.

(3) "Capital loss" means loss upon the sale or exchange of a capital asset.

(4) "Capital net gain" means the excess of the taxpayer's capital gains for the taxable year (including his distributive share of the capital gains of any partnership of which he is a member and of any trust, the income of which is taxable to him in whole or in part, under sections 162, 165, 166, and 167 of this title) over (A) his capital losses for the taxable year and (B) such deductions, allowed by section 23 for the purpose of computing net income, as are properly allocable to or chargeable against the capital assets sold or exchanged.

(5) "Exceptional capital net gain" means the amount by which the taxpayer's capital net gain for the taxable year exceeds the average amount of his capital net gains for that number of immediately preceding taxable years (not exceeding four) which is equal to one less than the average number of years during which the taxpayer has held the capital assets sold or exchanged by him at a gain in the taxable year: *Provided, however,* That the excess so determined shall not be considered an exceptional capital net gain unless it exceeds 20 percent of the taxpayer's ordinary net income.

(6) "Ordinary net income" means the taxable net income less the exceptional capital net gains.

(7) The additional tax that would be imposed on an exceptional capital net gain or any fraction thereof means the difference between (A) a tax computed on the ordinary net income and (B) a tax computed on the sum of the ordinary net income and the exceptional capital net gain or fraction thereof.

Section 117 is further amended by adding at the end thereof the following subsection:

"(g) The Commissioner may, with the approval of the Secretary, direct that a taxpayer who reports an exceptional capital net gain shall compute and pay his tax as though this section had not been enacted. In that event the Commissioner shall cause the tax to be recomputed as promptly as practicable and shall immediately credit or refund any overpayment indicated by such recomputation."

The PRESIDENT pro tempore. If the Chair may have the attention of the Senator from Mississippi and the Senator from Iowa, there is a committee amendment pending, on page 93, lines 16 to 19, inclusive, section 117. The amendment offered by the Senator from Iowa is a substitute for subsection (a) and subsection (b). First in order is the committee amendment perfecting subsection (a) to section 117. After that the amendment of the Senator from Iowa, in the nature of a substitute, will be in order.

The question is on agreeing to the committee amendment on page 93, lines 16 to 19.

The amendment was agreed to.

The PRESIDENT pro tempore. There is another committee amendment to the same section.

Mr. REED. Mr. President, I have been engaged in a conference over another amendment. Has the vote been taken on the committee amendment on line 16, page 93?

The PRESIDENT pro tempore. Yes; that amendment has been agreed to. The clerk will state the next amendment.

The CHIEF CLERK. On page 94, line 3, it is proposed to strike out, after the word "sale", the words "in the" and to insert in lieu thereof the words "to customers in the ordinary", so as to make the subsection read:

(b) Definition of capital assets: For the purposes of this title, "capital assets" means property held by the taxpayer (whether or not connected with his trade or business), but does not include stock in trade of the taxpayer or other property of a kind which would properly be included in the inventory of the taxpayer if on hand at the close of the taxable year, or property held by the taxpayer primarily for sale to customers in the ordinary course of his trade or business.

Mr. REED. Mr. President, may that amendment on page 94 go over for a short time? We have been trying to work out some method by which credits could reasonably be given for obsolete property which is sold for salvage. As will be seen, under this amendment, the only loss that is deductible is a loss on property normally carried for sale to customers. It is conceivable that a railroad company, for example, finds that while a locomotive is useless, it has a salvage value as scrap. Probably most of the deductions can be taken in the annual deductions for obsolescence, but if there remained a loss between the book value of such a locomotive and the amount for which it was sold to the junk dealer, under this language the loss could not be deducted. I suggest that we pass the amendment over for a short time, so that we may see if we cannot work out a satisfactory provision.

The PRESIDENT pro tempore. The Chair will state that if the committee amendments shall be passed over, then the substitute offered by the Senator from Iowa will not be in order at this time.

Mr. REED. Mr. President, I do not mean to embarrass the consideration of the Senator's substitute. Perhaps the best course to take would be to agree to the pending committee amendment, with the understanding that if we can work out a better provision we may reopen the question.

Mr. HARRISON. I think that would be better, so that we may now settle this committee amendment.

The PRESIDENT pro tempore. The question is on agreeing to the committee amendment on page 94, line 3.

The amendment was agreed to.

The PRESIDENT pro tempore. The question now is on the amendment offered by the Senator from Iowa [Mr. MURPHY], in the nature of a substitute for subsection (a) and subsection (b) of section 117.

Mr. MURPHY. Mr. President, let the amendment lie on the table, and I will ask that it be taken up for discussion later.

Mr. HARRISON. If the Senator desires to have the amendment passed over, of course I desire to be accommodating. The Senator from Iowa says he should like to have it lie on the table for the present. I suggest that it be passed over.

The PRESIDENT pro tempore. The Senator from Iowa withdraws his substitute for the present.

Mr. HARRISON. I suggest that the whole section be passed over for the present.

The PRESIDENT pro tempore. By unanimous consent the amendment offered by the Senator from Iowa is temporarily passed over.

The next amendment passed over will be stated.

The next amendment passed over was, on page 95, line 20, after the words "extent of", to insert "$2,000 plus."

Mr. McKELLAR. Mr. President, will the Senator explain the amendment?

Mr. HARRISON. The amendment gives to everyone a $2,000 exemption in figuring gains and losses. It is really an effort to help the small taxpayer.

The amendment was agreed to.

The next amendment passed over was, on page 95, line 21, after the word "exchanges" and the period, to insert:

If a bank or trust company incorporated under the laws of the United States or of any State or Territory, a substantial part of whose business is the receipt of deposits, sells any bond, debenture, note, or certificate or other evidence of indebtedness issued by any corporation (including one issued by a Government or political subdivision thereof), with interest coupons or in registered form, any loss resulting from such sale shall not be subject to the foregoing limitation except such portion of the loss as is equal to the amount, if any, by which the adjusted basis of such instrument exceeds the par or face value thereof.

So as to read:

(d) Limitation on capital losses: Losses from sales or exchanges of capital assets shall be allowed only to the extent of $2,000 plus the gains from such sales or exchanges. If a bank or trust company incorporated under the laws of the United States or of any State or Territory, a substantial part of whose business is the

receipt of deposits, sells any bond, debenture, note, or certificate or other evidence of indebtedness issued by any corporation (including one issued by a government or political subdivision thereof), with interest coupons or in registered form, any loss resulting from such sale shall not be subject to the foregoing limitation except such portion of the loss as is equal to the amount, if any, by which the adjusted basis of such instrument exceeds the par or face value thereof.

Mr. HARRISON. Mr. President, I desire to offer a clarifying amendment to the Senate committee amendment.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. In the committee amendment, on page 96, line 2, it is proposed to strike out all after the word "form", down through line 6, and insert "any loss resulting from such sale (except such portion of the loss as does not exceed the amount, if any, by which the adjusted basis of such instrument exceeds the par or face value thereof) shall not be subject to the foregoing limitation and shall not be included in determining the applicability of such limitation to other losses."

Mr. COUZENS. Mr. President, do I understand that to mean that if a bank or trust company sells at 100 a security which it bought at 94, there is no tax? What is the meaning of the amendment?

Mr. REED. This section, Mr. President, relates exclusively to deductions. The committee has adopted the very stern rule that no capital losses shall be deducted from the taxable income except where capital gains in the same amount have been realized. In other words, one cannot deduct losses in calculating the tax except to the extent that one has had gains. We have enlarged that a little so as to allow a deduction of $2,000 of losses to take care of the small taxpayer.

It has been shown to us that banks stand no chance of making the corresponding capital gains, but that very frequently when they have bought bonds those bonds are afterward defaulted, and they are not in the position of the ordinary individual who is in a position to offset capital gains. The committee was willing to allow that in the case of bona fide investments of financial institutions, but the committee was not willing to allow a deduction of the premium paid for a bond, because in the case of Government bonds held by the banks the interest is totally tax exempt, and when banks buy such bonds at a premium they calculate the real interest rate they are going to get by subtracting the premium from the interest due to the first call date. Inasmuch as the interest is tax exempt, it seemed to us that the premium should not be deducted from the taxable income.

It is very complicated, but it has been thoroughly studied by the draftsmen, and they think the revised language offered by the Senator from Mississippi [Mr. HARRISON] will adequately take care of the case.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Mississippi to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The next amendment passed over was, on page 96, after line 6, to strike out:

(e) Gains and losses from short sales: For the purposes of this title, gains or losses (A) from short sales of property, or (B) attributable to privileges or options to buy or sell property, or (C) from sales or exchanges of such privileges or options, shall be considered as gains or losses from sales or exchanges of capital assets held for 1 year or less.

And in lieu thereof to insert:

(e) Gains and losses from short sales, etc.: For the purpose of this title—

(1) gains or losses from short sales of property shall be considered as gains or losses from sales or exchanges of capital assets; and

(2) gains or losses attributable to the failure to exercise privileges or options to buy or sell property shall be considered as gains or losses from sales or exchanges of capital assets held for 1 year or less.

Mr. McKELLAR. I should like to have some statement with reference to this amendment.

Mr. HARRISON. The purpose of the amendment is to prevent tax avoidance. As the Senator will see from the report, it is there said:

Fourth, to prevent tax avoidance in the case of capital losses, and to prevent discrimination in respect to capital gains against taxpayers living at a distance from the stock market, subdivision (e) of section 117 has been entirely rewritten. Under the House bill a man with a long-term loss could change it into a short-term loss and utilize it against his gains to the full 100 percent by simply making a short sale. On the other hand, a man living in some distant city who desired to sell some stock he had held for 5 years would have to pay a tax on 100 percent of the profit if he wired his order for the immediate sale of such stock. Both of these inequitable results are remedied by the bill as reported.

They are placed upon the same basis.

The PRESIDENT pro tempore. The question is on agreeing to the committee amendment which has been read.

The amendment was agreed to.

The next amendment passed over was, on page 174, after line 9, to insert:

(c) Omission from gross income: If the taxpayer omits from gross income an amount properly includible therein which is in excess of 25 percent of the amount of gross income stated in the return, the tax may be assessed, or a proceeding in court for the collection of such tax may be begun without assessment, at any time within 5 years after the return was filed.

The amendment was agreed to.

The next amendment passed over was, on page 190, after line 3, to insert:

TITLE I-A—ADDITIONAL INCOME TAXES

SEC. 351. Surtax on personal holding companies.—(a) Imposition of tax: There shall be levied, collected, and paid, for each taxable year, upon the undistributed adjusted net income of every personal holding company a surtax equal to the sum of the following:

(1) Thirty percent of the amount thereof not in excess of $100,000; plus

(2) Forty percent of the amount thereof in excess of $100,000.

(b) Definitions: As used in this title—

(1) The term "personal holding company" means any corporation (other than a corporation exempt from taxation under section 101, and other than a bank or trust company incorporated under the laws of the United States or of any State or Territory, a substantial part of whose business is the receipt of deposits, and other than a life-insurance company) if—(A) at least 80 percent of its gross income for the taxable year is derived from royalties, dividends, interest, annuities, and (except in the case of regular dealers its stock or securities) gains from the sale of stock or securities, and (B) at any time during the last half of the taxable year more than 50 percent in value of its outstanding stock is owned, directly or indirectly, by or for not more than five individuals. For the purpose of determining the ownership of stock in a personal holding company—(C) stock owned, directly or indirectly, by a corporation, partnership, estate, or trust shall be considered as being owned proportionately by its shareholders, partners, or beneficiaries; (D) an individual shall be considered as owning, to the exclusion of any other individual, the stock owned, directly or indirectly, by his family, and this rule shall be applied in such manner as to produce the smallest possible number of individuals owning, directly or indirectly, more than 50 percent in value of the outstanding stock; and (E) the family of an individual shall include only his brothers and sisters (whether by the whole or half blood), spouse, ancestors, and lineal descendants.

(2) The term "undistributed adjusted net income" means the adjusted net income minus the sum of:

(A) 10 percent of the excess of the adjusted net income over the amount of the dividend deduction allowed under section 23(p);

(B) A reasonable amount used or set aside to retire indebtedness incurred prior to January 1, 1934; and

(C) Dividends paid during the taxable year.

(3) The term "adjusted net income" means the sum of:

(A) The net income; and

(B) The amount of the dividend deduction allowed under section 23 (p);

minus the sum of:

(C) Federal income, war-profits, and excess-profits taxes paid or accrued, but not including the tax imposed by this section; and

(D) Contributions or gifts, not otherwise allowed as a deduction, to or for the use of donees described in section 23 (o) for the purposes therein specified.

(4) The terms used in this section shall have the same meaning as when used in title I.

(c) Administrative provisions: All provisions of law (including penalties) applicable in respect of the taxes imposed by title I of this act, shall insofar as not inconsistent with this section, be applicable in respect of the tax imposed by this section, except that the provisions of section 131 of that title shall not be applicable.

(d) Improper accumulation of surplus: For surtax on corporations which accumulate surplus to avoid surtax on stockholders, see section 102.

Mr. KING. Mr. President, I ask that that amendment may be passed over, because I am working on an amendment, or a series of amendments, which I think ought to be adopted, and concerning the details of which the experts and myself have not quite agreed as yet.

Mr. HARRISON. Let the amendment be passed over for the present.

The PRESIDENT pro tempore. The amendment will be passed over.

The next amendment passed over was, on page 194, line 21, after the figures "1926", to insert "as amended", so as to read:

SEC. 402. Prior taxed property: Paragraph (2) of subdivision (a) and paragraph (2) of subdivision (b) of section 303 of the Revenue Act of 1926, as amended, are amended by inserting before the period at the end of the second sentence of each such paragraph a comma and the following: "and only if in determining the value of the net estate of the prior decedent no deduction was allowable under this paragraph in respect of the property or properties given in exchange therefor."

The amendment was agreed to.

The next amendment passed over was, on page 196, after line 12, to insert:

SEC. 405. Estate tax rates: (a) The last 14 paragraphs of section 401 (b) of the Revenue Act of 1932 are amended to read as follows:

$126,000 upon net estates of $1,000,000; and upon net estates in excess of $1,000,000 and not in excess of $1,500,000, 20 percent in addition of such excess.

$226,000 upon net estates of $1,500,000; and upon net estates in excess of $1,500,000 and not in excess of $2,000,000, 22 percent in addition of such excess.

$336,000 upon net estates of $2,000,000; and upon net estates in excess of $2,000,000 and not in excess of $2,500,000, 25 percent in addition of such excess.

$461,000 upon net estates of $2,500,000; and upon net estates in excess of $2,500,000 and not in excess of $3,000,000, 27 percent in addition of such excess.

$596,000 upon net estates of $3,000,000; and upon net estates in excess of $3,000,000 and not in excess of $3,500,000, 30 percent in addition of such excess.

$746,000 upon net estates of $3,500,000; and upon net estates in excess of $3,500,000 and not in excess of $4,000,000, 32 percent in addition of such excess.

$906,000 upon net estates of $4,000,000; and upon net estates in excess of $4,000,000 and not in excess of $4,500,000, 35 percent in addition of such excess.

$1,081,000 upon net estates of $4,500,000; and upon net estates in excess of $4,500,000 and not in excess of $5,000,000, 37 percent in addition of such excess.

$1,266,000 upon net estates of $5,000,000; and upon net estates in excess of $5,000,000 and not in excess of $6,000,000, 40 percent in addition of such excess.

$1,666,000 upon net estates of $6,000,000; and upon net estates in excess of $6,000,000 and not in excess of $7,000,000, 42 percent in addition of such excess.

$2,086,000 upon net estates of $7,000,000; and upon net estates in excess of $7,000,000 and not in excess of $8,000,000, 44 percent in addition of such excess.

$2,526,000 upon net estates of $8,000,000; and upon net estates in excess of $8,000,000 and not in excess of $9,000,000, 46 percent in addition of such excess.

$2,986,000 upon net estates of $9,000,000; and upon net estates in excess of $9,000,000 and not in excess of $10,000,000, 48 percent in addition of such excess.

$3,466,000 upon net estates of $10,000,000; and upon net estates in excess of $10,000,000, 50 percent in addition of such excess.

(b) The amendments made by this section shall be effective only with respect to transfers of estates of decedents dying after the date of the enactment of this act.

Mr. LA FOLLETTE. Mr. President, I hope the Senator from Mississippi will let that amendment go over temporarily. I have modified my amendments somewhat along the lines of the suggestion which I received, and I expect them to be back from the Printing Office at any time.

Mr. HARRISON. I will say to the Senator that I also should like to have it go over, and if the members of the Committee on Finance—with some of whom I have talked, with others I have not—can agree upon some modification, I am willing to do so, in order that we may avoid a long discussion of this provision of the bill.

Mr. REED. Mr. President, what was done about section 404, on page 196? Has that been agreed to?

Mr. HARRISON. That has been agreed to.

The PRESIDENT pro tempore. The amendment of the committee will be passed over.

The next amendment passed over was, on page 198, under the heading "Title III—Amendments to prior acts and miscellaneous", on page 198, line 23, before the word "petition", to strike out "of" and insert "for"; in line 25, after the figures "1926", to insert "section 308 (a) of the Revenue Act of 1926, section 513 (a) of the Revenue Act of 1932,"; on page 199, line 6, after the words "striking out", to insert "'not counting Sunday as the"; and in line 7, after the word "thereof", to insert "'not counting Sunday or a legal holiday in the District of Columbia as the", so as to make the section read:

SEC. 501. Period for petition to Board under prior acts: Section 274 (a) of the Revenue Act of 1926, section 308 (a) of the Revenue Act of 1926, section 513 (a) of the Revenue Act of 1932, and section 272 (a) of the Revenue Act of 1928 and the Revenue Act of 1932 (relating to the period during which a taxpayer may petition the Board of Tax Appeals for redetermination of a deficiency) are amended by striking out "60 days" and inserting in lieu thereof "90 days"; by striking out "not counting Sunday as the sixtieth day" and inserting in lieu thereof "not counting Sunday or a legal holiday in the District of Columbia as the ninetieth day"; and by striking out "60-day" and inserting in lieu thereof "90-day." The amendment made by this section shall apply only in respect of notices mailed after 30 days after the date of the enactment of this act.

The amendment was agreed to.

Mr. REED. Mr. President there is no reason why the amendment on page 198, line 13, cannot now be agreed to.

Mr. KING. Has it not been agreed to?

Mr. REED. No; it has not as yet been agreed to. It was passed over. It deals with propaganda organizations.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 198, after line 12, it is proposed to insert:

SEC. 406. Nondeductibility of certain transfers: Section 303 (a) (3) and section 303 (b) (3) of the Revenue Act of 1926, as amended, are amended by inserting after "individual", wherever appearing therein, a comma and the following: "and no substantial part of the activities of which is participation in partisan politics or is carrying on propaganda, or otherwise attempting, to influence legislation."

The amendment was agreed to.

The next amendment passed over was on page 207, line 8, after the word "law" and the period to strike out:

The Secretary may appoint and fix the duties of such Assistant General Counsel (not to exceed six) and such other officers and employees as he may deem necessary to assist the General Council in the performance of his duties. The Secretary may designate one of such Assistant General Counsel to act as the General Counsel during the absence of the General Counsel. The General Counsel is authorized to delegate to any Assistant General Counsel any authority, duty, or function which he is authorized or required to exercise or perform. The Assistant General Counsel provided for in this subsection may be appointed and compensated without regard to the provisions of the Classification Act of 1923, as amended, and the Civil Service laws, and shall receive compensation at such rate (not in excess of $10,000 per annum) as may be fixed by the Secretary.

And in lieu thereof to insert:

The Secretary may appoint and fix the duties of such officers and employees as he may deem necessary to assist the General Counsel in the performance of his duties. The President is authorized to appoint, by and with the advice and consent of the Senate, not to exceed six Assistant General Counsel and to fix their compensation at rates not in excess of $10,000 per annum. The Secretary may designate one of such Assistant General Counsel to act as the General Counsel during the absence of the General Counsel. The General Counsel, with the approval of the Secretary, is authorized to delegate to any Assistant General Counsel any authority, duty, or function which the General Counsel is authorized or required to exercise or perform.

So as to read:

SEC. 512. General Counsel for the Treasury: (a) There is hereby created in the Department of the Treasury the office of General Counsel for the Department of the Treasury (hereinafter in this section referred to as the "General Counsel"). The General Counsel shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive compensation at the rate of $10,000 per annum. The General Counsel shall be the chief law officer of the Department, and shall perform such duties in respect of the legal activities thereof as may be prescribed by the Secretary or required by law. The Secretary may appoint and fix the duties of such officers and employees as he may deem necessary to assist the General Counsel in the performance

of his duties. The President is authorized to appoint, by and with the advice and consent of the Senate, not to exceed six Assistant General Counsel and to fix their compensation at rates not in excess of $10,000 per annum. The Secretary may designate one of such Assistant General Counsel to act as the General Counsel during the absence of the General Counsel. The General Counsel, with the approval of the Secretary, is authorized to delegate to any Assistant General Counsel any authority, duty, or function which the General Counsel is authorized or required to exercise or perform. The rate of compensation of any person appointed under the provisions of this subsection shall be subject to the reduction applicable to officers and employees of the Federal Government generally.

Mr. KING. Mr. President, I dislike very much even to appear to be critical of this provision, but I feel constrained to suggest that the payment of $10,000 for the designated assistants—doubtless they are worth it—will lead to a demand in every department of the Government where counsel are employed, or experts, or assistant secretaries, or assistants to the secretaries are employed, for a like amount—$10,000. Under all the circumstances, and in view of the precedent which it will establish, I think the amount should be reduced. Demands inevitably will follow for an increase in the compensation of persons performing like duties. Perhaps the duties of such persons are not so important in many respects as the duties that would devolve upon these six assistants, but certainly they will make requests for like compensation. I think that we ought to reduce from $10,000 to $8,000 per annum the compensation of each of the six assistant general counsel. So I move, in line 4, on page 208, to strike out "$10,000" and insert "$8,000" in lieu thereof, so that it will read:

Not in excess of $8,000 per annum.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Utah to the amendment reported by the committee.

The amendment to the amendment was rejected.

The amendment reported by the committee was agreed to.

The next amendment passed over was, on page 209, commencing with line 4, to strike out the following:

The Secretary of the Treasury is authorized (without regard to the Classification Act of 1923, as amended, and the civil-service laws) to appoint and fix the compensation of 10 assistants at rates of compensation of not to exceed $10,000 per annum, but the rates so fixed shall be subject to the reduction applicable to officers and employees of the Federal Government generally.

And in lieu thereof to insert:

The President is authorized to appoint, by and with the advice and consent of the Senate, five assistants to the Secretary of the Treasury and to fix their compensation at rates not to exceed $10,000 per annum, but the rates so fixed shall be subject to the reduction applicable to officers and employees of the Federal Government generally.

Mr. McKELLAR. Mr. President, in the committee amendment on line 13, page 209, I move to strike out "$10,000" and insert "$8,000", so as to limit the compensation of the five assistants to the Secretary of the Treasury to $8,000.

The PRESIDENT pro tempore. The amendment to the amendment will be stated.

The CHIEF CLERK. In the committee amendment on page 209, line 13, it is proposed to strike out "$10,000" and insert "$8,000."

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Tennessee to the amendment reported by the committee.

The amendment to the amendment was rejected.

The PRESIDENT pro tempore. The question is on agreeing to the amendment reported by the committee.

The amendment was agreed to.

The next amendment passed over was, on page 209, line 23, after the word "the", to strike out "Secretary" and insert "President", so as to read:

The President is authorized to appoint, by and with the advice and consent of the Senate, five assistants to the Secretary of the Treasury and to fix their compensation at rates not to exceed $10,000 per annum, but the rates so fixed shall be subject to the reduction applicable to officers and employees of the Federal Government generally. The Secretary is authorized to delegate to such assistants any authority, duty, or function which he is authorized or required to exercise or perform. Whenever the President declares by Executive order that the emergency requiring the appointments under this section has ceased to exist, the persons appointed under this section shall cease to hold office under this section, and the power of the President under this section shall terminate.

The amendment was agreed to.

The next amendment passed over was, on page 210, to strike out lines 1 to 24, inclusive, down to and including line 9, on page 211.

Mr. HARRISON. I ask that that amendment be passed over for the present.

The PRESIDENT pro tempore. Without objection, the amendment will be passed over.

The next amendment passed over was, on page 212, after line 3, to insert:

SEC. 516. Nondeductibility of certain gifts: (a) Section 505 (a) (2) (B) and section 505 (b) (2) of the Revenue Act of 1932 are amended by inserting after "individual" a comma and the following: "and no substantial part of the activities of which is participation in partisan politics or is carrying on propaganda, or otherwise attempting to influence legislation."

(b) Section 505 (b) (3) of the Revenue Act of 1932 is amended by inserting after "animals" a comma and the following: "no substantial part of the activities of which is participation in partisan politics or is carrying on propaganda, or otherwise attempting to influence legislation."

Mr. COUZENS. Mr. President, that is in line with the other amendment in relation to the deductibility of gifts from income-tax returns, and I think it ought to be approved.

The PRESIDENT pro tempore. The question is on agreeing to the amendment reported by the committee.

The amendment was agreed to.

The next amendment was, on page 212, after line 16, to strike out:

TITLE IV—EXCISE TAXES

SEC. 601. Fruit-juice tax: Subsection (a) of section 615 of the Revenue Act of 1932 (relating to the tax on soft drinks) is amended as follows:

(a) Paragraph (2) thereof is repealed;

(b) Paragraph (3) thereof is amended to read as follows:

"(2) Upon all imitations of unfermented fruit juices (except grape juice), in natural or slightly concentrated form (as distinguished from finished or fountain sirups), intended for consumption as beverages with the addition of water or water and sugar, and upon all carbonated beverages, commonly known as soft drinks (except those described in paragraph (1)), manufactured, compounded, or mixed by the use of concentrate, essence, or extract, instead of a finished or fountain sirup, sold by manufacturer, producer, or importer, a tax of 2 cents per gallon."; and

(c) Paragraph (4) thereof is amended by striking out "(except grape juice)", and by striking out "pure apple cider" and inserting in lieu thereof "fruit juices."

And in lieu thereof to insert:

SEC. 601. Termination of soft-drink tax: No tax shall be imposed under section 615 of the Revenue Act of 1932 on the sale or use of any article if such sale or use takes place after the date of the enactment of this act.

The amendment was agreed to.

Mr. KING. Mr. President, I am not quite sure where it would be appropriate to offer an amendment which I desire to offer. I refer to my proposed amendment which reads:

The tax imposed by section 613 of the Revenue Act of 1932 shall not apply to candy sold by the manufacturer, producer, or importer after the date of the enactment of this act.

Mr. HARRISON. The amendment may be offered as a separate proposition later.

Mr. KING. The chairman of the committee suggests that the amendment be offered as a separate proposition, and, with that understanding, I shall not press it at this time.

The next amendment passed over was, on page 213, section 602, imposing a tax on certain oils.

Mr. HARRISON. Mr. President, we had better pass over the oil amendment for the present. I do not refer to lubricating oil and gasoline but all of section 602. I may say that the tax on sesame and coconut oil has been one of the hardest nuts for the committee to crack—and, I imagine, for individuals as well—and we are trying to reform the provision so as to avoid a long discussion and dispute and get something that might be acceptable to the administration, which is very much opposed to the provision as contained in the House bill.

Mr. TYDINGS. Mr. President, will the Senator from Mississippi yield?

Mr. HARRISON. I yield.

Mr. TYDINGS. May I ask the Senator if the amendment which he contemplates and which I believe the administration wants has anything to do with maintaining the commercial status of the Philippine Islands in their relations with the United States until the Independence Act shall have become effective?

Mr. HARRISON. I will say that so far as I am concerned that has all to do with it. I have not thought we ought to pass an Independence Act one day and the next day undo everything that we guaranteed to the people in that act. We hope to eliminate that provision from the bill, and I think we can get together on something which will do it.

Mr. TYDINGS. If the Senator will allow me to make this brief observation, let me say that the Philippine Legislature is now being called into special session to accept the act which was recently passed so that Philippine independence in the form in which we passed it is on its way; but the inclusion of this tax has done much to destroy that situation, and I am somewhat apprehensive if we put more taxes on Philippine exports, having cut down their quotas in various categories in the independence bill itself, the Philippine independence bill may not be accepted by the Filipino people. That is my primary interest in maintaining the status quo so that we may keep our word with these people.

Mr. BORAH. Mr. President, to what tax is the Senator referring?

Mr. TYDINGS. To the 3 cents a pound tax on coconut oil and copra, on page 214 of the pending bill, which discriminates against Philippine oil. As the Senator will recall, we have already limited the amount of imports to this country of Philippine sugar and various other commodities, including copra, in the Philippine independence bill. Now it is proposed to tax what we allow to come in, so that it really amounts, to a large extent, to an embargo on their exports. I fear that if we shall adopt the proposed tax all the work that has been done for Philippine independence at the present session will not amount to anything at all.

Mr. BORAH. The logic of the Senator's contention is that the same observation with reference to the tax on copra and coconut oil may, perhaps, be applicable for the next 10 years.

Mr. TYDINGS. That is true. May I say to the Senator from Idaho that we have limited in the independence bill the amount of copra, sugar, coconut oil, and whatnot that may be shipped to the United States from the Philippine Islands; we have cut down their normal allotment. Now, if we are going to tax the exports we do allow to come in, which are less than normal, we cannot expect the Filipino people to make a satisfactory economic adjustment; it cannot be done.

Mr. BORAH. As I understood the able Senator from Mississippi, the provision is to be redrafted.

Mr. HARRISON. It will be redrafted to carry out the idea which has been expressed, because the Senate committee amendment makes no exception at all, as the Senator knows, of coconut oil or copra from the Philippines, and the House bill, of course, made no exception of such commodities exported from the Philippines. The House provided for a tax of 5 cents on sesame and on coconut oil, but not on copra, and in the Senate bill we have taken in all oils, including copra and coconut oil. So I was hopeful that we might work out some provision which might eliminate the Philippine question from the picture, and yet retain a tax on all these oils. I am told that that might be very helpful.

Mr. REED. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield to the Senator from Pennsylvania.

Mr. REED. I am willing to grant that we must use the utmost fairness toward the Filipinos, but certainly we do not owe them any higher duty than we owe to our own citizens.

Mr. TYDINGS. That is true.

Mr. REED. We are putting all the excise taxes that ingenuity can suggest on everything produced in this country; we are putting processing taxes on all the necessaries of life produced and sold in this country, and certainly we have not any obligation to treat the Filipinos any better than we treat our own people, have we?

Mr. TYDINGS. The Filipinos pay a lot of these taxes, the Senator must bear in mind. They buy many millions of dollars' worth of cotton, all of which has the processing tax added to it.

Mr. REED. That is true.

Mr. TYDINGS. So that they pay their share of taxes like everybody else. The Senator from Pennsylvania knows, I am sure, that the primary purpose of this tax is not revenue, but its primary purpose is to discriminate against the Philippine people.

Mr. REED. The primary purpose of the processing tax is to raise prices and not to raise revenue.

Mr. TYDINGS. I do not agree with the general philosophy of that tax, may I say to the Senator; but I do think that we ought to lean backward to carry out our implied understanding with the Filipino people. We have just passed the independence bill, in which we have set out various conditions upon which ultimate independence is predicated and will be obtained. That is in the nature of a covenant between the Congress and the Philippine people, and I believe it would be breach of faith were we now, having already cut down the allotment of sugar, coconut oil, copra, and other commodities which they may send into the United States below their normal exports to this country, to go still further during the transitory period and cut them out altogether.

May I say also to the Senator from Pennsylvania that several of us are working on a plan to bring about complete independence for the Philippine Islands within 2 or 3 years, and I am fearful if we do not exercise care, assuming the desire is to exclude Filipino products from entry into this country, by this sort of provision in order to gain a little advantage we will lose a greater advantage.

Mr. HARRISON. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Maryland yield to the Senator from Mississippi?

Mr. TYDINGS. Certainly.

Mr. HARRISON. My object in asking that we pass this amendment over at this time is to avoid discussion and to dispose of other amendments which will cause no discussion. I know when we enter upon a discussion of the coconut-oil provision it will take some time. I hope the amendment may be passed over for the present.

Mr. TYDINGS. I have no objection to passing it over for the present, and I hope we may work out something that will not put Congress in the position of having broken faith with the Filipino people within 3 weeks after passing an independence bill.

Mr. REED. Mr. President, I do not mean to prolong the debate, but I must say for the RECORD that I do not see any breach of faith involved in this tax. In the beginning I was as much opposed to the tax as is the Senator from Maryland. The more I have studied it, the more I have learned of the condition to which the dairy farmers particularly are being reduced, the more I think the tax is absolutely essential.

Mr. TYDINGS. The Senator realizes that as the amendment is drawn the only people under the American flag who would pay the tax would be the Filipinos.

Mr. REED. No; I do not realize that at all.

Mr. TYDINGS. That is the fact. As the amendment is drawn, no other oil except Filipino oil would be taxed. What I am maintaining is that the tax ought to apply to all people under the flag, or ought not to apply to any of them.

Mr. REED. We get a lot of oil from the tropical regions of Africa.

Mr. TYDINGS. But that is a different situation entirely. The Senator would put the Filipinos in the same position that is occupied by the Africans.

Mr. CONNALLY. Mr. President, the Senator is in error. This tax will not do what he said. It does not put any tariff tax on the Filipinos, and there are some tariff taxes

against the rest of the world. Even if this tax should be levied, the Filipinos would have a differential over everybody else on earth.

Mr. REED. That is exactly correct.

Mr. TYDINGS. The wording is:

For the purposes of this section, the term "first domestic processing" means the first use in the United States, in the manufacture or production of an article intended for sale—

And so forth.

It has been interpreted by those who have studied the phraseology of the section that the phrase "within the United States" means that all oil produced in continental United States would not pay this tax, but that any oil coming from territory under the flag, but not territory actually a part of continental United States, would pay the tax. What I am complaining about is not so much the tax as the discriminatory manner in which it is proposed to be levied by this particular amendment.

Mr. BORAH. Mr. President, if the Senator from Maryland is correct in his construction of the provision, of course, his position is perfectly sound; but is that the proper construction?

Mr. TYDINGS. Everyone who has studied it says that is the proper construction. I may say, however, to the Senator from Idaho, if the committee does not perfect its amendment, I have an amendment to offer which would remove the objection I have just stated, and then there would be no question about the tax applying universally.

The PRESIDENT pro tempore. Is there objection to temporarily passing over the amendment? The Chair hears none, and the amendment is passed over temporarily. The clerk will state the next amendment.

The next amendment of the Committee on Finance was, on page 217, after line 6, to strike out:

(a) Effective on the 30th day after the date of the enactment of this act, the second sentence of section 601 (c) (1) of the Revenue Act of 1932, as amended, is amended to read as follows: "Any person to whom lubricating oils were sold tax free under this paragraph prior to the effective date of its amendment by the Revenue Act of 1934 shall be considered the manufacturer or producer of such lubricating oils. Every person liable for tax under this paragraph shall register and file bond as provided in section 617. No sale of lubricating oil after the effective date of the amendment of this paragraph by the Revenue Act of 1934 shall be tax free under section 620 and no credit with respect to tax on any such sale shall be allowed under section 621 (a) (1). A credit against tax under this paragraph, or a refund, may be allowed or made to a manufacturer or producer with respect to the sale (after the effective date of the amendment of this section by the Revenue Act of 1934) of lubricating oils if the manufacturer or producer has in his possession such evidence as the regulations may prescribe (1) that such lubricating oils have been used by any other person in the manufacture or production of any article upon which tax has been paid under this title and (2) the manufacturer or producer has repaid or agreed to repay the amount of such tax to his vendee or has obtained the written consent of his vendee to the allowance of such credit or refund."

(b) Effective on the 30th day after the enactment of this act, section 617 of the Revenue Act of 1932, as amended, is further amended to read as follows:

The amendment was agreed to.

The next amendment was, on page 218, after line 10, to strike out:

"SEC. 617. Tax on gasoline: (a) There is hereby imposed on gasoline sold by the producer or importer thereof, or by any producer of gasoline, a tax of 1 cent a gallon.

"(b) If a producer or importer uses (otherwise than in the production of gasoline) gasoline produced or imported by him, such use shall for the purposes of this title be considered a sale.

"(c) As used in this section—

"(1) the term 'producer' includes only producers, refiners, compounders, and blenders; but any person who purchased gasoline free of tax under this section prior to the effective date of its amendment by the Revenue Act of 1934 shall be considered the producer of such gasoline.

"(2) the term 'gasoline' means (A) all products commonly or commercially known or sold as gasoline (including casinghead and natural gasoline), benzol, benzene, or naphtha, regardless of their classification or uses; and (B) any other liquid which is prepared, advertised, offered for sale or sold for use as, or used as, a fuel for the propulsion of motor vehicles, motor boats, or airplanes.

"(d) No sale of gasoline after the effective date of the amendment of this section by the Revenue Act of 1934 shall be tax free under section 620 and no credit with respect to tax on any such sale shall be allowed under section 621 (a) (1).

"(e) A credit against tax under this section, or a refund, may be allowed or made to a producer or importer in the amount of tax paid by him under this section with respect to the sale (after the effective date of the amendment of this section by the Revenue Act of 1934) of gasoline if the producer or importer has in his possession such evidence as the regulations may prescribe establishing that (1) such gasoline (A) has been used by any other person as material in the manufacture or production of, or as a component part of, any article upon which tax has been paid under this title or (B) has been resold and tax under this section paid on such resale or (C) (in the case of benzol only) was sold for use and used otherwise than as a fuel for the propulsion of motor vehicles, motor boats, or airplanes, and (2) the producer or importer has repaid or agreed to repay the amount of such tax to his vendee or has obtained the written consent of such vendee to the allowance of the credit or refund.

"(f) Every person subject to tax under this section or section 601 (c) (1) shall, within 30 days after the enactment of the Revenue Act of 1934, or before commencing business, register with the collector for the district in which is located his principal place of business or, if he has no principal place of business in the United States, with the collector at Baltimore, Md., and shall give a bond, to be approved by such collector, conditioned that he shall not engage in any attempt, by himself or by collusion with others, to defraud the United States of any tax under such sections; that he shall render truly and completely all returns, statements, and inventories required by law or regulations in pursuance thereof and shall pay all taxes due under such sections; that whenever his sales for any month exceed or are likely to exceed the amount upon which the sum of such bond was based he shall immediately give notice thereof to such collector; and that he shall comply with all requirements of law and regulations in pursuance thereof with respect to tax under such sections. Such bond shall be in such sum as the collector may require in accordance with regulations prescribed by the Commissioner, with the approval of the Secretary, but not less than $2,000. The collector may from time to time require new or additional bond in accordance with this section. Every person who incurs any liability for tax under this section or section 601 (c) (1) after 30 days after the enactment of the Revenue Act of 1934, without first registering and giving bond as required by this subsection, shall upon conviction thereof be fined not more than $5,000 or imprisoned not more than 5 years, or both, together with the costs of prosecution."

The amendment was agreed to.

The next amendment was, on page 221, after line 11, to insert:

(a) Section 601 (c) (1) of the Revenue Act of 1932, as amended, is amended by adding after the first sentence thereof the following: "Every person liable for tax under this paragraph shall register and file bond as provided in section 617, as amended."

(b) Sections 617 (a) and (b) of the Revenue Act of 1932, as amended, are amended to read as follows:

"(a) There is hereby imposed on gasoline sold by the producer or importer thereof, or by any producer of gasoline, a tax of 1 cent a gallon, except that under regulations prescribed by the Commissioner, with the approval of the Secretary, the tax shall not apply in the case of sales to a producer of gasoline.

"(b) If a producer or importer uses (otherwise than in the production of gasoline) gasoline sold to him free of tax, or produced or imported by him, such use shall for the purposes of this title be considered a sale. Any person to whom gasoline is sold tax free under this section on or after the effective date of the Revenue Act of 1932 shall be considered the producer of such gasoline."

(c) Effective on the first day of the first calendar month after the enactment of this act, section 617 (c) (2) of the Revenue Act of 1932, as amended, is further amended to read as follows:

"(2) The term gasoline means (A) all products commonly or commercially known or sold as gasoline (including casinghead and natural gasoline), benzol, benzene, or naphtha, regardless of their classifications or uses; and (B) any other liquid of a kind prepared, advertised, offered for sale, or sold for use as, or used as, a fuel for the propulsion of motor vehicles, motor boats, or airplanes; except that it does not include benzol or naphtha (other than gasoline) sold for use otherwise than as a fuel for the propulsion of motor vehicles, motor boats, or airplanes, and otherwise than in the manufacture or production of such fuel, and does not include kerosene, gas oil, or fuel oil."

(d) Section 617 of the Revenue Act of 1932, as amended, is amended by adding at the end thereof the following subsections:

"(d) Every person subject to tax under this section or section 601 (c) (1) shall, before the first day of the first calendar month after the date of the enactment of the Revenue Act of 1934 (or in the case of a person commencing business after such day before incurring any liability for tax under such sections) register with the collector for the district in which is located his principal place of business (or, if he has no principal place of business in the United States, with the collector at Baltimore, Md.), and shall give a bond, to be approved by such collector, conditioned that he shall not engage in any attempt, by himself or by collusion with others, to defraud the United States of any tax under such sections; that he shall render truly and completely all returns, statements, and inventories required by law or regulations in pursuance thereof and shall pay all taxes due under such sections; and that he shall comply with all requirements of law and regulations in pursuance thereof with respect to tax under such sections. Such bond shall be in such sum as the collector may

require in accordance with regulations prescribed by the Commissioner with the approval of the Secretary, but not less than $2,000. The collector may from time to time require new or additional bond in accordance with this subsection. Every person who fails to register or give bond as required by this subsection, or who in connection with any purchase of gasoline falsely represents himself to be registered and bonded as provided by this subsection, or who willfully makes any false statement in an application for registration under this subsection, shall upon conviction thereof be fined not more than $5,000 or imprisoned not more than 5 years, or both, together with the costs of prosecution. If the Commissioner finds that any manufacturer or producer has at any time evaded any Federal tax on gasoline or lubricating oil, he may revoke the registration of such manufacturer or producer, and no sale to, or for resale to, such manufacturer or producer thereafter shall be tax free under section 601 (c) (1), this section, or section 620, as amended, but such manufacturer or producer shall not be relieved of the requirement of giving bond under this subsection.

"(e) Under regulations prescribed by the Commissioner with the approval of the Secretary, records required to be kept with respect to taxes under section 601 (c) (1), as amended, or this section, and returns, reports, and statements with respect to such taxes filed with the Commissioner or a collector, shall be open to inspection by such officers of any State or Territory or political subdivision thereof or the District of Columbia as shall be charged with the enforcement or collection of any tax on gasoline or lubricating oils. The Commissioner and each collector shall furnish to any of such officers, upon written request, certified copies of any such statements, reports, or returns filed in his office upon the payment of a fee of $1 for each 100 words or fraction thereof in the copy or copies requested."

The amendment was agreed to.

The next amendment was, on page 225, after line 10, to strike out:

SEC. 604. Tax on production of crude petroleum: (a) There is hereby imposed on crude petroleum produced in the United States a tax of one tenth of 1 cent per barrel of 42 gallons, to be paid by stamp by the producer prior to removal from the premises where produced, refining on the premises, or any other disposition of such petroleum. In determining the quantity of crude petroleum produced, proper allowance shall be made for basic sediment and water.

(b) The Commissioner shall issue suitable stamps denoting the payment of the tax imposed by this section to each collector, upon his requisition, in such numbers as may be necessary in his district. Such stamps shall be in such form and denominations as the Commissioner shall prescribe, and shall be sold by the collector to producers only, upon application under oath showing necessity therefor.

(c) No person shall transport any crude petroleum from the premises where produced, or receive crude petroleum from such transportation, unless such transportation is covered by a run ticket, bill of lading, or similar document bearing stamps denoting the payment of tax on such petroleum, canceled as prescribed by regulations under this section. Any crude petroleum transported or received in violation of this section shall be forfeited to the United States. Every person receiving any crude petroleum from transportation from the premises where produced shall preserve such stamped documents as a part of the records required by law or regulations in pursuance thereof.

(d) If any person other than the producer has any interest in crude petroleum subject to tax under this section, such person shall, in lieu of the producer, be liable for so much of such tax as is proportionate to his interest in such petroleum. The tax imposed by this subsection shall be collected from such person by the producer, who shall pay such tax to the United States in the same manner as taxes imposed by subsection (a). The producer may collect such tax by withholding the amount thereof from any payment to such person with respect to such petroleum, and the producer is hereby indemnified against the claims and demands of such person for any amounts withheld in accordance with this subsection.

(e) Every producer shall (in addition to records and reports otherwise required by law or regulation) keep such records of his daily crude oil production as shall be prescribed by regulations under this section, and shall make monthly reports thereof under oath at such times and in such manner as the regulations shall prescribe. Records and reports required under this section shall be open to inspection at all reasonable hours by any duly authorized representative of the Commissioner or any agency of the United States or any State having supervisory or regulatory powers over the production of crude petroleum.

(f) If (1) any person has, prior to the enactment of this act, made a bona fide contract for the sale of crude petroleum with respect to which a tax is imposed by subsection (a) or (b) or this subsection and (2) such contract does not permit the addition to the amount to be paid thereunder of the whole of such tax, then (unless the contract expressly prohibits such addition) the vendor shall not be liable for so much of the tax as is not permitted to be added to the contract price, and the vendee shall pay a tax on the petroleum purchased equivalent to the amount of the production tax not permitted to be added to the contract price. Taxes payable by the vendee shall be paid to the vendor at the time the sale is consummated and shall be paid to the United States by the producer in the same manner as taxes imposed by subsection (a). In case of failure or refusal by the vendee to pay such taxes to the vendor, the vendor shall report the facts to the Commissioner, who shall cause collection of such taxes to be made from the vendee.

(g) As used in this section the term "producer" means the person operating a well producing crude petroleum or otherwise taking crude petroleum from the earth or waters thereof.

(h) The Commissioner, with the approval of the Secretary, shall prescribe such regulations as he deems necessary for the enforcement of this section.

(i) All provisions of law (including penalties) applicable with respect to the taxes imposed by section 600 of the Revenue Act of 1926, shall, insofar as applicable and not inconsistent with this section, be applicable with respect to the taxes imposed by this section.

(j) Any person who violates any provision of this section or who, with intent to defraud, falsely makes, forges, alters, or counterfeits any stamp made or used under this section, or who uses, sells, or has in his possession any such forged, altered, or counterfeited stamp, or any plate or die used or which may be used in the manufacture thereof, or who makes, uses, sells, or has in his possession any paper in imitation of the paper used in the manufacture of any such stamp, or who makes any false statement in any application for stamps under this section, or who has in his possession any such stamp obtained by him otherwise than as provided in this section or who sells or transfers any such stamp otherwise than as provided in this section, shall on conviction be punished by a fine not exceeding $10,000 or by imprisonment at hard labor not exceeding 5 years, or by both.

(k) This section shall take effect on the day after the date of the enactment of this act. The Commissioner with the approval of the Secretary may provide by regulation for the payment of the tax imposed by this section by return until such time (as specified in such regulations) as the stamps required by this section will be available. The provisions of subsections (c) shall not be effective until such time.

The amendment was agreed to.

The next amendment was, on page 229, after line 16, to insert:

SEC. 604. Producers' tax on crude petroleum: (a) There is hereby imposed on crude petroleum sold by the producer thereof a tax of one tenth of 1 cent per barrel of 42 gallons, to be paid by the producer. Under regulations prescribed by the Commissioner, with the approval of the Secretary, such tax shall not apply to crude petroleum produced from any well which is not capable of producing more than 5 barrels per day.

(b) Every person purchasing crude petroleum from the producer thereof, and taking delivery thereof at the premises where produced, shall collect the tax imposed by subsection (a) from the producer. Every such purchaser, and every producer liable for any tax under this section not so collected from him, shall make monthly returns under oath and pay such taxes to the collector for the district in which are located the premises where such crude petroleum was produced. Such returns shall contain such information and be made at such times and in such manner as the Commissioner, with the approval of the Secretary, may by regulations prescribe.

(c) Every purchaser required to collect any tax under this section shall make such collection by deducting and withholding the amount of such tax from any payments made by such purchaser to the producer. Every such purchaser is hereby indemnified against the claims and demands of such producer for the amount of any payments made in accordance with the provisions of this section.

(d) The Commissioner, with the approval of the Secretary, may require such bond or other security from any person subject to any provision of this section as he deems necessary for the protection of the revenue and to assure compliance with this section and other provisions of law applicable with respect to the tax imposed by this section, and may prescribe the form and conditions thereof, provide for the approval of the sureties thereon (without regard to any general provision of law), fix the amount and penalty thereof (whether for the payment of liquidated damages or of a penal sum), and authorize the cancelation of any such bond, in the event of a breach of any condition thereof, upon the payment of such lesser amount as he may deem sufficient. Any person willfully failing to comply with any such requirement shall, upon conviction, be fined not more than $1,000, or imprisoned not more than 6 months, or both.

(e) In addition to records and reports otherwise required by law or regulation, every working interest operator of a well producing crude petroleum or otherwise taking crude petroleum from the earth or waters thereof (whether or not the producer as defined in this section) shall keep such records and make such reports with respect to production and disposition of crude petroleum, at such time and in such manner, as the regulations shall prescribe. Records, reports, and returns required under this section or any provision of law applicable with respect to tax under this section shall, wherever held, be open to inspection at all reasonable hours by any duly authorized representative of the Commissioner or any agency of the United States or any State having supervisory or regulatory powers over the production of crude petroleum.

(f) For the purposes of this section—

(1) The refining of crude petroleum on the premises where produced, the removal of crude petroleum therefrom, or any trans-

fer or other disposition of crude petroleum shall be considered a sale.

(2) The term "producer" means the person owning crude petroleum or having any interest in or title to crude petroleum at the time of its production.

(3) The term "working interest operator" means the person having the management and operation of a well.

(4) The amount of crude petroleum produced shall be determined with allowance for any reasonable and bona fide deduction for basic sediment and water agreed upon by the producer and the purchaser for the purpose of determining the amount sold.

(g) The provisions of section 623 and sections 771 to 774, inclusive, of the Revenue Act of 1932 shall be applicable with respect to the tax imposed by this section.

(h) This section shall take effect on the thirtieth day after the date of its enactment.

The amendment was agreed to.

The next amendment was, on page 233, line 24, after the word "records", to insert "and make such returns", so as to read:

SEC. 605. Tax on refining of crude petroleum: (a) There is hereby imposed (1) on crude petroleum refined or processed in the United States a tax of one tenth of 1 cent per barrel of 42 gallons, to be paid by the refiner or processor, and (2) on gasoline produced or recovered in the United States from natural gas a tax of one tenth of 1 cent per barrel of 42 gallons, to be paid by the person producing or recovering such gasoline.

(b) Every person liable for tax under this section shall make monthly returns under oath in triplicate for each plant or refinery, and pay such taxes to the collector for the district in which such plant or refinery is located. Such returns shall contain such information and be made at such times and in such manner as the Commissioner with the approval of the Secretary may by regulations prescribe. The tax shall, without assessment by the Commissioner or notice from the collector, be due and payable to the collector at the time fixed for filing the return. If the tax is not paid when due, there shall be added as part of the tax interest at the rate of 1 percent a month from the time when the tax becomes due until paid. Every refiner or processor shall (in addition to records otherwise required by law or regulation) keep such records as shall be prescribed by regulations under this section showing daily receipts, stocks, and disposals of crude petroleum and the names and addresses of the persons from whom received. Every person handling, transporting, storing, or dealing in any manner in crude petroleum shall keep such records and make such returns with respect to transactions in crude petroleum as shall be required by regulations under this section. Returns and records required under this section shall be open to inspection at all reasonable hours by any duly authorized representative of the Commissioner or any agency of the United States or any State having supervisory or regulatory powers over the production of crude petroleum.

The amendment was agreed to.

The next amendment was, on page 234, after line 6, to strike out:

(c) If (1) any person has, prior to the enactment of this act, made a bona fide contract for the sale of gasoline or any product of crude petroleum upon which gasoline or petroleum a tax is imposed by subsection (a) or with respect to which gasoline or product a tax is imposed by this subsection and (2) such contract does not permit the addition to the amount to be paid thereunder of the whole of such tax, then (unless the contract expressly prohibits such addition) the vendor shall not be liable for so much of the tax under subsection (a) as is not permitted to be added to the contract price, and the vendee shall pay a tax on the article purchased equivalent to the tax under subsection (a) not permitted to be added to the contract price. Taxes payable by the vendee shall be paid to the vendor at the time the sale is consummated and shall be paid to the United States by the vendor in the same manner as taxes imposed by subsection (a). In case of failure or refusal by the vendee to pay such taxes to the vendor, the vendor shall report the facts to the Commissioner, who shall cause collection of such taxes to be made from the vendee.

The amendment was agreed to.

The next amendment was, on page 235, line 3, before the word "as", to strike out "(d)" and insert "(c)", so as to read:

(c) As used in this section, the term "gasoline" means gasoline as defined in section 617 of the Revenue Act of 1932, as amended.

The amendment was agreed to.

The next amendment was, on page 235, line 6, before the word "The", to strike out "(e)" and insert "(d)", so as to read:

(d) The Commissioner, with the approval of the Secretary, shall prescribe such regulations as he deems necessary for the enforcement of this section.

The amendment was agreed to.

The next amendment was, on page 235, line 9, before the word "All", to strike out "(f)" and insert "(e)", so as to read:

(e) All provisions of law (including penalties) applicable with respect to the taxes imposed by section 600 of the Revenue Act of 1926, shall, insofar as applicable and not inconsistent with this section, be applicable with respect to the taxes imposed by this section.

The amendment was agreed to.

The next amendment was, on page 235, line 14, before the word "This", to strike out "(g)" and insert "(f)", and in the same line, after the word "the", to insert "thirtieth", so as to read:

(f) This section shall take effect on the thirtieth day after the date of the enactment of this act.

The amendment was agreed to.

The next amendment was, on page 235, after line 15, to strike out:

SEC. 606. Termination of bank-check tax: Section 751, as amended, of the Revenue Act of 1932 is amended by striking out "July 1, 1935" and inserting in lieu thereof "January 1, 1935."

The amendment was agreed to.

The next amendment was, on page 235, after line 19, to insert:

SEC. 606. Enforcement of liability for taxes collected: Whenever any person is required to collect or withhold any internal-revenue tax from any other person and to pay such tax over to the United States, the amount of tax so collected or withheld shall be held to be a special fund in trust for the United States. The amount of such fund shall be assessed, collected, and paid in the same manner and subject to the same provisions and limitations (including penalties) as are applicable with respect to the taxes from which such fund arose.

The amendment was agreed to.

The next amendment was, on page 236, after line 5, to insert:

SEC. 607. Tax on furs: The tax imposed by section 604 of the Revenue Act of 1932 shall not apply to articles sold by the manufacturer, producer, or importer, after the date of the enactment of this act, for less than $20.

The amendment was agreed to.

The next amendment was, on page 236, after line 10, to insert:

SEC. 608. Termination of tax on clocks and clock parts: The tax imposed by section 605 of the Revenue Act of 1932 shall not apply to clocks or clock parts sold by the manufacturer, producer, or importer after the date of the enactment of this act.

The amendment was agreed to.

The next amendment was, on page 236, after line 15, to insert:

SEC. 609. Tax on cigarettes: Effective on the day following the date of the enactment of this act, the last two paragraphs of section 400 (a) of the Revenue Act of 1926 are amended to read as follows:

"On cigarettes made of tobacco, or any substitute therefor, and weighing not more than 3 pounds per thousand, $3 per thousand;

"Weighing more than 3 pounds per thousand, $7.20 per thousand; except that if more than 6½ inches in length they shall be taxable at the rate provided in the preceding paragraph, counting each 2¾ inches (or fraction thereof) of the length of each as one cigarette."

The amendment was agreed to.

The next amendment was, on page 237, after line 2, to insert:

SEC. 610. Tax on matches: Effective on the day following the date of enactment of this act, section 612 of the Revenue Act of 1932 (relating to the tax on matches), is amended by adding before the period at the end thereof a comma and the following: "and except that in the case of fancy wooden matches and wooden matches having a stained, dyed, or colored stick or stem, packed in boxes or in bulk, the tax shall be 5 cents per 1,000 matches."

The amendment was agreed to.

The next amendment was, on page 237, after line 11, to insert:

SEC. 611. Stamp tax on sales of produce for future delivery: (a) Effective on the day following the enactment of this act subdivision 4 of schedule A of title VIII of the Revenue Act of 1926, as amended, is amended by striking out "5 cents" wherever appearing in such subdivision, and inserting in lieu thereof "1 cent."

(b) Section 726 (c) of the Revenue Act of 1932 is repealed.

Mr. FESS. Mr. President, the Senator from North Dakota desired to have section 611 go over for the time being.

Mr. HARRISON. Let the amendment be passed over.

The PRESIDENT pro tempore. The section will be passed over.

The next amendment was, on page 237, after line 20, to insert:

TITLE V—CAPITAL STOCK AND EXCESS-PROFITS TAXES

SEC. 701. Capital stock tax: (a) For each year ending June 30, beginning with the year ending June 30, 1934, there is hereby imposed upon every domestic corporation with respect to carrying on or doing business for any part of such year an excise tax of $1 for each $1,000 of the adjusted declared value of its capital stock.

(b) For each year ending June 30, beginning with the year ending June 30, 1934, there is hereby imposed upon every foreign corporation with respect to carrying on or doing business in the United States for any part of such year an excise tax equivalent of $1 for each $1,000 of the adjusted declared value of capital employed in the transaction of its business in the United States.

(c) The taxes imposed by this section shall not apply—

(1) To any corporation enumerated in section 101;

(2) To any insurance company subject to the tax imposed by section 201 or 204;

(3) To any domestic corporation in respect of the year ending June 30, 1934, if it did not carry on or do business during a part of the period from the date of the enactment of this act to June 30, 1934, both dates inclusive; or

(4) To any foreign corporation in respect of the year ending June 30, 1934, if it did not carry on or do business in the United States during a part of the period from the date of the enactment of this act to June 30, 1934, both dates inclusive.

(d) Every corporation liable for tax under this section shall make a return under oath within 1 month after the close of the year with respect to which such tax is imposed to the collector for the district in which is located its principal place of business or, if it has no principal place of business in the United States, then to the collector at Baltimore, Md. Such return shall contain such information and be made in such manner as the Commissioner with the approval of the Secretary may by regulations prescribe. The tax shall, without assessment by the Commissioner or notice from the collector, be due and payable to the collector before the expiration of the period for filing the return. If the tax is not paid when due, there shall be added as part of the tax interest at the rate of 1 percent a month from the time when the tax became due until paid. All provisions of law (including penalties) applicable in respect of the taxes imposed by section 600 of the Revenue Act of 1926 shall, insofar as not inconsistent with this section, be applicable in respect of the taxes imposed by this section. The Commissioner may extend the time for making the returns and paying the taxes imposed by this section, under such rules and regulations as he may prescribe with the approval of the Secretary, but no such extension shall be for more than 60 days.

(e) Returns required to be filed for the purpose of the tax imposed by this section shall be open to inspection in the same manner, to the same extent, and subject to the same provisions of law, including penalties, as returns made under title II of the Revenue Act of 1926.

(f) For the first year ending June 30 in respect of which a tax is imposed by this section upon any corporation, the adjusted declared value shall be the value, as declared by the corporation in its first return under this section (which declaration of value cannot be amended), as of the close of its last income-tax taxable year ending at or prior to the close of the year for which the tax is imposed by this section (or as of the date of organization in the case of a corporation having no income-tax taxable year ending at or prior to the close of the year for which the tax is imposed by this section). For any subsequent year ending June 30, the adjusted declared value in the case of a domestic corporation shall be the original declared value plus (1) the cash and fair market value of property paid in for stock or shares, (2) paid in surplus and contributions to capital, (3) its net income, and (4) the amount of the dividend deduction allowable for income tax purposes, and minus (A) the value of property distributed in liquidation to shareholders, (B) distributions of earnings or profits, and (C) the excess of the deductions allowable for income-tax purposes over its gross income; adjustment being made for each income-tax taxable year included in the period from the date as of which the original declared value was declared to the close of its last income-tax taxable year ending at or prior to the close of the year for which the tax is imposed by this section. The amount of such adjustment for each such year shall be computed (on the basis of a separate return) according to the income-tax law applicable to such year. For any subsequent year ending June 30, the adjusted declared value in the case of a foreign corporation shall be the original declared value adjusted (for the same income-tax taxable years as in the case of a domestic corporation), in accordance with regulations prescribed by the Commissioner with the approval of the Secretary, to reflect increases or decreases in the capital employed in the transaction of its business in the United States.

The amendment was agreed to.

The next amendment was, on page 241, after line 17, to insert:

SEC. 702. Excess-profits tax: (a) There is hereby imposed upon the net income of every corporation, for each income-tax taxable year ending after the close of the first year in respect of which it is taxable under section 701, an excess-profits tax equivalent to 5 percent of such portion of its net income for such income-tax taxable year as is in excess of 12½ percent of the adjusted declared value of its capital stock (or in the case of a foreign corporation the adjusted declared value of capital employed in the transaction of its business in the United States) as of the close of the preceding income-tax taxable year (or as of the date of organization if it had no preceding income-tax taxable year) determined as provided in section 701. If the income-tax taxable year in respect of which the tax under this section is imposed is a period of less than 12 months, such adjusted declared value shall be reduced to an amount which bears the same ratio thereto as the number of months in the period bears to 12 months. For the purposes of this section the net income shall be the same as the net income for income-tax purposes for the year in respect of which the tax under this section is imposed.

(b) All provisions of law (including penalties) applicable in respect of the taxes imposed by title I of this act shall, insofar as not inconsistent with this section, be applicable in respect of the tax imposed by this section, except that the provisions of sections 131 and 141 of that title shall not be applicable.

The amendment was agreed to.

The next amendment was, on page 242, after line 20, to insert:

SEC. 703. Capital-stock tax and excess-profits tax imposed by National Industrial Recovery Act: Sections 217 (d) and (e) of the National Industrial Recovery Act as amended to read as follows:

"(d) The capital-stock tax imposed by section 215 shall not apply to any taxpayer in respect of any year except the year ending June 30, 1933.

"(e) The excess-profits tax imposed by section 216 shall not apply to any taxpayer in respect of any taxable year ending after June 30, 1934."

The amendment was agreed to.

The next amendment was, on page 243, line 7, after the word "Title", to strike out "V" and insert "VI", and in line 8, after the word "Sec.", to strike out "701" and insert "801", so as to read:

TITLE VI—GENERAL PROVISIONS

SEC. 801. Definitions.

The amendment was agreed to.

The next amendment was, on page 245, line 9, to change the section number from 702 to 802.

The amendment was agreed to.

The next amendment was, on page 245, line 14, to change the section number from 703 to 803.

The amendment was agreed to.

Mr. HARRISON. Mr. President, may we not return now to the rate provisions, the surtax?

Mr. LA FOLLETTE. I am perfectly willing to proceed with that portion of the bill if the Senator desires so to do.

Mr. HARRISON. I may say to the Senate that at the instance of the Senator from Michigan I had expected to offer, as I told the committee, a small change in the lower brackets to make them more in line with the present law. I should like to perfect that language before any substitute is offered for the whole provision.

Mr. BORAH. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Clark	Glass	McAdoo
Ashurst	Connally	Goldsborough	McGill
Austin	Coolidge	Gore	McKellar
Bachman	Copeland	Hale	McNary
Bankhead	Costigan	Harrison	Metcalf
Barbour	Couzens	Hastings	Murphy
Barkley	Davis	Hatch	Neely
Black	Dickinson	Hayden	Norris
Bone	Dieterich	Hebert	Nye
Borah	Dill	Kean	O'Mahoney
Brown	Duffy	Keyes	Overton
Bulow	Erickson	King	Patterson
Byrd	Fess	La Follette	Pittman
Byrnes	Fletcher	Lewis	Pope
Capper	Frazier	Logan	Reed
Caraway	George	Lonergan	Reynolds
Carey	Gibson	Long	Robinson, Ark.

Robinson, Ind.	Steiwer	Tydings	Walsh
Russell	Thomas, Okla.	Vandenberg	White
Schall	Thomas, Utah	Van Nuys	
Sheppard	Thompson	Wagner	
Smith	Townsend	Walcott	

Mr. LEWIS. I desire to announce that the Senator from Montana [Mr. WHEELER] is necessarily absent because of a severe cold.

I also desire to announce that the Senator from Florida [Mr. TRAMMELL], the Senator from North Carolina [Mr. BAILEY], the Senator from Nevada [Mr. MCCARRAN], the Senator from Mississippi [Mr. STEPHENS], and the Senator from Ohio [Mr. BULKLEY] are necessarily detained from the Senate.

The PRESIDENT pro tempore. Eighty-five Senators have answered to their names. A quorum is present.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had agreed to the amendments of the Senate to the bill (H.R. 3521) to reduce certain fees in naturalization proceedings, and for other purposes.

The message also announced that the House had passed without amendment the following bills of the Senate:

S. 682. An act to prohibit financial transactions with any foreign government in default on its obligations to the United States;

S. 1523. An act to amend section 3702, Revised Statutes;

S. 2308. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Randolph, Mo.;

S. 2550. An act granting an easement over certain lands to the Springfield Special Road District in the county of Greene, State of Missouri, for road purposes;

S. 2592. An act granting the consent of Congress to the State of Minnesota, and Scott County and Carver County, in the State of Minnesota, to construct, maintain, and operate a bridge across the Minnesota River at or near Jordan, Minn.;

S. 2593. An act granting the consent of Congress to the Highway Department of the State of Minnesota to construct, maintain, and operate a free highway bridge across the St. Louis River at or near Cloquet, Minn.;

S. 2594. An act granting the consent of Congress to the Highway Department of the State of Minnesota to construct, maintain, and operate a free highway bridge across the Mississippi River at or near the southerly end of Lake Bemidji, Minn.;

S. 2689. An act to authorize the Department of Labor to make special statistical studies upon payment of the cost thereof, and for other purposes; and

S. 2953. An act granting the consent of Congress to the Highway Department of the State of Tennessee to construct, maintain, and operate a free highway bridge across the Cumberland River at or near Carthage, Smith County, Tenn.

INTERNAL-REVENUE TAXATION

The Senate resumed the consideration of the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes.

Mr. LA FOLLETTE. Mr. President, I offer the amendment which I send to the desk.

Mr. HARRISON. Will not the Senator permit me first to perfect the House text to take care of the irregularity that has been spoken of?

Mr. LA FOLLETTE. Certainly.

Mr. HARRISON. I send to the desk an amendment, which I ask to have stated.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 8 it is proposed to strike out beginning in line 17 down through line 3, on page 13, and to insert:

Upon a surtax net income of $4,000 there shall be no surtax; upon surtax net incomes in excess of $4,000 and not in excess of $6,000, 5 percent of such excess.

$100 upon surtax net incomes of $6,000; and upon surtax net incomes in excess of $6,000 and not in excess of $8,000, 7 percent of such excess.

$240 upon surtax net incomes of $8,000; and upon surtax net incomes in excess of $8,000 and not in excess of $10,000, 8 percent in addition of such excess.

$400 upon surtax net incomes of $10,000; and upon surtax net incomes in excess of $10,000 and not in excess of $12,000, 9 percent in addition of such excess.

$580 upon surtax net incomes of $12,000; and upon surtax net incomes in excess of $12,000 and not in excess of $14,000, 10 percent in addition of such excess.

$780 upon surtax net incomes of $14,000; and upon surtax net incomes in excess of $14,000 and not in excess of $16,000, 11 percent in addition of such excess.

$1,000 upon surtax net incomes of $16,000; and upon surtax net incomes in excess of $16,000 and not in excess of $18,000, 12 percent in addition of such excess.

$1,240 upon surtax net incomes of $18,000; and upon surtax net incomes in excess of $18,000 and not in excess of $20,000, 13 percent in addition of such excess.

$1,500 upon surtax net incomes of $20,000; and upon surtax net incomes in excess of $20,000 and not in excess of $22,000, 15 percent in addition of such excess.

$1,800 upon surtax net incomes of $22,000; and upon surtax net incomes in excess of $22,000 and not in excess of $26,000, 17 percent in addition of such excess.

$2,480 upon surtax net incomes of $26,000; and upon surtax net incomes in excess of $26,000 and not in excess of $32,000, 19 percent in addition of such excess.

$3,620 upon surtax net incomes of $32,000; and upon surtax net incomes in excess of $32,000 and not in excess of $38,000, 21 percent in addition of such excess.

$4,880 upon surtax net incomes of $38,000; and upon surtax net incomes in excess of $38,000 and not in excess of $44,000, 24 percent in addition of such excess.

$6,320 upon surtax net incomes of $44,000; and upon surtax net incomes in excess of $44,000 and not in excess of $50,000, 27 percent in addition of such excess.

$7,940 upon surtax net incomes of $50,000; and upon surtax net incomes in excess of $50,000 and not in excess of $56,000, 30 percent in addition of such excess.

$9,740 upon surtax net incomes of $56,000; and upon surtax net incomes in excess of $56,000 and not in excess of $62,000, 33 percent in addition of such excess.

$11,720 upon surtax net incomes of $62,000; and upon surtax net incomes in excess of $62,000 and not in excess of $68,000, 36 percent in addition of such excess.

$13,880 upon surtax net incomes of $68,000; and upon surtax net incomes in excess of $68,000 and not in excess of $74,000, 39 percent in addition of such excess.

$16,220 upon surtax net incomes of $74,000; and upon surtax net incomes in excess of $74,000 and not in excess of $80,000, 42 percent in addition of such excess.

$18,740 upon surtax net incomes of $80,000; and upon surtax net incomes in excess of $80,000 and not in excess of $90,000, 45 percent in addition of such excess.

$23,240 upon surtax net incomes of $90,000; and upon surtax net incomes in excess of $90,000 and not in excess of $100,000, 50 percent in addition of such excess.

$28,240 upon surtax net incomes of $100,000; and upon surtax net incomes in excess of $100,000 and not in excess of $150,000, 52 percent in addition of such excess.

$54,240 upon surtax net incomes of $150,000; and upon surtax net incomes in excess of $150,000 and not in excess of $200,000, 53 percent in addition of such excess.

$80,740 upon surtax net incomes of $200,000; and upon surtax net incomes in excess of $200,000 and not in excess of $300,000, 54 percent in addition of such excess.

$134,740 upon surtax net incomes of $300,000; and upon surtax net incomes in excess of $300,000 and not in excess of $400,000, 55 percent in addition of such excess.

$189,740 upon surtax net incomes of $400,000; and upon surtax net incomes in excess of $400,000 and not in excess of $500,000, 56 percent in addition of such excess.

$245,740 upon surtax net incomes of $500,000; and upon surtax net incomes in excess of $500,000 and not in excess of $750,000, 57 percent in addition of such excess.

$388,240 upon surtax net incomes of $750,000; and upon surtax net incomes in excess of $750,000 and not in excess of $1,000,000, 58 percent in addition of such excess.

$533,240 upon surtax net incomes of $1,000,000; and upon surtax net incomes in excess of $1,000,000, 59 percent in addition of such excess.

Mr. HARRISON. Mr. President, I should like to have that amendment agreed to.

Mr. LA FOLLETTE. Mr. President, will not the Senator explain the effect of the amendment?

Mr. HARRISON. This amendment increases the surtax rates only about 1 or 2 percent between $4,000 and $32,000. Above $32,000 it does not change them. The tax increases, of course, apply to all taxpayers in the higher surtax brackets. The change is made so that no one with a net income of more than $12,000 will receive any tax reduction

in respect to the tax paid under existing law. There is a slight tax reduction below $12,000, in cases where the taxpayer's income is entirely earned. In the intermediate brackets, up to $32,000, as was pointed out, the House committee amendment did not have an equitable and symmetrical schedule, and it was merely for the purpose of making the surtax schedule more equitable and symmetrical that I got the draftsmen to prepare these rates.

Mr. LA FOLLETTE. The effect of the amendment is to eliminate the reductions made in the lower income brackets below what figure?

Mr. HARRISON. We have eliminated all reductions above $12,000. It does not affect the normal rate. Only the surtax rates are adjusted. For instance, between $4,000 and $6,000, under the bill recommended by the Senate committee, it was a 4-percent rate—that is the bill as it passed the House. In this amendment we have made it 5 percent. That is, the surtax on $6,000 will be $100 instead of $80, since the surtaxes start at $4,000. Between $6,000 and $8,000 the rate is 4 percent in the Senate committee recommendation, and the revised rate is 7 percent. If the Senator will compare this amendment with the present law, he will find there is no great change made by the suggested amendment; not as great as in the Senate committee amendment, and which was the House committee amendment. On the other hand, this amendment is in favor of the Government and will bring in more revenue.

Mr. DILL. Mr. President, what is the difference between the revenue expected to be raised by the pending bill as compared with that raised under the present law, from personal income taxes?

Mr. HARRISON. We expect about $30,000,000 additional revenue. We lost $7,000,000 by our earned-income amendment, but will get this back by the revised surtax rates now proposed.

Mr. DILL. That is, under the pending bill it is expected that $30,000,000 more will be received from personal income taxes than has been coming in under the present law?

Mr. HARRISON. Yes. May I say to the Senator that that is due to the fact that by reducing the normal taxes, and by increasing the surtaxes, we are reaching tax-exempt securities, which are exempt from normal taxes but not exempt from surtaxes.

Mr. DILL. This $30,000,000 will come from the income taxpayers earning below $10,000, or above $10,000?

Mr. HARRISON. It goes all the way through.

Mr. DILL. How much does it increase the rate of income tax on the so-called "big taxpayer"?

Mr. HARRISON. Four percent on his dividend and partially tax-exempt interest income.

Mr. LA FOLLETTE. Mr. President, if I understood the Senator from Washington, I think he was endeavoring to elicit the information as to whether or not the rate schedules in the pending bill have been materially changed from those in existing law. The answer, as I understand, is in the negative; they have not been materially changed.

Mr. HARRISON. There is no substantial change.

Mr. LA FOLLETTE. The increase in revenue will be due to the difference in the application of the normal tax rate to interest from tax-exempt securities, but will not be due to any material change in the schedules of the income-tax brackets and the rates applied thereon.

Mr. HARRISON. Mr. President, if the Senator will permit the text to be perfected by my amendment, and then offer his substitute, we can get the matter before the Senate.

Mr. LA FOLLETTE. Mr. President, I should prefer to offer my amendment as a substitute for the committee amendment as amended.

Mr. HARRISON. That is right.

Mr. LA FOLLETTE. So the committee amendment should be disposed of before I offer my amendment.

The PRESIDENT pro tempore. The Senator from Mississippi offers the committee amendment which has just been read as a substitute for the House text. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. LA FOLLETTE. Mr. President, I offer the amendment which I send to the desk.

The PRESIDENT pro tempore. The amendment will be stated.

The LEGISLATIVE CLERK. On page 7, it is proposed to strike out beginning with line 25 down to and through line 3 on page 8 and to insert the following:

There shall be levied, collected, and paid for each taxable year upon the net income of every individual a normal tax of 6 percent of the amount of the net income in excess of the credits against net income provided in section 25.

On page 8, strike out beginning with line 9 down through line 19 on page 12 and insert the following:

"(b) Rates of surtax: There shall be levied, collected, and paid for each taxable year upon the surtax net income of every individual a surtax as follows:

"Upon a surtax net income of $4,000 there shall be no surtax; upon surtax net incomes in excess of $4,000 and not in excess of $8,000, 6 percent of such excess.

"$240 upon surtax net incomes of $8,000; and upon surtax net incomes in excess of $8,000 and not in excess of $10,000, 7½ percent in addition of such excess.

"$390 upon surtax net incomes of $10,000; and upon surtax net incomes in excess of $10,000 and not in excess of $12,000, 9 percent in addition of such excess.

"$570 upon surtax net incomes of $12,000; and upon surtax net incomes in excess of $12,000 and not in excess of $14,000, 10½ percent in addition of such excess.

"$780 upon surtax net incomes of $14,000; and upon surtax net incomes in excess of $14,000 and not in excess of $16,000, 12 percent in addition of such excess.

"$1,020 upon surtax net incomes of $16,000; and upon surtax net incomes in excess of $16,000 and not in excess of $18,000, 15 percent in addition of such excess.

"$1,320 upon surtax net incomes of $18,000; and upon surtax net incomes in excess of $18,000 and not in excess of $20,000, 18 percent in addition of such excess.

"$1,680 upon surtax net incomes of $20,000; and upon surtax net incomes in excess of $20,000 and not in excess of $22,000, 21 percent in addition of such excess.

"$2,100 upon surtax net incomes of $22,000; and upon surtax net incomes in excess of $22,000 and not in excess of $26,000, 24 percent in addition of such excess.

"$3,060 upon surtax net incomes of $26,000; and upon surtax net incomes in excess of $26,000 and not in excess of $32,000, 27 percent in addition of such excess.

"$4,680 upon surtax net incomes of $32,000; and upon surtax net incomes in excess of $32,000 and not in excess of $38,000, 31½ percent in addition of such excess.

"$6,570 upon surtax net incomes of $38,000; and upon surtax net incomes in excess of $38,000 and not in excess of $44,000, 36 percent in addition of such excess.

"$8,730 upon surtax net incomes of $44,000; and upon surtax net incomes in excess of $44,000 and not in excess of $50,000, 40½ percent in addition of such excess.

"$11,160 upon surtax net incomes of $50,000; and upon surtax net incomes in excess of $50,000 and not in excess of $56,000, 45 percent in addition of such excess.

"$13,860 upon surtax net incomes of $56,000; and upon surtax net incomes in excess of $56,000 and not in excess of $62,000, 48 percent in addition of such excess.

"$16,740 upon surtax net incomes of $62,000; and upon surtax net incomes in excess of $62,000 and not in excess of $68,000, 51 percent in addition of such excess.

"$19,800 upon surtax net incomes of $68,000; and upon surtax net incomes in excess of $68,000 and not in excess of $74,000, 54 percent in addition of such excess.

"$23,040 upon surtax net incomes of $74,000; and upon surtax net incomes in excess of $74,000 and not in excess of $80,000, 57 percent in addition of such excess.

"$26,460 upon surtax net incomes of $80,000; and upon surtax net incomes in excess of $80,000 and not in excess of $90,000, 60 percent in addition of such excess.

"$32,460 upon surtax net incomes of $90,000; and upon surtax net incomes in excess of $90,000 and not in excess of $100,000, 63 percent in addition of such excess.

"$38,760 upon surtax net incomes of $100,000; and upon surtax net incomes in excess of $100,000 and not in excess of $150,000, 65 percent in addition of such excess.

"$71,260 upon surtax net incomes of $150,000; and upon surtax net incomes in excess of $150,000 and not in excess of $200,000, 66 percent in addition of such excess.

"$104,260 upon surtax net incomes of $200,000; and upon surtax net incomes in excess of $200,000 and not in excess of $300,000, 67 percent in addition of such excess.

"$171,260 upon surtax net incomes of $300,000; and upon surtax net incomes in excess of $300,000 and not in excess of $400,000, 68 percent in addition of such excess.

"$239,260 upon surtax net incomes of $400,000; and upon surtax net incomes in excess of $400,000 and not in excess of $500,000, 69 percent in addition of such excess.

"$308,260 upon surtax net incomes of $500,000; and upon surtax net incomes in excess of $500,000 and not in excess of $1,000,000, 70 percent in addition of such excess.

"$653,260 upon surtax net incomes of $1,000,000; and upon surtax net incomes in excess of $1,000,000, 71 percent in addition of such excess."

On page 110, lines 6 and 7, strike out "4 percent" and insert in lieu thereof "6 percent."

On page 110, lines 19 and 20, strike out "4 percent" and insert in lieu thereof "6 percent."

On page 112, line 6, strike out "4 percent" and insert in lieu thereof "6 percent."

Mr. LA FOLLETTE. Mr. President, a bitter fight in this country, waged over many years, finally secured the adoption, as a principle of Federal taxation, that taxes should be levied in accordance with the ability of the taxpayer to carry the burden. Later, because one member of the Supreme Court of the United States changed his mind, it became necessary to secure a constitutional amendment in order that we might adopt, for the support of the Federal Government, and to pay in part the costs of war, a graduated system of taxation.

Ever since that amendment was adopted, every time a tax bill has been taken up for consideration by the Congress, there has been a difference of opinion, there has been a sharp conflict. On the one hand have been those who have struggled to prevent the imposition of higher rates of taxation upon large fortunes and upon large incomes. On the other hand have been those who have contended that in a democratic form of government taxes should be levied in accordance with ability to pay, and that more and more of the burden of government and the costs of war should be shifted from direct or indirect taxes, which are not levied in accordance with ability to pay, to the graduated form of taxation as represented by the income and the estate taxes.

In my recollection perhaps one of the most significant, one of the most intense battles in the long legislative career of my father took place in this Chamber when the question arose as to how the war was to be financed. He contended that war profits should be taxed 100 percent, and that taxes should be levied upon wealth in accordance with its ability to pay, in order that oncoming generations should not be shouldered with the huge burden of paying for the war.

He was unsuccessful, Mr. President, insofar as his efforts were concerned, and the Congress at that time determined that a larger percentage of the cost of the war should be borne by the generation that fought it and their children and their children's children.

In this country in 1916, the year before we entered the war, the per capita Federal debt was about $12.50. Today, many years after that conflict closed, the per capita debt attributable to the war is approximately $150.

Mr. President, even at this late date we are still fighting over the issue as to whether or not those who reaped terrific profits out of the war, those who built their fortunes upon the blood money which they extracted in the form of war profit, shall be asked even now, at this late date, to come forward and to carry their fair share of the cost of the war out of which they profited so richly at the expense of their fellow citizens.

So lightly did we treat income and estate tax rates during the war that as a result of the war the reports of the United States Bureau of Internal Revenue show that 21,000 individuals in the United States during the period of the war accumulated a million dollars or more of capital. In other words, Mr. President, we were so lenient in our tax rates during the war, insofar as wealth and war profits were concerned, that we permitted the creation of one war-made millionaire in the United States for every three American boys who gave up their lives in France.

In succeeding sessions of the Congress after the war was over, the issue as to whether or not these income and estate tax rates should be maintained at a high level until the war debt had been discharged was brought up in connection with every single revenue bill. But in 1921 there was appointed as Secretary of the Treasury, Andrew W. Mellon. He came before a secret meeting of the Senate Finance Committee shortly after he had assumed office. He was requested by a member of the committee to outline his point of view upon the whole tax question, and in response to that request he said, in substance, "I think that if we could do away with all the taxes which we now have"—and I digress long enough to point out he meant the income and the estate tax—"if we could wipe out all the taxes that we now have"—and the Senator from Oklahoma [Mr. GORE] suggests that at that time, of course, the excess-profits tax was still upon the books—"if we could wipe out all those taxes and levy a tax upon all turn-overs, all sales of goods and real estate, I think we would spread the burden of taxation as much as it can be spread," and he concluded by saying, "I would regard that as an ideal system of taxation."

In other words, Mr. President, the newly sworn-in Secretary of the Treasury in 1921 revealed before the Finance Committee that his ideal system of taxation was the sales tax, a tax levied upon the opposite principle to the theory recognized by every economist worthy of the name as being a sound theory, namely, that taxes should be levied in proportion to the ability of the taxpayer to carry the burden. During Mr. Mellon's term of office we had the active, aggressive leadership of the Treasury Department, with all the force and influence which it wields, in a constant drive to drastically reduce the taxes upon the wealth in this country and to shift more and more of the burdens onto people less able to bear it.

I have seen estimates made, Mr. President, that as a result of this policy of relieving wealth of its fair share of taxation more than $4,000,000,000 were taken off from large incomes and off from large estates during the period when Mr. Mellon was Secretary of the Treasury..

In order to be absolutely fair, Mr. President, I think it should be said that after 1924 those who sit upon the other side of the Chamber, and who occupied a minority position at that time, finally abandoned their traditional attitude toward taxation, and in many instances tried to "out-Mellon Mellon" in their advocacy of lower and lower taxes upon large incomes.

One of the things that has impressed me in my effort to study the various factors which helped to contribute to producing the worst economic crisis in the history of this country is the fact that more and more economists and experts upon the subject of taxation are coming to recognize that the Mellon policy of constantly reducing the graduated taxes upon large incomes and large estates was a material contributing factor in stimulating the excesses of speculation and wild finance which characterized the period of the so-called "boom" before 1929.

Mr. President, as I stated on the floor of the Senate a few weeks ago, it seems perfectly obvious that one of the things which manifested itself during the period of this so-called "boom" was a constant decline in the ability of the great mass of the people of this country to buy the products of industry and the farm. We had during that period a constantly rising curve of production, both in the factory and on the farm, and a constantly declining curve of ability on the part of the great mass of the people to buy the things produced in the factory and on the farm.

I desire to refer to the October 1932 bulletin of the Tailor Society, in which they printed a study of the American consumer market in 1929, in an effort to ascertain by income groups where the real purchasing power of the American consumer market rested. They picked the year 1929, as I understand, because it was the period known as the peak of the so-called "boom."

I shall not burden the Senate with a detailed quotation from this bulletin, but I can summarize the findings as follows:

This study shows that those with incomes of $1,000 or under purchased about 17.7 percent of all the goods sold; individuals with incomes from $1,000 to $2,000 purchased 36.4 percent of the expenditure in 1929 for goods, services, taxes, and savings. Those with incomes between $2,000 and $3,000 purchased 13.1 percent; those with incomes of from $3,000 to $5,000 purchased 10.7 percent; those with incomes of $5,000 and over bought about 22.1 percent of the goods sold.

In other words, Mr. President, at the peak of the so-called "prosperity" individuals in the United States with incomes of $5,000 or less purchased approximately 80 percent of all the goods sold during that year, and those with incomes of $5,000 or more purchased approximately only 20 percent of all the goods sold.

It seems perfectly obvious to me, Mr. President, that until we restore the buying power of that group of citizens in the United States who in 1929 furnished approximately 80 percent of the purchasing power we shall continue to suffer the agonies of this economic depression.

Everyone recognizes that for several generations in this country wealth has been concentrating in the hands of a relatively small group of individuals. The process had gone forward for many, many years preceding the World War, but the war and the policies of taxation which were inaugurated thereby resulted in a terrific concentration of wealth.

Mr. CLARK. Mr. President, will the Senator from Wisconsin yield to me?

The PRESIDING OFFICER (Mr. BARKLEY in the chair). Does the Senator from Wisconsin yield to the Senator from Missouri?

Mr. LA FOLLETTE. I yield.

Mr. CLARK. Has it not been the case in the whole history of the United States that following every war there has been a period of pseudoprosperity and high taxes in order to pay for the cost of the war and for economic maladjustment, which has resulted in every instance in a still further concentration of wealth?

Mr. LA FOLLETTE. I think the Senator from Missouri is absolutely correct historically in his statement.

The process to which I refer went forward apace during the period of the boom until the concentration of wealth in the hands of a relatively small group of individuals created a situation where the expenditure of those incomes for the purposes of consumption became impossible; in other words, after an individual had satisfied the most exaggerated desires for all the things which people eat, wear, and use, and even for the so-called "luxuries of life", there remained over and above the satisfaction of those wants and those desires a huge surplus income which the economists often refer to as "unexpendable" income. Unexpendable in the sense that the individual enjoying that income cannot spend the surplus for goods and things which are normally consumed in the channels of trade.

Perhaps the best recognized studies of the distribution of wealth and income in this country were made by Dr. Wilfred I. King. Taking those studies as a basis, and translating them into a simple little illustration, we obtain a startling picture of the extent to which wealth has become concentrated in the United States. Let us assume that $100 represents all the vast wealth of this country, the richest Nation on earth; let us assume that 100 individuals represent the entire population of the United States; if we divide that $100, representing our vast wealth, among those 100 people, representing all our citizens, as wealth is today divided in this country, what result do we find? We find that 1 individual would have $59, 1 individual would have $9, 22 persons would have $1.22 each, and 76, or all the remainder, would have less than 7 cents apiece.

Mr. President, I maintain that this not only presents the problem which confronts the people of this country if we are ever to find our way out of this depression but I likewise contend that it presents a situation which should give pause to every Senator who in his heart desires to see the institutions of democracy maintained. I contend that all history demonstrates that concentration of wealth such as has taken place in the United States is inimical to the perpetuity of democratic institutions. Upon that basis and that basis alone a sound and logical plea could be made for the imposition of higher taxes upon those who are able to bear the burden; but, Mr. President, I do not rest my contention for this amendment upon that ground alone. Every person recognizes that this is a crisis graver than war. I contend that this crisis is more fraught with danger to the institutions of the Republic than any war or any combination of wars in which we have ever been engaged. I think the loss of the war against this depression is more terrible to contemplate than would have been the consequences of the loss of any war in which our country ever engaged.

It has been necessary in this crisis for the Federal Government to come to the aid of its citizens, to relieve distress, to relieve want, to relieve human suffering, to prevent malnutrition, and the undermining of the health of the on-coming generation. It has been necessary likewise for the Federal Government to provide employment to a large number of the unemployed who could not find employment in the normal activities of life. Any person who has made a study of the question must recognize that it will be necessary to carry on these collective expenditures over a long period of time, and I want to plead with Senators who do me the honor to listen to these remarks not to fall into the error which, in my opinion, contributed more to the failure of the last administration than any other single factor.

Mr. President, all the way through this crisis the thing which has defeated the efforts of those of us who were fighting for an adequate program to stem the tide of the depression has been the unwarranted optimism of men who have refused to face the facts. Every time we have come forward with an adequate program we have been told that prosperity was "just around the corner." For that reason no program was adopted in session after session, and it was only the intensification of the crisis and finally the collapse of the entire banking structure which made it possible to secure consideration for a program to meet the situation. Even if Senators disagree insofar as the probable immediate developments of economic activity are concerned, we may say, so far as this crisis is concerned, just as now we can honestly say so far as the World War is concerned, neither the war nor this economic crisis is over insofar as paying for them is concerned.

How shall we proceed to meet the situation, so far as the cost of war, the cost of Government, and the cost of these extraordinary expenditures to meet the emergency of this hour are concerned? In all justice, in all equity, it seems to me there is only one sound course open, and that is in this grave crisis to call upon those who have the ability to meet the burden, and to call upon them in proportion to their ability to meet the crisis.

Mr. LONG. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I yield.

Mr. LONG. How does the rate the Senator proposes compare——

Mr. LA FOLLETTE. I am coming to that, if the Senator will permit me.

Mr. President, the prediction I am about to make may shock some Senators, but I venture the prediction, nevertheless, that the direct-relief load will be higher in April and May than in those 2 months during any year of the depression. I make that statement in the hope that Senators will not be led astray upon the question by a false sense of security or an illusory hope that the enormous burdens confronting the Treasury have abated. It is necessary to carry on the collective expenditures if we are to maintain our institutions; and now is the time, not a year from now, to levy the taxes.

Assume for the moment that we experience a sharp improvement in economic activity in private business, then now is the time to levy rates which will benefit the Treasury. Every student of the situation knows that if there is any sharp rise in economic activity in private industry it will be due, largely, to the collective expenditures which have been made by the Federal Government. The Government at this hour should ask those who are the beneficiaries of that expenditure, in part, to carry their fair share of the load. If, however, we fail to increase the income-tax rates we will be relieving them from their fair contribution in this crisis.

I know that the old argument about tax-exempt securities will be made. It is made every time we have a tax bill under consideration and whenever an attempt is made to increase the rates upon large incomes. May I say at the outset that I recognize frankly the existence of tax-exempt

securities and believe that the island of safety they provide to individuals who desire to escape the burdens of government and the costs of war is absolutely unjustified. I make the further statement, Mr. President, that we shall never have a satisfactory tax system nor one which is efficient and equitable until we have met and solved that problem and removed from the taxpayers these havens of safety from tax burdens.

But, in my opinion, the bugaboo of tax-exempt securities has been used altogether too effectively in previous debates over the question of whether or not we can afford to increase income-tax rates. I have no very recent figures, but the Federal Trade Commission in 1924, following the high tax rates of the war period, made a survey to ascertain the percentage of income in the United States derived from tax-exempt securities to the total taxable income from income groups of $10,000 a year and upward. They found that only 3.16 percent of all the incomes of the United States of those who enjoy incomes of $10,000 a year or more was derived from tax-exempt securities. They found furthermore that only 7.76 percent of the total income in the United States was derived from tax-exempt securities. The Senator from Michigan [Mr. COUZENS], as a result of his investigations, made a statement in the course of the debate upon a previous tax bill which is not at variance with the figures I have cited from the Federal Trade Commission.

I should like to say, however, that I do not share the apprehension of many Senators and others that if higher income-tax rates are imposed there will be a dangerously high percentage of income placed in a position of immunity through investment in tax-exempt securities. In the first place men are too much interested in the business in which they have invested their capital to be willing to sacrifice for tax immunity their right to share in the control of those institutions.

In the second place, in a market such as we have today, I believe it would be very difficult for those owning the so-called "blue-chip" industrial stocks to successfully transfer at this time, without a terrific loss, their holdings in those securities in order to invest in tax-exempt securities. It would require a supergenius at stock-market manipulation to extricate himself from a situation of that kind without a loss which would be so much greater than any advantages he would enjoy from the immunity from taxation that I think it would not be undertaken.

Mr. COSTIGAN. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Wisconsin yield to the Senator from Colorado?

Mr. LA FOLLETTE. I yield.

Mr. COSTIGAN. The Senator from Wisconsin has properly and eloquently discussed the importance of his amendment with respect to current expenditures of the Government. Because of my absence from the Chamber during a portion of the Senator's address I rise to ask whether the Senator has referred to the indispensability of some such program for meeting the public debt of the country?

Mr. LA FOLLETTE. I tried to suggest a few moments ago that regardless of what may be the events which the immediate future holds in store for us so far as economic and business activity is concerned, so far as paying the cost of the recovery program is concerned the depression is not over. Even if we could be assured that someone would wave a wand and we would return to prosperity tomorrow, it is absolutely essential to levy these higher rates in order to distribute the burden of the cost of the recovery program upon those best able to bear it, and in large measure upon those who are directly benefiting and who will directly benefit from the huge collective expenditure.

Mr. LONG. Mr. President, will the Senator yield? I do not wish to interrupt the Senator.

Mr. LA FOLLETTE. Yes; I yield.

Mr. LONG. As a matter of fact, if we were to discontinue today the immense amount of money the Government is pouring out, does the Senator think we would be any better off than we were in 1932 and 1933?

Mr. LA FOLLETTE. If we were to discontinue the collective expenditures that are being made at this time, in my opinion we would be courting a terrific recession in economic activity. I am convinced that most of the ground that has been won against this depression—and I may say that in my opinion it is all too little—has been won as a result of these collective expenditures, and the placing of purchasing power in the hands of individuals.

I also desire to point out that we meet the argument about tax-exempt securities both coming and going. When we are advocating an increase in the rates on incomes, we are told that there is danger that those who have large incomes will invest in tax-exempt securities. When, however, we reach another section of the bill and endeavor to increase the rates of estate taxes, the same Senators who have argued against increased income-tax rates because of the existence of tax-exempt securities fail to support increased rates of taxes upon estates, where they know full well that a tax may be levied, at the time of death, upon tax-exempt securities.

Mr. President, a few words now about this amendment.

It increases the normal tax over the committee bill from 4 to 6 percent.

It increases the surtax rates in the committee bill, with a larger number of brackets, so that upon surtax net incomes of $1,000,000 the committee would levy a tax of $532,740, and upon such incomes in excess of $1,000,000, 59 percent of such excess, while this amendment would levy upon surtax net incomes of $1,000,000, $658,260, and upon such incomes in excess of $1,000,000, 71 percent in addition of such excess. Combining the normal and the surtax rates, the committee proposes a tax of 63 percent upon incomes of $1,000,000 or more, while this amendment proposes a tax of 77 percent upon incomes of $1,000,000 or more. The exemptions are the same as in the existing law.

I should like to make a few comparisons between the tax rates proposed by the committee, the tax carried in the act of 1932, the tax carried in the 1918 or so-called "war revenue bill", the tax at present levied in Great Britain, and the rates proposed in this amendment. I wish to say that upon a few of these brackets, in view of the amendment offered by the Senator from Mississippi [Mr. HARRISON] which has been adopted, some of the reductions which appear on this table would not occur in the pending bill; but since the Senator offered his amendment only a few moments ago, I have not had time to ask the experts to correct this table. Substantially, however, for the bulk of the brackets I shall mention there is no real difference.

Mr. President, let us take an income of $3,000 as one example and assume a married man with no dependents, all earned income. The 1932 act levied a tax of $20; the revenue bill of 1934 as reported from the committee would levy a tax of $8; the 1918 act levied a tax of $60; the amendment I propose would levy a tax of $12; and in Great Britain a taxpayer would pay $311.

Let us take an income of $5,000, making the same assumption. The 1918 act levied a tax of $180; the 1932 act levied a tax of $100; the revenue bill as reported from the committee would levy a tax of $80; my amendment would collect $120; in Great Britain the income-tax payer would pay $711.

Let us assume an income of $7,500, making the same assumption. The 1918 act levied a tax of $460; the 1932 act, $255; the revenue bill as reported from the committee, $210; the amendment I propose, $315; in Great Britain the taxpayer would pay $1,222.

Mr. BORAH. Mr. President, may I ask the Senator to repeat the amount which the Revenue Act of 1932 levied on an income of $7,500?

Mr. LA FOLLETTE. Two hundred and fifty-five dollars.

Mr. BORAH. And the present bill levies a tax of $210?

Mr. LA FOLLETTE. The bill as reported from the committee levies a tax of $210 on—

$10,000 income, the 1918 act levied a tax of $830; the 1932 act, $480; the revenue bill as reported from the committee, $408; my amendment, $618; in Great Britain, $1,862;

$15,000 income: The 1918 act levied a tax of $1,670; the Revenue Act of 1932, $1,020; the bill as reported from the committee, $887; my amendment, $1,330; in Great Britain the taxpayer would pay $3,444;

$25,000 income: The 1918 act, $3,720; the 1932 act, $2,520; the revenue bill as reported from the committee, $2,348; my amendment, $3,528; in Great Britain, $7,369;

$100,000 income: The 1918 act levied a tax of $35,030; the 1932 act, $30,100; the revenue bill of 1934 as reported from the committee, $30,358; my amendment, $42,993; in Great Britain, $48,102;

$500,000 income: The 1918 act levied a tax of $323,030; the 1932 act, $263,600; the revenue bill as reported from the committee, $263,708; my amendment, $336,343; in Great Britain, $307,910;

$1,000,000 income: The 1918 act levied a tax of $703,030; the 1932 act, $571,100; the bill as reported from the committee, $571,158; my amendment, $716,318; in Great Britain, $639,160.

I ask to have printed in the RECORD at this point the table from which the figures I have given have been taken.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Comparison of income tax, married man with no dependents (all earned income)

Net income	1932 act	Revenue bill of 1934	La Follette proposal	1918 act	Great Britain, present
$1,000					$9
$2,000					111
$3,000	$20	$8	$12	$60	311
$5,000	100	80	120	180	711
$7,500	255	210	315	460	1,222
$10,000	480	408	618	830	1,862
$15,000	1,020	887	1,330	1,670	3,444
$25,000	2,520	2,348	3,528	3,720	7,369
$50,000	8,600	8,633	12,955	11,030	19,655
$100,000	30,100	30,358	42,993	35,030	48,102
$500,000	263,600	263,708	336,343	323,030	307,910
$1,000,000	571,100	571,158	716,318	703,030	639,160

Mr. CLARK. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I yield.

Mr. CLARK. The Senator knows, of course, that I am in sympathy with the purposes of his amendment. I voted for it in the committee and intend to vote for it on the floor; but I do wish to point out a fact to which I am certain the Senator will agree—that the comparison he has drawn in that table between Federal taxes in the United States and taxes in Great Britain is not nearly so fair a comparison as it appears to be on the surface because in Great Britain, of course, they have no equivalent of the State, county, and municipal taxes which in this country are superimposed upon the Federal tax. Furthermore, they do not have the great mass of tax-exempt securities with which we are cursed in this country.

Mr. LA FOLLETTE. I agree with that, Mr. President, but I think it is a conclusive answer to those who contend that there will be a flight of capital from this country if we increase the tax rates to a point where they are less than they were in 1918.

Mr. CLARK. I entirely agree with that statement.

Mr. LA FOLLETTE. I further desire to suggest to the Senator that it seems to me that the fact that we have other taxes not based upon ability to pay is no reason why we should not, insofar as meeting the obligations of the Federal Government is concerned, shift more and more of the burden of the cost of government, the cost of war, and the cost of the recovery program over to a graduated system of taxation as distinguished from one that is not graduated and falls upon the taxpayer without regard to ability to pay. In other words, we have our problem. We are confronted with certain alternatives as to how it may be met; and I am contending that the level of the rates imposed in Great Britain, where they have the same problem of meeting their responsibilities as a national government, indicates that these taxes may be levied without unfortunate consequences so far as a flight of capital or a resistance to the tax is concerned.

While I do not hold any brief for those in this country who enjoy great wealth and large incomes, I should be the last to charge them with a lack of patriotism which would cause them to export their capital in order to avoid their share of the responsibilities of government in this crisis.

Mr. BLACK. Mr. President——

The PRESIDING OFFICER (Mr. DUFFY in the chair). Does the Senator from Wisconsin yield to the Senator from Alabama?

Mr. LA FOLLETTE. I yield.

Mr. BLACK. May I ask the Senator why he stopped the graduated system at a million dollars? It seems to me, although the pending bill stops at a million dollars, that the same plan should go on above a million dollars.

Mr. LA FOLLETTE. Mr. President, theoretically I think there is a great deal in what the Senator has said, and while I have not the last report before me there are not many incomes above a million dollars.

Mr. BLACK. I agree with the Senator as to that.

Mr. LA FOLLETTE. I agree with the Senator that theoretically and properly the rates should continue to be graduated beyond a million dollars.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I yield.

Mr. BORAH. The Senator from Mississippi offered an amendment making some changes in this provision?

Mr. LA FOLLETTE. The Senator from Mississippi offered an amendment which would tend, as I understood his statement, to correct the situation in the lower brackets in the committee rates, where there is shown a reduction in the rates below those in the existing law.

Mr. BORAH. Did I understand the Senator correctly as saying that we will collect less under the act of 1934 from income taxes than we collected under the act of 1932?

Mr. LA FOLLETTE. It would be true under the bill as it was reported from the committee. The way in which they get the estimate of an increase of $30,000,000 in the yield from the income tax is not through any change in rates, but is due to the fact that they have made interest from tax-exempt securities subject to the normal tax all the way up, and the experts in the Treasury estimate this will yield $30,000,000 additional. But the committee gave away about $7,000,000 of that when it increased the earned-income exemption from $8,000 to $20,000. So that the net gain is probably not to exceed $23,000,000, and it is not obtained by any increase in rates. In other words, we are to go into the next year of this depression, if we follow the recommendations of the committee, without laying a heavier share of the burden upon those who enjoy net taxable incomes than we placed on them in the last revenue bill.

Mr. BLACK. Mr. President——

The PRESIDING OFFICER (Mr. OVERTON in the chair). Does the Senator from Wisconsin yield further to the Senator from Alabama?

Mr. LA FOLLETTE. I yield.

Mr. BLACK. The Senator may have given the figures, though I did not hear him if he did; but has the Senator an estimate of the increased amount which would be raised under the proposed taxes?

Mr. LA FOLLETTE. I am coming to that now, and I will answer the question while the Senator from Alabama is here.

Under date of March 12 I received a letter from the Honorable Henry Morgenthau, Jr., Secretary of the Treasury, from which I read the following:

Available information indicates that this proposed schedule of normal and surtax rates—

That is the one now pending—

(assuming earned income credit as in H.R. 7835)—

I have just explained that it is not quite the same as it is now—

would yield about $185,000,000 more revenue than the 1932 act rates, on incomes as reported for 1932. These estimates take no account of other provisions of H.R. 7835 affecting individual incomes, such as the proposed treatment of gains and losses from capital assets. It does not appear feasible to estimate the effect of

the proposed rates on the income base. If incomes reported under these rates should exceed incomes for 1932, the additional revenue would be larger than estimated above.

Mr. President, by adopting this amendment upon the basis of the estimate furnished by the Secretary of the Treasury, upon which we have to rely in making up these tax bills, upon which the committee has relied with relation to every other item in the bill, we would secure an increase of $185,000,000. Confronted as we are with a grave national situation, it is only logical and only the part of sound statesmanship to impose the rates I have offered, and to impose them in this bill.

I believe that we are determining a much more important question, however, than just what is to be raised additionally from these taxes, although I recognize that as of supreme importance. Considering the magnitude of this economic crisis, I think we are passing upon the question of who owns this Government, and I hope to have a yea-and-nay vote upon the amendment.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I yield.

Mr. VANDENBERG. I think we are also passing upon the question of our approach to a possible enforced inflation, because if the Government is self-sustaining in its revenue, it is that much farther removed from this thing which is so largely feared.

Mr. LA FOLLETTE. Precisely, Mr. President; the Senator from Michigan has indicated a very important consideration, which I had neglected to state. There is no question but that it is a race between the ability of the tax mechanism to produce a sufficient amount of revenue in order to maintain Government credit and to enable us to carry on these needed, extraordinary expenditures, and the alternative of uncontrolled printing-press inflation.

I might say that Great Britain, under the existing high rates, with a load in proportion to her population as great as ours, in my opinion, announces a surplus of $166,000,000 over her expenditures—a balanced budget.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had passed without amendment the joint resolution of the Senate (S.J.Res. 74) authorizing necessary funds to conduct investigation regarding rates charged for electrical energy and to prepare reports thereon.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7599) to provide emergency aid for the repair or reconstruction of homes and other property damaged by earthquake, tidal wave, flood, tornado, or cyclone in 1933 and 1934.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 552. An act for the relief of Manuel Merritt;

S. 1484. An act for the relief of Miles Thomas Barrett;

H.R. 881. An act for the relief of Primo Tiburzio;

H.R. 2639. An act for the relief of Charles J. Eisenhauer; and

H.R. 7599. An act authorizing the Reconstruction Finance Corporation to make loans to nonprofit corporations for the repair of damages caused by floods or other catastrophes, and for other purposes.

INTERNAL-REVENUE TAXATION

The Senate resumed the consideration of the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes.

Mr. BONE. Mr. President, I think the Senator from Wisconsin asked a very pertinent question at the conclusion of his speech; that is, Who owns this Government?

A few days ago the senior Senator from Maryland [Mr. TYDINGS] stated on this floor that we had now reached the point in our financial operations where it would require $1,600,000,000 a year to meet the interest on our national debt, and to provide an adequate sinking fund. At the rate at which this Government is becoming indebted under various operations, it is conceivable that before long we may face an interest burden, together with what is required for the creation of a sinking fund, of $2,000,000,000 a year. I am wondering, and I think a great many other people are beginning to wonder, whether an operation, which keeps piling up these frightful interest charges, is not in itself as disastrous in its potentialities as the thing to which the Senator from Wisconsin referred a moment ago—that is, printing-press money.

We will have to decide before very long how we are going to finance recovery operations, and whether we are to continue financing them by going further into debt, piling up a monstrous burden of interest, which of itself is becoming so large as to present a threat to the financial stability of the Government.

Mr. President, I listened with a great deal of interest to the figures used by the Senator from Wisconsin in his coldly logical appeal for higher income taxes on big fortunes. I hear no challenge to the accuracy of those figures. They constitute a damning indictment of our economic system. There is no answer to this Banquo's ghost of finance, except such answer as we care to make here, in this Chamber, and in my judgment, we fail to answer at our peril. We fail to make a just and correct answer at the expense of a possible disruption of all the functions of government.

Under these figures dealing with income, it appears that 1 percent of our population owns and controls 59 percent of the wealth of this Republic; that another 1 percent owns 9 percent of the wealth; that 22 percent of the population own and control 27 percent of the wealth; that another great body of Americans, who may be called upon to shoulder rifles to preserve this Republic, and whose children are taught to sing "My country, 'tis of thee"—"my country", the possessive case—this great body of dispossessed Americans, constituting 76 percent of our population, own something over 5 percent of the wealth of a Nation for which they may have to shed their blood.

Translating these figures in another fashion, it means that 2 percent of the population of this country have 68 percent of its wealth; that 24 percent of the population of this country have 94 percent of its wealth; and that 76 percent, as I indicated, have something over 5 percent of its wealth. These figures present the most somber picture ever confronted by any people under the sun.

Since this country came into existence and the infant Republic was born we have had three or four gigantic conflicts. First, there was the Revolutionary War, by which we established certain fundamental principles upon which it was hoped this Republic would forever continue to operate. Then came the War of 1812, the Mexican War, and the War between the States. I have walked over these great battlefields so near this beautiful city of Washington—Gettysburg, Antietam, Mine Run, Spottsylvania Courthouse—fields bathed in blood, the blood of courageous men who died to preserve a Government of, for, and by the people, but, preeminently and above all else, a government for the people. Yet our Government has so functioned, or misfunctioned, if you please, that by operation of law—because it could not come about in any other way—we now find 1 percent of the population of this country in possession of nearly 60 percent of our national wealth.

We do not have to quote Goldsmith, that a nation that permits that sort of thing is perilously near the edge—

> Where wealth accumulates, and men decay.

This abysmal poverty in the midst of plenty is a herald of moral death and national decay, and Congress will permit that tragic situation to continue at its peril.

How long can we maintain this thing we call "representative government" when, as representatives of a hundred percent of the people, we stand here year in and year out and permit 5 percent of the people—yes, 1 percent of the people—to own so great a proportion of the national wealth;

and, by means of that ownership, to exploit mercilessly, ruthlessly, every family in this country? Practices sanctified by law and patient acquiescence enable the comparatively few to loot the pantries of every family under the American flag. And by rejecting the La Follette amendment we put the stamp of our approval on this monstrous wrong.

It is true that here and there from reactionary sources will be found a guarded admission that beggaring a nation to enrich a few men is wrong. Oh, they are very guarded admissions, very halting, timid little admissions that something is wrong. Servitors of the "House of Have" are very cautious gentlemen, and much prefer to make meaningless gestures and rhetorical flourishes in the political arena, a few of which I shall presently advert to.

I hold in my hand a clipping from a newspaper bearing date December 16, 1931. It is a statement by Mr. Patrick Hurley, who was in President Hoover's Cabinet at the time. He refers in somewhat guarded terms to the tragic conditions of the country. Here speaks one of the outstanding Republicans of the United States, and he says:

> One of the weaknesses is the overconcentration of wealth in the hands of a few individuals. We have yet to devise a plan that will provide for a more equitable distribution of the Nation's wealth.

Nothing came of this pleasant little gesture—this sop to Cerberus. As a lawyer I know of no other means whereby there can be brought about a just, fair, and adequate redistribution of national wealth in this country except by employing the processes of taxation.

Certainly an attempt by any other mechanism to do that would simply plunge us into chaos. This proposal presents to concentrated wealth the option of sifting it back to the people in pay envelops, or giving it to the Government to feed the hungry.

There have been some very, very startling things said about the causes of this horrible depression, and I want to read a few of them into the RECORD because these statements are, first, a challenge to our patriotism and intelligence, and, second, an admission of the utter ineptitude of some of our so-called "leaders."

Along in the early part of 1932, Mr. Ogden L. Mills, the then Secretary of the Treasury, made a statement which was one of the most extraordinary, bizarre, weird statements ever made by a public servant. He was before one of the committees of the Senate or House at that time, and he is credited with the statement that capital, referring to the great body of concentrated wealth in this country—and I am quoting his language now—

> is better employed in the hands of the men who built up the industry than scattered among the thousands.

There speaks your tory. There speaks the tory mind. If that theory be correct and it is better for a little group to have most of our wealth, where does that sort of principle lead us to? If it is just and proper for 1 percent of our population to have 59 percent of our wealth, by the same token and by the same logic it would be just and proper for that 1 percent to have 95 percent of the wealth of the country.

Where is that thing going to end? Is there a man, woman, or child under the American flag who can find any defense in morals, in conscience, in light of the history of this country, for the thing that Mr. Mills defends and which has been so vigorously assailed by the able and aggressive Senator from Wisconsin [Mr. LA FOLLETTE] to whom we have just listened?

On these great battlefields around this city were poured out libations of blood that staggered the world. As I stand here today, I wonder whether those boys, both in the Northern and in the Southern Armies who yielded up their young lives for a cause which they believed to be just and holy; I wonder if they would have died so willingly had they known that within one generation, within 70 years after the guns of Gettysburg had ceased to thunder, 1 percent of the population of the Republic would own 60 percent of our national wealth? I wonder what they would have thought when they stood on the flame-crested hills of Gettysburg had they known that their sons and grandsons would walk the streets, beggared by cruel economic adversity which is so unnecessary.

My father happened to be one of those soldier boys who carried a musket up there at Gettysburg, and I have thrilled so often as I read and reread Lincoln's beautiful address on that field, where he adjured his auditors and posterity to stand firmly for those principles that should forever preserve a government of, for, and by the people.

What are we doing to carry out that admonition of Lincoln to preserve this Government for the people? We have contented ourselves with the creation of an industrial machine that has looted every pantry in America for the benefit of a few; and when we protest we are met with a brazen statement, like that of Ogden Mills, that it is better that a few men should have this money than to have it scattered out in the hands of the people.

That, Mr. President, comes as near a declaration of treason as anything ever uttered in this country. And any man who actually believes that it would be better for a little handful of men to have our national wealth of this country, wealth that has been preserved by the blood and tears of a million Americans—any man who thinks that that is just, a decent and honorable patriotic sentiment, comes dangerously near to having the blood of treason in his veins. Such a philosophy is treason to the memory of the boys who died upon American battlefields that this Republic might be preserved. These boys died for the homes of America, for economic liberty for their sons, not to preserve Ogden Mills' private fortune.

Let us see what answers some of the other outstanding minds of this country have given us to this great challenge of poverty that is laid at the very doors of this Capitol. It will not do for us to exorcise this demon with a lot of words about our national greatness. It makes no difference whether we now answer or not; sometime the American people are going to make us answer for not meeting this issue head-on. The American people are not going to sit supinely by indefinitely and see their children go hungry in the midst of a civilization capable of producing so much wealth that we do not know what to do with it.

Let me digress to say that despite the classic definitions of wealth which are flung in our teeth so glibly, definitions that come so trippingly to the lips of the apostles of laissez-faire, from those who would continue to clamp down this yoke on the necks of the American people; wealth, Mr. President, consists of homes, radios, rugs, automobiles, and electric cookers, and all those things which help to make life sweet and happy, that bring into American homes those things that make life just a little more cheerful.

With this marvelous machinery of ours we can produce that sort of wealth in such abundance that men are compelled to gaze in astonishment at this great industrial miracle that has been wrought within your lifetime and mine. Yet in the face of these potential possibilities of bringing into every American home that sort of wealth, to drive forever from the hearthstones of American homes the wolf of want—in spite of the fact that our machinery, operating but a few hours a day, can insure to every American under the flag a livelihood second to none—at the very moment when our mastery over our own destiny seems to be most complete, at the very instant when we seem to be most completely masters of our own fate—we find many millions of our people beggarized, pauperized, walking the streets, begging for the poor privilege of a job with any kind of wages.

At a time when our factories can turn out foodstuffs in a prodigal fashion, babies go hungry; at a time when we slaughter pigs to dispose of an unsalable surplus, little kiddies have not enough to eat; at a time when men complain that they do not have decent coverings on their floors, the rug and carpet factories are silent, the wheels are gone still.

What sort of an indictment will the historian of the future bring against this crazy topsyturvy civilization? The critic is justified in asking if it deserves the name of

civilization. With 96 men in this body grappling with this problem and with 435 on the other side of the Capitol, for some reason our hands seem palsied, and we shrink from frank discussion of the fact that a few are coming to own America.

What are some of the answers to this riddle which have been offered of late? Let me read from one of the big magazines of this country in which a great editor is telling Americans whose homes are ravaged by poverty what they need to do and should do in a time like this. He says this in an editorial:

The charitable organizations of this country should be called to account for their criminal waste. When money is used to feed those who have no means for sustenance it should be confined to low-priced nourishing foods.

This editor is objecting to feeding the poor the kind of food he thought was too expensive. He goes on:

The 1-cent restaurant, details of which appeared in this publication recently, clearly proves how cheaply people can be fed and still be given a reasonable amount of variety.

Everywhere we find a fear of national catastrophe. Possible revolution has been referred to by high Government officials, and unless the money available for feeding people is used more economically and sensibly, there will be no possible chance of stopping the tide of desperate humans. It is said that we are only a few meals from savagery. And here is the remedy available to every community, every charitable organization.

Now, get this gem from the learned editor. Quoting again:

Huge pots of boiled cracked wheat or corn without a single ingredient added will thoroughly nourish the body and thoroughly satisfy the pangs of hunger.

That gentleman has filled his editorial columns time after time with an indictment of the thing that the Senator from Wisconsin has just advocated. He sees nothing wrong in a few men owning America. Feed the hungry cracked wheat and cracked corn. That is all these out-of-work Americans deserve. Yet they are of that sturdy and stalwart breed who may be asked to yield up their bodies to preserve their country for gentlemen like this man, who is a part of the fortunate 1 percent who hold 60 percent of the wealth of our country.

Mr. CLARK. Mr. President, may I ask the Senator who wrote that?

Mr. BONE. I hand it to the Senator so that he may look at it.

I marvel sometimes at the animal courage of the defenders of this sort of a game. I suppose I arrived on this scene of earthly troubles too late to understand the operation of minds that can see no wrong in a system that dooms millions to want. I marvel at their brazen effrontery in the face of the tragic conditions which we now face, their superb indifference to the possible results of their own folly. I have before me an editorial by Mr. B. C. Forbes, a very prominent financial writer for the Hearst newspapers. The editorial bears date January 27, 1932. I have no quarrel with Mr. Forbes; he is merely writing his own conclusions as to the views of financiers, but Mr. Forbes has frequently assured us that he speaks from the book, so to speak, and he is apparently in close touch with the gentleman whose views he expresses at various times. Here is what he says in this article:

This is real progress. A year ago, 6 months ago, even less, most financiers and other men of important affairs objected to any attempts to stimulate recovery.

Just get that confession. It comes from one of the most prominent financial writers of the country.

A year ago, 6 months ago, even less, most financiers and other men of important affairs—

That is, the 1 percent that are coming rapidly to own the United States—

objected to any attempts to stimulate recovery.

In other words, this tragedy that had come into the American home, this wracking of the bodies of children with pangs of hunger, stirred not one single impulse of pity in the cold, stony breasts of these gentlemen concerning whom Mr. Forbes speaks. These masters of America "objected to attempts to stimulate recovery." I again quote:

Their attitude was: "Things must be allowed to run their course."

I ask Members of the Senate, who, in God's name, owns this country? Have we gotten to the point where 96 men in the Senate have to sit here day after day and allow a challenge like this to remain unanswered, when a few private citizens can say, "things"—meaning this depression—"must be allowed to run their course" although little kiddies go hungry and homes of decent, clean Americans are desolated by this carefully arranged "course"?

Out in the State of Washington during the campaign of 1932 I talked to thousands of people and I want to tell Members of the Senate one or two things I saw in that campaign because they also constitute in themselves an unanswerable indictment of this game as it is now played.

Washington is a beautiful State. God has blessed it with marvelous resources. When the harvest comes on it is a veritable cornucopia of plenty; every Senator from the West knows what the State of Washington is and its marvelous productivity, and yet in one county 60,000 people were being fed the bitter bread of charity out of commissaries; being fed dry, farinaceous foods poorly suited to the needs of children. Little kiddies out there were deprived of milk, fruit, and vegetables because their poor daddies had been out of a job for 2 or 3 years, and the bodies of these little ones were suffering and their bones were becomming afflicted with a disease strangely akin to rickets. Malnutrition and inanition were getting in their deadly work on the innocent and the helpless. I saw sights that would melt a heart of stone. As I looked at these great audiences who did me the honor to listen to my speeches, and who were trying so hard to be patient and loyal and forbearing, I wondered how long they would remain in that state of mind. Mr. President, the outstanding fact in all human history is the infinite patience of the poor.

A hundred miles away in one of the most beautiful valleys in the United States I saw thousands of tons of foodstuffs—peaches, pears, tomatoes, cherries—rotting on the trees and on the ground. All our genius and our wisdom could not devise a scheme which would get that fruit and those vegetables over the mountains to those hungry little mouths on the west side that were watering for the cherries and peaches that were never to be theirs.

But let me quote further from Mr. Forbes:

Today nearly every one of these same influential gentlemen feels that constructive steps can now be taken safely.

After hundreds had committed suicide because of poverty, after millions of American homes had been desolated by poverty, these suave gentlemen, who are running America, felt that constructive steps could be safely taken.

I want to repeat almost the last words of the Senator from Wisconsin: Who owns America? That question ought to be echoed and reechoed in every home under the American flag, until it is answered by Columbia's sons.

I proceed to quote further from the Forbes article:

Deflation, they agree, has been carried quite far enough, much too far in many directions. Therefore they are willing to support active, helpful innovations, such as the Reconstruction Finance Corporation.

* * * * * * *

Hence the encouragement derivable from the fact that the conclusion has been reached in the most powerful circles that the time has come when remedial measures can and should be instituted.

This is, in my opinion, news of supreme moment.

Oh, how blithely the masters of America told us that the moment had arrived when they were ready to put an end to the hunger of little children; to put an end to the ghastly tragedy that has crept across the doorstoop of millions of American homes. God of Israel, what a gall.

We stand face to face with this tragic picture and it is rendered infinitely more tragic because it is so stupid, because it did not have to be, because it has made a mockery of the death of every boy who died that the Republic might

live, who died that decent standards of economic social justice might be established in this land. We have helped to make a shambles of the thing he gave his life to preserve. When the depression hit us and President Hoover called into conference some of the smart, wise men to tell us what was wrong and what should be done, certain of these wise men came down to Washington. Let me read a few things they said and what was suggested to meet the crisis caused by the shameless greed of men.

I quote Mr. Walter S. Gifford, president of the American Telephone & Telegraph Co. He was one of the golden-haired boys who were going to tell the country what to do to be saved. Before the Chicago Association of Commerce on December 12, 1929, just as the panic was beginning, Mr. Gifford made this statement:

> A prosperity of the few at the expense of the many is always subject to the danger of attack by the many.

Well, I think comment on that sort of a statement is unnecessary. Seventy-six percent of the people have only a little over 5 percent of the wealth of the country, and are getting less and less of it all the time, and Mr. Gifford assures us that that sort of condition is likely to be criticized. Mr. Gifford is America's outstanding exponent of the obvious.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. (Mr. POPE in the chair). Does the Senator from Washington yield to the Senator from Louisiana?

Mr. BONE. I yield.

Mr. LONG. I do not want the Senator to remain in the error that I am afraid he is falling into as to that 76 percent owning 5 percent of the wealth. That does not take into account the debts the 76 percent owe. When their debts are computed as against what they own, their assets represent minus quantities. As a matter of fact, 76 percent of the people do not own 5 percent of the wealth, because that 76 percent cannot today pay their debts with such property as they own.

Mr. BONE. If they continue to accept the advice of the best minds that I am going to quote, they, of course, must expect to remain in poverty and their children never know the meaning of a decent chance in life. There is no such thing as equality of economic opportunity; there will be no opportunity for the sons and daughters of this great mass of Americans if this trend continues. I just happen to be one who feels that——

Mr. LONG. Mr. President——

Mr. BONE. I yield to the Senator from Louisiana.

Mr. LONG. The trend does not have to continue. There is no opportunity for their sons and daughters today; there has not been for 5 years; and today conditions are worse than ever. There is not a business in which a man can put his boy to enable him to make a living—not one. There is no opportunity in America today for a boy who comes out of college. He cannot make a living, and that is the fact. It has been that way for 5 years, and is worse today than it ever was. The only thing that can be done is to get him on the dole roll; that is all; and he cannot even get there as it has been ruled that since he never did have a job he cannot be called unemployed. Therefore, today the trend does not have to continue. The wreckage has been here for 5 years; it is getting worse every year; and not a thing we have done has helped conditions one iota, not one jot or tittle.

Mr. BONE. I thank the Senator for his contribution. I think one of the most somber pictures presented to this country is that thousands of boys and girls fresh out of our high schools and colleges cannot possibly fit themselves into the present economic machinery. There are no jobs for them; no free play for their talents; and if this condition shall continue, that great mass of young Americans who are now coming into their own will be completely disillusioned and utterly disheartened. From an ethical standpoint, this picture presents a most mournful aspect.

Mr. LONG. I just want to say to the Senator that some of the Phi Beta Kappa students in one of our universities in Louisiana consider themselves fortunate when they can get jobs as dishwashers.

Mr. BONE. I have not the slightest doubt that that is true. I know of one large department store in my section of the country which is now hiring young women who are graduates of our State university, to sell handkerchiefs and stockings. To that estate has fallen the highly intelligent and well-educated girlhood of America.

Now I will proceed and quote further from Mr. Walter S. Gifford. He says:

> The foundations of our present-day standards are sound and enduring.

Mr. President, at that very moment reverberations of the panic were to be heard everywhere, but, says Mr. Gifford, the head of the Telephone Trust, one of the wise men of the East, whence comes much of our financial wisdom:

> The foundations of our present-day standards are sound and enduring.

Of course, the people of this country had a right to believe one of these outstanding business leaders, because he was tied in with an unusually effective organization that was cleaning the pantries of the American people as rapidly as possible, and that ought to qualify the head of the outfit to give plentiful advice to Americans.

Mr. DILL. Mr. President——

The PRESIDING OFFICER. Does the Senator from Washington yield to his colleague?

Mr. BONE. I yield.

Mr. DILL. I want to call my colleague's attention to the fact that this is the same Mr. Gifford who appears before the Committee on Interstate Commerce and denounces as unthinkable, legislation that would give the proposed communications commission the power to declare void the inter-service contracts between the parent and its subsidiary and affiliated companies by which enormous rate bases are built up for telephone structures in various States, and thereby high rates for telephones are maintained to pay a return, if you please, upon the investment of the operating companies, when the parent company of which Mr. Gifford is the head owns the manufacturing company and the operating company and reaps profits from all of them.

Mr. BONE. I thank my colleague for that statement. Of course, it is obvious to every intelligent American that the men heading these monopolies are interested only in one thing, and that is dividends. They are not interested in the welfare of human beings. They are creating by their greed a Frankenstein monster that will crush them. Instead of one man rising in the Senate to challenge this brazen effrontery, a lot of men will sometime rise to denounce this truculent infamy that makes men tramps instead of free men.

For one, I am thoroughly tired of seeing Americans starve in the midst of plenty. I am tired of seeing decent men walk the streets and beg in vain for the opportunity to tramp in our industrial treadmills; beg in vain for the privilege of making a living for their families and going hungry while all this great machinery of production lies idle. It is not going to continue, and if the American people have the nerve of rabbits they will not let it go on.

Mr. LONG. I wonder whether my friend from Washington remembers that we made a great national campaign on this issue in 1933 and promised that we were not going to let this thing go on. That was the basis upon which we won the election. I do not know whether the Senator is aware of it, though probably he is, that our campaign was made on the word and promise that we were going to give a better distribution of wealth into the hands of the masses. That was even endorsed in the Madison Square Garden speech by Mr. Hoover, who himself said he wanted a better distribution of wealth in the hands of the masses. It was on that basis that we won the last election. That is the promise we made to people. I do not know whether that promise means anything or not. Usually such promises do not mean anything, but that is what we promised.

Mr. BONE. I do not think it is necessary to remind me that the American people are becoming thoroughly disillusioned by party promises. The Senator may take out of his

desk the platform declaration of both parties and he will find that year in and year out they have disregarded those promises completely. Every party has done it.

Mr. LONG. Mr. President, in the army a traitor is shot! [Laughter.]

Mr. BONE. It may be that I am an old-fashioned American, but my first loyalty is to the American home and not to the Telephone Trust or any other big combination. I think I speak what is in the hearts of the people of the United States when I say our first loyalty should be to the home, because without homes fortified by economic security there can be no security of any kind for this Government.

But let me quote further from Mr. Gifford, the head of the Telephone Trust, Mr. Hoover's man who was entrusted with the job of finding ways to aid the unemployed in the gloomy winter of 1931. I listened with great interest to Mr. Gifford's radio address about remedies, which he delivered on September 27, 1931, while we were in the midst of the beautiful panic brought on by the treasonable efforts of a few men trying to grab the earth. Said Mr. Gifford:

The public—

Get this! This is one of the great minds of America, one of the captains of industry, one of the great leaders who is trying to tell us what to do in our hour of peril. Imagine a man foolish enough to accept advice from anyone who uses this kind of language in dealing with this hideous disease of social poverty.

Mr. LONG. Did the Senator say "trying" to tell us what to do? He was telling us what we were doing.

Mr. BONE. The Senator does bring some light to bear on this matter, and for that reason I am happy to be interrupted.

I quote further from Mr. Gifford:

The public is to blame for much of the unemployment—

That is, the 76 percent of the poor devils who have only 5 percent of our wealth—

The public is to blame for much of the unemployment by reason of its failure to spend its money.

The crowd about whom the Senator from Louisiana was talking refused to spend their little 5 percent of the national wealth which they do not have, and therefore Mr. Gifford says the country is going to the dogs because of that fact—

If the public buys neither works nor goods, it is the public that is to blame.

That ought to clinch the argument. Nothing further need be said by way of comment.

Here is Mr. Gifford's program for social reconstruction in four points, as given over the radio on the date I indicated:

First, appointment of a State-wide committee of leading citizens by the Governor.

It would not do to appoint anybody except a leading citizen. These fellows are strong on leading citizens.

Mr. LONG. We had one of them this morning before the Finance Committee who claimed constitutional immunity for fear that he might incriminate himself.

Mr. BONE. A good many of our leading citizens have come dangerously near having to do that in some of the recent congressional investigations, so the suggestion does not present anything unusual.

Second, organization of an emergency committee in needy communities.

That proposal ought to make a mighty appeal to the hungry men and women of America, and that ought to clinch the argument against higher income taxes on multimillionaires.

Third, determination by this committee of the probable unemployment load and development of ways to meet it by providing employment or relief.

Marvelous! It is as opaque as some of the other arguments of these gentlemen.

Fourth, reports of State committees on plans of the local groups.

That is a final clincher. If we could only get a report on these activities, we would have the unemployment problem solved. He stated that 6,000,000 are said to be out of work and then adds that these reports ought to be made for the benefit of the bewildered populace who are not eating regularly. I quote further:

Employers have already to an extraordinary degree spread employment available in their own plants among the workers. Many have gone the limit. The employment situation is temporary. There is not and probably ought not to be permanent organization to cope with it.

I hope the Senator from Wisconsin will bear that in mind and consider that he is reproved for suggesting such an odious thing as a permanent unemployment problem.

Mr. LONG. Mr. President, I promise not to interrupt the Senator any more after this, but judging from the remarks he is quoting, Mr. Gifford finds that the people are starving themselves to death because they will not spend their money for something to eat.

Mr. BONE. That is probably as correct and clear as any of the gentleman's cryptic remarks.

Mr. LONG. In other words, this is a nation of suicides. [Laughter.]

Mr. BONE. Here is another best mind speaking his little piece. Mr. C. A. Stone is chairman of the board of Stone & Webster, one of those benevolent private power outfits. I am quoting from the Tacoma Daily Ledger of February 2, 1931, from an article by John F. Sinclair, a prominent financial writer. He said:

Mr. Stone told Theodore M. Knappen, associate editor of the Magazine of Wall Street, that the United States would have to go back to 1893 for a parallel to the present depression. While it may be some years before America again attains new peaks of industry and trade, Mr. Stone does not think it will see so much profitless prosperity as was experienced in the last few years. For the young man of today, he, Mr. Stone, sees in the present depression a vast opportunity that would never have been his otherwise.

If anybody can find anything funnier than that in current literature I would like to see it.

Mr. Stone, of Stone & Webster, one of the generous Power Trust outfits, sees a marvelous opportunity for young men in this frightful depression. That sort of an utterance does not require any comment. It answers itself.

Mr. LONG. That might be the back to nature movement.

Mr. BONE. The Senator from Louisiana has a marvelous vocabulary, but he cannot do justice to banalities, and I suggest that he do not try to wrestle with Mr. Stone's statement. [Laughter.]

Let the boys out of work, the college boys—and I have hundreds of friends among them—listen to this further statement from the Power Trust octopus as represented by this gentleman to whom I have referred:

The adversity of today—

Says Mr. Stone—

shuffles the cards anew and gives the young privates in the business ranks chances, according to their talents and character, that they never would have had in a dead level of continuous prosperity.

Is not that a gem? Marvelous! No wonder the people are learning to worship at the shrine of big business and to doff their hats to pompous humbuggery! Mr. Stone continued:

Emerson's law of compensation still holds true.

Of course, Mr. Stone's outfit during this panic and depression, while millions of Americans were going broke and hundreds were shooting themselves and millions were walking the streets with despair in their hearts, was grinding out dividends just as usual. The Power Trust saw nothing bad in the depression. It liked the card shuffling made possible by the miseries of the poor. It went blithely along, paying huge salaries to insiders and making just as much money as before.

We have another brilliant mind, another gentleman in the ranks of those described by the Senator from Wisconsin [Mr. LA FOLLETTE]. He, like others, has been uttering apologies for the House of Have and snarling at the House of Have Not—Mr. Roger W. Babson.

In the American Legion Monthly for January 1931 Mr. Babson hands this to a bewildered country. It is his explanation for the panic and depression—not the fact that a few men own America; not the facts which have been so brilliantly and ably discussed by the Senator from Wisconsin [Mr. LA FOLLETTE]; not the facts that have been portrayed to the Senate in the various discussions about the concentration of wealth. Here is what Mr. Babson says is wrong:

Spiritual and intellectual values are of great importance. It must be recognized that business depressions have their usefulness and fulfill an important economic function.

You see, if half the people of the country starve to death, that process constitutes a very important function, according to Roger Babson.

When men are making money they are likely to lose their faith, forget their God, and become more or less like pagans. During such prosperous times the churches become neglected, personal prayers are dropped, and man feels self-sufficient, without the need of Bible, church, or meditation.

Abysmal poverty is a beautiful thing, according to Mr. Babson, because it brings men in closer touch with the Deity.

Mr. LONG. Mr. President, I wonder if they do not need a song and a revival to cap that thing off.

Mr. BONE. No; not when a man is so filled with the divine afflatus as the gentleman from Boston. He needs no outside influences at all to encourage him in the work of social salvation.

I quote again:

When people are out of employment, and business men are making losses, and we are unable to control the situation, then we look to higher and better things. This brings us to a realization of spiritual and intellectual values. Men develop mentally and spiritually during depressions. Church attendance increases during periods of unemployment. Of course, a business readjustment has many other practical uses. It gives employers a chance to repair their plants and reorganize policies. It gives executives a chance to develop new plans; it gives opportunities to fund and refund indebtedness.

If any Senators here care to fund or refund their indebtedness during this period, Mr. Babson assures them of a wonderful opportunity—a sort of check-and-double-check, "Amos 'n' Andy" idea.

Then Mr. Babson goes on:

While it gives wage workers a chance to rest and get in good physical shape for the next pull.

A beautiful thing! [Laughter.]

We should all be optimists under all conditions. Fill your rain barrel when it storms, instead of talking about sunshine. Let us direct more of our efforts to filling our rain barrels.

If the poor would only fill their rain barrels, instead of talking about taxing this unearned increment away from the few who own most of it, we probably might be able to bring the country back to normalcy.

Then Mr. Babson, not content with this profound utterance, comes along later during the same year, in December 1931, and gives an interview to a young lady by the name of Eleanor Early, a staff writer on the Seattle Times, and this gem is the result of that interview:

Business has turned the corner, and the worst is over.

That was in December 1931.

But prosperity will not wholly return until there is a change in spirit.

I commend that to the prayerful attention of Senators who are wrestling with fiscal problems that tax their ingenuity.

Have faith. Work; love; pray; do good, and your hearts will be filled with gladness. We are now about 60 percent through the depression.

[Laughter.]

That ought to cheer all the Members of the Senate.

Bankers have begun to practice the Golden Rule.

[Laughter.]

I really think the Senate ought to relax its rules and let everyone laugh at that beautiful thought.

This is going to be a hard winter. But next spring things will be much better. Business has turned the corner, and the worst is over. If you have any money, spend it. Get in a better frame of mind. Prosperity will return as soon as 51 percent of the people get right spiritually.

I hope this is all very plain to Members of the Senate. I want them to understand just what is wrong with us. We are not right spiritually, and hence the country is "going to the dogs" financially.

Mr. LONG. Mr. President, will the Senator yield?

Mr. BONE. I yield.

Mr. LONG. There is a spiritual lesson on that subject in the Scripture. The Bible tells us what to do spiritually to cure depressions. Do you know what they did with the rich in those days? They hung them. [Laughter.] That is what the spiritual lesson was.

Mr. BONE. We call them into conference now to tell us how to adjust the troubles brought on by their own greed.

Quoting again:

It is wrong to hoard money at this time. Buy a few extra gifts and put some more dollars in circulation. Give Mary a fur coat for Christmas, if you can. Give Junior that dinner coat he has been begging for.

Mr. LONG. Mr. President, will the Senator read that a little louder? Let us get that.

Mr. BONE (reading):

Give Mary a fur coat for Christmas, if you can. Give Junior that dinner coat he has been begging for.

Depressions provide leisure, and we must learn to use this leisure wisely. Now is the time—

During your enforced leisure, of course—

to teach your children the things of the spirit. I have compiled a few statistics to prove that there is good in all things—even a depression. Business began slipping 2 years ago. Since then America has developed spiritually and mentally. Church attendance has increased. More and better books are being read. America is become cultured. When men make money they lose faith.

I do not know just what this 1 percent are doing or thinking as a substitute for faith, but evidently Mr. Babson has not considered that angle of the subject.

They forget religion and become pagans. Churches are neglected and prayers forgotten. It is only in hard times that we turn to religion. Hard times are blessed times when they bring us back to our religion.

Then, says Eleanor Early:

Mr. Babson is inclined to see the Divine hand in this depression.

He believes that a great deal of good has come out of it. He believes—

Get this gem:

He believes that the mania for good times is curbed.

He believes that the mania for good times is curbed! In other words, we are just suffering from a form of delusion when we want good times. Americans who want to make their loved ones safe, are suffering from a mania.

If you are low in spirit, cheer up. What if your salary has been cut? Forget the bad times that are behind you. Ring out the old. Get right spiritually.

Then comes another brilliant mind who tells us that nothing is wrong with this business of ours—not concentration of wealth; not depriving Americans of a chance for economic security in this great game of life. Something else is wrong. Here is a gentleman who does not suggest the rings around Saturn or sun spots, but he is very close to such a suggestion. This is Merle Thorpe, editor of Nation's Business, official organ of the United States Chamber of Commerce, speaking to the chamber of commerce in Tacoma, Wash., along in 1931. He says—and this is quoted from one of the Tacoma papers, a clipping of which I have in my hand—

The present unemployment and complaint of slow business is purely a psychological effect, brought about by fear. Suggestion brought about the present condition. Rumor did it.

Not sun spots, or anything like that; poor old rumor did it.

The suggestion caught. Everybody grew cautious.

That is, everybody except the Power Trust and the big monopolies.

They waited to see how things would turn out before starting anything. Some day we will wake up, and the sun will shine, and we will laugh and begin to take chances again.

That does not require any comment.

By way of conclusion, I desire to read a remedy for depressions and panics that was discovered by the Republican Party. I am now going to read into the RECORD an extract from a propaganda article appearing in the 1924 Republican campaign textbook, page 277, bearing the title "Labor and the Republican Party", under the subtitle "Unemployment Conference Gets Down to Fundamentals."

The dear old Republican Party, the G.O.P., the party of those Grand Old Promisers [laughter], took a hitch in its belt and got down to fundamentals. I want my Democratic brethren on this side fully to appreciate this statement, because it is a work of art. I do not know what happened to the Republican Party, for it had a long time after its spokesman uttered these words to apply this magic formula and eradicate, fully, finally, and completely, the problem of enforced unemployment—

To relieve the unemployed, and then to deal with the underlying causes of unemployment—

That is blunt enough—underlying causes, fundamental causes—

and find a remedy which should have permanent value, President Harding called the Unemployment Conference in the autumn of 1921, and named as its chairman Secretary Hoover. The Department of Commerce and the Department of Labor cooperated in the work of the conference, which was the first national effort to deal with the basic problem of unemployment.

This is blunt talk. On this kind of an argument the Republican Party went back into power. It was either speaking the truth or coldly falsifying when its spokesmen told the people that a remedy had been found. The party, by some awful mischance, mislaid or lost this priceless formula.

Its success—

That is, the success of this conference—

was phenomenal.

I do not know whether the gentleman across the aisle recalls this phenomenon. But the Republican campaign textbook assures us that the success of this conference was phenomenal.

Millions have benefited directly from its labors. The President's conference helped to bring about a prompt revival of industrial activity, upon which employment depends. The conference then turned its attention to the problem of the business cycle, through exhaustive studies under the direction of leaders in the business and labor world, and developed an industrial program looking to the prevention of recurrent booms and slumps in business. No solution was sought in Government interference; the remedies advocated were in complete accord with our national conception of individual and community initiative.

This was in 1924, and it refers to what occurred in 1921. All this individual and community activity and initiative had full sway for years and years and years. For 8 long years—some of the most dreary, somber years in American history—this stand-pat Republican theory held full sway; and here we have President Coolidge and his advisers telling us that the Republican Party found this magic formula, this open sesame to prosperity and to the solution of our fundamental problems growing out of the industrial unrest in this country. The Republican Party tells us that it developed this theory and that it would prevent recurrent booms and slumps in business.

No solution was sought in Government interference—

Says the Republican textbook. Oh, no! Let these private-initiative boys do it. Let the boys who run the Power Trust and the Telephone Trust and the Steel Trust and all the other combines that have looted America handle the remedy. They found it and employed it for 12 years under Republican administrations, and this remedy brought us to the edge of the abyss, where with just one slight push we would have gone over.

The conference showed—

I am reading again—

that through cooperative efforts of those in industry, seasonal unemployment in such vast activities as bituminous-coal mining and the construction industries can be greatly reduced, to the advantage of the public, the industries, and the workers. A plan was developed for the postponement of large-scale public and private construction work during periods of intense industrial activity until such time as there should come a slackening of this class of work in private industry, so that employment may be steady instead of intermittent.

Mr. President, I should like to know what became of this Republican plan which removed all our difficulties. For 8 years after that plan was discovered this country went blithely ahead, and wound up in the ditch. I wonder what that statement was worth when it was uttered, and what it has been worth over the dreary years since it was uttered.

Now we stand face to face with this threat to our homes which the Senator from Wisconsin [Mr. LA FOLLETTE] has discussed, which the Senator from Louisiana [Mr. LONG] has discussed, which the Senator from Missouri [Mr. CLARK] has referred to and discussed here, this bold fact that America is almost owned by a little handful of men. I sincerely believe that unless we boldly grapple with that difficulty, there can be no solution of this problem which Congress can formulate that will be worth the paper it is written on.

Unless we get at this concentration of wealth, unless we tap these great reservoirs of wealth which represent the stored-up labor power of millions of underpaid and now unemployed Americans, we will never get out of the ditch. We ought to pay our national debt out of those great reservoirs of wealth. We ought to pay our bills as we go along out of this concentrated wealth.

If we shall ever be engaged in another war and the existence of the Government is threatened, who will be called upon to defend the Republic? The sons of the masses of the people will do it; the sons of the 76 percent of the people, who represent the ownership of somewhere around 5 or 6 percent of the wealth of this country, will put on the uniform and go out and die on battlefields. And when they preserve the fabric of civilization which we now have, what will they have preserved? They will have preserved the very thing which brought to all of them the humiliation and despair that comes to honorable men who through no fault of their own are compelled to face poverty in its most degrading form.

Mr. President, we might as well be practical about this matter. We perhaps can fool ourselves, and perhaps the American people may remain fooled about this thing for a long time to come; but you cannot undo the impoverishing effects of this machine which grinds, and grinds, and grinds. Some day it will do its last grinding, because the infinite patience of the American people will give way before it, and, like another blind and desperate Samson, this great dispossessed group will put its brawny arms around the pillars of the temple and pull the temple down about our ears. I do not want to live to see that thing in America.

Mr. President, there is no prosperity that is worth the snap of a finger, there can be and is no prosperity, unless it is shared by all of the people of this country; shared by the people whose flesh and blood must pay the price of the preservation of the Republic. If these 1-percent chaps had to do all the fighting, I could find much consolation in that fact. But we clamp down on the boy of the poorest citizen, whose home is impoverished and made wretched by the thing I have been discussing, and his boy must go out and defend this country. Certainly such a patriotic citizen has every right to demand economic justice at the hands of the rulers of this Republic. I try in my somewhat inept way to speak for those who will be called upon to defend this country and its wealth. We owe to them the highest duty. I consider it a rare privilege to rise in my place and voice the hopes and aspirations of the inarticulate poor who have

so few to speak for them—to demand for them the fullest measure of economic security.

In the interest of the American home, the La Follette amendment should be adopted and concentrated wealth be made to carry a share of the burden proportioned to its ownership of our wealth.

Mr. BORAH. Mr. President, I favor the amendment offered by the Senator from Wisconsin [Mr. LA FOLLETTE] and desire to have the RECORD disclose briefly why I do favor it.

The question of the concentration of wealth is one about which we are all thinking, one of the great problems with which I suppose the near future will have to deal. I do not myself desire to use the taxing power for the redistribution of wealth. I doubt whether it would be effective. In other words, it is a problem which requires a different program from that which could be built upon the taxing power of the Government. I support the amendment, not entertaining the view that it will be effective in that direction but because I feel that the measure is necessary in order to deal with the situation which now confronts us.

Leaving aside entirely the question of redistribution of wealth, passing by the extent to which the concentration has now gone forward, we are met with the proposition of the necessity of raising a vast amount of money through means of taxation. There is one rule which seems to be a fundamental one. That is, that taxes should be paid in accordance with the ability to pay. That is not being done in these days. Even if this amendment should be agreed to, we would still not measure up to the full import of that rule, but it would be a step in the right direction, and it is founded upon a perfectly sound principle.

Mr. President, there are at this time in this country, it is estimated, from eleven to twelve million people unemployed. After the heroic and extraordinary effort of this administration to bring unemployment to an end, at least to reduce it, there is still confronting us the proposition of caring for some eleven or twelve million people in a sound and sane way.

If we continue to increase indebtedness, to issue bonds, to increase the interest burden upon the people, instead of meeting to the fullest extent possible the obligations of the Government through taxation, we shall come very shortly to face the question of issuing irredeemable paper money to take care of the situation. Those who have great incomes fear inflation and yet by opposing amendments like the one we are considering they speed the hour of irredeemable paper money.

A person who has an income of a million dollars at this time ought to be entirely willing to contribute the amount which is provided for in this amendment in order to enable his Government and its people to meet the situation which now confronts us. It is in no sense as high a tax or as burdensome a tax as that which other countries are applying under conditions no more serious than those which confront this country.

It is a sound rule to meet these obligations, insofar as we can, through taxation, rather than through the issuance of bonds, incurring indebtedness and greater interest charges. We have by no means reached the limit of our taxing power in this country as to these great incomes, assuming conditions call for a greater demand on such incomes.

Mr. President, when we come to compare this with other taxes, we must conclude that this would not be a heavy tax. There are at least a half a dozen processing taxes now in operation which bear more heavily and are more exacting upon those who must bear them and meet them than this tax would be upon those who would have to meet it if this amendment were adopted. The class of people who are largely meeting these processing taxes are not able to meet them and still enjoy the comforts of home.

There is another thing to bear in mind. This would reach that class of people who are getting the large share of the benefits of the present recovery program under present conditions. I observed in the press a few days ago that the steel industry was preparing to raise wages 10 percent, a most laudible thing to do. Mr. Schwab, leaving for a trip in Europe, said:

> We steel people are doing everything we can to cooperate with the President of the United States. We have just raised wages, when we are not making money, which in itself indicates that we are doing everything we consistently can.

One would infer from that statement that the steel industry was preparing to raise wages to the extent of 10 percent and to pay those wages out of the income the steel industry is now enjoying. But what happened? Upon the next day, or the day after that, the steel industry, through its board of directors under the code, raised the price of the products of the steel industry so as to more than take care of the amount which would be paid out to labor. They are in a position, in other words, to collect from the public the entire amount which they would pay by reason of this increase in wages and still have a considerable amount in excess of the wage paid.

Mr. President, when we are taxing income derived in this manner we are simply equalizing, in a sense, the burden which rests upon the people at this time by reason of this economic crisis, and I do not look upon it in any sense as an effort to redistribute wealth, in any sense as a punishment of wealth, in any sense as an attack upon wealth. It is simply calling upon wealth to do that which every citizen throughout the country must be prepared to do in this emergency at this time in proportion to his ability. The bill as now reported raises only $330,000,000, in my judgment a wholly inadequate sum when we contemplate the expenditures which are necessarily before us.

Mr. HARRISON. Mr. President, the Senator is mistaken. I am sure he is in error. It is $330,000,000 more than is now raised by law. He stated that the proposed bill would only raise $330,000,000.

Mr. BORAH. Yes.

Mr. HARRISON. It raises $330,000,000 more than we are now raising by law.

Mr. BORAH. I say that the bill raises $330,000,000. That is correct, is it not?

Mr. HARRISON. No, no; the bill raises tremendously more than that. It raises $330,000,000 more than is now raised by law.

Mr. BORAH. Yes; I understand that precisely; that it raises that amount in excess of what is already provided for by law.

Mr. HARRISON. Yes.

Mr. BORAH. Perhaps I made my statement inadequately.

Mr. LONG. Mr. President, how much of that is attributable to the income-tax schedule?

Mr. BORAH. The amount, as I understand, which we raised through the income tax is smaller than it was in 1932.

Mr. HARRISON. Yes. The increase over the present income, after the amendment which was adopted, will be about $37,000,000 more if we eliminate the earned-income feature. With the earned-income feature it is about $27,000,000.

Mr. BORAH. And the amount which we would raise under the La Follette amendment would be in excess of that about $183,000,000.

Mr. LONG. According to what I understand it would only be around $27,000,000 in excess of the present income-tax schedule. Is my understanding correct in regard to that?

Mr. HARRISON. That is right.

Mr. LONG. That is not very much.

Mr. HARRISON. That is under the normal and surtax increases in the bill.

Mr. BORAH. The amendment proposed by the Senator from Wisconsin, as I understood from what the Senator from Wisconsin just said, would raise about $187,000,000 or $185,000,000. I ask the able Chairman of the Finance Committee in all seriousness if $187,000,000 is a burdensome amount of money to place upon those who are enjoying the incomes which are covered by this amendment? The $187,000,000 which would be collected under this amend-

ment would come from those who are enjoying in the midst of the depression a most extraordinary income.

It seems to me, Mr. President, in the mere matter of providing means by which to carry on the Government, laying aside all the other problems which have been thrown into the discussion, that it is a simple act of prudence to make provision as provided for in the La Follette amendment.

QUO VADIS?

Mr. LONG. Mr. President, I have a few statistics which I desire to read to the Senate. The Finance Committee, I am sure, has labored very earnestly with this bill. With due consideration to many of my good friends who are on the committee, I am afraid the air of conservatism in the income-tax schedule is the part that is weighing down a good deed.

Last year we had an income from all taxes in the United States of $2,079,000,000. In other words, putting it in round figures, we had an actual income for 1933 from taxes of all sorts of $2,079,000,000. Quo vadis?

It is estimated, Mr. President, according to the estimates that have been furnished, that in 1934 we will have an income of $3,259,000,000. In other words, it is estimated that in 1934 our income will go up one and one quarter billion dollars. But in order to get the income of $2,000,000,000 in 1933 the Government had to increase its deficit by over $4,000,000,000. There was an expenditure of $4,681,000,000 made by the Government in order to get $2,000,000,000 of income.

The United States Government went into the hole $4,681,000,000 in order to get $2,000,000,000 of income, and in order that the Government may get the estimated three and one quarter million dollars of income for this year—and I do not know whether we will get it or not—it is estimated that the United States Government will spend $10,569,000,000.

It does not take any skilled mathematician to know that a country that is getting $2,000,000,000 of income and is spending $4,000,000,000 in order to get that $2,000,000,000, and a country that is going to spend $10,000,000,000 in order to bet back three and one quarter billion dollars, is going into the hole financially at the rate of six and three-quarters billion dollars a year. There is no way of answering that kind of proposition.

We are not on anything like a self-sustaining basis. The Senator from Wisconsin [Mr. LA FOLLETTE] said that if today we were to discontinue the P.W.A. and the emergency relief rolls we would be right back at the very place from which we started in the very worst part of the depression, and the chances are we would be worse off were we to discontinue these numerous expenditures.

Let me do just a little more figuring. I may not be exactly accurate to the cent or to the dollar, but I will be approximately accurate in my statement, in round figures. Let us figure on a national debt of $35,000,000,000; let us say that we will retire that national debt in 50 years; let us say that we will try to spread this national debt of $35,000,000,000 out over 50 years; then the annual retirement, Mr. President, would be something like $700,000,000 a year, and if we borrowed the money at 3½ percent or 4 percent we would have another billion dollars on top of that, and the cost alone for one of the years, to start this matter off, would be approximately $1,500,000,000 or $1,600,000,000, as against a $2,000,000,000 income, and in order to get the $2,000,000,000 income we had to spend $4,000,000,000. And in order to get the three and one quarter million dollar income we must spend $10,000,000.

If we stopped dead still, if we stopped right where we now are and did not spend another 5-cent piece, if we cut the whole thing loose and said we would stop here with $33,000,000,000 or $34,000,000,000, how could we pull out of this thing today on the present set-up? It is not possible to do it, and instead of spending $10,000,000,000 this year and stopping with $10,000,000,000 next year, the spending would increase. Remember what I said on the floor of the Senate in the year 1932: "You will spend more money in 1932 than you did in 1931, and you will have to spend yet more in 1933." Nineteen hundred and thirty-three came along, and we had to spend more in 1933 than we did in 1932. My prophecy again was fulfilled when I said: "We will spend more in 1934 than we spent in 1933."

I say that if this fiscal condition continues, every prophecy that has been made on the floor of the Senate since I came here will be fulfilled. The prediction that we will have to spend more money in 1935 than we did in 1934 now stands proved.

How shall we stop this snowball from coming down hill? Where are we going to put the brakes on it in order to preserve the national credit of the United States? Where are the brakes ever going to be put on? Year after year, when we had to spend more money than our national income in order to deal successfully with the problems caused by the depression, year after year in order to get the smokestacks going full blast, to fill the stomachs of the people, and to put some clothing on the backs of women and children, we continually increased the amount we spent over our total resources, and year after year there has been a widening gap between income and expenditure.

The income 1 year was only $1,000,000,000 less than the outgo, then it is $2,000,000,000, and now it has widened to where there is a difference between what we are spending and what we are receiving of six and three-quarters billion dollars for the year 1934. How are we going to save the national credit on such a basis as that? It cannot be done. It is absolutely a physical impossibility to do so.

The time is now coming, Mr. President, when we must find out where we are going to get the money for the Government. How are we going to get any money anyway, Mr. President? It is a deplorable thing that we should sit here and talk about liberalizing the expenditures. I have voted for every one of them. I have voted for every expenditure that has been made. I have voted for the E.R.A., for the P.W.A.—I do not spell them all out, but if it were left to me, I should take those letters and put them back in the first reader, where they belonged in the first place—but I voted for every one of them. And practically all the Members of Congress, in line with what was the policy being tried out as an experiment to bring the country back, has been "hell bent for election" on the proposition of continuing the expenditures ad libitum.

Today we stand on the calendar for 1934. What Senator here can tell me—I ask anybody to tell me—anything that we are going to do in this Congress if we pass this bill and adjourn now? I ask anybody to tell me anything that is going to make conditions in 1935 any better than they are in 1934. If you have to give a man a hypodermic needle every Saturday night and every Monday morning in order to keep him going through the week and to guide him to spiritual prosperity on Sunday; if you have to give him every day a little dole in order that he may have something in his stomach and continue giving it week after week and month after month until time grows into years, we will have to continue this process of the Government pouring out through the sluice-barrel money to the extent of four times the revenue resources of the United States. There is not a single rift in the sky to point how the cataclysm can be lessened next year. How are you going to keep the ship of state going in 1935 unless you do just what you did in 1933 and 1934, which was to limber money out from the Government Treasury and spend many more times than it was getting from the entire revenue-producing resources of the Government? Where is the answer to it—is there an answer to it—when, if we should stop today, we have not got enough income coming in from the entire resources of the United States Government to retire the bonds in 20 years? We would not be able to pay off the bonds in 20 years' time with the entire resources of the United States Treasury all put together on the basis of 1933 if we did not spend a dime for the Army, for the Navy, for Congress, or for anything else.

We have not enough revenue, according to the figures that have been compiled here for the benefit of the Senate Finance Committee, coming in from all sources, on the basis of 1933, to do it; and we have only $300,000 more than it would take to pay them during a 50-year period. If we were

to make them 20-year bonds—and, God knows, a 20-year bond is long enough, because 20 years in Government circles is looked upon as being almost a generation—in 20 years' time we could not retire these bonds at the interest rate we are now paying upon the bonds if we devoted every cent of the resources of the United States Government to that purpose right now.

I pause for any Senator to challenge those statements; I pause for any Senator on the floor to challenge the calculation that we cannot retire any 20-year bonds out of the revenue of the Government if it were no more than it was in 1933; and I take the figures for 1933 as at least a favorable calculation, because in 1933, in order to take in $2,000,000,000 we had to put out four and a quarter billion dollars. Where is the money coming from?

What have we done? Congress may sit here and twiddle its thumbs, as it has done ever since I have been here. I say that advisedly; I say that Congress has sat here, to my certain knowledge ever since I have been here, and fiddled while Rome has burned—the Democratic Party and the Republican Party.

I hear the Democratic leaders get up and decry Hoover and make a whole lot of "hurrally" as to how terrible Hoover was, and yet the Democratic leaders on this side of the Chamber supported Hoover in everything he tried to do. When we had enough votes on the other side of the Chamber of the progressive Republicans to have undone this damnable cataclysm, the Democratic leaders were following in the tracks of Hoover and doing what Hoover said to do. They did later get up and blame Hoover, but they were the greatest disciples Hoover ever had; there was not anybody on the other side of the Chamber who could hold a candle to them. They were doing everything they could and you could not break them loose. I merely listened to them when I heard those songs they sang of Herbert Hoover and Hooverism, when I know from the record that every dadgummed one of them followed Hoover's tracks and were the most useful disciples he had. You cannot expect anything from them when they get out that old claptrap and sing the songs and dance the dances of politics. Their record shows that they sat here and helped send this country to hell with Herbert Hoover in the saddle. Poor old Hoover was less to blame than they were.

Now we come along here and we are going to change leaders. I had something to do with changing the leaders. The leaders on this side of the Chamber did not have anything to do with it, Mr. President, but I did. [Laughter in the galleries.]

The PRESIDING OFFICER. The Chair will request the occupants of the galleries to maintain order.

Mr. LONG. I had something to do with changing these leaders, to try to get some liberality in the Democratic Party, to give us a chance to break loose. I had something to do with it in a material way, because I went out and helped raise the sinews of war, the nickels and dimes and dollars that we had to have to finance a little campaign to nominate a man to start with; and I helped get the votes that went into the convention. I helped get the votes right in the States that were dominated by big, masterful men of finance right next to Louisiana [laughter], to take them into the Chicago convention and vote them for the nomination of Franklin Delano Roosevelt.

Why were we making all this fight? Because Mr. Roosevelt came out with a statement over his signature in which he said that he was in favor of the distribution of wealth among the people of this country so that the starving could be fed in the land of plenty, and because he had advocated taking it from the top and supporting the Government and distributing it to those at the bottom.

We have had an election—an election on beautiful principles and on beautiful platforms. What do platforms mean? I said to my friend the junior Senator from Washington [Mr. BONE], when he was speaking, that in the army they shoot a traitor. When are we going to decide that a party can be a traitor? When are we going to decide that a party is held to the same obligation after signing up for a year's service as we hold a private or officer of the United States Army to?

We went out all over this country. I was one of those going. I did not go without proper authority; I did not go without reckoning with my host to begin with. We went out over this country, Mr. President, for a principle that was stated by the President of the United States. I will read what he said. I have it here. It is nothing that is going to be disputed. I will read you one thing he said. Franklin Delano Roosevelt, at Chestertown, Md., on October 21, 1931, said:

> As I recall the words of a professor in my school, the wider a distribution of wealth there is in the proper way the more we can make it possible for the men and women of the land to have the necessities of life in such shape that they will not have to lie awake at night worrying where the food tomorrow will come from. Then, and only then, will we have the security necessary for the country.

Those are the words of the present President of the United States, uttered from his lips in the year of our Lord 1931, on the 21st day of the month of October, in which he said that, through a wider distribution of wealth in this country only would there be such a thing as security for the country; then, and only then, said he, would there be such a thing as national security.

I have other statements, Mr. President, that were uttered in that campaign. I do not need to quote them because I have in days passed put them into the RECORD. Were we going along with something that was new to the Democratic Party? Not on your life; it was not supposed to be new until we got in authority; not supposed to be new until we had a little election talking. We get up here and make a whole "hurrally", saying that Hoover did this and did that and did the other; and yet we have come here and adopted everything that was done under him. We were not operating any Republican form of government—I mean a Republican Party form of government—in 1932 and 1933; we were operating a coalition Government of the leaders of the Democrats and the leaders of the Republican Party. Anybody here who does not know it has not sense enough to sit in the United States Senate. We were operating a coalition Government in 1932 and in 1933; a Government the policies of which had been dictated, had been decided upon in the joint councils of the leaders of the Democrats and the Republicans in the Congress of the United States, in both the Senate and the other House.

If we had not wanted what the Republicans were willing to accept in 1931 and in 1932 and in 1933, there is not a man here who does not know we had votes enough on this side of the Chamber, with our control of the other House of Congress, to have done anything we wanted to do long before they ever voted Herbert Hoover out of office. Long before Herbert Hoover was ever voted out of the Presidency of the United States it was within the power of the Democrats of the United States Senate and the Democrats in the other House of Congress to have passed whatever kind of tax or restoration program they wanted to pass.

The Senator from Nebraska [Mr. Norris] was advocating it. The Senator from Michigan [Mr. Couzens] was advocating it. The Senator from Idaho [Mr. Borah] and both Senators from Wisconsin [Mr. La Follette and Mr. Blaine] at that time were advocating it. The two Senators from North Dakota [Mr. Nye and Mr. Frazier] were advocating it. The senior Senator from California [Mr. Johnson] was advocating it. Others whom I could mention were advocating it, all of them sitting on the other side of the Chamber, but we preferred to test out the old reactionary, broken-down system by which the masses were raided for the support of the Government, and the aggrandized fortune holders of the country were not to be molested in what they owned.

I am not willing to have it go out to the country that we have had a revolution when we have not. The only way on the living God's earth that I am willing to go out and say we have changed things is to do what we promised the people to do. We fought for a change of leadership, not from

one party to another party but for a liberalization of the party before we went into the campaign. Many of us who risked everything we had on the top side of the earth, many of us who bearded the lion in his den, many of us who took our political lives in our hands—and I was one of them—and went out practically unskilled and untrained in the lines of party manipulations and party conventions, and thought we brought back the bacon and made it possible by winning one more victory for the people to vote themselves into these reforms, grow sick at heart when we stand here faced with such statistics as come to us indicating that in order to get an income of $2,000,000,000 we have to put out $4,000,000,000, and that in order to get $3,500,000,000 we have to put out $10,000,000,000.

Then we realize that the one curse is still with us, the one main curse that we have to stand in order that the people might become enlightened from one end of the country to the other. That one curse remains here without a voice lifted, without a single voice lifted on this side of the Chamber undertaking to decentralize wealth and carry out the pledge of the party. Not a voice is lifted, not a feather has been taken from the backs of the poor and put onto the rich. Not a single thin dime of concentrated, bloated, pompous wealth, massed in the hands of a few people, has been raked down to relieve the masses and to start the mills going for the distribution of wealth, as was promised by the party which the people voted into power.

We had proclaimed ourselves many years before. We went before the American people with a handbook, and in that handbook we made certain statements. We had to go before the American people with a pronouncement of the Industrial Relations Commission appointed by Woodrow Wilson in 1916, in which we had decried a condition which we said the war had kept us from correcting. We set out in the pronouncement that had been made by a Democratic committee that if it had not been for the war which involved this country as it had involved all of Europe and much of Asia, we would have done according to what this report recommended. Here is the report of the United States Commission on Industrial Relations, appointed by Woodrow Wilson, as contained in Senate Document No. 415, Sixty-fourth Congress. From that report I extract the following:

> The sources from which industrial unrest springs are, when stated in full detail, almost numberless, but upon careful analysis of their real character they will be found to group themselves almost without exception under four main sources which include all the others. These four are—

This was said in the report put out by the Democratic Party on the means of correction of conditions existing at that time—

> 1. Unjust distribution of wealth and income.

That will be found on page 265 of the report of the Woodrow Wilson Industrial Relations Commission.

> The final control of American industry rests, therefore, in the hands of a small number of wealthy and powerful financiers.
>
> The concentration of ownership and control is greatest in the basic industries upon which the welfare of the country must finally rest.
>
> With few exceptions each of the great basic industries is dominated by a single large corporation, and where this is not true the control of the industry through stock ownership in supposedly independent corporations and through credit is almost, if not quite, as potent.
>
> In such corporations, in spite of the large number of stockholders, the control through actual stock ownership rests with a very small number of persons. For example, in the United States Steel Corporation, which had in 1911 approximately 100,000 shareholders, 1.5 percent of the stockholders held 57 percent of the stock, while the final control rested with a single private banking house.

Men talk about the enormous number of shareholders in United States Steel as though it were a greatly diffused property, but, said the Industrial Relations Commission in 1916—

> It had in 1911 approximately 100,000 shareholders; 1.5 percent of the stockholders held 57 percent of the stock, while the final control rested with a single private banking house.

The United States Government report was talking about something that had to be corrected, the steel industry and the ownership of the United States Steel Corporation which was supposed to be diffused among 100,000 stockholders, whereas and in truth 57 percent of it was owned by 1.5 percent of the stockholders and the entire control was vested in one single banking house. That was in 1916, and we were going to correct that condition.

Now, we come back with a tax bill. I waited in the special session of Congress thinking that the Democratic Party was going to go through with something to carry out the pledges of the party. They did not go through with it. They did not see fit to do it. We said there were so many things that had to be dealt with speedily that we did not have time to carry out what we told the people we would do. Why not do it now?

Only a few days ago the President of the United States was making a speech at the N.R.A. conference, and in that speech he said that we could not allow this country to go back to the old system that allowed the wealth to become concentrated into the hands of the few. Those are the words of the President of the United States here the other day, that we could not allow this country to get back into the hands of the old system that allowed the wealth of the country to be concentrated in the hands of the few. Does anybody mean to say we have done anything here to decentralize wealth? Does anyone here mean to say we have done one thing that had not been done under Hoover to decentralize wealth? If so, I want someone to rise and tell me what it is. I pause to enable any Senator in this Chamber to tell me one thing that has been done since the 4th day of March 1933, that has in the remotest degree tended to decentralize the wealth of the country from the hands of the few rich into the hands of the masses. Just tell me one thing that has been done.

On the contrary, we have statistics to show that more little men have gone out of business steadily day after day, just like they had gone out of business before the 4th day of March 1933. The code has not stopped them, the N.R.A. has not stopped them, the P.W.A. has not stopped them, the C.W.A. has not stopped them, the E.R.A. has not stopped them. Day by day, week by week, month by month the little business men continue to vanish from the face of the earth, and what little pride in industry they had is being taken over and absorbed by the big industries.

When are we going to begin to do something? When are we going to start doing something to correct this condition? Are we going to sit here now saying that the Government is going to operate through the year 1934 by going further into the abyss of financial insolvency than it did in 1933? Are we going to say we ran about $2,000,000,000 behind our resources in 1933 and that we are going to run $6,750,000,000 behind our resources in 1934, but that we are not going to have anything like that in 1935?

I have been hearing that claptrap ever since I have been in the Senate, and I read it before I came to the Senate, that we were not going to permit the country to sink any farther into this quagmire; that some day we would have to call a halt.

When we declared the moratorium we said, "We are going to excuse the European countries from making this one payment, but after that we are going to collect it all"; and the next thing we knew, after we had excused Europe from paying us one time, we had practically excused them from paying us anything at all; so our action wiped out that debt.

Then we came along with the Reconstruction Finance Corporation, and we said, "We are going to lend some money to the railroads and the banks in 1932, but we are not going to lend them any after 1933"; and, lo and behold, we wound up with the Reconstruction Finance Corporation lending more money in 1933 than in 1932, and planning to lend more money in 1934 than it loaned in 1932 and 1933 both put together. That is probably what will be the estimate that will come to us for the Reconstruction Finance Corporation.

Then we started an E.R.A.—an Emergency Relief Administration—which was nothing more than a dole. We were

doling out to the people a little handful here and there to feed them. We said that we had to feed them through the winter of 1932. We said, "We will feed them through 1932, but when 1933 comes along we will have corrected this abominable and unjustifiable condition, and we will not have to feed people with a spoon any longer." Then we came along in 1933 and the winter of 1933–34, and we conducted a dole the like of which has never been seen since this has been a civilized country, which outdid 1932 four times over; and now we are going along in 1934, and have we corrected the condition which we said we would not have in 1933, but which we had worse than ever? Have we corrected it? No! We are going into it, full steam ahead, four times as strongly as the amount of deficit and expenditure we had in 1933. Are we going to end it in 1935? If so, how?

Tell me, someone, one single light, one single sign, one single thing that is ahead of us or behind us that indicates the remotest possibility of anything being done to put this country on its feet.

Ten million men are unemployed now. Ten million men are unemployed now that we know are unemployed. That does not take into account the little man who is holding on between the deep blue sea and some other place, hoping that eventually something is going to happen, and he is worse than if he were unemployed. That does not take into account the little business man whose expenses are greater than his income. That does not take into account the little man who is spending everything he had accumulated.

Mr. President, with 10,000,000 people unemployed today, with every form and kind and character of Government dole, relief, codes, and other operations trying to check the constant depletion of the Federal Treasury, the growing curse of the combinations of business, the steady vanishing of the little man from industry and enterprise, nothing points ahead today except the national deficit that grows and grows, while we take the best men we have in this country and place them on the lowest kind of relief.

I was handed a figure here a minute ago. I understand that there are 3,000 lawyers on the dole in America—3,000 lawyers; men holding college degrees, men who have graduated from college, men who became equipped in their profession, and I know some of them; 3,000 lawyers on the dole!

I was up at my old home town in Shreveport, La., the place to which I moved when I left that of my birth. There was a splendid little college up there known as St. Mary's, run by the Methodist Church—as fine a little college, and as fine young men came out of it from up in that old hill country as are to be found on earth. There I found the young men that I had seen there, some of them in the athletic games, and some of them I had seen because I lived within two or three blocks of St. Mary's College when I resided there.

Many of those young men had come out of there bearing Greek letters for the special honors they had won in their studies, seeking any kind of employment they could find. Some of them were waiting on tables in restaurants, and some of them were trying to get jobs even in the kitchens of the restaurants around the town—any kind of a job on the living face of the earth. Many of them have been to me from the State university, from Tulane University, from Loyola University in our State, and from others, asking for any kind of work. One young man there graduated from the college after having won every kind of honor that could be won in college, and when the time came that he had to leave college—we had got him some kind of a little job by means of which he worked his way through college—he came back and said, "Do not make me leave college here. I have been able to make a living in this college. I only drew about $25 or $30 a month to work my way through the university here; but if I have to go out, with all the letters and honors I have, there is not a place on God's earth where I can go and make $30 a month." Many of us were friends of his, and he has been there for 2 years since that time, taking all the special courses that we could dig up for him, one after the other, until he got a master's degree, and yet he has not been able to find a job in which he can get $30 a month.

Talk about reviving the country under conditions of that kind!—and the conditions are steadily growing worse and steadily growing worse, and you blink your eyes at the misery and distress and destitution that are rampant. You are unwilling to depart from the false gods that led you into this kind of an abyss of despair. You are unwilling to do what the Scriptures said it was necessary to do in such a situation. You are unwilling to pay any attention to the promises of the Democratic Party. You are unwilling to pay any attention to the resolutions that have been adopted, and the commission reports that have been made; and we come back here with a Congress that is supposed to be in its closing days, and there is not a single thing in a single bill that is proposed to decentralize the wealth of the country. Not a thing on God's earth is here that promises to balance the financial condition of the country; not a thing that is going to save the Treasury. On the contrary, Mr. President, instead of talking about how we are going to save the Treasury, instead of talking about how we are going to end unemployment, we hand out to the American people this nice little analysis, printed by the Senate Finance Committee, saying that if we pass this bill just as it is we are going to get in $3,259,000,000, and we are going to spend $10,509,000,000 to get it; and if we are to judge the future by the past, it simply means that unless we increase what we had to put out from 1933 to 1934 by two and a half times, we may have to come here and do worse in 1935 than we did in 1934.

LA FOLLETTE'S PROGRESSIVE LEADERSHIP

The amendment proposed by the Senator from Wisconsin [Mr. LA FOLLETTE] does not go a fourth far enough. It does not start to go far enough, but it is in the right direction. It does do some good. It is down the alley somewhere. Unfortunately, Mr. President, we have had to look over there into the State of Wisconsin, and over there into the neighborhood of the other States around there, for the progressive kind of leadership and advocacy that may be the bulwark that will save this country.

I have tried to do what little I could to see that the Democratic Party saved the country. We have promised the people to turn to the bright lights of hope that the elder Robert M. La Follette held out here in the United States Senate many, many years ago. The only thing we can follow now is down the alley of the La Follettes, and yet there is talk of trying to have the Democratic Party use its influence to get rid of that La Follette influence in the United States Senate.

We have a nice thing cooked up for the American people here. After all these promises have been made by the Democratic Party, there is talk to the effect that we are going to use the massive machinery of the Democratic Party to get rid of the wing of progressivism on which we managed to ride ourselves into the confidence of the American people. We will adjourn this session of Congress and go back to killing rats. We will not only fail to do what we promised the American people we were going to do if we were voted into power, but we will take the power and trust that have been reposed in us, and we will use our accumulated strength and the growing deficit that is in the United States Treasury to roll the powerful ball over and crush the spirit of progressivism that arose out there in the Middle West, and notably under the La Follettes, that gave us a chance to redeem this country. They kept the torch burning, and kept the light ahead when there were some of us who saw no hope to bring this country back on lines of progressivism; and it is only proper now that we should support the amendment offered here by the Senator from Wisconsin, not because it does anything like half what is needed to bring about a balanced country, but because it is in the right direction, and is a few steps down the road to financial solvency, and to spreading wealth more equally among the masses of the people.

Have we improved? Here are a lot of statistics read saying that we have improved; that we have steadily begun to improve; that things are on the upward turn; that at least we have begun to show a trend upward.

I want to know how. Does somebody mean to tell me that we have begun to show a trend upward when in 1933 we spent two dollars where we took in one? Does somebody mean to tell me, in this year of our Lord one thousand nine hundred and thirty-four, that we have struck a trend upward when we are estimating that we are going to spend $10,000,000,000 in order to get in three billion and a quarter? Does somebody mean to tell me that we have signs of prosperity, confidence, resuscitation, restoration, or any other kind of relief or advancing program when we are going to spend more than three times the amount of our total income? Does anybody mean to tell me that we are on the lines of national solvency when we have a deficit here of $35,000,000,000 in bonds, past and present, that it would take the entire revenue of the United States Government to pay, without supporting the Army, the Navy, the Congress, the courts, or anything else, if we retired it in 20 years' time? Does somebody mean to tell me that that is a trend to anything that is stable, or is that a mere hypodermic injection that invigorates one for a moment, and leaves him all the weaker when its effects have had time to wear off?

You can spur a horse and make him go awhile. You can spur him one time and the horse will jump, and you can spur him a few more times and the horse will jump, and then you can spur the horse and make him run, and then you can spur the horse and make him trot, and then you can spur him and he will only walk; but after you have gone so long the spur applied to the horse will not do any good, because there is nothing to keep him going.

We have shot this hypodermic needle into the American people and exhausted $4,000,000,000 in one year, and we have shot the hypodermic needle into them and exhausted $3,000,000,000 the year before that, and now we are going to apply the needle and exhaust $10,000,000,000 more; and when we have finally spurred the old horse until we have drawn the last drop of blood from the credit structure of this Nation to the point where our bonds cannot be supported by the total revenues of the United States Government, what is going to keep the horse going? After we have hopelessly overloaded the ship of state, what is going to keep it afloat?

Nobody has any remedy. Talk about the United States Government coming out of this depression. Nobody proposes anything. On the contrary, it is proposed that we have another get together, adjourn, and go home and wait for something worse to happen. That is all the Congress is doing. It is simply the fall season, and we know winter is coming. Adjourn and go home and wait for something worse to happen! Nobody is waiting for anything to happen that is going to be any better. That is not in the cards.

When did things begin to grow better? I want to prove by statistics, in a line or two, that every man in the Senate who wants to see the facts may know that things are growing worse every day and every year.

In 1916—and I have read these statistics before—it was 2 percent of the people who owned three fifths of the wealth. In 1916 there was a middle class, 33 percent of the people, who owned 35 percent of the wealth. In that year 65 percent of the people owned 5 percent of the wealth. That was 1916.

When was the next time we heard about anything of the kind? When was the next time we got a report from the United States Government showing what the trend was? In 1930 the Federal Trade Commission said:

> The foregoing table shows that 1 percent of the estimated number of decedents owned about 59 percent of the estimated wealth, and that more than 90 percent was owned by about 13 percent of this number.

Mr. President, that was in 1930. Thirteen percent of the 1 percent owned 90 percent of the 59 percent. Figure that out. It simply means that a mere handful of people owned the mass of the American property, considerably more than half of it.

What do we hear next? We have some statistics for the year 1934 from the grand old Democratic State of Ohio. We have some statistics, I am glad to say, from a State over which we have had the good fortune to have a Democratic Governor, and from which there is one Democratic United States Senator, and several Democratic Representatives, I understand.

On March 8, 1934, a survey was made in the State of Ohio to see what was becoming of the incomes in that State. Here is what was reported:

An insight into the distribution of wealth in Ohio was given Thursday in results of a survey conducted by the research division of the special joint tax commission. The report made the startling observation that "75 percent of all productive income"——

Get this: Not only of the property, but "75 percent of all productive income is held by 5 percent of the people, and that 10 percent of the taxpayers hold 83 percent of the income."

Get that: 90 percent of them are left 17 percent of the income, "while less than 2 percent hold more than 60 percent of all the unearned income."

Get that: A survey was made the other day in the State of Ohio, the grand old State of Ohio. If others get any worse than Ohio, my friend from the other side of the Chamber representing that State [Mr. FESS] will probably come down to Louisiana, and when he does we will find him a little cabin on the bank of a creek, where he can live in the summertime and live in the wintertime, where, if he wants to, he can live without shoes and will not need many clothes. He can make enough Indian corn on the back of his little place to supply him with enough to eat, along with the fish he can catch in the stream, and he can live there in the sunshine and bask in happiness, and will not have to have any of the undistributed wealth to keep him going.

Ohio is better in the respect of which I am speaking than most of the States. I venture the assertion Ohio is much better than New York, I venture the assertion that Ohio is much better than Vermont, that it is much better than Massachusetts, that it is much better than New Jersey, and that it is much better than Pennsylvania. But in the State of Ohio, which is somewhat supposed to be liberally governed, in which there is supposed to be a rather liberal distribution of goods and property and income, in the State of Ohio, as we sit here today in the United States Senate trying to legislate for the relief of the balance of the people, in the good State of Ohio, where we can point to a measure of prosperity, it is said that 10 percent of the taxpayers have 83 percent of the income in the State and that 90 percent of them have the other 17 percent. God knows what happens to the bottom 50 or 60 percent of the people. The Lord Himself only knows. That is the condition in which they are.

Mr. FESS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Ohio?

Mr. LONG. I yield to my friend from Ohio.

Mr. FESS. Let us take the city of Dayton, for example. That is the home of the National Cash Register Co., builded by one man, which in time came to employ a very large number not only of general employees but of experts. That is only typical. The headquarters of the Delco System is also located in Dayton, built very largely by our mutual friend, Charlie Kettering. The finest compliment ever paid to an individual, I think, was when General Motors wanted Mr. Kettering to become a vice president. They did not care much for what he had, but they wanted him. He would not leave Dayton, but ultimately they purchased what Mr. Kettering represented, so he became connected with the General Motors Corporation. Those are two organizations in the city of Dayton which are representative. Very few of the men engaged in an industry of the kind I have cited are the owners of the industry. It is through them and their man-

agement that the money is made. A very large force of people employed by them are well employed, but they do not have anything like the amount of money, individually, the managers have.

I am wondering how the specific indictment the Senator is making can be justifiably applied to Mr. Patterson, the builder of the National Cash Register movement, or Mr. Kettering, once the head of the Delco, or what justification there is for the severe indictment of the managers who made possible these things because they have become very wealthy. At the same time they have given very large employment, lucrative, in many instances, to thousands upon thousands of people. The Senator is indicting them because the few will have the usufruct of that effort, while the many employed in it will have a small fraction of the return. I want to know from the Senator whether he thinks he is justified in making this severe indictment.

Mr. LONG. Mr. President, I do not indict the men; I do not make any charge against the men. If there had not been a Patterson, there would have been somebody else who would have done just what Patterson is doing. I will assume that. But we must admit that we have operated under a system which has allowed the earnings and the incomes to go into a few hands, thereby concentrating the income in the hands of men who cannot wear the clothes and who cannot eat the food, as a result of which there are millions starving in a land of plenty.

A system of government which allows, first, half a million people to accumulate more than the other half, and then get so bad that 100 concerns accumulate more than 100,000,000 men, means destruction to any country. We cannot let this country get into the hands of a few people, I do not care who it is, Patterson, Rockefeller, Simeon D. Fess, George W. Norris, or anybody else, to such an extent that a handful of men have more of the income from the country than 120,000,000 people, without producing just what there is in this country today, too much to eat and people starving because they cannot buy, too much to wear and people shivering because they cannot put clothes on their backs, so many homes that the Government has to finance them so that they can keep them empty while people are walking the streets begging for a shelter above their heads.

That is no indictment against the man who engages in business under this system that the Government sponsors, encourages, and allows, but the indictment is against the Government itself. What we should have done with Mr. Patterson, I will say to the Senator from Ohio, was to have said: "There is a limit to everything. There is a limit to the amount of water you can drink. There is a limit to the amount of land you can own. Whenever you have accumulated to the point where you have so much of this Nation's income that you cannot use it yourself, that your children cannot use it, and that your children's children cannot use it; and whenever you get to the point where the income of 10 percent of you takes up seven eighths of the entire income of the country, leaving only one eighth to feed the other 90 percent, then we have reached a condition that means starvation in a land of plenty."

I believe the Senator from Ohio [Mr. FESS] is a Biblical scholar—I know he is a religious and a God-fearing man—and I want the Senator to let me speak to him from the Bible on that point. Let me read what the Bible said about it. I will give you what the Lord said, and He knew what He was talking about. I have it all here. Here is what the Lord said about it, and here is what the Saturday Evening Post said about it, too. [Laughter in the galleries] Here is what the Lord said would be the result of it:

> Go to now, ye rich men, weep and howl for your miseries that shall come upon you.
> Your riches are corrupted, and your garments are moth-eaten.
> Your gold and silver is cankered; and the rust of them shall be a witness against you, and shall eat your flesh as it were fire.

The Book of James in the New Testament, chapter 5, the first few verses.

Why did He say that? Because the Lord laid down the rule that had to be observed by humanity.

Without reading, I will refer my friend to Leviticus, chapter 25, verse 10, Deuteronomy, chapter 15, verses 1 and 2, Leviticus, chapter 25, verses 18 and 19, and to certain passages in the Book of Isaiah, and to certain other passages from our Lord, the Christ, when He was on earth, in which the principle is reaffirmed that we have to limit the amount of accumulation of men; that we have to see that the property is distributed back into the hands of the people, to keep it from becoming amassed by the few, in which it is stated that there had to be certain remissions of debt periodically, so that the human family could not be burdened down with debt as we are today. In Leviticus, chapter 25, verses 18 and 19, the Lord said:

> Wherefore ye shall do my statutes and keep my judgments, and do them; and yet shall dwell in the land in safety; and the land shall yield her fruit, and ye shall eat your fill and dwell therein in safety.

That was the promise of the Lord, accompanied by a curse if we did not share the blessings of the land, there would be starvation, there would be destitution even in the midst of plenty.

We have gone ahead and done the things we were told not to do. We have gone ahead and ignored the commands of God, the teachings of Christ. We have gone ahead and done just what the Lord has said we should not do.

Our great statesman, Daniel Webster, took cognizance of the things I have just read. Here is what Daniel Webster said. He said we would last just so long as we observed those principles of the Bible. I will now read just what Daniel Webster said:

> I believe that the Bible is to be believed and understood in the plain and obvious meaning of its passages; for I cannot persuade myself that a book intended for the instruction and conversion of the whole world should cover its true meaning in any such mystery and doubt that none but critics and philosophers can discover it. If we abide by the principles taught in the Bible, our country will go on prospering and to prosper, but if we and our posterity neglect its instruction and its authority, no man can tell how sudden a catastrophe may overwhelm us and bury all our glory in profound obscurity (Gambrell's Baptists and Their Business, p. 62).

Mr. President, why did Daniel Webster say that? Let me read the balance of that quotation from Daniel Webster as to what he said about that, because he was speaking on the proposition that we had to keep the Government observing the Bible and the decentralizing of wealth. Here is the balance of the quotation from Daniel Webster in that connection from the speech that he delivered on December 29, 1820, in Plymouth, in which he said:

> The freest government, if it could exist, would not be long acceptable if the tendencies of the law were to create a rapid accumulation of property in few hands and to render the great mass of the population dependent and penniless.

That is Daniel Webster talking. Listen to the balance of it:

> In such a case the popular power would be likely to break in upon the right of property, or else the influence of property to limit and control the exercise of popular power.

We have had this influence of property to control popular power, and we know that it does control popular power.

I read on from Daniel Webster, in his exhortation that we carry on our Government along the lines of the precepts of the Bible.

> Universal suffrage, for example, could not long exist in a community where there was a great inequality of property.

Do the Senators hear that? I am reading to the Senate from the words of the greatest man who ever stood on the floor of the United States Senate in all its existence. I will again read the last line:

> Universal suffrage, for example, could not long exist in a community where there was a great inequality of property.

Do we have a great inequality of property in America, Mr. President, with 5 percent of the people owning 85 percent of the wealth and in the State of Ohio, with 10 percent of

its people amassing 83 percent of the income? Let me read you what else Webster said:

The holders of estates would be obliged in such case, either in some way to restrain the right of suffrage, or else such right of suffrage would soon divide the property. In the nature of things, those who have not property—

Listen to this. Here is a warning that Webster gives us that comes right out of the book:

In the nature of things, those who have not property, and see their neighbors possess much more than they think them to need, cannot be favorable to laws made for the protection of property.

That is Daniel Webster. Those who need something to eat and those who need something to wear, who see the rich few in possession of things that they do not think they need, will not stand by and govern for the protection of property. Those are the words of Daniel Webster.

Did he have to go very far for his authority? No; he turns right over to the old Book of Isaiah, where Isaiah says:

Who gave Jacob for a spoil, and Israel to the robbers? Did not the Lord, He against whom we have sinned? For they would not walk in His ways, neither were they obedient unto His law.

That is the reason for Webster's words, Mr. President, and that is the logic of Daniel Webster, which he tried to give us. He further said:

When this class becomes numerous it grows clamorous. It looks on property as its prey and plunder and is naturally ready at all times for violence and revolution.

I heard a Senator stand on the floor of the Senate the other day and state that he was afraid we should have a revolution of blood and murder. He is afraid of a revolution where somebody will get killed. My God, Senators, we have a revolution now. There are more people being killed right now in the United States; there are more people maimed and wounded and dying from starvation and destitution than would ever have been killed in a war that sacrificed the lives of a million people; there are more babies who are going to bed hungry at night and who wake in the morning still hungry; there are more men, Mr. President, riding the empty box cars without a place to lay their heads; there are more mothers taking their last pennies in order to buy milk for their babies, and starving themselves to death, and hiding their misery and discomfort, going to bed in distress and awakening in paralysis; there is more of that going on in this country today, by hundreds of thousands of cases, than all the carnage that would have resulted from a revolution.

If blood had flowed until it had drenched the streets of the city of Washington, if there had been people buried by the tens and hundreds of thousands, if there were maimed and wounded lying in the hospitals tonight as the result of a revolution, it would not equal the misery, the destruction, the malnutrition, the suicides, and the rapacity that has occurred from the concentration of wealth, which has been allowed to be piled up so high that we cannot see the sun, which has caused us to plow up the cotton because we have too much. Yet we sit in the United States Senate and prattle about prosperity coming back, when on the basis of our own estimates we are going to get in $3,000,000,000 this year, and spend $10,000,000,000 to get it. Talk about a country coming back under such conditions!

There are some places where you can make people think. You can go out to the forks of the creek and you can make people think there. You can go out in the highways and the byways and read people facts, and you can make them think. I have gone into the most hardened associations of various and sundry mercenary institutions, and still I could make those people think. But, Mr. President, you can come to the United States Senate, and it is like trying to swim in all the water in the Pacific Ocean.

I once heard an old preacher say that he went out in the ocean and swam and swam but he could not swim in all the water. And that in all his efforts to convert the human family he could convert one and know that there were 50 lost against the one that he could convert. You can blow against the wall, you can sound the clamor, you can sound the call of distress, and when they realize that they are in the very midst of calamity, when they realize that they are carrying a government, plunging it into an oblivion of financial inequality and of governmental insolvency, you cannot get the governing bodies of the American Congress to lift their fingers to correct the condition of concentrated wealth in the hands of the few, notwithstanding the fact that they went before the American people and promised that that was the one thing they were going to turn their attention to doing first.

We could not get that corrected. I would be ashamed to come here if I did not have to do it and to read these figures. I would do it from the standpoint of humanity alone, even though my ears were so deaf I could not hear the wails of the weeping, even though I was so blind I could not see the misery and destitution of the millions; but with it all, if I looked upon this only as a matter of Government statistics, I would hate to stand before the American people and say to them that I was presenting a revenue bill and a financial set-up that was going to allow the ponderous inequalities, that was going to allow a constant undernourishment.

I would hate to admit that I was going to plague this country again with a program that meant no more and no less than that we are going to pile from $8,000,000,000 to $10,000,000,000 on the backs of the people in order to keep them in a doleful, charitable attitude through the few months that are soon to come and to pass, in order to keep them on a dole.

It is said there will never be a revolution as long as we feed the people; that as long as we can hand them out a little platter of grub now and then it will keep them satisfied. It is said that the people want to fight, but if we will give them a couple of dollars and let them get a little food so they can feed the baby once or twice a week, letting the horse die and the folks get along on some kind of a basis, whatever it may be, that everything will be all right.

Certain scientists, it is said, are going to bring this country back. I have never been able to see how they are going to bring anything back. It is said that we have adopted some relief measures to take care of the people. What have been the relief measures we have adopted? I have voted for the doles and for the special relief. We adopted them all. What else have we done? We have undertaken some remarkable expedients. We have tried some remarkable experiments. We have experimented along all lines exactly opposite to what we told the people we were going to do.

I remember when Herbert Hoover's Farm Board came out with its first pronouncement asking us to plow up every fourth row of cotton. I wonder how many Senators remember the time that Mr. Hoover and his Farm Board said that they wanted to get rid of this farm surplus by plowing up every fourth row of cotton? That was proposed by Mr. Hoover. That is one time our conservative Democratic leaders criticized Mr. Hoover. That is one time the coalition agreement did not work. They denounced Mr. Hoover and the Farm Board with every kind of ridicule that could be brought to bear, and I was one of the leaders in the procession.

I led the United States off with its "ha! ha!" at the idea that in a country with the people wanting something to wear, with the people starving to death, that the President of the United States had so little sense that he would come out with a proposition that we were going to plow up some of the stuff we wanted to clothe the people because the people did not have anything to wear. We Democrats led the country off with a "ha! ha!" and a merry dance of ridicule that went from one end of the country to the other, and caused Hoover to hide his face and go into retirement.

We went into office and what did we do? The next thing I knew I was marching along advocating a measure providing that every third row of cotton should be plowed up. We went the old boy, Hoover, 8 percent better than he knew! We found out he was right after he had been adjudged to be wrong. That is the wonderful way we have of facing the solution of these great problems involving the American people. A man proposes something and everybody cries,

"Lynch him", and then after he is lynched we take up what he was urging and advising and do exactly what he urged and advised, except that we usually do more and worse than he advocated in the beginning.

Let us bring Hoover back and enshrine him. Let us do what the Chinese did about Confucius. Let us do with Hoover what has been done with various great men of religion who have had accorded to them that great privilege. Let us put up a shrine to Hoover above the clock here in the Senate Chamber as used to be done with those who were leaders in the olden times who died without achieving the fruits of their prophecy. Let us admit that we in the United States Senate are disciples of Hoover today. Let us be honest with ourselves. The financial barons say that in hard times we turn to the Lord. Now we have times hard enough, God knows. Let us have the United States Senate set the example and enshrine Hoover above our clock and say we are following Hoover and stop this claptrap talk that we indulged in when we were trying to keep Hoover from doing everything he wanted to do, and from doing what we ourselves are now doing.

We did not stop there. We have a way in this country, when we find out that a man really was right, of going him one better. We do not stop half way. We found out that Hoover's was really the proper system. We said, "Inasmuch as Mr. Hoover advocated plowing up the cotton, let us do a little bit more." We said we have too much cotton and we will plow up part of it. That takes care of that trouble. The people are trying to get something to wear. The people are trying to get bed sheets.

I know what I am talking about, because I have been out in the country and slept in some of their beds. I tell you they are trying to get bed sheets, but they cannot get enough to put on their beds. They used to have a bed sheet on top of the mattress and another one to turn back, and then one on top of the bed after that—three of them in all. Now they do well if they have one. They have not enough bed sheets. They have not enough cotton socks. They have not enough cotton clothes. Yet we say there is an overproduction.

I do not know whether there is an overproduction or not. I cannot tell whether there is an overproduction until the people have bought the things they need to take them out of their misery. Then is when I will be able to tell how much more cotton we have than we really need. We never have had any more cotton than we needed in good times. Do not forget that. How many of us remember that? We never have had too much cotton when the masses had a purchasing power. If we had, it has been temporary at most. The people have a way of adjusting themselves by not working at it or by the people consuming more.

We said, "All right. We have a condition of calamity because the people are naked and wanting something to wear, so we will plow up some of the cotton. We have adopted the principle and enshrouded the principle of Hoover that we voted down at that time. Let us extend this principle that Hoover himself urged should be given to the country."

What is the next thing? Let us take up the hog next. The people are crying for pork. The people are crying for ham. The people are crying for backbone. They are crying for side meat. They are crying for liver, for chitlings, and for sausage. [Laughter.] What are we going to do with that problem? Somebody said, "Let us kill the hogs." Kill the hogs? All right; that settles that problem. Was it not proved that if a man were freezing to death and needed something to put on his back, the thing to do was to burn up the cotton? That worked, did it not? All right! Now you are hungry and you want something to eat. You want sausage, you want ham, you want bacon. How are we going to get it for you? We will get it by killing 2,000,000 hogs. That will solve that problem.

So we took hold. We worked that thing out; and now we have begun on cotton again, and this is all we can do, I am sorry to say. I paired myself in favor of the Bankhead cotton bill after amending it the best I could. I had to shut my eyes, cross my toes and my fingers, as the Senator from Kentucky said he did, and I had to do worse than he did; I had to get out of the United States Senate when the roll was called, because I just could not stomach the bill. [Laughter.] I got out and let myself be paired in favor of it, however, because it was the only plague-take-it thing rolling through here that even claimed to have the whiskers of anything like recovery on it. So I had to let the thing go; and we have gone along now with the proposition of saving this country on the basis of burning up the cotton when we have too much, and we are going along on the basis of killing the hogs and destroying the meat and putting it in the deep, blue sea and in the rivers and bayous and the streams when we have too much meat to eat.

Foolish! Foolish! Children would be an honor to that kind of a thing. It is not what you would expect of 21-year-old men. Here we stand, and I am 21 years old. [Laughter.] Think of it! Think of it in a civilized country—standing in the United States Senate with people starving to death all around us, with people freezing to death all around us, and we say that with a condition presented where 10 percent of the people get 83 percent of the income, and only 17 percent of the income goes to the other 90 percent, with a condition prevailing in which people starve in a land of plenty, instead of distributing the plenty among the many we burn up the plenty to keep the many from getting it! Instead of distributing this surplus, instead of feeding these people, instead of spreading these various and sundry products of food and wearing apparel, instead of distributing the blessings of God, instead of letting the people share what God promised them—good crops in due season, so that they might eat their fill—instead of sharing them among the people we have adopted the ridiculous experiment of destroying the surplus; and I voted for some of it. It looked as though it was the only thing that could be done.

I was in somewhat the same frame of mind that my friend from Iowa [Mr. DICKINSON] said he was the other day. I have reached the point where I do not mind complimenting a Republican. [Laughter.] I was 25 years old before I learned that "damned Republican" was two words [laughter]; but I shall have to admit what was denounced on this side of the Chamber by my friend from Texas [Mr. CONNALLY] as being a very bad spirit. I shall have to admit that in the back of my head at times I have said, "The quicker we let these people have their way and find out that they are going to hell with it, the better off we will be and the quicker we can turn back and do something that will save this country."

I have had to draw on my imagination, and I did not look heavenward, because I would not dare to speak to God with some of the kind of votes I have been casting here. Oh, no; I would not fall down to pray to the Lord, because I was afraid I would not be able to get up if I did, when I was casting votes of this kind. I have drawn on my imagination to try to get some kind of a scintilla by which I could justify my conscience; and the only way I could do it was to say, "Well, maybe it is best to let them have it. When they see they are going right straight to oblivion, maybe they will turn about a little bit quicker and save a few more than they might otherwise; and maybe if they get there real quick there will be more people alive than there will be if they take too long to get there and starve them all to death before they find out where they are at." So I managed half-way to pour some little balm of Gilead on my conscience, and we have gone around here in this way, all contrary to what we have told the people we were going to do.

Does anybody remember the wonderful speech that our President-elect delivered at Topeka, Kans.—the farm speech? I heard that speech over the radio. I was sitting in a restaurant and I heard the speech over the radio, and I heard the farmers cheering, and I joined in and cheered with them as I heard the candidate of the Democratic Party, of whom I was so proud, give utterance to what I conceived to be correct and sound doctrines, and he said:

> The idea of such foolish propositions as destroying the very wherewithal needed to clothe the people, as has been advocated by Mr. Herbert Hoover in his program to plow up cotton!

I heard that speech and it was a sound piece of logic, Mr. President, being delivered to the American people. It was something they ought to have heard. Then our Presidential candidate did not mince any words about it. He came right out and said that that was not what we needed. He said that what we needed was to break up this condition by which a few men have everything, and to distribute the property among the masses. That is what Mr. Franklin Delano Roosevelt said. God bless his soul! God give him good health as he cruises on the yacht in the waters of Florida; and God bless those companions, Mr. Vincent Astor, and those brilliant gentlemen, in the hope that they will be a consolation to President Roosevelt in these hours when he is wrestling with the problems of the country! But what he said at Topeka was that it was foolish, the rottenest kind of philosophy, to be advocating the digging up and destruction of part of the property existing in the country. What we ought to do, said Mr. President Roosevelt, and what he wanted Congress to do if he should be elected, was to break up this condition by which a few men had everything, and distribute this property among the masses.

Those are the words of the President, in effect; and those are not merely the words that he has uttered as a candidate. Those are the words that I read on the floor of the Senate that he has uttered since he has been elected President.

I do not want to detain the Senate, Mr. President. When I started I had no idea I was going to talk so long; but I am so deeply impressed by the soundness and the urgent necessity of a decentralization of the goods and property needed to sustain the people that I have felt that I should not be performing my duty unless I discussed the matter in detail. I do not want to keep the Senate here by making this speech too long. If the Senator from Mississippi wishes to have the Senate take a recess, I shall have no objection to yielding the floor. I do not suppose he intends to ask for a vote on this matter tonight.

Mr. HARRISON. I hope the Senator can finish his remarks tonight.

Mr. LONG. There are a few more things that I want to say.

The PRESIDING OFFICER. Does the Senator from Louisiana yield the floor?

Mr. LONG. I want to read just a few lines. I will abbreviate my remarks as much as possible. I do want to read into the RECORD part of an editorial from the Saturday Evening Post of September 23, 1916; and I want the Senators to whom I am appealing to take these statistics home with them tonight and think of them. I want them to think of this editorial as I read it here tonight.

Here is what this magazine said in its editorial column in 1916—and conditions in 1916 were not half as bad as they are now. Wealth was not concentrated to anything like the extent that it is right now, as I have already shown from statistics.

Here is what this magazine said:

> The man who studies wealth in the United States from statistics only will get nowhere with the subject because all the statistics afford only an inconclusive suggestion.
>
> Along one statistical line you can figure out a nation bustling with wealth; along another a bloated plutocracy comprising 1 percent of the population lording it over a starveling horde with only a thin margin of merely well-to-do in between.

That was the Saturday Evening Post of 1916, which said that along one statistical line you could figure out a nation that was bustling with wealth, but that along another line it was a bloated plutocracy comprised of 1 percent of the population that was lording it over a starveling horde with only a thin margin of well-to-do in between. The same magazine in the year 1919, along the latter part of that year, made a complaint and undertook to prescribe some kind of a remedy for that condition, and here is what they said:

> We want big rewards for men who do big constructive things and jail sentences for the big fellows who steal the fruits of their work and savings of small investors.

In other words, they were willing to have big men, just as we all are willing, but they did not want to allow them to rob the workingman of a fair share of the return of his toil, as had been done in this country, to the point where the wealth has been accumulated in the hands of a few. Said this magazine:

> There have been altogether too many mavericks loose on the range, sucking cows on which they have no claim.
>
> There would be no real railroad mess, no necessity for trying to pare down wages in basic industries, if there had been no banker control and no flagrant watering of the stocks of these corporations.
>
> Yet more menacing was the concentration of power proceeding in the banking world, which even the conservative capitalistic Wall Street Journal described in 1903 as "not merely a normal growth, but concentration that comes from combination, consolidation, and other methods employed to secure monopolistic power." Not only this, but this concentration has not been along the lines of commercial banking. The great banks of concentration are in close alliance with financial interests intimately connected with promotion of immense enterprises, many of them being largely speculative.

Mr. President, now we come to a little sermon on this matter. We have been told by these big financiers that we ought to go back to church, that when the people become impoverished, and when destitution is spread amongst the entire population of the land by reason of everything being in the hands of a few, people are encouraged to go back to church. So now, whether you go to church or not, I am going to read you a little sermon that was delivered by the pastor of John D. Rockefeller, senior and junior, in New York City. I quote from the Reverend Harry Emerson Fosdick, pastor of this Baptist Church, in a sermon he delivered on the 28th day of December 1930. This is what the Rockefeller Baptist Church pastor said:

> See the picture of the world today—communism rising as a prodigious world power and all the capitalistic nations arming themselves to the teeth to fly at each other's throats and tear each other to pieces. * * * Capitalism is on trial. * * * Our whole capitalistic society is on trial.
>
> First, within itself, for obviously there is something the matter with the operation of a system that over the western world leaves millions and millions of people out of work who want work, and millions more in the sinister shadow of poverty.
>
> Second, capitalism is on trial with communism for its world competitor.
>
> The verbal damning of communism now prevalently popular in the United States will get us nowhere. The decision between capitalism and communism hinges on one point: Can capitalism adjust itself to the new age?

Mr. President, I believe I am not going to be able to conclude this afternoon.

Mr. HARRISON. Mr. President——

The PRESIDING OFFICER (Mr. CLARK in the chair). Does the Senator from Louisiana yield to the Senator from Mississippi?

Mr. LONG. I yield.

Mr. HARRISON. I am wondering whether we can reach some understanding about a vote at a definite time tomorrow on the pending amendment, or any other amendment which may be offered to the section, without further debate. The Senator from Louisiana tells me that he will talk about 30 minutes more. I understand the Senator from Nebraska [Mr. NORRIS] may want to speak. May we not get an agreement that a vote be taken at not later than 2 o'clock p.m. tomorrow. I should like to occupy about 30 minutes, as no one has spoken in behalf of the committee amendment.

Mr. McNARY. What does the Senator propose?

Mr. HARRISON. I was about to suggest that at not later than 2 o'clock tomorrow afternoon the Senate vote on the pending amendment, or any other amendment which may be offered to this section, without further debate.

Mr. LONG. Mr. President, I should like to have the attention of the Senator from Nebraska and the Senator from Wisconsin.

Mr. McNARY. Mr. President, will not the Senator yield for a moment?

Mr. LONG. I yield.

Mr. McNARY. Has the Senator from Louisiana concluded his speech?

Mr. LONG. No; I have not. I have considerable data which I wish to put into the RECORD.

I was in no hurry for the provision at this particular point in this bill to be passed, to be frank with the Senator. I think we have considered it entirely too lightly. We have

not given very much consideration to it. Unfortunately, most of the Senators have been busy with committee work. This is the most important section of the most important bill the present session of the Congress will deal with. I do not see why we have to hurry through it. Why should we not adjourn now and take it up tomorrow? We can pass it in 2 or 3 days.

Mr. HARRISON. Mr. President, I had understood from my conferences here that the Senator would be perfectly willing, if we took a recess this evening, to take 30 minutes tomorrow, and that with that kind of an understanding we could reach an agreement.

Mr. LONG. I said I would take 30 minutes, but I did not say anything about limiting debate.

Mr. McNARY. Mr. President, the proposal of the Senator from Mississippi presents a very awkward and very unusual request for unanimous consent, when he suggests parceling out the time and giving one individual a large part of the time.

Mr. LONG. That is the trouble.

Mr. McNARY. To meet the situation sensibly, and at the same time conform to the rules, let me suggest that we meet tomorrow, as usual, at 12 o'clock, that the debate be limited to 15 minutes on the pending amendment, that the Senator from Louisiana be given 30 minutes, and that a vote be taken at 2 o'clock p.m.

Mr. HARRISON. I think the Senator would find that we would get along very slowly under such an arrangement. If there is any other Senator who wishes to speak, I am perfectly willing to give up my time. I want to get along with the revenue bill. The Senator from Louisiana has occupied nearly 2 hours of time this afternoon, and he wants 30 minutes more, and I am willing that he shall have it. I was going to try to get recognition for the Senator from Nebraska immediately following the speech of the Senator from Louisiana.

Mr. McNARY. The proposal I have suggested would take care of the Senator from Louisiana and would limit debate to 15 minutes on the pending amendment. It also would provide an opportunity for the Senator from Nebraska, the Senator from Wisconsin, and the Senator from Mississippi to have a certain portion of the time.

Mr. HARRISON. But the Senator does not know whether we are to get a vote or not.

Mr. McNARY. I suggested that debate be limited to 15 minutes on any amendment, and that then the vote should be taken at 2 o'clock or before 2 o'clock p.m.

Mr. HARRISON. That is very satisfactory to me.

Mr. LONG. I should not think the Senator from Nebraska would want to be limited to 15 minutes. I certainly hope he will not limit himself to 15 minutes on the bill.

The PRESIDING OFFICER. Does the Senator from Mississippi accept the modification suggested by the Senator from Oregon?

Mr. HARRISON. The modification, as I understand, is that no Senator shall speak longer than 15 minutes on the bill nor longer than 15 minutes on any amendment.

The PRESIDING OFFICER. And that the debate shall close at 2 o'clock p.m.

Mr. HARRISON. And that the debate shall close at 2 o'clock p.m., at which time a vote shall be taken.

The PRESIDING OFFICER. Is there objection?

Mr. LONG. I object.

Mr. HARRISON. Then, I think we had better proceed.

Mr. LONG. It will not do a bit of good. I have plenty of time.

Mr. HARRISON. I have tried to deal courteously with the Senator on this proposition.

Mr. LONG. It does not make a bit of difference. It does not bother me. I object, because I think we have rushed through with this legislation entirely too fast. I seriously tell the Senate that we have let America go to the "demnition bowwows", refusing to correct what we said we were going to correct, and I think entirely too little consideration is being given to the bill, particularly the phase of it that I have been discussing. We have the Finance Committee submitting a report showing that this year we are going to spend about ten and a half billion dollars, and they estimate we will get in three and one quarter billion dollars, and last year we spent $4,000,000,000 and got in $2,000,000,000.

I think we are putting through an abominable and abnormal bill. We are paying no attention to it, and we are fixing to skip over the only section of the bill where we can correct a condition which needs correction. I think the so-called "conservative" Members of the Senate ought to think more about this measure than they appear to have done—putting such a bill as this through, when it is estimated that every year our expenditures get three times bigger than our income. I wonder where this conservative bloc of the Senate is. The financial, sound-money men, where are they? When do they expect to stop this thing?

Mr. HARRISON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Mississippi?

Mr. LONG. I yield.

Mr. HARRISON. I submit the request that after the Senate shall convene tomorrow no Senator shall speak longer than 30 minutes on the pending amendment or on this section of the bill.

Mr. LONG. On the pending amendment?

Mr. COUZENS. On the pending amendment; not the section.

Mr. HARRISON. I thought we would vote tomorrow at some time definitely on this amendment or any other amendment that may be offered to this section, and that the debate should close on this section at that time.

Mr. LONG. Mr. President——

Mr. HARRISON. I withdraw any request, and I may say to the Senator from Louisiana that I understood the suggestion came from him.

Mr. LONG. The Senator understood wrongly.

The PRESIDING OFFICER. The Senator from Mississippi withdraws his request. The Senator from Louisiana has the floor.

Mr. LONG. I will show good faith by proposing what I agreed to myself. I will propose a unanimous-consent agreement that, beginning tomorrow, we limit the debate on the La Follette amendment to 30 minutes to each Senator. I propose that myself if the Senator has no objection to it.

Mr. HARRISON. I have objection to that.

The PRESIDING OFFICER. Objection is heard.

Mr. LONG. Very well; that suits me. I want to be as nice about it as I can.

Mr. President, I want to find out if the so-called "sound-money men" have studied what we are about to vote on. I do not care what Senators' political leanings are. I do not care what Senators' views of this Nation's finances are. I have always advocated more liberal expansion of the guarantee and remonetizing of silver. But I want to know where the sound-money men are. The sound men that say that if we vote the soldiers' bonus of $2,000,000,000 we are going to bankrupt the United States Treasury, but who are coming here with a bill which means that we are going to take in three and one-quarter billion dollars this year and spend $10,000,000,000 to get it. I want to know where the so-called "sound advocates of Government" have gone to, who have presented us with a report which says that in order to get in $2,000,000,000 we spent four and one-half billion dollars last year, and now instead of doing as well in 1934 as we did in 1933, in order to raise the income to three and one quarter billion dollars, we will have to spend $10,000,000,000 to keep the Government afloat while we are doing it.

I think we have entirely too much of this blood-and-thunder government. I think we have had too much of this general "bust-'em-open" government around here. It is time the people from the forks in the creeks and the wide-open spaces were heard from. We have run this thing a good long way. We have been pretty liberal, we have all ducked out, covered our heads and taken to our heels, sent our votes back by mail and express, and I think we have had entirely too much of this general "bust-'em-open" govern-

ment around here. We have yielded and yielded and yielded entirely too much.

I have a few feelings about this matter myself. I have tried to extend every courtesy to some, but it must be dotted just exactly right at the exact place where they tell you to dot the "i", and cross the "t", and that nothing else is going to satisfy them, and if it is going to be this or nothing, then I am not in favor of that kind of business. I have had enough of that here. I have seen too much of it. I do not have to spend my time that way. I would just as soon talk here as talk away from here as far as that is concerned.

Mr. President, I speak with all propriety, I hope, and with the best motives, and without intending to impugn anyone's good intentions and desires, but I say we have had less brain thought given to our work than we have had in any Congress since I have been here.

We have sat here waiting for somebody to label the bottle and send it to us to take, and we have waited long enough. It may have been the best thing that we come in here and decide to wait and let somebody give us a capsule that would do the work, and we have swallowed them just as fast as we could.

But, Mr. President, where do we find ourselves? We find ourselves just like the old man's frog, where they rolled buckshot down the gangplank and the frog swallowed all the shot they sent down there thinking he was eating something good to eat, and finally he had swallowed so much buckshot that he could not make one hop.

We have sat here taking restoratives, and sundry concoctions and nostrums which are sent to us, and we have about loaded the old buggy down to the point where it cannot go one yard.

I want Senators, the sound, conservative men, to think about saving this Government and saving the people of our country. We have not given any of our own thought to it. Mr. President, I want the Senators to remember what I am telling them now. I want to call them to witness something that happened in the Senate. The Senators came in here on the 4th day of March 1933 with an order to close every bank in the United States, and with a bill that was not going to open up any bank except a national bank which was a part of the Federal Reserve, and very few of them. I stood on the floor of the Senate on the 4th day of March 1933 when I was practically guilty of treason for doing so, to try to show what an absolute wrong we were doing to this country to close up one half of the bank deposits of the United States, and maybe more than that. I stood on the floor of the Senate, and it looked like it was a most treasonable thing to do, and I fought that thing. I drew up an amendment that day in order to try to keep the administration from closing up the State banks, and I came back here on March 5 and took up some more time; I came back on March 6 and took up some more time, until the thing blazed over in this country, and it was at the point of the gun that we few fellows who fought for the State banks made the administration back up and save the State banks of the United States and guarantee those banks. There have been but a few of us here who have dared to open our mouths when these nostrums have been pouring in like a stream.

I have swallowed just as many of these concoctions as anybody else has swallowed, but the time has come to stop swallowing these things that are weighting the frog down until he cannot hop any farther. It is time to assert in the United States Senate something of what appears to be sound sense. I do not propose to have anybody tell me that the "t" has to be crossed here and the "i" has to be dotted there. I think a Member of the United States Senate is a United States Senator, and the sooner the Congress comes back to a realization that it is to have to take a hand in pulling the country out of its fix, the sooner that Senators decide they are going to have to use the mental capacity that God Almighty blessed them with and that the people sent them here to use, the sooner they decide to stand on their own intelligent understanding and their own initiative, the better it is going to be for the country.

I know the Senate so well that I could tell anyone that if we had relied on our own independent judgment without so many recommendations, we would not have been here with this kind of financial set-up to go to the country. It is not going to work. According to the schedule that has been submitted, we are going to take in $3,500,000,000 and spend $10,500,000,000, and after we have spent all of that money we know there is not going to be a thing done that will make conditions any better next year than they are now. When we know the country has gone from bad to worse as compared with 1933, I think we have taken entirely too much time to consider the matter.

I am willing that the people shall know that the time has come that the intelligence of the Senate has got to be used. That is a revolutionary statement. [Laughter.] I realize that is a departure from our understanding of the prerogatives of the Senate, but I repeat, at the risk of being considered revolutionary, that the time has come when the intelligence of the United States Senate is going to have to be used. It may appear on the face of things that I mean to be more or less treasonable, but I do not. I mean to say that the time has come that swallowing this kind of nostrums, such as is presented here, is not going to save the country. When I find things going from bad to worse I always try to check up and see how I can bring about a better balance of conditions. That has been my way of doing.

Now, I will continue my speech. We have been asked to swallow this Ohio report. Why, Mr. President, if this report had come out from Woodrow Wilson's commission, if in 1916 when Woodrow Wilson was President of the United States we had had a report coming out like that from the State of Ohio, he would have shaken in his boots. The idea of the great Democratic leader, Woodrow Wilson, and the commission which he appointed, headed by one of the great Democrats of the country, Frank P. Walsh, who at that time lived in Kansas City and who has since moved to New York City, rendering a report of this kind, and after the presentation of that report we come in and find nothing done to correct conditions. Eighteen years later, almost to the day, we have come here with this kind of a proposal staring us in the face. We find that the State of Ohio, one of the most prosperous of the whole Union, reports that 83 percent of its income is in the hands of 10 percent of the people.

Mr. HARRISON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Mississippi?

Mr. LONG. I yield.

Mr. HARRISON. I ask unanimous consent that after we convene tomorrow, following a recess of the Senate today until 12 o'clock noon tomorrow, no Senator shall speak longer than 30 minutes on the pending amendment——

Mr. REED. Or more than once.

Mr. HARRISON. Or more than once, and that a vote be taken at not later than 2 o'clock p.m. tomorrow.

The PRESIDING OFFICER. The Senator from Mississippi asks unanimous consent that when the Senate concludes its business today it recess until 12 o'clock noon tomorrow, and that after the convening of the Senate at 12 o'clock noon tomorrow no Senator shall speak more than once or longer than 30 minutes on the amendment, and that the Senate shall vote thereon at not later than 2 o'clock p.m. Is there objection?

Mr. LONG. I object to the 2 o'clock part of it. I am willing to have a 30-minute limitation.

The PRESIDING OFFICER. The Senator from Louisiana objects.

Mr. LONG. Many Senators have gone who ought to be here if we are to enter into that kind of an arrangement. I do not think the vote will be delayed longer than 2 o'clock, but several Senators have left who spoke to me about the matter, and perhaps some of them may want to speak on the amendment. I do not know that they will.

Mr. HARRISON. I understood the Senator from Oregon [Mr. McNARY] had conferred with the Senator from Louisiana and that the Senator from Louisiana said he would be agreeable to such an arrangement. That is why I submitted the request.

Mr. LONG. The Senator from Oregon did not mention 2 o'clock to me.

Mr. McNARY. Mr. President, I am not going to become involved in any controversy among the Democrats. I thought it was understood that a vote would be had not later than 2 o'clock, but if that is objectionable, I am through.

Mr. LONG. Mr. President, I want to connect up my speech so it may appear in its logical order. Here is a statement of the receipts and expenditures for the year 1933 on the basis of figures furnished by the Government.

For 1934–35 the receipts from internal revenue are estimated to be $1,600,000,000; for 1934, estimated, $2,663,-600,000. For 1935—and here is where we get into the realm of the imaginary. I want to show how unsound these figures are. They will not hold water. They will not even hold sirup, let alone water. Anything goes through this kind of an estimate.

We are going to have prosperity in 1935. We are getting around the corner. They are starting this just-around-the-corner business again. Next year we are going to have many more on the dole, but we will throw them off because prosperity will be just around the corner. We are going to move around the corner apparently.

For 1935 the estimate is $3,333,000,000. That is the way they have it estimated. They are going to help the situation along. Catch this scientific analysis and see how this thing is figured out. Just follow me for a moment and see how it is all figured out. It is said that in 1933, $1,600,000,000 were the receipts from internal revenue, in 1934 the receipts will be $2,663,000,000, and in 1935, next year, $3,333,000,000.

Now, let us take another little paragraph out of this book.

In 1933, the year these people said they received $1,604,000,000, they had total expenditures of $4,681,000,000. In other words, in order to get $1,604,000,000 in 1933 they spent $4,681,000,000. You know and I know that they had to spend that money, according to the way they have been running things, because under the kind of set-up they have here the only way in the world they have been able to decrease the suffering at all has been by throwing out the public funds, and they have thrown them out to the wild winds of the earth and said, "Come hither, come yonder, one and all", just as we went out in the woods and threw out corn in the days when there was not much mast, or perhaps in the summertime, when the hogs were poor, and maybe there had been very little rain. We would give a great, big, loud cry—I used to be able to make them hear me as much as two miles and a half at one time—and bring them up from the land side, and throw out the corn to them.

Mr. HARRISON. Mr. President——

Mr. LONG. I yield to the Senator from Mississippi.

Mr. HARRISON. I have no desire to inconvenience Senators who have made engagements otherwise. It is getting quite late. There are very few Senators remaining here; so I am about to submit a unanimous-consent request.

I ask unanimous consent that when the Senate concludes its session tonight it take a recess until 12 o'clock noon tomorrow, and that after the convening of the Senate tomorrow at 12 o'clock no Senator shall be permitted to speak more than once or longer than 30 minutes on the pending amendment.

Mr. LONG. I have no objection to that.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Mississippi? The Chair hears none, and the agreement is entered into.

ASSISTANT CLERK TO COMMERCE COMMITTEE

Mr. BYRNES. Mr. President——

Mr. LONG. I yield to the Senator from South Carolina. I shall yield the floor in a short time.

Mr. BYRNES. I ask unanimous consent for the immediate consideration of Senate Resolution 214.

Mr. LONG. I should like to have the fact noted that I yield the floor for that purpose so that I will have the floor tomorrow morning.

The PRESIDING OFFICER. The Senator from South Carolina asks unanimous consent for the present consideration of a resolution which will be read.

The Chief Clerk read Senate Resolution 214, submitted by Mr. Stephens on March 23, 1934, as follows:

Resolved, That the Committee on Commerce hereby is authorized to employ for the remainder of the session of the Senate an assistant clerk, to be paid from the contingent fund of the Senate at the rate of $2,000 per annum.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

Mr. ASHURST. Mr. President, I do not rise to oppose the resolution, if I understand it aright.

Mr. BYRNES. Mr. President, will the Senator from Arizona yield to me for a moment?

Mr. ASHURST. Certainly.

Mr. BYRNES. The resolution applies only to the Committee on Commerce.

Mr. ASHURST. I understand that. I do not rise to oppose the resolution. In fact, I believe it should be agreed to; but I wish to call attention to a situation which is within the common knowledge of every Senator.

I think the committee should bring in a resolution authorizing every Senator to employ an additional stenographer for the remainder of the session. Personally, I doubt if I need such additional assistance; but I do know of other Senators who need an extra stenographer, but who hesitate to speak for it. Not particularly requiring one myself, I am at liberty to speak more gracefully on the subject.

I hope the Senate will pardon me if I refer to a personal situation in my own office. Within the past fortnight there have been received in my office over 5,000 letters regarding the Wagner-Costigan antilynching bill. It, of course, is impossible to reply to all the letters. Other Senators, from more populous States, doubtless receive a still larger number of letters.

This is a hard-working Congress. The Senate is diligent and industrious. We are well advanced with our work. I think the Senate should have the courage and the forthrightness to give to every Senator an additional stenographer for the remainder of the session; and, whilst I shall not offer an amendment to the pending resolution, I wish to say that our constituents have a right to have replies to the letters they have addressed to us. They have a right to know what is going on.

Take the case of my esteemed friend here, the senior Senator from New York [Mr. COPELAND]. I doubt not that the senior Senator from New York employs, out of his private purse, three or four additional stenographers.

Mr. COPELAND. Five.

Mr. ASHURST. Five, the Senator says; and I doubt not that the same thing is true of his colleague [Mr. WAGNER]. The same thing, no doubt, is true of the Senators from Pennsylvania, Ohio, Texas, Missouri, and Illinois. I know of two Senators from Pacific Coast States who each receive 1,000 letters daily.

I say that the Senate owes it to its own dignity, it owes it to itself, to give to each Senator an additional stenographer for the remainder of the session.

There are thousands of worthy people willing to work. I do not pretend to prescribe the amount of compensation; but I regret that the committee has not brought in such a resolution. So far as I am concerned, the committee may exempt me from the operation of the resolution; but I am speaking for other Senators, some of whose States have many times the population of mine.

Mr. BYRNES. Mr. President, I may say to the Senator from Arizona that on the calendar at this time there is a resolution reported by the Committee to Audit and Control the Contingent Expenses of the Senate with reference to the subject referred to by the Senator from Arizona. The

proposal suggested by him, however, is different from that contained in the resolution; and since the members of the Committee to Audit and Control the Contingent Expenses of the Senate are not in the Chamber at this time, I do not think any action should be taken on that subject until they can be conferred with.

The PRESIDING OFFICER. Is there objection to the request of the Senator from South Carolina for the immediate consideration of the resolution?

Mr. ASHURST. I have no objection to the resolution.

The PRESIDING OFFICER. The Chair hears no objection. The question is on agreeing to the resolution.

The resolution was agreed to.

EXECUTIVE SESSION

Mr. HARRISON. I move that the Senate proceed to the consideration of executive business.

The PRESIDING OFFICER (Mr. CLARK in the chair). The question is on the motion of the Senator from Mississippi.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

THE CALENDAR

The PRESIDING OFFICER. Reports of committees are in order.

There being no reports of committees, the calendar is in order.

DEPARTMENT OF THE INTERIOR

The legislative clerk read the nomination of Paul Witmer to be register of the land office at Los Angeles, Calif.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Paul A. Roach to be register of the land office at Las Cruces, N.Mex.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk proceeded to read the nominations of sundry postmasters.

Mr. HARRISON. I ask unanimous consent that the nominations of postmasters on the calendar be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc.

IN THE ARMY

The legislative clerk proceeded to read sundry nominations in the Army.

Mr. SHEPPARD. I ask unanimous consent that the Army nominations be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations in the Army will be confirmed en bloc.

IN THE NAVY AND THE MARINE CORPS

The legislative clerk proceeded to read sundry nominations in the Navy and in the Marine Corps.

The PRESIDING OFFICER. Without objection, the nominations in the Navy and in the Marine Corps will be considered en bloc, and confirmed.

The Senate resumed legislative session.

RECESS

Mr. HARRISON. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 57 minutes p.m.) the Senate, under the agreement heretofore entered into, took a recess until tomorrow, Thursday, April 5, 1934, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate April 4 (legislative day of Mar. 28), 1934

REGISTERS OF LAND OFFICES

Paul Witmer to be register of the land office at Los Angeles, Calif.

Paul A. Roach to be register of the land office at Las Cruces, N.Mex.

APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY

Maj. Walter Owen Rawls to Adjutant General's Department.

PROMOTIONS IN THE NAVY

Frank Jerdone Coleman to be first lieutenant, Air Corps.

APPOINTMENTS AND TRANSFERS IN THE NAVY

Claude C. Bloch to be Judge Advocate General.
Elroy L. Vanderkloot to be commander.
Wilbur J. Ruble to be commander.
John R. Palmer to be commander.
Stephen K. Hall to be lieutenant commander.
William V. Deutermann to be lieutenant.
George M. Brydon, Jr., to be lieutenant.
Francis E. Bardwell to be lieutenant (junior grade).
Raymond N. Sharp to be lieutenant (junior grade).

MARINE CORPS

John Marston to be lieutenant colonel.
William B. Croka to be major.
George L. Hollett to be captain.
Herbert S. Keimling to be captain.
Frank H. Wirsig to be first lieutenant.
John S. Letcher to be first lieutenant.
James L. Beam to be second lieutenant.

POSTMASTERS

ALABAMA

George W. Shaw, Carbon Hill.
Ludwig Lindoerfer, Elberta.
Ernest L. Stough, Jr., Red Level.
George W. Buck, Thomaston.

CALIFORNIA

Homer J. King, Banning.
George L. Vonderheide, Bishop.
William M. Welsh, Dunsmuir.
Howard Edwin Cooper, La Canada.
Thomas F. Helm, Lakeside.
Elvin M. Mitchler, Murphy.
Howard V. Fournier, Niles.
Nellie Heck, North San Diego.
Myrtle M. Evers, Novato.
Joseph A. Dinkler, Pacoima.
Jane W. O'Connell, Palm City.
Elmer G. Crofts, Penryn.
Annie M. Lepley, Plymouth.
John J. O'Connor, St. Mary's College.
Nellie McGinn, Salida.
Bernice M. Ayer, San Clemente.
Michael L. Collins, Seal Beach.
Janet D. Watson, Tahoe.
Elsie B. Lausten, Walnut Grove.

FLORIDA

Sam E. Harris, Key West.
William D. Larrimore, Pahokee.

ILLINOIS

Martin B. Dolan, Durand.
Eulalie E. Mase, Forreston.
Lawrence J. Kiernan, Genoa.
Ernest R. Lightbody, Glasford.
Emily M. Cole, Glenview.
Melvin R. Begun, Hebron.
Lenora B. Dickerson, La Fayette.
Thomas L. Roark, Macomb.
Lucinda A. Gorman, Monee.
Robert J. Blum, Nauvoo.
Marie E. Holquist, Stillman Valley.
Fred N. Mayer, Jr., Virden.

MISSISSIPPI

Frankie M. Storm, Benoit.
Carrie E. C. Fedric, Charleston.
Thomas A. Chapman, Friar Point.
Florence Witherington, Lula.
Fred W. Whitfield, Picayune.
Robert E. Gryder, Shannon.

NEW JERSEY

John R. Fetter, Hopewell.

NEW YORK

Lorenzo J. Burns, Batavia.
Leonard A. Wiley, Cape Vincent.
Arthur B. Stiles, Owego.
John M. Corey, Saratoga Springs.
Daniel J. Falvey, Schuylerville.

NORTH CAROLINA

William H. Snuggs, Albemarle.
Mabel W. Jordan, Gibsonville.
N. Hunt Gwyn, Lenoir.

OHIO

John H. Glick, Bascom.
Alta C. Singer, Chesapeake.
Walter A. Geiser, Dunkirk.
Francis J. Daubel, Fremont.
Daniel P. Mooney, Glouster.

OKLAHOMA

Roy McGhee, Miami.

TEXAS

Rowland Rugeley, Bay City.
Frederick M. Faust, Comfort.
Roy B. Miller, Crawford.
George L. Keller, Dublin.
Oscar W. Koym, East Bernard.
Warren C. Fargason, Hermleigh.
Lucie Hill, Hull.
Calvin E. Baker, Matagorda.
Mabel B. McConnico, Port Lavaca.
Charles G. Conley, Quanah.
Judge R. Glass, Rosebud.
Ora L. Griggs, Sanatorium.
Clyde Griffith, Sanderson.
Herbert M. Campbell, Skellytown.
Tom Hargrove, Woodsboro.

VIRGINIA

Alexander L. Martin, Catawba Sanatorium.
Kenneth H. Woody, Crewe.
Miller A. Price, New Market.
Carroll C. Chowning, Urbanna.

HOUSE OF REPRESENTATIVES

WEDNESDAY, APRIL 4, 1934

The House met at 11 o'clock a.m.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Heavenly Father, we would be silent in the Lord. Verify Thy promise unto us: They that wait upon the Lord shall renew their strength. May we abide in waiting and find our joy and our power in the heights. Let us not doubt these moments, but doubt gloom, depression, the perverse, and the crooked creatures of despair. Let Thy glory grow upon our vision; determine and establish our goings this day. We pray, our Heavenly Father, for our country. Soothe the distresses of want and poverty and mitigate the pangs of hunger and hardship. Direct this Congress to so labor that these days shall be signal tokens of divine providence and fatherly care, ordained for the good and happiness of all. With us, O God, allow not evil thinking or wrongdoing to become devouring habits that shall scorch and burn the furniture of our souls. O strengthen our moral muscles so that they cannot be broken by any temptation which may assail us. In the name of our Savior. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 3209. An act limiting the operation of sections 109 and 113 of the Criminal Code and section 190 of the Revised Statutes of the United States with respect to counsel in the case of the United States of America against Weirton Steel Co. and other cases.

UNITED STATES *v.* JAMES CANNON, JR., AND OTHERS

Mr. SUMNERS of Texas. Mr. Speaker, I offer a privileged resolution, which I send to the desk.

The Clerk read as follows:

House Resolution 320

Whereas in the case of the United States against James Cannon, Jr., and Ada L. Burroughs (No. 51159, Criminal Docket) pending in the Supreme Court of the District of Columbia, subpena duces tecum was issued by the Chief Justice of the Supreme Court of the District of Columbia and addressed to South Trimble, Clerk of the House of Representatives, directing him to appear as a witness before Criminal Court, Division No. 1, on the 10th day of April 1934, and to bring with him certain and sundry original papers in the possession and under the control of the House of Representatives: Therefore

Resolved, That by the privilege of this House no evidence of a documentary character under the control and in the possession of the House of Representatives can, by the mandate of process of the ordinary courts of justice, be taken from such control or possession but by its permission;

Resolved, That when it appears by the order of the court or of the judge thereof, or of any legal officer charged with the administration of the orders of such court or judge, that documentary evidence in the possession and under the control of the House is needful for use in any court of justice or before any judge or such legal officer, for the promotion of justice, this House will take such order thereon as will promote the ends of justice consistently with the privileges and rights of this House;

Resolved, That South Trimble, Clerk of the House, be authorized to appear at the place and before the officer named in the subpena duces tecum before mentioned, with certified copies of the documents and papers mentioned in the said subpena, but shall not take with him any papers or documents on file in his office or under his control or in his possession as Clerk of the House;

Resolved, That the said court, through any of its officers or agents, have full permission to attend with all proper parties to the proceeding, and then always at any place under the orders and control of this House, and take copies of any documents or papers in possession or control of said Clerk, and any evidence of witnesses in respect thereto which the court or other proper officer thereof shall desire, so as, however, the possession of said documents and papers by the said Clerk shall not be disturbed, or the same shall not be removed from their place of file or custody under said Clerk;

Resolved, That a copy of these resolutions be transmitted to the said court as a respectful answer to the subpena aforementioned.

Mr. SNELL. Mr. Speaker, as I understand, this is the same resolution we passed once before under similar circumstances.

Mr. SUMNERS of Texas. Mr. Speaker, it is the same resolution except this resolution carries language authorizing the Clerk of the House to appear with certified copies of the documents. This is the only difference.

Mr. SNELL. That part of the resolution, of course, does not materially affect any of our records here.

Mr. SUMNERS of Texas. No. In just one or two minutes I can very briefly explain the resolution and its origin. The Clerk of the House was served with a subpena from the Supreme Court of the District of Columbia, where the case is being adjudicated. The subpena begins, "The President of the United States to Hon. South Trimble", and so forth.

Two resolutions have been adopted by the House under which the Clerk of the House is not privileged in the event of a subpena duces tecum to take any of the documents of the House to the court. The former resolution which was adopted by the House in a similar situation authorized the attendance of the Clerk and authorized also an examination and taking of copies by officers of the court of any documents of the House, but the Committee on the Judiciary, upon examining the matter, felt that clearly the Clerk of the House, who is the custodian of the documents, should certify them. This is a criminal case.

Mr. SNELL. I cannot see any objection to that.

Mr. BLANTON. Will the gentleman yield?

Mr. SUMNERS of Texas. Yes.

Mr. BLANTON. The Supreme Court of the District of Columbia is the trial court, which corresponds ordinarily to our district or circuit court?

Mr. SUMNERS of Texas. That is right.

Mr. BLANTON. It is not the highest court, because the appellate court is the Court of Appeals of the District of Columbia.

Mr. SUMNERS of Texas. That is right.

This is a matter being litigated in this court, and the resolution is simply for the purpose of enabling the court to have the advantage of the documents referred to.

I submit herewith the following statement of the clerk of the court:

HOUSE OF REPRESENTATIVES,
CLERK'S OFFICE,
Washington, D.C., March 28, 1934.

Hon. HENRY T. RAINEY,
House of Representatives, Washington, D.C.

MY DEAR MR. SPEAKER: I beg to inform you that I have received from the Supreme Court of the District of Columbia a subpena duces tecum directed to me as Clerk of the House of Representatives commanding me to appear before said court on the 10th day of April 1934 at 9:45 a.m. as a witness in the case of *The United States* v. *James Cannon, Jr., and Ada L. Burroughs* (no. 51159 Criminal Docket), and to bring with me certain and sundry papers, therein described, in the files of the House of Representatives.

The papers in question were filed with the Clerk of the House of Representatives pursuant to the Federal Corrupt Practices Act and are now in possession of the House of Representatives in the custody of the Clerk.

Your attention and that of the House is respectfully invited to a resolution of the House adopted in the Forty-sixth Congress, first session (CONGRESSIONAL RECORD, p. 680), upon the recommendation of the Committee on the Judiciary, as follows:

"*Resolved*, That no officer or employee of the House of Representatives has the right, either voluntarily or in obedience to a subpena duces tecum, to produce any document, paper, or book belonging to the files of the House before any court or officer, nor to furnish any copy of any testimony given or paper filed in any investigation before the House or any of its committees, or of any other paper belonging to the files of the House except such as may be authorized by statute to be copied, and such as the House itself may have made public, to be taken without the consent of the House first obtained."

And to a resolution adopted by the House in the Forty-ninth Congress, first session (CONGRESSIONAL RECORD, p. 1295), from which the following is quoted:

"*Resolved*, That by the privilege of this House no evidence of a documentary character under the control and in possession of the House of Representatives can, by the mandate or process of the ordinary courts of justice, be taken from such control or possession but by its permission.

"That when it appears by the order of a court or of the judge thereof, or of any legal officer charged with the administration of the orders of such court or judge, that documentary evidence in the possession and under the control of the House is needful for use in any court of justice or before any judge or such legal officer for the promotion of justice, this House will take such order thereon as will promote the ends of justice consistently with the privileges and rights of this House."

These resolutions resulted from the issuance of subpenas duces tecum upon the Clerk of the House to produce certain original papers in the files of the House.

Permission to remove from their place of file or custody any documents or papers was denied by the House, but the court was afforded facilities for making certified copies. This seems to have been the uniform practice in respect to subpenas duces tecum issued by a court upon the Clerk of the House to produce in court original papers from the files of the House.

The subpena in question is herewith attached and the matter is presented for such action as the House in its wisdom may see fit to take.

Very respectfully,

SOUTH TRIMBLE,
Clerk of the House of Representatives.

SUPREME COURT OF THE DISTRICT OF COLUMBIA

No. 51159, Criminal Docket

THE UNITED STATES *v.* JAMES CANNON, JR., AND ADA L. BURROUGHS

The President of the United States to Hon. South Trimble, Clerk, House of Representatives, United States Capitol; and bring with you: Five reports of A. L. Burroughs as treasurer of the headquarters committee, Anti-Smith Democrats, or as treasurer of Anti-Smith Democrats, which reports were filed on or about the following dates: September 6, 1928; October 30, 1928; November 3, 1928; January 2, 1929; and February 15, 1929; as well as the following letters written by the said A. L. Burroughs, treasurer: Letter dated September 6, 1928; letter dated October 27, 1928; another letter dated October 27, 1928; and letter dated February 15, 1929; also all other reports and/or correspondence received between June 1, 1928, and March 31, 1929, or during any other period, from A. L. or Ada L. Burroughs, treasurer, headquarters committee, Anti-Smith Democrats; A. L. or Ada L. Burroughs, treasurer, Anti-Smith Democrats; headquarters committee, Anti-Smith Democrats; and/or Anti-Smith Democrats.

You are hereby commanded to attend the said court on Tuesday, April 10, 1934, at 9:45 a.m., to testify on behalf of the United States, and not depart the court without leave of the court or district attorney.

Witness, the honorable chief justice of said court, the 20th day of March A.D., 1934.

[SEAL] FRANK E. CUNNINGHAM, *Clerk.*
By B. ELOISE NAPHEN, *Assistant Clerk.*

[Endorsement]

Criminal no. 51159. *United States* v. *James Cannon, Jr., and Ada L. Burroughs.* Summons for the United States; Criminal Court No. 1.

Let this writ issue:

PEYTON GORDON, *Justice.*

The resolution was agreed to.

A motion to reconsider was laid on the table.

MR. ANONYMOUS RECEIVES A LETTER

Mr. McKEOWN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. McKEOWN. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following letter addressed to Mr. Anonymous, Holdenville, Okla.:

Mr. ANONYMOUS, *Holdenville, Okla.*

DEAR MR. ANONYMOUS: You were good enough to send me an editorial from the Daily Oklahoman criticizing my vote on the veto of the veterans' bill, and you say that it is the sentiment of Hughes County.

I think it is the right of every citizen to criticize the action of any public official, but the criticism should be based upon the truth. I would take no notice of this editorial but for the fact that it is so full of erroneous and false statements which reflect upon one's integrity that I am impelled to write you this letter.

In the first place, the Budget, which was approved by the President, recommended the restoration of 5 percent of the pay of Government employees, effective July 1. On the first passage of the bill the House sent it to the Senate in the form as requested by the President. The Senate Committee on Appropriations amended it, making 5 percent payable February 1 and 5 percent more on July 1. Then the Senate restored the full pay. The House compromised on 5 and 5, as recommended by the Senate committee. If the veto of the President had been sustained the full restoration would have taken place on July 1 instead of 10 percent as provided in the bill, unless other legislation intervened, which was doubtful. Therefore those who voted to pass the bill over the veto of the President really voted for 5 percent less increase than those who voted to sustain the veto. This editorial says that we who voted to override the veto voted to take money from the mouths of desperate men and hungry women and children.

Now, what are the facts? The facts are that the bill does not take any of the money away from the persons on the relief rolls, because that money has already been appropriated and much of it wasted, and many millions of dollars are in that fund now. But we did provide food, raiment, and medicine for several thousand sick, helpless, and penniless men and their families who fought for the honor and preservation of their country. The increase in appropriation over what was recommended by the President for veterans amounted to only $20,000,000—quite a large sum, but a small sum in comparison with other appropriations.

You never saw any editorial in this paper criticizing the Congress for making available millions upon millions of dollars for railroads, banks, and insurance companies.

Now, Mr. Anonymous, with the exception of my vote to override the veto of this veterans' bill, I have voted for the constructive measures in the President's recovery program, outside of the miscalled "Economy Act" which was amended by the administration even before the first session had ended, so I must have not been very far wrong on that vote. In addition, I voted to pass the currency-expansion bill, generally called "the bonus bill", even though it was not recommended by the administration, and I proposed a bill whereby the Government of the United States would receive back into the Treasury a billion eight million dollars, and the soldiers would have received circulating note issues good in their communities in payment for the balance of their certificates.

I am not a rubber stamp here. I am here to support the administration and am doing that, but I do not agree with what every Government official does. For example, I do not approve the action of the Secretary of the Interior as head of the public works in allotting all of the $3,000,000,000 to a favored group of States and leaving Oklahoma and other Southern States to receive the crumbs that may be left.

I protested his action in cutting the money allocated for needed public buildings in Oklahoma and making it necessary to draw new plans and thus delaying the work and at the same time using $2,000,000 to build 20 post-office substations in his home city of Chicago.

I think the furnishing of work to the people is one of the things that should be continued until private industry and public works

can absorb every idle man, and I do not agree with the idea that men should be kept in idleness on public-relief rolls when projects could be provided whereby they could earn their own livelihood until called into permanent employment.

I believe that no man, woman, or child should be permitted to go hungry or without clothing. There should not be a big absorption of the relief funds by overhead and office expenses, and there should not be any favoritism shown to anyone.

I think that the helpless and the aged should not only be cared for temporarily but should be cared for permanently by a contributory pension law that would provide for a person's contributing in their earning days to take care of themselves in their declining years.

Of course, Mr. Anonymous, the real question involved in this particular vote for which I am taken to task was whether the soldiers who gave up lucrative positions in many cases and their future welfare in all cases to take their places in the ranks of the Army during the World War are to be given consideration. They went to the camps where the ravages of the influenza so decimated their number until their corpses were piled like cordwood, and into the mud and slime of the trenches in France, where death hovered in the very air they breathed and the engines of death blew men into atoms. They contracted weakened lungs, and thousands of them can never know a well moment again, and yet a great many of them cannot make proof under the requirements of the Economy Act of 1932. They must have subsistence and medical care.

Now, Mr. Anonymous, in all fairness, do you not think that newspapers like the one from which you send this clipping, who urged this country into war, and the editor who ballyhooed the boys into the Army and enjoyed prosperity during its course, should be willing to help care for these who are not able to care for themselves and are victims of that terrible conflict? I am unwilling to believe this represents the sentiment of the honest citizens of Hughes County, or of any other county in the Fourth Congressional District.

Thanking you for sending me this editorial from such an outstanding paper, I am,

Very truly,

TOM D. MCKEOWN.

ORDER OF BUSINESS

Mr. SNELL. Mr. Speaker, would it be consistent for the Speaker at this time to give us the titles of the bills that he expects to have taken up under suspension of the rule this afternoon?

The SPEAKER. The Chair will do that presently.

Mr. BYRNS. Mr. Speaker, there are some 60 bills upon the Consent Calendar, and there will probably be half a dozen suspensions—I do not know how many—but it is exceedingly important to run through the calendar and also to dispose of these suspensions. Members are anxious, of course, to have these bills considered. It has been 4 weeks since this calendar was called. It is my purpose later on to ask the House for consent to continue the calling of the Consent Calendar and the consideration of suspensions on tomorrow.

The House is aware of the fact that it is necessary on account of previous arrangements to take an adjournment on Friday and Saturday, and it seems to me we ought to finish consideration of this calendar if we can.

Mr. Speaker, I ask unanimous consent that it be in order, in the consideration of the Consent Calendar, to call first bridge bills and Senate bills.

There are a number of bridge bills upon this calendar, and the Members tell me it is exceedingly important they be passed promptly, and I think we can dispose of them in a very short time.

Mr. SNELL. Does the gentleman mean that we are to go through and pick out all the Senate bills?

Mr. BYRNS. Pick out the bridge bills and the Senate bills and then go back to the calendar and call the calendar all the way through.

Mr. SNELL. What is the special reason we should give any advantage to all the Senate bills?

Mr. BYRNS. There is only one advantage, I will say to the gentleman, and I have none on the list myself——

Mr. SNELL. And the gentleman knows I have not.

Mr. BYRNS. They have passed the Senate, and, of course, action by the House, if it is favorable, will cause them to become law at once.

Mr. SNELL. Are they taking up our bills and passing them over there, or does the gentleman know?

Mr. BYRNS. I am sorry I do not know.

There are some of these bridge bills that, I am informed, are quite important.

Mr. SNELL. I think the bridge bills should be taken up first.

I want to ask one more question if I may. I have no disposition to interfere in any way with the program, but I do think that some of the bills that are coming up under suspension should come up under the general rules of the House, so as to give wider opportunity for debate and also more opportunity for amendment. There are some of these measures that our people are not entirely opposed to, but they would like to have an opportunity to amend them under the general rules of the House.

It has gotten so that everything is coming up under suspension of the rules.

Mr. BYRNS. I do not think everything is coming up under suspension.

Mr. SNELL. Not quite all, but pretty nearly all.

Mr. BYRNS. I do not think there have been any more suspensions this session than usually occur.

Mr. SNELL. I think there have been a good many more. Take the sugar bill, I do not know much about it, but I think the bill should really come up under the general rules of the House and give Members an opportunity for full discussion and amendment.

Mr. BYRNS. There are several features in regard to that legislation that make it important that it be quickly disposed of. If the gentleman opposes the calling of the Senate bills first——

Mr. SNELL. I am not going to object.

Mr. BYRNS. I think it would be of advantage to call the Senate bills and the bridge bills and then go back to the Consent Calendar generally.

Mr. BLANTON. Will the gentleman yield?

Mr. BYRNS. I will yield if I have the floor.

Mr. BLANTON. I agree with the gentleman as to calling the bridge bills first. But does the majority leader think it is fair to Members of the House who work hard to get their private bills through the committee and reported to the floor, placed upon the calendar, and then have another body take them up—and the majority leader knows how they are disposed of—pass them as a matter of course, and then take away the credit from Members of the House, whatever little credit there may be? I think the Members of the House ought to have the credit for their own bills. They introduced them as soon as Congress met; then they are taken away somewhere else and denied what little credit belongs to the Members of the House. That has been the practice for 20 years, and I think that ought to be corrected.

Mr. BYRNS. I thoroughly agree with the gentleman. I do not know what Senate bills there are on the calendar. Someone says there are 15. My only object in making that request was that these bills having been passed by the Senate would be finally disposed of by this action. We do not know when Congress is going to adjourn.

Mr. BLANTON. I think that when a Senate bill is called up, the Member of the House having a similar House bill on the calendar ought to get up and call attention to it and say, "This is my bill." He ought to get some credit for it. I have no bills myself on this calendar.

Mr. BYRNS. The gentleman will have that oportunity when the bills are called up. If the Members of the House feel that it is not proper to call the Senate bills with the bridge bills, one objection will govern it, and I will withdraw my request and confine it to the bridge bills.

Mr. JENKINS of Ohio. Will the gentleman yield?

Mr. BYRNS. Yes.

Mr. JENKINS of Ohio. Is it the intention to call the Consent Calendar before the suspensions?

Mr. BYRNS. I am not authorized to say this, but I think it is the intention of the Speaker to proceed with the Unanimous Consent Calendar for a time before taking up the suspensions.

The SPEAKER. Will the gentleman state his request again?

Mr. BYRNS. Mr. Speaker, I submitted a unanimous-consent request that in the calling of the Consent Calendar bridge bills and bills which had passed the Senate be first considered. There seems to be some objection to the latter request.

Mr. BLANTON. Oh, I have no objection.

Mr. BYRNS. Of course, if there is objection, I will withdraw that part of the request.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee [Mr. BYRNS]?

There was no objection.

Mr. SNELL. Will the Chair now give us the list of bills which he proposes to take up under suspension of the rules?

The SPEAKER. Today the Chair hopes to permit Senate Joint Resolution 74 to be called up under suspension of the rules. That is the so-called "Rankin resolution." That will be taken up as soon as we finish with the bridge bills and the Senate bills.

The sugar bill, H.R. 8861, will be the next to be taken up.

Senate bill 682, the Johnson foreign securities bill, and perhaps Senate bill 770, the Minnesota fire bill.

Mr. BLANTON. Mr. Speaker, will the Chair permit a parliamentary inquiry?

The SPEAKER. Yes.

Mr. BLANTON. Has any Speaker ever heretofore permitted a private bill to be taken up under suspension of the rules? I do not know of any such suspension.

The SPEAKER. The Chair knows of one instance when it was done. While this bill is on the Private Calendar, it seems to the Chair that it embraces more than a private bill. The Chair believes that this bill is more in the nature of a public bill than a private bill, and for that reason has agreed to recognize a motion to suspend the rules on it.

Mr. BLANTON. It is a bill that has been strenuously fought by several of us for 10 years.

The SPEAKER. The Chair is aware of that, and the Chair thinks it should be heard before the House.

PERMISSION TO ADDRESS THE HOUSE

Mr. WOOD of Missouri. Mr. Speaker, I ask unanimous consent that on tomorrow morning, Thursday, after the reading of the Journal and the disposition of matters on the Speaker's desk, I be allowed to address the House for 30 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

Mr. BYRNS. Mr. Speaker, I hope the gentleman will defer that request. As I said a while ago, we must adjourn over Friday and Saturday, by a previous arrangement. It is extremely important that we finish this calendar and the suspensions which the Speaker expects to take on tomorrow. It is my purpose later on to continue the order of business for today on tomorrow, and I shall have to object.

Mr. WOOD of Missouri. I do not desire to hold up the business of the House, Mr. Speaker, and if I may be permitted to address the House on Monday morning, I shall make that request.

Mr. BYRNS. Mr. Speaker, I have already indicated to one or two that I could not consent to such requests.

Mr. WOOD of Missouri. But I have changed the request to next Monday or Tuesday.

Mr. BYRNS. Will the gentleman not wait until tomorrow to prefer that request?

Mr. WOOD of Missouri. Very well. But I want to be permitted to address the House on next Monday or Tuesday.

FEES IN NATURALIZATION PROCEEDINGS

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 3521) to reduce certain fees in naturalization proceedings, and for other purposes, with Senate amendments, and concur in the Senate amendments.

The Clerk read the title of the bill and the Senate amendments as follows:

Page 1, line 5, strike out "VI" and insert "VII."
Page 2, line 5, strike out "Subdivisions (a) and" and insert "Subdivision."
Page 2, line 9, strike out "VI" and insert "VII."
Page 2, line 9, strike out "(a)."
Page 2, line 14, strike out "VI" and insert "VII."
Page 2, line 24, strike out "VI" and insert "VII."
Page 3, line 1, after "amended", insert "as follows: Wherever in said subdivision the words 'a fee of $10' occur they shall be amended to read 'a fee of $1'; and."
Page 3, line 4, strike out "VI" and insert "VII."
Page 3, line 8, strike out "$10" and insert "$25."
Page 3, line 11, strike out "$10" and insert "$25."
Page 3, after line 11, insert:
"SEC. 6. Subdivision (b) of section 1 of the act of March 2, 1929 (45 Stat. 1513), as amended (U.S.C., supp. VII, title 8, sec. 106 (a) (b)), is amended as follows: Whenever in said subdivision the words 'a fee of $20' occur they shall be amended to read 'a fee of $10'."

The SPEAKER. Is there objection?

Mr. JENKINS of Ohio. Reserving the right to object, I should like to know what this is. I should like to have an explanation of the changes.

Mr. DICKSTEIN. Mr. Speaker, this House a few weeks ago passed this bill almost unanimously. There was only one amendment which the House attached to it, and that was an amendment to fix the attorneys' fee at $10 instead of $25.

Mr. SNELL. What fees are those?

Mr. DICKSTEIN. Attorneys' fees in naturalization cases. But the bill as a whole reduces the naturalization fees in State courts and Federal courts. The Senate has added amendments. We fixed a charge for a certified copy $5 and the Senate has by amendment reduced that to $1. That is agreeable to the committee. It has been adopted unanimously by the Senate and there seems to be no objection.

Mr. JENKINS of Ohio. The bill which we passed provided for a reduction from $25 to $10?

Mr. DICKSTEIN. That is true.

Mr. JENKINS of Ohio. As I understand the Senate amendment, they have put that back from $10 to $25?

Mr. DICKSTEIN. Yes; that is the section which fixes a limitation upon attorneys' fees which may be charged for legal service in naturalization cases before courts.

Mr. SNELL. Does the minority member of the committee know that the gentleman expected to call this up?

Mr. DICKSTEIN. Yes. I have spoken to him.

Mr. TAYLOR of Tennessee. I am the minority member. It is satisfactory to me.

Mr. DICKSTEIN. If the gentleman will permit, I might state that a veteran who has lost his certificate is now required to pay for a duplicate. The bill as passed by the House eliminated this charge upon the veteran and the Senate left that provision of the House bill alone. A veteran under this bill would not be required to pay anything for a certified copy of that certificate. Any other person who has lost his certificate, instead of paying $5 for a new certificate, according to the Senate amendment, must pay only $1. I wish to concur in that amendment.

Mr. JENKINS of Ohio. As I understand it, this amendment does not deal with anything except the reduction in fees?

Mr. DICKSTEIN. That is all.

Mr. JENKINS of Ohio. Another question. Has the gentleman taken this up with the committee or the minority representatives on the committee?

Mr. DICKSTEIN. I have.

Mr. JENKINS of Ohio. And the gentleman states that it is satisfactory to them?

Mr. DICKSTEIN. It is satisfactory to them.

Mr. JENKINS of Ohio. Mr. Speaker, with that assurance, I will withdraw my reservation of objection.

Mr. ELLENBOGEN. Reserving the right to object, I would like to ask the gentleman how large fees are provided for loss of naturalization certificates?

Mr. DICKSTEIN. One-dollar fee for a new certificate of declaration in lieu of a lost, destroyed, or mutilated certificate of citizenship or declaration of intention.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. DICKSTEIN]?

There was no objection.

The Senate amendments were agreed to.

ORDER OF BUSINESS

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that it shall be in order tomorrow to continue the call of the Unanimous Consent Calendar and to consider bills under suspension of the rules.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

EXTENSION OF REMARKS

Mr. SUMNERS of Texas. Mr. Speaker, I ask unanimous consent to have included in my remarks on the resolution this morning a letter from the Clerk of the House, in order that the information contained therein may be available for the benefit of the Members.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The SPEAKER. The Clerk will call the bridge bills on the Consent Calendar.

BRIDGE ACROSS LAKE SABINE AT PORT ARTHUR, TEX.

The Clerk called the bill (H.R. 4870) to extend the times for commencing and completing the construction of a bridge across Lake Sabine at or near Port Arthur, Tex.

Mr. DIES. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

BRIDGE ACROSS MISSOURI RIVER AT RANDOLPH, MO.

The Clerk called the bill (S. 2308) to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Randolph, Mo.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the times for commencing and completing the construction of the bridge across the Missouri River at or near Randolph, Mo., authorized to be built by the Kansas City Southern Railway Co., its successors and assigns, by the act of Congress approved May 24, 1928, heretofore extended by acts of Congress approved March 1, 1929, May 14, 1930, February 6, 1931, and May 6, 1932, and January 19, 1933, are hereby further extended 2 and 4 years, respectively, from May 24, 1934.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

BRIDGE ACROSS THE COLUMBIA RIVER AT THE DALLES, OREG.

The Clerk called the bill (H.R. 7060) to extend the times for commencing and completing the construction of a bridge across the Columbia River near The Dalles, Oreg.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the times for commencing and completing the construction of a bridge across the Columbia River near The Dalles, Oreg., authorized to be built by The Dalles Bridge Co., a Washington corporation, by the act of Congress approved March 4, 1933, are hereby extended 1 and 3 years, respectively, from the date of approval hereof.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

With the following committee amendment:

Line 8, strike out "the date of approval hereof" and insert in lieu thereof "March 4, 1934."

Mr. PIERCE. Mr. Speaker, I move to strike out the last word in order to read a telegram in regard to the two bridge bills, one granting a franchise to the Chandler interests and one granting a franchise to the city of The Dalles, the bridges being 6 miles apart:

THE DALLES, OREG., *March 18, 1934.*

Hon. WALTER M. PIERCE,
Member of Congress,
House Office Building, Washington, D.C.:

Report to you that Dalles City would drop its application for extension of bridge franchise is incorrect. Dalles city agreed to not oppose extension of bridge franchise for Chandler bridge on condition that Chandler interests not oppose the extension of Dalles city franchise. No extensive effort has been made to start Chandler bridge, but a small work has been started evidently to preserve franchise. Dalles city still desires to construct bridge and has merely been delayed by reasons given you in previous telegrams, particularly difficulty in financing proper plans. If both franchises are extended and Chandler bridge is actually built, Dalles city might later decide to not construct because of location of other bridge, but such decision has not been made and it is present desire of city to have franchise extended and to have bridge at this point.

FRED F. THOMPSON, *Mayor.*

There are two bridges. Two franchises have been granted. We are seeking an extension of time for both, although one is a toll bridge. The Chandler bridge, the one under discussion, is a toll bridge. The other is to be a free bridge to be built by the city of The Dalles. There is no objection to the passing of this bill. I hope there will be no objection on the part of anyone representing the Chandler interests against the bill extending the franchise of the city of The Dalles to build its bridge.

Mr. COCHRAN of Missouri. Mr. Speaker, will the gentleman yield?

Mr. PIERCE. I yield.

Mr. COCHRAN of Missouri. Had I known that this bill granted a franchise for the building of a toll bridge by private parties, I would have objected. If the city wants to build a free bridge, why should it want a privately owned toll bridge built anywhere near it? The stage of objection has passed. I thought the other bill was under consideration.

Mr. PIERCE. The city is asking that its franchise, too, be extended.

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

BRIDGE ACROSS COLUMBIA RIVER NEAR THE DALLES, OREG.

The Clerk called the bill (H.R. 7801) to extend the times for commencing and completing the construction of a bridge across the Columbia River at or near The Dalles, Oreg.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the times for commencing and completing the construction of a bridge across the Columbia River at or near The Dalles, Oreg., authorized to be built by Dalles City, by an act of Congress approved February 20, 1931, heretofore extended by act of Congress approved February 11, 1932, and further extended by act of Congress approved February 14, 1933, are hereby further extended 1 and 3 years, respectively, from February 20, 1934.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

TOLL BRIDGE ACROSS MISSISSIPPI RIVER AT ST. LOUIS

The Clerk called the bill (H.R. 7803) authorizing the city of East St. Louis, Ill., its successors and assigns, to construct, maintain, and operate a toll bridge across the Mississippi River at or near a point between Morgan and Wash Streets in the city of St. Louis, Mo., and a point opposite thereto in the city of East St. Louis, Ill.

Mr. ELTSE of California. Mr. Speaker, reserving the right to object, I would like to ask the sponsor of the bill whether this is a toll bridge.

Mr. COCHRAN of Missouri. It is not my bill. The gentleman from Illinois will be here in a moment. However, it is not a question whether it is a toll bridge or a private bridge. The question is whether it should be permitted to be built.

Mr. ELTSE of California. In the report it is stated that this is designed to relieve one of the worst cases of traffic conditions found anywhere. Is this bridge to come in competition with an already operating toll bridge?

Mr. COCHRAN of Missouri. The gentleman from Illinois [Mr. SCHAEFER] introduced this bill. The situation in front of St. Louis is that we have a toll bridge at the northern end of the city owned by a private individual. That bill was passed before I was in Congress. At the time the bill was

introduced I begged the man that was going to construct the bridge not to have the bill introduced, feeling that he would not make any money, and what I told him at that time proved to be true. The bridge is in the hands of a receiver. Then we have a private bridge belonging to the McKinley system between this bridge and the proposed bridge.

Mr. ELTSE of California. Is that a toll bridge?

Mr. COCHRAN of Missouri. A toll bridge. Then we have the Eads Bridge, which is a toll bridge, but St. Louis has a deal on to make it a free bridge. We have a city-owned bridge that we spent over $10,000,000 to build in order to let everyone come to St. Louis free. I do not believe this bridge here will ever be built, nor do I think it a necessity, but I again repeat I do not object when a city desires to build a bridge.

Mr. ELTSE of California. If the other bridges have not paid and are at the present time in the hands of receivers, why should another toll bridge be built there?

Mr. COCHRAN of Missouri. I think we have seven bridges across the Mississippi River between Peoria and Cairo, and every one of them in the hands of a receiver. I am trying to stop private toll bridges from being built. The bonds on the bridges referred to sold at par, $100, and you can go out now and buy the bonds for $5. My constituents bought the bonds. I want to protect them from the private toll-bridge promoter.

Mr. ELTSE of California. If the other bridges are in the hands of receivers and we add another bridge to the list, that will make the situation worse.

Mr. COCHRAN of Missouri. A city will be responsible for the bonds, not a private corporation. This bridge will connect the heart of the city of East St. Louis and the heart of St. Louis. As I said I do not think the bridge will ever be constructed, but the fact that a municipality wants to build it makes me withdraw my objection. I have no objection when a municipality, a State, or a subdivision thereof wants to build a bridge. I started the fight on the privately owned toll bridge promoter 7 years ago. I have him out of the picture, and I want to keep him out. I am opposing the construction of a toll bridge by private parties in south St. Louis. They flood me with letters. They have the labor unions after me now, but I feel the principle for which I stand is sound, and I will continue my opposition. You should realize I am trying to protect the public from being sold bonds that will eventually be worthless.

Mr. BLANTON. Mr. Speaker, reserving the right to object, may I ask our colleague from Missouri what there is about this toll bridge that connects his St. Louis with East St. Louis that makes it different from any other toll bridge that has been stopped here so frequently?

Mr. COCHRAN of Missouri. In order to answer the gentleman from Texas I must repeat what I have said so often on the floor. May I say to the gentleman from Texas and the Members of the House that I have at no time objected to the construction of any kind of a bridge, toll bridge or otherwise, where a municipality, a State, or a subdivision thereof desired to build it, but I do object to private individuals building toll bridges. A city desires to build this bridge.

Mr. BLANTON. I have no objection.

Mr. COCHRAN of Missouri. I do not care whether the gentleman has or not. It does not make any difference to me. I am like the gentleman from Texas, when I think my argument is sound I go through with it.

Mr. BLANTON. This may mean something to "the forty-ninth State" of the Union.

Mr. COCHRAN of Missouri. It does not mean a thing to me. I am telling the gentleman my position, just as he would do if he viewed this situation as I do.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That in order to facilitate interstate commerce, improve the postal service, and provide for military and other purposes, the city of East St. Louis, Ill., its successors and assigns, be, and is hereby, authorized to construct, maintain, and operate a toll bridge across the Mississippi River, at a point suitable to the interests of navigation, at or near a point between Morgan and Wash Streets, in the city of St. Louis, Mo., and a point opposite thereto in the city of East St. Louis, Ill., in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, and subject to the conditions and limitations contained in this act.

SEC. 2. There is hereby conferred upon the city of East St. Louis, Ill., its successors and assigns, all such rights and powers to enter upon land and to acquire, condemn, occupy, possess, and use real estate and other property needed for the location, construction, maintenance, and operation of such bridge and its approaches as are possessed by railroad corporations for railroad purposes or by bridge corporations for bridge purposes in the State in which such real estate or other property is situated, upon making just compensation therefor, to be ascertained and paid according to the laws of such State, and the proceedings therefor shall be the same as in the condemnation or expropriation of property for public purposes in such State.

SEC. 3. The said city of East St. Louis, Ill., its successors and assigns, is hereby authorized to fix and charge tolls for transit over such bridge, and the rates of toll so fixed shall be the legal rates until changed by the Secretary of War under the authority contained in the act of March 23, 1906.

SEC. 4. In fixing the rates of toll to be charged for the use of such bridge the same shall be so adjusted as to provide a fund sufficient to pay for the reasonable cost of maintaining, repairing, and operating the bridge and its approaches under economical management, and to provide a sinking fund sufficient to amortize the cost of such bridge and its approaches, including reasonable interest and financing cost, as soon as possible, under reasonable charges, but within a period not to exceed 30 years from the completion thereof. After a sinking fund sufficient for such amortization shall have been so provided, such bridge shall thereafter be maintained and operated free of tolls, or the rates of toll shall thereafter be so adjusted as to provide a fund of not to exceed the amount necessary for the proper maintenance, repair, and operation of the bridge and its approaches under economical management. An accurate record of the cost of the bridge and its approaches, the expenditures for maintaining, repairing, and operating the same, and of the daily tolls collected shall be kept and shall be available for the information of all persons interested.

SEC. 5. The right to alter, amend, or repeal this act is hereby expressly reserved.

Amend the title so as to read: "A bill authorizing the city of East St. Louis, Ill., to construct, maintain, and operate a toll bridge across the Mississippi River at or near a point between Morgan and Wash Sts. in the city of St. Louis, Mo., and a point opposite thereto in the city of East St. Louis, Ill."

With the following committee amendments:

Page 1, line 5, strike out the words "its successors and assigns."

Page 2, line 1, strike out the word "toll" and after the word "bridge", insert "and approaches thereto."

Page 2, line 11, strike out "its successors and assigns."

Page 2, line 23, strike out "its successors and assigns."

And amend the title so as to read:

"A bill authorizing the city of East St. Louis, Ill., to construct, maintain and operate a toll bridge across the Mississippi River at or near a point between Morgan and Wash Streets in the city of St. Louis, Mo., and a point opposite thereto in the city of East St. Louis, Ill."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

FREE BRIDGE ACROSS THE DES MOINES RIVER NEAR THE CITY OF KEOKUK, IOWA

The Clerk called the bill (H.R. 8040) granting the consent of Congress to the Iowa State Highway Commission and the Missouri Highway Department to maintain a free bridge already constructed across the Des Moines River near the city of Keokuk, Iowa.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the Iowa State Highway Commission and the Missouri State Highway Department, and its successors and assigns, to maintain and operate, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, a bridge and approaches thereto already constructed across the Des Moines River near the city of Keokuk, Iowa, which bridge is hereby declared to be a lawful structure to the same extent and in the same manner as if it had been constructed in accordance with the provisions of said act of March 23, 1906.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

TOLL BRIDGE ACROSS THE POTOMAC RIVER AT SHEPHERDSTOWN, JEFFERSON COUNTY, W.VA.

The Clerk called the bill (H.R. 8477) authorizing the State Road Commission of West Virginia to construct, maintain, and operate a toll bridge across the Potomac River at or near Shepherdstown, Jefferson County, W.Va.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That in order to promote interstate commerce, improve the postal service, and provide for military and other purposes, the State Road Commission of West Virginia be, and is hereby, authorized to construct, maintain, and operate a bridge and approaches thereto across the Potomac River, at a point suitable to the interests of navigation, at or near Shepherdstown, Jefferson County, W.Va., in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, and subject to the conditions and limitations contained in this act.

SEC. 2. There is hereby conferred upon the State Road Commission of West Virginia all such rights and powers to enter upon lands and to acquire, condemn, occupy, possess, and use real estate and other property needed for the location, construction, maintenance, and operation of such bridge and its approaches as are possessed by railroad corporations for railroad purposes or by bridge corporations for bridge purposes in the State in which such real estate or other property is situated, upon making just compensation therefor, to be ascertained and paid according to the laws of such State, and the proceedings therefor shall be the same as in the condemnation or expropriation of property for public purposes in such State.

SEC. 3. The said State Road Commission of West Virginia is hereby authorized to fix and charge tolls for transit over such bridge, and the rates of toll so fixed shall be the legal rates until changed by the Secretary of War under the authority contained in the act of March 23, 1906.

SEC. 4. In fixing the rates of toll to be charged for the use of such bridge the same shall be so adjusted as to provide a fund sufficient to pay for the reasonable cost of maintaining, repairing, and operating the bridge and its approaches under economical management, and to provide a sinking fund sufficient to amortize the cost of such bridge and its approaches, including reasonable interest and financing cost, as soon as possible, under reasonable charges, but within a period of not to exceed 20 years from the completion thereof. After a sinking fund sufficient for such amortization shall have been so provided, such bridge shall thereafter be maintained and operated free of tolls, or the rates of toll shall thereafter be so adjusted as to provide a fund of not to exceed the amount necessary for the proper maintenance, repair, and operation of the bridge and its approaches under economical management. An accurate record of the cost of the bridge and its approaches, the expenditures for maintaining, repairing, and operating the same, and of the daily tolls collected shall be kept and shall be available for the information of all persons interested.

SEC. 5. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

BRIDGE ACROSS THE COLUMBIA RIVER AT OR NEAR ASTORIA, OREG.

The Clerk called the bill (S. 2545) to extend the times for commencing and completing the construction of a bridge across the Columbia River at or near Astoria, Oreg.

Mr. COCHRAN of Missouri. Mr. Speaker, I object.

FREE HIGHWAY BRIDGE ACROSS ST. LOUIS RIVER AT CLOQUET, MINN.

The Clerk called the bill (S. 2593) granting the consent of Congress to the Highway Department of the State of Minnesota to construct, maintain, and operate a free highway bridge across the St. Louis River at or near Cloquet, Minn.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the Highway Department of the State of Minnesota to construct, maintain, and operate a free highway bridge and approaches thereto across the St. Louis River at a point suitable to the interests of navigation, at or near Cloquet, Minn., in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

FREE HIGHWAY BRIDGE ACROSS MISSISSIPPI RIVER AT LAKE BEMIDJI, MINN.

The Clerk called the bill (S. 2594) granting the consent of Congress to the Highway Department of the State of Minnesota to construct, maintain, and operate a free highway bridge across the Mississippi River at or near the southerly end of Lake Bemidji, Minn.

There being no objection, the bill is as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the Highway Department of the State of Minnesota to construct, maintain, and operate a free highway bridge and approaches thereto across the Mississippi River, at a point suitable to the interests of navigation, at or near the southerly end of Lake Bemidji, Minn., in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

BRIDGE ACROSS THE OHIO RIVER NEAR CAIRO, ILL.

The Clerk called the bill (S. 2675) creating the Cairo Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the Ohio River at or near Cairo, Ill.

Mr. WOLCOTT. I object, Mr. Speaker.

BRIDGE ACROSS THE MISSOURI RIVER NEAR ATCHISON, KANS.

The Clerk called the bill (H.R. 6898) authorizing the city of Atchison, Kans., and the county of Buchanan, Mo., or either of them, or the States of Kansas and Missouri, or either of them, or the highway departments of such States, acting jointly or severally, to construct, maintain, and operate a free highway bridge across the Missouri River at or near Atchison, Kans.

Mr. JENKINS of Ohio. Mr. Speaker, reserving the right to object, I ask unanimous consent that the bill be passed over without prejudice.

Mr. LAMBERTSON. Mr. Speaker, I hope the gentleman from Ohio will withdraw his reservation of objection.

This is an authorization for a free bridge at Atchison, over the Missouri River. We have every need in the world for this bridge. There is no free bridge there. There is one at St. Joe and one at Leavenworth, and there is only a 15-foot bridge here where two trucks cannot pass. The two highway departments of the States involved, apparently, are willing to build this bridge.

Mr. JENKINS of Ohio. I may state to the gentleman that I have no objection personally, but I am making this reservation of objection at the request of the gentleman from Ohio [Mr. COOPER], who is the ranking member of the Committee on Interstate and Foreign Commerce and who asked me to make this request. Later in the day, or at some other time, if the bill can be returned to, I shall have no objection, but I promised the gentleman from Ohio that I would make this reservation of objection.

Mr. LAMBERTSON. Is there any way we can return to the bill today?

Mr. JENKINS of Ohio. I do not know whether we can effect that sort of agreement or not.

Mr. LAMBERTSON. I hope the gentleman will not object to the bill.

Mr. JENKINS of Ohio. Mr. Speaker, I ask unanimous consent that this bill be passed over, to be taken up later today or tomorrow, when we call the Consent Calendar.

Mr. McFARLANE. Reserving the right to object, Mr. Speaker, does the gentleman object to the building of a free bridge in Kansas, if they want to build it?

Mr. JENKINS of Ohio. The gentleman, apparently, did not hear my statement. I am making this reservation of objection at the request of the ranking member of the Committee on Interstate and Foreign Commerce, who is detained in a committee meeting. I feel I must take this course, because I promised the gentleman I would do it.

Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

BRIDGE ACROSS OHIO RIVER NEAR CAIRO, ILL.

Mr. COCHRAN of Missouri. Mr. Speaker, I ask unanimous consent that we may return to Senate 2675, creating the Cairo Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the Ohio River at or near Cairo, Ill., for the purpose of asking a question.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. COCHRAN of Missouri. Mr. Speaker, I would like to ask the gentleman why he objected to the construction of this bridge by a State commission?

Mr. WOLCOTT. I have no objection to the construction of the bridge, but on page 3 of the bill the gentleman will notice that the bonds are retired solely from the sinking fund, which would prohibit the State highway department from putting any money into this bridge, if it saw fit, and then I believe that 40 years is too long a period to allow these bonds to run. The other objection which I have is the fact that you provide a yearly salary of $2,500 to the chairman of the commission, providing a job for this man for 40 years.

Mr. COCHRAN of Missouri. May I make this statement to the gentleman: I tried for years to prevent the construction of a private toll bridge across the Mississippi River at Cairo by private interests, but the bridge was finally constructed. Like all the other private toll bridges it is now in the hands of a receiver.

This bridge will be an outlet to Kentucky. If you do not let the States do this job, some private individual is going to come in here and is going to get a franchise one of these days and then there will be sold to the people a lot of bonds which will some day be worthless.

Mr. WOLCOTT. I may say to the gentleman that if the bill is amended in that particular, and is also amended so that the bonds will be tax exempt, I shall have no objection to the bill.

Mr. COCHRAN of Missouri. I think such an amendment should be put in the bill, but I want to repeat I think whenever a municipality wants to construct a bridge it should be allowed to do it and we should not let some private promoter come along and get the franchise. That is what will happen if you do not pass this bill.

Mr. WOLCOTT. If the gentleman will submit such amendments to the bill in the meantime, I shall not object when it is called again, but I feel I must object to it at this time.

Mr. COCHRAN of Missouri. I shall take that up with the author of the bill; he just stepped in the cloakroom.

Mr. WOLCOTT. Mr. Speaker, I withdraw my objection and ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

BRIDGE ACROSS THE MINNESOTA RIVER NEAR JORDAN, MINN.

The Clerk called the next bill, S. 2592, granting the consent of Congress to the State of Minnesota, and Scott County and Carver County in the State of Minnesota, to construct, maintain, and operate a bridge across the Minnesota River at or near Jordan, Minn.

The SPEAKER. Is there objection?

Mr. ELTSE of California. Reserving the right to object, the report of the Secretary of War states that this is not necessary.

Mr. ARENS. The law does not affect the Minnesota River. The court has held that it is not confined to the Minnesota River.

Mr. ELTSE of California. It seems there is a conflict between the authorities.

Mr. ARENS. The War Department has reversed its opinion.

Mr. ELTSE of California. Mr. Speaker, I withdraw the reservation.

The Clerk read the bill, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the State of Minnesota, and Scott County and Carver County in the State of Minnesota, to construct, maintain, and operate a free bridge and approaches thereto across the Minnesota River, at a point suitable to the interests of navigation, at or near Jordan, Minn., in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

BRIDGE ACROSS THE COLUMBIA RIVER NEAR ASTORIA, OREG.

Mr. MARTIN of Oregon. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. MARTIN of Oregon. Mr. Speaker, I was greatly surprised to hear the gentleman from Missouri [Mr. COCHRAN] object to the extension of time for the construction of a bridge across the Columbia River near Astoria, Oreg. Two years ago my colleague Mr. Hawley got that bill through the House, and at that time he answered satisfactorily every question. They want to construct the bridge if they can get the authority and the money. I am surprised to hear the gentleman from Missouri object.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. MARTIN of Oregon. I yield.

Mr. COCHRAN of Missouri. The bill the gentleman refers to was passed by the House in an omnibus pension bill on a roll call, after that bill had been objected to for several years on the floor of the House. It was opposed because it granted private individuals the right to construct a toll bridge. Some of us felt if a bridge was to be erected the States should build it.

A promoter by the name of Elliott sold them the idea of constructing the bridge. Elliott was promoting toll bridges all over the country. He had as many as 50 bills, some in his own name, others in names of companies he organized, asking for franchises before Congress. I secured his record and put it before the Congress, and as a result he went out of business. I have two objections to this bill. In the first place it is a toll bridge, to be built by private parties, not by the county, State, or municipality. Another thing, it is right at the mouth of the Columbia River, a great stream where our warships could find a safe harbor if necessary.

The gentleman from Oregon was a general in the Army. Does the gentleman realize what could be done to our national defense if we put a bridge across the mouth of the Columbia River? If that bridge were destroyed in time of war, how would our ships get up the river, and if they were up the river at the time, how would they get out? I do not believe that a bridge should be built at the mouth of the Columbia River, and I think the War and Navy Departments should take a hand and oppose one, but if the bridge is to be constructed, by all means let the counties or States construct it and not private parties. I hope I have explained my opposition to my friend from Oregon.

The SPEAKER. The time of the gentleman has expired.

BRIDGE ACROSS CUMBERLAND RIVER NEAR CARTHAGE, TENN.

The Clerk read the bill (S. 2953) granting the consent of Congress to the Highway Department of the State of Tennessee to construct, maintain, and operate a free highway bridge across the Cumberland River at or near Carthage, Smith County, Tenn.

The SPEAKER. Is there objection?

Mr. MITCHELL. Mr. Speaker, this bill was originally introduced into the House by me, and I am most anxious to

have it passed. The report of the Secretary of War is on file and is favorable.

The bill grants the consent of Congress to the highway department of the State of Tennessee to construct and operate a free highway bridge and approaches thereto across the Cumberland River, near the town of Carthage, Tenn., in Smith County, in my district.

This bill was introduced by me on March 2, 1934, and is H.R. No. 8439.

The report of the Committee on Interstate and Foreign Commerce to which the bill was referred, having considered the same, reported favorably and recommends the passage of the bill. It has the approval of the War and Agricultural Departments. I move the immediate passage of the bill.

The Clerk read the bill as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the Highway Department of the State of Tennessee to construct, maintain, and operate a free highway bridge and approaches thereto across the Cumberland River, at a point suitable to the interests of navigation, at or near Carthage, Smith County, Tenn., in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

BRIDGE ACROSS BLACK RIVER NEAR POCAHONTAS, ARK.

The Clerk called the next bill, H.R. 8237, to legalize a bridge across Black River at or near Pocahontas, Ark.

Mr. JENKINS of Ohio. Reserving the right to object, I notice that the language on the calendar is a little different with reference to that bill. We have not had an opportunity to go over all of these bills. What is the difference between that and the regular bill?

Mr. MILLER. Will the gentleman yield?

Mr. JENKINS of Ohio. I yield.

Mr. MILLER. The highway department proceeded to construct the bridge, after the original time had expired, under agreement with the War Department that the bill would be passed legalizing what would be done.

Mr. JENKINS of Ohio. Has the bridge been built?

Mr. MILLER. It is practically finished now.

Mr. JENKINS of Ohio. Are there any complications about it?

Mr. MILLER. None whatever.

Mr. JENKINS of Ohio. I withdraw my reservation of objection, Mr. Speaker.

There being no objection, the Clerk read as follows:

Be it enacted, etc., That the bridge now being constructed across Black River at or near Pocahontas, Ark., by the Arkansas State Highway Commission, if completed in accordance with the plans accepted by the Chief of Engineers and the Secretary of War as providing suitable facilities for navigation and operated as a free bridge, shall be a lawful structure, and shall be subject to the conditions and limitations of the act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, other than those requiring the approval of plans by the Secretary of War and the Chief of Engineers before the bridge is commenced.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

BRIDGE ACROSS MISSISSIPPI RIVER NEAR NEW BOSTON, ILL.

The Clerk called the next bill, H.R. 8429, to revive and reenact the act entitled "An act authorizing D. S. Prentiss, R. A. Salladay, Syl F. Histed, William M. Turner, and John H. Rahilly, their heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across the Mississippi River at or near the town of New Boston, Ill.", approved March 3, 1931.

Mr. ELTSE of California. Reserving the right to object, I would like to ask the gentleman if this is a private bridge?

Mr. MILLIGAN. A private toll bridge.

Mr. CARTER of California. Reserving the right to object, is it constructed by a private concern?

Mr. MILLIGAN. Yes.

Mr. MOTT. Mr. Speaker, I object.

Mr. CARTER of California. Mr. Speaker, I object.

BRIDGE ACROSS ST. FRANCIS RIVER NEAR LAKE CITY, ARK.

The Clerk called the next bill, H.R. 8438, to legalize a bridge across St. Francis River at or near Lake City, Ark.

Mr. MOTT. Reserving the right to object, Mr. Speaker, one of the most important bridge bills, a bill providing for a toll bridge which will be of vital interest to everybody on the Pacific coast, a bridge which links the Pacific Coast Highway between San Diego and Victoria, British Columbia, has just been objected to by the gentleman from Missouri [Mr. COCHRAN] on account of the fact that it was a private toll bridge. In a technical sense it is, of course, a private toll bridge, but the corporation which will build this bridge holds the title to it in trust for the people of Clatsop County, Oreg., and the city of Astoria, Oreg., and when the bridge is paid for by the tolls charged it is to be deeded to the public body. No toll bridge in the United States could be more important than this one at the mouth of the Columbia River. There are at least a dozen bridges on the Pacific Coast Highway over navigable streams. Such bridges have become necessities, and they must be built, whether by public or private corporations, and if that is to be the attitude of gentlemen here, that objection must be raised to every toll bridge not directly built by a public body, then I wish to give notice now that I shall object to every toll-bridge bill that is offered at this session of the Congress. I will object to every toll-bridge bill on the calendar today.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. MOTT. I yield.

Mr. COCHRAN of Missouri. It was about 6 or 7 years ago when Mr. Hawley, of Oregon, introduced that bill. The bill was prevented from passing for years, and finally it passed this House when a number of bills were put in an omnibus bill and passed by a roll call.

I investigated this proposed franchise very thoroughly. I had much correspondence with the people at Astoria. Ever since that time I have been opposing private toll bridges on the floor of this House. I stand for a sound principle. In this instance there is more objection than one to this bridge. I must go back and repeat what I said a few minutes ago. In the first place, an individual wants to build a toll bridge. If it is feasible from a financial standpoint to build that bridge, let me ask the gentleman why the State of Oregon and the adjoining State or the city of Astoria does not build the bridge?

Mr. MOTT. If I can convince the gentleman, will he withdraw his objection and let this bridge bill go through now, without waiting for the next Consent Calendar day?

Mr. COCHRAN of Missouri. Well, will the gentleman just answer my question: Where is the submarine base located with reference to this bridge? Is it up the river or down the river?

Mr. MOTT. It is up the river.

Mr. COCHRAN of Missouri. It is up the river from the point where you want to build the bridge?

Mr. MOTT. Yes.

Mr. COCHRAN of Missouri. Now, just suppose this bridge were constructed and it is a concrete bridge.

Mr. MOTT. No; it is not a concrete bridge. It will be a steel bridge.

Mr. COCHRAN of Missouri. That is right, it must be a steel bridge, because it must have a clearance of nearly 300 feet, but suppose the bridge is constructed and we have trouble, and the enemy destroys that bridge, how are the submarines going to get out? How will they get in? Suppose our warships would want to get in?

Mr. MOTT. If there is any chance of having the gentleman withdraw his objection, I should be delighted to make a statement in that regard, and I think I can convince the gentleman. Will the gentleman agree to withdraw his objection today and let the bill pass now if I can convince him

that this bridge will not interfere with the submarine base, in case the bridge should be blown up in war time, and if I can further convince him that the bridge is being built in the public interest and is not a hindrance to navigation?

Mr. MILLIGAN. Mr. Speaker, the regular order.

Mr. COCHRAN of Missouri. I shall be willing to talk to the gentleman about it, but today I cannot withdraw the objection, because I know too much about it. If the gentleman can convince me that the bridge should be constructed, I will not object to it on next Consent Calendar day.

Mr. MOTT. I thank the gentleman for that assurance, but the next regular Consent Calendar day is two weeks from now.

Mr. COCHRAN of Missouri. I want him to explain fully why local communities do not construct the bridge, and also want him to give me his views on my argument that it would not be to the interests of our national defense to build this bridge.

I assure the gentleman there is nothing personal in my objection. The RECORD will show I have consistently opposed the construction of this bridge. He should not oppose meritorious projects simply because of an objection to this bill. His people know how I have opposed the bill for years.

The SPEAKER. Regular order is demanded. Is there objection?

Mr. MOTT. Mr. Speaker, I object. I desire assurance from the gentleman that if I meet his objections today he will withdraw them when we continue the Consent Calendar tomorrow.

The SPEAKER. Regular order is demanded. The Clerk will report the next bill.

BRIDGE ACROSS PEARL RIVER IN THE STATE OF MISSISSIPPI

The Clerk called the next bill, H.R. 8516, granting the consent of Congress to the Board of Supervisors of Leake County, Miss., to construct a bridge across the Pearl River in the State of Mississippi.

Mr. MOTT. Mr. Speaker, may I get this plain from the gentleman from Missouri?

Mr. DRIVER. Mr. Speaker, regular order.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. MOTT. Mr. Speaker, I object.

BRIDGE ACROSS THE ST. CLAIR RIVER AT PORT HURON, MICH.

The Clerk called the bill (H.R. 8577) to extend the times for commencing and completing the construction of a bridge across the St. Clair River at or near Port Huron, Mich.

Mr. MOTT. Mr. Speaker, reserving the right to object——

Mr. DRIVER. Mr. Speaker, I demand the regular order.

The SPEAKER. The regular order is demanded. Is there objection?

Mr. MOTT. Mr. Speaker, I object.

Mr. WOLCOTT. Mr. Speaker, I hope the gentleman from Oregon will reserve his objection. This is simply an extension and does not change the status at all.

Mr. DRIVER. Mr. Speaker, I demand the regular order.

Mr. MOTT. Mr. Speaker, I object.

BRIDGE ACROSS WABASH RIVER

The Clerk called the bill (H.R. 8834) authorizing the owners of Cut-Off Island, Posey County, Ind., to construct, maintain, and operate a free highway bridge or causeway across the old channel of the Wabash River.

Mr. MOTT. Mr. Speaker, reserving the right to object——

Mr. DRIVER. Mr. Speaker, I demand the regular order.

Mr. MOTT. Mr. Speaker, I object.

BRIDGE ACROSS WABASH RIVER

The Clerk called the bill (H.R. 8853) to extend the time for the construction of a bridge across the Wabash River at a point in Sullivan County, Ind., to a point opposite on the Illinois shore.

Mr. MOTT. Mr. Speaker, reserving the right to object——

Mr. DRIVER. Mr. Speaker, I demand the regular order.

Mr. MOTT. Mr. Speaker, I object.

The SPEAKER. The bill, Calendar No. 109, was passed over without objection, to be called up later. The Clerk will now report the bill no. 109 on the calendar.

BRIDGE ACROSS OHIO RIVER AT CAIRO, ILL.

The Clerk called the bill (S. 2675) creating the Cairo Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the Ohio River at or near Cairo, Ill.

Mr. WOLCOTT. Mr. Speaker, reserving the right to object——

Mr. DRIVER. Mr. Speaker, I demand the regular order.

Mr. WOLCOTT. Mr. Speaker, I object.

The SPEAKER. This concludes the call of the bridge bills.

EMERGENCY AID FOR REPAIR OF EARTHQUAKE DAMAGE

Mr. McCORMACK. Mr. Speaker, I call up the conference report on the bill (H.R. 7599) authorizing the Reconstruction Finance Corporation to make loans to nonprofit corporations for the repair of damages caused by floods or other catastrophes and for other purposes.

Mr. JENKINS of Ohio. Mr. Speaker, reserving the right to object, will the gentleman make a brief explanation?

Mr. McCORMACK. This is a matter with regard to which everybody is in harmony. The gentleman from California [Mr. EVANS] is in complete agreement.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The Clerk read as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7599) to provide emergency aid for the repair or reconstruction of homes and other property damaged by earthquake, tidal wave, flood, tornado, or cyclone in 1933 and 1934 having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the text of the bill, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert:

"That the Reconstruction Finance Corporation is authorized and empowered, through such existing agency or agencies as it may designate, to make loans to nonprofit corporations, with or without capital stock, organized for the purpose of financing the acquisition of home or building sites in replacement of sites formerly occupied by buildings where such sites are declared by public authority to be unsafe by reason of flood, danger of flood, or earthquake, and for the purpose of financing the repair or construction of buildings or structures, or water, irrigation, gas, electric, sewer, drainage, flood control, communication or transportation systems, damaged or destroyed by earthquake, conflagration, tornado, cyclone, or flood in the year 1933, and in the months of January and February 1934, and deemed by the Reconstruction Finance Corporation to be economically useful or necessary.

"Obligations accepted hereunder shall be collateraled—

"(a) In case of loans for the acquisition, repair, or reconstruction of private property, by the obligations of the owner of such property, secured by a paramount lien except as to taxes and special assessments on the property to be acquired, repaired, or reconstructed, or on other property of the borrowers;

"(b) In case of loans for the repair or reconstruction of privately owned water, gas, electric, communication, or transportation systems, by the obligations of the owners of such water, gas, electric, communication, or transportation systems, secured by a lien thereon; and

"(c) In case of loans for the repair or reconstruction of property of municipalities or political subdivisions of States or of their public agencies, including public-school boards and public-school districts, and water, irrigation, sewer,

drainage, and flood-control districts, by an obligation of such municipality, political subdivision, public agency, board, or district, payable from any source, including taxation or tax-anticipation warrants.

"In any case in which any such loan is made, in whole or in part, for the acquisition of land in replacement of land privately owned and declared by public authority to be unsafe by reason of flood, danger of flood, or earthquake, such unsafe property shall be conveyed by the owner thereof, without cost, to the county, municipality, or district in which such property is situated.

"The Corporation shall not deny otherwise acceptable applications for loans for repair or reconstruction of buildings or structures, or water, irrigation, gas, electric, sewer, drainage, flood control, communication, or transportation systems of municipalities, political subdivisions, public agencies, boards, or districts because of constitutional or other legal inhibitions affecting the collateral. The collateral obligations shall have maturities not exceeding 10 years in case of loans made under paragraph (a) of this act and not exceeding 20 years in case of loans under paragraphs (b) and (c) of this act.

"The Corporation shall prescribe such regulations as will most effectively expedite the repair and construction provided for this act and effectively carry out the emergency-relief purposes of this act.

"The aggregate of loans made under this act shall not exceed $5,000,000."

And the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate to the title of the bill, and agree to the same.

JOHN W. MCCORMACK,
CHARLES WEST,
W. E. EVANS,
Managers on the part of the House.

W. G. MCADOO,
AUGUSTINE LONERGAN,
HENRY W. KEYES,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the bill (H.R. 7599) to provide emergency aid for the repair or reconstruction of homes and other property damaged by earthquake, tidal wave, flood, tornado, or cyclone in 1933 and 1934, submit the following written statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The House bill amended section 203 of the National Industrial Recovery Act to authorize loans by the President through the Administrator of Public Works to nonprofit corporations to finance projects for the repair or reconstruction of buildings, private homes, structures, lands, and public-service systems damaged or destroyed by earthquake, tidal wave, flood, tornado, or cyclone in the years 1933 and 1934 and deemed by the Administrator to be economically useful.

The Senate amendment, which is in the nature of a substitute for the House bill, makes provision for similar loans through the Reconstruction Finance Corporation and in addition authorizes loans to finance the acquisition of home or building sites in replacement of sites formerly occupied by buildings where such sites are declared by public authority to be unsafe by reason of flood, danger of flood, or earthquake. The application of the provisions of the Senate amendment is limited, however, to cases of damages occurring in 1933 and during the months of January and February 1934, and the aggregate of loans made for the purposes of the act by the Reconstruction Finance Corporation are not to exceed $3,000,000.

The conference agreement retains the provisions of the Senate amendment with respect to the making of loans but increases the aggregate loan limit to $5,000,000. Provisions are also included to the effect that the corporation may designate an existing agency or agencies for making the loans and authorizing the corporation to prescribe regulations to effectively expedite and carry out the purposes of the bill.

The Senate amendment amends the title of the bill to correspond to the changes made to the text of the bill, and the House recedes.

JOHN W. MCCORMACK,
CHARLES WEST,
W. E. EVANS,
Managers on the part of the House.

Mr. McCORMACK. Mr. Speaker, this bill was reported out of the Committee on Ways and Means unanimously; it passed the House by unanimous consent; it went over to the Senate, where a substitute was provided; and the conferees have agreed unanimously.

The purpose of the bill is to authorize loans to be made by the Reconstruction Finance Corporation for emergency aid for the repair or construction of homes and other property damaged by earthquake, tidal wave, floods, acts of God, during the year 1933 and January and February of 1934.

Mr. BLANCHARD. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. BLANCHARD. The bill provides for loans and not for grants?

Mr. McCORMACK. Yes; it provides for loans.

Mr. EVANS. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from California.

Mr. EVANS. It provides for loans secured by liens on the property to be improved.

Mr. Speaker, the gentleman from Massachusetts has correctly stated the purpose of the bill. It is almost identical with the bill which was passed by the House except it places the administration of the fund under the Reconstruction Finance Corporation instead of the Public Works Administration. It accomplishes the very same purposes as undertaken by the House bill. Speedy action is of great importance in the administration of the law, and that is why the loan power is transferred to the R.F.C.

The reason this change was made by the Senate was because nonprofit organizations have already been organized to administer such relief during the year 1933 and can administer this relief without any reorganization. This will expedite the giving of relief under the measure.

Mr. HASTINGS. Mr. Speaker, will the gentleman yield?

Mr. EVANS. Yes.

Mr. HASTINGS. What was the limit on the amount that might be loaned?

Mr. EVANS. The House bill did not limit the amount of relief that could be granted. The Senate bill limited it to $3,000,000. The conference report raises this amount to $5,000,000, and we hope that amount will be sufficient. I hope the conference report may be approved. It will mean a great deal to many home and property owners who have suffered greatly.

Mr. McCORMACK. Mr. Speaker, I move the previous question on the adoption of the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

The SPEAKER. The Clerk will call the Senate bills on the Consent Calendar.

CLAIM OF TURTLE MOUNTAIN BAND OF CHIPPEWA INDIANS

The Clerk called the bill (S. 326) referring the claims of the Turtle Mountain Band or Bands of Chippewa Indians of North Dakota to the Court of Claims for adjudication and settlement.

Mr. ELTSE of California. Mr. Speaker, reserving the right to object, there is no Department report on this bill.

Mr. SINCLAIR. I may say to the gentleman that the Commissioner of Indian Affairs was present before the Indian Affairs Committee when hearings were held on this bill, and he suggested the amendment that the gentleman

will find there, and the bill was recommended unanimously by the committee.

Mr. ELTSE of California. Why is it necessary to have this bill passed? Why does not the Department have power to handle this matter rather than the Department referring it to the Court of Claims?

Mr. SINCLAIR. This is the usual way of handling claims of this nature where the Indians have felt aggrieved. Where a particular band of Indians has felt aggrieved and that they have certain claims that must be adjudicated, the matter cannot be taken up properly by the Department. The Department is not authorized to make complete and final settlement. This is the only method provided for presenting the claims and having them finally adjudicated.

Mr. ELTSE of California. Over a period of years it would appear that there are two branches of this tribe of Indians?

Mr. SINCLAIR. Yes.

Mr. ELTSE of California. The particular tribe making this claim has never been recognized by the Department?

Mr. SINCLAIR. They have been recognized, but they have never themselves acceded or agreed to the settlement made by the main body of the tribe. I may say that this group of Indians are a branch of the main tribe and have not been properly taken care of.

Mr. ELTSE of California. I withdraw my reservation.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That jurisdiction be, and hereby is, conferred upon the Court of Claims, with right of appeal to the Supreme Court of the United States by either party, notwithstanding the lapse of time, statutes of limitations, waiver, release, settlement heretofore made or directed by any act of Congress, to hear, adjudicate, and render judgment according to right and justice and as upon a full and fair arbitration, on any and all claims not heretofore determined and adjudicated on their merits by the Court of Claims or the Supreme Court of the United States, arising under any treaty, ratified or unratified, act of Congress, agreement or understanding, verbal or written, Executive order, or treaty with any other tribes or nations of Indians by the authorized agents or representatives of the United States relating to, affecting, or violating the land occupancy or other rights of the Turtle Mountain Band or Bands of Chippewa Indians of North Dakota, including the band of Chief or Thomas Little Shell, and other isolated bands of Chippewas of North Dakota and Montana.

SEC. 2. Any and all claims against the United States within the purview of this act shall be forever barred unless suit be instituted or petition or petitions filed as herein provided in the Court of Claims within 5 years from the date of the approval of this act, and such suit shall make the Turtle Mountain Band or Bands of Chippewa Indians of North Dakota party or parties plaintiff and the United States of America party defendant. The claim or claims of the band or bands aforementioned may be presented separately or jointly by petition, subject, however, to amendment. The petition or petitions shall be verified by the respective attorney or attorneys employed to prosecute such claim or claims under contract with the Turtle Mountain Band or Bands of Chippewa Indians, approved by the Commissioner of Indian Affairs and the Secretary of the Interior, as provided by law. Official letters, papers, documents, reports, and records, or affidavits on file in the Interior Department, or certified copies thereof, may be used in evidence; and the departments of the Government shall furnish to the attorney or attorneys of said Turtle Mountain Band or Bands such treaties, agreements, papers, reports, correspondence, affidavits, or records as may be needed by the attorney or attorneys of said band or bands of Indians.

SEC. 3. That if any claim or claims be submitted to said court it shall determine the rights of the parties thereto, notwithstanding lapse of time, statutes of limitation, waiver, or release, and any payment which may have been made by the United States upon any claim so submitted shall not be pleaded as an estoppel, but may be pleaded as a set-off in any suit; and the United States shall be allowed credit subsequent to the date of any law, treaty, or agreement under which the claims arise for any sum or sums heretofore paid or expended for the benefit of said Indians.

SEC. 4. That if the Court of Claims shall determine that the United States, under the provisions of any agreement or understanding, verbal or written, Executive order, law, or treaty referred to in section 1 hereof, has unlawfully appropriated or disposed of any property belonging to the said Turtle Mountain Band or Bands of Chippewa Indians, or its or their members, or to which the said Indians had the right of title by occupancy; or if the said court shall determine that the United States, under the provisions of any such agreement, Executive order, law, or treaty, herein referred to, under mistake of fact or duress obtained title to or the cession of any land from the said Indians for an inadequate consideration; or if the court shall determine that the United States obtained cessions of land from said band or bands of Indians without obtaining the consent of a majority of the male adult members thereof; or if the court shall determine that the United States, to the loss of said Indians, appropriated to its own use or to the use of any other Indian tribe or band, or permitted white settlers to occupy and acquire title under the public land laws of the United States, to any lands in North Dakota, the title and occupancy of which by long possession by the said Indians had been acknowledged by other tribes and by officials of the United States; or if a portion of the land so claimed by the said band or bands was taken from them by an Executive order for the benefit of any other band or tribe of Indians, without compensation to the said Turtle Mountain Band or Bands of Chippewa Indians, the damages shall be confined to the reasonable money value thereof at the time of such appropriation: *Provided*, That if the Court of Claims shall determine that the United States, by reason of any delay on the part of its agents or authorized representatives, in submitting for ratification any agreement with the said Turtle Mountain Band or Bands of Chippewa Indians, for the purchase or cession of any land so occupied and possessed by them, or that the Congress of the United States, contrary to the understanding of or oral promise made to said Indians, unduly delayed the ratification of any such agreement whereby any such lands were ceded to the United States, to the detriment and loss of the said Indians, then the said court is hereby authorized to award and enter judgment, as justice and equity may demand, for damages due to such delay at 4 percent per annum of the stipulated or agreed amount set out in any such agreement ceding such lands to the United States, and to compute such interest from the date the said agreement was signed or executed by the said Indians; and with reference to all claims which may be the subject matter of the suits herein authorized, the decree of the court shall be in full settlement of all damages, if any, committed by the Government of the United States and shall annul and cancel all claim, right, and title of the said Turtle Mountain Band or Bands of Chippewa Indians and to such money or other property.

SEC. 5. Upon the final determination of such suit or suits the Court of Claims shall have jurisdiction to fix and determine a reasonable fee, not to exceed 10 percent of the recovery in each instance, together with all necessary and proper expenses incurred in preparation and prosecution of the suit, to be paid to the respective attorneys employed by the said band or bands of Indians, and the same shall be included in the decree and shall be paid out of any sum or sums found to be due said band or bands of Indians. The court shall have jurisdiction and is hereby further authorized to determine what amount of the recovery, if any, shall be awarded to the respective bands who bring suit hereunder.

SEC. 6. The Court of Claims shall have full authority by proper orders and process to bring in and make parties to such suit any other tribe or band of Indians deemed by it necessary or proper to the final determination of the matters in controversy. A copy of the petition shall, in such case, be served upon the Attorney General of the United States, and he, or some attorney from the Department of Justice to be designated by him, is hereby directed to appear and defend the interests of the United States in such case.

SEC. 7. The proceeds of all amounts, if any, recovered for said band or bands of Indians less fees and expenses shall be deposited in the Treasury of the United States to the credit of the Indians decreed by said court to be entitled thereto, and shall draw interest at the rate of 4 percent per annum from the date of the judgment or decree: *Provided*, That actual costs necessary to be incurred by the Turtle Mountain Band or Bands of Chippewa Indians as required by the rules of court in the prosecution of this suit shall be paid out of the funds of said Indians in the Treasury of the United States, upon proper vouchers, to be examined and approved by the Commissioner of Indian Affairs.

With the following committee amendment:

Page 7, after the word "decree", strike out the remainder of the paragraph.

The committee amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

INVESTIGATION OF RATES CHARGED FOR ELECTRICAL ENERGY

The Clerk called the joint resolution (S.J.Res. 74) authorizing necessary funds to conduct investigation regarding rates charged for electrical energy and to prepare report thereon.

Mr. WOLCOTT. Mr. Speaker, reserving the right to object, may I ask what the purpose of this resolution is? It appears to me that the Federal Government or the Federal Power Commission will have but little authority.

Mr. RANKIN. May I say to the gentleman that it will save time to go ahead and pass this resolution now, because the Chair has agreed to recognize me to move passage of this bill under suspension. It will save a lot of debate to pass this resolution now.

Mr. JENKINS of Ohio. Will the gentleman yield?

Mr. RANKIN. I yield.

Mr. JENKINS of Ohio. This is a resolution that the Speaker has indicated he will allow to be called up under

suspension. Therefore, I ask unanimous consent that the resolution be passed over without prejudice.

Mr. RANKIN. Why not go ahead and pass the resolution now? There will be little, if any, opposition.

Mr. JENKINS of Ohio. I shall object to it under these circumstances. If this resolution is going to come up under suspension——

Mr. RANKIN. It will come up under suspension.

Mr. JENKINS of Ohio. If the gentleman does not agree to have it passed over without prejudice, I shall have to object.

Mr. RANKIN. We are going to put it through, if possible, and, if the gentleman objects, I am going to ask recognition to move to suspend the rules. The Chair has agreed to recognize me on that motion, so it will save time to let it go through this way.

Mr. JENKINS of Ohio. Inasmuch as the Speaker has declared his intention to take this up under suspension, I shall object.

GRANT OF EASEMENT TO THE COUNTY OF GREENE, MO.

The Clerk called the bill (S. 2550) granting an easement over certain lands to the Springfield special road district in the county of Greene, State of Missouri, for road purposes.

Mr. ELTSE of California. Mr. Speaker, reserving the right to object, may I ask why it is the Federal Government has to pay $5,000 in taxes on land that it owns? There is consideration involved here of $5,000 for a strip of land which the Federal Government is needing for an easement.

Mr. MILLER. The gentleman from Missouri [Mr. RUFFIN] introduced this bill. We had this matter up in committee and the facts are that this road is being built by an improvement district which raises its funds by taxation of benefits assessed against the individual abutting property. The road runs around this particular hospital of the Government and this is the amount that the engineers have agreed that the Government ought to contribute.

Mr. ELTSE of California. This is an investment rather than a tax?

Mr. MILLER. It is in the form of an assessment.

Mr. ELTSE of California. It is not delinquent taxes?

Mr. MILLER. No.

Mr. ELTSE of California. Or a claim for taxes on the part of the State government?

Mr. MILLER. No. This is not a claim for taxes. It is simply a payment by the Government as its contribution toward the building of the road.

Mr. ELTSE of California. As an improvement assessment?

Mr. MILLER. That is right.

Mr. ELTSE of California. I have no objection.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That an easement over the following-described land, to wit: A strip of land 30 feet wide off the right side of the following-described center line: Beginning 40 feet south of the northeast corner of the northwest quarter northeast quarter section 34, township 29 north, range 22 west; thence south 2,509.91 feet; thence to the left on a curve with 146.19 feet radius 225.91 feet, except that part of the curve lying in the southwest corner southeast quarter northeast quarter of said section; thence east on east and west half section line 376.89 feet; thence to the right on a curve with 146.19 feet radius 92 feet; thence continuing on same curve but with 30 feet on both sides of the center line a distance of 41.5 feet; thence continuing on the same curve but with 30 feet on the right of the center line a distance of 92.41 feet; thence south 2,235.707 feet; thence on a curve to the right with 287.9 feet radius with 30 feet on both sides of the center line a distance of 446.417 feet; thence west with 30 feet on the right or north side of the center line to the southeast corner of the west half southeast quarter southwest quarter of said section; also a strip of land 30 feet wide off the west side of the northwest quarter southwest quarter; also a strip of land 30 feet wide off of the west side of the northwest quarter of said section except the north 324 feet; also a curve with a 100-foot radius on the center line at the northeast corner of the northwest quarter northeast quarter. All of the above described is in section 34, township 29 north, range 22 west, and is a strip of land 30 feet wide off the east, south, and west sides of the United States Hospital for Defective Delinquents, Springfield, Mo., except that at two places where curves occur the full 60-foot width of the right-of-way is included, be, and the same is hereby, granted to the State of Missouri for public-road purposes; and the Attorney General is, upon the passage of this act, authorized to execute a deed containing such restrictions consistent with the character of the grant for public-road purposes as he deems necessary.

SEC. 2. The said easement is granted solely for road purposes, and shall revert to and become the absolute property of the United States of America if used for any purpose whatsoever other than that for which this donation is made, or in the event it is abandoned or vacated as a public road.

SEC. 3. Not to exceed $5,000 of the unexpended balance of any appropriation available for the construction or maintenance of the United States Hospital for Defective Delinquents shall be available in the discretion of the Attorney General for payment to the proper authorities of the Springfield special road district of Greene County, Mo., as representing the full amount to be contributed by the Government toward the cost of constructing the road herein provided for, and in lieu of accrued taxes, if any, assessed against said property, and the said amount shall remain available for this purpose until expended.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

LOSS OF INTEREST-BEARING BONDS OF THE UNITED STATES

The Clerk called the next bill, S. 1528, to amend section 3702, Revised Statutes.

Mr. JENKINS of Ohio. Mr. Speaker, reserving the right to object, we on this side have had no opportunity to study this bill. May I ask what the bill covers?

Mr. WALTER. This bill is designed to take care of cases where Government bonds have been lost and where it is impossible to prove that the exact bond has been lost. Under existing law it is necessary to prove that a certain bond was lost or destroyed. This bill was designed to take care of certain cases where a shipment of mail, for instance, is destroyed, and to prove that the bond was in that shipment. The Treasury Department has recommended that this bill be passed with an amendment as suggested.

Mr. JENKINS of Ohio. Is this a unanimous report of the committee?

Mr. WALTER. Yes.

Mr. JENKINS of Ohio. Of the Committee on Claims?

Mr. WALTER. Yes.

Mr. JENKINS of Ohio. Is this bill designed to cover any certain individual case?

Mr. WALTER. No. It is to take care of a general situation. Under existing law it is necessary to prove that bond no. so-and-so was actually burned or destroyed at a certain place on a certain date. It is impossible, under the law, as I understand it, to show, for instance, that I sent a bond by mail and the entire shipment of mail was destroyed.

Under such circumstances, under the present law, it would be impossible to be reimbursed unless you knew the actual number of the bond.

Mr. JENKINS of Ohio. Has the Treasury Department made any report in the matter?

Mr. WALTER. Yes; the Treasury Department has reported recommending the bill, with an amendment which I have included in the measure.

Mr. JENKINS of Ohio. Mr. Speaker, I withdraw my reservation of objection.

There being no objection, the Clerk read the Senate bill, as follows:

Be it enacted, etc., That section 3702 of the Revised Statutes is hereby amended by adding at the end thereof the following paragraphs:

"(2) Whenever it appears to the Secretary of the Treasury by clear and unequivocal proof that any interest-bearing bond of the United States, fully identified by number and description, has, without bad faith on the part of the owner, been lost to such owner under such circumstances and for such period of time after it has matured or has become redeemable pursuant to a call for redemption as in the judgment of the Secretary would indicate that it had been destroyed or irretrievably lost, is not held by any person as his own property and will not be presented by a bona fide holder for value, the Secretary of the Treasury is authorized to make payment of the amount which would have been due on such bond had it been presented at the time it became due and payable. But no payment shall be made on account of interest represented by coupons claimed to have been attached to a missing coupon bond at the time of its loss or destruction, unless the Secretary of the Treasury is satisfied that such coupons have not been paid and are in fact destroyed or can never be made the basis of a claim against the United States: *Provided*, That where relief is authorized under the provisions of this paragraph the bond of indemnity required by section 3703 of the Revised Statutes shall

be in a penal sum of double the amount to be paid and shall be executed by an approved corporate surety. The Secretary of the Treasury is further authorized to make from time to time such regulations and restrictions as he may prescribe with respect to the administration of this paragraph.

"(3) The term 'bond' wherever used in this section and in sections 3703, 3704, and 3705 of the Revised Statutes shall be deemed, for the purposes of these sections, to include any interest-bearing obligation of the United States or those issued on a discount basis."

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

INLAND WATERWAYS CORPORATION

The Clerk called the bill (S. 2347) to amend the Inland Waterways Corporation Act, approved June 3, 1924, as amended.

Mr. EDMONDS. Mr. Speaker, I object.

Mr. WHITE. Mr. Speaker, may I ask the gentleman to withhold his objection? This simply amends the bill to include the Columbia River and the Snake River and put them in the same category as the Mississippi and Warrior Rivers. The bill is recommended by the Department and has been reported unanimously by the committee. It also has the sanction of the Inland Waterways Corporation, and I ask the gentleman to withdraw his objection.

Mr. EDMONDS. Mr. Speaker, I renew my objection, because I am opposed to any extension of the activities of the Inland Waterways Corporation beyond what they are at the present time.

I object, Mr. Speaker.

THE WHALING INDUSTRY

The Clerk called the joint resolution (S.J.Res. 15) extending to the whaling industry certain benefits granted under section 11 of the Merchant Marine Act, 1920.

Mr. JENKINS of Ohio. Mr. Speaker, reserving the right to object, we on this side have had no time to study this measure, and I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

AMENDMENT OF RADIO ACT OF 1927

The Clerk called the bill (S. 2660) to amend the Radio Act of 1927, approved February 23, 1927, as amended (44 Stat. 1162).

Mr. JENKINS of Ohio. Mr. Speaker, I make the same request with respect to this bill; that it be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

ORDER OF BUSINESS

The SPEAKER. That concludes the calling of the bridge bills and Senate bills on the Consent Calendar. Motions to suspend the rules will be next in order, and the Chair desires to say that on two of these bills a longer time than 20 minutes on the side has been given. The Chair hopes that with respect to other bills there will be no requests to extend the time, as this defeats the object of the rule entirely. If no one else objects to such requests, the Chair will have to object.

The Chair now recognizes the gentleman from Mississippi [Mr. RANKIN].

ELECTRICAL-ENERGY RATES

Mr. RANKIN. Mr. Speaker, I move to suspend the rules and pass the joint resolution (S.J.Res. 74) authorizing necessary funds to conduct investigation regarding rates charged for electrical energy and to prepare report thereon.

The Clerk read the Senate joint resolution, as follows:

Whereas accurate and comprehensive information regarding the rates charged for electrical energy and its service to residential, rural, commercial, and industrial consumers throughout the United States is required by the Congress and other governmental agencies; and

Whereas no compilation of such rates and charges has been made by any official body: Therefore be it

Resolved, etc., That the Federal Power Commission be, and it is hereby, authorized and directed to investigate and compile the rate charged for electric energy and its service to residential, rural, commercial, and industrial consumers throughout the United States by private and municipal corporations and to report such rates, together with an analysis thereof, to the Congress at the earliest practicable date.

SEC. 2. That for the purposes of this investigation the Federal Power Commission is authorized and directed to utilize, as far as may be practicable, information relating to electric rates and rate schedules filed with the public-service commissions of the several States and shall have power to require, by general or special orders, corporations engaged in the sale of electricity to file with the Commission, in such form as the Commission may prescribe, schedules of rates charged to all classes of consumers and to submit to the Commission reports, or answers in writing to specific questions, furnishing such information as the Commission may require relative to the sale of electrical energy and its service to consumers. Such reports and answers shall be made under oath, or otherwise, as the Commission may prescribe, and shall be filed with the Commission within such reasonable period as the Commission may prescribe, unless additional time be granted in any case by the Commission. The Commission, or its duly authorized agent, or agents, shall at all reasonable times have access to, for the purpose of examination, and the right to copy any documentary evidence relative to the sale of electrical energy or its service to consumers by any corporation engaged in the sale of electricity.

SEC. 3. That the President of the United States is hereby authorized to make available from the funds which have been or may be appropriated for expenditure subject to his discretion the amount which, in his judgment, is necessary for the purposes of this investigation and preparation of a report.

The SPEAKER. Is a second demanded?

Mr. MARTIN of Massachusetts. Mr. Speaker, in the absence of the gentleman from Ohio, who is coming over in a moment, I demand a second.

Mr. RANKIN. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. RANKIN. Mr. Speaker, this measure is identical with House Joint Resolution 236, introduced by me sometime ago. The object of it is to empower and direct the Federal Power Commission to investigate, compile, and publish the rates charged for electrical energy to residential, rural, commercial, and industrial consumers by private and municipal corporations.

This is one of the most important measures that has come before this Congress. We have today in this far-flung country, hundreds, and possibly thousands of different producers of electric power which is being distributed and sold at retail, and there is no way on earth, except by a resolution of this kind, to get a correct and complete report of the rates which are being charged in the various localities.

We find that in some places producers are charging two or three times as much for electric energy as is being charged in other places, even in the same State.

I read into the RECORD last night a statement showing that certain farmers in Minnesota were being charged 10 or 15 times as much for electrical energy as was being charged in the State of Washington or as is now being charged in Tupelo, Miss., under the T.V.A. yardstick. I read into the RECORD several days ago statistics showing that the power rates were all out of line in nearly every State in the Union.

In my own State it is impossible to find out what the power rates are in all municipalities, because the power companies in the small publication they issue give only a few of the larger towns. I showed that in one town in Mississippi 4,000 kilowatt-hours of electrical energy for 1 month would cost $20.90, and in another town in the same State they would cost more than $200. The same condition prevails in other States.

In the State of Maine, for instance, I find that in Portland and Old Orchard, 100 kilowatt-hours of electric energy will cost the residential consumer $82, while in Tupelo, Miss., or any other municipality in that area served by the T.V.A., it will cost $8.90.

Inequalities in power rates prevail in every section of the country. We have tried every way to get a complete report

of the rates charged, and the only way we have found to get these rates is through a resolution of this kind.

We first asked that these rates be taken by the Bureau of the Census. It was agreed that the C.W.A. would furnish the funds, but on investigation the administration decided that these rates should be collected by the Federal Power Commission, and for that reason I changed the resolution before it was introduced. Senator NORRIS introduced it in the Senate, where it was passed several weeks ago.

Mr. MARTIN of Massachusetts. Will the gentleman yield for a question?

Mr. RANKIN. The gentleman has time.

Mr. MARTIN of Massachusetts. I yield 3 minutes to the gentleman to answer the question.

Mr. RANKIN. If the gentleman will yield me 3 minutes, then I will yield to him.

Mr. MARTIN of Massachusetts. I would like to inquire of the gentleman if this information is not now available in the Federal Trade Commission or in some of the State commissions?

Mr. RANKIN. No; it is not. If it were, I certainly would not ask for the passage of this resolution.

Mr. MARTIN of Massachusetts. It is not available in the State commissions?

Mr. RANKIN. No; it is not. Besides that, there are several States which do not have public-utilities commissions with jurisdiction over electric rates. Therefore, it has been impossible to get this information from those States. I will say further that in those States which do have utilities commissions which gather this information, we can get it from them, and it will greatly reduce the expense of this investigation.

Mr. MARTIN of Massachusetts. Has the gentleman any knowledge of what the cost of this resolution would be?

Mr. RANKIN. No; the Census Bureau estimated that if they had to go out in the field and collect the information as they do the census, it would cost something under $300,000, but the Federal Power Commission will have access to the channels to which the gentleman from Massachusetts refers, and, therefore, in my opinion, it will not cost anything like that amount but a great deal less; for the reason that where that information can be gathered in the way the gentleman indicates, it will be furnished to the Federal Power Commission by the utilities commissions of the various States where it is available.

Mr. EVANS. Will the gentleman yield for another question?

Mr. RANKIN. I yield.

Mr. EVANS. Will this apply to concerns doing business entirely within a State?

Mr. RANKIN. Yes; if they furnish it. Of course, if they are doing business entirely within a State, it may be that they would not volunteer to furnish this information.

Mr. EVANS. Does the gentleman understand that the Federal Power Commission would have jurisdiction to make an investigation of utilities operating entirely within a State?

Mr. RANKIN. I think they would, where they voluntarily furnish it. Some of the utilities, at least, are anxious to have this resolution passed, because they want this information themselves, and they cannot get it.

Mr. EVANS. I am not intending to express any opinion of my own, but I was wondering if that question had been raised?

The SPEAKER. The time of the gentleman from Mississippi has again expired.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield the gentleman 3 additional minutes.

Mr. DONDERO. Will the gentleman yield?

Mr. RANKIN. I yield.

Mr. DONDERO. After this information has been obtained, can the gentleman from Mississippi explain what use or benefit will be derived from it insofar as the people of the country getting some benefit from it is concerned?

Mr. RANKIN. Yes; I shall be glad to do that. When this information is obtained it will be published in book form. It is very necessary for the Federal Trade Commission itself to have this information. The Tennessee Valley Authority wants this information. Various State governments and many of the State utilities commissions desire to have this information. It will be furnished to them. It will be furnished to the Governors of the various States. It will also be furnished to the various municipalities that desire this information. There are a great many of them today that are begging for it. It will also be furnished to Members of Congress. It will be furnished as a public document in order that the American people in every locality may have access to it.

Mr. MARTIN of Massachusetts. The gentleman has answered my questions quite thoroughly, and I have no objection to the bill.

Mr. TAYLOR of Tennessee. Will the gentleman yield?

Mr. RANKIN. I yield.

Mr. TAYLOR of Tennessee. The object is to establish a yardstick to show what the cost of electricity should be.

Mr. RANKIN. Yes. We are trying to bring uniform rates to the American people.

Mr. McFADDEN. Will the gentleman yield?

Mr. RANKIN. I yield.

Mr. McFADDEN. The gentleman realizes that the capital stock of these companies, which has been greatly written up, is a factor in making these rates; is it not?

Mr. RANKIN. Yes; but we do not propose to investigate the capital structure. That would be impossible. I notice that the National Electric Light Association, which has been succeeded by the Edison Electric Institute publishes a volume, a copy of which I have in my possession, in which they give the rates in a few municipalities in each State, but they do not give any of the costs on which the rate structure is based. We talked that matter over and decided it was best not to try to go into that because it would be interminable.

Mr. McFADDEN. The gentleman is aware that the Federal Trade Commission is in the midst of an investigation which shows a tremendous write-up of values upon which rates are based.

Mr. RANKIN. A tremendous watering of stocks.

Mr. McFADDEN. Yes.

Mr. RANKIN. Yes. I am aware of that.

The SPEAKER. The time of the gentleman from Mississippi has again expired.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield the gentleman from Mississippi 2 additional minutes.

Mr. BAKEWELL. Mr. Speaker, will the gentleman yield?

Mr. RANKIN. I yield.

Mr. BAKEWELL. I notice your resolution provides that the Federal Power Commission shall have power to require corporations engaged in the sale of electricity, and so on, to furnish certain information. This power could not be given provided the electricity was all sold within the limits of one State?

Mr. RANKIN. The gentleman may be correct about that.

Mr. BAKEWELL. And therefore there should be a change in the wording of the resolution.

Mr. RANKIN. That cannot be done under suspension of the rules.

Mr. BAKEWELL. This commission is to find what the charge for electricity is in different parts of the country, from both publicly owned utilities and privately owned utilities; the gentleman himself has referred to it as giving a measuring rod of values.

Mr. RANKIN. Yes; a yardstick.

Mr. BAKEWELL. My question is whether this commission in the case of a publicly owned utility will, in seeking to ascertain the actual charge, seek also to determine what, if any, allowance has been made for interest on the investment, and for taxes, which would have had to be paid were it a private corporation? In other words, is the set-up going to be such that there will be any real comparative standard? That makes a great difference in the value of any report that may be made as a result of the investigation.

Mr. RANKIN. I may say to the gentleman from Connecticut that the Federal Power Commission could not

afford to go into an examination of all the elements of cost and, as the gentleman from Pennsylvania said, all the stock issues, all the holding companies and all the subsidiaries. What is sought to be accomplished by this resolution is a compilation, what might be called a census, of the power rates now charged; and it is our hope that this can be done at little expense and that the information may be brought down to date from time to time and kept on file so that all the American people may have access to it.

Mr. MARTIN of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. RANKIN. I yield.

Mr. MARTIN of Massachusetts. Does the gentleman know how many States already have this information readily available?

Mr. RANKIN. I think all but seven or eight have such information, or are in position to obtain it.

Mr. MARTIN of Massachusetts. Then the cost of compiling this information should not reach a great figure?

Mr. RANKIN. My honest opinion is that this information can be furnished largely through the mails, and that it could be secured at a very small cost.

Mr. MARTIN of Massachusetts. And has the Department the personnel available to collect this information?

Mr. RANKIN. I think so.

Mr. MAPES. Mr. Speaker, will the gentleman yield?

Mr. RANKIN. I yield.

Mr. MAPES. As I recall the resolution when it was before the committee it provides that the Federal Trade Commission shall not only make a compilation of the rates charged for electric energy throughout the country, but it is also required to make an analysis of the different rates.

Mr. RANKIN. That means this, I will say to the gentleman from Michigan, that the different systems of charges, for instance, such as the "block system", the "Wright demand system", the "step system", and others, will be expressed in the terms of some common, simplified form so that a man of ordinary intelligence can look at it and tell just exactly what that energy costs the ultimate consumer.

Mr. MAPES. That is what I had in mind.

Mr. BAKEWELL. I fear the gentleman has not yet answered my question. I would like to know how these statistics are to be made of any value when it is not known what the true cost is, by reason of concealed factors. For instance, the publicly owned utilities pay no taxes, pay no interest on the investment, and make no provision for depreciation.

Mr. RANKIN. Let me say to the gentleman from Connecticut that I am surprised that an educator should ask how these statistics are to be made of any value.

Mr. BAKEWELL. Unless you get the full facts.

[Here the gavel fell.]

Mr. RANKIN. Mr. Speaker, I yield myself 5 additional minutes.

You take a census of other things; you take a census of manufacturers, a census of agriculture.

Mr. BAKEWELL. They are all working under the same conditions.

Mr. RANKIN. In investigations such as those to which the gentleman refers the investigator asks none of the manufacturers of a given article what it costs to produce the article. We do not ask farmers what it costs to produce the articles they grow in taking an agricultural census. This is a compilation of statistics showing rates that are charged to the ultimate consumers of electricity throughout the country.

Mr. BAKEWELL. That is perfectly true, but it is of no value to us if important factors are left out of consideration entirely. It would be analogous to a comparison of the cost of furniture manufactured by a private concern with the cost of furniture manufactured at the proposed Government plant at Reedsville, W.Va.; the two factories are not working under the same conditions at all; and the comparative figure means nothing.

Mr. RANKIN. Let me suggest to the gentleman from Connecticut that he is not in agreement with the private producers of electric power, because they publish a large book to give their people information as to what rates they are charging; but they say not a single word as to costs.

Mr. BAKEWELL. That has nothing to do with it, because they are all working on a private basis.

Mr. RANKIN. But private bases differ.

Mr. BAKEWELL. They are working on bases different from those of publicly owned utilities.

Mr. RANKIN. They have some publicly owned plants recorded in this book.

Mr. SADOWSKI. Mr. Speaker, will the gentleman yield?

Mr. RANKIN. I yield.

Mr. SADOWSKI. In my opinion the information to be developed as a result of this investigation will be of value to every Member of the House.

Mr. BAKEWELL. Oh, it would be interesting.

Mr. SADOWSKI. My city, Detroit, is charging three times the rate that is being charged in Washington. I did not know that before. I would like to have some comparative figures as to the rates being charged all over the United States.

Mr. RANKIN. Let me say to the gentleman from Michigan that the record shows that the city of Detroit pays practically three times as much for electricity as is paid right across the river in Windsor, Canada; yet Windsor transmits her power 250 miles from Niagara Falls. If the gentleman from Connecticut [Mr. BAKEWELL] will take the address I made in the House here on February 7 and read the rates which I quoted from his own State and take the comparisons in the various States as between municipalities or as between different points served by the same company, he will see where this information will be very, very valuable to the people of a locality in arriving at a determination as to what would be a reasonable charge for electric energy.

Mr. BAKEWELL. Now the gentleman is getting down to the point, namely, a reasonable charge.

Mr. RANKIN. A reasonable charge; yes.

Mr. BAKEWELL. May I ask the gentleman this question? When the Tennessee Valley Authority was set up there was an effort made at the other end of the Capitol to have the same system of accounting used that is required in the District of Columbia, which did not succeed. My only point is that unless we have something of that sort these comparisons are not going to mean very much to us, and we will be misled by the fact one pays a little less and one pays a little more. The total charges must be taken into consideration.

Mr. RANKIN. We want electric energy charges based on the cost of production and not based on all this watered stock that has been referred to here. [Applause.] It was that element of promoters headed by Samuel Insull that was approaching the men at the other end of the Capitol, attempting to hamstring the Tennessee Valley Authority in every way possible. We want to get the facts as to the rates charged, and that is all we can get. That is all the National Electric Light Association gives you. We want the facts as to what they are selling energy for, then it is up to the man who is producing it to show that he is basing a certain class of energy on the cost of production. That is what we are after.

Mr. BAKEWELL. May I interrupt a moment? I have no quarrel with the gentleman on that point. We are all in agreement. My only point is I want to see that the report to be made will give the cost of production in both cases, as well as the rates charged.

Mr. RANKIN. That question is not involved here. What we want is a full and complete report of the rates charged in every locality. Let us turn in this blessed sunlight of publicity and you will see a lot of watered power stock evaporate like mist before the morning sun.

When these rates are published and the American people realize how they have been robbed and plundered to pay dividends on watered power stocks, the force of an outraged public opinion will not only squeeze the water out of those stocks, but it will force these power rates down all over the

country. My prediction is that the passage of this resolution will save the ultimate consumers of electric energy in this country not less than $50,000,000 a year.

Mr. Speaker, I ask for a vote on the resolution.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield back the balance of my time.

Mr. RANKIN. Mr. Speaker, I ask for a vote.

The question was taken; and two thirds having voted in favor thereof, the rules were suspended, and the bill was passed.

SPECIAL STATISTICAL STUDIES

Mr. CONNERY. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (S. 2689) to authorize the Department of Labor to make special statistical studies upon payment of the costs thereof, and for other purposes.

The Clerk read the title of the bill.

Mr. BYRNS. Mr. Speaker, let the bill be reported.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Department of Labor be, and hereby is, authorized, within the discretion of the Secretary of Labor, upon the written request of any person, to make special statistical studies relating to employment, hours of work, wages, and other conditions of employment; to prepare from its records special statistical compilations; and to furnish transcripts of its studies, tables, and other records, upon the payment of the actual cost of such work by the person requesting it.

SEC. 2. All moneys hereinafter received by the Department of Labor in payment of the cost of such work shall be deposited to the credit of the appropriation of that bureau, service, office, division, or other agency of the Department of Labor which supervised such work, and may be used, in the discretion of the Secretary of Labor, and notwithstanding any other provision of law, for the ordinary expenses of such agency and/or to secure the special services of persons who are neither officers nor employees of the United States.

SEC. 3. The Secretary of Labor shall prescribe rules and regulations for the enforcement of this act; and the Secretary of Labor shall make a report to Congress, at the beginning of each regular session, giving a detailed statement showing (1) the name of every person for whom work has been performed under the authority of this statute, (2) the nature of the services rendered to him, (3) the price charged for these services by the Department of Labor, and (4) the manner in which the moneys received were deposited or used.

SEC. 4. This act shall cease to be effective 1 year after the date of its enactment.

Mr. BYRNS. Mr. Speaker, reserving the right to object, may I say the gentleman from Massachusetts did not speak to me about this bill. May I ask the gentleman why he is asking for the passage of the bill at this time?

Mr. CONNERY. I spoke to the Speaker about this matter two or three days ago, and told him that this was a bill which had unanimously passed the Senate. The bill was referred to the Committee on Labor of the House and received a unanimous report of the Committee on Labor. The Secretary of Labor is very anxious that this bill be passed immediately. If anyone wants to get statistics from the Department of Labor in reference to any industry, hours, wages, or anything else, in the discretion of the Secretary of Labor this information may be furnished, but the person requesting the information will have to pay the cost. That is the whole purpose of this bill.

Mr. BYRNS. I have no objection, but I wish the gentleman had spoken to me first.

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, I did not catch the answer to the gentleman from Tennessee. Will the gentleman tell us how much this bill is going to cost?

Mr. CONNERY. It will not cost the Government a nickel.

Mr. MARTIN of Massachusetts. The subscribers will pay the cost?

Mr. CONNERY. Yes. It will not cost the Government a nickel. The person requesting the information will pay the bill.

Mr. DUFFEY. Mr. Speaker, I object.

THE SUGAR BILL

Mr. JONES. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 8861) to include sugar beets and sugar cane as basic agricultural commodities under the Agricultural Adjustment Act, and for other purposes, with amendments.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 11 of the Agricultural Adjustment Act, as amended, is amended by adding after the word "tobacco" a comma and the words "sugar beets and sugar cane", followed by a comma.

SEC. 2. Subsection (d) of section 9 of the Agricultural Adjustment Act, as amended, is amended by adding after paragraph (4) thereof the following:

"(5) In the case of sugar beets and sugar cane—

"(A) The term 'processing' means the processing of sugar beets or sugar cane into refined sugar or into any sugar which is not to be further refined (or improved in quality). When raw sugar is produced by one person and the final refining is done by another person, the final refining of the sugar shall be deemed to be the processing.

"(B) The term 'processor' means the person completing the processing.

"(C) The term 'sugar' means sugar in any form whatsoever, derived from sugar beets or sugar cane, including also edible molasses, raw sugar, direct-consumption sugar, sirups, and any mixture containing sugar (except blackstrap molasses and beet molasses). Such edible molasses, raw sugar, direct-consumption sugar, sirups, and sugar mixtures, included within the word 'sugar', as herein defined, shall be considered to constitute sugar to the extent of their total sugar content as determined in regulations prescribed by the Secretary of Agriculture.

"(D) The term 'blackstrap molasses' means the commercially so-designated 'by-product' of the cane-sugar industry, not used for human consumption or for the extraction of sugar.

"(E) The term 'beet molasses' means the commercially so-designated 'by-product' of the beet-sugar industry, not used for human consumption or for the extraction of sugar.

"(F) The term 'raw sugar' means sugar, as defined above, manufactured or marketed in, or brought into, the United States, in any form whatsoever, for the purpose of being, or which shall be, further refined (or improved in quality).

"(G) The term 'direct-consumption sugar' means sugar, as defined above, manufactured or marketed in, or brought into, the United States in any form whatsoever, for any purpose other than to be further refined (or improved in quality).

"(H) The term 'raw value' means a ratio of 107 pounds of raw sugar testing by the polariscope 96 sugar degrees to 100 pounds of refined sugar testing by the polariscope 99.9 sugar degrees and above; for the purposes of determining quotas, all sugar except beet sugar produced in continental United States shall be adjusted to this ratio; in the case of such beet sugar, 100 pounds of refined sugar as produced will be deemed the equivalent of 107 pounds of raw sugar."

SEC. 3. Subsection (b) of section 9 of the Agricultural Adjustment Act, as amended, is amended by striking out the period at the end of the first sentence, and inserting a colon and the following: "*Provided, however*, That in the case of sugar beets and sugar cane, the processing tax shall be imposed upon the production of the products and/or by-products resulting from the processing thereof, and the rate of the processing tax, as applied to each such product or by-product, shall be in accordance with the total sugar content thereof as determined by, and under regulations prescribed by, the Secretary of Agriculture, but the rate of the processing tax so established in accordance with the requirements of this subsection shall in no event be in excess of the amount of the reduction by the President of the rates of duty on sugar in effect on January 1, 1934, under paragraph 501 of the Tariff Act of 1930."

SEC. 4. Section 8 of the Agricultural Adjustment Act, as amended, is amended by adding at the end thereof the following new section:

"SEC. 8a. (1) Having due regard to the welfare of domestic producers and to the protection of domestic consumers and to a just relation between the prices received by domestic producers and the prices paid by domestic consumers, the Secretary of Agriculture may, in order to effectuate the declared policy of this act, from time to time, by orders or regulations—

"(A) Forbid processors, handlers of sugar, and others from importing sugar into continental United States for consumption, or which shall be consumed, therein, and/or from transporting to, receiving, processing or marketing in, continental United States, sugar from the Territory of Hawaii, the Virgin Islands, Puerto Rico, the Philippine Islands, the Canal Zone, American Samoa, the island of Guam, and from foreign countries, including Cuba, respectively, in excess of quotas, for any calendar year, based on average importations or receipts therefrom into continental United States for consumption, or which was actually consumed, therein, during such 3 years, respectively, in the years 1925–33, inclusive, as the Secretary of Agriculture may, from time to time, determine to be the most representative respective 3 years, adjusted (in such manner as the Secretary shall determine) to the remainder of the total estimated consumption requirements of sugar for continental United States, determined pursuant to subsection (2) of this section, after deducting therefrom the quotas for continental United States, provided for by paragraph (B) of this subsection: *Provided, however*, That in such quotas there may be included, in the case of the Territory of Hawaii, the Virgin Islands, Puerto

Rico, the Philippine Islands, the Canal Zone, American Samoa, and the island of Guam, direct-consumption sugar up to an amount not exceeding the respective importations or receipts of direct-consumption sugar therefrom into continental United States for consumption, or which was actually consumed, therein during the years 1931, 1932, or 1933, whichever is greater, and in the case of Cuba, direct-consumption sugar up to an amount not exceeding 22 percent of the quota established for Cuba: *And provided further*, That any imported sugar, with respect to which a drawback of duty is allowed, under the provisions of section 313 of the Tariff Act of 1930, shall not be charged against the quota established by the Secretary of Agriculture hereunder for the country from which such sugar was imported, and the Secretary of Agriculture may, by orders or regulations, allot such quotas and readjust any such quota or allotment in any aforesaid production area and/or in continental United States, from time to time, among the processors, handlers of sugar, and others; and/or

"(B) Forbid processors, handlers of sugar, and others from marketing in, or in the current of, or in competition with, or so as to burden, obstruct, or in any way affect, interstate or foreign commerce, sugar manufactured from sugar beets and/or sugar cane, produced in the continental United States beet-sugar-producing area, the State of Louisiana, the State of Florida, and any other State or States in excess of the following quotas, for any calendar year, except as provided for in subsection (2) of this section: United States beet-sugar area, 1,550,000 short tons raw value; the States of Louisiana and Florida, except as may be provided under paragraph (C) of this section, 260,000 short tons raw value; and the Secretary of Agriculture may, by orders or regulations, allot such quotas and readjust any such allotment, from time to time, among the processors, handlers of sugar, and others; and/or

"(C) For any calendar year, determine the quota for any area producing less than 250,000 long tons of sugar raw value during the next preceding calendar year; and/or

"(D) Establish a separate quota or quotas for edible molasses and/or for sirup of cane juice produced in continental United States, in addition to the quotas established pursuant to paragraphs (A) and (B) of this subsection.

"(2) (A) The consumption requirements of sugar for continental United States, for the calendar year 1934, and for each succeeding calendar year, shall be determined by the Secretary of Agriculture from available statistics of the Department of Agriculture. The consumption requirements so determined shall, at such intervals as the Secretary finds necessary to effectuate the declared policy and the purposes of this act, be adjusted by him to meet the actual requirements of the consumer as determined by the Secretary.

"(B) In the event that the consumption requirements of sugar for continental United States, for any calendar year, exceed the amount of the consumption requirements determined for that year, or exceed the amount of the consumption requirements determined for the year next preceding, the Secretary of Agriculture may prorate such excess amount on the basis of the respective quotas determined by and pursuant to subsection (1) of this section: *Provided, however*, That the percentage of such excess prorated for continental United States shall be not less than 30 percent thereof.

"(C) In the event that the consumption requirements of sugar for continental United States, for any calendar year, are less than the amount of consumption requirements determined for that year, or are less than the amount of the consumption requirements determined for the year next preceding, the amount of such deficiency may be proportionately deducted from the respective quotas determined by and pursuant to paragraph (A) of subsection (1) of this section.

"(D) If, during any calendar year, any producing area is unable to produce and deliver its full quota of sugar, the Secretary of Agriculture may prorate this deficiency among the other areas on the basis of their respective quotas and ability to supply the deficiency.

"(E) Notwithstanding the provisions of paragraphs (A) to (C), inclusive, of subsection (1) of this section, the Secretary of Agriculture may, in order to effectuate the declared policy of this act, from time to time, by orders or regulations, deduct from the quotas for production, importing, receiving, and/or marketing, and/or from the allotments thereof, established pursuant to said paragraphs, in any given year, an amount for each year, respectively, representing the surplus stocks of sugar produced in that area, or a portion of the total surplus stocks of sugar produced in that area, in whole or in part, which may have accumulated in the year next preceding, over and above the quotas established for such year.

"(3) In order more fully to effectuate the declared policy of this act, as set forth in its declaration of policy, and to insure the equitable division between producers and/or growers and/or the processors of sugar beets or sugar cane of any of the proceeds which may be derived from the growing, processing, and/or marketing of such sugar beets or sugar cane, and the processing and/or marketing of the products and by-products thereof, all agreements authorized by this act may contain provisions which will eliminate child labor and will fix minimum wages for workers or growers employed by, or under the control of, the producers and/or processors who are parties to such agreements, and the Secretary, upon the request of any producer, or grower, or worker, or of any association of producers, or growers, or workers, or of any processor, of sugar beets or sugar cane, is hereby authorized to adjudicate any dispute as to any of the terms under which sugar beets or sugar cane are grown or are to be grown and/or marketed, and the sugar and by-products thereof are to be marketed. The decision and any determination of the Secretary shall be final.

"(4) Any person willfully violating any order or regulation of the Secretary of Agriculture issued under this section shall, upon conviction, be punished by a fine of not more than $1,000 or by imprisonment for not more than 6 months.

"(5) Any person willfully exceeding any quota or allotment fixed for him under this section by the Secretary of Agriculture, and any other person knowingly participating or aiding in the exceeding of said quota or allotment, shall forfeit to the United States a sum equal to three times the current market value of such excess, which forfeiture shall be recoverable in a civil suit brought in the name of the United States. All sums recovered shall be paid into the Treasury and are hereby authorized to be appropriated to be available to the Secretary of Agriculture for the purposes named in section 12 (b) of this act.

"(6) The several district courts of the United States are hereby vested with jurisdiction to prevent and restrain any person from violating the provisions of this section, or of any order, regulation, agreement, or license heretofore or hereafter made or issued pursuant to this title.

"(7) Upon the request of the Secretary of Agriculture, it shall be the duty of the several district attorneys of the United States, in their respective districts, under the directions of the Attorney General, to institute proceedings to enforce the remedies and to collect the forfeitures provided for in this title.

"(8) The remedies provided for in this subsection shall be in addition to, and not exclusive of, any of the remedies or penalties provided for elsewhere in this title or now or hereafter existing at law or in equity.

"(9) The term 'person' as used in this title includes an individual, partnership, corporation, association, and any other business unit."

SEC. 5. Paragraph (5) of subsection (d) of section 9 of the Agricultural Adjustment Act, as amended, is hereby renumbered (6).

SEC. 6. Section 9 of the Agricultural Adjustment Act, as amended, is amended, by adding after subsection (e) thereof the following new subsection:

"(f) For the purposes of part 2 of this title, processing shall be held to include manufacturing."

SEC. 7. Subsection (f) of section 10 of the Agricultural Adjustment Act, as amended, is amended by striking out the period at the end of such subsection and adding a semicolon and the following: "except that, in the case of sugar beets and sugar cane, the President, if he finds it necessary in order to effectuate the declared policy of this act, is authorized by proclamation to make the provisions of this title applicable to the Philippine Islands, the Virgin Islands, American Samoa, the Canal Zone, and/or the island of Guam."

SEC. 8. Subsection (e) of section 15 of the Agricultural Adjustment Act, as amended, is amended by striking out the period at the end of the first sentence of such subsection and adding a colon and the following: "*Provided further*, That the President, in his discretion, is authorized by proclamation to decree that all or part of the taxes collected from the processing of sugar beets or sugar cane in Puerto Rico, the Territory of Hawaii, the Philippine Islands, the Virgin Islands, American Samoa, the Canal Zone, and/or the island of Guam (if the provisions of this title are made applicable thereto), and/or upon the processing in continental United States of sugar produced in, or coming from, said areas, shall not be covered into the general fund of the Treasury of the United States but shall be held as a separate fund, in the name of the respective area to which related, to be used and expended for the benefit of agriculture and/or paid as rental or benefit payments in connection with the reduction in the acreage, or reduction in the production for market, or both, of sugar beets and/or sugar cane, and/or used and expended for expansion of markets and for removal of surplus agricultural products in such areas, respectively, as the Secretary of Agriculture, with the approval of the President, shall direct."

SEC. 9. Subsection (a) of section 9 of the Agricultural Adjustment Act, as amended, is further amended by striking out the period after the word "proclamation", in line 8, and inserting in lieu thereof a semicolon and the following: "except that, in the case of sugar beets and sugar cane, the Secretary of Agriculture shall, on or before the thirtieth day after the adoption of this amendment, proclaim that rental or benefit payments with respect to said commodities are to be made, and the processing tax shall be in effect on and after the thirtieth day after the date of the adoption of this amendment. In the case of sugar beets and sugar cane, the calendar year shall be considered to be the marketing year."

SEC. 10. Section 16 (a) (1) of the Agricultural Adjustment Act, as amended, is amended by inserting at the end thereof the following:

"Such tax upon articles imported prior to, but in customs custody or control on, the effective date, shall be paid prior to release therefrom. In the case of sugar, the tax on floor stocks, except the retail stocks of persons engaged in retail trade, shall be paid for the month in which the stocks are sold, or used in the manufacture of other articles, under rules and regulations prescribed by the Commissioner of Internal Revenue with the approval of the Secretary of the Treasury."

SEC. 11. Section 15 (e) of the Agricultural Adjustment Act, as amended, is amended by striking out in lines 3 and 4 the words "in chief value", and inserting in lieu thereof the word "partly"; by inserting in line 7, after the comma following the word "apply", the words "whether imported as merchandise, or as a container of

merchandise, or otherwise" followed by a comma; and by inserting in line 9, after the word "processing", the words "of such commodity."

SEC. 12. Section 17 (a) of the Agricultural Adjustment Act, as amended, is amended by striking out all of the first sentence from the word "with" in line 3 to the period in line 7, and by substituting in lieu thereof the following: "processed wholly or partly from a commodity with respect to which product or commodity a tax has been paid under this title, the exporter thereof shall be entitled at the time of exportation to a refund of the amount of tax due and paid with respect to such product. The term 'product' includes any product theretofore or hereafter exported as merchandise, or as a container for merchandise, or otherwise."

SEC. 13. Section 17 of the Agricultural Adjustment Act, as amended, is amended by inserting at the end of subsection (a) thereof the following new paragraph:

"(1) Upon the reimportation of any article, whether as merchandise or as a container for merchandise or otherwise, with respect to which any tax under this title has been or is to be refunded, there shall be levied, assessed, and collected, upon the reimportation of such article, a tax equal to the tax refunded, or to be refunded. Such tax shall be paid prior to the release of the article from customs custody or control."

SEC. 14. Section 17 (b) of the Agricultural Adjustment Act, as amended, is amended by striking out in line 6 the words "in chief value" and inserting in lieu thereof the word "partly."

SEC. 15. Subsection (1) of section 8 of the Agricultural Adjustment Act, as amended, is amended by striking out the period at the end of the first sentence, and inserting in lieu thereof a semicolon and the following: "and, in the case of sugar beets or sugar cane, in the event that it shall be established to the satisfaction of the Secretary of Agriculture that returns to growers or producers, under the contracts for the 1933–34 crop of sugar beets or sugar cane, entered into by and between the processors and producers and/or growers thereof, were reduced by reason of the payment of the processing tax, and/or the corresponding floor-stocks tax, on sugar beets or sugar cane, in addition to the foregoing rental or benefit payments, to make such payments, representing in whole or in part such tax, as the Secretary deems fair and reasonable, to producers who agree, or have agreed, to participate in the program for reduction in the acreage or reduction in the production for market, or both, of sugar beets or sugar cane.

SEC. 16. Section 13 of the Agricultural Adjustment Act, as amended, is amended by inserting after the first sentence thereof the following: "In the case of sugar beets and sugar cane, the taxes provided by this title shall cease to be in effect, and the powers vested in the President or in the Secretary of Agriculture shall terminate at the end of 3 years after the adoption of this amendment unless this title ceases to be in effect at an earlier date, as hereinabove provided."

SEC. 17. Section 19 of the Agricultural Adjustment Act, as amended, is amended by the addition of the following new section numbered "20":

"SEC. 20. (a) Whoever in connection with the purchase of, or offer to purchase, any commodity subject to any tax under this title, or which is to be subjected to any tax under this title, makes any statement, written or oral, (1) intended or calculated to lead any person to believe that any amount deducted from the market price or the agreed price of the commodity consists of a tax imposed under this title, or (2) ascribing a particular part of the deduction from the market price or the agreed price of the commodity, to a tax imposed under this title, knowing that such statement is false or that the tax is not so great as the amount deducted from the market price or the agreed price of the commodity, ascribed to such tax, shall be guilty of a misdemeanor and, upon conviction thereof, shall be punished by a fine of not more than $1,000 or by imprisonment for not exceeding 6 months, or both.

"(b) Whoever in connection with the processing of any commodity subject to any tax under this title, whether commercially, for toll, upon an exchange, or otherwise, makes any statement, written or oral, (1) intended or calculated to lead any person to believe that any part of the charge for said processing, whether commercially, for toll, upon an exchange, or otherwise, consists of a tax imposed under this title, or (2) ascribing a particular part of the charge for processing, whether commercially, for toll, upon an exchange, or otherwise, to a tax imposed under this title, knowing that such statement is false, or that the tax is not so great as the amount charged for said processing ascribed to such tax, shall be guilty of a misdemeanor, and upon conviction thereof, shall be punished by a fine of not more than $1,000 or by imprisonment for not exceeding 6 months, or both.

"(c) Whoever in connection with any settlement, under a contract to buy any commodity, and/or to sell such commodity, or any product or by-product thereof, subject to any tax under this title, makes any statement, written or oral, (1) intended or calculated to lead any person to believe that any amount deducted from the gross sales price, in arriving at the basis of settlement under the contract, consists of a tax under this title, or (2) ascribing a particular amount deducted from the gross sales price, in arriving at the basis of settlement under the contract, to a tax imposed under this title, knowing that such statement is false, or that the tax is not so great as the amount so deducted and/or ascribed to such tax, shall be guilty of a misdemeanor, and, upon conviction thereof, shall be punished by a fine of not more than $1,000 or by imprisonment for not exceeding 6 months, or both."

The SPEAKER. Is a second demanded?

Mr. HOPE. Mr. Speaker, I demand a second.

Mr. JONES. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

The SPEAKER. Under the unanimous-consent agreement, the gentleman from Texas is entitled to 40 minutes and the gentleman from Kansas is entitled to 40 minutes.

Mr. JONES. Mr. Speaker, in view of the limited time and the great interest, I am not going to undertake to explain the bill in detail, but if anyone is interested in a detailed explanation, a rather full one is embodied in the report. In view of the great number who desire to be heard on this subject and those who are directly and vitally interested, I shall undertake to explain only the general outline and purpose of the bill.

It has been a rather difficult task to secure a bill that would, in a measure, satisfy the various and sometimes conflicting interests of those who are engaged in this far-flung business. However, the more the different groups have studied the difficulties which have faced them during the past, and which possibly the future might hold in store, the more they are inclined to feel that some measure is necessary and that this bill probably embodies the best compromise that can be obtained.

A number of us who undertook to work out these provisions are not directly interested in sugar, but we undertook to listen to all who are interested, and I believe the resulting measure is a fair one. I believe the industry, in all areas, will be better off with this provision than it would be if there were no such provision.

Briefly, in view of the sugar production throughout the different areas, this bill undertakes to allocate a fair division to the different producing areas. It specifies the quota for continental beet-sugar production at 1,500,000 tons. This is somewhat less than the peak production of the past year, but it is somewhat above the average production of the past 3 years, and most of the beet-sugar people are willing to go along with the proposal.

It allots a quota to Louisiana and Florida of 260,000 tons and it contains a provision that where there are less than 250,000 tons raw value, the quota may be made without regard to the 3-year basis. It then provides that the Secretary of Agriculture may allocate quotas for the different producing areas on the basis of any 3 years between 1926 and 1933, inclusive.

There is also a limitation placed on the percentage of refined sugar or, I may say, direct-consumption sugar, that may be brought in from Cuba, and this includes refined sugar in all its forms. This limitation is placed at 22 percent.

There is also a limitation on the amount of direct-consumption sugar which may be brought in from the other producing areas outside of continental United States. This limit is the maximum amount of production of that kind of sugar that was brought into this country, in direct consumption form, in 1931, 1932, or 1933, whichever is greatest. Nineteen hundred and thirty-three, I understand, is probably the greatest in all of these areas.

This provision was inserted to keep refiners from breaking down their plants elsewhere and going to other producing areas and bringing in a larger amount of direct-consumption sugar, and was inserted in order to deal fairly with the American refining industry. There is also a provision which protects the sugar-consuming public.

I believe this explains the various provisions of this bill in a general way.

Mr. LANZETTA. Will the gentleman yield?

Mr. JONES. Just for a question because I want to reserve the balance of my time.

Mr. LANZETTA. With respect to direct-consumption sugar, this bill allows Cuba to export to the United States 22 percent more than the quota?

Mr. JONES. No; it limits it to an amount not in excess of 22 percent of its quota. Whatever their quota is they are allowed not exceeding of that quota in the form of

direct-consumption sugar. It reduces the percentage of direct-consumption sugar from Cuba. Cuba last year brought in 31 percent and the average of the last 3 years is 23.88 percent. So the Cuban percentage of direct-consumption sugar is not only several points below 1933, but it is below the last 3-year average. I think it is about the fairest we could get.

Mr. LANZETTA. Is there a discrimination against Puerto Rico with respect to this item?

Mr. JONES. No; we give Cuba nearly two points below the last 3-year average and we give Puerto Rico the highest of any one of the last 3 years.

Mr. BLANCHARD. Will the gentleman yield?

Mr. JONES. Yes.

Mr. BLANCHARD. The bill also provides that continental United States may profit in their quota allotments if the consumption of sugar increases.

Mr. JONES. Yes; not less than 30 percent of any increase in consumption is to be allotted to continental growers.

Mr. FITZPATRICK. Mr. Speaker, will the gentleman yield?

Mr. JONES. I yield for a question.

Mr. FITZPATRICK. If this bill goes through, will it help the sugar refineries that are now closed throughout our country?

Mr. JONES. I think if this measure goes through, it will do more to stabilize the sugar industry in all its activities than perhaps anything else that has been done, and I believe if it goes through in substantially its present form, sugar will probably be the best stabilized of any commodity.

Mr. FITZPATRICK. This is one of the two industries that have been hurt in my district.

Mr. JONES. Of course, I cannot assure the gentleman as to specific refineries.

Mr. FITZPATRICK. But it will be of some benefit?

Mr. JONES. I will state to the gentleman that, in my judgment, the sugar producers will be in a better position than they would be without this bill. The same is true of American refiners.

Mr. HASTINGS. Is this a unanimous report from the committee?

Mr. JONES. It is not a unanimous report from the committee, but there was no minority report filed. I feel that most of the members of the committee will support the bill.

Mr. Speaker, I reserve the balance of my time.

Mr. HOPE. Mr. Speaker, I yield 3 minutes to the gentleman from Minnesota [Mr. CHASE].

Mr. CHASE. Mr. Speaker, this bill is one of the most astounding proposals ever made to any Congress.

The administration calmly proposes to limit American production of a nonsurplus commodity in the interest of increased importation from Cuba of the same commodity.

The proposition is almost too silly to discuss.

No American producer wants this bill. No American organization wants this bill. All that the American sugar industry wants is to be let alone. But having been told that the tariff on sugar will be reduced, American sugar producers say that this bill will be necessary if the home industry is to survive. The sole commendatory statement on this measure from any American sugar producer is, "Well, it is the best that we can get."

Demand for this bill is based squarely and solely upon expected violation by President Roosevelt of two of his campaign pledges:

First. To protect American workers against those countries which employ cheap labor, or which operate under a standard of living which is lower than our own great labor groups.
Second. To protect American agriculture by effective duties.

On October 30, 1932, at Wheeling, W.Va., the President, then a candidate for the Presidency, said:

I have advocated a lowering of tariffs by negotiation with foreign countries. But I have not advocated, and I will never advocate a tariff policy which will withdraw protection from American workers against those countries which employ cheap labor or who operate under a standard of living which is lower than that of our own great laboring groups.

That statement was a concise, definite, formal pledge to America and American workers, easily understandable and not capable of misinterpretation.

Yet administration leaders now, less than 18 months after the pledge was made, have introduced and are trying to force through Congress, legislation unnecessary if the pledge is to be kept, and asked for only because it has been publicly announced that the pledge will be broken. Apparently, our Democratic friends deem the preelection promises of their great leader mere idle chatter to be disregarded at will.

The pledge was to protect American workingmen against countries employing cheap labor or operating under a standard of living lower than that of American workers.

Cuban labor is cheap labor, and Cuban living standards are lower than American living standards. But less than a year and a half after the promise of protection was made to American workers—and American workers include workers at Chaska and East Grand Forks in the State of Minnesota—the Democratic Party proposes to reduce production at Chaska and East Grand Forks for the sole purpose of importing more sugar from Cuba. The proposal is an outrage.

PROMISE NO. 2

At Baltimore, Md., on October 26, 1932, President Roosevelt, then the Democratic nominee for the Presidency, said this:

Of course, it is absurd to talk of lowering tariff duties on farm products. I declared that all prosperity in the broader sense springs from the soil. I promised to endeavor to restore the purchasing power of the farm dollar by making the tariff effective for agriculture and raising the price of farmers' products. I know of no effective excessively high tariff duties on farm products. I do not intend that such duties shall be lowered. To do so would be inconsistent with my entire farm program, and every farmer knows it and will not be deceived.

This statement, too, is an absolute, unequivocal promise to American agriculture. The candidate declared it to be "absurd to talk of lowering tariff duties on farm products." "I do not intend that such duties shall be lowered", and then he said, "To do so would be inconsistent with my entire farm program, and every farmer knows it and will not be deceived." Yet our friends of the opposition across this center aisle have so little confidence in the unequivocal pledges of their President that they plan today to force through Congress a bill which can be justified upon no other ground than that the definite, absolute, and unequivocal promise of the President when asking the votes of the American people shall now be broken by him.

If sugar were not a nonsurplus crop, the proposal would not be so outrageous. But American sugar producers do not raise sufficient beets to supply sugar for the American market. In a time of agricultural distress when the farmers of Minnesota are complying with the demands of the administration to take land out of production, sugar beets offer an available and practical source of revenue.

Every communication from my home State has condemned this measure. Not one communication from Minnesota, or from any Minnesota individual, group, or interest, has supported or in any way favored this bill. Here is a letter from John G. Gerlich, route 3, Mankato, Minn., a prominent widely known farmer of my home State:

Yesterday in the press I read the proposals of our President relative to the strict control of sugar. This article stated that the intention is to reduce the sugar tariff and to cut the acreage of the beet growers of the United States.

As a sugar-beet grower and a member of the board of the Southern Minnesota and Northern Iowa Beet Growers Association, I do not favor any such legislation even down to a processing tax because our sugar-beet industry is limited now and we can plant only the number of acres allotted to us by the sugar-beet company in this district, and, further, this is the only crop that I have been able to realize any profit on for the last 3 years.

I would rather see some legislation put through that would increase the tariff on import sugar and then maybe we farmers of southern Minnesota, where the soil is particularly adapted to the raising, could get enough acreage to make us a fairly good

profit without having to subscribe to the wheat-acreage cut or the corn-hog-raising plan.

I hope you will use whatever influence you can to protect the sugar-beet industry for us in Minnesota, inasmuch as we do not now produce enough sugar to meet the demand for the city of Minneapolis for 1 year, and the whole United States produces only 25 percent of the sugar consumed. Minnesota could support three or four sugar refineries, whereas now we have only one. If we had unlimited sugar-beet acreage for only 2 years, we farmers would not have to ask the Government for any help.

Here is a letter from Robert A. Wiegand, manufacturer, of Albert Lea, Minn. I quote in part only:

We understand the purposes of the Agricultural Act are:

(1) To reduce the acreage and production for market.

There is no surplus of beet and cane sugar produced in this country. Why reduce acreage and production?

(2) To provide rental or benefit payments upon that part of the production of any basic agricultural commodity required for domestic consumption.

Why compel the people of this country to pay someone rental for land to be left idle when we use more sugar than we produce in this country? Ask the gentleman that proposed this bill where he got that idea.

(3) To expand markets and remove surplus agricultural products. The market for our sugar is expanded. There is no surplus of domestic sugar on hand to be marketed, because the United States consumes far more sugar than produced.

This is one of the hundreds of bills that is unwarranted and unreasonable, and we trust that you and your associates from Minnesota that are down there to represent the best interests of the people will strenuously oppose this measure.

We have always been told the high tariff on sugar is to promote and increase domestic production of cane and beet sugar in the United States. Now along comes a man with a brain storm to reduce the production of sugar and put a tax on it. It appears the Federal Government started something, but no one really can conceive the finish.

Here is a letter from a civic organization, the Automobile Club of Chaska, Minn., by its president and secretary:

Current press notices indicating the attitude of Secretary of Agriculture Wallace toward the domestic beet-sugar industry are very discouraging to the farmers of this section.

Contrary to the statement of the Secretary of Agriculture that the beet-sugar industry is inefficient, we submit that if labor in Cuba and the Philippines were paid on the same basis as labor in this country the domestic industry would be found to be more efficient. Beet labor in this section receives 35 to 50 cents per hour and fully 85 percent employed are local people. Over a half million dollars was paid in this State to beet workers during the past year.

In this section farmers generally are signing up for the corn-hog and wheat-reduction campaign on the theory that there is a surplus of these export crops. They cannot see the logic that would require that they reduce their acreage of a crop, only 25 percent of which is produced in this country and which has given them their only cash return during the past 2 years.

The members of this civic organization respectively request that you use your influence to protect the beet-sugar industry for the farmers and labor in Minnesota.

And here is a brief quotation from another extended letter from Mr. C. T. Lund, general agriculturist, American Beet Sugar Co., of Chaska, Minn.:

Just why Secretary of Agriculture Wallace wants to cut down on the one crop that can be expanded without overproduction and at the same time eliminate other crops is rather difficult to understand. It would certainly be a means of doing away with a tremendous amount of employment and employment that would be given would be very profitable. Please do not misunderstand me when I again say that beet workers working under conditions we have in Minnesota and Iowa can earn from 40 to 60 cents per hour. Many of them earn from $6 to $12 a day, depending on how many hours they care to work. We have no difficulty in competing with any labor in any other industry during the season this work is carried on.

Here is the position of the American Farm Bureau Federation on this unfortunate bill:

There should be no restriction on domestic production of sugar so long as the product is far below the surplus point. The imported sugars from the Philippines, Cuba, and Puerto Rico, by proper authority given the Secretary of Agriculture, should be allowed to be imported annually only in such quantities as will supply whatever deficiency in the domestic market is not produced by American farmers. This will give an automatic plan of expanding home production and retarding foreign imports. First attention must be given to the American producer of sugar, whether cane or beet, in amending the Agricultural Adjustment Act, and this act must not be made an instrument to try to settle international questions to pacify discontented citizens abroad or to liquidate American investments abroad or in our colonies.

The list of such communications could be extended indefinitely. These are typical. They are definite, positive, and exact. They represent the thought of my home State.

There is no enthusiasm for this measure and there never has been—just a hopeless, despondent, "it is the best we can do. The President proposes to lower the tariff and without that protection we cannot survive."

In brief, the situation is this: It is generally thought that in spite of his campaign promises to the contrary, the President now proposes to lower the tariff on sugar importations from Cuba. Should he do so, it is believed by American sugar men that this bill is necessary to preserve the industry in America.

Should you pass this bill, the administration will then be put in a position to say to American producers, "You are now protected by a processing tax so that you will not be harmed if we do lower the tariff."

In other words, each proposition is used, or will be used, as a basis for putting through the other proposition.

It is diplomatic, but it is dishonest.

In the brief time allowed for debate it is impossible to discuss this bill in detail, but on page 4, lines 8 to 11, inclusive, is found definite admission that the administration proposes to lower the duty on sugar. On pages 9 and 10 is found the usual Soviet provision found in all the legislation sponsored by the young group of academic advisers, that the decision of the Secretary of Agriculture shall be final and that any person willfully violating an order or regulation of his is a felon and liable to a fine of $1,000, or a 6 months' term in jail.

American sugar men may well note also the provision of section 16, found on page 16 of the bill, which provides that the processing tax shall cease at the end of 3 years or earlier, but makes no provision as to restoration of the present protective tariff.

As the gentleman from Colorado [Mr. CUMMINGS] well said before the Committee on Agriculture:

This bill, for American beet sugar, is a shot in the arm, lulling the industry into unconsciousness while it is shot into eternity.

In brief, this bill is bad. If the Democratic Party keeps its campaign pledges it is unnecessary.

Also, it is only another of the many steps we are taking along the Soviet highway. It looks to internationalism. It seeks to comfort Cuban sugar producers and Cuban labor. It would sacrifice the farmers, the industry, and the products of Minnesota in the interest of a foreign nation.

It is as contrary to the spirit of America and Americanism as the proposed reduction in tariff is to the campaign pledges of the President.

In short, it is just another silly bill forced through Congress in line with the ideas of the young professorial group—just one of those bills of which all of us will be heartily ashamed when conditions return to normal and hysterical people to their proper senses.

Mr. JONES. Mr. Speaker, I yield 5 minutes to the gentleman from Colorado [Mr. CUMMINGS].

Mr. CUMMINGS. Mr. Speaker and ladies and gentlemen of the House. It is impossible in 5 minutes to make an intelligent talk on the sugar bill, but I want to say that I cannot agree with the gentleman who just preceded me, who said that he had heard no good word from any member of the committee on this sugar bill. I represent the largest beet-sugar district in the country. I have been president of the Mountain State Beet Growers' Marketing Association since it started. I was president of the National Beet Growers' Association when I was elected to Congress. I grow sugar beets, and I think I know the sugar-beet industry. I know that the sugar-beet industry has largely increased in the world in the last 10 years.

I say that the real trouble with the sugar industry of the United States is not lack of the tariff, but with the production in the Philippine Islands, Hawaii, and Puerto Rico increasing by more than 300 percent in the last 10 years, we have reached the point where we have a potential production in the United States and its island possessions of 5,400,000 tons of sugar. The importations from Cuba last year were a million and three quarters tons. They have produced as high as five and a half million tons. They have imported three and a half or four million tons into the United States.

That makes ten and a half or eleven million tons of sugar seeking a market in the United States, and we just cannot use it.

Now, without this bill it means that if those people are allowed to offer their sugar for sale it will ruin the sugar business in the United States. We cannot continue to pay the high wages which we pay and compete with the cheap foreign labor in those tropical islands.

I agree with what some people have said, that there should be no restriction placed on the continental production of any crop in the United States unless we produce a surplus, but I also remember that a great many years ago my old Scotch grandmother said to me, "Laddie boy, remember this: It is not what you want in this world that does you good; it is what you get." If we have protection for a reasonable amount, which this bill gives us, we can get along. This bill gives us more production than we have usually had. Last year we had a large production. We had the best year we have ever had. We had the largest acreage we ever had. In addition to that, we produced more per acre than we ever did.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. CUMMINGS. I yield.

Mr. FITZPATRICK. What class of people are employed in the beet-sugar country? How much are they paid? We have read newspaper reports concerning that.

Mr. CUMMINGS. This bill provides that the wages paid the laborer in the beet fields shall be subject to arbitration by the Secretary of Agriculture, and his decision shall be final. In other words, if this bill is passed, for the first time in the history of the sugar business in the United States, labor is protected.

Mr. FITZPATRICK. But what class of people are employed there now?

Mr. CUMMINGS. I will answer that, but it will not be a fair answer, because until times became so hard in 1929 we employed a great deal of labor from Mexico. I do not mean old Mexico, but I mean largely from New Mexico. Since we have had hard times, probably 75 or 80 percent of the labor is American labor. Ninety percent of them are American citizens who vote in this country.

Mr. WOODRUFF. Will the gentleman yield?

Mr. CUMMINGS. I yield.

Mr. WOODRUFF. As a matter of fact, is it not true that the people who work in the beet fields of this country today receive the same wage as people who work in other farm fields? In other words, it does not make any difference whether a man works in the beet fields or in the hay fields, his pay is the same?

Mr. CUMMINGS. I think the man who works in the beet fields receives the same wages per hour.

The SPEAKER pro tempore. The time of the gentleman from Colorado [Mr. CUMMINGS] has expired.

Mr. HOPE. Mr. Speaker, I ask unanimous consent that the gentleman be given 5 additional minutes. The gentleman is making a very interesting statement. I make that request with the understanding that it not be taken out of the time on either side.

Mr. JONES. Mr. Speaker, I join in that request.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. CARTER of California. Will the gentleman yield?

Mr. CUMMINGS. I yield.

Mr. CARTER of California. Is the gentleman satisfied with the quota given to Cuba?

Mr. CUMMINGS. If, as some people contend, this Nation owes a duty to Cuba, the entire Nation owes it to Cuba and not the sugar industry alone. I am not conceding that we owe them anything. The idea that Cuba furnishes a great market for our corn and hog products is wrong. Last year Cuba exported 160,000 bushels, and if it were not for the tariff, Cuba would be shipping corn into the United States today.

Mr. DOCKWEILER. Will the gentleman yield?

Mr. CUMMINGS. I yield.

Mr. DOCKWEILER. Has the gentleman figured out what the additional cost of sugar will be to the housewives of this country after this bill passes?

Mr. CUMMINGS. If it increases it 50 cents a hundred, we will be more than satisfied. If sugar were selling in the United States today at 6 cents a pound, which is not high, if you compare other food products with it on the same basis, butter would be worth 10 cents a pound, bacon 8 cents a pound, lamb would be worth 3.9 cents a pound, sirlion of beef would be worth less than 3 cents a pound, milk would be 2.4 cents a quart, a dozen eggs would be worth about 3 cents, a can of peas would be eight tenths of a cent, a can of tomatoes would be worth three tenths of a cent.

Mr. DOCKWEILER. If this bill passes, sugar will go up to 10 cents a pound, will it not? Will that not be the effect of this bill?

Mr. CUMMINGS. If this bill passes, it should not go to 10 cents a pound. In 1922 we were out of sugar. Cuba had the sugar market, and you paid 25 cents a pound for sugar. In October, November, and December, when the beet sugar came on the market, you bought it for 5 and 6 cents a pound. That is the answer. You ruin the continental industry in regard to sugar, and you will pay for it and you will pay well. [Applause.]

Mr. HASTINGS. Will the gentleman yield?

Mr. CUMMINGS. I yield.

Mr. HASTINGS. What percentage of the cultivated area of the United States is devoted to sugar?

Mr. CUMMINGS. Last year there were 1,060,000 acres.

Mr. HASTINGS. What percentage is that?

Mr. CUMMINGS. I do not know what the total area was.

Mr. HASTINGS. The gentleman in his argument agrees that this is intended to raise the price of sugar to the consumer?

Mr. CUMMINGS. No; I did not say that.

Mr. HASTINGS. I thought in answer to an inquiry which was just made, the gentleman agreed to that?

Mr. CUMMINGS. The gentleman stated 60 cents a hundred. I suggested 50 cents a hundred would be plenty.

Mr. HASTINGS. The gentleman does agree that it raises it that much to the consumer?

Mr. CUMMINGS. I agree that it ought to raise the price, because it is too cheap.

Mr. HASTINGS. Does the gentleman agree that it will?

Mr. CUMMINGS. No; I do not know.

Mr. WOODRUFF. Mr. Speaker, will the gentleman yield?

Mr. CUMMINGS. I yield.

Mr. WOODRUFF. The question was asked as to how many tons of beets were raised in this country last year?

Mr. CUMMINGS. I do not know what the tonnage was, but I do know that 1,760,000 tons of refined sugar were manufactured.

Mr. WOODRUFF. More than 11,000,000 tons of beets were raised in this country last year, I may say for the benefit of the gentleman who asked the question.

Mr. CARPENTER of Nebraska. Mr. Speaker, will the gentleman yield?

Mr. CUMMINGS. I yield.

Mr. CARPENTER of Nebraska. The administration has assured the consuming public of this country that the price of sugar will not be raised under any condition. That statement was contained in the President's message to the country, and I assume that we are more or less willing to accept the proposition that the price will not be raised. Is it not true that this bill accomplishes for the beet farmer and the cane farmer of this country the things they have been trying to negotiate with the processor but which, owing to their unorganized condition, they have not been able to effectuate; this bill makes those things available to the farmer.

Mr. CUMMINGS. It does.

Mr. TRUAX. Mr. Speaker, will the gentleman yield?

Mr. CUMMINGS. I yield.

Mr. TRUAX. How does it make it available?

Mr. CUMMINGS. How does this bill make what available?

Mr. TRUAX. The matters mentioned in the observation made by the gentleman from Nebraska.

Mr. CUMMINGS. It provides that any dispute between the processors and the growers of beets or cane shall be arbitrated by the Secretary of Agriculture, and that his decision shall be final. It also provides with regard to the conditions of labor in the production of beets that if they are not satisfied with their working conditions or wages they may take the matter up with the Secretary of Agriculture and his decision shall be final. So agricultural labor is protected for the first time in the history of the United States. Also the producers of sugar beets and sugar cane are protected against the processors for the first time in the history of the United States.

Mr. TRUAX. How much will this bill elevate the price of beets to the refineries?

[Here the gavel fell.]

Mr. TRUAX. Mr. Speaker, I ask unanimous consent that the gentleman's time be extended 2 minutes without being taken out of the time allotted to the discussion of this bill.

Mr. SNELL. Mr. Speaker, reserving the right to object, and I shall not, I may say that the Delegate from Hawaii who is probably as well versed on sugar as any man on the floor of the House, was able to get only 3 minutes.

I ask unanimous consent that he may be allowed 5 additional minutes also not to be taken out of the time. I understand the gentleman from Texas has granted him 3 minutes. I should like to see him have 5 minutes additional.

Mr. JONES. I have no objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. TRUAX. Will the gentleman kindly inform us how much this bill will elevate the price of beets?

Mr. CUMMINGS. That is a hard question to answer, for the reason that in California last year they received better than $5.50 a ton for beets because their beets tested about 20 percent. We, in Colorado, with beets testing 16½ percent, were paid $4.50. In Michigan they received about $5 because of a better contract. My judgment is that on an average the price of beets will be raised about $1.50 a ton.

Mr. TRUAX. That is an average for the entire country?

Mr. CUMMINGS. Yes; that is what we hope for.

Mr. TRUAX. And the gentleman thinks there will be no corresponding increase in price to the consumers of sugar?

Mr. CUMMINGS. The President in his message said the price to the consumer would not be increased, and this bill provides that any processing tax can in no way exceed the amount by which the tariff against Cuban sugar is lowered.

Mr. TRUAX. And under this bill the production of beets will be cut down?

Mr. CUMMINGS. No; I will not concede that for the reason that all the acreage that was planted to beets last year might be planted again in 1934, and there is only one chance in a hundred that we would exceed the production of 1,550,000 tons of sugar for the reason that it is not likely that again in a period of 10 years such an unusually large tonnage will be produced plus an unusually large sugar content. It took the combination of large acreage, plus large tonnage, plus large sugar content to produce the 1,760,000 tons of sugar refined from our sugar beets last year. So I want to say again that I believe this bill as now drawn will benefit the sugar-cane and sugar-beet growers. [Applause.]

[Here the gavel fell.]

Mr. JONES. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to extend their own remarks on this bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. HOPE. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan [Mr. MAPES].

Mr. MAPES. Mr. Speaker, it seems inconsistent and abhorrent to me to cut down or limit the amount of sugar beets that the farmers in my district, for example, can raise when the total amount of sugar produced in the United States is only about 26 percent of the total consumption and we import two or three times as much as is raised in the United States.

It is this sort of thing, it seems to me, that the critics of the "brain trust" have in mind when they say that the country is having a new social order inflicted upon it.

This bill goes further than the cotton control bill. It not only authorizes the Secretary of Agriculture to say to the individual farmer how many sugar beets he can raise, but it also requires him, in order to get the benefits of this act, to agree to allow the Secretary of Agriculture to tell him what other agricultural products and how much of them he can raise for market.

It goes further than that. It goes further than the cotton-control bill in that it also requires him to sign an agreement to allow the Secretary of Agriculture to tell him how much he must pay his farm labor, or to fix the minimum wages that he must pay and to determine whether or not he can let his own children help him in the fields in the production of sugar beets.

Mr. BOILEAU. Will the gentleman yield?

Mr. MAPES. I yield to the gentleman from Wisconsin.

Mr. BOILEAU. May I say that the committee amendment on page 16 strikes out the language relating to the production of other crops, to which the gentleman referred, and, as I understand it, the bill that we now have before us has that language stricken.

Mr. MAPES. I did not know the committee intended to offer that amendment. I am glad to know that. It will improve the bill some, but the fundamental principle of the bill remains the same.

Of course, it is impossible adequately to discuss the bill under the limited time allowed under suspension of the rules, but I want the record clear as far as my position is concerned. I have not heard from any of the sugar-beet growers in my district or from any of my constituents in regard to the bill, but I cannot conceive that they would want me to support it.

[Here the gavel fell.]

Mr. HOPE. Mr. Speaker, I yield 3 minutes to the gentleman from Wisconsin [Mr. BOILEAU].

Mr. BOILEAU. Mr. Speaker, personally I regret very much that this bill is brought up under suspension of the rules. Although the rules of the House provide for bringing bills up under suspension, nevertheless, in my opinion, it is one of the most flagrant gag rules provided for in the rules of the House. A bill of this importance should be brought on the floor of the House where we can have free and open discussion and an opportunity for amendment. However, may I say that so far as I am concerned, there is no amendment I have in mind offering. I am personally in favor of the bill. I believe it is essential and in the interest of the beet farmers of this country.

I call the attention of the membership of the House to the fact that in all of these controlled-production bills which we have enacted as a result of our agricultural policy, we have insisted upon reducing the production of the various commodities below the normal production of those particular commodities. With reference to sugar beets, however, we have made an allotment for domestic sugar beets of 1,550,000 tons, which is larger than has been produced in this country in any year except last, when they had an unusually favorable season, a high yield per acre, and a large sugar content for beets. There was an unusual amount of beet sugar produced last year, but with the exception of that one year this bill gives an allotment for the domestic beet growers in excess of that produced in any other year during the history of our country.

I believe that this is very fair, and that this bill will not have the effect of reducing the sugar-beet acreage one single acre during the coming year. I do not believe that the beet growers of this country will reduce their acreage below

what they planted in beets last year. Further, I believe this bill is necessary because it is intended in this bill to increase the price of beets to the pre-war parity price. It will give a substantially higher price for beets to the farmers and there is no question but that the beet growers will receive a better price. They will be able to produce as many beets as are normally produced.

This is for their benefit; and I believe the sugar interests of this country, when they fully appreciate and understand the provisions of this bill, will admit that it is of decided advantage to them, particularly in view of the fact that the Department of Agriculture and the present administration have taken a rather unusual attitude toward the sugar-beet industry. They have taken the position that the sugar-beet industry is an inefficient industry, and they are not particularly anxious to protect it. With these people in charge of the agricultural program, and having the views they have, it seems to me it is essential that we have a bill that does protect the beet-sugar industry and gives a definite quota to American sugar producers. I believe this bill protects them amply, and I hope it will pass. It is especially necessary because of the avowed intention of the administration to permit the importation of foreign sugar.

[Here the gavel fell.]

Mr. HOPE. Mr. Speaker, I yield 3 minutes to the gentleman from Michigan [Mr. WOLCOTT].

Mr. WOLCOTT. Mr. Speaker, it has been contended that there is no relationship between the tariff measure which we passed last week and the bill which we have now under consideration to include sugar beets and sugar cane as basic agricultural commodities under the Agricultural Adjustment Act. Anyone who will approach this subject from the standpoint of the American sugar-beet producer, having in mind his foreign competition, can readily see such a close relationship between the two bills that the one can hardly be considered without taking into consideration the other. It is a fact which cannot be disputed that it is economically unsound to pass this bill except as a protection to the American farmer against the lowering of the tariff on sugar by the President, under the authority which this House has given him under the tariff act, and I dare say that there are few Members of this body who would even consider this radical departure from a heretofore sound policy of protection unless it were to protect the farmer from the inevitable results which will follow such a lowering of the tariff on sugar.

Going back to October 25, 1932, we find that President Roosevelt made a speech at Baltimore, Md., in which he guaranteed to the farmer the continuance of the protective-tariff policy which has kept the American market for the American farmer up to the present time. In that speech he said:

> Of course, it is absurd to talk of lowering tariff duties on farm products. I declared that all prosperity, in the broader sense, springs from the soil. I promised to endeavor to restore the purchasing power of the farm dollar by making the tariff effective for agriculture and raising the price of farm products. I know of no excessive duties on farm products. I do not intend that any duties necessary to protect the farmer shall be lowered. To do so would be inconsistent with my entire farm program, and every farmer knows it and will not be deceived.

We must assume that he meant what he said at that time, and if the tariff on sugar is not to be lowered, then there is no justification for the passage of this bill.

Possibly he did not have in mind, when these words were uttered, the American sugar-beet grower, but at least this administration should not deny the sugar-beet farmer the same protection as is accorded under this announced policy to the producers of other staple crops. The production of sugar beets has become an integrant element of our domestic agriculture and should be considered as such. The sugar produced in the United States constitutes about 26 percent of the total amount consumed within the country. It is one of the few agricultural products of which there is no domestic surplus. This bill provides for a definite limitation on the production of domestic sugar. It is economically unsound to place any restriction on the production of any commodity, either agricultural or industrial, when the domestic consumption of that commodity is less than the domestic production.

Before we embark upon a new and untried policy which will prevent the normal expansion of an industry as important to the economic life of the Nation as the production of sugar seems to be, we should at least take the time to discuss it much more fully than has been allowed here today.

It has been said that the domestic sugar industry is an expensive industry, and the President in his message to Congress on this subject called attention to the fact that it cost the American consumer about $200,000,000 annually to protect a $60,000,000 industry. I regret the fact that our President has been so ill-advised in this matter, but if it were true, it surely is not reflected in the price of sugar to the consumer. The price of sugar in the United States is lower than in any other country of the world, with the exception of Denmark, England, Java, and Japan, in which countries the retail price of sugar is a fraction of 1 percent less than the retail price here. In other words, one result from the passage of this bill will be to decrease the revenue to the United States in proportion to the decrease of the tariffs, and if this loss is to be recompensed in any manner, it must be by transferring the burden of this tax from the importers of foreign sugar to the domestic sugar producer by the levy of a processing tax. This is decidedly unfair and un-American.

Is it common sense to take from the American farmer and give to the Cuban peon? But will we give to the Cuban peon? Since we have had an opportunity to study the testimony before the Tariff Commission in this respect, we are forced to the conclusion that any advantage given to Cuba would not result in a benefit to the Cuban people but would result only in further safeguards to the investment of American capital in Cuba. Personally, I cannot see the logic of asking our American farmers to make this sacrifice for the purpose of protecting American financiers who have seen fit to take the money which they have made in the United States and invest it in a foreign country. The reason for this investment in Cuba lies in the fact that, according to the Bureau of Labor Statistics, sugar can be raised in the island of Cuba for 26 percent of what it can be produced in the United States. As an example, may I call attention to the fact that in the island of Cuba on a 12-hour basis they pay $1.20 to the melters in their refineries, whereas on a 12-hour basis we pay our melters $5.53.

You will vote against this bill unless you want to reduce the standard of living of the farmers of America and those employed in our refineries to that of the living of the growers and workers of Cuba.

Mr. BROWN of Michigan. Will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. BROWN of Michigan. The gentleman knows that practically all of the sugar companies in the State of Michigan, with the exception of the Michigan Sugar Co., were sold under the hammer within the last 4 years?

Mr. WOLCOTT. Yes; and that was due to this competition. The reason why the industries of Michigan, Colorado, and the West are not producing today more than 26 percent of the sugar consumption in the United States is because they have been giving encouragement to the importation from these foreign countries to the prejudice of our domestic industry, and we have not given our domestic industry adequate protection. Otherwise you would have seen the position reversed, and the growers of these Western States would be growing today 80 percent of the sugar consumed in the United States.

[Here the gavel fell.]

Mr. HOPE. Mr. Speaker, I yield 5 minutes to the gentleman from Ohio [Mr. MARSHALL].

Mr. MARSHALL. Mr. Speaker, we all realize that this sugar question is one which is difficult of solution. This is not the first Congress that has been vexed by this same question. Under this bill we are approaching the matter from an entirely different angle from which it has been approached before. We are amending the A.A.A. Act to make beet sugar and cane sugar basic commodities, assessing processing taxes and curtailing production by assignment

of quotas in relation to an industry that does not produce a surplus. This is the feature of the bill I do not like.

The curtailments of other products under the A.A.A. have been voluntary. On page 10 of this act it provides for a fine and imprisonment for one who violates the terms of the act. My chief objection to this measure, expressed in the few moments that I have, is that we are placing authority over this industry largely in the hands of an administration that feels this is an expensive industry which should be eliminated from the United States.

In the message of the President in regard to this bill, there is something that appears to me to be misleading. The President would have you believe that it is costing the people of the United States $200,000,000 a year to protect an industry that amounts to only $60,000,000 a year. In the first place, I think this is misleading in that $60,000,000 is not a proper value to put upon this industry, even though this may be the price for which this sugar sells. There are other allied industries that furnish materials to this industry. For instance, I saw somewhere the other day, I cannot recall where just now, a statement of the additional cost of the cotton sacks that are manufactured in this country to sack this sugar. Due to the increased price of cotton the statement gave the thousands of dollars that it was costing the sugar industry in sacks alone. So you can see that it does affect, in a beneficial manner, many other industries, including the railroads.

Then the statement, apparently, is based on the assumption that this tariff of 2 cents costs us $200,000,000 a year, but Mr. Weaver, who is the chief of the sugar and rice division of the Department of Agriculture, in his testimony answered this very question. He was asked if he thought we would be spending a whole lot more for our sugar if it had not been for the protection and building up of the sugar industry in the United States, and he said, "No, sir; I do not."

My idea is that the sugar industry in this country has not increased the price of sugar to our people, and my idea is that if this sugar industry is curtailed and eventually wiped out—and that is what this Department of Agriculture of ours wants to do to the sugar industry—we will pay more for our sugar. If you will read the testimony before our Agriculture Committee of Professors Tugwell and Weaver you will know that this administration does not believe in permitting the sugar industry to continue to operate in the United States. I believe that by curtailing this industry we throw American people out of work, we take American acres out of production, and I for one am in favor of using American land and employing American labor to produce as much as we can of any product of which we are not now producing a surplus.

Mr. DONDERO. Will the gentleman yield for a question?

Mr. MARSHALL. Yes.

Mr. DONDERO. Can the gentleman tell the House why he thinks the administration intends to eliminate the sugar industry in this country?

Mr. MARSHALL. I am basing that on the fact they say it is inefficient and should not be continued.

Mr. DONDERO. Does the gentleman think he can make the American beet farmer and the American sugarcane farmer believe that?

Mr. MARSHALL. All they have to do is to read the testimony of those who are supposed to be in authority and speaking for the administration.

Mr. BROWN of Michigan. Will the gentleman yield?

Mr. MARSHALL. Yes.

Mr. BROWN of Michigan. Is it not a fact that the Secretary of Agriculture stated definitely before the gentleman's committee that he had no intention of eliminating the sugar business in the United States?

Mr. MARSHALL. I will answer the gentleman by asking if he disputes the fact? And if the gentleman wants to, I will go with him to the Secretary of Agriculture, and I believe he will tell the gentleman he thinks this is an expensive industry and one that should never have been fostered in this country.

Mr. BROWN of Michigan. But he did not say definitely he wanted to eliminate the industry.

Mr. MARSHALL. I am not saying he stated he wanted to eliminate the industry, but I do not wish to put the control of such an industry in the hands of anyone who is opposed to it; and, furthermore, the sugar industry of this country would not be ostensibly and half-heartedly supporting this measure if it were not for the authority that this Congress gave the President of the United States in the tariff act which this House recently passed. They fear that if this bill is not enacted into law they may suffer very materially at the hands of the President of the United States in a reduction of tariff, and they are taking this bill for fear they might get something worse.

Mr. CUMMINGS. Will the gentleman yield for one question?

Mr. MARSHALL. Yes.

Mr. CUMMINGS. I think we are both alike——

Mr. MARSHALL. I would like to be like the gentleman, because I respect him.

Mr. CUMMINGS. In that we want this industry continued, and does not the gentleman know that this is the first time in the history of the sugar industry of the United States that the principle has been recognized that we could place a limitation on the importation of sugar from our tropical island possessions, and does not the gentleman know that if that limitation is not placed, with the tariff benefits which they enjoy, the continental sugar industry will be absolutely ruined?

Mr. MARSHALL. The only difference between the gentleman and me in this respect is that I would go along with the gentleman in placing this curtailment of sugar on countries outside of continental United States and let our people, who need all the business they can get, produce as much sugar as they can.

Mr. CUMMINGS. I would agree with the gentleman absolutely, but give us this measure now and next session we can amend it and put in what we want, but do not kill the industry in the meantime.

Mr. MARSHALL. But I am not willing to go on record as favoring this bill. [Applause.]

Mr. JONES. Mr. Speaker, I yield 2 minutes to the gentleman from Texas [Mr. KLEBERG].

Mr. KLEBERG. Mr. Speaker, of course, we on this side cannot be responsible for the interpretation that is given to the various statements of the Democratic administration with reference to the sugar industry by those on the Republican side of the aisle. My colleague on the committee, the gentleman from Ohio [Mr. MARSHALL], who just preceded me, called attention to the fact that the Secretary of Agriculture and the administration had determined to sacrifice the sugar industry.

I propose to lay before the House, briefly, the facts as to the why of this bill.

The sugar industry supplying this market has suffered from overproduction from within and without, particularly from without, for a number of years. Successive tariff increases for the past 15 years have certainly not solved—and, in all probability, could never solve—this problem. While the tariff has steadily reduced importations from Cuba, it has also increased in greater amount productions within our tariff walls. Even if Cuba were totally eliminated from our market, within the next few years increased production within the tariff walls would leave our beet and cane farmers worse off than before, and the tariff would become as ineffective to help them as it has with respect to other agricultural commodities of which we produce a domestic surplus.

All important elements in the sugar industry have recognized for a long time that the problem could be solved only by a quota system. The industry met in Washington last summer and worked several months developing a marketing agreement to establish such a system, but the problems made it impossible to reach a solution acceptable to the administration because sugar was not a basic commodity under the Agricultural Adjustment Act. The proposed bill

seeks to correct the situation by making sugar a basic commodity and establishing a quota system. Without the bill the industry faces chaos and the beet and cane farmers face tremendous loss. With the bill the farmers will be greatly benefited and a satisfactory stable condition can be established for the entire industry. It has been estimated that the beet farmers alone, through this bill, will benefit to the extent of approximately $30,000,000 on their coming crop of beets as compared with what they would receive if this legislation is not passed.

As the amount of the processing tax contemplated by this bill is to be offset by a reduction in the general tariff on sugar to be made by the President on the basis of the Tariff Commission's report, this bill establishes a system whereby these great benefits can be given to the beet and cane farmers without forcing the consumers over the next 3 years to pay an equivalent higher price for their sugar as compared with what they are now paying.

Mr. Speaker, in order to be brief and for the purpose of avoiding repetition of statements heretofore made, I propose to submit the more practical questions which have grown out of the hearings and discussions of this bill before its introduction in its present form. In addition to the questions, I submit answers to each which must be brief:

1. Question. Why should the bill specify quotas for the continental beet and cane areas and not for the insular areas and Cuba?

Answer. In legislation of this kind attempting to adjust supply very closely to estimated demand, flexibility is desirable as between producing areas, not for the purpose of discriminating between them, but in order to adjust quotas to actual conditions of production and demand, and to prevent unfair or undesirable market developments. The original bill specified no quotas but left all quotas to be fixed by the Secretary of Agriculture on the basis of any group of 3 out of the last 9 years. Quotas for the continental areas are specified in the present bill because continental farmers insisted and a compromise had to be made with them on this point; otherwise there would be no bill. The principle is retained as to the other areas.

2. Question. Why is not the continental beet quota divided between western and eastern beet sugar areas?

Answer. Such division in the bill itself would give it a rigidity in this respect which would in all probability work out unfairly to the respective areas. Such matters of detail can be handled effectively and justly only by administrative action, which can be changed from time to time to meet conditions as they arise.

3. Question. Why are the Louisiana and Florida quotas combined into one figure of 260,000 tons?

Answer. This again is due to the desire to combine flexibility on matters of administration which may vary as conditions work out, with insistence of the continental areas upon specific quotas.

4. Question. What is the reason for the provision giving the Secretary power to disregard the 3-year periods with respect to quotas for any area producing less than 250,000 tons?

Answer. This provision again is designed to give flexibility to meet with special situations for which the purposes of the act could not be accomplished by too rigid a formula applied to the smaller areas.

5. Question. Why is provision made for separate quotas of edible molasses and sirup of cane juice?

Answer. These forms of sugar are produced in substantial quantities in various Southern States, some of which do not produce any solid sugar. Sugar statistics do not take these products into account, and the quotas mentioned in the President's message are based on figures which do not include them. Therefore the justice of providing for separate allowances to cover such product is evident. (This was also recognized in the proposed marketing agreement which the sugar industry worked out last summer.)

6. Question. Why should importations of direct-consumption sugar from the insular areas and Cuba be limited?

Answer. The principal reason is that as a matter of national policy, in any measure regulating the sugar industry, the domestic refining industry should not be exposed to destruction by competition from American insular areas and Cuba. In the case of each of these areas the problem is a raw sugar or production problem, not a refining problem; and the bill deals with their problems and provides a basis for an adequate return for their production. In view of the advantages given them by the bill, they can fairly be asked not to continue to displace American labor and capital on the continent. The limitations proposed in the bill in this regard are more than liberal to the insular areas and Cuba. Failure to impose limitations threatens the domestic refining industry with serious reduction, if not destruction; and it is unsound national policy to leave the country dependent for its refined cane sugar on a particular foreign country such as Cuba, or far distant islands such as the Philippines.

7. Question. Why, in the provisions regarding adjustment of quotas to consumption requirements, are the continental areas assured a 30-percent share in any increase of consumption above estimated requirements?

Answer. On the basis of the total of all quotas mentioned in the President's message, the continental beet and cane quotas specified in the bill represent approximately 28 percent of the total. The figure 30 percent, which represents a difference of only about 100,000 tons, is frankly a compromise insisted upon by the continental farmer representatives.

8. Question. Why should the processing tax be limited to the amount of reduction in duty to be made by the President?

Answer. The President himself answered this question—the purpose is so that the effect will not be to increase the price of sugar in order to provide the benefit payments to the farmers.

9. Question. It has been suggested that as sirups will not be included in the reduction of duty, they should not be governed by the bill and consequently submitted to quota and processing tax.

Answer. The answer to this is that the sirups are in fact sugar and compete with the solid sugar. The Tariff Commission's report does not cover them because the duty on sirups under the Tariff Act of 1930 is discriminatorily low as compared with solid sugar, and no request was made of the Tariff Commission to investigate those rates. The inequality in the tariff is no justification for perpetuating the effects thereof or enhancing the favored position of sirups by excluding them from the quota and tax features of the bill.

10. Question. Why is the processing tax not to be effective until 30 days after the adoption of the bill?

Answer. The reason for this is that the proposed reduction of the sugar tariff under the flexible provisions of the tariff act requires a proclamation which takes effect 30 days after its date.

11. Question. What is the reason for the amendments made by the bill to sections 15 (e) and 17 (a) and (b) of the Agricultural Adjustment Act?

Answer. To provide for inequalities which would otherwise arise under the act as it now stands when applied to the handling of sugar.

12. Question. Why are drawback sugars excluded from quotas?

Answer. In order to permit the continuation without prejudice of exportation of sugar without restriction, whether as such or as an ingredient in canned goods and other foodstuffs. Such business cannot be carried on except with sugar entitled to drawback; that is, the exporters cannot compete in the world market except with sugar upon which the part of the price represented by the duty is refunded to them.

13. Question. Why is the duration of the bill limited to 3 years or the termination of the Agricultural Adjustment Act, whichever is earlier?

Answer. The Agricultural Adjustment Act has no fixed date for its termination. In view of the nature of this legislation it seemed desirable to have a definite limit, even though the Agricultural Adjustment Act may continue longer than the 3-year period. Three years was selected because in the agricultural side of the sugarcane business, planting programs, and so forth, in several of the areas, require a minimum of 3 years.

14. Question. Why is not the limitation on direct-consumption sugar confined to refined sugar?

Answer. "Refined sugar" is a term with a more or less definite meaning which would not include turbinated, washed, or other forms of what is really raw sugar which can be used in lieu of refined sugar for certain purposes. The phrase "direct-consumption sugar" is necessary adequately to cover the problem.

The membership of the committee has done its best to meet the difficult situation by presenting the bill, which represents the agreement of all important factors in the sugar industry. Many Members of the House have made valuable contributions in thought and statement to this measure, and I may mention my two colleagues, Hon. CLARK THOMPSON and Hon. JOSEPH MANSFIELD, who are both Representatives from my State of Texas, and I thank them for their constructive efforts.

Mr. JONES. Mr. Speaker, I yield such time as he may desire to use to the gentleman from New Jersey [Mr. KENNEY].

Mr. KENNEY. Mr. Speaker, my support is registered in favor of this bill. I had hoped that it would be more favorable to the sugar-refining industry, but it will even as it is now written bring new life to the industry.

The sugar-refining industry has existed on the American Continent for nearly 200 years. Normally it employed 20,000 people, paying $27,000,000 annually in wages and salaries. It patronized home industries for materials, services, and supplies, disbursing to other industries in the United States approximately $100,000,000 yearly. It has contributed to the United States Government hundreds of millions in customs duties. It has been one of the great American industries along the Atlantic seaboard.

The industry thrived until there arose competition from foreign refined sugar, chiefly from Cuba. Up to 1925 practically all sugar coming to this country was raw, but since that time refined-sugar importations have been mounting yearly. The Smoot-Hawley tariff crippled the industry. Under its schedules domestic refineries suffered severely. That tariff was detrimental not only because it increased rates but also for the reason that it discriminated against the domestic refineries, and was chiefly responsible for the establishment of refineries in foreign countries, especially Cuba, which compete with our refineries, and, therefore, with domestic labor.

By that tariff act a premium was placed on refining in Cuba. It imposed a duty of 2 cents per pound on Cuban raw sugar and 2.12 per pound on Cuban refined sugar. It utterly disregarded the life of the refining industry. A domestic refiner requires 107 pounds of raw sugar to make 100 pounds of refined sugar. It may pay, therefore, 2.14 cents duty for every pound of refined sugar produced, as compared to a duty of 2.12 a pound on Cuban refined sugar.

Under such conditions the domestic industry could not compete with the new foreign industries on equal terms. The refineries in and about New York employ American citizens and pay them the current rates of wages, attempting to compete with the product of the Philippines, Puerto Rico, and Cuba, where labor is paid less wages than an employee of New York or New Jersey could, if he wanted to, accept. The domestic industry has employed thousands of men, while thousands of others have been employed in mining coal, producing oil, manufacturing cotton bags, barrels, paper cartons, and other materials in large quantities for the refineries.

Since 1925 the competition from foreign refineries has become so severe that domestic refiners have lost in volume approximately 700,000 short tons to the insular areas and Cuba. They have lost practically all of their export business, besides, due to the retaliatory barriers provoked by the Smoot-Hawley tariff in the other countries of the world. To be specific, they have lost about 320,000 tons in export, representing about 90 percent of their business. The shrinkage in consumption brought about by the depression has been borne entirely by domestic refiners. Cuba sells its product to the dealer at a cheaper price than can the domestic industry, but the public pays an equal price at retail and the consumer does not benefit.

So serious have been the inroads that in the New York area 6 refineries, 2 in Brooklyn, 2 in Yonkers, 1 in Long Island City, and 1 in Edgewater, N.J., have either closed their factories or are operating in the face of inevitable disaster in the absence of some relief.

The passage of this bill will enable the domestic refineries now operating to compete on a basis which will insure their continuance in business and give employment to those who have spent years of their lives in the industry. The bill limits importations of direct-consumption sugar to 1933 figures for the American islands and 22 percent of quotas for Cuba and other foreign countries. It is a pity that the quotas for Cuba and other foreign countries could not be limited to 15 percent. In that case some of the refineries now closed very probably would reopen and the unemployment problem, especially in my district, would be very considerably relieved. A fair number of my constituents worked at the Yonkers plant of the National Sugar Refining Co. Daily they drove to Alpine, on the New Jersey side of the Hudson River, and ferried across to their work at the Yonkers plant. When that factory closed they were thrown out of employment, and many of them are still unemployed. As it is, there is no assurance of the reopening of the Yonkers plant, but the Edgewater factory of this company will be able to continue manufacturing and furnish employment for 1,200 people. Constituting as it does one of the large plants of the eastern seaboard, nothing short of disaster to my neighbors and constituents would follow its closing. They will be happy and relieved of great anxiety and worry when this bill becomes law.

We will do much for labor by the passage of this bill. You do not want my people reduced to the level of the cheap tropical wage scale. And labor plays the principal difference in the cost of the production of sugar. For example, in Cuba wages per 12-hour day have been approximately the pay at the Edgewater, N.J., plant per hour as base rate; that is, 50 cents to 55 cents. While wages have increased slightly in Cuba this year, the disparity is still very large. The difference in cost per hundred pounds of sugar is probably about 12 cents. This is more than the average margin of profit to the American refiner. Furthermore, the cost in the Tropics is less, due to lower taxes, smaller overhead, and lighter interest charges on investment because of cheaper buildings to house the industry, unhampered by building regulations and restrictions. Geographically situated as they are tropical refiners have in addition certain transportation advantages which enable them to ship refined sugar from Cuba through the St. Lawrence River and the Great Lakes to Chicago and other lake ports at considerable freight savings as against American refiners, who have to ship the raw sugar to the seaboard and use American transportation systems to carry their sugar to destination. The latter difference runs as high as 10 cents to 20 cents per 100 pounds in favor of the tropical refiner.

It must be remembered, too, that American refiners have for the past year been subject to the N.R.A. and the A.A.A., which have imposed additional costs upon them. They have carried on their operations according to the recovery program inaugurated by the President and have given him whole-hearted support. But costs thus incurred have amounted to 13 cents to 14 cents per 100 pounds. Again, Cuban refiners are now buying Japanese cotton bags at 7.6 cents per 100-pound bag, while American refiners are still purchasing American cotton bags at a cost, including the processing tax, of 12.6 cents per bag, or a difference of 5 cents per bag in favor of the Cuban refiner. Add all these

costs and the figures show between 25 cents and 35 cents per 100 pounds—one fourth cent to one third cent per pound—in favor of the tropical refiner.

With such a difference in costs, it is obvious that the tropical refiners have been in a position to undersell domestic refiners. Our refineries have depended not on the high price of sugar but the small profit on a large volume of sales. The domestic refiner's profit has been 10 to 20 cents per 100 pounds, which has been turned into serious losses. A slight fraction of a cent per pound plays an all-important part in the industry, which is built on volume. Without this bill, it is evident that the refiners could not indefinitely survive. Two refineries in the New York area are closed and one refining company is in receivership. The plant of the Spreckles Sugar Corporation, located at Yonkers, N.Y., representing an investment of over $15,000,000, was recently put up for sale. I have been informed that the prospect for the refining industry was so unpromising that the highest bid for that plant was $65,000. The plant of the National Sugar Refining Co. at Yonkers has been closed for 3 years. A foreman at that factory delighted in giving employment to my neighbors and fellow citizens while he was in charge. With the closing of the plant, he lost his position, and for 3 long years he has not earned a penny. So you see what has happened to this important industry and to those engaged in it. All of the companies are affected. A few have shown some increase in profits in 1933 compared to 1932, but the gains were in inventory. It seems fair to assert that all sugar-refining companies in the United States have shown a decrease in profit on operations since 1928.

Twelve hundred men and women employed at the Edgewater sugar house located in my congressional district are involved. They with their families are solely dependent on the continued existence of our refinery; others, through their purchasing power, have their jobs at stake. A neighbor and friend connected with the Edgewater plant honestly portrayed the situation when he telegraphed me a few days ago as follows:

Hon. EDWARD A. KENNEY,
House of Representatives:

Jones sugar bill, H.R. 8861, now before Congress, is a constructive step for the protection of the domestic cane-sugar refining industry against the importation of refined sugar produced by cheap tropical labor. Urge your support of the bill in the interest of American labor and industry, otherwise threatened with extinction.

JACK TIMONY,
National Sugar Refining Co.

I urge the necessity for the passage of the bill. [Applause.]

Mr. JONES. Mr. Speaker, I yield 2 minutes to the gentleman from Colorado [Mr. MARTIN].

Mr. MARTIN of Colorado. Mr. Speaker, I want to congratulate my colleague, FRED CUMMINGS, on the issue of his long, hard fight for the beet-sugar farmers as reflected in this bill.

It is the expressed conviction of the Secretary of Agriculture—and I believe honestly—that this amended measure makes domestic sugar one of the most stabilized and protected of agricultural commodities. If there is any difference of opinion about this, there ought to be none on the proposition that the reciprocal tariff act makes this act an absolute necessity for the protection of the domestic sugar industry.

Making domestic sugar an agricultural basic commodity, as this bill does, in my opinion disposes of any contention that it is an inefficient or disposable industry.

This bill carries several guaranties, well worth while. It gives the processor a definite supply of raw materials and a certain market; it carries safeguards against the abuse of child labor and provides for minimum wages.

While we differ on some material matters, I never questioned the primary concern of the Secretary of Agriculture in the beet grower, and his power of supervision in this bill over contracts between the growers and processors ought to be an assurance to the growers that they will get an equitable division of the profits of the industry.

I think there is one thing that ought to be stated by someone from Colorado. I want to say of Senator COSTIGAN, of Colorado, the sponsor of this bill in the Senate, who has been so much misrepresented in connection with the bill, that his career of distinguished service for the common man, the worker, and the farmer, is an absolute guaranty that he would not sponsor any legislation that was not beneficial to either of them. [Applause.]

Mr. HOPE. Mr. Speaker, I yield 5 minutes to the gentleman from Iowa [Mr. GILCHRIST].

Mr. GILCHRIST. Mr. Speaker, I do not know anyone who is heartily in favor of this bill. There are a few who are heartily against it. When we vote most of us will do so on the principle that as between the two evils we choose the lesser. That is the argument for the bill.

The American people are the greatest consumers of sugar per capita on earth. We do not produce in continental United States more than about one fourth of the sugar we consume. Sugar is not on an export basis. The administration has been striving to limit the production of many agricultural products in order to prevent a surplus which affected the market and reduced the prices of agricultural commodities below cost of production.

Now, in this bill we are introducing a new principle and we are asked to agree that the people of the United States should not produce our sugar but that the business should be allocated largely to foreign people and to tropical labor. The bill forbids processors from importing sugar in excess of quotas based upon importations in the years 1925–33 such as the Secretary of Agriculture may determine to be the correct quotas or the most representative ones. The bill is based upon the assumption that we owe a duty to the Philippines and to Cuba and to our insular possessions and that we must allocate to them much of the business of producing sugar. But I did not rise to discuss that part of it or the situation surrounding it.

The bill also deals with blackstrap molasses. There have been several bills before the committee which dealt with sugar and all of them dealt with blackstrap molasses as does the present bill. Now blackstrap molasses is a refuse or a waste from sugar refineries. It constitutes what used to be the scum or dregs or leavings of the refineries. At one time they had to haul the stuff out into the bay and dump it in order to get rid of it. But science and chemistry discovered that it could be used to produce alcohol and then immediately a new market was opened for blackstrap molasses; and its imports into this country have continually risen until it has become a menace to the grain and vegetable growers of the country because it has almost displaced vegetables and corn and grain in the distillation of alcohol. It is largely a foreign product and is imported here principally from Cuba. I have seen figures that show that only about 4 percent of the blackstrap molasses used in the manufacture of alcohol is produced in continental America. But it is easily and cheaply imported along the seacoasts and the result has been that the interior distilleries of the country have been largely driven out of business and that the industry is largely centered along the coasts where water transportation from Cuba is cheap and easy.

Some blackstrap molasses is used in the manufacture of livestock feeds and I would not interfere with its use or its importation for that purpose. But there is no reason why blackstrap molasses should be allowed to displace corn or other grains in making alcohol. There is not a sufficient tariff against it to prevent its importation for that purpose. But now while we are considering this bill we have an opportunity to fix quotas for its importation just as we are fixing quotas for the importation of sugar.

We should go farther and forbid processors from importing blackstrap molasses beyond importations in pre-war and pre-Volstead times. The eighteenth amendment has been repealed and the farmers were promised that its repeal would open up new markets for their grain. Why do you not keep this promise? Why are you driving our farmers out of the market in favor of cheap tropical half-clad, half-civilized, and half-paid peon and negroid labor in foreign

countries? Farmers were promised by party platforms that they would not be subjected and should not be subjected to that kind of competition. They are suffering; their lands are being taken away from them; their homes are being sold by the sheriffs; foreclosures and judgments are running against them. It is pitiable. It is damnable that the fine, intelligent, God-fearing and home-loving farm people are being driven from their homes in a general exodus, because it is impossible to make a living.

In the committee I proposed an amendment which would have limited the importation of blackstrap molasses for distillation into alcohol to quotas based on pre-war and pre-Volstead conditions. If we did this, alcohol would be practically as cheap because the distilleries of blackstrap shove the price up and down being sure always to keep it a few cents under the price that would be required if American grown grain was used in the distillation. They will sell you blackstrap for 1½ or 2 cents a gallon if corn is down to 8 or 10 cents a bushel. But when corn rises higher, then blackstrap molasses rises in parallel lines so that after all alcohol distilled from blackstrap molasses is but little under the price of alcohol which would be distilled from American grain.

We were unable to get an amendment incorporated into the bill, and we are here today under suspension of the rules without a chance to offer an amendment that will do justice to the grain and vegetable farmers. We cannot offer an amendment that would forbid the processors from introducing into this country blackstrap for the manufacture of alcohol. This importation displaces 40,000,000 bushels of corn yearly. It displaces millions of acres of land that could be used for growing potatoes or other vegetables or other grains for use in the distilling of alcohol. In this day, when farmers are asked to limit production, this bill should shut the floodgates of tropical importation. It fails in this respect. Farmers have tariffs to pay. They are signing production-control contracts. They are taxed to put marginal lands out of business. They are taxed for subsistence homesteads, and seed loans and crop loans and loans to irrigation and reclamation districts. Cotton limitations are placed over them, and they are seen plowing up cotton fields. The Government is regimenting cotton production. Consumers and producers are paying processing taxes on corn, wheat, and what not. We see corn agreements and limitations, wheat agreements and limitations, hog agreements and limitations. We are told to produce less and thereby gain more. Yet in this bill you are allowing black and tropical and semi-civilized and cheap labor in foreign islands to the south and in the Far East to come and compete here with the American farmer. You are not keeping your preelection promises.

The importation of blackstrap does not do the country any good. You will pay scarcely any more in the future for alcohol if this nefarious business of bringing in blackstrap to compete with the American farmer is stamped out. It is ridiculous to my mind, at this time, when we are limiting American production, to give this opportunity to the Philippines and Cuba and other foreign countries to control our market without let or hindrance or limitation. There should be an amendment to this bill that will provide in section 2 just exactly what the bill does with sugar, namely, forbid the processors of blackstrap molasses from importing it for the manufacture of alcohol beyond the importation of the days when parity prices are fixed for agriculture, and beyond the quotas that came here before the eighteenth amendment and the Volstead law and beyond the importations which will amply meet our demands for feed. Why hesitate about it?

If you really want to restore the farmer's buying power, you will give him the American market. If you really want to make him prosperous, you will allow him to raise and sell his products. If you want cheap foreign labor to displace him in the economic structure, then you will continue to favor the American Molasses Co. of Boston and the big sugar refineries, who control the present situation, and the lobby which has been here before Congress representing them. You will continue to uphold the big banks that have large investments and loans in foreign sugar refineries and sugar plantations. How about the Chase National Bank, the National City Bank, and the Bank of Montreal? As Congressmen, whom are you going to be for? That is a question which you will have to answer sooner or later, because the time is coming—and I hope it will come soon—when you cannot hide behind a rule which prevents discussions and amendments and also prevents justice to American farmers. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from Iowa [Mr. GILCHRIST] has expired.

Mr. JONES. Mr. Speaker, I yield 1 minute to the gentleman from Louisiana [Mr. MONTET].

Mr. MONTET. Mr. Speaker, Louisiana is the third largest sugar-producing State in this country. Sugar is one of the major products of my State. We of Louisiana are, therefore, vitally interested in this program which looks to the stabilization of the sugar industry. We have long realized that existing tariff alone has not been able to sustain the industry, for the very obvious reason that the Philippines, Hawaii, and Puerto Rico have more or less reaped the major portion of the benefits of this tariff. While this tariff has been of substantial assistance, we at the same time realize that in addition thereto the industry must be stabilized. This program looks to the stabilization of the industry. This is good national policy, for if ever the day comes when there will be no continental sugar production, we will have a repetition of what occurred in this country in 1920, when Cuban sugars and sugar from our insular possessions came into this country without competition from continental production. Sugar then rose to nearly 30 cents a pound. I therefore submit that it is good policy to stabilize the industry so as to insure the maintenance of a continental production of sugar that will prevent the insular producing areas from holding up the American consumers, as was done in 1920. This proposal assures continental beet and cane their pre-war parity price. These commodities are entitled to this, hence I gladly lend my support to this measure.

The SPEAKER pro tempore. The time of the gentleman from Louisiana [Mr. MONTET] has expired.

Mr. HOPE. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. WOODRUFF].

Mr. WOODRUFF. Mr. Speaker, as I have been listening to the speeches made by the various Members representing the beet- or cane-sugar producing sections of this country I have been impressed with the thought that they believe themselves faced with a situation which faced a peaceful citizen of this country when, in wending his way homeward one dark night, he found himself suddenly confronted with a man with a shotgun, that shotgun pointed at his head, the man demanding his money or his life. He gave up his money, of course. Our friends who have been apologizing for this bill and damning it with faint praise apparently believe they are confronted with a gun that is loaded. When I refer to that I wish to say the gun I speak of is the tariff "gun" or bill which recently passed the House and which they expect will soon be placed in the hands of the President of the United States. If it is loaded and dangerous, it must be because they believe the man behind it will pull the trigger and thus reduce the tariff on sugar and destroy the beet-sugar industry.

I wish to say to my good friends on the other side of this House, if you believe for one minute that this great President of ours would knowingly—and he has had ample time to inform himself on this question—do anything to destroy an industry as great and as important to the people of this country as the sugar industry, you have less confidence in that fine man than I have. That is the situation in which you find yourselves. You believe the gun is loaded. I do not believe any such thing. I do not believe your President and mine would destroy this great industry. Believing as you do, you will not, of course, vote with me to send the bill back to the committee with instructions to bring back here a bill that is an American bill, and not one such as we have before us, which sacrifices and surrenders fundamental rights of the American farmer.

Now, I am for an allotment plan, but I am not for an allotment plan that cuts down production of only such sugar as is produced by American citizens. I am for an allotment plan that gives to the American farmer the rights that are his, that permits him to raise as much of the sugar consumed in this country as he is able to raise, leaving for other countries the privilege of raising only such sugar consumed in this country as our own American farmers cannot raise. I cannot for the life of me understand how any man in this House would argue that in the placing of allotments the only people whose production shall be decreased happen to be full-fledged American citizens. I speak of the people living in continental United States and the people living in the islands of Hawaii. My friends, I know you must feel humiliated to find yourselves in the position where you have to come on the floor of this House and support this measure, and by so doing cast doubt upon your confidence in your exalted leader and his ability and desire to protect a great American agricultural industry.

We have something more to consider here than the protection of this industry, great as it is. We have certain fundamental rights of our people to preserve. I wonder how many of you realize that by your vote today you abandon for all time the right, the inherent right, of the American farmer to produce the food that keeps American people alive? I wonder if you realize the precedent you are establishing here? Precedents such as this remain all down the years to plague, to annoy, and sometimes to destroy us.

I represent a district that grows many, many thousands of tons of sugar beets. My city produces more beet sugar than any other city in the world. Thousands of farmers in my district raise sugar beets. They desire to continue to do so. Other farmers also wish to raise this valuable crop. We have three large sugar factories in that home city of mine. Under this bill the acreage of sugar beets must be reduced. Farmers in my district and elsewhere will be denied the opportunity they heretofore have enjoyed. Do you think I do not have a regard for this industry? Do you think that for one moment I would stand and argue as I do, if I had not some regard for the fundamental, the constitutional right of the American farmer to produce the food the people living in this country eat from day to day? By abandoning that right you are abandoning a policy that has been the policy of every party that ever had control of this House; and I want to say to you gentlemen—I feel sorry for you—but the day will come in your lives when you will be much embarrassed by your vote here today, when the farmers of this country realize the privileges—yes—the fundamental rights you are voting away from them.

Mr. CUMMINGS. Will the gentleman yield?

Mr. WOODRUFF. I yield.

Mr. CUMMINGS. The gentleman says he feels sorry for us?

Mr. WOODRUFF. Yes.

Mr. CUMMINGS. Does not the gentleman feel sorry enough for us to vote for this bill?

Mr. WOODRUFF. Mr. Speaker, I want to say to my good friend—I like him; I think he is doing just the thing he believes he ought to do; he, like all the rest of the Members over there, believe the gun is loaded, and, if this bill is not passed, the President will pull the trigger; I do not agree with him—I want to say to him that if I believed the people of this country—and I do not include only the sugar-beet growers; but if I believed the people of this country would for a minute tolerate abandoning the fundamental rights of the citizens of this country, I might be impelled to vote for this bill. I am not going to vote for it; and I am not going to vote for it because I have more confidence in the President of the United States than you gentlemen on the Democratic side of this House.

If this bill becomes the law, it is proposed to reduce the tariff on sugar, and thus reduce the amount received by the Treasury from this source by $19,440,000. If this amount of money is not important at this time, why not leave the tariff where it is and use this sum to pay the farmers who raise beets and cane in this country an additional amount for their products? In this way they would receive more than the parity price of $6.50 per ton for their beets and more for their cane, market conditions would not be disturbed, and the consumers of sugar would not be called upon to pay a higher price for this food necessity, which they may expect to pay when the processing tax goes into effect. The assertion that the reduction of tariff will offset the processing tax is shown unwarranted by our experience of the past, and this will be realized when this program goes into effect.

Mr. SADOWSKI. Mr. Speaker, will the gentleman yield?

Mr. WOODRUFF. I yield.

Mr. SADOWSKI. Did the gentleman have that same confidence last November?

Mr. WOODRUFF. That is not pertinent to this discussion, Mr. Speaker.

[Here the gavel fell.]

Mr. JONES. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan [Mr. BROWN].

Mr. BROWN of Michigan. Mr. Speaker, I may say to my friend, the gentleman from Michigan, who just left the floor, that the shotgun that is pointed at the heads of the sugar farmers and the sugar producers of the United States is not the threat of a lower tariff. For the past 10 years the tariff against Cuban sugar has been increased steadily, yet during all that time, Mr. Speaker, the conditions in the State of Michigan, which the gentleman and I in part represent, have been growing worse constantly. I think, as a matter of fact, that the shotgun went off, and it shot 12 out of 15 factories in the State of Michigan out of business, including two or three in the gentleman's own district, and with those factories it carried down a great many of the stockholders in sugar companies whom the gentleman represents here today; and two of those factories, Mr. Speaker, in common with many other factories in the State of Michigan, were sold under the hammer in the last 3 years.

My friend, it is not the tariff that has ruined us; it is the competition from the Philippine Islands, from Hawaii, and Puerto Rico. That is the thing that is disturbing the sugar business today; and if we are given this bill, Mr. Speaker, it will be found that the sugar business will be stabilized better than it has ever been in the past.

Mr. WOODRUFF. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Michigan. I yield.

Mr. WOODRUFF. Will the gentleman tell me—I have already told him I approve of the allotment of sugar production to the various areas—will the gentleman tell me why it is, with his side of the House having control of this legislation, having the votes in the committee to do anything they like, it has not brought out a bill making allotments to the cane- and beet-sugar growers outside of this country after domestic production has been cared for?

Mr. BROWN of Michigan. The gentleman knows that the sugar allotment to the United States is over 100,000 tons greater than the quantity of sugar that has been manufactured from domestically grown beets and cane in any year in the history of the country except 1933.

Mr. WOODRUFF. Surely; and the gentleman knows that right now the sugar industry is back on its feet and will continue so if this bill is not passed.

Mr. BROWN of Michigan. They will continue to be on their feet under the operation of this bill.

The purpose of the proposed legislation relative to sugar is to stabilize continental sugar production and prevent excessive production and the consequent price disturbance and low yields to farmers and manufacturers from insular competition.

It is commonly believed that the reason for the low price of sugar and the low returns to the farmer is found in Cuban production. This is not a fact. The result of the tariff policy of the past several years was, of course, a restriction of Cuban production, but the main benefit by way of increased production has not been to continental United States but has benefited Puerto Rico, the Philippine Islands, and Hawaii, the tropical islands where growing conditions,

labor conditions, wages, and the other principal cost factors are the same as in Cuba. The higher the Cuban tariff the greater advantage to these insular possessions. The net result is that we have built up through the tariff a highly prosperous business in these three islands and have not particularly benefited continental beet and cane producers. The present bill is the only acceptable method by which a reduction in the amount of sugar produced in these islands can be obtained.

It is a good bill because it limits the production of Puerto Rico, Hawaii, and the Philippine Islands. It puts the Cuban quota considerably below their production in normal times and gives American beet and cane producers a substantial increase over their average production, although it is 200,000 tons below the production for the past year.

The Secretary of Agriculture assures the farmers of the Nation that the increase in price per ton of beets will more than offset the reduction of approximately 10 percent in quota from 1933. A careful reading of the bill and of the testimony adduced indicates that this result can be achieved, and I have no doubt that the administration will exert every effort to justify the predictions of the Secretary of Agriculture.

There is much to be said against any restriction of continental production, and I will later set forth some of the reasons therefor. If it were a simple case of restriction of Cuban importation, the problem would not be difficult, but the complication lies in the production of the low-cost island possessions and the Philippines. We cannot protect the continental producer without at the same time protecting our territorial producers, and they have succeeded in glutting the sugar market. The present bill is a temporary measure, limited to 3 years in operation. During that time doubtless a plan can be worked out which will stabilize the industry and insure adequate returns to the American farmer and manufacturer.

As a matter of permanent policy I am against any restriction of American sugar production—at least below the capacity of the plants. From the standpoint of national economy it may, after investigation, be determined that it is best not to expand. This is the position of the Secretary of Agriculture. He has given every assurance that there will be no attempt to restrict unreasonably American production. While I agree that the present bill is desirable, I think that it will be found later that the only sound basis for an American sugar program will be based on the capacity of the continental processors. Much can be said in favor of a program which would prevent expansion, but I do not believe there is a sound argument for restriction below the present plant capacity.

THE NATIONAL DEFENSE ARGUMENTS

One of the fundamental reasons for maintaining the continental sugar business is based on the national defense.

It is a matter of common knowledge that during the World War England suffered severely because of the impossibility of getting a sufficient quantity of sugar, not only because of the need of using their merchant marine and naval auxiliaries for war purposes but also because of the effectiveness of the German submarine blockade, which prevented the plentiful supply from tropical islands reaching Great Britain and Ireland. This notwithstanding the fact that England had the most powerful navy in the world. This bitter experience has had a remarkable effect in England. They have set up a policy of encouraging production of sugar in the islands of Great Britain and Ireland.

In 1913 and 1914 they produced no sugar. In 1925 they produced 51,000 tons. In 1926 they produced 165,000 tons; in 1927, 208,000 tons, and so on upward to a production of 450,000 tons in 1933.

There is no question but that Great Britain, with her powerful Navy and its tropical colonial possessions, would be in a better condition than this country or any other country to get its supply of sugar from abroad, but the English Nation, with its customary far-sightedness, based upon its unfortunate World War experience, has embarked upon this definite policy of expansion of beet-sugar production, ranging from nothing to 450,000 tons, or approximately one third of the beet-sugar production of the United States.

Of course, it is difficult to imagine, at the present time, a condition where the United States could not control transportation between the West Indies and the United States, but it is no more difficult than to conceive in 1914 that Great Britain could be prevented from bringing sugar from its colonial possessions, with the combined fleets of England, France, and the United States to protect that commerce, and a most important difference is that in the case of England her sugar can be produced largely in her own possessions, British India being in 1913 the largest producer of sugar in the world.

In the case of the United States, even assuming that the Philippines remain a part of our territory, we could not secure our full supply of sugar without applying to other governments. It, therefore, seems most unwise to restrict in any manner whatsoever continental beet-sugar production.

The press has lately told that Italy has embarked on a program of encouragement of domestic beet production.

A second fundamental reason is found in the relationship between retail prices and the tariff. It will be found that a low tariff has not necessarily meant lower prices. It will be shown in the following statement that a reasonable price for sugar is assured only when there is a substantial and reasonably profitable continental sugar production.

RELATIONSHIP OF RETAIL PRICES AND THE TARIFF

I have prepared a table setting forth the retail price per pound of sugar in United States money throughout the world. The table is appended and will appear in the RECORD.

A few typical examples indicate the conditions in the United States as compared with those in other large countries. The price in Germany is 11.78 cents a pound; the price in France is 10.07 cents a pound; the price in Holland is 11.16 cents a pound; the price in Italy is 21 cents a pound; the price in Spain is 8 cents a pound. There are only four countries in the world where the price is below that of the United States. They are as follows: Denmark, approximately 4 cents per pound; England 4 cents per pound; Java 4 cents per pound; Japan, approximately 4 cents per pound.

The price in the United States was 4.3 cents per pound, wholesale, as of October 15, 1933. There has been a slight rise, generally speaking, as occurred elsewhere. The price varies from a low of 3.87 in Denmark and Japan to a high of 4.03 in Russia. The price in the United States is one of the lowest obtainable anywhere in the world. The five low price countries all approximate 4 cents a pound generally speaking. The price in the United States is considerably below the average world price. The best comparison between the United States and any other country is with Canada. The price in the United States in the month of February, wholesale per hundred pounds for cane was $4.50, for beets was $4.30, at Detroit, Mich. At the same time, the price in Windsor, Canada, immediately across the river, was $6.30 per hundred pounds. It is interesting to note that the United States produces approximately one third of its sugar consumption, whereas Canada produces no substantial part of its sugar consumption, having, I believe, but three sugar mills within the limits of the Dominion.

In this connection it is interesting to note the retail prices in the United States during high- and low-tariff periods. The tariff on raw sugar from March 1, 1914, to May 27, 1921, was approximately $1 a hundred pounds against Cuba and $1.25 a hundred pounds against other countries. During that period we had the highest sugar price in recent history. In the year 1920 the monthly prices varied from a low of 10½ cents a pound to a high of 26.7 cents a pound. On May 27, 1921, the Cuban tariff was increased to $1.60 a hundred pounds and the tariff against other countries to $2 a hundred. The price for the first 4 months of 1921 exceeded 9 cents on the average. In May the price dropped to 8¼ cents and steadily declined to 6½ cents a pound without again, after the month

of May, reaching as high as 8 cents. The tariff rates last given continued until September 22, 1922, when the rates were raised to $1.76 on Cuban importations and $2.20 on others. That rate continued in effect until June 17, 1930. The average prices under the higher rates were as follows: 7 cents, 10 cents, 9 cents, 7 cents, 6 cents, 7 cents, 7 cents, for the respective yearly periods to and including 1929. On June 18, 1930, the tariff was again raised to $2 per hundred against Cuba and $2.50 per hundred against other countries. The average prices from 1930 are as follows—yearly averages: 6.2 cents, 1930; 5.1 cents, 1931; 5.1 cents, 1932; 5.4 cents, 1933.

Therefore, it would seem that the raising of the tariff has little to do with the price of sugar. The highest price on record took place at a time when the tariff was the lowest, and the lowest price in the past 15 years came at a time when the tariff was the highest.

It is apparent from this summary of sugar prices and comparison with tariff rates that the American consumer is best protected from exploitation by sugar interests when the largest share of the production is given the American producers through high tariff rates, and the greatest exploitation of the consumer takes place at the time when the largest amount of foreign sugar comes in as a result of low tariff rates, which have frightened American producers and prevented them from growing and manufacturing sugar. It follows logically that the American consumer is best protected by giving the largest possible share of American production to American producers.

The tariff is a factor in this result, but from what has been said it is obvious that restriction of production by the insular possessions and the Philippines is also a vital factor. The result to be achieved is one in which continental American production is maintained both by a reasonable tariff against foreign countries and a reasonable restriction of production by our insular possessions.

In conclusion, it may be said that the sugar interests of the country should, and I believe do, favor the present bill as being better than no bill at all, and much better than the chaos of the past few years. As heretofore indicated, we believe that it could be substantially improved, but it is a long step in the right direction. It is far superior to a raising of the tariff, which would be principally of benefit to the Philippines and the insular possessions. It will, if properly administered, and we have no reason to suppose that it will not be, stabilize the industry.

For the future we believe that the logic of events will bring about some changes which will base the American production upon the present capacity of the plants, with possibly a restriction on increase in production. By this method a reasonable price to American consumers would be assured, exploitation by foreign producers would be prevented, and substantial acreage in the United States would be used for beet and cane growing. At the same time, a reasonably large share of the American market would be assured for our territories and foreign trade, thereby giving the administration the opportunity to use the powers granted under the reciprocal tariff bill for the purpose of increasing American exports of other agricultural products.

The following table is self-explanatory:

Retail prices for 1 kilogram consumption sugar as of Oct. 15, 1933

Country	Price prevailing in country Oct. 15, 1933 [1]	Converted to German reichsmarks [1]	Converted to United States cents per pound [2]
EUROPE			
Germany	0.76 reichsmark	0.76	11.79
Czechoslovakia	6.20 C. kronen	.77	11.95
Austria	1.26 schilling	.60	9.31
Hungary	1.27 pengo	.92	14.28
France	4.00 franc	.65	10.09
Belgium	2.75 B. franc	.32	4.96
Holland	43 cents	.72	11.17
Denmark	43 oere	.25	3.87
Norway	0.65 Nor. kronen	.43	6.66

[1] Taken from a table prepared by F. O. Licht, the European sugar authority.
[2] Calculated by using a conversion factor of 15.5244.

Retail prices for 1 kilogram consumption sugar as of Oct. 15, 1933—Continued

Country	Price prevailing in country Oct. 15, 1933	Converted to German reichsmarks	Converted to United States cents per pound
EUROPE—continued			
Poland	1.40 zloty	0.66	10.24
Italy	6.40 lire	1.41	21.88
Spain	1.60 pesetas	.56	8.69
Yugoslavia	12.30 dinar	.65	10.09
England	5d	.26	4.03
Turkey	38 piaster	.76	11.79
Russia	26 reichsmarks	26.00	403.63
AMERICA			
United States	9.76 cents	.28	4.34
Argentina	35 centavos	.49	7.59
Canada	14.8 dollar cents	.41	6.35
AFRICA			
South African Union	7.8d	.39	6.05
ASIA			
Java	16 cents	.26	4.03
Philippines	10.76 dollar cents (gold)	.45	6.98
Japan	0.32 yen	.25	3.88
OCEANIA			
Australia	8.8d	.35	5.43

[Here the gavel fell.]

Mr. HOPE. Mr. Speaker, I yield 3 minutes to the gentleman from Wisconsin [Mr. BLANCHARD].

Mr. BLANCHARD. Mr. Speaker, if Congress passes this piece of legislation they will be sending out public apology for the allotment or quota plan which has been devised here.

Practically every advocate of this measure has given it a left-handed endorsement; and in the face of the fact that we here are attempting to make virtue out of necessity we tell the people of America that even though there is no overproduction in continental United States, we are going to place them on a quota basis and give to our island possessions increased production. Now, let me say that since the barrage was laid down last month by the gentleman from Michigan [Mr. WOODRUFF], in which I joined on the same date, we have accomplished important results for the American farmer. Under this bill continental United States is given a quota of 1,550,000 tons, which is an increase of 100,000 tons over the original proposal that was introduced by the committee. That bill reduced our production 300,000 tons. This measure reduces it 200,000 tons. But when all is said and done, in the final analysis of this bill, we are handing over to the Department of Agriculture and to its Secretary, Mr. Wallace, and to his assistants, Mr. Weaver and Mr. Tugwell, the probable fate of the sugar industry of the continental United States; and you are entrusting it to unfriendly hands, to the hands of men who believe that it is an inefficient industry.

This bill has been called a choice of two evils, but what a price we pay in order to escape the greater of the two. The industry needs stabilization, it needs protection, it needs encouragement. However, the American producer should be the first to receive consideration, and if we are driven to the necessity of accepting this in order to save the sugar industry of the United States, we have come to a surprising state of affairs.

[Here the gavel fell.]

Mr. JONES. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan [Mr. HART].

Mr. HART. Mr. Speaker, coming from probably the largest sugar-producing district in Michigan, I am going to support the bill. It is not all I should like to have had, but what interest, what group, or what section of the country does get legislation from this Congress that is all they desire? Legislation is more or less a matter of compromise.

May I discuss for a minute this gun that my friend, Mr. WOODRUFF, from the adjoining district is talking about? He

says that the gun is not loaded. There is no question in my mind but that the gun is loaded, but the ammunition is not tariff in the sense he views it. It is loaded and held to our head. The loaded gun is the insular possessions which our friends on the other side placed there when they brought into the United States Hawaii and Puerto Rico, and permitted the Philippine Islands with their cheap labor to get a $2 bonus to produce sugar. [Applause.]

I noticed when my friend from Port Huron, Mr. WALCOTT, on the other side talked about cheap labor and the cost of production in Cuba he did not give us the cost of production in Puerto Rico where they got a $2 bonus to bring their sugar in here and compete with the farmers in his district and mine. When my friend, Mr. WALCOTT, was discussing the cheap competition from Cuba, did he purposely omit to describe the similar conditions under which sugar was produced in Puerto Rico—produced with the same cheap labor and under the same tropical conditions which exist in Cuba? Why did he fail to show that Puerto Rico could produce sugar so much cheaper that his own beet farmers in Huron and Tuscola Counties could not compete?

He did not want to call their attention to the fact that under a Republican administration they were paying the peon labor of Puerto Rico a bonus of $2 per ton over Cuba to bring into this country sugar to compete with his own farmers. This same condition exists with reference to the Virgin Islands, to Hawaii, and to the Philippine Islands, who use cheap oriental labor.

Yet my friend from Port Huron never discussed this cheap competition, which not only competes with Cuba but is given an extra $2 a hundred on their sugar to stimulate its production to the ruination of all Michigan sugar-beet farmers.

Therefore, if I have not obtained everything I desire, I am at least going to prevent this industry from being wiped out and the sugar plants in Michigan from being sold under the hammer, as has been done during the past 12 years, when my Republican friends have given tariffs that amounted to embargoes to eastern manufacturers, yet they would not protect sufficiently this one agricultural commodity [applause] which lends itself to tariff and quota protection.

Their sole argument against the pending bill is that it does not give the American farmer the unlimited American market on sugar. Let me call your attention to the fact that Puerto Rico, Hawaii, and the Virgin Islands are integral parts of the United States and as such are entitled to the same protection as other parts of the United States. The Government does have some responsibility with reference to these possessions which were acquired under Republican rule, when the administration was embarked upon an imperialistic policy, so that their capitalists might have possessions to exploit. The reason sugar has not been put on a profitable basis for the American farmer is that these capitalists have had investments in these insular possessions, using cheap labor and reaping enormous profits, due to the fact that they were given $2 per hundred advantage over Cuba for sugar.

Our Republican friends, to fool the American beet-sugar farmer, have continually pointed to Cuba as the "big, bad wolf" of the sugar industry, while this industry was slowly being smothered by Hawaii, Puerto Rico, and the Philippine Islands.

While Cuba shipped to this country last year about 1,500,000 tons, we received from these insular possessions something like 3,000,000 tons, and, due to the $2 bounty, they were able to drive our market down to about the lowest point in history. All this will be corrected under the present sugar quota bill, and we will be given a large portion of the increase in consumption of sugar in this country. Within a few years this will more than tax our present refineries to capacity. I therefore shall support the pending bill. [Applause.]

Mr. JONES. Mr. Speaker, I yield 5 minutes to the Delegate from Hawaii [Mr. MCCANDLESS].

Mr. MCCANDLESS. Mr. Speaker, I am sorry to have to come here today and speak against this bill. The reason is that all of our sugar-producing areas, including the continental United States, are not able to produce enough sugar to supply the people of this country. We have had the cattle industry come here asking for help to take care of its overproduction. We have had the wheat industry with its overproduction and we have had other industries come in and plead with you to help them. We have appropriated $200,000,000 to help the cattlemen to take care of their overproduction. We now are considering a commodity in which there is no overproduction. You cannot raise the amount of sugar that you need and you just say, "Cut it down." I cannot conceive how any man in this Congress could say "Yes" on this bill, because the American people should have the first right to produce the foods that are consumed in this country. We are not growing enough sugar to supply our home market, therefore we have to go to Cuba or to some other foreign country to get sugar needed to meet the consumption needs. And yet you would by this bill reduce our sugar production.

You are here to conduct the business of the Nation. You together represent the people of this Nation, and you were elected to come here because you are intelligent, right-thinking men and women, capable of looking after the interests of your own districts and of the larger interests of the entire Nation.

We are discussing a bill to control sugar production, to actually reduce the number of tons of sugar produced in the continental United States, its Territories and possessions. I have no fault to find with the principles of this bill insofar as it provides for regulation of the sugar industry. But I do have definite objections to those provisions which would reduce the output of an American industry in order to benefit a similar industry in a foreign country.

The United States consumes, roughly, 6,500,000 tons of sugar annually. Under normal production, the mainland beet and cane areas would produce approximately 2,000,000 short tons, raw value; Hawaii, about 1,000,000 tons; Puerto Rico, the Virgin Islands, and the Philippines together about 2,000,000 short tons. Thus the production of sugar by continental and insular growers combined would amount to approximately 5,000,000 tons of sugar, leaving one and one half million tons to be imported from other sources to meet the estimated consumption demands.

It would seem to me a logical and fair proposition to allow the American sugar areas to produce this 5,000,000 tons of sugar, and to allot to foreign countries and Cuba, as the chief foreign importer of sugar, the balance necessary to meet the consumption needs.

But this bill does not propose to do that. This bill would reduce the amount of sugar produced by American enterprise in order to increase the importation of sugar from Cuba, a foreign country. This is not fair; it is not what you were sent here to do as fair-minded men and women. How can you justify your actions when you aid a foreign industry at the expense of an American industry?

My chief objection to this bill, however, is that it would discriminate against the Territory of Hawaii, whose people I represent, and would seriously threaten the financial, economic, and social stability of an integral part of the United States.

This bill in its present form provides definite quotas for the continental beet- and cane-sugar areas, 1,550,000 short tons for the former and 260,000 short tons for the latter. Determination of quotas for the Territory of Hawaii, Puerto Rico, the Virgin Islands, and the Philippines is left to the discretion of the Secretary of Agriculture, who may take any 3-year period within the past 8 years as a basis for the sugar quotas for these insular areas.

The Territory of Hawaii does not deserve to be discriminated against in this manner. The Territory of Hawaii is entitled to just as much consideration and to just as much protection of her industries as are the beet- and cane-producing States. The bill discriminates even to a greater extent than this. It provides that if there is an increase in consumption over the estimated figures upon which the present quotas are based, the continental sugar areas shall

be allowed at least 30 percent of this increase, while if there is a decrease below the estimated consumption, such decrease shall be taken entirely from the insular and foreign sugar areas. The continental sugar-producing areas are thus protected from every angle, while Hawaii is classed exactly the same as a foreign country, and is so treated in this bill.

My friends, this is not being fair to the Territory of Hawaii, it is not living up to the solemn obligations assumed by the United States when Hawaii was united with the United States as an incorporated Territory. In 1897 two sovereign powers, the Republic of Hawaii and the United States of America, entered into a treaty to provide for the annexation of Hawaii as a Territory. This treaty reads in part as follows:

> The Republic of Hawaii and the United States of America, in view of the natural dependence of the Hawaiian Islands upon the United States, of their geographical proximity thereto, of the preponderant share acquired by the United States and its citizens in the industries and trade of said islands, and of the expressed desire of the government of the Republic of Hawaii that those islands should be incorporated into the United States as an integral part thereof, and under its sovereignty have determined to accomplish by treaty an object so important to their mutual and permanent welfare.

That treaty was a contract between two sovereign powers, and guaranteed the Territory of Hawaii treatment as an integral part of the United States. How, then, can you justify this bill, which treats Hawaii just as you propose to treat Cuba, a foreign country? In fact, it appears that we are to be given even less consideration than a foreign country, for the general assumption is that under this bill the present importation of sugar into the United States from Cuba is to be increased, while the Territory of Hawaii's production is to be reduced. Are you going to allow our Government to default on its contract with Hawaii merely because that Territory has not sufficient representation here to demand the treatment that is rightfully hers, merely because we have no vote in Congress?

The Territory of Hawaii has lived up to all its obligations assumed in the treaty quoted above. We contributed more to the United States Treasury last year than 17 of the States, including the States of Idaho, Montana, North Dakota, South Dakota, Utah, and Wyoming, all of which as producers of sugar beets are taken care of in the beet-sugar quota fixed in this bill. Yet the Territory of Hawaii is not to be given the benefit of a fixed quota, but must depend on figures established by the Secretary of Agriculture, figures that may by the terms of this bill be changed from time to time, and will, therefore, place the sugar industry of the Territory of Hawaii in a state of constant uncertainty that will bring ultimate chaos to the industry which is the mainstay of the Territory.

The President has recommended that quotas be fixed for the various sugar-producing areas, and in this recommendation he advised a quota of 1,450,000 short tons for the mainland and 935,000 short tons for the Territory of Hawaii. Even this figure would mean a reduction of 100,000 tons in our normal production, but we were willing to accept the President's recommendations. I have tried to get into this bill the quota for the Territory of Hawaii, which the President recommended, 935,000 short tons, but I was refused. The committee was willing to grant the mainland areas 100,000 tons more than the President recommended, but ignored his recommendation for Hawaii. The committee preferred to report the bill in its present form, with the Territory of Hawaii treated as a possession, rather than as an integral part of the United States. The same proportionate increase given the mainland areas above the President's recommendation should give the Territory of Hawaii a quota of 1,000,450 tons. This is the quota I now ask for the Territory of Hawaii.

The production of sugar is the chief industry of Hawaii, and upon the welfare of this industry depends the entire financial, economic, and social welfare of the Territory. In Hawaii we have by the use of scientific methods developed the production of sugar to the highest efficiency in the world. We have maintained American standards of wages and living conditions. We have a school system which is the equal of any elsewhere in the United States, and are educating 80,000 children to become good American citizens. Would you jeopardize all this by discriminating against the Territory of Hawaii as this bill now does?

Should the sugar crop of Hawaii be materially reduced, it would reduce the tax income of the Territory and threaten the financial stability of the community, which is even now having difficulty in keeping its budget balanced. The Territory, even with large private contributions for social service, has a hard task caring for the destitute and needy. I shudder to think what will happen to these unfortunate souls if several thousand more persons are thrown out of employment by a reduction of the sugar crop and at the same time the funds available for their relief are curtailed.

You would not deliberately legislate here to bankrupt a State government. Why, then, should you bankrupt a Territory that is part and parcel of the United States? Why should you throw thousands of persons out of employment and create untold suffering in an American community in order to help the industry of a foreign country?

Without a definite sugar quota for the Territory of Hawaii, it will be absolutely impossible for the plantations there to plan for the future. Sugarcane as it is grown in Hawaii is not a 1-year crop as it is in most other sugar-producing areas. In Hawaii sugarcane is planted in most cases for harvesting at least 2 years in advance, and in some cases where the ratoon system is possible, one planting yields crops for 5 years or more. At the present time in the Territory of Hawaii we have in the ground our sugar crops for this year, for 1935, and 1936, and in some areas even farther into the future.

This bill provides that the sugar quota for the Territory of Hawaii which is to be set by the Secretary of Agriculture may be changed from time to time. How can the sugar plantations plan their crops 3 years ahead when they have no assurance whatsoever that the quota in effect at any one time will not be arbitrarily changed before they can harvest those crops? How can any industry thrive when it is unable to plan for the future? The uncertainty which this bill would create in Hawaii's sugar market would work absolute havoc with her sugar industry and with the entire Territory.

The mainland sugar areas, which plant from year to year, are given a definite quota upon which they may depend. Why should not the Territory of Hawaii, where we must plan for a 3-year crop, be provided with a definite quota so that the sugar industry there can plan intelligently and with some possibility of conforming to the restrictions placed upon their production?

The bill now provides penalties for attempting to market more than the quota allowed, and it provides that any surplus above 1 year's quota may be deducted from the quota for the following year. Hawaii's sugar crops for the next 3 years are already under cultivation and are bound to exceed whatever quota may be established. Is she to be penalized for this?

All I ask for the Territory of Hawaii is that she be accorded fair and equitable treatment, the treatment to which she is entitled by reason of the provisions of the treaty under which she was annexed, by reason of her status as an integral part of the United States, by reason of her living up to all her obligations. We are an enterprising American community, with ideals and standards just as high as any other American community. I cannot believe—I will not believe that you, as just and fair-minded men and women, will sit calmly by and tolerate the discrimination against the Territory of Hawaii which this bill in its present form provides.

Some of you Members have said on the floor of this House that the Territory of Hawaii must be maintained as an American community, worthy of the flag that flies over those islands in the Pacific.

Do you expect us to be able to maintain American standards if the industry on which depends the welfare of that Territory and its people is ruined?

You ask that we maintain ourselves as an American community, worthy of the flag that flies over the Territory of Hawaii.

I ask that we be treated as an American community, and that we be accorded all the protection which that same flag offers to our sister communities on the mainland of the United States.

Following is a statement which I made on this bill before the House Agriculture Committee, and also a number of cables which I have received from Hawaii protesting against the discrimination which this bill contains, and urging the inclusion of a definite sugar quota for the Territory of Hawaii.

[Here the gavel fell.]

Mr. TRUAX. Mr. Speaker, I ask that the Delegate be given 3 additional minutes, not to be taken out of the time of either side.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. McCANDLESS. Mr. Speaker, I want to proceed just a little further.

Cuba in 1933 exported into the United States $58,000,000 worth of sugar. They allowed us to sell to them $25,000,000 worth of goods. In other words, they had a balance of trade in their favor of $33,544,000. This $33,000,000 has gone to Cuba, and you are going to take it out of the pockets of the American people and give it to Cuba. Is this Americanism? I feel just exactly as Patrick Henry felt when he said, "Give me liberty or give me death."

Mr. COLDEN. Will the gentleman yield?

Mr. McCANDLESS. I yield to the gentleman from California.

Mr. COLDEN. The gentleman has spoken about Hawaii being treated as a stepchild. I ask the gentleman if it is not a fact that Hawaiian planters have exploited labor imported from Portugal, Puerto Rico, China, Korea, Japan, and now from the Philippines, and they, in turn, have at no time employed a large number of American people upon their plantations?

Mr. McCANDLESS. A great many American people are employed upon the plantations and all the children born in the Territory of Hawaii are American citizens. We have done just as you have done in the East. The gentleman is living on the Pacific Ocean. Others are living on the Atlantic Ocean. In the East here your labor comes from Europe. We are living in the middle of the Pacific, in the oriental section of the world, where there are some 400,000,000 people. Half of the population of the world is over there bordering on the Pacific Ocean. Where must we go for our workers? We go to the places that we can get labor. In the Philippines bill that was passed here recently there is a provision that no Filipinos can be brought into Hawaii without the consent of the Secretary of the Interior.

Mr. COLDEN. I was going to ask the gentleman this further question. Did not the recent independence bill provide for the continuation of the exploitation of Philippine labor in the Hawaiian Islands?

Mr. McCANDLESS. Not without the consent of the Secretary of the Interior. If you have confidence in the Secretary of the Interior of the United States I think the gentleman need have no fear in that regard.

There are many things I have here which might be of historical interest to you.

Mr. TRUAX. Will the gentleman yield?

Mr. McCANDLESS. I yield to the gentleman from Ohio.

Mr. TRUAX. As I understand the Delegate from Hawaii, this bill will in no way benefit the sugar growers of Hawaii?

Mr. McCANDLESS. I tried to get a quota from the committee for Hawaii, such as the President of the United States wanted to give us, but the committee refused and gave a quota to the mainland growers only, and denied a quota to the Territory of Hawaii, which, by treaty, is part and parcel of this country, as much so as Texas or Colorado.

Following I have some data on the sugar situation and a comparison of the trade which exists between Cuba and the United States and that between the mainland United States and Hawaii. These figures should have your consideration, for they will show that by depriving the Territory of Hawaii of the revenue from her sugar industry, you will be depriving the United States Treasury and mainland business houses of many thousands of dollars in revenue.

Average annual sugar price per 100 pounds from 1923 through 1933

1923	$7.02
1924	5.964
1925	4.334
1926	4.337
1927	4.73
1928	4.229
1929	3.769
1930	[1] 3.387
1931	[2] 3.329
1932	[3] 2.925
1933	[4] 3.208

The average cost of producing sugar in Hawaii is about $65 per short ton. Thus it is clear that during the 4 years from 1930 through 1933, with the price of sugar averaging $67, $66, $58, and $64 per short ton for these respective years, the sugar producers of Hawaii were forced to sell their product on the average at a price about equal to the cost of production, and in the cases of many plantations, actually below cost of production. These figures above quoted, of course, represent raw sugar.

Following is a tabulation showing the exports and imports between Hawaii and the mainland, and a comparison between the volume of trade shown and that between Cuba and the United States:

Year	Exports, Hawaii to mainland	Imports, mainland to Hawaii	Balance of trade
1931	$106,098,975	$82,469,322	$23,629,653
1932	95,362,867	67,515,507	27,847,360
1933	82,506,629	53,551,175	28,955,454

	1930	1932	1933
Imports, Cuba to United States	$90,059,000	$38,330,000	$58,437,000
Exports, United States to Cuba	46,964,000	28,755,000	25,093,000
Total	43,095,000	9,575,000	33,344,000

As the above figures indicate, Cuba has exported to the United States more sugar per year than has Hawaii, for it is to be remembered that the chief export of both Cuba and Hawaii is sugar, which accounts for by far the greater portion of the export trade indicated in the above tables.

In spite, however, of Hawaii shipping to the mainland United States less sugar than Cuba, we have nevertheless purchased from the mainland goods the total value of which each year far exceeds similar purchases by Cuba.

Yet this bill proposes to give Cuba a quota of 1,944,000 tons of sugar and to reduce the sugar output of Hawaii from 1,035,546 tons, the amount produced in 1933, to 935,000 tons, a reduction of 100,546 tons.

It would appear from the above that Hawaii, an integral part of the United States, is being discriminated against in favor of Cuba, a foreign country.

Insofar as one can ascertain from official figures, Cuba, from 1904 to 1932, inclusive, a period of 29 years, has a balance of trade with the United States in her favor of the staggering sum of $2,336,795,000, or an average balance of trade in her favor of $80,000,000 per annum.

Hawaii, with an annual balance of trade less than that of Cuba, not only purchases from the United States more per year, but also pays into the Federal Treasury substantial sums in the form of receipts from internal revenue, customs, postal collections, court fees, and passport fees, while neither Cuba, the Philippines, nor Puerto Rico contribute a single dollar in this manner.

[1] Or $67.74 per short ton.
[2] Or $66.58 per short ton.
[3] Or $58.50 per short ton.
[4] Or $64.16 per short ton.

The following tabulation shows the sums Hawaii has paid into the Federal Treasury during the past 3 years from various sources mentioned above:

Direct revenue to the Federal Government from Hawaii

Year	Internal revenue	Customs	Postal	Passports	Courts
1931	$4,816,475.31	$1,908,632.10	$548,334.57	$2,218	$12,933.20
1932	3,875,879.08	1,572,732.56	579,969.23	3,249	20,125.71
1933	3,067,249.39	1,408,871.02	548,098.17	5,063	17,559.68
Total	11,759,603.78	4,890,235.68	1,676,401.97	10,530	50,618.59

Grand total, $18,297,385.12.

Hawaii is by the very nature of its incorporation into the Union part and parcel of the United States. It is, in addition, the westernmost defense outpost of this country, and its welfare for that reason alone is of vital importance to every man, woman, and child in this country. The entire economic, social, and financial welfare of Hawaii is dependent on its sugar industry, to which this bill in its present form would deal a staggering blow.

Hawaii is in every sense American, and it would be a gross injustice to treat its sugar industry in any other manner than on a basis of exact equality with the sugar industry of the mainland United States.

The following are organizations and individuals of the Territory of Hawaii who have cabled me urging the inclusion of Hawaiian sugar growers on the same basis as continental sugar growers in H.R. 8861:

Harold Dillingham, president Honolulu Chamber of Commerce.

Engineering Association of Hawaii.

George F. Wright, mayor, board of supervisors, city and county of Honolulu.

U. E. Wild, president Bar Association of Hawaii.

Leslie W. Branch, president Chamber of Commerce of Hilo.

S. L. Austin, president Chamber of Commerce of Maui.

Walter F. Frear, acting president Pan Pacific Union.

Herbert N. Ahuna, Speaker House of Representatives, Territory of Hawaii.

Rex Wills, commander Hilo Post, No. 2, American Legion.

John A. Shaw, president Rotary Club of Hilo.

Maude O. Bees, president Hilo Woman's Club.

Joseph Griswold, president Kona Civic Club.

Mrs. W. W. Tuttle, president Hawaii Congress of Parents and Teachers.

W. H. Chun, president Lions Club of Hilo.

Clarence L. Carter, president Hamakua Civic Club.

P. L. Murphey, president Honolulu Advertising Club.

William Heen, Democratic member, Territorial Senate.

Lang Akana, president Hawaii Civic Association.

Ralph E. Clark, president Retail Board of Honolulu.

Paul S. Loomis, president Representatives Club.

Vincent Ferrandez, president Honolulu Realty Board.

Rebecca M. Potter, president the Zonta Club.

C. G. Owen, president Association of Hawaiian Manufacturers.

Kauai Chamber of Commerce.

Mrs. G. Richard Ward, president Honolulu branch, American Association of University Women.

Winifred B. Robertson, state regent N.F.D.A.R. for Hawaii (National Federation Daughters of the American Revolution).

Typothetae of Hawaii.

Riley H. Allen, chairman Newspaper Publishers' Association.

Lyle G. Phillips, secretary, Medical Association.

Territorial tax organization.

Japanese Chamber of Commerce, Honolulu.

Nell Findley, manager Social Service Bureau.

C. S. Childs, head worker Alexander House Settlement.

Brig. J. C. Bell, divisional commander Salvation Army.

Nora Lange, chairman, Hawaii chapter, American Association Social Workers.

Philip S. Platt, director, Palama Settlement.

George F. Hamilton, secretary, Honolulu Council of Social Agencies.

John F. Gray, field director, American Red Cross.

Ralph G. Cole, general secretary Young Men's Christian Association.

Father H. Valentine, Columbus Welfare Association.

Mary L. Cady, general secretary Young Women's Christian Association.

Isabel Weinstein, secretary, Jewish Welfare Board.

Mr. HOPE. Mr. Speaker, I yield 4 minutes to the Delegate from Puerto Rico, but I ask unanimous consent that he be given 5 additional minutes, not to be taken out of the time of either side.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. HOPE. Mr. Speaker, I yield 4 minutes to the Resident Commissioner from Puerto Rico [Mr. IGLESIAS].

Mr. GUEVARA. Mr. Speaker, will the gentleman yield for a question?

Mr. IGLESIAS. I yield.

Mr. GUEVARA. I wish to ask a question of the Chairman of the Committee on Agriculture, the gentleman from Texas [Mr. JONES], as to the quota that may be assigned to the Philippine Islands. Will we have a legal right to call upon the Governor General of the Philippines to fix the quota or make the allotment of them?

Mr. JONES. In my judgment, he would have that duty. I think he can designate anyone to do the mechanical work in making quotas or allotting them; at least, he can ratify anything that his agents may do.

Mr. IGLESIAS. Mr. Speaker, it is almost impossible for me to state the situation of Puerto Rico at this moment on account of lack of time to do it.

I understand the fundamentals on which this bill has been drafted and the way the House has been requested to pass it, but Puerto Rico feels it is entitled to be treated with the same consideration that has been accorded to the domestic producers of sugar.

Puerto Rico wants to be recognized as an integral part of the United States and be recognized in the same way as any domestic community of the mainland or any other part or territory of the United States.

Since Puerto Rico has become a part of this country, our people and our children have been taught the principles and the ideals and the sentiments of this Nation, and we feel we are citizens of the United States not of a second class but of the same class as the citizens of the mainland.

Puerto Rico has taken a position in regard to two phases of this bill. One is that Puerto Rico should have fixed the quota that is going to be given to the island. The other is our uncertainty of the future in not having such a quota for our people and for the island as a whole is a tremendous backward step.

Some of our friends have talked about the cheap labor in Puerto Rico. It is true we have cheap labor in Puerto Rico, just as you have such labor in many communities of the United States where men and women are working in the same industry. I know that organized labor for many years has fought for a correction of the situation of the men in this class of labor. We have had the same fights that you have had in the States. We have been inspired by the ideals and principles of the American Federation of Labor and of organized labor generally, against having slave conditions in Puerto Rico. We have been going around the island trying to elevate and uplift the conditions of labor, and you must infer that we are not going to keep on with this cheap labor.

Puerto Rico has requested that a quota be fixed in the bill and has also requested that she be not discriminated against by the terms of this measure.

I am now going to make this declaration: It is very unfortunate that the principles and ideals of the President of the United States should be minimized in a bill of this kind. It is most unfortunate that the material things of business should be considered more important or should be put before the spiritual things of the people of the United

States in Puerto Rico, in Hawaii, or in any other place where the American flag is telling these people that they are citizens of the American Nation. [Applause.]

This is a terrible handicap to education and it is bad for the morals of Puerto Rico that with respect to the sugar question or any other question of business, we should be told that we are Americans, but when material things or when organized capital or when business is involved, we should be told, "You are not American like the people in continental United States, but you are Americans of some other kind." Such a policy should not be sustained in any possible way.

Furthermore, the business of sugar has been built up in Puerto Rico by continental United States. The mercantile business as well as almost every other kind of business activity in Puerto Rico has been built up by continental America.

Mr. Speaker, both houses of the Legislature of Puerto Rico, and the representatives of the sugar associations of the island, have sent cables of protest objecting to the position which has been given to Puerto Rico in this bill, H.R. 8861, a position they believe identical to that of a foreign country.

These cables are as follows:

SAN JUAN, P.R., *March 24, 1934.*

HON. SANTIAGO IGLESIAS,
Resident Commissioner for Puerto Rico,
House Office Building, Washington, D.C.:

The Senate of Puerto Rico strongly protests against the new Jones sugar bill, which classifies Puerto Rico in same class as Cuba, different to other continental American areas. We demand, as American citizens living in American territory, that a proportionate quota be inserted in bill, same as beets. We feel that it is the duty of Congress to give the same protection to Puerto Rican cane farmers and labor in the United States, and it is a great injustice to sacrifice our island citizens to protect foreign capital and American capital invested in a foreign country. We respectfully wish to remind you that this island is overpopulated with American citizens who greatly depend on sugar, while Cuba is an island underpopulated, which during crop season imports outside labor. Not being the intention of Congress to bring further hardships on this island, which has supported all the encumbrances of the Agriculture Adjustment Act—that cost the island over $10,000,000—we wish that fair consideration be given to Puerto Rico, so that we may obtain the largest possible raw-sugar quota, and this be included in the bill; and that no limitation whatsoever be made as to the amount of refined sugar to be shipped to our only market which is not overproduced with American sugar.

R. MARTINEZ NADAL,
President Senate of Puerto Rico.

SAN JUAN, P.R.,
April 3, 1934.

SANTIAGO IGLESIAS,
Resident Commissioner of Puerto Rico,
Washington, D.C.

Tentative concession of privilege to continental sugar producers and assistance to Cuban producers while omitting Puerto Rican producers, considering the latter of a part with foreign producers, causes deep discouragement to the 1,600,000 American citizens of this island. Our titanic struggle against adversity in 3,435 square miles of territory which cannot humanly contain the 450 persons to a square mile which it now supports, with the aggravating circumstance of an increase in population of 30 or 40 thousand inhabitants yearly will be unbearable if our principal source of work is weakened by excessive reduction of our sugar quota. Because the cost of living has increased there by 33 percent through our cooperation toward the success of the N.R.A., in good administrative practice assistance extended to the foreign Cuban industry should not sacrifice our own which is part of the domestic American industry because this is the right country in point of importations from the United States because the product which is the object of the regulation of the quota plays such an important part in the life of our country that on it depends 58 percent of its population, and because I have confidence and faith that the nobility with which your great Nation has treated our people, will not suffer diminution to the detriment of the spirit of indissoluble union between both which we defend with sincere fervor, I petition your honor to use your good offices in defense of our principal industry.

MIGUEL A. GARCIA MENDEZ,
Speaker of the House of Representatives.

SAN JUAN, P.R.,
March 26, 1934.

SANTIAGO IGLESIAS,
Puerto Rico Resident Commissioner,
Washington, D.C.

Understand House Agricultural Committee favors changing Jones bill to provide for fixed quotas continental sugar producers and leaving Puerto Rico quota at discretion of Secretary of Agriculture. This highly discriminatory and unsatisfactory leaving island industry in stage of uncertainty. We protest most strongly being considered different than continental Americans and put in class of Cuba, a foreign nation. Insist on proportionate Puerto Rico quota being inserted in bill same as beets. It should not be forgotten that sugarcane agriculture and cane-sugar manufacture constitute the main source of living of 1,600,000 loyal American citizens and that sugar income determines the island purchasing power in a rate of from 70 to 75 percent. Any discrimination against Puerto Rico principal occupation will keep us from being as we now are, the eighth most important buyer of United States products. We are supporting the administration's national program, paying higher prices for continental farmers and manufacturers as a result of the A.A.A. and N.R.A. operation, and thus it is extremely unjust that a different treatment be given to us at the time relief is to be extended to sugar for long in depression. We beg your cooperation in line with the above.

RAMON ABOY BENITEZ,
President Puerto Rico Sugar Producers Association.

SAN JUAN, P.R., *March 31, 1934.*

SANTIAGO IGLESIAS,
Resident Commissioner of Puerto Rico,
Washington, D.C.:

Have continental cane refiners a right to a monopoly of cane-sugar refining in the United States? That is what new sugar control bill recognizes and establishes. Original sugar control bill contained no such monopolistic features. Puerto Rican refiners being railroaded out of business by this bill, being rushed through without hearing and debate, to the benefit of continental refiners who have twice been found guilty under the antitrust laws for doing what this bill contemplates. On behalf of Puerto Ricans, industry owned and financed by native Puerto Ricans, all American citizens, we ask for your help. In view of fact refining industry established in cooperation with Government of Puerto Rico, our plants should, by committee amendment, be allowed at capacity agreed on last fall by Agricultural Adjustment Division and Tariff Commission, or, at least, be given as great a percentage as Cuban refiners in relation to their respective law sugar quotas.

PEDRO JUAN SERRALLES,
On Behalf of Refiners of Puerto Rico.

It is to be regretted indeed that Puerto Rico, an American Territory, comprised of 1,600,000 American citizens, be placed in the same category with Cuba and other foreign countries. Of course, I understand and recognize the purposes and intentions of this bill in trying to protect the American industry; but permit me to respectfully suggest that Puerto Rico as American Territory should have been given a proportionate quota, and the same should have been inserted into this bill, just as well as has been accorded to the sugar-beet interests and the cane-sugar interests in the mainland.

The people of Puerto Rico, as represented by their legislature, has asked to be protected and to receive the same treatment as their brother citizens of the continent.

With the exception of the mainland, Puerto Rico is the largest community of American citizens in the world and, among all the nations of earth, ranks eighth as a purchaser of American goods. In the last 20 years the Puerto Rican people have bought in excess of one thousand million dollars worth of commodities from the mainland.

As an organized Territory, we are an integral part of the United States, and, consequently, we believe that we should be accorded the same consideration as the domestic producers.

This bill is somewhat different from the thought of the President's message and recommendations, as it inserts a specific increase quota of 1,550,000 short tons for the United States beet-sugar area and does not mention any quota for Puerto Rico and for other territorial areas. Puerto Rico, therefore, is afraid that a quota below a fair proportion may be imposed upon the island, and that it would be so much more harmful to Puerto Rico if the Secretary of Agriculture, who would have full discretion in fixing the other quotas, should provide for a correspondingly high quota for any foreign country and then apply the balance to Puerto Rico.

In other words, there is a fear that if this bill should become law as it is, then Puerto Rico, which is an organized Territory of the United States and is subject to practically all the Federal laws, will be left to the uncertainty of the future regarding the quota it could get. Such an uncertainty would be in conflict with the President's suggestions about quotas and would be extremely unfair and might create considerable economic disturbances in Puerto Rico;

and for this reason I have offered an amendment to fix the quotas in this bill, such quotas to be fixed in accordance with the President's recommendations and on the basis of respective marketings to any American area under the American flag.

It should furthermore be borne in mind in arriving at such quotas that the respective marketings of Puerto Rico were curtailed by an act of Nature and that the Puerto Rico quota should be correspondingly adjusted to give effect to a loss which we have suffered due to the 1932 hurricane. Therefore, we have requested that this bill should be amended by giving the Secretary of Agriculture discretion to fix the quotas for all areas on the basis as outlined in the President's message. In fact, it seems to be as entirely unfair to sacrifice the business of the Puerto Rican sugar industry or to endanger the economic situation in Puerto Rico, affecting 1,600,000 law-abiding American citizens.

I have been requested to fix a quota for Puerto Rico of 875,000 short tons. In doing so the island is asking a quota strictly in accordance with the President's recommendations based upon respective marketings during the last 3 years, except that we adjust this figure to give effect to the hurricane losses affecting our 1933 importations.

The proposed bill, furthermore, it has been ascertained, contemplates to limit the exportation of refined sugar from Puerto Rico to the status quo whereas it does not embody such a limitation in connection with other refiners. This in itself has been regarded as a very severe restriction against Puerto Rico and an actual confiscation of industry and capital in connection with the Puerto Rico sugar refinery. Therefore, if the proposed bill contains such restriction, the bill should be changed to allow Puerto Rico to bring its quota in any form whatsoever. The proposed bill, it is affirmed, purports to discriminate against Puerto Rico in favor of Cuba by limiting the refined importations from Puerto Rico to approximately 100,000 tons per annum, whereas, it would allow Cuba to manufacture and bring into this country approximately four times as much as Puerto Rico of refined sugars, the only difference being that Cuba has increased its refined operations considerably faster than Puerto Rico, which has only one refinery.

There is another grave problem when this bill provides in substance that if any area should be unable to produce and deliver its quota in any given year the Secretary of Agriculture may prorate this deficiency amongst the other areas. Such a possibility may likely occur in Puerto Rico during a hurricane year, and I therefore have requested to amend the bill, which, in substance, would provide that in such event the Puerto Rico quota for the succeeding year should be correspondingly increased so as to give Puerto Rico a chance to recover its hurricane losses.

What I desire to repeat again is that, having in mind what this bill intends to get for the good of the sugar industry and business of the mainland, is what we desire for the good of Puerto Rico and asked, and, for better or worse, the people of the island want to be treated and considered as an integral part of the United States and considered with same weight as the domestic business of the mainland and to be identified with your own national purposes.

Now I desire to read into the RECORD a letter written by former Resident Commissioner Hon. Jose L. Pesquera:

WASHINGTON, D.C., *April 3, 1934.*

HON. SANTIAGO IGLESIAS,
Resident Commissioner for Puerto Rico,
Washington, D.C.

MY DEAR MR. IGLESIAS: I write this letter in order to make clear the position of the Farmers' Association of Puerto Rico in regard to H.R. 8861, which is a bill "to include sugar beets and sugar cane as basic agricultural commodities under the Agricultural Adjustment Act, and for other purposes."

It is unfortunately true that this bill is markedly discriminatory against Puerto Rico in various aspects, and especially inasmuch as it fixes the quota of sugar to be produced by continental producers only, disregarding that Puerto Rico is a part of the United States; that we are American citizens; that we rank first as consumers of continental products among all Latin American countries, including Cuba; that we must abide by the tariff act in all its extensions; that our people have been carrying upon their shoulders all the burdens of the emergency legislation in force, without as yet having received any of its benefits; and that when the lives of American boys were needed to be given for the sake of democracy we did our part with the same patriotic spirit as every other American citizen.

Had a hearing been held on this bill, I would have appeared before the Committee on Agriculture to establish the protest of the Farmers' Association of Puerto Rico against such discrimination and to suggest amendments to the end of eliminating same. But, since this opportunity was not afforded to us, and since the discussion of this measure is to be taken up tomorrow in the House of Representatives, under suspension of the rules, so that no amendments shall be possible, the Farmers' Association of Puerto Rico, attentive always to the welfare of the farmers of the island, must be in favor of the bill, because it contains provisions which will undoubtedly ameliorate the desperate economic conditions of our agricultural population, as follows:

It makes sugarcane a basic commodity under the Agricultural Adjustment Act, thus repairing the injustice done to Puerto Rico by leaving out of the benefits of said act, when it was originally approved, the growers of our main agricultural product; it authorizes the Secretary of Agriculture to adjudicate disputes between processors and growers, thus insuring an equitable division of the proceeds that may be derived from the growing, and affording an opportunity to terminate the oppressive treatment and exploitation to which our helpless sugarcane growers have been subjected by the manufacturers up to the present time, and it also authorizes the President to decree that all the taxes collected from the processing of Puerto Rican sugarcane be held as a separate fund, and expended for the benefit of the island agriculture, which is the only way in which our people can be partly compensated for the increase of prices that they must pay for continental products, under the National Industrial Recovery Act and under the Agricultural Adjustment Act itself.

These beneficial aspects of the proposed legislation have led me to recommend our friends in Congress to give the same favorable consideration, in spite of the unjust discrimination therein contained.

Will you please have this letter read into the CONGRESSIONAL RECORD?

Sincerely yours,

JOSE L. PESQUERA,
Acting President Farmers' Association of Puerto Rico.

Mr. JONES. Mr. Speaker, I yield the gentleman from Texas [Mr. THOMPSON] such time as he may desire.

Mr. THOMPSON of Texas. To understand the full significance and far-reaching effect of the bill which we are now considering, it is necessary to have a clear working knowledge of the entire sugar problem. It is a complicated and involved subject, and it is only with the closest study and attention that it can be intelligently understood.

In our own country we have the growers of beets and sugarcane and we have the respective refineries of each. We have the problems of the farmer, of capital, and of labor. The fact that much of our raw sugar is imported brings in the tariff question and the complexities of international relationships.

To anyone who has studied the problem and has worked on it during the many weeks that have passed since the President's sugar message, it is a remarkable tribute to the Committee on Agriculture that it has been able to bring forth a bill that is reasonably satisfactory to all of the conflicting interests which are involved. I shall not attempt to discuss details except as they have particularly concerned me, and I shall confine myself to matters which I have studied and with which I feel thoroughly familiar.

My own district is concerned with the refining of sugar. Both of the Texas refineries have headquarters in my home county. I have seen one of them suspend operations due to the peculiar and adverse provisions of the Smoot-Hawley Tariff Act, and I have watched the other struggle along in recent years, barely able to continue operations, but still keeping on in the hope of legislation which would rectify the inequalities that now prevail. I am therefore favoring this bill in the hope that through its terms many of my people will continue to receive employment and others who are now unemployed may shortly return to work.

When the President's message was first published he stipulated that there should be certain definite quotas established in regard to the production of sugar beets and sugar cane in continental United States, and he further suggested quotas for the importation of off-shore sugar. His message did not differentiate, however, between raw and refined sugar, and it occurred to me that unless he definitely established how much of each could be imported that the entire effect of his plan would be lost, and the proportion of imports of refined sugar would greatly increase. I took it upon myself,

therefore, to discuss it with him and he told me that it was his purpose to freeze the present status of the entire sugar industry, and he agreed that it would be necessary to further break down the quotas into proportionate shares of refined or direct-consumption sugar, and of raw sugar which was being brought into the country to be further refined in American plants and by American labor. If this were not accomplished American labor would be forced to compete with that of the West Indies and our own insular possessions, which we recognize is on a much lower scale than our own. It is unthinkable that the American wages and working conditions would ever be on a plane with those of Cuba, for instance, or of the Philippine Islands, if you prefer to use one of our own possessions. It is easy to see that if the islands were permitted to do so it would be decidedly to their advantage to set up more sugar refineries, refine all of their own product, and send it into the United States for direct consumption. One of two things would happen, either it would be sold at a long profit and the financial benefits thereof would go out of the United States, or it would be offered for sale at a low price in order to force the American refiners out of business. Whether the price would then continue low or not, you can judge for yourselves in the light of the price you paid for sugar immediately after the war. At that time the off-shore refiners controlled the situation and it was not until American beet sugar came into the market that any sort of a satisfactory price basis was arrived at.

After a great deal of discussion and considerable controversy the various different interests involved, including those of labor, agreed on certain quotas for the importation of direct-consumption sugar. These, I believe, are reasonably satisfactory to all concerned, except in the case of those of our neighbors who are unwilling to be fair about it.

You will note from a study of the bill that the quotas of direct-consumption sugar are fixed at the maximum amount which has ever been imported into the United States from Hawaii, Puerto Rico, the Philippine Islands, and the Virgin Islands. In the case of Cuba we have recognized that the great increase in the manufacturing of refined sugar in that country is due to the inequalities and errors in the Smoot-Hawley Tariff Act, and it would therefore be unfair to give Cuba the advantages derived from that act, but rather to estimate approximately the amount of sugar which would have been manufactured there under normal conditions. It was finally agreed that this amount should be 22 percent of the total importations. Personally, I think this is too high and that it should not be over 15 percent. However, because of the necessity for compromise between the various factions involved in the production of sugar, I have accepted this on behalf of my people and I think it is reasonably satisfactory to them.

In case any of you are inclined to question the Cuban quota I might call to your attention the fact that the State Department has not raised any question in connection with the figure which we have assigned to Cuba. It is only reasonable to suppose that if it were not fair we would have heard about it. We might go further and assume that our State Department feels that political stability in Cuba depends on the economic and agricultural stability of that nation and that they look with favor on this bill because it does stabilize both the production and refining of sugarcane.

I hope these remarks of mine will help clarify the situation in your minds and that you will join with the administration in its efforts to stabilize the sugar situation by voting for the bill. Like some who have spoken, I regret that more time cannot be given to debate and that it cannot be amended here and there. However, I think we are all agreed that it is only through the present course of procedure that there is any hope of enacting the bill into law, and we are all forced to proceed along these lines if we decide to help those who need this legislation so badly. [Applause.]

Mr. JONES. Mr. Speaker, I yield 2 minutes to the gentleman from Ohio [Mr. FIESINGER].

Mr. FIESINGER. Mr. Speaker, I want to raise my voice in behalf of this measure. I represent an important, if not the largest, sugar-producing area in the State of Ohio, and it was my privilege early in this session of the Congress to sit in with the men who have finally evolved this measure.

I know it is not a perfect measure. We all know it is a compromise. I realize, because of the contribution I made, the effort that has been put upon this bill in order to get it in the shape it is in today, and I want to congratulate the sponsors of the bill, the distinguished chairman of the committee, and the committee for bringing out a bill that has the fairness to it, the balance to it, that this bill has, covering this very important subject. Now, it has fair balance. I think it is fair to all interests concerned. I think it is fair to the producer, because, as I understand the bill, he is at least going to get a profit for the work that he is going to do, under the terms of this bill. It is fair to the consumer because, as I understand, it is the declared policy of the administration that sugar prices will not rise in the face of this bill. It is fair, I think, too, to our island possessions and to Cuba, so far as I am able to see.

I know there have been men preceding me here today who have found a great deal of fault with this measure, but in my judgment it is fair to them considering all the facts and circumstances.

I have made a campaign here against any reduction in beet acreage, and, working with representatives of the industry, we have effected this compromise which we believe to be the best that could be secured under the circumstances.

[Here the gavel fell.]

Mr. HOPE. Mr. Speaker, I yield 3 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Speaker and Members of the House, if, as has been intimated in general debate today, it is not likely that sugar-beet farmers are going to produce more beet sugar than the quota established in this bill, then I ask, why put the figures into the bill? Moreover, why this solicitude about the offshore sugar-producing areas, when in this country we are only producing 26 percent of the sugar required? Mr. Weaver and Mr. Ezekiel testified that shattered sugar prices were due to extraordinary expansion of production in the island areas. Then why be concerned about them first?

If there is a real abiding desire to help agriculture, why did the committee fail to write into the bill the amendment providing for a quota for blackstrap, which I suggested? Blackstrap is a dark sirup, a by-product of cane sugar. In my State they are reducing the corn crop 20 percent and reducing hogs 25 percent to aid the corn grower. Farmers are doing that because there is an apparent surplus of corn.

In the next breath they let in 300,000,000 gallons of blackstrap for conversion into alcohol. That displaces a great deal of corn. Six gallons will make a quantity of alcohol equivalent to that produced by 1 bushel of corn. Three hundred millions of blackstrap will mean the displacement of 50,000,000 bushels of corn. If you allow 100,000,000 gallons for feed purposes the balance still displaces 30,000,000 bushels of corn. If you had a market operator to go in and buy 30,000,000 bushels of corn it would attract real notice and improve prices considerably. Then why this hideous inconsistency of collecting this processing tax, paying it over to the farmer, and then leaving the back door open to a lot of this molasses coming in from the islands? The farmer would much prefer to till all his acreage at a decent price for corn than to accept a meager bounty for letting 20 percent lie idle.

To show the seriousness of this matter, let me submit that in 1932, of 147,000,000 gallons of alcohol produced in this country, 125,000,000 were produced from blackstrap molasses and about 2,000,000 gallons from corn. Five sixths of the entire alcohol production of that year was produced from imported molasses while the American farmer, in utter despair, wonders what happened to the demand for corn that the price should be so depressed.

It looks as if the "brain trust" and the bankers have finally gotten on common ground. Strange as it may seem, Mr. Taussig, of Boston, head of the American Molasses Co. and one of the original "brain trusters", must see eye to

eye with large New York bankers who show a strange solicitude for Cuba. Mr. Weaver and Mr. Ezekiel, expert advisers to the Department of Agriculture on this bill, see eye to eye with those who profess a single interest in Cuba in preference to the American farmer. Mr. A. A. Behrle, formerly counsel for the American Molasses Co. and also one of the "brain trust" advisers to the administration, seems to have an undue interest in sugar and molasses. They are too close to the administration, and that is the principal reason why we have not been able to close the back door against imports of commodities in competition with the farmer and so afford proper protection to the farmer. To me there is a nebulous mystery about this strange interest in and solicitude for Cuba.

If you insist on establishing quotas for sugar, what logical reason can be advanced for failure to include blackstrap molasses, a direct by-product of sugar which is defined in paragraph D of section 2 of the bill. I am, therefore, constrained to vote against the bill. [Applause.]

Mr. JONES. Mr. Speaker, I yield 2 minutes to the gentleman from Nebraska [Mr. CARPENTER].

Mr. CARPENTER of Nebraska. Mr. Speaker, there is one provision in the bill which seems to have a great deal of merit, and that is the provision which will help the beet-sugar growers. The bill provides that the Secretary of Agriculture in conjunction with the farmers will enter into the making of fair contracts for the beet growers of my State.

The beet farmers have been unable to negotiate decent contracts themselves, due to the fact that the processor has an absolute monopoly and pays just exactly what he wants to pay for the beets.

There has been a great deal said pro and con about this bill. There are a great many features that I do not like, but that is not the question. It is the best bill we can get, and I, for one, am unwilling to sacrifice the beet industry for a theory that is impossible to obtain at the present time. I think this bill, outside of the quota allowance, is an ideal bill and will benefit to a great extent the beet and cane producers of this country. I think a great deal of the progress that has been made in the sugar industry is going to be absolutely destroyed unless this bill is passed, because the time element is one of paramount importance at this time. The processors will not offer any contracts in my State until some legislation has been enacted or Congress has adjourned. We are fearful that if we do not pass this legislation our farmers will receive very adverse contracts. [Applause.]

Mr. JONES. Mr. Speaker, I yield 1 minute to the gentleman from New York [Mr. LANZETTA].

Mr. LANZETTA. Mr. Speaker, House bill 8861 is highly discriminatory against American citizens who reside in the island of Puerto Rico. This bill, while it fixes sugar quotas for the beet-sugar industry and for the sugarcane growers of Florida and Louisiana, fixes no quota for Puerto Rico and places in an uncertain position the economic welfare of 1,600,000 American citizens who are mainly dependent upon sugar. The time has come, Mr. Speaker, when we must realize that Puerto Rico is an integral part of the United States and that it must receive the same consideration and treatment that is accorded to every citizen and every State of the United States.

Puerto Rico has been a part of the United States for over 35 years, and during this time, with our help, it has risen economically to a point where we are justly proud of it. Its imports from the United States rose to the stupendous sum of $121,561,574 in 1920, and in the last fiscal year, ending June 30, 1933, notwithstanding the depression, the total imports from the United States amounted to $48,886,644. I am submitting these figures at this time to show that Puerto Rico is one of the largest consumers of American products.

In view of the fact that Puerto Rico is a part of the United States, and the further fact that it is a large consumer of American products, it seems to me that we should bend every effort to give it whatever economical assistance we possibly can.

Last week this House passed a tariff bill giving the President of the United States power to make reciprocal agreements with foreign countries. This bill was intended solely for the purpose of developing our foreign trade. The majority of the Members of this House readily gave to the President of the United States these large powers in order that this might be accomplished.

Inasmuch as we are exerting every effort to develop markets for American products, it seems to me, and logically so, that we should first try to develop our home markets. These markets will always be positive and certain and can always be depended upon to purchase American products, whereas foreign markets are unstable and subject to so many political exigencies as to make them very uncertain.

This bill does not alone discriminate against Puerto Rico as to the amount of all sugars that it may sell to continental United States, but it also discriminates against it on the amount of direct-consumption sugar. Cuba is preferred as to this item. There is no reason or justification for this discrimination. From the standpoint of citizenship, Puerto Rico should be favored in this matter. Besides, Puerto Rico is a larger consumer of American products, as evidenced by the imports during the past years. Leaving the question of citizenship for the moment, for us to favor the poor and unstable market of Cuba in preference to the ever-growing market of Puerto Rico is not only folly but very poor business.

It has oftentimes been said that the prosperity of this country will become definite and positive if and when we are able to attain the point where all our products can be absorbed and consumed by our own people. Let us make a good start along this line by creating new demands for American products in Puerto Rico. This can only be accomplished by favoring Puerto Rico as to products that can be used in continental United States.

Sugar is the main product of Puerto Rico. Inasmuch as we, by means of quotas, are trying to rehabilitate and protect the beet-sugar industry and the cane-sugar industry in continental United States, let us do the same thing for Puerto Rico. By protecting and rehabilitating the sugarcane industry in Puerto Rico, we will give employment to its millions of citizens, increase their purchasing power, and make it possible for them to purchase more of our products.

Inasmuch as I am not permitted to offer an amendment, because of the rule under which this bill is now before the House, I ask that the Committee on Agriculture consent to an amendment to bill H.R. 8861, fixing a quota for Puerto Rico. [Applause.]

Mr. JONES. Mr. Speaker, I yield one half minute to the gentleman from Massachusetts [Mr. HEALEY].

Mr. HEALEY. Mr. Speaker, I wish to read a telegram received by me as indicative of the position of the sugar refiners on this bill.

The sugar bill reported out of the House committee is a compromise but it contains a provision in regard to refined cane sugar which effectively prevents extermination of our industry. It is my opinion that no better bill can be obtained and that only prompt passage of this bill in its entirety can prevent a collapse of our national sugar situation. I therefore hope that you will support this bill and endeavor to secure its passage by aiding Chairman JONES Monday in his request for suspension of rules.

[Applause.]

[Here the gavel fell.]

Mr. JONES. Mr. Speaker, I yield 2 minutes to the gentleman from Virginia [Mr. FLANNAGAN].

Mr. FLANNAGAN. Mr. Speaker, I had the honor of being a member of the committee which reported this bill. I look at this measure, I think, in an impartial way, because there is not 1 pound of sugar made in my State. I worked side by side with the gentleman from Colorado [Mr. CUMMINGS] and I entertain the same views that he expressed, that the American sugar producers and the American refineries are entitled, as far as possible, to the American sugar market. I believe also that if this country owes a debt to Cuba it should be paid by the people as a whole and not

by the beet growers and cane growers of America. [Applause.]

I am sorry to see that partisan politics have been injected into this discussion. The gentlemen to my left seem to think that the beet growers and cane growers are afraid of the President of this country when it comes to the sugar question. Let me give you a few facts. The President, in his message, recommended a quota for Cuba of 1,944,000 tons. What did they do under the Coolidge and Harding administrations? Why, Cuba brought into this country, for instance, in the year 1926, practically 4,000,000 tons of sugar. [Applause.] In 1927 Cuba brought in 3,491,000 tons; in 1928, 3,125,000 tons; in 1929, 3,613,000 tons; and in 1930, 2,945,000. Under Roosevelt how much did Cuba bring in last year? Why, only 1,601,000 tons. What are you afraid of under this administration? The figures speak for themselves.

Let me give you a few more facts: The bill sets the domestic beet-sugar quota at 1,550,000 tons, which is 504,000 more tons than the beet growers produced in 1926, 615,000 more tons than in 1927, 307,000 tons more than in 1928, 450,000 tons more than in 1929, and 250,000 tons more than 1930.

Take the quota in this country for cane sugar. The bill sets the cane-sugar quota at 260,000 tons, which is in excess of the sugarcane production in any year I know of.

Take the refineries. Why, last year 31 percent of the sugar imported from Cuba was direct-consumption sugar. The bill cuts the percentage to 22 percent.

No, the gentlemen on the left need not be afraid. This bill gives the American sugar growers and the refineries more protection than they have ever enjoyed.

They can be afraid of the President if they want to, but when they express their fear, let them at the same time tell the sugar growers of America and the refineries of America why they did not do something about the matter when they were in power.

Mr. HOPE. Mr. Speaker, I yield myself the balance of my time, 4 minutes.

Mr. Speaker, I regret very much that a bill of this importance and involving so many controversial features should be brought up under suspension of the rules. I think it would have been very helpful if we could have had a fair amount of debate and an opportunity to offer amendments to this bill. Nevertheless, and not withstanding my objection to this form of procedure, as one who represents a district which has the growing of sugar beets as one of its industries, I feel I should support the bill, because I think it is going to be helpful to the sugar industry of this country.

I am not like some gentlemen who have spoken this afternoon and who have talked about the gun that is pointed at the sugar-beet industry, in thinking that the gun is not loaded. Whether it is loaded or not, it is never a very safe proposition to go on the theory that a gun pointed at your head is not loaded.

More than that, the tariff has not afforded entire protection to the sugar industry of continental United States, and the great increase which is taking place in the sugar industry in our Territories and island possessions constitutes a direct menace to continental producers. This bill by limiting importations from off-shore areas will assist in stabilizing the industry in this country. And by making provision for benefit payments up to the parity price it is going to bring a return to the producers of beets and cane in this country considerably above that which they have been receiving.

I do not subscribe to the principle implied in this bill, that we should limit the production of crops of which we produce less than we consume in this country, yet under the circumstances which face the sugar industry today, I am willing, temporarily at least—and this is only a temporary measure—to go along and take the benefits that will come to those now engaged in the production of sugar in this country for this 3-year period. More than that, this bill has other features which I think are of great interest and importance to the refining industry in this country.

It limits the amount of direct-consumption sugar which can come into this country from Cuba to 22 percent of the quota and limits the amount which may come in from our island possessions to the amount received during any one of the last 3 years; and in view of the fact that importations of refined and direct-consumption sugar have been rapidly increasing in this country, it is a matter of considerable importance to the refining industry to have this limitation.

Now, the sugar question is not entirely a domestic question; it is a world question, and great efforts have been made during the past 3 or 4 years to limit world production. There is no doubt but what world overproduction has contributed to the demoralization of the sugar industry in the United States. This country and its possessions have been the only sugar-producing areas which have not joined in this effort at reduction. There is no reason why we should reduce production in continental United States as long as we produce so small a proportion of our consumption. It will help the world sugar situation, however, if production in our island areas can be stabilized as will be done under the provisions of this bill. Any action which helps the world sugar situation is bound to be helpful to producers in the United States.

There are many features about this bill which I do not like. It is a compromise between many conflicting interests. It is an immeasurably better bill than the original Costigan-Jones bill, however, and in my opinion will help every sugar-beet and cane producer in the country. I am therefore glad to give it my support.

[Here the gavel fell.]

Mr. JONES. Mr. Speaker, in conclusion I merely want to state that the fact that nearly everybody is complaining a little indicates that this is a fair bill. If the gentleman from Michigan was correct in his complaint, then the Delegates from the islands are incorrect when they say that this bill is not going to be quite fair to them. As a matter of fact, just so much sugar will be consumed; and nobody is going to take the American people, hold their noses, and make them eat any more. Too much sugar is being produced to supply the demand. That is responsible for the chaotic condition of the industry. This quota system should put it on a stabilized basis, and I believe the whole industry will be better off and they will all be in better condition than they have been during the past two or three years. As a matter af fact, last year the beet-sugar people produced more beets than ever, yet they received what was probably the lowest price in the history of the business.

Mr. WOODRUFF. Oh, no.

Mr. JONES. This is the kind of thing we are trying to avoid. No gun is being held to anyone's head. If nothing is done, chaotic conditions will probably continue, regardless of whether there is any change in the tariff schedules. Without a quota system or some sort of a plan increased production abroad might sweep over the wall, tariff or no tariff, and destroy the American producers. This measure will tend to avoid that situation. It is hoped that it will stabilize the industry and at the same time protect the consuming public.

I submit for printing in the RECORD at this point the message of the President of the United States:

To the Congress:

Steadily increasing sugar production in the continental United States and in insular regions has created a price and marketing situation prejudicial to virtually everyone interested. Farmers in many areas are threatened with low prices for their beets and cane, and Cuban purchases of our goods have dwindled steadily as her shipments of sugar to this country have declined.

There is a school of thought which believes that sugar ought to be on the free list. This belief is based on the high cost of sugar to the American consuming public.

The annual gross value of the sugar crop to American beet and cane growers is approximately $60,000,000. Those who believe in the free importation of sugar say that the 2 cents a pound tariff is levied mostly to protect this $60,000,000 crop and that it costs our consuming public every year more than $200,000,000 to afford this protection.

I do not at this time recommend placing sugar on the free list. I feel that we ought first to try out a system of quotas with the threefold object of keeping down the price of sugar to consumers, of providing for the retention of beet and cane farming within our

continental limits, and also to provide against further expansion of this necessarily expensive industry.

Consumers have not benefited from the disorganized state of sugar production here and in the insular regions. Both the import tariff and cost of distribution, which together account for the major portion of the consumers' price for sugar, have remained relatively constant during the past 3 years.

This situation clearly calls for remedial action. I believe that we can increase the returns to our own farmers, contribute to the economic rehabilitation of Cuba, provide adequate quotas for the Philippines, Hawaii, Puerto Rico, and the Virgin Islands, and at the same time prevent higher prices to our own consumers.

The problem is difficult but can be solved if it is met squarely and if small temporary gains are sacrificed to ultimate general advantage.

The objective may be attained most readily through amendment of existing legislation. The Agricultural Adjustment Act should be amended to make sugar beets and sugar cane basic agricultural commodities. It then will be possible to collect a processing tax on sugar, the proceeds of which will be used to compensate farmers for holding their production to the quota level. A tax of less than one half cent per pound would provide sufficient funds.

Consumers need not and should not bear this tax. It is already within the Executive power to reduce the sugar tariff by an amount equal to the tax. In order to make certain that American consumers shall not bear an increased price due to this tax, Congress should provide that the rate of the processing tax shall in no event exceed the amount by which the tariff on sugar is reduced below the present rate of import duty.

By further amendment to the Agricultural Adjustment Act, the Secretary of Agriculture should be given authority to license refiners, importers, and handlers to buy and sell sugar from the various producing areas only in the proportion which recent marketings of such areas bear to total United States consumption. The average marketings of the past 3 years provide on the whole an equitable base, but the base period should be flexible enough to allow slight adjustments as between certain producing areas.

The use of such a base would allow approximately the following preliminary and temporary quotas:

	Short tons
Continental beets	1,450,000
Louisiana and Florida	260,000
Hawaii	935,000
Puerto Rico	821,000
Philippine Islands	1,037,000
Cuba	1,944,000
Virgin Islands	5,000
Total	6,452,000

The application of such quotas would immediately adjust market supplies to consumption, and would provide a basis for reduction of production to the needs of the United States market.

Furthermore, in the negotiations for a new treaty between the United States and Cuba to replace the existing commercial convention, which negotiations are to be resumed immediately, favorable consideration will be given to an increase in the existing preferential on Cuban sugars to an extent compatible with the joint interests of the two countries.

In addition to action made possible by such legislative and treaty changes, the Secretary of Agriculture already has authority to enter into codes and marketing agreements with manufacturers which would permit savings in manufacturing and distributing costs. If any agreements or codes are entered into, they should be in such form as to assure that producers and consumers share in the resulting savings.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *February 8, 1934.*

Mr. Speaker, I ask for a vote.

The SPEAKER. The question is on the motion of the gentleman from Texas to suspend the rules and pass the bill.

The question was taken; and two thirds having voted in favor thereof, the rules were suspended and the bill was passed.

EXTENSION OF REMARKS—H.R. 8861

Mr. DONDERO. Mr. Speaker, the bill before the House today, H.R. 8861, proposes that beet and cane sugar shall be considered a basic commodity, and as such confers jurisdiction over that industry in the Secretary of Agriculture to deal with it as he sees fit.

I am opposed to the principle involved in this bill. It fixes a quota for beet sugar at 200,000 less than the amount produced in continental United States in 1933.

If this industry could not and would not expand, why is it necessary to put a red stop light in front of it to prevent its expansion? We produce about one fourth of the sugar used in the United States, and yet we propose by this measure to throttle and strangle that industry to prevent its expansion and an increased production.

We produced, in 1933, 1,750,000 short tons of sugar beets. Under this bill it is limited to a quota of 1,550,000 short tons.

If this measure becomes law, it means that the sugar industry of this country will be reduced by 11.4 percent of the amount produced in 1933. In my own State that reduction would mean that out of the 15 factories in the State 2 would have to close their doors; 20,438 acres would have to remain idle; 5,838 workers would be thrown out of employment and compelled to seek work in other industries. It would mean that $406,495 less would be paid to labor and that the Michigan sugar-beet farmer would receive $2,000,000 less for his crop in 1934 than he received in 1933, the value of the beet crop in that year being nearly $16,000,000. It would mean that the industry in Michigan alone would require 27,225 yards less of cotton cloth for filtering purposes and would use 390,000 less cotton bags. It would mean that $275,789 less would be paid for transportation costs, and more than $40,000 less taxes would be paid by the farmers of my State who depend upon the sugar-beet industry for their livelihood and for cash to purchase the things they need.

The only justification advanced for throttling an industry which affects nearly 20 States in the Union is that it might provide a market in some foreign country for other agricultural products raised in this country.

When we of Michigan and you of California, Colorado, Idaho, Iowa, Kansas, Minnesota, Montana, Nebraska, Ohio, Utah, Wisconsin, and Wyoming, and you of Louisiana go back to our districts this summer and tell our farmers that it is necessary that a part of their land must remain idle in order to accommodate the production of sugar in foreign countries on the theory that you are going to provide a market for other agricultural products, you may have a high-sounding theory, but you are not going to convince them that it is necessary, when in this country we produce but 26 percent of the sugar we consume.

The greatest market in the world is the home market of the United States—a market for more than 90 percent of everything we produce. Let us safeguard that market and do nothing to injure it or reduce it. Foreign nations are fast becoming self-sufficient and self-sustaining.

To enact this bill into law means placing the power in the hands of one man, the Secretary of Agriculture, to dictate to the American producer of sugar just what he may or may not do with his land.

Mr. SMITH of Washington. Mr. Speaker, I favor the passage of H.R. 8861, because it will benefit the sugar-beet farmers of southwest Washington. I desire to take this opportunity to set forth the salient facts pertaining to the Townsend revolving old-age pension plan, which has been called to my attention by my friend Mr. Harry L. Bras, the progressive editor and publisher of the Centralia Chronicle, of Centralia, Wash., who has become very much impressed with its merits and benefits. I deem it to be of sufficient importance and interest to submit it to the consideration and study of the Members of Congress and the American people.

THE TOWNSEND PLAN IS BRIEF

Have the National Government create a revolving fund sufficiently large to permit every citizen—man or woman—over the age of 60 years to retire on a pension of $200 per month on the following conditions:

First. That they engage in no further labor, business, or profession for gain.

Second. That their past life is free from criminality.

Third. That they take oath to, and actually do, spend within the confines of the United States the entire amount of their pension within 30 days after receiving same.

Having the National Government create the revolving fund by levying a general sales tax; have the rate just high enough to produce the amount necessary to keep the old-age revolving pensions fund adequate to pay the monthly pensions.

Have the act so drawn that such sales tax can only be used for the old-age revolving pensions fund.

A PERMANENT NATIONAL CURE FOR DEPRESSION

We recognize the fact that the inventive genius of the world, and especially of the United States, has, through the perfection of labor-saving machines, created a condition in

society which has resulted in a huge surplus of producers as well as a surplus of products. There is a constant standing army of unemployed.

Even in the boom days of 1929 there was a large number of them, and their ranks have been steadily increased until today there are 15,000,000 of them with their families who are without jobs. They can never be put to work again unless they are willing to accept the short day and the minimum wage. Their labor will be too expensive. Machines will do the work of all of them in infinitely less time and at less cost.

It will be the plan of organized society as constituted today to shunt this army of jobless aside on some sort of subsistence dole and do the work of the world with efficient and tireless machines. Mind, I say society as constituted today. We of this community say that this must be corrected. Are we a Nation of morons or imbeciles that we can solve the problems of production to a point where we have more products than we can consume and yet be eternally faced with the sight of an ever-increasing number of citizens suffering from a lack of those same products to a point where they become mere human clods without ambition, content to wear the livery of serfs and eat the bread of grudging charity? This condition prevails today, and nothing in the way of half-time employment, minimum wage plans, or price fixing will alter the frightful state of affairs. It will grow steadily worse so long as we adhere to our present systemless lack of control of our monetary circulation. Money circulates under the present system or it does not circulate in accord with whims or fears or emotions of a few men or institutions that control the major portion of the money of the land.

We say that one of the chief functions of government should be the exercise of its power to insure a steady and sufficient flow of money through the channels of trade and commerce adequate to keep that trade at an even tempo, free from fear of panic or boom. We say that our Government must assume this function and adopt a system whereby money shall flow in a constant volume into the coffers of the United States Treasury and immediately start on a return flow back into the avenue of commerce whence it came.

The banking system of our country cannot do this. Money can flow into the Treasury by the taxation route, but from there the stream can only reach the banks. There it stagnates. It cannot get back among the people where it is needed unless they have security to offer for it. This, when times are hard and the need for money greatest, the people cannot give, and, as a consequence, business dies and people have to accept charity or starve.

By what plan shall the Government assume its rightful task of keeping the money of the Nation in circulation? The old-age revolving pension plan. Recognize the fact that we can spare the seven or eight millions of people over the age of 60 from the ranks of the producers and retire them with badges of honor and pensions of a size sufficient to keep them in affluence the rest of their days. These pensions should not be paltry. They should be large enough to make the recipient an envied individual, and the aggregate of all the pensions great enough at all times to insure an abundant supply of money for all commercial needs as the pensioners spend it.

Let all citizens who become 60 years of age and desire to retire receive the pension upon two conditions: That they give proof of never having been criminals, and that they solemnly promise to spend the entire amount of the pension during the current month in which it is received.

We shall request the Government to assume a monopoly of the sales-tax plan of collecting revenue for the pensions. This tax should be levied evenly and fairly upon all merchandise and commodities and be paid at a specific rate upon gross sales at the end of each month. A graduated income tax must be levied fairly so as not to discourage industry. And inheritance taxes must be increased. If these three forms of taxation are sensibly administered, real-estate taxes can be greatly lowered.

Under the sales-tax plan of collecting Government revenues, all classes of the population pay in proportion to their financial ability and none receive the benefits of Government without assuming his share of the burden. A sales tax levied for the express purpose of paying pensions to the aged will meet with universal approval. Its beneficent purpose will be recognized by all; its twofold function—that of doing justice to those who have done a full life's work, and that of keeping an abundance of money circulating at all times—will be recognized and acclaimed by all. A rate of 15 percent should be sufficient, if levied on all sales, to meet the pension roll. The pension system will relieve society of a tremendous burden of taxation now made necessary by the maintenance of poor farms, community chests, and other charitable institutions. By keeping a healthy business condition throughout the Nation it will remove to a large extent the incentive to crime, and through lowering our prison population reduce another huge taxation outlay. No doubt it will also reduce the number of unfortunates confined in our insane asylums. Pensions for the aged of sufficient size to assure a high standard of living will make the latter end of life a delightful golden autumn instead of the bleak and fearful winter which it represents for so many. Pensions for the aged will remove eight or ten millions of pensioners from the fields of productive effort and permit of the paying of high wages to younger workers. Prices will be stabilized at a level high enough to insure a fair profit to the producers at all times when the steady flow of money is assured from taxpayer to the Government and from the Government to the pensioners and thence to the channels of trade. Justice can be assured to all through this system, and the injustice of permitting the wealth of the Nation to accumulate in the hands of a few will be eliminated.

Mr. CHASE. Mr. Speaker, ladies and gentlemen of the House, it is hardly necessary to argue that the primary reason for the passage of the sugar bill by the House yesterday afternoon is anticipated action by the President to lower the tariff on sugar and thereby increase the American market for Cuban sugar.

If the tariff is left alone there will be little reason for a sugar bill or a processing tax. Sugar-beet growers of Minnesota and beet-sugar manufacturers there have been a unit in declaring against Federal interference with their business, and in objection to the proposed regimentation of their industry.

As stated yesterday in the quotation given on page 6017 of the RECORD, President Roosevelt, then a candidate, declared in his address at Wheeling, W.Va., on October 30, 1932:

> I have advocated a lowering of tariffs by negotiation with foreign countries. But I have not advocated, and I will never advocate, a tariff policy which will withdraw protection from American workers against those countries which employ cheap labor or who operate under a standard of living which is lower than that of our own great laboring groups.

This is a definite promise to American labor, including American farm labor.

President Roosevelt in this speech declared that he would never advocate a tariff policy which would withdraw protection from American workers against those countries which employ cheap labor or which operate under a standard of living lower than that of the great laboring groups of America.

The problem therefore resolves itself into a question of whether the wage scale of Cuba is or is not lower than the wage scale for sugar producers in continental United States.

In the evidence submitted by me yesterday, and found on page 6018 of the RECORD, appears a statement by the general agriculturalist of the American Beet Sugar Co., of Chaska, Minn. Mr. Lund declared without qualification that under working conditions in Minnesota and Iowa beet workers can earn from 40 to 60 cents an hour, and that many of them do earn from $6 to $12 a day, depending upon the length of time they work.

Under his 1932 pledge to American labor, it will be necessary for the President to give consideration to the living standards in Cuba at the present time and to the wages

paid Cuban sugar workers as compared with American wages and American living standards.

This morning I am in receipt of a letter from Hon. Nils A. Olsen, Chief of the Bureau of Agricultural Economics of the United States Department of Agriculture, giving accurate official information upon this exact point.

Mr. Olsen's statement is as follows:

WAGES IN CUBAN SUGAR INDUSTRY

In general cane-field laborers consider themselves fortunate to be employed at all and readily accept 20 cents to 25 cents for a 10- to 12-hour day. Some laborers receive merely meals and living quarters for their work.

Cane cutting is paid on the basis of work done, but in 1932 cane cutters earned from 22 cents to 30 cents a day.

Cane haulers work on a piecework basis, but earn about $1.50 for a man, boy, and ox team. The boy receives 25 cents to 30 cents out of this. Oxen are supplied by the cartman.

In sugar mills unskilled labor on a timework basis earned 50 cents to $1 a day; on a piecework basis, 50 cents to 60 cents a day.

Even the salaried and skilled employees and foremen did not receive over $75 a month, and most of them not over $30 a month.

In a consular report from H. F. Matthews, dated February 1934, there is reported a proposal to base the wages of labor in the sugar industry upon the price of sugar. Although this plan has not been generally adopted in Cuba, it is of interest because it indicates the then current rate of wages. The plan called for a basic wage from which certain percentages were deducted or to which certain percentages were added, depending upon the price of sugar. This basic wage was taken as those prevailing during the 1933 crop or those in effect after the adjustments of September 1933, whichever was higher. They are as follows and vary according to the type of work involved:

Daily wage: 80 cents, 90 cents, $1, $1.10, $1.20, $1.40, and $1.50.

The minimum of 80 cents is perhaps the only one that is of service in the present connection, since there is no information as to the proportion of workers receiving each rate.

Mr. CARTER of Wyoming. Mr. Speaker, the bill H.R. 8861, which is up for consideration, proposes to include sugar beets and sugar cane as basic agricultural commodities, and makes the Secretary of Agriculture practically the dictator of these industries.

To bring this bill before the House under suspension of rules is, in my opinion, about as un-American as the principles involved in the bill. A bill of such importance and with so many controversial matters should not be brought before this body under suspension of the rules. We should have a fair amount of debate and an opportunity to offer amendments.

The provisions of this bill to include sugar beets and sugar cane as basic agricultural commodities under the Agricultural Adjustment Act violates the intent and policy of the original Agricultural Adjustment Act, for such provisions tend to discriminate and confiscate. The original Agricultural Adjustment Act was passed to bring protection in some fair proportion to consumption.

The chief objection to this bill is that it provides for the restriction of continental production of a commodity of which there is no exportable surplus. The continental United States produces less than 30 percent of the consumptive requirements of the United States, and instead of curtailing the industry it should be encouraged to expand so that we would become self-sufficient in sugar. This proposition violates the American principle of the American market for the American farmer.

The public expressions of Secretary Wallace and the testimony of Assistant Secretary Tugwell and the Department of Agriculture officials, including Dr. Weaver, chief of the sugar section, all show that they are unfriendly to the continental sugar industry, which they consider inefficient. They claim that it would be better to build up the Cuban sugar industry, so that Cuba could buy more lard and other products from the American farms. Secretary Wallace even said that the domestic sugar industry should never have been developed and that, personally, he was for eliminating it. This bill places the industry entirely in the hands and discretion of these men who are so outspoken against the industry.

While the bill provides for the continental sugar industry to receive 30 percent of the increase in continental requirements, it also gives the Secretary of Agriculture the right to estimate those requirements practically as he chooses. In other words, he could estimate the requirements at 7,000,000 tons, and continental interests would then not begin to get the 30 percent until the increase passed that high figure. The bill should be amended so that the actual consumptive requirements which President Roosevelt estimated at 6,452,000 should be written in the bill.

There are unnecessary drastic provisions in the sugar bill, particularly paragraph (4), on page 10, which would give to the Secretary of Agriculture autocratic power beyond anything that has ever been heard of under the United States Constitution. This paragraph states that anyone who violates an order or regulation of the Secretary of Agriculture can be fined or imprisoned. In other words, the farmer who would milk his cows twice a day instead of once, if the Secretary so ordered, would be liable to go to jail. There is no justification for making potential criminals out of all farmers, especially when the crimes are to be defined by orders or regulations of a publicly announced, unfriendly Secretary of Agriculture.

The States of the United States should be allowed to produce as much sugar as they can. Not only is there an insufficient quantity of sugar produced in continental United States, but the sugar beet is one crop which is a cash crop, and for which the farmer has a ready contract market in advance. Instead of trying to restrict and reduce the industry the Secretary of Agriculture should be delighted to expand the industry so that the farmers of the West would have a cash crop to turn to, especially when this crop is one of the few which has no exportable surplus.

Secretary Wallace gives as his reason for the elimination of the sugar-beet industry the theory that sugar requirements could be filled more cheaply from outside sources. If we are to destroy all our industries in which commodities can be produced cheaper in other countries, our whole economic structure must fail. I would rather see a total loss of our foreign trade than have our country enmeshed in the economic net of foreign governments. I can see the free-trade policy throughout this bill.

Wyoming is vitally interested in the production of sugar beets and the refining of sugar. We have 56,512 acres in sugar beets and employ over 6,000 workers. This does not include those who work in the sugar refineries nor those engaged in transportation, production of coal, limestone, bags, and a multitude of other articles to be considered in connection with this industry. A reduction in sugar-beet acreage would be a terrible blow to Wyoming.

It is impossible to justify reducing the United States beet quota from the 1933 production of 1,756,000 tons to a quota of 1,550,000 tons when at the same time a foreign country, Cuba, is given an increase from 1,600,000 tons imported into the United States to a quota of 1,944,000 tons. Why should there be greater sympathy shown for foreigners than for our farmers, which the Agricultural Adjustment Act is supposed to be intended to relieve? Are American capitalists who have money invested in Cuba more important to this Democratic administration that the American farmer of the West who spends all of his money in the United States and who pays taxes, helps to build our schools, roads, and contributes to the maintenance of our Government?

I think the American people have the first right to produce the commodities that are consumed in this country. There is no good sound reason to curtail our production of sugar in order that we supply our home market from Cuba. There is no reason why an industry in 18 States should be wiped out to avoid injuries to Cuba. If this administration feels that we owe a debt to Cuba, it should be paid by the Nation as a whole and not single out the sugar-beet industry.

Mr. WOODRUFF. Mr. Speaker, I wish to give an analysis of the sugar bill (H.R. 8861) from the standpoint of the beet-sugar branch of the sugar industry.

First. Fundamentally the bill is built upon three basic fallacies so far as beet farming is concerned; (a) that beet sugar is inferior to cane sugar and further expansion is undesirable; (b) that its success depends upon the perpetuation of child labor unless it is made a charity branch of agriculture supported by a system of bonuses or bounties;

(c) that it is an uneconomic or marginal industry per se and cannot survive without bonus or bounty payments.

Each of these indictments must be challenged.

(a) It is true that in the earliest stages the beet-sugar refining was done in very small plants without efficient equipment, control measures, and personnel, and as a result the refining process was not efficient and sometimes sugar stored in humid and heated warehouses tended to lump up and ferment or spoil. The world should know that properly refined beet sugar is identical with properly refined cane sugar. They are exactly the same, the formula being $C_{12}H_{22}O_{11}$. The size of the grain or crystal is merely a mechanical detail. Whether the sugar is pulverized or granulated or pressed into solid lumps is also merely a mechanical detail. In other words, modern processes and efficient control methods and trained personnel have made it a perfect industry, but it is hard to live down its earlier reputation. It is not generally known that some beet-sugar mills even now purchase raw cane sugar and refine it in off seasons after the beet-sugar season is over.

(b) In the earlier days the farmers did only the machine work on the farms and contracted with immigrant labor families to do all hand work. Men, women, and children alike worked a few days during each season, such as blocking, thinning, weeding, and topping. The children's work was only a few days at emergency seasons, probably not over 25 days during a summer. But the industry got the reputation of depending on women and children. At the present, a few children of the farmers help their parents during emergencies and vacations and a few contract farmers have children who help them in emergencies. There is no actual contracting of child labor, and without any legal requirement every beet mill and farmer have this year agreed that each contract shall provide that no contract child labor shall be permitted, setting the lower age at 16 years. This provision is not to cure an evil which, in fact, does not exist. It is put in the contract merely as a gesture in order to satisfy the misinformed that no such practice is now in existence. It should be noted that there is far more child labor in garden areas, cotton fields, and other branches of agriculture than in the beet-sugar industry.

(c) We come now to the crowning insult to the beet-sugar industry, the charge that it is inefficient and uneconomic and marginal and a hot-house industry. That we have a tariff is true, and the industry has been built up under protection, but it requires protection only because it is called upon to compete with the low-wage labor of the Tropics, where the standard of living is so low that it would shock the most hard-boiled and least social-minded if once it was seen by our people. It is true that if our farmers and contract laborers are to live on the American standard of living we must have protection, unless we can show the governing bodies of the islands in the Tropics with whom we compete that they must raise their standards of living in line with ours or keep out of our market. Put on an equal basis as to labor costs, it is a fact that the cost of producing beet sugar in the United States is less than cane sugar in the Tropics. It is a fact that the cost of producing beet sugar is now as low as the costs for cane sugar in Hawaii and Puerto Rico, and the only reason Cuba sells at a lower price (and the only reason for a tariff against Cuba) is because of the starvation wages, low standards of living, and actual selling far below minimum cost of production even in Cuba (in order to claim an ever-increasing share of this market).

Instead of placing a limited quota on continental beet sugar, the sensible, the American program would be a limited quota on Cuban and other insular sugar, and a requirement that they must maintain a civilized standard of living or their product will be excluded and the beet-sugar industry expanded to completely supply our market. It can be done, and at a cost of sugar to our people at from 4 cents to 5 cents f.o.b. beet-sugar refineries in sugar-producing States.

Europe produces from eight to ten million tons of beet sugar per year, and they do not consider their industry uneconomic. They consider sugar-beet culture as one of their most efficient branches of agriculture. I want the record to show that in the face of this fact our American beet-sugar industry is more efficient and economic than it is in Europe, and our production of sugar per acre is higher than it is in Europe. Yet we are to be restricted to less than 1,000,000 acres, while Europe has seven to eight million acres devoted to sugar-beet culture.

Second. The beet-sugar quota: Last year we produced the equivalent of over 1,750,000 short tons of refined beet sugar reduced to raw sugar value as defined in this bill. Yet we are reduced in this bill to 1,550,000 short tons, raw value. That is the limit we are to sell in the American market this year 1934, according to section 4 of this bill, providing for section 8 a (1) (B) of the Agricultural Adjustment Act. Now, what are we to do with the 200,000 tons of sugar already produced, which we may not market?

Apparently, paragraph (E) of subsection (2) of section 3a—provided for under section 4 of this bill—takes care of it. It provides that the Secretary may—

> Deduct from the quotas for production * * * or marketing * * * an amount for each year, respectively, representing the surplus stocks of sugar produced in that area (or a portion of the total surplus stocks of sugar produced in that area, in whole or in part), which may have accumulated in the year next preceding, over and above the quotas established for such year.

It appears from this provision that the Secretary may reduce the quotas for beet sugar as much as 200,000 tons for this year, or 100,000 tons each year for 1934 and 1935. This is contrary to the understanding which has been given to beet-sugar growers. If it were intended to do this, it should have been made known before we acted on this bill. This section should be interpreted in the RECORD and in the bill itself and the intention of Congress made clear to the Secretary before it is passed.

If this surplus, or carry-over, is not to be set up as a reserve or revolving amount to protect the market against shortages, then paragraph B of this subsection 2 should be amended to provide that this surplus shall first be used before increased quotas are allotted to other areas, and paragraph E should be modified or eliminated.

DEPARTMENT OF LABOR

Mr. CONNERY. Mr. Speaker, I ask unanimous consent to take from the Speaker's table and consider the bill [S. 2689] to authorize the Department of Labor to make special statistical studies upon payment of the cost thereof, and for other purposes.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Department of Labor be, and hereby is, authorized, within the discretion of the Secretary of Labor, upon the written request of any person, to make special statistical studies relating to employment, hours of work, wages, and other conditions of employment; to prepare from its records special statistical compilations; and to furnish transcripts of its studies, tables, and other records, upon the payment of the actual cost of such work by the person requesting it.

SEC. 2. All moneys hereinafter received by the Department of Labor in payment of the cost of such work shall be deposited to the credit of the appropriation of that bureau, service, office, division, or other agency of the Department of Labor which supervised such work, and may be used, in the discretion of the Secretary of Labor, and notwithstanding any other provision of law, for the ordinary expenses of such agency and/or to secure the special services of persons who are neither officers nor employees of the United States.

SEC. 3. The Secretary of Labor shall prescribe rules and regulations for the enforcement of this act; and the Secretary of Labor shall make a report to Congress, at the beginning of each regular session, giving a detailed statement showing (1) the name of every person for whom work has been performed under the authority of this statute, (2) the nature of the services rendered to him, (3) the price charged for these services by the Department of Labor, and (4) the manner in which the moneys received were deposited or used.

SEC. 4. This act shall cease to be effective 1 year after the date of its enactment.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

POST OFFICES AND POST ROADS

Mr. DICKINSON. Mr. Speaker, I ask unanimous consent to extend in the RECORD a radio address recently delivered

by my colleague, the gentleman from Missouri [Mr. ROMJUE], on the subject of post offices and post roads.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. DICKINSON. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following radio address of Hon. Milton A. Romjue, of Missouri, March 29, 1934:

My friends of the radio audience, it is so much more important that the American citizen of today, both in and out of Congress, spend more time thinking and less time talking that I hesitate to take even these few minutes of your time.

As a Missourian I want to show you that the first overland United States mail delivery started from St. Joseph, Mo., and ended at the Pacific coast.

This delivery was made by carriers riding on horse from fort to fort through wild frontier, Indian, and wild-animal-infested country. The hazards were great, but the delivery of mail an important task, and of far-reaching importance not only from a business standpoint and commercial development, but this hazardous delivery took joy and pleasure as well as sometimes carrying a message of sorrow from the more early settled parts of the United States to the pioneer and frontier sections.

Buffalo Bill ran the gantlet of the savage and had many narrow escapes from the Indian's arrow and scalping knife as he rode at terrific speed astride a well-bred steed. The pay was small, but that is not all—and many an unfortunate carrier of the mail of that day soon had his body consigned to clay. Those courageous pioneers of early mail delivery, at great sacrifice of life and time, often succumbed to the ravages of beast, of mountain, and of winter's clime. They were accustomed to the Indians and weather's wily tricks, but were not so often bothered with petty party politics.

Many mail messengers of that early day lost their lives on the western plains with little pay, but when they passed on but little did partisan critics say.

As chairman of the House conference committee on the emergency air-mail legislation I presented to the House on Monday of this week the conference report agreed upon by the conferees of the House and Senate, and the same was on that day adopted, and shortly following was signed by the President and is now a law.

Under this emergency law the President and Postmaster General are proceeding with air-mail service which will be less expensive to the public than heretofore paid under prior-existing contracts. Much has been said about air-mail contracts and cancelations thereof.

The limited time which I have over this radio hook-up precludes me from discussing what I believe to be the real merits involved in this question. It is unfortunate, however, that in times like these, when such desperate effort is being made by the President of the United States and the Congress in general to save many homes from loss to their owners and to get the country in a better position, that criticism of a policy pursued should arise in matters of this kind. However, those of us who have had some considerable experience in public affairs and political matters realize that it is quite common for false rumors and misstatements of fact to be broadcast, which circumstance emphasizes again the necessity of sound, sober thinking.

It is interesting to note that those who with great clamor talk about cancelation of air-mail contracts without previous proof in court usually are of that class who are not so deeply interested or concerned about the success of President Roosevelt's administration as they might avow themselves to be. Indeed, all of the critics of this policy, so far as I have been able to observe and learn, fail to call your attention to the fact that in 1861 Mr. M. Blair, who was then Postmaster General under a Republican President, canceled a great many more mail-carrying contracts than have recently been canceled, all of which contracts were canceled by the Postmaster General at that time without hearing or consideration being given to the parties holding contracts. In fact, the cancelation of mail-carrying contracts by the Postmaster General at that time was wide-spread in at least four States, to wit, States of Maryland, Virginia, Kentucky, and Missouri.

I fear those who so eagerly attempt to criticize the present administration policy either shut their eyes to this historical fact or, for the lack of information, fail to know but little about it, which again emphasizes the statement that I started out with—it is so much more important that we think more and talk less that we may contribute more to the public welfare and the more fully enjoy the confidence and respect of the multitude of splendid citizens of our country who really do know the truth and do understand.

MINORITY RULE

Mr. FORD. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. FORD. Mr. Speaker, I am receiving many letters from constituents asking for an explanation of my vote last week to sustain the President's veto of the independent offices appropriation bill with its amendments.

There is, I believe, a special significance in this type of letter. It is evidence that the people of this Nation are awakening to the fact that government by groups is threatening to undermine the foundations of genuine representative democracy in the United States.

The issue before the House was whether the representatives of the people should vote to sustain the people's great leader, President Roosevelt, or whether they should listen to the commands and be intimidated by the threats of the lobbyists representing special groups. I chose to support the President regardless of the consequences.

If President Roosevelt's administration stands for anything, it is for a national plan of recovery framed to benefit all of the people. Special interests which have hitherto dictated public policy are not recognized in that plan.

The success of the program rests absolutely on a firm disregard of special pleading by active minorities for legislation favorable to selected groups.

It is my firm conviction that unless Congress stands with the President in his courageous effort to put through a national program, regardless of the attack of powerful groups, our efforts for recovery will fail.

The question, in short, is this: "Are we to have government of organized minorities for special interests, or are we to stand firmly for a national program to benefit the Nation as a whole?"

HOUSE JOINT RESOLUTION 309

Mr. KENNEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to quote therein a resolution introduced by me.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. KENNEY. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following joint resolution introduced by me:

House Joint Resolution 309

Joint resolution to admit Albert Einstein to citizenship

Whereas Prof. Albert Einstein has been accepted by the scientific world as a savant and a genius; and

Whereas his activities as a humanitarian have placed him high in the regard of countless of his fellowmen; and

Whereas he has publicly declared on many occasions to be a lover of the United States and an admirer of its Constitution; and

Whereas the United States is known in the world as a "haven of liberty and true civilization": Therefore be it

Resolved, etc., That Albert Einstein is hereby unconditionally admitted to the character and privileges of a citizen of the United States.

THE LEGACY OF IRELAND

Mr. O'CONNELL. Mr. Speaker, I ask unanimous consent to extend in the RECORD a speech made by my colleague the gentleman from Rhode Island [Mr. CONDON].

The SPEAKER. Is there objection to the request of the gentleman from Rhode Island?

There was no objection.

Mr. O'CONNELL. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following speech by my colleague the gentleman from Rhode Island [Mr. CONDON] at the annual St. Patrick's Day celebration of the Irish Society of Memphis, at Memphis, Tenn., March 17, 1934:

Mr. Toastmaster, members of the Irish Society of Memphis, and friends, permit me at the outset to say to you how happy I am to be here tonight, and to join with you in these exercises in honor of St. Patrick. To be invited to address you on any occasion would be an honor, but on this occasion, so reminiscent of rich and glorious memories of the past, and so promising of high hopes for the future, it is indeed a privilege of which I am profoundly conscious.

That I am privileged to be with you tonight I owe to my fortunate acquaintance in the Congress of the United States with the distinguished Member of the House of Representatives of that body for this great constituency of Memphis, your friend and my friend, Hon. EDWARD H. CRUMP. It is a matter of deep and sincere regret to us in Congress that we are soon to lose him because of his voluntary retirement at the end of his present term. His

place will be difficult to fill and his absence in the House and in the councils of the party will be sorely felt.

Mr. CRUMP has spoken so often to me of Memphis and her people in such affectionate and appreciative terms that I have come to believe that, though he is physically present in Washington, his heart is ever here in Memphis with those he loves and by whom he is loved in return. I am happy to testify here tonight that all the fine things which he said to me about this splendid city of Memphis, enthroned on her historic bluffs, the commercial and industrial queen of the southern Mississippi Valley, are indeed true. Not only am I charmed with your fair city, its beautiful homes and magnificent public buildings, but I have found here among your people a wealth of that far-famed southern hospitality of which I have so often heard and of which I have been in the few brief hours since my arrival the happy recipient in unstinted measure. Typical of this hospitable spirit is the distinguished president of your society, General Bates, and his associates on the welcoming committee which greeted me this morning at the Union Station, each with his shamrock and a bright sprig of green in his buttonhole, seemingly heralding to all in the early dawn that it was indeed St. Patrick's Day in the morning. The mere sight of them proudly wearing the green immediately prejudiced me in favor of the Irish Society of Memphis and its members before I had an opportunity to know them more intimately. With such an introduction and reception I am better able to understand this great company assembled here in this magnificent banquet hall of this splendid hotel so worthy of this great city and so representative of its high hospitality.

This gathering, it seems to me, therefore needs no stranger from afar to inspire them with the proper spirit of this day or to urge them to celebrate it appropriately. Let me rather recall to your minds the story of the events that is the reason for our assembling here and let us together dwell for a few moments upon its significance in these days in which we live.

We are gathered here to pay honor to St. Patrick. This day is dedicated to him and to Ireland. Everywhere tonight throughout the civilized world Irishmen and the friends of Irishmen are toasting his memory and recalling with pride the glorious Ireland of his day and the centuries immediately following.

Fifteen hundred years have come and gone since he brought the faith to Erin, and yet he is today, as he has ever been throughout the centuries, the national hero of the Irish people. Ireland, in the golden age of her might and power, in the dark era of her subjugation, and now in the bright and hopeful hour of her national resurgence, knows no other personage in all the great galaxy of her kings, warriors, and scholars more worthy of the love and homage of Irish hearts, more deserving of the hero's niche in the nation's hall of fame than the humble, holy Patrick.

On this day Irishmen, wherever they may be, call the world to witness, and justly so, the great role which Ireland played in the Christianization and civilization of western Europe in the sixth, seventh, and eighth centuries following the break-up of the Roman Empire. In that great drama the chief and overtowering figure is St. Patrick. His appearance upon the public stage in Ireland in the year of 432 A.D. was of momentous consequence to the future history of Ireland and of the world. Its effect upon the course of events that followed in succeeding centuries cannot be overestimated. Indeed, until recently it has been grossly underestimated or deliberately ignored.

St. Patrick did something to Ireland and for Ireland in that early dawn of the Middle Ages that has ever since set her separate and apart from all other nations. To appreciate adequately the comprehensive scope and all-pervading effect of his influence it is necessary to recall what every true student of history knows, that Ireland at the advent of St. Patrick in the fifth century was the greatest military power in Europe north of the Alps and west of the Rhine. Her warriors were renowned throughout the Roman provinces of the west for their fierce and warlike qualities that made them respected and feared not alone by the barbarian tribes of Gaul and Britain but also by the proud legions of imperial Rome. Their indomitable valor and bravery on the field of battle under the immediate personal leadership of their kings and chieftains was not limited to their homeland, but brought them martial triumphs and conquests far beyond the confines of Ireland. This military people were not content to repel the legions of the Caesars from their own shores but persisted in pursuing them into Gaul, even to the foot of the Alps.

With the coming of Patrick the fame of these Irish warriors had spread everywhere throughout the Roman dominions. Ireland, or Scotia, as she was known among the Latins, alone of all the Celtic nations successfully resisted the power of Rome and remained completely free and sovereign. That mighty empire had long since ceased to hope that her legions might one day make their camps in Scotia, as they had done all over neighboring Britain. Rather the Irish kings were penetrating deeper and deeper every year into the Roman provinces of the west and long-conquered Celtic peoples were confidently looking to them as their deliverers from the hated Roman yoke.

Ireland at this period, so it has seemed to careful historians, was on the verge of a sweeping expansion of political power and influence with the certain hegemony of the British Isles and the northwestern fringe of Gaul assured to her. Why this plainly indicated development did not occur is an intriguing subject of speculation to students of the period. There was no decay of the people to account for it and no perceptible weakening of the military power of the nation. Ireland for seven centuries to follow continued to be a strong and well-organized country, virile enough to expel the Dane and the Northmen in the eleventh century, a feat which France and England both failed to perform fully in their countries. The current of Irish life, which was then sweeping all before it in the full tide of military conquests beyond the seas, was suddenly turned into new channels.

The ardent, fearless, and adventurous nature of the Gael that had carried him with wild and reckless abandon on military exploits into far distant lands was now made to serve in more peaceful projects none the less daring and eventful than the wars of the sword and the battleax, but more productive of good to the world and of more far-reaching consequence to the future civilization of western Europe. It was St. Patrick who enlisted his countrymen in this new adventure that was to make Britain and half of Europe forever the debtor to the little green isle in the west.

Under his tutelage Scotia, the home of fierce unconquerable warriors to the Roman Caesars, now became the nursery of saints and scholars to all the young nations of western Europe in the sixth, seventh, and eighth centuries. Ernest Renan, the great French scholar and essayist of the last century, said of the Irish that they literally covered the western seas in the early Middle Ages.

"When we consider", says he, "the legions of Irish saints and scholars who in the sixth and seventh centuries inundated the Continent and arrived from their isle bringing with them their stubborn spirit, their attachment to their own usages, their subtle and realistic turn of mind, and see the Scots (such was the name then given to the Irish) doing duty until the twelfth century as instructors in grammar and literature to all the west, we cannot doubt that Ireland in the first half of the Middle Ages was the scene of a singular religious movement."

Zimmer, the Prussian historian, echoes the same thought when he says:

"Ireland can indeed lay claim to a great past. She cannot only boast of having been the birthplace and abode of high culture in the fifth and sixth centuries, at a time when the Roman Empire was being undermined by German tribes, which threatened to sink the whole Continent into barbarism, but also of having made strenuous efforts in the seventh and up to the tenth century to spread her learning among the German and Roman peoples, thus forming the actual foundations of our present continental civilization."

As with learning and culture of the books and the schools, so it was with exploration and discovery. As Renan said, "The Irish were everywhere on the western seas adventuring into the known and the unknown." And Humboldt, the great German geographer, remarks "that in the Faroes, the Orkneys, the Shetlands, and throughout the northern seas the Scandinavians found themselves preceded by the Irish." They had even landed and colonized Iceland in 795, A.D., and when the Danes arrived there some 65 years later they found Irish books and bells and Irish names of places that bore witness to the presence of Irish monks before them.

Why marshal more witnesses to prove what every educated person today knows to be a fact—that the Irish were the saviors of Christian civilization in the West; that but for them the foundations of modern Europe might never have been laid; that but for them even Greek and Latin culture might have been irrevocably lost to the world. To these brilliant, industrious, devoted, and adventurous Irish monks and scholars Europe and the world owes a debt it can never repay. That they were willing, nay, eager, to leave homeland and friends and go forth into strange lands among strange peoples across the seas as the seed sowers not only of religion but of learning and culture as well has brought more glory to Ireland than a thousand years of military triumphs and political conquests. And the author of it all was the great, though humble, man whose name and fame we celebrate tonight. He turned the Irish spirit to things of the mind, or rather he taught his people to seek to conquer in the intellectual world.

He did not bring learning and the love of scholarship to Ireland; that had flourished there for centuries before him. The scholar in pagan Ireland was held in equal regard with the warrior and the priest. But St. Patrick did exalt the mission of the priest and scholar above that of the warrior and thereby stirred the world and more greatly influenced future generations in Ireland and in all of western Europe than all the great figures of the early Middle Ages, not even excepting Charlemagne himself.

How different Europe would have been had not St. Patrick appeared in Ireland at the moment he did! And how different the future Ireland also! It can hardly be doubted that she would have gone vigorously forward in her subjugation of the British Isles and that upon the heels of the retreating Roman legions in Gaul she would have reconstituted the Celtic peoples into a unified nation able to withstand the oncoming Franks and Germans. It is idle to speculate upon that possibility, and Irish writers have wasted no time in doing so. No true Irishman who knows the rich and wondrous story of the Ireland of the early Middle Ages and appreciates the full import of her influence in the rebuilding of western civilization after the fall of Rome regrets that in the inscrutable designs of Providence Erin was not destined to win political empire and share with England and Germany and France and Spain the rich rewards of national prestige and power in the later development of modern Europe. Rather, he thrills with a just pride in the sure knowledge that it is upon the firm foundations of Irish faith and learning and culture that the superstructure of our modern civilization is built.

Benedict Fitzpatrick, one of the foremost of the modern historians of Ireland, speaking of the brilliant and for the most part nameless saints and scholars who laid these foundations, says:

"The work of these expeditionary Gaels represented no passing and futile ebullition of massed psychic energy. It represented in its manifold, reiterated forms a spiritual movement almost without parallel, as effective as it was prolonged. The accomplishments of these indefatigable Irish pioneers are as intimately embodied in the constitution of the civilized world as the empire-building of Caesar, or the preaching of Paul, or the resurrection of the intellectual world of the Greek, or the Code Napoleon. The ordinary man may not know it any more than he may be aware of the mesenteric artery, but it is there, and if it were not there he would be a different sort of being from what he is."

Montalembert, the French scholar and historian, says:

"Ireland was regarded by all Europe as the principal center of learning and piety."

And the German historian, Darmestetter, proclaims that—

"The Renaissance began in Ireland 700 years before it was known in Italy. During 300 years Ireland was the asylum of the higher learning. Armagh, the educational capital of Christian Ireland, was the metropolis of civilization."

With this brilliant past and with the promise now dawning of a national rebirth people of Irish lineage may well celebrate on this day the glories of great St. Patrick and reawaken that pride of race that made Irishmen the envy and the admiration of the medieval world. At no time and in no country have Irishmen had cause to deny their origin or be ashamed of the part that the Gaelic race has played in the great drama of life, as it is authentically recorded in the annals of ancient and modern times. National independence was lost by lack of unity and sheer force of numbers, but never national honor. The benefits of modern progress and the blessings of enlightened government were wrongfully withheld from them in their homeland by tyrannical oppressors, but never with the acquiescence of the Irish people. They proved themselves to be fundamentally as great a race in the grip of tyranny as they were in the heyday of Ireland's might and power. Seven hundred long and bitter years of oppression could not destroy their love of liberty. And today, having achieved by their own unaided efforts their freedom and independence, they are building a new Ireland worthy to take rank in the forefront of the nations of Europe.

Love of country, pure and unadulterated by baser motives, has never anywhere had a finer exemplification than in Ireland throughout all her long history. Indeed, an Irish poet has given expression to it in these beautiful lines:

"I vow to thee my country—all earthly things above—
Entire and whole and perfect, the service of my love,
The love that asks no question; the love that stands the test
That lays upon the altar the dearest and the best;
The love that never falters, the love that pays the price,
The love that makes undaunted the final sacrifice."

This patriotic fervor, this love of Ireland, has endured through seemingly never-ending centuries of oppression, not only among those who remained at home, but also among the millions driven into exile. During these bitter years Ireland lost some of the bravest and the best of her children. Happily, however, the exiles in their wanderings in strange lands and far-off countries among alien races never forgot the motherland of Erin, and best of all they transmitted that love and affection to their offspring and the result has been a greater Ireland outside of Ireland. That is the explanation, if one were needed, of our gathering here tonight in this great city of Memphis in a land unknown to St. Patrick and his contemporaries and almost 4,000 miles distant from the seat of his bishopric at Armagh.

We Americans, who lay claim to a portion of the rich legacy of Ireland, and who take pride in the glorious and brilliant chapters which that little island of the west has written in the annals of the world's history from the very dawn of Christianity, are delighted to recall the friendship of the United States for Ireland during the struggle for her freedom. Here on the shores of this great free Republic of the west the heroes and patriots of Ireland, fleeing from persecution, have always been welcomed. Here have they come in unnumbered millions to find a home and country that cherished their undying devotion to the purest ideals of liberty, and appreciated the fine spirit of loyalty that actuated them to dare death and prefer exile rather than supinely to submit to the tyrannical exactions of their beloved country's oppressor. Their coming hither has immeasurably enriched America. They and their descendants have richly repaid the country that so generously accorded them sanctuary in exile.

In every walk of life their contribution to the sum of human achievement and progress in our country has been tremendous. They labored brilliantly and heroically with Washington in laying the foundations of the Republic and establishing its independence from the selfsame oppressor who tyrannized over Ireland. This was, indeed, a labor of love and no race contributed more to the winning of the Revolution than the Irish, as the muster rolls of the Continental Army indisputably show. Merely to call the names of Washington's generals—Montgomery, Sullivan, Moylan, Wayne, Commodore Barry, and Captain O'Brien, to name only a few of the more prominent—is to demonstrate beyond cavil the leading part played by the Irish in the field. No less important was their participation in the council. In the Continental Congress, the Constitutional Convention, and the First Congress under the Constitution Irish names are prominent on the rolls. And in the subsequent unfolding of the moving drama of national development and expansion throughout a century and a half the Gaelic element in American life has been a vital and inspiring thing.

It is unnecessary to recount in detail the indubitable Irish contribution to the building of the present great and glorious edifice of the American Republic which is today the envy of the modern world. Mention merely is made to emphasize a fact of which every educated person in our country is well aware. Let us while we honor the great patron saint of the land of our forebears renew our allegiance to the great free Republic of the United States and resolve to serve her in peace and in war in the same loyal and devoted manner as the brave, faithful Irish whose names are forever linked with Washington and Jefferson and Franklin and other great statesmen and heroes in the illustrious pages of American history. If we are bone of the bone and blood of the blood of the true Gael, none will surpass us in the quality of our American citizenship as no Frank exceeded in loyalty the saintly and scholarly Gaels in the Frankish court of Charlemagne. Thus shall we prove ourselves worthy sons of St. Patrick and shed new luster on the story of the Gael. Thus shall we carry on that tradition of nobility of the Celtic race, concerning which Renan said:

"If the excellence of races is to be appreciated by the purity of their blood and the inviolability of their national character, it must needs be admitted none can vie in nobility with the still surviving remains of the Celtic race. * * * Ireland in particular is the only country in Europe where the native can produce the titles of his descent and designate with certainty, even in the darkness of prehistoric ages, the race from which he has sprung."

THROUGH T.V.A. OPERATION AND CERTAIN P.W.A. ALLOTMENTS THE GOVERNMENT IS ENTERING BUSINESS IN COMPETITION WITH PRIVATE INDUSTRY, THUS DESTROYING CAPITAL INVESTED IN PRIVATE INDUSTRY AND FORCING INTO UNEMPLOYMENT LABOR EMPLOYED BY SUCH PRIVATE INDUSTRIES—COAL, CEMENT, RAILROAD, AND POTTERY INDUSTRIES VITALLY AFFECTED

Mr. McGUGIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. McGUGIN. Mr. Speaker, we are hearing much of the work of the so-called "brain trust." From one side the charge is hurled that the members of the "brain trust" are plain, outright, long-whiskered Communists. On the other hand, anyone who criticizes something which is being done by the "brain trust" is being branded as a rugged individualist that reverts to barbarism, a tool of Mellon, Morgan, the Power Trust, or the international bankers.

Both of these charges are made by intolerants running rampant. The members of the "brain trust" are not bloodthirsty Communists. They are simply men who are devoted to a program, which is, to a great extent, a complete reversal of the traditional economic and social life of America. Those who oppose this change which is being put into effect by the so-called "brain trust", are not cold-blooded individualists of the cave-man era nor are they the spokesmen of greedy, selfish, avaricious capitalists. They are merely American citizens who are devoted to the proposition that there is still something worthwhile in a century and a half of progress and experience.

I believe in the inalienable rights of the individual American citizen. That does not mean that individuals in managing private corporations have the right to pilfer the country as was done by international banking, fake stock selling projects and any number of other corrupt and dishonest acts, which were practiced during the heydey of our supposed prosperity during and following the war. When I express my belief in individualism and the rights for the individual, I refer to the right of an American citizen to work on a farm, in the factory, in the mine, or to engage in business without being crushed either by concentrated wealth or by the ruthless hand of government. I say to you frankly, if there is no room left in American life for the individual citizen to operate in a free and independent manner with equal and fair opportunities, then there is but little public service which I can render.

I think that things are being done in the administration of the various relief measures which were not contemplated when the relief measures were enacted by Congress.

For instance, I think that the Agricultural Adjustment Act was enacted primarily for the purpose of meeting an emergency of agricultural surpluses which were largely a result of an abnormal underconsumption growing out of unemployment in the industrial sections and due either to a temporary maladjustment or a permanent readjustment in

international trade. Just at this time no man knows with certainty whether the complete break-down in exchange of goods between the countries of the world is a temporary maladjustment or is a part of a permanent readjustment of world trade. However, in the administration of the Agriculture Adjustment Act, we find that it is being administered in a manner which leads to the permanent Government control of the land of this country. This means that the farmer must first obtain permission from Washington before he can decide what crops he can plant, or how much food he can produce. I regard this as a nationalization of American agriculture. If this becomes permanent we may operate under a different name but it will not be far different from the program which is now being practiced in Russian agriculture. The Russian Soviet tells the Russian farmer how much he can produce and how much he can keep for his own.

In the case of the Public Works program, Congress appropriated $3,300,000,000 for public works. Four hundred million dollars of this was earmarked for highway construction. The remainder was left for projects to be designated by the President. Of course, the President could not designate these projects personally, therefore, he appointed Secretary of Interior Ickes as Public Works Administrator. Congress provided the money for public works for the direct purpose of taking care of the unemployed. Congress did this upon the request of the representatives of practically every class of people in the United States.

Among those who requested this program and this appropriation were the president of the National Chamber of Commerce, spokesman for capital and industry; president of the American Federation of Labor, spokesman for American labor; the national legislative representatives of the Farm Bureau and the Grange, spokesmen for a great part of the American farmers; the Director of the Budget and the Secretary of the Treasury, as spokesmen for the administration; and the national legislative representative of the retail merchants of the country.

Congress had to leave the designation of the projects to the President. If these projects had been designated by Congress, in the nature of things they would have had little relationship to the needs of unemployment. The projects would have been designated on the basis of political log-rolling. So, in order to obtain any reasonable national distribution of these projects, it was necessary to place the power in the Executive to designate the projects. In designating these projects, faith cannot be kept with Congress and the country except that they are designated for the sole purpose of taking care of unemployment. However, it seems to me that Mr. Ickes is using a part of the money not for the purpose of taking care of unemployment but for the purpose of carrying out some of his long-possessed, cherished ideas of governmental ownership of various public utilities.

One does not need to be a defender of all of the sins of the power industry in order to be opposed to the use of Government funds to build power projects to be operated by the Government. There is a way to handle Insull and the other sinners of the power industry without the Government using public funds and the public credit to nationalize and socialize the power industry. The proper function of government is to stamp out corruption and to punish the criminal in any activity. It is not necessary for government to step in and destroy private business and private activity in order to stamp out the criminal conduct on the part of someone engaged in private business. When the Government sets out to destroy a private business, it punishes 10 innocent bystanders for every one whose conduct has been such that he deserves punishment.

Secretary Ickes has allotted $104,000,000 of the Public Works fund to build purely Government power projects. I quote from a press release of March 25, 1934, by Secretary Ickes:

> P.W.A. allotments for power-generating distributing plants total $128,000,000. Of this total, $104,000,000 are being spent by the Federal Government. The Federal projects are being constructed by the Federal Government which will own and operate them.

This money to build these plants to be owned and operated by the Government is coming from the appropriation which Congress made for the purpose of carrying on public works to furnish temporary employment. The using of $104,000,000 of this money to build these hydroelectric plants to be owned and operated by the Government does not alone affect the power industry. In fact, it directly hits other well-established industries. For instance, it is displacing coal. It is dealing a hard blow to thousands of citizens of Kansas who have no interest whatever in the power business. One of the projects which is to be taken care of by this allotment is the Loup River project in Nebraska. At this time, there are from 9 to 11 cars of coal daily going from the Pittsburg, Kans., district into Nebraska for the purpose of generating power in steam plants. When this Loup River hydroelectric project is established with Government money, this market will be lost to the coal industry of Kansas. That means that coal miners, people owning the coal mines, and the business people of the Kansas coal districts will suffer. What is more, as these coal miners are put out of work, they will be on the charity list to be supported by every taxpayer of Kansas. Let me quote a telegram on this subject, of February 23:

> The Loup River hydroelectric project is a matter of grave concern to the thousands of coal miners of this country, their wives and children. If this project is carried through, the power produced by it will displace the use of coal as fuel over a wide territory, thus throwing thousands of miners out of work, making it impossible for them to earn a living for themselves and families. Such a result will be directly in conflict with the aims and purposes of the National Industrial Recovery Act, which seeks to rehabilitate industry and create employment for the millions of workers who are now in forced idleness.

Now, who do you think signed that telegram? Do you think that it was some individualist of the Dark Ages or do you think that it was some tool of Wall Street? If you do, guess again. That telegram was signed by the following presidents of district mine unions: Frank Wilson, district president, Albia, Iowa; Henry Allai, district president, Pittsburg, Kans.; D. H. Watkins, district president, Excelsior Springs, Mo.; Frank Hefferly, district president, Denver, Colo.; and Ellis Searles, official representative of the United Mine Workers of America.

The coal industry has formed an organization composed of the coal operators and the coal miners. On February 21 this organization sent a telegram to the Honorable Harold Ickes, Secretary of the Interior. This telegram said, in part:

> This bureau has been created for joint action by the men who work in coal mines of the United States and by the owners of those mines in defense of their jobs and their investment against uneconomic Government-financed hydroelectric projects. We produce and sell our coal in conformity with the code of fair competition for the bituminous-coal industry, as approved by President Roosevelt on September 18, 1933. We are attempting only to save our jobs and our investments. We are not antiadministrationists. Participation of Mr. John L. Lewis and the United Mine Workers of America assures you of that. We refer now to the Loup River public-power project near Columbus, Nebr. Requests for public hearings on this project have been made to you by the United Mine Workers of America, the American Federation of Labor, the National Bituminous Coal Industrial Board, the National Industrial Recovery Administrator Hugh S. Johnson, the National Coal Association, the coal-code authorities and coal operators associations of Illinois, Indiana, Iowa, Kansas, and Missouri. The organizations making these requests represent millions of working people and millions of dollars of investment. You have denied all such requests. We are aware of your belief that completion of such projects represents progress and should be accomplished regardless of the number of people put out of work, and regardless of the amount of investment destroyed. In our American Government no one man should determine what is and what is not progress.

It is signed by Ellis Searles, United Mine Workers of America, and George J. Leahy, National Coal Association.

Mr. Ickes gave a most blunt answer to this telegram by his allotting $104,000,000 of the Public Works fund to be used to build these Government projects which vitally affect the coal industry capital and labor. What is more, it affects the railroad industry capital and labor. If coal is to be replaced by these Government hydroelectric projects, then railroad labor is not going to be employed in the hauling

of coal, and railroad capital is not going to receive money for hauling the coal.

The extension of the Muscle Shoals project by the T.V.A. is another illustration of the Government's domination of business playing havoc with thousands of innocent bystanders. In an Associated Press report of March 27, Dr. Arthur E. Morgan, Chairman of the T.V.A., gave out the following statement:

Morgan said that his engineers were studying the proposed canal to connect the Tombigbee and Tennessee Rivers for a short water haul from the Tennessee Valley to the Gulf. Army engineers also are studying the proposed Tombigbee-Tennessee Canal, which would trim about 600 miles from the Tennessee to the Ohio and thence down the Mississippi to the Gulf.

Now, the people and Congress thought that the purpose of the T.V.A. was to develop electric power at Muscle Shoals. We now find that it includes building a canal at the Government's expense, which canal will shorten the water haul to the Gulf by 600 miles. That means more unemployment for railroad labor and less business for the railroads. Probably many railroad men thought that it was fine for the Government to make power at Muscle Shoals. They did not know that the plan would also mean building canals and taking their jobs away from them.

The following is a part of a news report of March 27:

Cement production will be carried on by the T.V.A. at Plant No. 2, for the reason that it can be made there at a cost much less than private industry can maintain. This is due to the many advantages of this section, among them being cheap power, close proximity of raw materials of the best kind and greatest abundance and water transportation facilities.

Dr. Morgan has said that the manufacture of cement here is a necessity unless private manufacturers reduce their cost very much, probably more than they can, because of the unusual facilities which this area offers.

Probably many Kansas people of Chanute, Independence, Fredonia, Iola, and Bonner Springs thought that the T.V.A. was merely for the purpose of developing power at Muscle Shoals, and that was a long way from Kansas and a matter of small concern to them. They had not understood that it also meant using public money to build cement plants to compete with the cement plants in these Kansas towns.

Now, it is generally believed that the cement industry has been a trust or combine and that it has charged the people too much money for cement. The right way for the Government to handle that is to prosecute those connected with the industry who are responsible for any combine or conspiracy in restraint of trade. The wrong way is for the Government to build cement plants which do not need to show a profit but can meet their losses by bleeding the taxpayers. The destruction of the private plants with such unfair governmental competition does not alone hit those who have money invested in cement plants; it hits hardest the men who work in these plants, and the communities which depend upon these plants for their business and economic existence.

In the Associated Press report of March 27, 1934, we find the following:

Development of an earthenware industry in the valley, by using native clays, has been set as one of the goals of the Authority, along with extensive production of starch from sweetpotatoes growing in the red-clay hills.

The Tennessee Valley Authority backed with the taxpayers' money engaging in the pottery business will not be encouraging to such States as Ohio and Arkansas. The Congressmen from Arkansas and Ohio who voted for the T.V.A. had every right to believe that they were voting for the establishing of a governmental power project at Muscle Shoals. They did not think that they were voting for a Government subsidized industry to compete with Ohio and Arkansas pottery works and labor.

The Tennessee Valley Authority through its directors, Arthur E. Morgan, H. A. Morgan, and David E. Lilienthal, have organized a corporation under the laws of the State of Tennessee. The capital stock of this corporation is provided from public funds by the Federal Emergency Relief Corporation. Under the terms of the charter of this Tennessee corporation, the corporation is authorized to hold and administer any and all funds received from the Government of the United States.

Among the things which this corporation is authorized to do under its charter are as follows:

SEC. B. To produce, raise, manufacture, buy, sell, deal in, and to engage in, conduct, and carry on the business of producing, raising, manufacturing, buying, selling, and dealing in farm products, livestock, goods, wares, and merchandise of every class and description necessary or useful for the operations of the corporation.

Under section C of the charter the corporation is authorized:

To lend or advance money, to endorse the notes, and to guarantee the obligations of individuals, firms, corporations, or others with or without collateral security whatsoever.

Under section D of the charter the corporation is authorized:

To borrow money and to make and issue notes and evidences of indebtedness of all kinds, whether secured by mortgage, pledge, or otherwise without limit as to amount.

Under section H of the charter this corporation is authorized:

To acquire by purchase, subscription, or otherwise, and to hold for investment or otherwise, and to use, sell, assign, transfer, mortgage, pledge, or otherwise deal with or dispose of stock, bonds, or any other obligations or securities of any corporation or corporations.

While the Tennessee Valley Authority was organized for the primary purpose of generating power at Muscle Shoals, yet, through subsidiary corporations set up by the directors of the T.V.A., it is now operating with money received from the Public Works fund and other relief funds and borrowed from the R.F.C. Its operations include, under the charter of this subsidiary corporation, buying, selling, farming, and operating of real estate, manufacturing, and selling any wares and merchandise of every class and description necessary or useful for the operation of this subsidiary corporation. Its further operations include lending money to any corporations or individuals without limit, with or without collateral security. Its operations further include borrowing money without limit and buying and selling and otherwise speculating in the stocks and securities of any corporation.

In short, through this subsidiary corporation, the Tennessee Valley Authority can engage in any and all lines of business, manufacturing, retailing, wholesaling, farming, lending money, and speculating in stocks and bonds. In brief, the business of no citizen of the country is safe from being destroyed by the vicious competition of a corporation financed with Government money which was appropriated by Congress for public relief in the name of social and economic emergency.

Some of this money set aside to take care of public works is being used to establish a Government-owned rum industry in the Virgin Islands. That is not taking care of American unemployment. It is a social experiment in the Virgin Islands.

The privately owned coal industry, cement industry, pottery industry, and railroad, including the labor of all of these industries, are going to have to compete with the march of progress in the development of hydroelectric power, however, since these private institutions are operated with private capital and pay taxes to support government, they and their employees have the right to expect their competition to come from competitors who likewise operate with their own money and pay taxes to support government. They have a right to expect that they will not be confronted by governmental competition financed by tax money collected from all the people of this country.

There is not going to be any halfway ground. The business of this country is either all going to be privately owned and operated or all nationally owned and operated. In the middle of the last century this country could not survive half slave and half free. Today it is not going to be able to survive half nationalisticly owned and operated and half privately owned and operated. If the people want to turn to a nationalized industry, that is their privilege and right.

When they turn to it they are turning to a plan which is communism in Russia and nationalization in America. About all that there is to communism is that the government owns and operates everything; therefore everyone must work for the government. When the people turn to this plan it should be after a free and open election where that is the issue and the people by a majority vote have declared that they choose to quit the traditional American plan and to take on this new plan, which is modeled after modern European plans. The people should not be insidiously forced into this nationalistic program by the use of money which has been appropriated to take care of emergency unemployment but has been diverted for the primary purpose of nationalizing industry. There has been no election when the issue before the people has been whether or not they wanted to take on a plan of the Government's owning and operating the industries. In the election which elected the present administration the public chose this administration on a platform which specifically pledged taking government out of private business; yet through a wholly unexpected perversion of Public Works funds and money appropriated for the Tennessee Valley Authority we find in one instance after another that the Government is rushing headlong into business, at the expense of the people, in competition with private industry. In doing so it is practicing the worst kind of unfair competition, destroying private capital, and driving thousands of our citizens who are employed by private capital into unemployment.

In these days of distress growing out of the depression, I am perfectly willing for public credit to be used to furnish employment. I voted for the appropriation of $3,300,000,000 for public works, yet, I and every other Member of Congress who voted for this appropriation believed and had the right to believe that the public works should be confined to projects which are governmental in character and not projects to be operated by the Government for profit in competition with industry owned by private capital and employing labor.

In many P.W.A. projects Congress and the people have been deceived in two respects: First, many of these projects have heretofore been before Congress and Congress has consistently refused to accept them on their respective merits; and second, public works funds have been diverted to projects, the primary purpose of which is to place the Government in business. Such projects furnish a relatively small amount of labor in their construction and when completed are destroyers of labor. Thus, in the end, public money is being used to promote unemployment rather than to increase permanent employment.

My friends, I still believe that a man can stand up for a fair and reasonable chance for the individual American citizen and be opposed to his being driven into bankruptcy by competition financed with the taxpayers' money without his being a heartless individualist or a tool of avaricious and selfish wealth. I still believe that a man can be of a good citizen of this country and believe that the way to handle the abuse of wealth, be it in the power industry, international banking, cement industry, or any other industry, by insisting that those who have committed these wrongs be prosecuted in the American courts of justice for violating the monopoly laws rather than by joining a program of using public money to destroy the opportunities and rights of the individual American citizen.

TO PROHIBIT FINANCIAL TRANSACTIONS WITH FOREIGN GOVERNMENTS IN DEFAULT ON OBLIGATIONS TO THE UNITED STATES

Mr. McREYNOLDS. Mr. Speaker, I move to suspend the rules and pass the bill (S. 682) to prohibit financial transactions with any foreign government in default on its obligations to the United States.

The Clerk read the bill, as follows:

"Be it enacted, etc., That hereafter it shall be unlawful within the United States or any place subject to the jurisdiction of the United States for any person to purchase or sell the bonds, securities, or other obligations of, any foreign government or political subdivision thereof or any organization or association acting for or on behalf of a foreign government or political subdivision thereof, issued after the passage of this act, or to make any loan to such foreign government, political subdivision, organization, or association, except a renewal or adjustment of existing indebtedness while such government, political subdivision, organization, or association, is in default in the payment of its obligations, or any part thereof, to the Government of the United States. Any person violating the provisions of this act shall, upon conviction thereof, be fined not more than $10,000 or imprisoned for not more than 5 years, or both.

"SEC. 2. As used in this act the term 'person' includes individual, partnership, corporation, or association other than a public corporation created by or pursuant to special authorization of Congress, or a corporation in which the Government of the United States has or exercises a controlling interest through stock ownership or otherwise."

The SPEAKER. Is a second demanded?

Mr. FISH. Mr. Speaker, I demand a second.

Mr. McREYNOLDS. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

The SPEAKER. Under the unanimous-consent agreement the gentleman from Tennessee is entitled to 30 minutes instead of the customary 20 minutes, and the gentleman from New York is entitled to 30 minutes instead of the customary 20 minutes.

Mr. McREYNOLDS. Mr. Speaker, this is a very short bill, but a very important one; and I should like the Members of the House to consider it, because I know, or at least I believe, it will meet with their approval.

This bill provides that it shall be unlawful within the United States or any place subject to the jurisdiction of the United States for any person to purchase or sell the bonds, securities, or other obligations of any foreign government or political subdivision thereof, or any organization or association acting for or on behalf of such foreign government or political subdivision issued after the passage of this act, or to make any loans to such foreign government, political subdivision, organization, or association except a renewal or adjustment of existing indebtedness with such government or political subdivision, organization, or association that is in default with the Government of the United States.

In other words, it provides a penalty for anyone purchasing these securities that are issued hereafter from any government that is in default to the United States.

The second section of this act uses the term "person", and as there used it includes individuals, partnerships, corporations, or associations other than a public corporation created by or pursuant to the special authorization of Congress, or a corporation in which the Government of the United States has or exercises controlling interest through stock ownership.

The Members of this House are well aware of the fact that several years ago compromises were made with foreign governments. Oftentimes the amounts that were agreed upon were not sufficient to pay what had been loaned to these countries after the World War. You are further familiar with the fact that only one government, Finland, met its obligations due this Government. In other words, when the time for payment came they refused to pay and as much as said, "What are you going to do about it?" By voting favorably on this bill we can say that we do not propose to have this Government or the citizens of this Government lend money until the defaulting governments have settled what they owe us. [Applause.] In other words, we will protect this Government as well as protect the people of the United States.

Mr. TERRELL of Texas. Will the gentleman yield?

Mr. McREYNOLDS. I yield to the gentleman from Texas.

Mr. TERRELL of Texas. I am in sympathy with the purpose of the bill, but at the same time this bill places a penalty on an American citizen who might want to lend the foreign governments some money.

Mr. McREYNOLDS. If he has the experience that the Government of the United States has had, then we are not placing a penalty on him; we are doing him a favor.

Millions of dollars have been lent by the people of the United States to these defaulting governments, and they are not only in default to our Government but they are in

default to our citizens. If you want to protect our Government and if you want to protect our people, you can tell these foreign governments what we are going to do about it by voting in favor of this bill and saying that the securities of these defaulting governments hereafter issued are not to be purchased by this Government or its citizens.

Mr. McFADDEN. Will the gentleman yield?

Mr. McREYNOLDS. I yield to the gentleman from Pennsylvania.

Mr. McFADDEN. The gentleman has not explained to us the purpose of section 2.

Mr. McREYNOLDS. I presume that is for the purpose of enabling the corporation on organization to buy or to purchase from other governments if they so desire.

Mr. BANKHEAD. Will the gentleman yield?

Mr. McREYNOLDS. I yield to the gentleman from Alabama?

Mr. BANKHEAD. Under this bill, what would be the status of governments like England, that have made a so-called "token payments", but have defaulted in the main?

Mr. McREYNOLDS. The President of the United States, as I understand it, has held that they are not in default.

Mr. HASTINGS. Will the gentleman yield?

Mr. McREYNOLDS. I yield to the gentleman from Oklahoma.

Mr. HASTINGS. May I say that no man in this country is more in sympathy with this proposition than I am, but I desire to ask this one question: Why, in line 9, have you inserted the words "issued after the passage of this act"? Why not prohibit the purchase of any of them at the present time?

Mr. McREYNOLDS. For the reason that there is a penalty for purchasing. If you understake to exercise this penalty on the securities that have already been sold in this country, then our citizens could not even deal in or sell or have reissued to them the securities which they hold.

Mr. HASTINGS. This bill comes up under suspension of the rules?

Mr. McREYNOLDS. Yes.

Mr. HASTINGS. If this were open to amendment, I would offer an amendment. I do not believe any of them should be sold in the markets of the United States.

Mr. McREYNOLDS. They will not be, except those that have previously been sold. You would do a great damage to the man who has already bought if you told him he could not renew or sell the obligations.

Mr. McFADDEN. Section 2, as I interpret it, is authority given to this Government, or one of its agencies, to loan money to Russia?

Mr. McREYNOLDS. I presume so. I presume that was the purpose of the section; however, it is general in its nature.

Mr. McFADDEN. I know, but that is the main purpose of section 2.

Mr. McREYNOLDS. I should judge so without further information. May I say in reference to that that the Board which has the matter in charge passed this resolution:

It is the sense of the board of trustees of this Corporation that no actual credit transactions with the Soviet Government shall be undertaken unless and until that government shall submit to the President of the United States an acceptable agreement respecting the payment of the Russian indebtedness to the Government of the United States and its nationals.

Mr. McFADDEN. Why should we under the circumstances make an exception as to Russia?

Mr. McREYNOLDS. We are not making an exception in the case of Russia. The statute is general. They may deal with Russia.

Mr. McFADDEN. The gentleman has just stated that its main purpose is to make loans to Russia.

Mr. McREYNOLDS. The gentleman misunderstood me. I said I presumed that that was the purpose, but it was a general statute, and they could deal with any nation.

Mr. McFADDEN. I happen to know that that is the real purpose of section 2 of this bill, and I cannot see why an exception should be made to Russia.

Mr. McREYNOLDS. The Soviet Government has not settled her indebtedness. She will have to agree to do so if this export corporation operates in Russia.

Mr. BLANTON. Why did not the bill go all the way and prevent any defaulting country from making loans of any kind in this country?

Mr. McREYNOLDS. We may have a bill to the gentleman's satisfaction a little later.

Mr. BLANTON. Why not do it all at once?

Mr. McREYNOLDS. We felt this is the bill we could get through now. This passed the Senate in its present form, and it is a step in the right direction.

Mr. BLANTON. With regard to section 2, does not the gentleman think that before any credit should be extended to Russia or any other government this Congress ought to have the right to approve or disapprove and to have the final say in the matter?

Mr. McREYNOLDS. That is a matter for Congress to decide. I would certainly want to approve, if I had the opportunity.

Mr. BLANTON. Under this section Congress is turning the thing loose. We are delegating the authority to somebody else.

Mr. BRITTEN. I am interested in ascertaining, if possible, whether this Export Corporation will include debts due American citizens for the confiscation of their property during and after the revolution. There were millions of dollars of industries over there that had their property confiscated.

Mr. McREYNOLDS. I have read the resolution that the Board agreed to.

Mr. BRITTEN. That just covers the Government. This applies to the Government loan of about $370,000,000.

Mr. McREYNOLDS. May I read this again:

And until that Government shall submit to the President of the United States an acceptable agreement respecting payments of the Russian indebtedness to the Government of the United States and its nationals.

Mr. BRITTEN. And its nationals?

Mr. McREYNOLDS. Yes. Mr. Speaker, I reserve the balance of my time.

Mr. FISH. Mr. Speaker, I yield myself 10 minutes.

I concur in almost everything that has been said by the Chairman of the Committee on Foreign Affairs. This bill has much merit. The purpose of the bill is simply to prevent the lending of further money to foreign nations that are in default. An important question to be decided is whether those nations which have made token payments are in default or not. I rather believe the administration will hold that they are not in default, because they were allowed to make these token payments and these payments were accepted by the administration, and therefore, having been accepted, I do not believe we can say that such nations are in default under the provisions of this bill, and, of course, this includes Great Britain, our largest debtor. However, I am not certain on this point.

I want to take you back to the origin of these war debts. We were forced into the World War by attacks, without warning, upon our merchant ships by German submarines. It is well to remember that we were not responsible for causing the World War. Not by the wildest stretch of the imagination can anyone say that the United States of America had anything to do with bringing on the World War.

We were forced into it several years later because of the continued attacks upon our merchant vessels by German submarines. When we went in we sent over 2,000,000 American soldiers, and although we do not claim we won the World War, we can justly claim that we turned the tide of defeat into victory; and after victory was won and the armistice was signed, we asked for nothing and we got just what we asked—nothing at all—no indemnities, no reparations, no conquered territory, and no plunder of any kind.

Then we brought our troops back home, and ever since that day the allied nations have been trying to place upon the American taxpayers the burden of the $10,000,000,000 of money that we lent to them to help win the war.

Do not make any mistake about it. We did everything we were called upon to do. Nobody conceived that the United States would send 2,000,000 young American soldiers over to the other side to fight battles in foreign lands; but we did it, and now we are depicted as Uncle Sam, the Shylock, because we ask for a partial repayment of the money we loaned. As a matter of fact, we have settled these war debts in a most generous and unprecedented manner, on a basis of capacity to pay, and now many of these nations—and I use the word deliberately—are repudiating their debts and their just agreements and welshing out of making any payments. Why, we are only asking France to pay a sum equivalent to that which we loaned her after the armistice, and now, with the reduction of our dollar to 59 cents, she only needs to pay 40 percent of that.

One hundred years ago there was a Democratic President who had a like situation to face, the courageous Andrew Jackson, and he dealt with the French spoliation claims in a very spirited manner. He even broke off relations with France until those debts were settled. Now, there is no one in this Congress who advocates that we should break off relations with any nation. No one advocates that we should use coercion or force or commercial reprisal or prevent the free flow of commerce and ships between defaulting nations and ourselves, but we do say that from now on we do not propose to be an international Santa Claus. We do not propose to take millions and billions of money out of the Treasury of the United States to lend to defaulting nations, whether it be Soviet Russia, Germany, or France.

I am in thorough accord with the first section of this bill.

So far as I am concerned it does not go far enough. If we could amend it, and, of course, we cannot under a suspension of the rules, I would offer an amendment so that foreign cities like Marseille and Lyon, France, could not float bonds in the United States of America. However, speaking for every Republican on the Foreign Affairs Committee, if we had our way and could offer an amendment under the rules, we would move to strike out all of section 2.

Section 2 gives an opportunity to the Government to violate the very purpose of the bill and to lend, through the export and import bank, set up by the Reconstruction Finance Corporation, money to foreign nations and, particularly, to Soviet Russia. Just why we should show any favoritism to the Communists is a matter for the "brain trust" to explain, for I know of no reason for it unless we are verging toward a socialistic dictatorship as many claim.

This was the purpose of section 2, but I have just been given assurance by the State Department that the Government will not lend any money to Soviet Russia until the debts she owes us have been settled by the Soviet Government to the satisfaction of the President of the United States. Therefore, accepting this assurance as given to me today by a prominent official of the State Department, I intend to vote for the bill, although I disapprove of section 2 entirely. I repeat I see no reason why one dollar of American money should be lent to any foreign country, whether it is Soviet Russia, or Germany, or France, or any other nation.

Mr. FULLER. Will the gentleman yield?

Mr. FISH. I yield.

Mr. FULLER. The gentleman made the statement that he would make section 1 broader so that no municipality in France, for instance, could borrow money here.

Mr. FISH. That is right.

Mr. FULLER. They certainly cannot do that under this bill in view of the expression "or political subdivision thereof", which would include any municipality in France.

Mr. FISH. If the gentleman will read further he will find there is a loophole where they can do that, or at least the members of our committee thought so. I have not the time to discuss all the details, particularly as there will be no opportunity to offer amendments.

Mr. FULLER. If the gentleman knows anything to the contrary of my statement, I think he ought to explain it.

Mr. SNELL. Will the gentleman yield?

Mr. FISH. Yes.

Mr. SNELL. It has been suggested to me that in line 4, on page 2, the language "is in default in the payment of its obligations" does not include Russia, because Russia has never recognized the obligation as being an obligation of the present government. I am for the bill if we are absolutely sure that Russia does not get any money.

Mr. FISH. All I can say to the gentleman is that I have had assurances today from the Department of State that until the Soviet Government adjusts its debts with our Government to the satisfaction of the President we will make no loans to the Soviets. To me it would be an abomination of desolation to throw away good American money in order to build up Communism in Soviet Russia. It would only mean flooding the world markets with Russian wheat, oil, coal, and lumber produced by forced labor paid 15 cents a day and helping to undersell the same products of free American labor paid $3 a day and upward. If we finally do commit the tragic blunder of using the money belonging to the American taxpayers, who are already the forgotten men of this administration, to squander on Soviet Russia, it would only prove the statement of Lenin, the founder of Russian Communism, that the capitalists will commit suicide for temporary profit. The only difference in this case would be that the "brain trust" have no love for capitalism either, but have a great affection for Soviet Russia and all its works.

I cannot give you any further assurance than I have already stated, but I can say this, that section 2 in my opinion was put in by the "brain trust"—it was not in the original Johnson bill. It was put in, as Senator JOHNSON testified before our committee in answer to my question, to enable loans to be made to Soviet Russia. He said that it was not a part of his bill but he had to agree to it in order to secure favorable action. But with the assurance of the State Department that loans will not be made until the Soviets have satisfactorily settled their debts, and having in mind the main purpose of the bill, I cannot conceive of any department or bureau of the Government deliberately violating such an obvious mandate of the Congress. All I can say is that Soviet Russia is indebted to this Government in the sum of $187,000,000, for a loan in 1917 to the Kerensky government and that with interest it now amounts to close to $300,000,000. American nationals owned property that was seized and confiscated by the Soviet Government amounting to approximately $300,000,000 more.

Nothing has been paid on the Kerensky debt. The Soviet Government, as the gentleman from New York [Mr. SNELL] said, has not recognized the Kerensky debt, but international law does recognize prior governmental obligations all the way down through the ages. International law says that the succeeding government is responsible for the debt of the preceding government. There is no question about that.

Of course, the Soviet Government of Russia, in keeping with the comity of nations, must recognize that principle as part of international law and practice among civilized nations. Furthermore, the Soviet Government has made little effort to restore the property confiscated from American citizens or compensate them for it.

Mr. FIESINGER. Will the gentleman yield?

Mr. FISH. For a short question.

Mr. FIESINGER. There has been set up in the R.F.C. a bank to deal with Russia. Does the gentleman say that bank cannot loan money or do any business until these debts are settled?

Mr. FISH. Certainly; that is why I am supporting the bill—on the assurance of a high official in the State Department. I am not so very much alarmed in the last analysis about this export bank loaning money to Russia. I am against loaning one penny to Russia. I cannot see how we can trade mutually with Russia, even if we wanted to and had the power to loan money. Russia produces what we produce. Russia produces a surplus of wheat, a surplus of oil, and a surplus of lumber. There is almost nothing that we could get from Russia if we wanted to buy it, because outside of manganese and furs and some small items like that, she has nothing that we need to buy. Of course, if we want to give away money, we could let them have it to

purchase our goods. They will take a billion dollars' worth of our trade, if we give them the money.

Former Senator Brookhart held out that bait in order to promote recognition, and the cotton States of the South swallowed it. They believed the hoax about $200,000,000 worth of cotton to be purchased if Russia was recognized, and they are only just beginning to realize that they have been deceived. Our exports to Russia amounted to $8,000,000 last year, and our imports only a few million more.

Now, here is what President Roosevelt said about loaning money to foreign nations when he was a candidate for President. Speaking at Columbus, Ohio, on August 20, 1932, he made a very violent and amusing attack upon the Republican administration for loaning money, or rather encouraging people to invest in foreign securities, in order to promote trade. Although we had not actually loaned the money, the American people had bought foreign bonds, some of which were repudiated later on.

President Roosevelt used Alice in Wonderland as the basis for the attack on the Republican administration. He said—Alice is talking—"What if we produce a surplus?" "Oh, we can sell it to foreign consumers." "How can foreign consumers buy it?" "Why, we will lend them the money." "Oh, I see," said Alice, "they will buy our surplus with our own money."

Those are the words of the President of the United States when he was a candidate for office. The Republican administration never loaned any money to any foreign nation, but that is exactly what the Democratic administration proposes to do through the export and import bank set-up under the Reconstruction Finance Corporation. That is what some Democrats, following the lead of the "brain trust", propose to do for Soviet Russia. They propose to lend them money to buy our goods with, which is the same magic formula denounced by Franklin D. Roosevelt in his Alice-in-Wonderland speech.

Mr. TRUAX. Will the gentleman yield?

Mr. FISH. I cannot yield. I am confident that neither the Congress nor the American people will approve or stand for such a betrayal of American interests after our sad experiences with war-debt repudiations and nonpayment of Government bonds by foreign nations.

Now, when the Congress passed the Reconstruction Finance Corporation Act the Congress knew what it was doing and wanted to prevent the lending of any money to foreign nations. The Congress inserted a definite prohibition against foreign loans. I do not know what has become of that proviso. It seems to have been lost in the new deal. It was in the original act, approved January 2, 1933, and read as follows:

> That no loans or advances shall be made upon foreign securities or foreign acceptances as collateral or for the purpose of assisting in carrying or liquidation of such foreign securities and foreign acceptances.

That provision absolutely prevented the loaning of any money by the Reconstruction Finance Corporation on foreign collateral and foreign acceptances. That has been kicked out of the window, or lost track of, and a bank has been set for the very purpose of lending money to Soviet Russia. There is every indication that Ambassador Bullitt is trying to devise some scheme to make long-term loans to Soviet Russia. What I am afraid of is that, instead of collecting debts, we may be loaning or giving away money to Russia or other foreign nations.

The SPEAKER. The time of the gentleman from New York has again expired.

Mr. FISH. Mr. Speaker, I yield myself 2 additional minutes.

The President said, in another speech prior to election, at Baltimore on October 25, 1932, in regard to the foreign bonds that had been purchased by many Americans:

> The administration—

Meaning the Republican administration—

> encouraged the policy and sought to open markets in foreign lands through the lending of American money to those countries. It was utterly and entirely unsound and it brought a terrible retribution.

Those are the words of the new Democratic President, under whose administration it is proposed to loan more money to foreign nations in order to sell our goods. I believe Congress is opposed to any such diastrous policy. It is opposed to taking one dollar out of the Treasury to give to any foreign nation. The time has come, and long since passed, when we should stop meddling and muddling in other people's business. We should mind our own business—and there are many problems to solve in the United States. Above all, we should keep our own money in the United States for the benefit of those who are unemployed and bankrupt or trying to make an honest living in the United States of America instead of giving it away to a foreign nation. [Applause.]

[Here the gavel fell.]

Mr. McREYNOLDS. Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. JOHNSON].

Mr. JOHNSON of Texas. Mr. Speaker, I am glad to know that the gentleman who has just spoken [Mr. FISH], and who is the ranking member of the minority party upon the Committee on Foreign Affairs, is supporting this bill. In fact, I do not think there should be any division in the support of this bill, either by Republican or Democratic Members of this House. It should meet with the approval of the entire membership of the House, for, as was well said by the able Chairman of the Committee on Foreign Affairs [Mr. McREYNOLDS], its purpose is twofold: First, to aid the United States Government in collecting the debts that are due this country from the 18 foreign governments, many of which are now in default. Second, to protect the citizens of the United States by making unlawful the purchase or sale of bonds, securities, or other obligations of any foreign government or political subdivision thereof while the same may be in default in the payment of its obligations to the Government of the United States.

The total indebtedness of foreign governments to the United States on January 4, 1934, was $12,710,451,610.40, this amount being due from 18 different governments; and only one of these governments, Finland, has paid the indebtedness that has accrued up to this time. The following countries have made some payments since July 1, 1932, to January 4, 1934, but have not paid in full the indebtedness that has matured during that time, to wit: Czechoslovakia, Great Britain, Greece, Italy, Latvia, Lithuania, and Rumania. The aggregate amount which these eight countries should have paid under their contract between July 1, 1932, and January 1, 1934, is $195,596,167.16, but the aggregate amount paid during that period is only $10,957,748.14.

The following countries have made no payments on amounts due since July 1, 1932, and are therefore wholly in default, to wit: Austria, Belgium, Estonia, France, Germany, Hungary, Poland, and Yugoslavia. The aggregate amount which under their contracts, solemnly entered into and which should have been paid since July 1, 1932, but not one cent of which has been paid, is $108,559,582.43.

The 15 countries which I have named, several years ago entered into debt settlements whereby their indebtedness to this country was funded and payments thereunder were to be made by each in installments on stipulated dates, and the default to pay is a breach of those contracts. In addition to these, three countries, Armenia, Nicaragua, and Russia, have never funded their indebtedness, and the total unfunded and unpaid indebtedness of these three countries amounts in the aggregate to the sum of $357,953,254.93.

Mr. BRITTEN. Will the gentleman yield?

Mr. JOHNSON of Texas. I yield.

Mr. BRITTEN. Does the gentleman agree with the gentleman from New York [Mr. FISH] that those governments which have made a small token payment will not be held in default by our Government?

Mr. JOHNSON of Texas. I am not so sure about that.

Mr. BURNHAM. Will the gentleman yield?

Mr. JOHNSON of Texas. I yield briefly.

Mr. BURNHAM. The bill provides as follows:

> Is in default of the payment of its obligations or any part thereof.

Mr. JOHNSON of Texas. Yes; the language is broad and comprehensive, but the question of what constitutes a default is one that will have to be determined by the terms of the original contracts supplemented by any subsequent agreements that may have been lawfully made.

Mr. BACON. Will the gentleman yield?

Mr. JOHNSON of Texas. I yield for a brief question.

Mr. BACON. I notice the bill provides, in lines 8 and 9, "or political subdivisions thereof." Would the gentleman consider Canada, for instance, a subdivision of Great Britain?

Mr. JOHNSON of Texas. No; I doubt whether Canada would be considered a subdivision of Great Britain. It is rather a dependency of Great Britain.

Mr. FISH. Oh, Canada has a Minister here. It has its own representative.

Mr. JOHNSON of Texas. Yes. Canada is a separate government. The provision referred to by the gentleman from New York [Mr. BACON] is to cover municipalities, States, or Provinces within a country.

Now I want to refer for a moment to what I think is very important and significant in this bill, that the administration is taking a positive step to let the foreign governments know the attitude of the United States and how our Congress feels toward those countries that have defaulted. No one would want us to go to war with those countries to collect these debts, and as was said by the gentleman from New York, it would not be proper to sever diplomatic relations with them, but I think it is right that Congress should in no uncertain tone say to them, "Until you settle your indebtedness you cannot sell your securities here." I hope this is the entering wedge and that other legislation will follow to protect the American people from investments in foreign securities. The investigation made by the Senate Committee on Finance has disclosed what I think was the blackest page in the economic history of our country, in the exploitation of the American people in the sale of bonds and securities of foreign governments.

The loss by our Government in loans to foreign governments, large though it be, is small when compared with the billions of dollars our citizens have lost in the purchase of bonds and securities of foreign governments. My blood boils with righteous indignation when I recall the artful and unscrupulous methods used by some of the large banks of New York in unloading these worthless securities upon an unsuspecting and trusting public. To collect debts already due them and to make huge profits in commissions, these bankers in New York, using the prestige and the faith the smaller bankers and the public generally had in them, by letter, telephone, telegram, and personal representatives scoured the United States in the nefarious business of selling these securities, many of which they knew, or should have known, were worthless. Many people in my district and in every congressional district in the United States, people of moderate means, were victims of this racket, and some of them as a result lost the savings of a lifetime. One of the contributing causes of the awful depression from which we have suffered for more than 4 years was this loss of billions of dollars by our people.

The Government of the United States under the domination of the Republican Party, which reigned with a free hand for 12 years, is in part to blame. Not only was no effort made to check these exploitations but they were connived at, if not in fact encouraged.

Some 6 years ago, while we had a Republican administration, one of the bankers in my district wrote me making inquiry as to the solvency of one of the South American countries the bonds of which country one of the large banks in New York was urging him to buy, and at his request I took the matter up with our State Department, and while, of course, the State Department did not directly recommend the investment, their report was so optimistic that, based thereon, this banker friend of mine, acting for his bank, bought a block of these bonds, and today he and his stockholders are holding the bag, and likely they will never realize one penny therefrom.

The gentleman from New York [Mr. FISH] referred to a campaign speech made by President Roosevelt, made while he was a candidate for President, upon this subject, but no Republican President ever raised his hand to stop this reprehensible practice of fleecing the American public. The stock securities bill passed at the last session of Congress upon recommendation of President Roosevelt, and the amended bill which we will shortly consider at his request to protect the American investor, proves that President Roosevelt translates his campaign promises into performances.

The bill we are now considering will also prove a deterrent in the sale of foreign securities. My only objection to it is that it does not go far enough, but the Senate has already passed it, and it is important that some such legislation be immediately passed, and to amend it would delay its final passage. If the sale of foreign securities should not be entirely prohibited, a law certainly should be passed prohibiting the sale of such securities when a country is in default not only to our Government but also when in default to our citizens.

[Here the gavel fell.]

Mr. FISH. Mr. Speaker, I yield 5 minutes to the gentleman from Connecticut [Mr. BAKEWELL].

Mr. BAKEWELL. Mr. Speaker, the Seventy-third Congress in special session passed the Securities Act, which had for its object the protection of the citizens of America from investing their money in questionable domestic securities. So tender was their solicitude that Congress leaned over backward and so drew that bill as, in effect, to impede the free flow of capital, to the great detriment of industry and business, and definitely to postpone recovery.

But if we have gone as far as that to protect the citizens from investing in worthless American securities, we should surely do something to protect them from investing in worthless foreign securities; and that is what this bill undertakes to do. It came from the committee without any opposition, although it was not supported with any too great enthusiasm. It is, I think, unfortunate that this bill comes up in such a manner that no amendment can be made.

There are one or two things to which I wish to call attention so that you may know what you are doing when you vote on the measure. It will be noticed on page 1, line 5, that it is made unlawful for any person to buy any securities of any nation in default. If it is decided that a nation, such as Great Britain, that has made a token payment, is in default, this would mean that if any American bought a $1,000 English bond he would be liable to a penalty of $10,000. No doubt some change in the wording should be made, because, of course, the object is to protect the people from unscrupulous flotation of questionable foreign securities.

Mr. WADSWORTH. Mr. Speaker, will the gentleman yield?

Mr. BAKEWELL. I yield for a brief question.

Mr. WADSWORTH. I wanted to pursue that situation a little further. The gentleman probably means that an American who purchased a British Government bond might be prosecuted and punished if it is held that Great Britain is in default.

Mr. BAKEWELL. Yes.

Mr. WADSWORTH. Would that American be equally guilty if he purchased a bond issued by the city of Manchester, England?

Mr. BAKEWELL. No; because Manchester is not in default; and this brings me to a point I want to cover, which is that this bill is nothing but a gesture, because, although it proposes to forbid the sale of these foreign securities, it actually does nothing of the kind. Reading a little further in the bill, it will be noticed that no foreign government can sell its securities here if it is in default, nor can any subdivision of a foreign country sell its securities if that subdivision is in default; but the subdivisions can sell their securities, even though the government itself is in default. This would mean that, although France could not borrow as a nation, she could borrow indirectly by having her various cities—Lyon, Marseille, Bordeaux, and the other municipalities—do the borrowing because they, individually, are not in default. Our objection to this bill, therefore, is

that it remains a mere gesture, so long as that provision remains in the bill.

Section 2 states that we are not to define "person" so as to include a public corporation created by or pursuant to special authorization of Congress, or a corporation in which the Government of the United States has or exercises a controlling interest through stock ownership or otherwise.

This means that any one of these five corporations of mystery, which have been set up by the Federal Government, incorporated in Delaware where the laws are supposed to be less exacting than in other States, might undertake this enterprise. So could any bank in which the Government has through purchase of stock the controlling interest. Therefore, this leaves the law ineffective and makes it a mere gesture. [Applause.]

[Here the gavel fell.]

Mr. McREYNOLDS. Mr. Speaker, I yield 5 minutes to the gentleman from Ohio [Mr. KLOEB].

Mr. KLOEB. Mr. Speaker, I desire to discuss the provisions of the so-called "Johnson-McReynolds bill", which provides, in part, as follows:

That hereafter it shall be unlawful within the United States or any place subject to the jurisdiction of the United States for any person to purchase or sell the bonds, securities, or other obligations of any foreign government or political subdivision thereof or any organization or association acting for or on behalf of a foreign government or political subdivision thereof, issued after the passage of this act, or to make any loan to such foreign government, political subdivision, organization, or association, except a renewal or adjustment of existing indebtedness, while such government, political subdivision, organization, or association is in default in the payment of its obligations, or any part thereof, to the Government of the United States. Any person violating the provisions of this act shall, upon conviction thereof, be fined not more than $10,000 or imprisoned for not more than 5 years, or both.

I desire also to discuss the question of the debts due from foreign nations to this Nation, because this question is closely related to the provisions of the foregoing bill.

On Sunday, April 1, there appeared in the Lima News, of Lima, Ohio, in my district, the following apt editorial:

PAY US FIRST

It is hard to see how anyone can quarrel with the new administration policy by which American loans will not be advanced to foreign debtor nations which are wholly or partially in default on previous loans.

A law embodying this policy is in process of being passed by Congress. Without waiting for its passage, Treasury Secretary Morgenthau has made it effective in advance by proclamation.

It may be that all the arguments of the war-debt cancelationists are sound. Perhaps our insistence that the debts be paid is delaying world recovery; perhaps we have no moral right to ask that they be repaid. Maybe so.

But at least the country is quite within its rights in insisting that no good money is going to go after the bad.

We loaned money and we didn't get it back; we can hardly be blamed for concluding that the defaulting borrowers are bad risks.

First, I would have it understood that in my veins flows the blood of the Frenchman and the blood of the German. On the maternal side of my house my ancestors in 1793 emigrated from France; on the paternal side of my house my ancestors in 1840 emigrated from Germany. There can, therefore, be no particular reason other than that of patriotism and justice for my own country which prompts me to say the things I believe are necessary to be said at this time.

We all recall the opening days of the great World War back in 1914. We recall the violation of Belgium by the German armies that pressed across its border. We recall the cry of anguish that swept to this country from the shores of France at the very thought of one country violating its sacred promise and its solemn treaty and transgressing upon the borders of its neighbor country. That propaganda swept to this country from France in never-ending volumes until, finally, we were drawn into the conflict in April of 1917.

We recall at that time the plaintive cry of the British Field Marshal in France, "We are fighting with our backs to the wall!"

We recall the cries for help from France, "We are scraping the bottom of the pan!"

In a fervent desire to be of hasty assistance to our allies with men and money, and particularly with the latter, every man capable of making a speech, who was not wearing the uniform of his country, was called upon to address the people in every city, town, village, and hamlet, urging them to purchase the bonds of this country so that the proceeds might be promptly furnished to our allies in Europe. These men were instructed, and necessarily so, to state to their people that this money would be repaid in full, with interest and, in addition, that they would be paid the cost of the overhead by the suffering countries of Europe. Millions and billions of dollars were drawn from every corner of this country and hurried to the shores of Europe. In return therefor we accepted the promisory notes of our Allies in which they promised, on demand, to repay these sums so advanced with interest at 5 percent.

I am not now discussing in the short space of time allotted to me the tremendous outpouring of man power from this country. I am confining my discussion to financial affairs.

During the period of actual hostilities we advanced to Belgium, on her solemn promise to pay, the sum of $224,745,000; we advanced to France, on her solemn promise to pay, the sum of $2,577,451,086.95; we advanced to Great Britain, on her solemn promise to pay, the sum of $4,115,809,530.18; we advanced to Italy, on her solemn promise to pay, the sum of $1,348,768,025.36; we advanced to Yugoslavia, on her solemn promise to pay, $13,874,875; a total of $8,280,649,017.49.

While we were making these advances, there was no thought nor question of revision, reduction, or cancelation of all or any part of these sums so advanced. These nations were fighting with their backs to the wall, and they needed and received the cash.

It is said, of course, that part of this money was used for the purpose of purchasing war supplies in this country, and that therefore the debts ought now to be forgotten. Let me remind you, however, that millions and billions of dollars' worth of war supplies and munitions were purchased by this country in England and France, so as to properly equip our men in the field, and we were required to pay for these supplies in hard cash. No credit was available there.

In addition, let me say that not only were we required to pay for the very barracks and quarters in which our troops were stationed, but even for damages for the construction of the very trenches which our boys built wherein to die. Even more, when we attempted to land our supplies upon the shores of France, we were told that the tariff barriers would require the payment of a tariff, but, in order to obviate the necessity of this, it was agreed that they might be shipped into the country if they were not sold thereafter within the boundaries of the country. As a consequence of this, at the close of the war, we had but one purchaser for the mountains of surplus supplies that belonged to us in France, and that was the French Government itself. We thereupon sold to her an estimated $2,000,000,000 worth of these supplies for the sum of $407,000,000. France in turn resold a part of this material and supplies to other nations of Europe, and up to this time, as a result of the sale of this material, she has received in money over $70,000,000 more than she has paid to us thus far in all her settlements for all her debts owing this country.

After the signing of the armistice, there came the cry from 15 countries of Europe—our late allies—that additional funds were absolutely needed for restoration and rehabilitation. We thereupon advanced to them, on their solemn promise to pay, the sum of $3,810,017,982.51. This brought the total indebtedness of these countries to us to the staggering sum of $12,090,667,000.

Immediately thereafter there came from these governments hints of their inability to pay and their desire for a new arrangement with regard to these debts. In 1920 President Wilson, because of these suggestions, thought it necessary that he should make plain the position of this Government with regard thereto, and in a letter to Lloyd George, of England, he said in part as follows:

No power has been given by the Congress to anyone to exchange, remit, or cancel any part of the indebtedness of the allied gov-

ernments to the United States represented by their respective demand obligations. * * * It is highly improbable that either the Congress or popular opinion in this country will ever permit a cancelation of any part of the debt of the British Government to the United States in order to induce the British Government to remit, in whole or in part, the debt to Great Britain of France or any other of the allied governments, or that it would consent to a cancelation or reduction in the debts of any of the allied governments as an inducement toward a practical settlement of the reparation claims

It was, of course, recognized at that time that it would be impossible for these governments to pay their demand notes with interest, and so a debt refunding commission was created in 1922 by act of Congress for the purpose of undertaking the refunding of these obligations.

Under the arrangements made by this Commission with the debtor countries, the entire principal of these debts, amounting to the sum of $12,090,667,000, was virtually wiped out clean because of the fact that for 62 years we will pay approximately 4 percent on our bonds and these countries will pay a much less rate percent. These countries were required to pay interest on this sum for a period of 62 years with interest ranging from 3.7 percent down to 1.13 percent. It amounts to a virtual cancelation of the principal sum, so far as the American taxpayer is concerned.

In other words, the burden of the principal debt was shifted to the backs of the American taxpayers, who are required to pay, during this period of 62 years, not alone the principal but interest that will likely average 4 percent. In return we receive interest from these countries at rates ranging from 1 13/100 percent to 3 70/100. We lose in the transaction each year during the 62 years.

Even in the face of this generosity, some of the countries lagged and failed to sign this agreement. It was then that the genesis of the bill now before us was laid, in a statement contained in the reports of the War Debt Commission, which reads as follows:

Early in 1925, after much consideration, it was decided that it was contrary to the best interests of the United States to permit foreign governments which refused to adjust or make a reasonable effort to adjust their debts to the United States to finance any portion of their requirements in this country. States, municipalities, and private enterprises within the country concerned were included in the prohibition. Bankers consulting the State Department were notified that the Government objected to such financing. While the United States was loath to exert pressure by this means on any foreign government to settle its indebtedness, and while this country has every desire to see its surplus resources at work in the economic reconstruction and development of countries abroad, national interest demands that our resources be not permitted to flow into countries which do not honor their obligations to the United States and through the United States to its citizens.

When this position was announced to the countries of Europe and they were threatened with the refusal of further credit, the last country—Austria—signed the debt-refunding agreement on January 1, 1928.

On June 20, 1931, President Hoover, through what form of persuasion we do not know, suddenly proposed a moratorium on the debt-installment payments from these countries.

On December 15, 1931, the able gentleman from Pennsylvania [Mr. MCFADDEN], on the floor of this House, made the following very prophetic statement in a speech then delivered:

On June 20, 1931, while Congress was not in session, the President of the United States, acting without any legal or official authority, for the benefit of a foreign country with which we had lately been at war, proposed and virtually brought about a loss to this country of $245,000,000 in 1 single year and paved the way for much greater losses for this country to sustain in all the years that follow after.

Since that time we have beheld the spectacle of all these debtor countries, save one, either actually defaulting in the payments of the installments as they came due or making a so-called "token payment" in order to avoid the ugly word "default."

On January 22, 1934, William Hillman, London representative and chief of staff of the European correspondents of the Hearst newspapers, published an article in the columns of the New York American and other Hearst papers, in which he made the following statement:

France has repeatedly made clear that she will consider no settlement of the war debt on a basis in excess of 10 cents on the dollar, and in all likelihood will refuse to pay anything at all.

France defaults! She repudiates her solemn treaty! She denies her solemn promise to pay!

Wherein lies the difference between the breach by the German Government of its solemn treaty, of its solemn promise, by the violation of Belgium, and the breach of the French Government of its solemn agreement with this country?

I have received on my desk today a detailed plan by one J. Numa Jordy, who writes from the Chrysler Building in New York City, in which he outlines a plan for the solution of our war-debt problem.

Wherein lies a duty on the part of this Government to solicit, to entreat, to beg of the debtor countries of Europe that they now meet their agreements, made at great sacrifice to the taxpayers of this country by the War Funding Commission back in 1925? Why should we of this country so lower our dignity as to become virtually beggars at the doorsteps of the defaulters of England and Europe? It appears to me to be more in conformity with the dignity and the tradition of this country to consider these debts as having been agreed upon definitely in 1925, and if these debtor countries so far forget their own dignity and their own solemn promises, then allow the chips to fall where they may.

This bill now before us may bring them to a sudden recognition of the fact that the backs of the taxpayers of America can no longer be lashed by debt defaulters who breach their solemn obligations.

The refunding accomplished back in 1925 was brought about mainly through the cry of the debtor nations that an agreement should be reached on the basis of capacity to pay. That was the theory lying behind those settlements.

It appears to me now that capacity to pay can justly be measured in the number of unemployed in the countries of the world. There are now and have been for, lo, these 2 years past, more unemployed men in the United States than there are and have been in the countries of England, France, Italy, and Germany combined.

If capacity to pay was the yardstick in 1925, then capacity to pay may well be the yardstick of today. England today through her statements openly boasts of further progress out of this depression than any other country in the world. In the fiscal year just closed her income exceeded her expenses. This, of course, in her eyes does not permit of the full payment of her installments of the debt to this country, but does permit of further and additional expenditures for armament and ships.

In France today approximately 30 percent of her budget is expended on armaments. It would require but 2 percent of her annual budget to meet her semiannual installments of debt to this country. Yet she pleads her inability to pay.

It is my opinion that this House should, as did the Senate, overwhelmingly and unanimously pass this measure today for the purpose of once and for all saying to the debtor nations of Europe that their solemn obligations must be met, and that no further hint or suggestion or implication of revision or cancelation ought to be or will be entertained by the people of this country and its duly elected representatives. [Applause.]

Mr. FISH. Mr. Speaker, I yield 4 minutes to the gentleman from Illinois [Mr. BRITTEN].

Mr. BRITTEN. Mr. Speaker, I am going to vote for this bill because I have, to my own satisfaction at least, concluded that any nation of Europe in default of any portion of its indebtedness, interest or principal, to us is included in the intention of the bill.

I realize that in the following statement I am disagreeing with the chairman of the committee and probably with the ranking Member on this side, but on page 2, in speaking about the indebtedness it says, "While such government is in default in payment of its obligation or any part thereof." I fail to see why England, with a surplus this year of $160,000,000 in her treasury, or France, with countless millions

of gold in her treasury, more gold in her treasury per capita than we have, and governments of that type should be excluded from the provisions of this bill, and France is not, I realize, just because they made some insignificant token payments on account of their vast obligation to us.

If the State Department were to exclude those nations from the provisions of this bill then Czechoslovakia, Great Britain, Greece, Italy, Latvia, Lithuania, and Rumania would be excluded because they have all made some small payment.

Mr. KLOEB. Will the gentleman yield?

Mr. BRITTEN. I yield to the gentleman from Ohio.

Mr. KLOEB. The refunding obligations as arranged by the Debt Commission were in the nature of treaties and assumed that dignity.

Mr. BRITTEN. Of course.

Mr. KLOEB. This being true, that is the law so far as this country is concerned, and no action of an executive, in my opinion, at this time, could invalidate those treaty agreements.

Mr. BRITTEN. That is the point I am trying to clarify.

Mr. KLOEB. Therefore any nation in default for even a part would be included.

Mr. BRITTEN. May I proceed now? That is the very point I am trying to make.

My contention is that the State Department should not act that way, nor has it the authority to presume that because an infinitesimal payment has been made on an indebtedness of billions it takes that nation out of one class and puts it into a preferred class. I do not think Congress so intends, and there is nothing in this bill to justify such action by the State Department. If this were true, the city of Prague could float bonds; or the city of Bucharest or Sophia or any city in Italy, for instance. The very intention of this bill is to prevent such action. So much for that part of the bill.

I do not like section 2 of the bill because I think the Government is leaning backward to do something for Russia which they refuse to do for other countries scattered throughout the world. Why should Russia be singled out as a special or preferred customer? Has it so much gold with which to buy? Why certainly she has not. She has no more ability to buy from us than poor old China has and it will soon be apparent that Russian purchases of us will depend entirely upon the amount of money she can borrow from us. Small loans will mean small purchases. Russia is an impoverished, oppressed nation, without gold or buying power. Her credit is not good and her promises to pay are of uncertain value. If it were not for the influence of a group of socialistic men surrounding the President, this section 2 would never be in the bill before us. Each succeeding piece of controversial legislation indicates a further trend into the realms of socialism. With the passage of this bill, Russia becomes our most-favored nation. A truly startling state of affairs. Billions of taxpayers' money will now find its way into Bolshevik enterprises to the disadvantage of American industry.

[Here the gavel fell.]

Mr. McREYNOLDS. Mr. Speaker, I yield 5 minutes to the gentleman from California [Mr. FORD].

Mr. FORD. Mr. Speaker, the principal value of this bill, in my judgment, is the fact that it will prevent in the future such a financial catastrophe as was permitted in the past through the leniency of previous administrations. The lending of some $17,000,000,000, if not actually approved, was tacitly encouraged by the State Department under previous administrations. This money was turned over to individual subdivisions of foreign governments, regardless of whether the nations themselves were paying their debts.

There are two classes of debts owing to this country from Europe. First, the debts owed by the nations themselves to our Government, amounting to approximately $11,000,000,000, and, second, the other debts owed by States and municipalities, corporations, and groups, amounting to about $17,000,000,000. This means that there is an outstanding debt in Europe and the rest of the world to the Government of the United States and to private citizens of about $27,000,000,000.

What happened when these loans were being made? They were made for the purpose of expanding our foreign trade and President Roosevelt's use of the Alice in Wonderland figure is a perfectly apt and proper one. We sold to Europe, we sold to South America, we sold to other nations $17,000,000,000 worth of goods. What did we get in return? We got the obligations to pay—the securities. Who bought the obligations? The average citizen. Who got the money for the goods that were sent abroad? The banker and the manufacturer. But our own people paid the bill. Europe got the goods, the manufacturers and the bankers got the money, and the investors of the United States, those innocent lambs who were sheared by the Wall Street crowd, got the paper, and much of it is worth about 10 cents on the dollar and some of its not worth anything.

I am going to vote for this bill because it is a good bill in the interest of the American people. When Senator JOHNSON draws a bill he puts teeth in it. He gave careful consideration to every word in it. If he were afraid of section 2, he never would have permitted it to have gone into his bill.

This measure is designed to protect the investors of the United States. So far as the loans that will be made to Russia are concerned, if these loans are extended, after Russia has made a satisfactory settlement with this Government, they will be made on the basis of very short-term periods and will have to be well secured, for the Reconstruction Finance Corporation is going to advance the money for such loans; and it will advance no money except on sound security. As for loans to nations in default, there will be none. The Johnson bill will put an end to private and public loans to such nations. Hereafter Uncle Sam will cease to hand out money to defaulters, either as a nation or through permitting the sale of securities to our investors; and I think it is high time our investors got this protection. [Applause.]

[Here the gavel fell.]

Mr. FISH. Mr. Speaker, I yield the balance of my time to the gentleman from Pennsylvania [Mr. McFADDEN].

Mr. McFADDEN. Mr. Speaker, I am opposed to this bill because it is a fraud upon the American taxpayer. It permits loans to be made through the Reconstruction Finance Corporation and the new international bank and any institution which the Government has already set up or may set up proposing to deal with Russia principally, or any other country.

This bill permits individuals and private corporations to do business back and forth between Russia and the United States without any impediment whatsoever. This is an important thing to consider in the passing of such legislation. The passage of this bill will cause no end of harm to the United States and is not the way to deal with the countries that owe us money.

I am somewhat familiar with the loan which this country made to Russia. I was a Member of Congress when that credit of $425,000,000 was set up by the Wilson administration, by Mr. McADOO, and put at the disposal of the Russian Government. I was a member of the Committee on Expenditures of this House in the State Department that examined into the use to which $187,000,000 of this amount was put. This debt has never been recognized by Russia, and it has never been settled in any manner whatsoever.

I have not the confidence that the ranking member of the committee has in assurances from the State Department, and I would call the attention of the Membership here to the fact that this is a law that the Congress is passing, and any action of the administration through the State Department does not affect this law in any way whatsoever. It is simply a statement by the State Department. I recall that during our investigation of what was done with this $187,000,000 the State Department passed the buck back to the Treasury Department, and the Treasury Department passed it back to the State Department, and, finally, the great State Department referred Congress or its committee to a nondescript Russian Ambassador, Boris Bakmetieff, for information as to what was done with the $187,000,000 lent to Russia.

I am frank to say to you that the examination which I and other members of that committee made indicated that very little of the $187,000,000 went to Russia. It went to pay the contracts which Russia's fiscal agent in the United States had made with business concerns in this country for munitions, and the bulk of the money was used for the purpose of paying these munition contracts which the fiscal agent had placed here. Then the goods did not go to Russia and were resold and manipulated by Mr. Bakmetieff and Mr. Serge Uget, the liquidating agent; and what became of that money? When we started to investigate it there was over $60,000,000 on deposit with the National City Bank of New York, and when we had completed our examination, in about 2 weeks' time, the funds had been drawn down to $1,000,000, and, mind you, the State Department and the Treasury Department referred Congress to Mr. Boris Bakmetieff for information as to where these funds went.

Now, Mr. Speaker, this is another juggle with Russia, and I pray you Democrats to vote against this bill if you have at heart the interests of the American taxpayer, because, in the face of legislation which you have passed, the Reconstruction Finance Corporation has already lent money to Russia. They propose to lend more money to Russia through these various agencies. There is no question about it, and trade will proceed with the individuals and corporations back and forth through our financial system, and credits through the Federal Reserve System will be made and handled in the same manner. This bill should be defeated.

[Here the gavel fell.]

Mr. McREYNOLDS. Mr. Speaker, the distinguished gentleman who has just preceded me, denouncing this bill as a fraud upon the American people, is running true to form. Had he not risen or opposed this bill I would have been disappointed. The fact is I feel that if the Lord's Prayer were being considered he would be opposed to it or want to amend it. [Laughter.]

I cannot understand such statements, when the purpose of this bill is to protect the American people and to show these foreign countries that we can do something when they default and refuse to pay their honest indebtedness to this Government.

Only a few days ago a Dutch organization undertook to float some securities of the French Government in New York City and when the matter was referred to the Secretary of the Treasury it was turned down. So we can stop additional securities being sold.

This is to protect the American people from buying this class of securities because they will not pay their debts to the United States, and they have no right to credit in this country. [Applause.]

When these nations refuse to pay their honest debts, when France refuses to pay, although we sold to her $4,000,000,000 worth of goods right after the war, munitions, and so forth, and we are informed that France sold most of those goods, when she has only paid us the pitiful sum of $82,000,000, this House proposes to stand behind this bill.

I am frank to say that I would go farther if I thought we could get the legislation through at this time.

Mr. KENNEY. Will the gentleman yield?

Mr. McREYNOLDS. I have only a few moments left.

Mr. KENNEY. Does the gentleman know that there is a way to get some of the money back from France?

Mr. McREYNOLDS. I hope so, but that is a matter for the State Department to look after.

I want to say this: I have a statement of indebtedness of the foreign countries as to the payments that have been made.

Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and print that list as a part of my remarks.

The SPEAKER. Without objection, it is so ordered.

Statement relative to indebtedness of foreign governments to the United States as of Jan. 4, 1934

	Total indebtedness	Amounts not paid according to contract terms			
		Total	Original funding agreements		Under moratorium agreements (joint resolution of Dec. 23, 1931) (amount)
			Principal	Interest	
FUNDED INDEBTEDNESS (JULY 1, 1932–JAN. 1, 1934)					
A. Countries which have made payments in full of amounts due: Finland	$8,726,645.63				
B. Countries which have made payments on account of amounts due, July 1, 1932, to Jan. 4, 1934:					
Czechoslovakia	165,283,195.35	$2,852,898.61	$2,670,085.83		$182,812.78
Great Britain	4,636,157,358.30	176,120,246.63	32,000,000.00	$134,399,481.58	9,720,765.05
Greece [1]	32,583,338.65	1,379,690.83	694,000.00	605,384.00	80,306.83
Italy	2,008,103,288.76	13,687,010.12	12,300,000.00	490,854.24	896,155.88
Latvia	7,312,658.38	286,462.10	47,500.00	223,687.84	15,274.26
Lithuania	6,554,544.23	221,169.92	39,705.00	167,781.66	13,683.26
Rumania [2]	63,871,783.49	1,048,750.08	1,000,000.00		48,750.08
Total	6,919,866,167.16	195,596,228.29	48,751,290.83	135,887,189.32	10,957,748.14
C. Countries which have made no payments on account of amounts due, July 1, 1932, to Jan. 4, 1934:					
Austria	23,757,934.13	34,767.23			34,767.23
Belgium	411,166,529.09	11,309,453.88	4,200,000.00	6,625,000.00	484,453.88
Estonia	17,784,695.59	989,985.29	135,500.00	817,900.00	36,585.29
France	3,960,772,238.30	82,308,312.22	21,477,135.00	57,784,297.50	3,046,879.72
Germany (reichsmarks converted at $0.2382) [3]	724,186,740.53	959,377.17		595,157.59	364,219.58
Hungary [4]	2,051,938.61	114,628.64	25,070.00	85,333.06	4,225.58
Poland	222,560,466.43	12,317,829.71	1,625,000.00	10,236,600.00	456,229.71
Yugoslavia [5]	61,625,000.00	525,000.00	525,000.00		
Total	5,423,905,542.68	108,559,354.14	27,987,705.00	76,144,288.15	4,427,360.99
Total under funding agreements	12,352,498,355.47	304,155,582.43	76,738,995.83	212,031,477.47	15,385,109.13
UNFUNDED INDEBTEDNESS					
Armenia	20,313,416.66	20,313,416.66	11,959,917.49	8,353,499.17	
Nicaragua	416,550.13	416,550.13	289,898.78	126,651.35	
Russia	337,223,288.14	337,223,288.14	192,601,297.37	144,621,990.77	
Total unfunded indebtedness	357,953,254.93	357,953,254.93	204,851,113.64	153,102,141.29	
Total	12,710,451,610.40	662,108,837.36	281,590,109.47	365,133,618.76	15,385,109.13

[1] Payments due on account of war loans postponed in accordance with terms of funding agreement. Interest due on such postponed amounts has not been paid. United States has received same proportionate payment on account of amount due on stabilization and refugee loan of 1928 as other creditors, namely, a payment of $65,376, representing 30 percent of the annual interest for 1932. Payments of other amounts due on account of this loan have not been received, but assurances of treatment equal to that arranged for private holders of such bonds have been received.

[2] Rumanian Government paid on June 15, 1933, the amount of $29,061.46 as advanced interest on the amount of $1,000,000 due on that date. No payment has been received on account of the amount of $48,750.08 due on Jan. 2, 1934, under the moratorium agreement with that Government, but discussions regarding this payment have not been closed.

[3] Amount due (4,027,611.95 reichsmarks) paid on Sept. 30, 1933, to the conversion office for German foreign debts in Berlin in a "blocked account" for the Federal Reserve Bank of New York, to the credit of the general account of the Treasurer of the United States. Refunding agreement provides for payment in dollars at Federal Reserve Bank of New York.

[4] Hungarian treasury certificates in the pengo equivalent of the dollar amount due have been deposited to the foreign creditors' account at the Hungarian National Bnak. Refunding agreement provides for payment in dollars at the Treasury of the United States in Washington or at the Federal Reserve Bank of New York.

[5] No payments received since June 15, 1931.

Mr. McREYNOLDS. I want to say, further, to the gentleman who referred to loaning money to Russia, that the President's remarks as quoted are true to this day. We are not undertaking to loan money to foreign governments, but this organization is merely for the purpose of trade, but there will be no trade unless they satisfy this Government as to their indebtedness.

There is but one corporation that could act under this, and that is the Export Corporation. The bank cannot, as my distinguished friend from Connecticut started to say, as they do not control the banks.

Mr. RICH. Will the gentleman yield?

Mr. McREYNOLDS. I yield.

Mr. RICH. If a nation is in default, is it a fact, as has been stated, that a subdivision of that country can borrow funds?

Mr. McREYNOLDS. The subdivision cannot borrow if it is in default. Paris could borrow from the United States, under the bill, if Paris was not in default. They might sell bonds or stocks.

Mr. BRITTEN. The bill says, "Any foreign government or political subdivision thereof."

Mr. McREYNOLDS. If it is in default, but there is no subdivision that is in default to the United States.

Mr. BRITTEN. The language in the bill refers to the government in default, not the subdivision.

Mr. McREYNOLDS. Oh, no; to the political subdivision.

[Here the gavel fell.]

The SPEAKER. All time has expired. The question is on the motion of the gentleman from Tennessee to suspend the rules and pass the bill.

The question was taken; and two thirds having voted in favor thereof, the rules were suspended, and the bill was passed.

A motion to reconsider was laid on the table.

SUFFERERS BY FIRE IN THE STATE OF MINNESOTA

Mr. BLACK. Mr. Speaker, I move to suspend the rules and pass the bill (S. 770) for the relief of certain claimants who suffered loss by fire in the State of Minnesota during October 1918.

Mr. BLANTON. Mr. Speaker, will the Chair permit a parliamentary inquiry at this time?

The SPEAKER. The gentleman will state it.

Mr. BLANTON. This is a bill on the Private Calendar. It has been on the Private Calendar for several Congresses. It involves at least $10,000,000. It might cost the Government $15,000,000 or $20,000,000. With the exception of the one time when the gentleman from Colorado [Mr. TAYLOR] was recognized to move to suspend the rules and pass the bill involving irrigation projects, which was more or less of a general public nature, this is the only private bill that I have been able to find in the history of the Congress that has been called up under suspension of the rules from the Private Calendar. I was wondering if the Speaker, in order to prevent a very bad precedent being established, which might hound the Speaker to death hereafter, would put into the RECORD the facts which will show what is in his mind to differentiate this bill from other bills on the Private Calendar?

The SPEAKER. The Chair will state that what he has in mind is that 9,000 people are affected by this bill. The Chair does not think it is really a private bill, but rather a public bill in view of the fact that such a wide interest is involved.

Mr. BLANTON. Then it does not come within the category of a private bill?

The SPEAKER. Not ordinarily. It may be on the Private Calendar, but it affects 9,000 different people, and the Chair thinks that is a matter in which the entire State is interested.

Mr. BLACK. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BLACK. It is in order for the chairman of the committee having control of bills on the Private Calendar to move to suspend the rules and pass the bill, is it not?

The SPEAKER. If the Chair recognizes him; yes.

Mr. BLANTON. If the Chair recognizes him, but it is a matter of recognition, and I feel very sure the Speaker will be careful to protect the power of recognition, and not ever set the bad precedent of recognizing any Member to move to suspend the rules and pass a private bill. Such a precedent would be unthinkable.

The SPEAKER. The Clerk will report the bill.

The Clerk read as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to each claimant or its or his heirs, administrators, executors, or successors, the amount of whose loss on account of fire originating from the operation of railroads by the United States in the State of Minnesota on or about October 12, 1918, has been determined by court proceedings or by the Director General of Railroads, the difference between the amount of such loss so determined and the amount actually paid by the United States to such claimant less any amount paid to such claimant by any fire-insurance company on account of such fire: *Provided*, That notwithstanding the terms and conditions of any policy of insurance, or the provisions of any law, no fire-insurance company, except farmers' mutual fire-insurance companies shall have any rights in and to funds herein appropriated, the payments herein provided for, nor to any right of subrogation whatsoever. That said farmers' mutual fire-insurance companies shall be paid in the same manner and to the same extent as other claimants: *Provided further*, That no person who makes claim under this act by virtue of having acquired and succeeded to the rights of the original claimant through purchase and assignment from said claimant of said claim, shall receive more than the amount actually paid for such claim and assignment: *And provided further*, That in making payments to claimants, the Secretary of the Treasury shall promulgate rules and regulations as to proof required, as to the identity of claimants, validity of assignments, and all other matters in connection with said payments, and his determination as to the person entitled to receive payment shall be final.

SEC. 2. No payment under the provisions of this act shall be made unless an application therefor is filed with the Secretary of the Treasury by or on behalf of the person entitled to payment within 2 years after the date of the enactment of this act. All applications shall be referred to the Comptroller General of the United States for investigation and adjustment, and payment shall be made by the Secretary of the Treasury in accordance therewith.

SEC. 3. The words "person" and "claimant", as used in the act, shall include an individual, two or more persons having a joint or common interest, company, partnership, and municipal and private corporations.

SEC. 4. Any person or group of persons individually or collectively who charge or collect, or attempt to charge or collect, either directly or indirectly any fee or other compensation for assisting in any manner any person in obtaining the benefits of this act in excess of 10 percent of the amount of the claim actually paid under this act, shall, upon conviction thereof, be subject to a fine of not more than $500 or imprisonment for not more than 1 year, or both.

The SPEAKER. Is a second demanded?

Mr. BLANTON. Mr. Speaker, I demand a second.

Mr. BLACK. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BLACK. Mr. Speaker, I yield 17 minutes to the gentleman from Minnesota [Mr. HOIDALE].

Mr. HOIDALE. Mr. Speaker, as has already been indicated by the Speaker, this is a most unusual bill. In the month of October in 1918 northern Minnesota was visited by the most colossal catastrophe that has ever come to my State or to any other State in the Northwest. We were at war. The Government was operating the railroads of this country, and on that date the railroads, so operated by the Director of Railroads, set fire to a forest region in northern Minnesota. By nightfall on October 12, when the sun went down, 500 people had suffered death and 2,000 people had become maimed and injured and wounded by reason of that calamity. Children on their way home from school, laughing and playing by the roadside, were caught in the flames, and their charred bodies were scattered throughout the region. It was a terrible calamity. The question is, Who was to blame?

If anybody was to blame, there is responsibility to those suffering people that should be made good. The question as to who was to blame has been definitely and positively settled. There were seven test lawsuits scattered throughout the territory decided in favor of the claimants. Four of

those lawsuits went to the Supreme Court, and in these four books which I have here will be found the decisions in four different cases in which the Supreme Court of the State of Minnesota held that the Government of the United States was liable and to blame for that fire and responsible for the death of those 500 people and for the destruction of millions and millions of dollars' worth of property. That liability and responsibility rests upon the Government of the United States today. Think of it! Eight thousand homes burned and destroyed throughout a region 30 miles long and 30 miles wide. The question of liability has been settled, and the question of the amount of the loss has been settled. Here is a book that I obtained today from the Railroad Administration, giving every case that is included in this bill, the amount claimed, and the amount settled for and the amount paid upon the basis of 50 cents on the dollar.

Mr. RICH. Will the gentleman yield?

Mr. HOIDALE. I yield.

Mr. RICH. What is the total value of those claims?

Mr. HOIDALE. About $1,000 each, and amounting to about $8,000,000 altogether.

Mr. FLETCHER. Will the gentleman yield?

Mr. HOIDALE. I yield.

Mr. FLETCHER. Had there been similar fires occur while the railroads were in private ownership; and if so, did they collect from the private corporations?

Mr. KELLER. Oh, there were many.

Mr. HOIDALE. Now, why have these settlements not been made? Why has the Government of the United States not paid the full amount due these unfortunate settlers? This is the reason: They began the contest in the courts, of course, to determine the question as to whether the Government was liable.

Those test cases were had and the liability was established. When those cases were pending, Mr. Davis, Director of Railroads, said:

> If you beat me in these cases, I will pay. I do not want to pay unless the Government is legally liable; and if they are liable, we will pay 100 cents on the dollar; and if not, we will not pay a cent.

That was the attitude.

Mr. BANKHEAD. Mr. Speaker, will the gentleman yield?

Mr. HOIDALE. I yield.

Mr. BANKHEAD. I am in thorough sympathy with the purpose of this bill and expect to support it. Is there an official report of the statement to which the gentleman refers?

Mr. HOIDALE. The gentleman will find it in the report. Now, the trial courts and the Supreme Court upheld these cases. The bill was recommended by the Claims Committee of the House on three different occasions and has now passed the Senate. The Senate Claims Committee reported it out unanimously. The Senate passed the bill unanimously last week.

When the attention of the President was called to this matter by the Governor of the State of Minnesota he took an interest in the terrible situation that had been created and wrote a letter to the Attorney General asking him to look into the merits of this bill. After looking into the matter at the request of the President of the United States, the Attorney General wrote a letter to the President, under date of December 27 last, which letter will be found upon the last page of the report.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. HOIDALE. I yield.

Mr. BLANTON. Neither the President nor the Attorney General say that the claims ought to be paid; they merely say that they are entitled to consideration; and that is what we are giving them now.

Mr. HOIDALE. All right; but we are going to give them fair consideration; it is no humbug. [Applause.] The bill comes here with the good will of the Attorney General, after a full and fair investigation, and with the good will of the President, after he had looked into the situation carefully.

[Here the gavel fell.]

The SPEAKER pro tempore (Mrs. MCCARTHY). The time of the gentleman from Minnesota has expired.

Mr. BLANTON. Mr. Speaker, I ask recognition against the bill. This is not a legal claim against the United States. It is not an equitable claim against our Government. It has no moral standing. It is wholly without merit. It ought to be defeated. We must not let it pass.

This was a big fire back in 1918. Many good people there did suffer by it. Deep, sincere sympathy did go out to them from the warm-hearted people everywhere. They did file claims. They did file numerous suits. But said claims and suits were all compromised and settled, and our Government has paid to these claimants back in 1922 the stupendous sum of $13,000,000 in cash, which $13,000,000 these claimants received and put in their pockets, and accepted same in full settlement of all of their claims. And these claimants executed in writing legal binding releases, acknowledging that the $13,000,000 paid them by the Government was in full settlement of all claims they had against the United States.

There was no fraud whatever connected with said compromise and settlement. It is not claimed that there was any fraud. So such compromise and settlement cannot be set aside because of any fraud, because there was no fraud.

There were no misrepresentations on the part of the Government respecting said compromise and settlement. It is not even claimed that there were any misrepresentations. The proposal of settlement was reduced to writing, was submitted to the numerous, able, efficient, experienced, and expert attorneys of the claimants, who took plenty of time to discuss and consider such proposal with their clients, and they accepted such proposal, received their $13,000,000 in cash from the Government, and executed releases to the Government acknowledging that they received and accepted said $13,000,000 in full settlement of all claims against the United States.

So all of this that we have heard rumored around on this floor about duress and about these claimants and their lawyers accepting this $13,000,000, and signing full releases to the Government being done under duress is poppycock and rot, pure and simple. Just what did the Government do that constituted duress? Did it threaten anybody? No! Did it force anybody to accept the money? No! Did it compel any claimant to sign? Certainly it did not. Did it exercise any occult power over all of these able, experienced, expert lawyers of the claimants? Not one of them would admit that. Such a thought is ridiculous and absurd.

Hon. James C. Davis, Director General of Railroads, representing the United States, while he at all times contended that the Government was in no way responsible, and that the fire suffers were citizens of Minnesota, acted with fairness, justice, and generosity, in trying to effect a settlement that would be just to everybody. He cooperated in every possible way with the Governor of Minnesota. Every Member of this House ought to carefully read the letter which Director General Davis wrote to the Governor of Minnesota in January 1922, which culminated in the settlement, to wit:

> UNITED STATES RAILROAD ADMINISTRATION,
> *Washington, January 26, 1922.*
>
> Hon. J. A. O. PREUS,
> *Governor of Minnesota, St. Paul, Minn.*
>
> MY DEAR GOVERNOR: There has been some dissatisfaction growing out of the adjustment of the fire claims against the Railroad Administration because of the conflagration in October 1918. This dissatisfaction has had for its source two general causes:
>
> First. There has been a serious misunderstanding on the part of the settlers, and I think perhaps this has been fostered to some extent by some of the attorneys representing the claimants, who know better, a great many of the settlers believing that there was a general appropriation made by Congress for the benefit of the fire sufferers, which should be distributed on equitable rules rather than on the ground of legal liability, and there has been some propaganda started on the idea that Congress had made an appropriation of $20,000,000 for the Russians and had made loans to allied countries during the period of the war, and that the Government should treat its own citizens as well as it did foreign nations and people.
>
> Second. The other source of dissatisfaction has been the fact that I think perhaps our local representatives, actuated by the best of motives, had tried to zone the territory into too refined districts,

attempting to make adjustments with settlers on percentages running from 50 down to as low as 10 or 15 percent.

At the request of Senator Kellogg, on Tuesday, the 24th, I gave a full hearing to all attorneys representing these claimants. The hearing was attended by some 12 or 14 lawyers, largely from Duluth, St. Paul, Minneapolis, and Cloquet. Everybody had a full hearing, and as a result on yesterday I announced a definite plan which the Railroad Administration would adopt.

So far as I could judge, there was entire unanimity on the part of the attorneys representing the claimants in the approval of this proposed plan. In effect, it divides the burned district in St. Louis and Carlton Counties into two zones at 50 and 40 percent.

I have given a great deal of thought to this situation, have had the best advice obtainable upon same, and I think this is not only a fair but a very liberal proposition from the Government under the circumstances. I am enclosing you a copy of my ruling, and I will be much obliged if you will read at least the first three pages, for the reason that that sets out the limitations as to the authority I have to settle, and the basis of the adjustment.

I have always appreciated your cooperation in this matter, and I want you to keep in touch with what I am doing, with a view to our continued coordination of effort. I want it understood, however, that this is the final conclusion of the Railroad Administration in this particular matter, and I believe it is going to be accepted with cordiality at least by the attorneys representing the claimants.

With personal regards, I am,

Yours sincerely,

JAMES C. DAVIS, *Director General.*

What is there about that proposal of settlement, submitted to the Governor of a great State, that evidences any duress? Was this Governor a child? Was he a weakling? Was he under some spell? Was he afraid of Director General Davis? Did this letter he received by mail scare him? All this cry of duress raised years after these claimants and their lawyers accepted $13,000,000 in full settlement from the Government is an afterthought, is a subterfuge, is a sham, is a camouflaged scheme to get some more millions out of the United States.

In his report of December 27, 1933, Attorney General Homer Cummings calls our attention to the fact that claimants contend that the passage of this bill would not cost the Government more than $12,000,000, but he says, "There are indications in the file that the aggregate might run as high as $15,000,000." So this is a $15,000,000 case that Congress is attempting to try here, with only 20 minutes allowed each side for consideration.

I want all of us here to keep in mind that not only the 12 or 14 expert lawyers who represented the claimants at the conference table passed upon this settlement but also United States Senator Kellogg, and the Governor of Minnesota also approved it. Here is what Director General Davis said to the Governor of Minnesota in January 1922:

At the request of Senator Kellogg, on Tuesday, the 24th, I gave a full hearing to all attorneys representing these claimants. The hearing was attended by some 12 or 14 lawyers, largely from Duluth, St. Paul, Minneapolis, and Cloquet. Everybody had a full hearing, and, as a result, on yesterday I announced a definite plan which the Railroad Administration would adopt.

And he then said:

There was entire unanimity on the part of the attorneys representing the claimants in the approval of this proposed plan.

And he said:

I think this is not only a fair but a very liberal proposition from the Government under the circumstances.

And every Member here should read the letter which Director General Davis wrote to Senator Kellogg on January 25, 1922, outlining his plan of settlement and calling attention to his conference with the 14 lawyers for the claimants. There was no hurry. He took no advantage of anybody. His proposal was carefully considered and discussed by the claimants, their numerous attorneys, by their United States Senator, and by their Governor of Minnesota, before they accepted.

Will you please tell me where there was any duress? There was no duress. These claimants and their attorneys, aided and advised by their governor and United States Senator, made this compromise settlement with the Government, which was fair, just, and binding, and they received and accepted $13,000,000 in cash from this Government, and acknowledged in writing that it was in full settlement of all claims against the United States. That should be final. They received 50 cents on the dollar on their claims. That is more than juries ever give a plaintiff in a railroad damage suit. Usually one gets about one third of what one asks for in a damage suit, and feels satisfied.

Mr. KELLER. Why?

Mr. BLANTON. Because plaintiffs claim more than they expect to get when their lawyers file a damage suit.

They accepted; and they received $13,000,000 from your Government, from the people you represent back home, the taxpayers' money. Thirteen million dollars was taken out of the Treasury and paid to these people and they accepted it in full settlement. They accepted it, and their lawyers accepted it, and it was an honest and fair settlement made with your Government; and "as they bound themselves, so shall they be bound."

Mr. Speaker, I yield 5 minutes to the gentleman from Georgia [Mr. RAMSPECK], who filed an admirable report.

Mr. RAMSPECK. Mr. Speaker, I wish it were possible for me to support this bill, not only because I sympathize with the great distress that this catastrophe in Minnesota caused, but because of my friendship for the splendid gentlemen from Minnesota who are interested in it and especially because of my admiration and friendship for that fine Representative from Minnesota [Mr. KVALE] who was sworn in as a Member of this House with me and on the same day. But if you will read the report filed in this case, and if you study the facts in it as I have studied them, I feel sure you will reach the same conclusion I have reached, that it would be a most dangerous precedent for the Government of the United States to reopen these claims after having made a fair and full settlement, the terms of which were agreeable to all parties when made.

Every man who had a cow killed on a railroad in your district during the time the administration operated the railroads will come to you and want the same thing done for him, and he will have the right to have it done. Every man who had an automobile run into by a railroad train during that period, or whose loved ones were injured, will have the same right under the precedent which will be set by this bill to ask Congress to give them the balance of what they claimed was due them, after having made settlement.

This settlement was made freely and voluntarily. It was approved by the Governor of the State of Minnesota; it was approved by the judiciary of the State of Minnesota; it had the approval of the then President of the United States, the late President Harding; and it had the approval of the Senator from Minnesota and of everybody concerned at that time. It was a fair settlement, a settlement arrived at in spite of the fact that the Government contended and continued to contend that in a vast majority of these cases there was no legal liability and could not possibly be. It is true some cases were tried, and the Supreme Court of the State of Minnesota upheld the verdicts against the railroads; some cases were reversed; and many, many cases were filed, but never tried. The Railroad Administration always contended that they could be in no way connected with many of the fires started by others.

It was a terrible catastrophe and I sympathize greatly with the people who suffered the loss. It is a dramatic story, one that naturally appeals to us and one we would like to do something about; but I say to you it is a precedent that this Congress will certainly regret if we establish it at this time, because the Claims Committee and the Members of this House will be swamped with similar claims based on just as good and equitable rights by thousands of people who have settled claims growing out of the operation of the railroads by this Government during that period. For the reasons set forth I cannot vote for the bill. I am sorry that I cannot. I wish I could vote for it, but under my conception of my duty here I cannot support this legislation. [Applause.]

I yield back the balance of my time.

Mr. BLACK. Mr. Speaker, I yield 2 minutes to the gentleman from Wisconsin [Mr. BLANCHARD].

Mr. BLANCHARD. Mr. Speaker, I desire to deal with just one phase of this problem which goes to the question of the precedence that may be established.

May I point out the difference between cases of this character and the case of a person who is injured by an automobile, as cited by the gentleman from Georgia? In the Minnesota cases Mr. Baldwin, the Solicitor General, said in no uncertain language that, if the Government lost, these claims would be paid in full, and after the verdict in the 268 cases grouped in one was rendered Mr. Baldwin reneged on his agreement. The result was that these claimants were face to face with a practical situation which made it impossible for them to go through 10 or 12 years of trial in order to determine their rights. That is exactly what it meant to these people in Minnesota if they were obliged to submit all of their claims to trial after trial. The judges who handled the case admitted the practical impossibility of ever determining their rights in a court of law. This is why we are establishing no dangerous precedent if we pay these claims in full. These claims were proven in the courts of Minnesota, and if they are just Congress should not permit a settlement which was forced upon these sufferers to stand in the way of the complete fulfillment of a Government obligation.

[Here the gavel fell.]

Mr. BLACK. Mr. Speaker, I yield the gentleman 1 additional minute.

Mr. DOWELL. Will the gentleman yield?

Mr. BLANCHARD. I yield to the gentleman from Iowa.

Mr. DOWELL. Mr. Davis states, according to the report:

> There never was any agreement, express or implied, oral or in writing, looking to a settlement, except the written offer on January 25 above referred to, except some form of amendments written or made in that offer, but the amendment did not change the substance of the offer in any particular.

In other words, he states that this written statement was the only one that was made by the Administrator.

Mr. BLANCHARD. The record clearly discloses that Mr. Baldwin in open court made the statement that if the Government lost the claims would be paid in full, and then, instead of regarding these as test cases upon which all had a right to rely, he proceeded to announce that each case must be decided upon its own merits. [Applause.]

[Here the gavel fell.]

Mr. BLANTON. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Speaker, when I was a young man and first commenced to practice law, like most young lawyers I did not have so much to do, and I spent a great deal of time around the courts. I saw a great many cases in the courts, including damage cases against railroads and against other people. I never saw a case against a railroad involving a cow where it was not a mighty good cow, and I never saw a claim for damages arising out of a fire where it was not the best barn that was ever built, nor a house case where it was not a valuable house.

Mr. CHRISTIANSON. Will the gentleman yield?

Mr. TABER. Not now. I am sorry. There are 20 minutes allotted to the discussion of this measure.

Mr. BLANTON. And a $10,000,000 bill. This is a $10,000,000 case we are forced to try in 20 minutes.

Mr. TABER. Two hundred and seventy-eight cases were tried. There were 7,000 cases altogether, as appears in the minority report. These cases were compromised after a lot of effort on the part of Senator Kellogg, President Harding, and the Acting Director General of Railroads, with Congress cooperating, for $13,000,000. That money was paid and these people signed releases. If you had a case against the railroad and signed a release for it upward of 10 years ago, you would figure that that release of yours was good today. This was not entered into under fraud.

Of course, I feel sorry for these people. They had this fire and it is regrettable, but I do not feel that we should reach down into the Treasury of the United States and take $10,000,000 more and hand it to these people after they have made a bona fide settlement and were treated fairly. I am sorry if any of them lost beyond what they were paid. If they have, they should not have made settlement. You know and I know that it is customary for lawyers who bring claims of this kind to put in all the value that they think they can prove and a little extra to make up for good measure. When they go into court it is customary for the jury to allot them what they think is fair, and I have hardly known of a jury to award as much as was asked. I have seen thousands and thousands of damage cases of one kind or another tried.

That is this proposition. The Government through the railroads made the settlement. We are asked to wipe out this settlement and add another $10,000,000, and I honestly do not see how we can do it.

Mr. BLANTON. Will the gentleman yield?

Mr. TABER. I yield to the gentleman from Texas.

Mr. BLANTON. These settlements and the releases these claimants executed contain the statement that they accept the $13,000,000 paid to them in cash by the Government in full settlement of all claims against the United States. If we wipe these settlements out and annul their releases and allow these people another $10,000,000 in cash after all these years, what is the use of putting this clause, "in full settlement of all claims against the United States", into each one of the bills that we pass, when "it is in full settlement" will not mean anything?

Mr. TABER. They might come back here in another year or two and ask for $20,000,000. I do not think we ought to pass this bill at the present time. I think we should vote it down and send it back. It is absolutely ridiculous, in my opinion, to go ahead and hand out $10,000,000 in this way.

Mr. Speaker, I yield back the balance of my time.

Mr. BLANTON. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania [Mr. MCFADDEN].

Mr. MCFADDEN. Mr. Speaker, this is one of those bills that lie around Washington a long time. Finally someone gets interested in the bill as a lobbyist. May I say to my Democratic friends that this bill would not be before this House today except for the fact that the chief lobbyist during the present administration is the power back of the measure. I refer to Arthur Mullen, who resigned under the lashing of the President from the chairmanship of the Nebraska Democratic State committee. He is still here as a lobbyist. This is one of his bills. May I say to the Rules Committee, if any of the members are here, that this is the same gentleman to whom I referred who tried to deceive the membership of this House by denying the fact that he had been attorney for Henry L. Doherty and his group of companies. He represents interests that are trying to get something out of the Government—for the reason that he wants fees as a lawyer lobbyist. His influence is evident in this case. It has the approval of the President and the Attorney General.

I hope the Rules Committee will report out my bill, House Resolution 287, which proposes to stop some of this kind of business. If the President and this administration are sincere in desiring to stop lobbying by its national committeemen and its lawyers, the place to stop it is right here on this bill. I do not know how much fee this man is going to get on account of this bill, but I want to tell you this is one of his measures and, apparently, he is using the strength of the administration to get through this $10,000,000 bill because he wants his fee.

Mr. KVALE. Will the gentleman yield?

Mr. MCFADDEN. I will; yes.

[Here the gavel fell.]

Mr. BLACK. Mr. Speaker, I yield two and a half minutes to the gentleman from Minnesota [Mr. KVALE].

Mr. KVALE. Mr. Speaker, let me first invite the attention of the gentleman from Texas, who is a diligent and a conscientious legislator, since he complains about not taking up this bill during consideration of the Private Calendar, to his own remarks on the evening of March 15, when there was under discussion a bill involving the payment of over

$900,000—a small fraction of what is involved here—and the gentleman from Texas properly—perhaps—said:

That is too large an amount to take out of the Treasury with only a few minutes' consideration and pay it to a corporation. I object, Mr. Speaker.

Mr. BLANTON. And that applies now to this $10,000,000 bill.

Mr. KVALE. Certainly; but this is nevertheless an effort to give more consideration than would be allowed under the rules governing procedure under the Private Calendar to which this bill, under the House rules, has been referred, and where one opinionated Member can block any consideration whatever.

Mr. Speaker, in 1930 the Claims Committee of the House took this bill under careful consideration. The committee went into it at some length. It heard the testimony of this long list of witnesses which I now show to the Membership of the House. It evaluated that testimony, and on the basis of that testimony, and not through the influence of Arthur Mullen or any other person whose name may be drawn in here, that bill was reported favorably. The bill was denied passage because it was placed upon the Private Calendar of the House.

Today the bill is being considered, by the grace of the Speaker, under suspension of the rules. It is possible, I grant, that some amendments could have been offered. It is possible that some changes could have been made. But I rather doubt it.

These amounts were set by the Railroad Administration during the long past. Do not forget that. They were forced down the throats of these people. Helpless because of their economic situation as a result of this fire, they had to have money. They had to have some settlement, and they were the victims of an unfair compromise that was literally forced upon them. The record proves it.

Now, an effort is being made to give them what is properly theirs, as has been declared by the courts. It is the administration's own figure, and I say let us help these people at this late day. It is only belated justice. They have now spread to all parts of the United States. A substantial number of them are still in Minnesota, but in every State of the Union there are people who will be affected by this measure, and I ask you to picture for yourselves——

Mr. BOILEAU. Will the gentleman yield?

Mr. KVALE. I yield.

Mr. BOILEAU. Is it not a fact that the figure which the gentleman is using is the figure that the Government agreed to as being the actual damage and not any fictitious value which the lawyers may have placed upon the claim?

Mr. KVALE. I am pleased that the gentleman has brought that out, because I tried to do that in my own feeble way.

[Here the gavel fell.]

Mr. KVALE. Mr. Speaker, I ask unanimous consent to extend my remarks and to include in them a copy of a letter written by the Attorney General to the President and a copy of a letter written by the President of the United States to the Chairman of the House Committee on Claims and other brief quotations in reference to this measure.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. KVALE. Mr. Speaker, under leave to extend my remarks, I add first the correspondence which clearly demonstrates the lively and the sympathetic interest of the President of the United States in this claim, and which likewise shows the friendly reaction of the Attorney General after a careful and complete review which had been asked personally by President Roosevelt. These letters are of public record; they are part of the committee reports of both bodies of Congress:

OFFICE OF THE ATTORNEY GENERAL,
Washington, December 27, 1933.

The PRESIDENT,
The White House.

MY DEAR MR. PRESIDENT: I have the honor to respond to your request for information as to the status of the Minnesota forest-fire claims, and to your further request for the preparation of a reply to the letter addressed to you by Governor Olson, of Minnesota, with reference to the matter.

On October 12, 1918, northeastern Minnesota was swept by a forest fire which developed into a disastrous and devastating conflagration involving portions of four different counties. The fire covered about 1,500 square miles in area, and caused the loss of over 500 lives and great destruction of property. It was asserted that the fire was started by a railroad locomotive and spread due to the fact that the State was suffering from a severe drought. It was further asserted that the fact that there were a number of individual fires started by railroad employees at various points for the purpose of burning old ties and rubbish assisted in the spread of the conflagration.

Inasmuch as the railroads were then being operated by the Railroad Administration, and in view of the fact that the statutes provided that the Railroad Administration might sue and be sued, a large number of suits were brought against the Railroad Administration in the Minnesota State courts. Several cases were selected as test suits and were tried. After prolonged trials judgments were rendered for the plaintiffs and these judgments were affirmed by the highest court of the State.

After its legal liability was thus established, the Railroad Administration offered to settle all claims on a basis varying from 30 to 50 percent of the amount of damages, and this basis of settlement was accepted by the claimants. In those cases in which judgments had been rendered, the settlements appear to have been for 50 percent of the amount of the judgment. In other cases formal agreements were negotiated as to the amount of damage caused by the fire, and then amounts varying from 30 to 50 percent of the sum thus agreed upon was paid in full settlement of the claim. I am informed that a general release was exacted from every claimant at the time of settlement.

It is asserted in behalf of the claimants that most of them were impecunious, many of them being on charity or relief rolls at the time, and that they were impelled to accept the basis of settlement imposed by the Railroad Administration in view of their great need for financial assistance. It is further contended that since legal liability was established by the decision of the Minnesota courts and that since the amount of damages was agreed upon in each instance and thus was not in dispute, it was inequitable for the Federal Government to pay any sum less than 100 cents on the dollar in liquidation of these obligations.

While there does not appear to be any legal liability in the matter on the part of the United States, both because the United States is not suable in tort and because the claimants executed binding releases at the time of settlement, nevertheless, the contention that there is a moral and equitable obligation on the part of the Federal Government in the matter is not devoid of merit. It seems to me to be entitled to further study and consideration.

Bills to pay the claimants the difference between the actual amount of damages as found by the courts or heretofore formally agreed upon with the Railroad Administration and the amount actually paid to them were introduced in the Seventy-first Congress and reported favorably by the House Committee on Claims (S. 3329; H.R. 5660). A similar bill was likewise introduced in the Seventy-second Congress and was again reported favorably by the House Committee on Claims (H.R. 491).

Bills of the same tenor were again introduced in the first session of the Seventy-third Congress and are now pending (S. 770; H.R. 4774).

The Governor of Minnesota has written you requesting you to include action on these bills in your program of early legislation. He suggests that the total amount involved in the pending bills would not exceed $12,000,000. There are indications in the file that the aggregate might run as high as $15,000,000. He also suggests a personal conference with you if you desire.

I enclose a draft of a proposed reply to be sent to the Governor and am also returning his letter herewith.

Respectfully,

HOMER CUMMINGS,
Attorney General.

THE WHITE HOUSE,
Washington, January 24, 1934,

Hon. LORING M. BLACK, Jr.,
Chairman Committee on Claims,
House of Representatives, Washington, D.C.

MY DEAR CHAIRMAN BLACK: I am enclosing a copy of a letter from the Attorney General in relation to the status of the Minnesota fire forest claims. I note particularly that legal liability of the United States was established by decision of the Minnesota courts, but that subsequently many settlements were made with individual claimants for sums much lower than the original awards. The Attorney General says:

"While there does not appear to be any legal liability in the matter on the part of the United States, both because the United States is not suable in tort and because the claimants executed binding releases at the time of settlement, nevertheless, the contention that there is a moral and equitable obligation on the part of the Federal Government in the matter is not devoid of merit. It seems to me to be entitled to further study and consideration."

I concur with the opinion of the Attorney General. I am writing similarly to Chairman BAILEY.

Very sincerely yours,

FRANKLIN D. ROOSEVELT.

In addition, Mr. Speaker, I offer a copy of the letter addressed by the Attorney General to the chairman of the Senate committee and embodied in the Senate report, and especially invite attention to the concluding three paragraphs, definitely stating that—

Accordingly, in my opinion, the bill is meritorious.

The President in sending this letter forward on the following day, as the Senate report shows, said in so many words:

I concur with the opinion of the Attorney General.

The letter reads as follows:

JANUARY 23, 1934.

Hon. JOSIAH W. BAILEY,
Chairman Committee on Claims, United States Senate,
Washington, D.C.

MY DEAR SENATOR: I have your request for information and my opinion as to the merits of S. 770, a bill for the relief of certain claimants who suffered loss by fire in the State of Minnesota during October 1918.

A study of the files, as well as of the testimony taken before congressional committees, tends to indicate the following facts:

On October 12, 1918, northeastern Minnesota was swept by a forest fire which developed into a disastrous and devastating conflagration involving portions of four different counties. The fire covered about 1,500 square miles in area and caused the loss of over 500 lives and great destruction of property running into many millions of dollars. Many of the survivors lost all or the greater portion of their possessions and were rendered destitute.

It was claimed that the fire was started by sparks from a railroad locomotive and spread rapidly due to a combination of the facts that the State was then suffering from a severe drought and that a very heavy gale was blowing at the time. It was further asserted that a number of individual fires started by railroad employees at various points for the purpose of burning old ties and rubbish assisted in spreading the conflagration.

The railroads were then being operated by the Railroad Administration. Accordingly, a large number of suits for damages were brought against the Railroad Administration in the State courts of Minnesota. Several test suits were tried. After prolonged trials, judgments were rendered for the plaintiffs, and these judgments were affirmed by the highest court of the State. (See *Hall* v. *Davis*, 150 Minn. 35; *McCool* v. *Davis*, 162 Minn. 281.) At the trial of the Hall case five judges sat en banc, and the trial lasted a number of weeks.

After its legal liability was established in several test cases, the Railroad Administration offered to settle all claims on a basis varying from 30 to 50 percent of the amount of damages. This offer included those persons who had reduced their claims to judgment, as well as those who had not. Apparently the Railroad Administration indicated that unless all of the claimants expressed a willingness to accept this basis of settlement, it would insist that each of the numerous cases be separately tried. It has been estimated that if the latter course was pursued it would have been impossible for all the cases to have reached a final disposition for a number of years, even if the State courts of Minnesota devoted themselves entirely to the trial of this class of litigation, which obviously was impossible. The offer made by the Railroad Administration was accepted and settlements were made on a basis varying from 30 to 50 percent, different percentages being adopted for different zones. In instances where the claim had been reduced to judgment, the amount paid was computed on the amount of the judgment.

In the large number of cases where no judgment had been obtained the claimant was required to submit proofs of loss to the Railroad Administration. These proofs were then investigated and a contract agreeing upon the amount of damages was negotiated and executed. In such instances the amount paid represented the fraction of the sum fixed in the contract. The face value of the amount of damages suffered by all of the claimants, as found either by judgments or by formal agreements, aggregates approximately $30,000,000. It appears that a general release was exacted from every claimant at the time of settlement.

The bill under consideration provides for the payment to the claimants of the difference between the amount of the damages suffered by them as determined either by judgments or agreements, and the amounts heretofore actually paid them by the United States. Fire insurance companies, other than the farmers' mutual fire insurance companies, are excluded from the benefits of the bill and from any right of subrogation. Assignees of the original claimants are limited to receiving no more than the amount actually paid for the assignment.

It is asserted in behalf of the claimants that they should not be held bound by the releases executed by them. It is said that many of them were destitute and impecunious, a large number of them being on charity relief rolls at the time that they were impelled by their necessities to accept the basis of settlement offered by the Railroad Administration, knowing that if they declined to do so, their rights might not be adjudicated and settled for a number of years to come. It is further contended that since legal liability was established by the decisions of the courts and that since the amount of damages was liquidated either by judgment or contract in each instance and thus was not in dispute, it was inequitable for the Federal Government to pay any sum less than 100 cents on the dollar in discharge of these obligations.

While there does not appear to be any legal liability in the matter on the part of the United States, nevertheless there is much force in the contention that a moral and equitable obligation on the part of the Federal Government exists in favor of these claimants. Accordingly, in my opinion, the bill is meritorious.

In reaching the conclusion on the merits of the bill I have not considered its financial aspects, as such matters are within the province of the Director of the Budget.

Very truly yours,

HOMER S. CUMMINGS,
Attorney General.

Then, Mr. Speaker, under leave to extend, I add the following extracts from the testimony of my former colleague, the gentleman from Minnesota, Mr. Pittenger, before the committee, which appears on page 282 of the hearings which were conducted in the spring of 1930 and which persuaded the committee unanimously to approve the bill. Mr. Pittenger may be truly called the father of this bill; he knew his facts and proved them. He then said:

ADDITIONAL STATEMENT OF CONGRESSMAN WILLIAM A. PITTENGER

The CHAIRMAN. Mr. Pittenger, you are permitted to make the closing statement, in connection with your bill, H.R. 5660.

Mr. PITTENGER. This committee has patiently listened to testimony and argument for several days, and I do not wish to prolong the hearing. The opponent of the bill, the United States Railway Administration, has had opportunity to fully present its arguments, and the people representing the fire sufferers have likewise had an opportunity to present their side of the case and to set forth the reasons for the passage of the bill, H.R. 5660.

I want to say to the committee that I am not a fire sufferer, nor are any of my relatives interested in any way in the bill. Nor have I ever had any connections with the attorneys representing the fire sufferers in the litigation against the Government. I did not take part in the litigation. I can say fairly that as between the fire sufferers and the Government, in their litigation, I have never been identified with either side. Perhaps, in this connection, I ought to add that after the attorneys for the fire sufferers established legal liability against the Government I did commence some 8 or 10 cases against the Railway Administration for people whom I had represented in other legal matters. Some of those cases were dismissed because they were outside the settlement area, and the others were disposed of by partial payment of the loss as fixed by the Railway Administration, the same as several thousand other cases.

So I can frankly say to this committee that my interest in this bill is the same interest that the people of my district have in the pending legislation. A large number of the fire sufferers still reside in my district. Many of them have moved to other parts of the United States. The people of my district want this legislation enacted, because they believe it only fair, just, and meritorious.

When I was elected to Congress, among other problems I was confronted with the claim of the fire sufferers. I was living in Duluth at the time of the great fire of October 12, 1918, and have continuously resided there ever since that date. I was familiar with the struggle of the fire sufferers in the courts against the Government. I witnessed the bitter fight waged by the attorneys for the Railway Administration to defeat the fire sufferers in the courts. More than once I sat in the court room, at special term, on Saturday, while waiting for my own legal matters to be heard, and listened to the Government attorneys interpose legal objections and technical arguments in connection with the trial of these cases. Then, when one or two cases were finally won by the fire sufferers, and at the request of a few of my clients, I decided to start lawsuits. When the statute of limitations was about to run and bar the bringing of more actions, I remember well the last day on which legal papers could be served on the railway agents. I remember it because I served the papers myself, and, in some mysterious way, those agents were hard to locate. I knew their place of business and knew they were customarily there. It took me some hours to find them. Finally, probably by accident, I located the man I wanted, and handed him the summons. In plain language, he had been dodging, and whether you like it or not, the responsibility for his attitude rests on the Railway Administration, and upon the former director general, James C. Davis, who tried to argue to this committee his extreme generosity. The next day these cases were to be outlawed, and it was through no fault of the men for whose acts Mr. Davis took full responsibility, before this committee, that I was able to serve the papers on the day in question. I knew during the years following the fire of the inability of the courts to try the enormous number of cases and of the efforts made by disinterested parties to get the Railway Administration to make some concessions to our destitute people. I saw the conditions as pictured here by other witnesses after October 12, 1918—homes destroyed, people destitute, some cared for by relatives, some living in livery stables, many fed by the Red Cross in order to avoid starvation. No words will describe the desolation and the hardship of these people during that winter and subsequent thereto.

The flu epidemic was at its height. Every available church, hall, theater, hospital, and other vacant building was comman-

deered and filled to overflowing. The Red Cross workers turned in to help relieve the suffering. The persons badly burned were given a place in the hospitals wherever possible; doctors and nurses donated their services; everybody contributed to help relieve the suffering.

I know that the railroad attorneys were licked in the courts. I know they had expected to win. I know they were keenly disappointed when the courts decided favorably to the fire sufferers. I know that there was never a suggestion of a settlement until the railroad attorneys were licked in the courts. I know the procedure they followed, investigating and determining the loss, and then paying part of that loss only. I know, because I settled five or six little cases. I know that the railroad attorneys told the claimants that they would have to accept the offer of part payment of a loss determined by their investigators or they would get nothing, unless they wanted to try their cases in the court. I know that would have meant years of litigation and delay, and that the expense for the average claimant might substantially exceed the amount of his claim. I know that the fire sufferers had no money to carry on that litigation. I know that Mr. Davis was saving the Government money by settling for a percentage of the loss, and that this saving was made at the expense of the people who were impoverished and in need. I wondered how he could keep a straight face before this committee the other day, when he talked about his fairness and his generosity. Only a cold-blooded person could do it or else a man not acquainted with the facts.

Last summer I made trips throughout my district and met with the fire sufferers at Cloquet, Brookston, and other points. At their request and in their behalf I have introduced this bill.

There was some talk before the committee about the matter being referred to the Court of Claims or about a commission to deal with these people. I think it apparent to everyone who listened to the testimony that the appointment of a commission in 1919 would have been proper. I think congressional action should have been taken at that time, and that the Representative from this district where the fires occurred could have presented this situation to Congress as a war loss, without in any way reflecting upon the ability or skill of Mr. Davis or his assistants in the Railway Administration. From testimony before your committee it is clear that the railways set numerous fires and were unable to take care of them. The country was at war, labor was scarce, 14-year old boys were working on the railroads, and they were not properly manned or operated. All this appears from the testimony and without any criticism of the Government, which was handicapped by the World War struggle. In other instances disasters such as this were treated as a war loss, and the people damaged were paid in full. The explosion and fire at Morgan, N.J., in October 1918 has been referred to by witnesses before your committee. This was a powder explosion. Its cause has never been determined. The property loss was heavy. Yet the Government report made in 1921 has this to say:

"Congress has apparently appropriated money for the relief of the sufferers as it would in case of any great catastrophe and not upon the theory of any legal liabiliay on the part of the Government."

In this case Congress acted ex gratia and paid the damage 100 cents on the dollar.

But no such results followed for the fire sufferers in northern Minnesota, whose calamity came in the same month and the same year as the explosion at Morgan, N.J. The Railway Administration, operating the railroads, directed and controlled by a former railroad attorney, and assisted by railway claim agents, promptly denied liability, carefully prepared for litigation, sent numerous claim agents in the territory, took statements. Then there came the suits against the Railway Administration. In response to suggestions that it ought to make some sort of settlement it announced, as good railroad lawyers do, that if the courts held there was liability it would pay in full, and if the courts held there was no liability the fire sufferers would be paid nothing. Well, gentlemen of the committee, the courts determined that the Railway Administration was liable. It was conclusively shown, and the Supreme Court of Minnesota upheld the finding that the Railroad Administration started the fires on its rights-of-way which burned over the territory on October 12, 1919. These cases tried were test cases. Their determination established the liability for various areas. In other words, the same fire which destroyed the places involved in litigation also destroyed the neighboring territory.

Then followed what I consider a shameful episode. The Government repudiated its promise, and refused to accept liability.

Instead it established its settlement areas, where it knew liability was established, and announced that it would settle the actual loss by paying only a portion—40 percent in some cases, 50 percent in other cases, and that the fire sufferers could take it or leave it. Unable to litigate further, they were forced by circumstances to take what the Railway Administration would pay them. By no stretch of the imagination can any sane man call this a compromise and settlement of a disputed liability or claim.

There can be only one answer to this harsh and unfair procedure on the part of the Government. The Director General of Railroads wanted to save the Government some money, just as a good railroad lawyer wants to save his railroad money. No human element entered into it, only the question of dollars and cents. No question of right or wrong was considered by the Government representatives. They refused to abide by the decision of the courts and repudiated their own agreements. The only question for them was, How cheap? And then President Harding was advised what an advantageous settlement had been effected for the Government.

Call it a "mistaken policy", if you wish, on the part of the Railway Administration. Call it by any other name; I care not. But surely this Congress ought to be willing to right the wrong that was done. The evidence here is conclusive that the fair thing was not done.

In conclusion, Mr. Speaker, let me again point out that the ill-considered statement of opponents to the measure to the effect that final settlement had been made and that complete satisfaction was had has abundantly been answered by the record of court evidence and committee testimony. In fact, the committee report contains this concluding sentence:

Either the Government owed the fire sufferers the amount of loss which each of them sustained or else it owed them nothing. It recognized liability in making part payments on these claims. The only way that justice can be done is to pass this bill and pay the balance.

Mr. Speaker, court records, careful committee examination, a special study by the Attorney General of the United States, and a frank concurrence in his favorable recommendation by President Franklin D. Roosevelt, all urge favorable consideration by the House of this measure. The Senate has passed the bill without one dissenting vote. The President will sign it. Only our action remains in the way of this modest effort to confer a just and fair and legal return to these victims of a terrible disaster after a wait of 17 years. I cannot believe the membership of this body will deny that appeal.

Mr. BLACK. Mr. Speaker, I yield 2 minutes to the gentleman from Wisconsin [Mr. PEAVEY].

Mr. PEAVEY. Mr. Speaker, I am not so concerned with the technicalities advanced by the lawyers in the consideration of this bill. I wonder if this House wants to set up a double standard in dealing justice to the people of the several States. I want to call your attention to the fact that there was another and a comparable fire catastrophe that occurred in the month of October, 1918, over at Morgan, N.J., and I wish to tell you, briefly, what the Government did in that case. The matter was called to the attention of Congress, which was then in session, and Congress immediately, by resolution, created a commission and sent the commission to Morgan, N.J., to ascertain not only the property loss but the personal injury incurred and pay it in full. The Congress appropriated money in the next 60 or 90 days to pay these bills in full, 100 cents on the dollar, and I ask you here today if the people of Minnesota are not entitled to the same consideration that you extended to the people of New Jersey at that time?

Mr. BLANCHARD. Will the gentleman yield?

Mr. PEAVEY. I yield.

Mr. BLANCHARD. It should not be a question of $10,000,000, it should be a question of justice, should it not?

Mr. PEAVEY. The gentleman is absolutely right.

I may call your attention to this further fact. The loss of life, the loss of property, and the loss in suffering in the Cloquet fire was five or ten times what it was in the Morgan, N.J., fire. The only reason in the world why Congress and the President at that time, President Wilson, issued a proclamation in behalf of the Morgan, N.J., people was because part of the loss at Morgan, N.J., was due to dynamite and powder explosions, and it caught the headlines of the newspapers of the country. Unless the House passes this bill today we are going to hide behind the railroad claim agents who fought these claims.

Do you want Uncle Sam to hide behind the railroad claim agents to deny the people of Minnesota justice?

[Here the gavel fell.]

Mr. BLANTON. Mr. Speaker, I yield 2 minutes to the gentleman from Iowa [Mr. DOWELL].

Mr. DOWELL. Mr. Speaker, I have the honor to represent the district in which lives the former Administrator of the Railroads. I have a letter from him here, and I want to call attention to a paragraph in it. After reciting a number of facts relative to this matter and reviewing the pro-

ceedings had by the Administrator of the Railroads, he tells of his efforts to help the sufferers.

I want to read a paragraph from his letter:

> These settlements were finally carried out, and each claimant was paid the amount provided for in that settlement. I insisted that the contingent fees of 40 percent were too much due the attorneys and that was reduced to either 20 or 25 percent.

The paragraph just read clearly indicates that the Administrator for the Railroads was trying to get for these sufferers all that was possible out of these settlements, and at his suggestion the contingent attorneys' fees were reduced.

[Here the gavel fell.]

Mr. BLACK. Mr. Speaker, I yield 2 minutes to the gentleman from Minnesota [Mr. CHRISTIANSON].

Mr. CHRISTIANSON. Mr. Speaker, I want to say that I do not rise at the behest of any Mr. Mullen or other high-powered or low-powered lobbyist. I rise because I have first-hand knowledge of the situation which existed in northern Minnesota in the fall of 1918. A few weeks after the fire I visited that section and saw the people living in tar-paper shacks under the most wretched conditions, trying to exist on the benefactions of the State. I was a member of the legislature at the time, and we appropriated $1,800,000 to help the victims of the disaster keep body and soul together. It is my intimate acquaintance with the situation that impels me to speak today.

It has been said that the claimants have released their claims against the Government. It is true that releases have been given, but they were given and accepted under duress. Compulsion, exerted by the Government itself, vitiates whatever validity those releases might otherwise have had. In that connection, I want to read a statement made in a letter from Mr. Albert Baldwin, special representative of the United States Government in the Minnesota fire cases. You will find it on page 14 of the minority report. He says:

> In cases where any of the above three requirements are not complied with, the offer of compromise will be deemed withdrawn in its entirety, and the claimant remitted to his legal remedies, the same as if the offer were not made, and his case will stand for trial in the usual way, upon the question of liability as well as damages.

That was after liability of the Government had already been established by the Supreme Court of Minnesota.

In other words, he said to the impoverished, destitute people in those pitiful tar-paper shacks, who did not have a dollar in the world: "Accept what we offer, or sue the great and powerful Uncle Sam. Carry your suit through the lower courts and up to the Supreme Court of the United States, and do it at your own expense." [Applause.]

[Here the gavel fell.]

Mr. BLANTON. Mr. Speaker, I yield 1 minute to the gentleman from Arkansas [Mr. GLOVER].

Mr. GLOVER. Mr. Speaker, we are going far afield in this bill. I do not think this House will pass it; I have too much confidence in its judgment for that.

Here is a cause of action, if there be one, that originated in 1918. It was litigated in the courts. Some Members are for it and some against it. Four years after that, when they had able counsel, they agreed to a settlement made by the Government that, in my opinion, was absolutely fair to them, and I think it ought to be binding on this Congress. They were paid $13,000,000 in settlement and now want ten million more. I will not vote for it. [Applause.]

Mr. BLANTON. Mr. Speaker, I will close the debate against the bill and yield to myself the balance of the time remaining.

At the outset, Mr. Speaker, I want to brush away some of the cobwebs in this debate that obscure the main issue. It is contended that the Government promised to pay all of these claims in full. No such promise was ever made by any responsible representative of this Government, and you will find no such promise anywhere in the records. The Government at all times contended that the damaging fire was not set by the railroad, and that the Government was in no way to blame, and that the Government is in no way liable.

It is also contended that the Attorney General of the United States and the President have approved this claim and want it paid. That is not the fact. The Attorney General, Hon. Homer Cummings, on December 27, 1933, in his report distinctly said:

> There does not appear to be any legal liability in the matter on the part of the United States because the claimants executed binding releases at the time of settlement.

You will note that he said they executed "binding releases." He did not say that such releases were voidable because they were executed under duress, or that they were executed through fraud, accident, or mistake. He says they were "binding releases" to this Government. All on earth the Attorney General suggested was that the bill be given study and consideration by Congress. That is what we are giving it now. We are studying it. We are considering it.

The President did not tell us that he approved this bill. He did not tell us that it is a just claim. He did not tell us that the Government owes it and that we should pay it. He merely quoted what the Attorney General said. He quoted the statement of Attorney General Cummings that "there does not appear to be any legal liability in the matter on the part of the United States because the claimants executed binding releases at the time of settlement", and he merely passes the matter up to Congress for its study and consideration. The President makes no recommendation whatever as to what we should do with the bill. It is this Congress that must determine whether this Government owes anything to these people or not.

As I have said before, the Director General of Railroads, Hon. James W. Davis, on behalf of the United States, made a fair and just proposal of settlement to the 14 attorneys representing these claimants, sitting around the conference table, and then he submitted such proposal to United States Senator Kellogg, of Minnesota, who was actively looking after the interests of these claimants, and he also submitted his proposal in writing to the Governor of Minnesota, and all of them approved the proposed compromise and settlement, and these claimants duly executed binding releases to the Government, and received the big sum of $13,000,000 in cash from the Government, and acknowledged in writing that they received and accepted said $13,000,000 in full settlement of all claims they had against the United States Government.

And they did this in 1922. And now in 1934 they want this Government to treat their binding release as a scrap of paper and to annul it for no good reason at all, and without reason or justice or equity or in good conscience to pay them some more millions, at least amounting to $10,000,000 more, and which, as Attorney General Cummings tells us, will aggregate possibly as much as $15,000,000 additional to the $13,000,000 they accepted in full settlement. Is this House going to do it? I cannot believe it. I have more confidence in it than that. I believe that it is more concerned than that about the rights and best interests of the whole people of the United States who are trusting us here to protect them from all improper claims.

This settlement proposed by the Director General of Railroads was duly approved by the claimants. Their Governor approved it. Their United States Senator approved it. Their lawyers accepted it. The Governor of Minnesota accepted it. All the officials of this Government accepted it in full settlement and paid those people $13,000,000 in spot cash, which they put down in their pockets. After they got the money in 1922 and gave the United States binding releases, 12 years later they come to Congress and ask you to set aside their solemn agreement and dig down into the Treasury of the United States and take the tax money of the people and pay them $10,000,000 more. I do not believe this Congress will do it.

I do not believe you will go back to your homes and face your constituents and tell them that after the Government paid $13,000,000 back in 1922 in full settlement of all claims, and the people accepted it and signed a release, and said they had been paid in full, you will go back and face your

farmers in the country and your constituents in the cities who are out of jobs and say, "Oh, we set that binding release aside; they were under duress, and we paid them another $10,000,000 of your money." What do you expect your constituents at home to think of you when you do that?

Of course, it is easy when you have got a former Congressman here in this city lobbying for this bill——

Mr. LUNDEEN. Name him.

Mr. CHRISTIANSON. Name him.

Mr. BLANTON. Oh, I have named him. You know who he is. When you have a big lawyer like the one mentioned by the gentleman from Pennsylvania, who represents these claimants, it is easy for us to get up here and say, "Oh, we will let this $10,000,000 bill pass. It is not our money." It is easy for us to vote out the people's money.

Let us vote down this bill. Let us kill it. Let us stop it here and now. Let us save this $10,000,000 for the people of the United States. [Applause.]

The SPEAKER. The time of the gentleman from Texas has expired.

Mr. BLACK. Mr. Speaker, I yield one half minute to the gentleman from Minnesota [Mr. JOHNSON].

Mr. JOHNSON of Minnesota. Mr. Speaker, I believe the demands in this bill are just, reasonable, and fair, and these poor people in my State should be given help. I cannot agree with the lawyer-judge-legislator-Congressman from Texas [Mr. BLANTON] in saying that a lawyer is here lobbying. As I look over this Congress day after day, I think a majority of the people here are lawyers, making the laws for the people of this country.

[Here the gavel fell.]

Mr. JOHNSON of Minnesota. I ask unanimous consent, Mr. Speaker, to revise and extend my remarks in the RECORD.

Mr. KELLER. Will the gentleman yield?

Mr. JOHNSON of Minnesota. I yield.

Mr. KELLER. If this has no merit, why did not the Attorney General say it had no merit?

Mr. BLANTON. In effect, he did say so in his report.

Mr. KELLER. Oh, no; he did not.

Mr. BLANTON. Attorney General Cummings on December 27, 1933, used this language: "There does not appear to be any legal liability in the matter on the part of the United States because the claimants executed binding releases at the time of settlement."

Mr. JOHNSON of Minnesota. I believe it would have had merit if he had been living up there in that country when the fire was there. [Applause.]

I sincerely hope that this Congress will pass out this measure for the relief of certain fire sufferers who sustained damages during the Government's operation of the railroads in 1918 in the northern part of my State of Minnesota. Many of them were burned out completely and were forced to start all over again. This disastrous fire which swept the north woods and through the farms and small communities took a toll of over 500 lives and laid waste millions of dollars of personal and real property. This section of our State has not yet fully recovered from this tragic blaze, and hundreds of the residents of this district have never properly adjusted themselves.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota [Mr. JOHNSON]?

There was no objection.

Mr. JOHNSON of Minnesota. Many of the residents of this district have since spread to all parts of this Nation and are residing in 33 States. The Government, after the disaster and because the highest courts in the State definitely laid the responsibility at the doors of the railroads, settled these claims on a basis of approximately 40 percent. The courts contended, however, that these should be paid on the full value of the damage suffered by the residents, and the payment made by this Congress will once and for all settle this claim.

I hope that the House will pass this bill. I know that this body is anxious to do the human and right thing. Although I understand that the Government of the United States will not be liable or suable in tort, because the claimants signed releases, nevertheless the just thing for this Congress is to pay these claimants not 40 percent of their losses, but the full amount in which they suffered in property loss. None of us can measure what these poor people lost in the way of broken homes and shattered lives. I am sure if we could measure the suffering and the physical privations that these persons went through and the loss of their friends and relatives, I have not the slightest doubt in my mind but that every Member of this body would vote to correct this by the passage of this measure.

The President of the United States, upon receipt of a letter from the Attorney General, Mr. Cummings, filed a communication with the Chairman of the Claims Committee, Mr. BLACK, in which he said in part that—

> The equitable obligation on the part of the Federal Government in the matter is not devoid of merit. It seems to me to be entitled to further study and consideration.

The chairman, Mr. Black, in reporting this bill out favorably from the committee, I know gave it a full and impartial hearing. They have carefully considered the evidence presented and their decision in behalf of the claimants is one that is based on equity and an honest desire to see these fire sufferers granted the relief they so sorely are in need of.

The merit of the bill is further evidenced by the Attorney General of the United States in a later letter of January 23, 1934, addressed to the Chairman of the Senate Claims Committee handling this measure, when he said:

> While there does not appear to be any legal liability in the force in the contention that a moral and equitable obligation on the part of the Federal Government exists in favor of these claimants. Accordingly, in my opinion, the bill is meritorious.

The Attorney General, Mr. Cummings, has made a careful study of the history of this bill and the long litigation that immediately followed the fire caused by the railroads then operating under Government control.

Over on the other side of the Capitol the Senate has voted unanimously to pay these claimants. The money paid to these people will directly go into the communities in which these persons are residing, and for the most part will be used to rebuild and enlarge the property which was burned and destroyed by this awful and disastrous fire.

Mr. BLACK. Mr. Speaker, I yield the balance of my time to the gentleman from Minnesota [Mr. HOIDALE].

Mr. HOIDALE. Mr. Speaker, all these 8,000 claims are on file with the Railway Administration. I have brought up a number of them, but I am calling this one to your attention to dissipate the idea that these claims were settled upon an unreasonable and inflated basis.

This is the claim of Theresa and this is the report of the investigator who made the statement. This is what he says:

> Takes in washing; does house cleaning; also kept roomer before the fire; seems to me an honest old woman.

What was the history of that? This honest old woman who washed and scrubbed floors put in an itemized claim, under oath, showing that her little house which sheltered not her and her child but sheltered the family cow, was worth $3,800. That was under oath. That claim was reduced by the Government to $2,800. They cut off a thousand dollars, and the amount that the woman got was $950 upon a claim of $3,800. That is the way that every one of these claims were scaled down, and those people were defrauded out of what they were entitled to.

Mr. BLACK. Will the gentleman yield?

Mr. HOIDALE. I yield.

Mr. BLACK. I may say that this is the first time since I have been a member of the Claims Committee the President of the United States has written directly to the chairman of that committee requesting further consideration of any bill. [Applause.]

Mr. HOIDALE. I wish to say to the gentleman from Texas, who says there has been a settlement, "Yes; there has been a settlement, but what kind of a settlement?" A settlement on paper. If I had a claim for $1,000 against the gentleman from Texas, and my child was sick and my family

was starving, and I needed care for the child and bread for the children, and I went to the gentleman and I said, "Give me that $1,000", and he said, "No; I know the fix you are in. You have to have money. I will give you $500 if you will give me a written receipt." I am in a position where I have to take that money because I have no other way out. Is that the kind of a settlement the gentleman says the United States must live up to? We are setting a dangerous precedent before the people of the United States when we permit a settlement of that kind to stand.

The SPEAKER. The time of the gentleman from Minnesota [Mr. HOIDALE] has expired.

All time has expired.

The question is on the motion of the gentleman from New York [Mr. BLACK] to suspend the rules and pass the bill.

The question was taken; and on a division (demanded by Mr. BLANTON) there were—ayes 44, noes 65.

Mr. KVALE. Mr. Speaker, I object to the vote on the ground that it discloses that a quorum is not present.

Mr. BLANTON. There were nearly two thirds against the bill, Mr. Speaker; it ought not to pass.

The SPEAKER. The Chair will count.

Mr. KVALE. Mr. Speaker, I withhold my point of order temporarily.

HOUR OF MEETING

Mr. BYRNS. Mr. Speaker, as I stated this morning, by previous arrangement it is expected that the House will adjourn over Friday and Saturday until Monday. In order that we may take up and conclude the calling of the Consent Calendar and such other suspensions as may be on the Speaker's desk, and also possibly to go on to the Private Calendar tomorrow, if possible, to do so within reasonable hours, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

WAS IT A CRIME TO OVERRIDE THE VETO?

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to extend my remarks, and to insert therein a speech of my colleague from Massachusetts [Mr. ANDREW] printed in the Boston Transcript.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following statement by my colleague, the gentleman from Massachusetts [Mr. ANDREW]:

[From the Boston Evening Transcript, Apr. 2, 1934]

I have received a raft of abusive letters and telegrams this past week attributing to me nearly every crime in the decalogue for not having stood by the President on his veto. Curiously enough many of the harshest of these communications have come from the same men who within a fortnight have written with equal vehemence demanding that I vote against other measures which the President has clearly stated that he favored—the stock-exchange regulation bill, the Wagner-Connery labor disputes bill, and the unemployment insurance bill. Other rather bitter denunciations have come from gentle ladies expressing their never-to-be-forgotten disgust. Even a minister of the gospel in Ipswich went so far as to send this Easter message: "Judas Iscariot would have been pleased with your cowardly vote of yesterday. You are a disgrace to Massachusetts." Tomorrow, likely as not, the mail will bring some suggestion of affiliation with Benedict Arnold and the Borgia family.

This spleenish outpouring means that a portion of the public at least are wholly misinformed as to what the bill contained which the President vetoed and which was passed over his veto by an overwhelming majority of both parties in both Houses. From some of the letters, it appears that the writers even think that the bill had something to do with the cash bonus, with which, of course, it was in no way concerned, and against the prepayment of which, as a matter of fact, I, along with all the other Republican members of the Massachusetts delegation, voted several weeks ago.

Because of the wide-spread ignorance and misunderstanding of the bill, I feel that the public is entitled to a brief explanation of what was the real difference between the President and Congress.

The provisions of the bill which led the President to veto it had to do with the restoration of some (not all) of the pay cuts of Government workers and veterans ordered by the President last year.

The President has reiterated and reiterated his appeal to private employers to increase wages, but at the same time he had himself reduced by 15 percent the pay of the only employees over which he has any control, and has opposed any immediate restoration of any of that reduction, or more than 5 percent next July. Congress voted to restore 5 percent of the reduced pay immediately, and another 5 percent in July. This is in line with what the steel corporation, the General Electric and many other private employers of labor have recently done at the President's behest.

The President last year made very drastic cuts in veterans' compensation, some of which I think were wholly justified, and some of which I think were very cruel. The bill which he vetoed did not propose to restore pay to any of the more than 400,000 World War veterans who were receiving pensions for non-service-incurred disabilities, as many have been led to believe. It did restore (1) 100 percent pay to the World War victims of injuries due directly to their service, (2) 75 percent of the pay of those veterans the Government had long ago decided, and still believes, were suffering from disabilities presumably due to their service—mostly tuberculotic and neuropsychiatric cases—and (3) 75 percent of the pay that had been cut off from the aging Spanish War veterans which the Government had granted them many years ago and upon which they had long since come to depend. In the case of presumptives, every case still remains subject to review and elimination by the Government.

A considerable number of these restorations had already been made by the President by Executive order, and Congress merely voted to make them a matter of law. Nevertheless, they are included in the total increase in expenditures attributed to this bill. The most careful estimates that I have seen of the difference in cost between the veteran provisions of the bill passed by Congress and the orders issued by the President amount to less than $30,000,000, and the difference between the cost of the bill as a whole and the cost of the President's proposals is placed at less than fifty millions—not two hundred and twenty-eight millions as is generally believed.

While I agree that the situation of the Treasury is indeed alarming, that is due to the President's spending nearly a billion dollars every month upon projects of his own choosing, and thereby increasing the deficit by a round sum of $600,000,000 month after month. It is preposterous to attribute this calamity to Congress for having overridden the President's veto of this bill.

TO PROHIBIT FINANCIAL TRANSACTIONS WITH FOREIGN GOVERNMENTS IN DEFAULT ON OBLIGATIONS TO THE UNITED STATES

Mr. BLANTON. Mr. Speaker, I move to reconsider the vote by which the bill failed to pass and to lay that motion on the table.

Mr. KVALE. The vote has not been announced.

Mr. BLANTON. The vote has been announced. The Speaker announced there were 44 ayes for the bill and 65 noes against the bill. The gentleman from Minnesota then made a point of no quorum and then withdrew it, and other business has intervened.

Mr. KVALE. I withdrew it temporarily. I renew it at this time.

Mr. BLANTON. Mr. Speaker, I make the point of order that where the Chair announces a vote and a point of no quorum is made and withdrawn and intervening business transpires, that makes the announced vote final.

The SPEAKER. The point of no quorum has not been withdrawn. The gentleman from Minnesota kindly withheld it temporarily for the convenience of the House.

Mr. BLANTON. But intervening business was transacted.

The SPEAKER. He retains all his rights. The Chair will recognize him to renew his objection to the vote on the ground there was not a quorum present.

GUARANTY OF HOME LOAN BANK BONDS

The SPEAKER. The Chair desires to announce that the majority and the minority leaders, the members of the Committee on Banking and Currency, including the gentleman from Massachusetts [Mr. LUCE], who objected the other day, all want to take up the home owners' loan bank bill tomorrow under suspension of the rules. There seems to be little objection to it; and the request will be made tomorrow that an hour a side be given under suspension of the rules. The Chair will recognize the gentleman from Alabama [Mr. STEAGALL] to move to suspend the rules, with the understanding that the time may be extended to an hour on a side.

Mr. TREADWAY. Mr. Speaker, may I inquire whether the recognition will be made at the opening of the session at 11 o'clock or later in the day?

The SPEAKER. That bill will be called up first.

SUFFERERS BY FIRE IN THE STATE OF MINNESOTA

Mr. KVALE. Mr. Speaker, I renew my objection to the vote on the ground that a quorum is not present.

The SPEAKER. Will the gentleman withold his point of order temporarily?

Mr. KVALE. Will there automatically be a record vote on the bill?

Mr. BLANTON. No; because intervening business has transpired.

The SPEAKER. If the House adjourns now, the vote will be taken de novo tomorrow on the motion to suspend the rules, just as if there had been no attempt to take it tonight.

Mr. BLANTON. Mr. Speaker, to preserve the rules of the House, why does not the gentleman ask unanimous consent that the vote be taken tomorrow?

The SPEAKER. It is not necessary.

Mr. BLANTON. Then we have transacted a whole lot of business here without a quorum being present.

The SPEAKER. The Chair has not as yet announced that a quorum is not present.

APPOINTMENT OF COMMITTEES

The SPEAKER laid before the House the following appointments to committees:

Pursuant to the provisions of House Concurrent Resolution 26 the Speaker appoints as members of the Special Joint Congressional Committee for the Commemoration of the One Hundredth Anniversary of the Death of General La Fayette: Hon. MARY T. NORTON, Hon. SOL BLOOM, Hon. SCHUYLER O. BLAND, Hon. DANIEL A. REED, Hon. EDITH NOURSE ROGERS.

Pursuant to the provisions of House Resolution 317 the Speaker appoints as members of the select committee to investigate the statements of Dr. William A. Wirt: Mr. BULWINKLE, chairman; Mr. O'CONNOR; Mr. ARNOLD; Mr. LEHLBACH; and Mr. MCGUGIN.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. TOBEY, for 3 days, to attend a funeral in New Hampshire.

To Mr. LARRABEE, indefinitely, on account of illness.

To Mr. SABATH, for 6 days, on account of important business.

CONFERENCE REPORT—COTTON CONTROL BILL

Mr. JONES. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 8402) to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes, with Senate amendments, disagree to the Senate amendments, and ask for a conference.

The SPEAKER. Is there objection to the request of the gentleman from Texas? [After a pause.] The Chair hears none, and appoints the following conferees:

Messrs. JONES, FULMER, DOXEY, HOPE, and KINZER.

Mr. JOHNSON of Minnesota. Mr. Speaker, I ask unanimous consent to make an announcement.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. JOHNSON of Minnesota. Mr. Speaker, may I say that Mr. Ed Everson, national president of the Farmers' Union, will address a meeting to be held in the old House Office caucus room tonight on the Frazier bill, and I should like to have as many Members present as possible.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and under the rule referred as follows:

S. 2809. An act conferring jurisdiction upon the Court of Claims to hear and determine the claims of the International Arms & Fuze Co., Inc.; to the Committee on War Claims.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 305. An act for the relief of Ernest B. Butte;

H.R. 469. An act for the relief of Lucy Murphy;

H.R. 881. An act for the relief of Primo Tiburzio;

H.R. 1403. An act for the relief of David I. Brown;

H.R. 2342. An act for the relief of Lota Tidwell;

H.R. 2509. An act for the relief of John Newman;

H.R. 2639. An act for the relief of Charles J. Eisenhauer;

H.R. 2990. An act for the relief of George G. Slonaker;

H.R. 3997. An act for the relief of Erney S. Blazer;

H.R. 4056. An act for the relief of Emma F. Taber;

H.R. 4252. An act for the relief of Mary Elizabeth O'Brien;

H.R. 4268. An act for the relief of Joe Setton;

H.R. 5007. An act for the relief of Lissie Maud Green;

H.R. 6084. An act for the relief of Lottie W. McCaskill;

H.R. 6525. An act to amend the act known as the "Perishable Agricultural Commodities Act, 1930", approved June 10, 1930;

H.R. 6822. An act for the relief of Warren F. Avery;

H.R. 7599. An act authorizing the Reconstruction Finance Corporation to make loans to nonprofit corporations for the repair of damages caused by floods or other catastrophes, and for other purposes; and

H.R. 8046. An act to provide a penalty for the knowing or willful presentation of any false written instrument relating to any matter within the jurisdiction of any department or agency of the Government with intent to defraud the United States.

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 552. For the relief of Manuel Merritt; and

S. 1484. For the relief of Miles Thomas Barrett.

Mr. KVALE. Mr. Speaker, I renew my objection to the vote on the ground a quorum is not present.

The SPEAKER. Evidently there is not a quorum present.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock p.m.), in accordance with its previous order, the House adjourned until Thursday, April 5, 1934, at 11 o'clock a.m.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. MANSFIELD: Committee on Rivers and Harbors. H.R. 8890. A bill authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes; with amendment (Rept. No. 1136). Referred to the Committee of the Whole House on the state of the Union.

Mr. SUMNERS of Texas: Committee on the Judiciary. H.R. 7353. A bill granting the consent of Congress to any two or more States to enter into agreements or compacts for cooperative effort and mutual assistance in the prevention of crime, and for other purposes; without amendment (Rept. No. 1137). Referred to the House Calendar.

Mr. RUFFIN: Committee on the Judiciary. H.R. 8544. A bill making receivers appointed by any United States courts and authorized to conduct any business, or conducting any business, subject to taxes levied by the State the same as if such business were conducted by private individuals or corporations; without amendment (Rept. No. 1138). Referred to the House Calendar.

Mr. DEROUEN: Committee on the Public Lands. H.R. 7185. A bill to authorize the purchase by the city of Forest Grove, Oreg., of certain tracts of public lands and certain tracts revested in the United States under the act of June 9, 1916 (39 Stat. 218); without amendment (Rept. No. 1140). Referred to the Committee of the Whole House on the state of the Union.

Mr. DEROUEN: Committee on the Public Lands. H.R. 7927. A bill to add certain lands to the Boise National

Forest; with amendment (Rept. No. 1141). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. DEROUEN: Committee on the Public Lands. H.R. 8004. A bill for the relief of certain riparian owners for losses sustained by them on the drained Mud Lake bottom in Marshall County in the State of Minnesota; with amendment (Rept. No. 1139). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H.R. 3393) granting a pension to Alice Mitchell; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H.R. 6595) granting a pension to Venia Moody; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H.R. 8824) granting a pension to Clarence J. Ericson; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. GREGORY: A bill (H.R. 8955) to provide for the cooperation by the Federal Government through the Federal Emergency Administration of Public Works with the several States and Territories and the District of Columbia in meeting the crisis in public education by the construction of needed school buildings; to the Committee on Ways and Means.

Also, a bill (H.R. 8956) to authorize and direct the Reconstruction Finance Corporation to make available to the Secretary of the Interior funds for the aid of worthy needy college students, and for other purposes; to the Committee on Banking and Currency.

By Mr. CARTER of California: A bill (H.R. 8957) placing certain positions in the Postal Service in the competitive classified service; to the Committee on the Civil Service.

By Mr. RAMSAY: A bill (H.R. 8958) authorizing the city of Wheeling, a municipal corporation, to construct, maintain, and operate a bridge across the Ohio River at Wheeling, W.Va.; to the Committee on Interstate and Foreign Commerce.

By Mr. McGUGIN: A bill (H.R. 8959) to amend section 61 of the act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, relating to depositories for money of bankrupt estates; to the Committee on the Judiciary.

By Mr. MEAD: A bill (H.R. 8960) to revise air mail laws; to the Committee on the Post Office and Post Roads.

By Mr. DINGELL: A bill (H.R. 8961) to amend the Reconstruction Finance Corporation Act, as amended, to provide for loans to nonprofit benevolent charitable corporations; to the Committee on Banking and Currency.

By Mr. WHITE: Resolution (H.Res. 321) to print the Report of the Bureau of Reclamation, Interior Department, on the Proposed Rathdrum Prairie Project, Idaho, together with the Cabinet Gorge power project, as a House document; to the Committee on Printing.

By Mr. ANDREWS of New York: Joint resolution (H.J.Res. 315) granting consent of Congress to an agreement or compact entered into by the State of New York with the Dominion of Canada for the establishment of the Buffalo and Fort Erie Public Bridge Authority, with power to take over, maintain, and operate the present highway bridge over the Niagara River between the city of Buffalo, N.Y., and the village of Fort Erie, Canada; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. AYRES of Kansas: A bill (H.R. 8962) granting a pension to Frances Engler; to the Committee on Invalid Pensions.

By Mr. BLACK: A bill (H.R. 8963) to carry out the findings of the Court of Claims in the claim of the Morse Dry Dock & Repair Co.; to the Committee on Claims.

By Mr. BUCKBEE: A bill (H.R. 8964) for the relief of Gus Dahlbeck; to the Committee on Claims.

By Mr. KELLY of Illinois: A bill (H.R. 8965) for the relief of Henry H. Eno; to the Committee on Military Affairs.

By Mr. KINZER: A bill (H.R. 8966) granting a pension to Gertrude T. Black; to the Committee on Pensions.

By Mr. PARKS: A bill (H.R. 8967) for the relief of C. F. Cooley, administrator of the estate of Charles F. Cooley, Jr.; to the Committee on Claims.

By Mr. PERKINS: A bill (H.R. 8968) for the relief of Elizabeth Halstead; to the Committee on Claims.

By Mr. RAMSPECK. A bill (H.R. 8969) to allow the Distinguished Service Cross for service in the World War to be awarded to Pvt. Lewis Hazard; to the Committee on Military Affairs.

Also, a bill (H.R. 8970) for the relief of Emanuel V. Heidt; to the Committee on Military Affairs.

By Mr. REECE: A bill (H.R. 8971) granting a pension to Laura Alice Donnelly; to the Committee on Invalid Pensions.

By Mrs. ROGERS of Massachusetts: A bill (H.R. 8972) for the relief of Lt. Comdr. G. C. Manning; to the Committee on Naval Affairs.

By Mr. SANDLIN: A bill (H.R. 8973) for the relief of M. A. Love; to the Committee on Claims.

By Mr. SHANNON: A bill (H.R. 8974) for the relief of George Mullens; to the Committee on Naval Affairs.

By Mr. THURSTON: A bill (H.R. 8975) for the relief of John T. Clarkson; to the Committee on Claims.

By Mr. WEARIN: A bill (H.R. 8976) for the relief of Woodworth B. Allen, captain, United States Army; to the Committee on Military Affairs.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3570. By Mr. ANDREW of Massachusetts: Petition of the House of Representatives of Massachusetts, opposing the imposition of 1-day furlough each month on certain postal employees; to the Committee on the Post Office and Post Roads.

3571. By Mr. ARENS: Petition relating to embargo on importation of all dairy products; to the Committee on Agriculture.

3572. Also, petition relating to the Lemke-Frazier farm bill; to the Committee on Agriculture.

3573. Also, petition relating to the refinancing of farm mortgages at 3 percent and embargo on foreign fats and oils, canned meats, sago, tapioca, and starches; to the Committee on Agriculture.

3574. Also, petition relating to retirement insurance being enacted in the law; to the Committee on Labor.

3575. Also, petition relating to the St. Lawrence Waterway; to the Committee on Foreign Affairs.

3576. Also, petition relating to the excise tax on foreign fats and oils; to the Committee on Ways and Means.

3577. Also, petition relating to the repeal of the Federal gasoline tax; to the Committee on Ways and Means.

3578. Also, petition relating to the U.S.R.H. file no. 7341, limiting the restricted territory to the actual Indian reservation and occupied as such; to the Committee on Indian Affairs.

3579. Also, petition relating to the St. Lawrence Seaway Treaty; to the Committee on Foreign Affairs.

3580. Also, petition relating to the Lemke-Frazier farm bill; to the Committee on Agriculture.

3581. Also, petition opposing the Prince plan of railroad mergers; to the Committee on Interstate and Foreign Commerce.

3582. Also, petition regarding owners of amateur radio stations; to the Committee on Merchant Marine, Radio, and Fisheries.

3583. Also, petition relating to the 30-hour week with minimum-wage program; to the Committee on Labor.

3584. Also, petition requesting the Attorney General of the United States to start civil proceedings to collect evaded income taxes owed to the United States; to the Committee on the Judiciary.

3585. Also, petition regarding House bill 7399; to the Committee on Interstate and Foreign Commerce.

3586. Also, petition relating to the national pension plan; to the Committee on Labor.

3587. Also, petition of the Finance and Economy Club of Minneapolis, Minn., favoring the expansion of the currency direct by the Government; to the Committee on Coinage, Weights, and Measures.

3588. Also, petition requesting favorable action on the Patman motion-picture bill (H.R. 6097); to the Committee on Interstate and Foreign Commerce.

3589. Also, resolution favoring action on the Patman motion-picture bill (H.R. 6097); to the Committee on Interstate and Foreign Commerce.

3590. Also, petition of the Farmer-Labor Association of Minnesota, requesting that funds be made available by the Public Works Administration for the construction of the 9-foot channel; to the Committee on Rivers and Harbors.

3591. Also, petition requesting an allocation of $400,000,000 to be spent on highway improvements using the contract system of construction; to the Committee on Roads.

3592. Also, petition of the Minnehaha Lodge, No. 827, International Association of Machinists, of Minneapolis, Minn., recommending that at least two cruisers be awarded for construction to the Puget Sound Navy Yard; to the Committee on Naval Affairs.

3593. Also, petition of the Finnish Workers Club, Chisholm, Minn., favoring the passage of the unemployment and social insurance bill; to the Committee on Labor.

3594. Also, petition of the Farmers' Educational and Cooperative Union, Edison Local, No. 175, Holloway, Minn., favoring the amendment of the Glass Bank Deposit Guaranty Act; to the Committee on Banking and Currency.

3595. Also, petition of the Farmers' Educational and Cooperative Union, Edison Local, No. 175, Holloway, Minn., favoring the adoption of the resolution of Hon. JAMES A. FREAR, of Wisconsin, to create an act which will regulate the power of declaring war to the electorate of the Nation; to the Committee on the Judiciary.

3596. Also, petition of the Regulated Motor Transportation Association of Minnesota, Inc., opposing the Connery bill (H.R. 7202); to the Committee on Labor.

3597. Also, petition of the Engineers' Club of Minneapolis, Minn., urging the continuance of the United States Coast and Geodetic Survey work in the State of Minnesota; to the Committee on Mines and Mining.

3598. Also, petition of the Farmer-Labor Convention of Dakota County, Minn., favoring the immediate payment of the soldiers' bonus; to the Committee on World War Veterans' Legislation.

3599. Also, petition of the executive council of the American Association of Railroad Superintendents, favoring the passage of the Pettengill bill, which has for its purpose the amending of the fourth section of the act to regulate commerce; to the Committee on Interstate and Foreign Commerce.

3600. By Mr. BEITER: Petition of the Common Council of the City of Buffalo, N.Y., expressing appreciation to Senators COPELAND and WAGNER and Members of the House of Representatives for their splendid efforts in opposition to the St. Lawrence Treaty; to the Committee on Foreign Affairs.

3601. Also, petition of the Buffalo Chamber of Commerce, Buffalo, N.Y., containing 18 reasons for their opposition to the Wagner labor disputes bill (S. 2926); to the Committee on Labor.

3602. Also, petition of employees of the accounting, engineering, executive and financial departments, upstate area, New York Telephone Co., Buffalo, N.Y., protesting certain provisions of the proposed Labor Disputes Act; to the Committee on Labor.

3603. By Mr. BOYLAN: Petition signed by 170 members of the Branch Association of Employees of the Long Lines Department, American Telephone & Telegraph Co., New York, N.Y., protesting against the passage of the provision of the Labor Disputes Act which would prevent an organization, of its own free choice, from making any arrangement it so desires with a company; to the Committee on Labor.

3604. Also, resolution adopted by the Negro Foreign-born Citizens' League, New York, N.Y., condemning the flagrant disregard of the constitutional rights and privileges of Negroes in the United States; to the Committee on Accounts.

3605. By Mr. CONDON: Resolution of the General Assembly of the State of Rhode Island, urging the President of the United States as Commander in Chief of the armed forces, to order the training of naval recruits at the United States Naval Station at Newport, R.I.; to the Committee on Naval Affairs.

3606. Also, Resolution of the General Assembly of the State of Rhode Island, requesting Congress to investigate through a specially designated committee thereof certain activities of the Administrator of Veterans' Affairs; to the Committee on World War Veterans' Legislation.

3607. By Mr. CULLEN: Petition of the Allied Printing Trades Council of Greater New York, in regular monthly meeting assembled on March 22, unanimously recommending to Congress that the Connery 30-hour work bill, as recommended by the House Labor Committee, be enacted; to the Committee on Labor.

3608. Also, petition of the Senate and Assembly of the State of New York, urging the Congress to enact such measures as will prohibit all public restaurants under its control and management from discriminating against patrons thereof because of race, creed, or color; to the Committee on Accounts.

3609. By Mr. FOCHT: Petition of citizens of Bedford County, Pa., against the passage of Senate bills 2258 and 885; to the Committee on Agriculture.

3610. By Mr. GAVAGAN: Petition of the Negro Foreign-Born Citizens League, in reference to discrimination in House office restaurant; to the Committee on Accounts.

3611. By Mr. GRANFIELD: Memorial of the House of Representatives of Massachusetts, opposing the proposed imposition of a 1-day furlough each month on certain employees in the Postal Service of the United States; to the Committee on the Post Office and Post Roads.

3612. By Mr. HOWARD: Petition of sundry producers of livestock in the Third District of Nebraska, favoring the passage of Senate bill 3064; to the Committee on Agriculture.

3613. Also, petition of Thurston County (Nebr.) Farmers Holiday Association, favoring an excise tax of 5 cents per pound to be placed on sesame or coconut oil; to the Committee on Ways and Means.

3614. By Mr. McCORMACK: Memorial of the House of Representatives of Boston, Mass., opposing the proposed imposition of a 1 day's furlough each month on certain employees in the Postal Service of the United States; to the Committee on the Post Office and Post Roads.

3615. By Mr. MILLARD: Petition signed by residents of Westchester County, urging the repeal of that part of the Economy Act which permits department heads to impose payless furlough days on Government employees; to the Committee on the Post Office and Post Roads.

3616. By Mr. LINDSAY: Telegram from the Steuben Knitting Co., Inc., New York City, protesting against the Wagner-Connery bills; to the Committee on Labor.

3617. Also, petition of the American Fruit & Vegetable Shippers Association, Chicago, urging support of a reasonable national sales tax equitably distributed; to the Committee on Ways and Means.

3618. Also, petition of the Knights of Columbus, Long Island Chapter, Brooklyn, N.Y., urging support and approval of certain amendments contained in Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

3619. Also, telegram from Greenhill & Daniel, Inc., New York City, protesting against the enactment of the Wagner-Connery bills; to the Committee on Labor.

3620. Also, petition of the Certain-teed Products Corporation, New York City, opposing the passage of House bill 8303 and Senate bill 2897; to the Committee on Interstate and Foreign Commerce.

3621. Also, petition of the Mundet Cork Corporation, New York City, urging defeat of the National Securities Exchange Act of 1934, the Wagner-Connery bill, and the tariff reciprocity bill; to the Committee on Ways and Means.

3622. Also, petition of Frank Associates, Inc., New York City, opposing the Wagner bill (S. 2926), the amendment to the tariff act (H.R. 8687), and the Connery 30-hour week bill (H.R. 8492); to the Committee on Labor.

3623. Also, petition of the Bilt-Rite Baby Carriage Co., Brooklyn, N.Y., opposing the enactment of House bill 8430, Senate bill 2926, and House bill 8423; to the Committee on Ways and Means.

3624. By Mr. PERKINS: Petition of the Woman's Christian Temperance Union of Hackensack, N.J., urging early hearings and favorable action on House bill 6097; to the Committee on Interstate and Foreign Commerce.

3625. By Mrs. ROGERS of Massachusetts: Petition of the House of Representatives of the State of Massachusetts, memorializing Congress for legislation to promote the establishment of unemployment insurance or unemployment reserves in the several States by providing certain tax relief to employers in those States which have appropriate laws in this regard; to the Committee on Labor.

3626. Also, petition of the House of Representatives of the State of Massachusetts, opposing the proposed imposition of a 1 day's furlough each month on certain employees in the Postal Service of the United States; to the Committee on the Post Office and Post Roads.

3627. By Mr. RUDD: Petition of the Steuben Knitting Co., Inc., opposing the passage of the Wagner-Connery bills; to the Committee on Labor.

3628. Also, petition of the Mundet Cork Corporation, New York City, opposing the passage of the National Securities Exchange Act, the Wagner-Connery bill, and the tariff reciprocity bill; to the Committee on Interstate and Foreign Commerce.

3629. Also, petition of the Negro Foreign-Born Citizens' League, New York City, favoring the De Priest resolution; to the Committee on Rules.

3630. Also, petition of the Vulcan Proofing Co., Brooklyn, N.Y., opposing the passage of the Wagner-Connery bills; to the Committee on Labor.

3631. Also, petition of the Certain-teed Products Corporation, New York City, opposing the passage of House bill 8303 and Senate bill 2897; to the Committee on Ways and Means.

3632. Also, petition of Greenhill & Daniel, Inc., New York City, opposing the passage of the Wagner-Connery bills; to the Committee on Labor.

3633. Also, petition of the Long Island Chapter, Knights of Columbus, Brooklyn, N.Y., favoring the passage of Senate bill 2910 with amendments 301 (a), 301 (b), and 301 (c); to the Committee on Merchant Marine, Radio, and Fisheries.

3634. Also, petition of the William R. Warner & Co., Inc., New York City, protesting the increase of the tax on nonbeverage alcohol; to the Committee on Ways and Means.

3635. By Mr. SADOWSKI: Petition endorsing the McLeod bill; to the Committee on Banking and Currency.

SENATE

THURSDAY, APRIL 5, 1934

(Legislative day of Wednesday, Mar. 28, 1934)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal for the calendar days Tuesday, April 3, and Wednesday, April 4, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Johnson	Patterson
Ashurst	Costigan	Kean	Pope
Austin	Couzens	Keyes	Reed
Bachman	Davis	King	Reynolds
Bailey	Dickinson	La Follette	Robinson, Ark.
Bankhead	Dieterich	Lewis	Robinson, Ind.
Barbour	Dill	Logan	Russell
Barkley	Duffy	Lonergan	Schall
Black	Erickson	Long	Sheppard
Bone	Fess	McAdoo	Shipstead
Borah	Fletcher	McCarran	Smith
Brown	Frazier	McGill	Steiwer
Bulkley	George	McKellar	Thomas, Okla.
Bulow	Gibson	McNary	Thomas, Utah
Byrd	Goldsborough	Metcalf	Thompson
Byrnes	Gore	Murphy	Townsend
Capper	Hale	Neely	Tydings
Caraway	Harrison	Norbeck	Vandenberg
Carey	Hastings	Norris	Van Nuys
Clark	Hatch	Nye	Wagner
Connally	Hayden	O'Mahoney	Walsh
Coolidge	Hebert	Overton	White

Mr. LEWIS. I regret to announce that the Senator from Montana [Mr. WHEELER] is detained from the Senate on account of a severe cold.

I desire further to announce that the Senator from Mississippi [Mr. STEPHENS], the Senator from Virginia [Mr. GLASS], and the Senator from Florida [Mr. TRAMMELL] are necessarily detained from the Senate.

Mr. HEBERT. I desire to announce that the Senator from West Virginia [Mr. HATFIELD] and the Senator from Connecticut [Mr. WALCOTT] are necessarily absent.

The VICE PRESIDENT. Eighty-eight Senators have answered to their names. A quorum is present.

RELIEF OF GOVERNMENT CONTRACTORS OPERATING UNDER CODES

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Treasury, transmitting draft of proposed legislation to provide relief to Government contractors operating under codes whose costs of performance were increased as a result of compliance with the act approved June 16, 1933, which, with the accompanying paper, was referred to the Committee on Finance.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate telegrams in the nature of memorials from sundry citizens of New Orleans, La., remonstrating against the passage of the so-called "Fletcher-Rayburn stock exchange bill" in its present form and favoring a less drastic bill, which were referred to the Committee on Banking and Currency.

He also laid before the Senate a resolution adopted by the Scandinavian Workers Unity Conference at Viking Temple, at Chicago, Ill., favoring the passage of House bill 7598, the so-called "workers' unemployment insurance bill", which was referred to the Committee on Education and Labor.

Mr. ROBINSON of Arkansas presented a letter from Henry A. Bellows, of the Columbia Broadcasting System, Washington, D.C., relative to the bill (S. 1928) to enable the United States to enter the International Copyright Union, which was referred to the Committee on Foreign Relations.

Mr. KEAN presented a memorial of sundry citizens of the State of New Jersey, remonstrating against the entrance of the United States into the League of Nations or the ratification of the World Court protocols, which was referred to the Committee on Foreign Relations.

Mr. CAPPER presented the petition of Pratt Lodge, No. 734, Brotherhood of Locomotive Firemen and Enginemen, of Pratt, Kans., favoring the passage of Senate bill 2519, to establish a 6-hour day for employees of carriers engaged in interstate and foreign commerce, which was referred to the Committee on Interstate Commerce.

He also presented resolutions adopted by Local Union No. 6615, United Mine Workers of America, of Hume, Mo., and Coffeyville Lodge, No. 54, Brotherhood Railway Carmen of America, of Coffeyville, Kans., favoring the passage of the bill (S. 2926) to equalize the bargaining power of employers and employees, to encourage the amicable settlement of disputes between employers and employees, to create a National Labor Board, and for other purposes, which were referred to the Committee on Education and Labor.

He also presented the memorial of the board of directors of the Dodge City (Kans.) Chamber of Commerce, remonstrating against the passage of the bill (S. 2926) to equalize the bargaining power of employers and employees, to encourage the amicable settlement of disputes between employers and employees, to create a National Labor Board, and for other purposes, which was referred to the Committee on Education and Labor.

Mr. COPELAND presented a resolution adopted by a meeting of the Home Owners and Taxpayers Association of Staten Island, N.Y., favoring the continuation of the full Civil Works Administration relief program, which was referred to the Committee on Appropriations.

He also presented a resolution adopted by the Common Council of the City of Yonkers, N.Y., favoring the passage of legislation eliminating pay cuts and furloughs in the Postal Service, which was referred to the Committee on Post Offices and Post Roads.

He also presented a resolution adopted by the executive committee of the Catskill (N.Y.) Chamber of Commerce, favoring the passage of the so-called "Whittington bill", providing an additional appropriation of $400,000,000 for highway improvement work, which was referred to the Committee on Appropriations.

He also presented a resolution adopted by the Butler (Pa.) Chamber of Commerce, protesting against the passage of the so-called "Wagner labor board bill", relative to collective bargaining, which was referred to the Committee on Education and Labor.

He also presented a resolution adopted by New York Typographical Union, No. 6, of New York City, N.Y., favoring the prompt passage of the bill (H.R. 7598) to provide for the establishment of unemployment and social insurance, and for other purposes, which was referred to the Committee on Education and Labor.

He also presented a resolution adopted by the board of directors of the Chamber of Commerce of Paterson, N.J., protesting against the passage of the bill (H.R. 7202) to provide a 30-hour week for industry, and for other purposes, which was referred to the Committee on Education and Labor.

He also presented resolutions adopted by Branch No. 476, Workmen's Circle; Local Union No. 1292, United Brotherhood of Carpenters and Joiners of America, and the Workers' Association, all of Huntington, Long Island, N.Y., favoring the passage of the so-called "Wagner labor board bill", especially in relation to collective bargaining, which were referred to the Committee on Education and Labor.

He also presented a resolution adopted by the Syracuse (N.Y.) Chamber of Commerce, protesting against the passage of the bill (S. 2926) to equalize the bargaining power of employers and employees, to encourage the amicable settlement of disputes between employers and employees, to create a National Labor Board, and for other purposes, which was referred to the Committee on Education and Labor.

He also presented a resolution adopted by members of the Architectural Guild of America, New York City, N.Y., favoring the passage of the so-called "Wagner 30-hour work week bill", and the Wagner labor board bill, which was referred to the Committee on Education and Labor.

He also presented a resolution adopted by employees' representatives of store managers and store staffs on the joint management council of the Jewel Food Stores, department of Jewel Tea Co., Chicago, Ill., protesting against the passage of legislation which would prohibit or jeopardize the right of workers to freely choose their representatives and to bargain collectively with employers, which was referred to the Committee on Education and Labor.

He also presented a petition of members of the Baptist Church of the Redeemer of Yonkers, N.Y., favoring the prompt ratification of the World Court protocols, which was referred to the Committee on Foreign Relations.

He also presented a resolution adopted by the Brooks Class of the Methodist Episcopal Church of Canandaigua, N.Y., favoring the passage of legislation prohibiting the shipment of arms and munitions to foreign countries, which was referred to the Committee on Foreign Relations.

He also presented a resolution adopted by members of the Sarsfield Club, of Long Island City, N.Y., protesting against the entrance of the United States into the League of Nations and the ratification of the World Court protocols, which was referred to the Committee on Foreign Relations.

He also presented petitions and papers in the nature of petitions of sundry citizens and organizations in the State of New York, praying for the passage of the so-called "Patman motion picture bill", being House bill 6097, providing higher moral standards for films entering interstate and foreign commerce, which were referred to the Committee on Interstate Commerce.

He also presented resolutions adopted by Unit No. 1, Irish-American Independent Political Unit, Inc., of New York City, N.Y., favoring the adoption of an amendment to the so-called "communications commission bill", allowing a fair proportion of radio time to be devoted to religious, educational, and moral teachings, which were referred to the Committee on Interstate Commerce.

He also presented resolutions adopted by Branch No. 104, Holy Name Society, Church of the Incarnation, of New York City, N.Y., protesting against the allotment made of wave length and broadcasting time to Radio Station WLWL, operated by the Missionary Society of Saint Paul the Apostle, also known as the Paulist Fathers, and favoring liberalizing amendment of the so-called "communications commission bill", which were referred to the Committee on Interstate Commerce.

He also presented a resolution adopted by the Brooklyn (N.Y.) Catholic Action Council, favoring amendment of the so-called "communications commission bill", allowing more liberal radio time to educational, agricultural, religious, labor, and similar noncommercial organizations, which was referred to the Committee on Interstate Commerce.

He also presented resolutions adopted by Marquette Council, No. 157, Knights of Columbus, of New York City, N.Y., favoring the adoption of an amendment to the communications commission bill providing more adequate radio time to religious, educational, and similar organizations, which were referred to the Committee on Interstate Commerce.

He also presented resolutions adopted by the Xavier Alumni Sodality, of New York City, N.Y., favoring the adoption of an amendment to Senate bill 2910, relative to a communications commission, alloting more liberal radio time to religious, educational, agricultural, and other human welfare agencies, which were referred to the Committee on Interstate Commerce.

He also presented a resolution adopted by the Somerset Woman's Christian Temperance Union, of Utica, N.Y., protesting against the passage of the so-called "Celler bill", being House bill 7129, repealing the law forbidding the sale or possession of intoxicating or spirituous liquors at Army or Navy stations or camps, which was referred to the Committee on the Judiciary.

He also presented a resolution adopted by Colonel John G. Butler Camp, No. 86, United Spanish War Veterans, Department of New York, of Syracuse, N.Y., favoring the passage of legislation for the benefit of Spanish War veterans, which was referred to the Committee on Military Affairs.

IMPROVEMENT OF THE WHITE RIVER VALLEY

Mr. ROBINSON of Arkansas. I present and ask unanimous consent to have printed in the RECORD and appropriately referred an important letter addressed to me having relation to the improvement of the White River Valley.

There being no objection, the letter was referred to the Committee on Commerce and ordered to be printed in the RECORD, as follows:

WALTON RICE MILL, INC.,
Stuttgart, Ark., March 31, 1934.

Senator JOE T. ROBINSON,
Washington, D.C.

HONORABLE SIR: I desire to bring to your attention a matter that on previous occasions has been attempted but for various reasons has been discarded. It now seems, in defense of the position of the Arkansas rice industry, it must be carried to a favorable conclusion, otherwise we greatly fear the industry will pass out by reason of the condition possibly created by others who have pursued a more aggressive policy.

You will appreciate the Arkansas industry is completely at the mercy of rail carriers as a means of conveying our manufactured product from the mill to consuming markets. You are also aware that under the stress of economic conditions for the most part carriers have been reluctant to grant concessions in rates that might normally be expected by reason of commodity declines. You probably would be surprised that during the past year or so we have made shipments to many markets where the rate assessed by carriers even exceeded the value of the shipment itself.

These all are glaring facts, and we must tell you that these conditions are undermining the industry, which, if left uncorrected, will eventually cause the Arkansas rice industry to dry up and pass out of the picture entirely.

In the first part of this letter I mentioned others who have been more aggressive. Reference is made to millers located at both Louisiana and Texas who have taken, so to speak, mere remnants of a waterway and developed it into a modern system of inland canal, with the result these millers today, although located many miles more distant from the interior market than we, can now compete favorably with the Arkansas millers and in addition participate in export business, to the detriment and expense of the Arkansas rice-milling industry.

Just recently the Arkansas millers have filed with the Interstate Commerce Commission a petition attacking all clean-rice rates from Memphis, Tenn., Louisiana, and Texas as being preferential and discriminatory to the Arkansas milling interests. This will be a long-drawn-out procedure, as you are aware, and most probably in the end will not give us the necessary relief.

As you know, traffic on the Mississippi River now extends from New Orleans to Chicago. This, coupled with intercoastal canal through Louisiana into Texas, gives these mills access to important interior destinations that previously were only available by rail movement, and even into the Ohio River crossings, all of which has pushed the Arkansas miller into such a small territory that his very existence is now in jeopardy.

This industry has only asked a small consideration from the Government in the past, and has, wherever possible, fought its battles to maintain its existence as best it could without enlisting outside assistance. We now have apparently reached the end of the rope unless we can enlist your support in a move to create a lasting and permanent relief.

The confidence of Arkansas, if not the Nation, is invested in you to assist and fight for any worthy cause. So now the Arkansas millers are asking that you assist in the development of White River to a point where the fertile Arkansas White River Valley can again encourage its industry and enjoy to the important inland markets or to the ports, as they choose, an outlet on a competitive rate structure such markets as are available for the consumption of our manufactured products.

I cannot stress the importance of such a move too vigorously, and I sincerely hope you will lend full support to a successful conclusion of this project, that I feel would be a monument to the future of Arkansas.

With kindest regards and all good wishes I shall anxiously await your further reply.

Very sincerely,

C. R. WALTON.

REPORTS OF COMMITTEES

Mr. WALSH (for Mr. TRAMMELL), from the Committee on Naval Affairs, to which were referred the following bills, reported them severally without amendment and submitted reports as indicated thereon:

S. 113. An act for the relief of Hans Dahl (Rept. No. 596);

S. 164. An act for the relief of Joseph Gould (Rept. No. 597);

S. 333. An act for the relief of Clarence Leroy Witham (Rept. No. 599);

S. 367. An act for the relief of Hugh Flaherty (Rept. No. 600);

S. 427. An act for the relief of Edgar Joseph Casey (Rept. No. 601);

S. 1172. An act for the relief of certain officers of the Dental Corps of the United States Navy;

S. 1797. An act authorizing the removal of rock from the submarine and destroyer base reservation at Astoria (Tongue Point), Oreg. (Rept. No. 602);

S. 2681. An act authorizing the Secretary of the Navy to make available to the municipality of Aberdeen, Wash., the U.S.S. *Newport* (Rept. No. 603);

H.R. 408. An act for the relief of William J. Nowinski (Rept. No. 604);

H.R. 507. An act for the relief of John Thomas Simpkin (Rept. No. 605);

H.R. 909. An act for the relief of Elbert L. Grove (Rept. No. 606);

H.R. 1404. An act for the relief of John C. McCann (Rept. No. 607);

H.R. 2040. An act for the relief of P. Jean des Garennes (Rept. No. 608);

H.R. 2041. An act for the relief of Irwin D. Coyle (Rept. No. 614);

H.R. 2074. An act for the relief of Harvey Collins (Rept. No. 609); and

H.R. 3542. An act to authorize the Secretary of the Navy to dedicate to the city of Philadelphia, for street purposes, a tract of land situate in the city of Philadelphia and State of Pennsylvania (Rept. No. 612).

Mr. WALSH also (for Mr. TRAMMELL), from the Committee on Naval Affairs, to which were referred the following bills, reported them severally with an amendment and submitted reports thereon:

S. 309. An act granting an honorable discharge to Willard Heath Mitchell (Rept. No. 598);

S. 1979. An act for the relief of Austin L. Tierney (Rept. No. 610); and

H.R. 276. An act to authorize the placing of a bronze tablet bearing a replica of the congressional medal of honor upon the grave of the late Brig. Gen. Robert H. Dunlap, United States Marine Corps, in the Arlington National Cemetery, Va. (Rept. No. 611).

Mr. WALSH also (for Mr. TRAMMELL), from the Committee on Naval Affairs, to which was referred the bill (S. 865) to correct the naval record of Michael J. Budzinski, reported it with amendments and submitted a report (No. 613) thereon.

Mr. LOGAN, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 3016. An act for the relief of the Dongji Investment Co., Ltd. (Rept. No. 615);

S. 3047. An act to carry out the findings of the Court of Claims in the case of George Lawley & Son Corporation, of Boston, Mass. (Rept. No. 616);

H.R. 880. An act for the relief of Daisy M. Avery (Rept. No. 617); and

H.R. 4542. An act for the relief of Frank Wilkins (Rept. No. 618).

Mr. LOGAN also, from the Committee on Claims, to which was referred the bill (S. 2112) for the relief of W. H. Key and the estate of James R. Wilson, reported it with amendments and submitted a report (No. 619) thereon.

Mr. CAPPER, from the Committee on Claims, to which was referred the bill (S. 2969) for the relief of the Mary Black Memorial Hospital, reported it with amendments and submitted a report (No. 621) thereon.

He also, from the same committee, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

H.R. 526. An act for the relief of Arthur K. Finney (Rept. No. 622);

H.R. 879. An act for the relief of John H. Mehrle (Rept. No. 623);

H.R. 2818. An act for the relief of Katherine G. Taylor (Rept. No. 624);

H.R. 4959. An act for the relief of Mary Josephine Lobert (Rept. No. 625); and

H.R. 6638. An act for the relief of the Monumental Stevedore Co. (Rept. No. 626).

Mr. GIBSON, from the Committee on Claims, to which was referred the bill (S. 1690) for the relief of the Bowers Southern Dredging Co., reported it with an amendment and submitted a report (No. 627) thereon.

He also, from the same committee, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

H.R. 191. An act for the relief of William K. Lovett (Rept. No. 628);

H.R. 232. An act for the relief of Anna Marie Sanford (Rept. No. 629); and

H.R. 666. An act for the relief of Charles W. Dworack (Rept. No. 630).

Mr. TOWNSEND, from the Committee on Claims, to which was referred the bill (H.R. 4013) to provide an additional appropriation as the result of a reinvestigation, pursuant to the act of February 2, 1929 (45 Stat. 2047, pt. 2), for the payment of claims of persons who suffered property damage, death, or personal injury due to the explosion at the naval ammunition depot, Lake Denmark, N.J., July 10, 1926, reported it without amendment and submitted a report (No. 631) thereon.

He also, from the same committee, to which were referred the following bills, reported them each with amendments and submitted reports thereon:

S. 887. An act for the relief of Lucy B. Hertz and J. W. Hertz (Rept. No. 632); and

S. 1231. An act for the relief of A. H. Marshall (Rept. No. 633).

Mr. BACHMAN, from the Committee on Military Affairs, to which was referred the bill (S. 2440) to provide for the addition of certain lands to the Chickamauga and Chattanooga National Military Parks in the States of Tennessee and Georgia, reported it without amendment and submitted a report (No. 620) thereon.

Mr. ASHURST (for Mr. WHEELER), from the Committee on Indian Affairs, to which was referred the bill (S. 2671) repealing certain sections of the Revised Code of Laws of the United States relating to the Indians, reported it without amendment and submitted a report (No. 634) thereon.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

Mr. NEELY, from the Committee on the Judiciary, reported favorably the nomination of Austin D. Smith, of Delaware, to be United States marshal, district of Delaware, to succeed Charles Hanratty, whose term expired March 8, 1934.

The VICE PRESIDENT. The reports will be placed on the Executive Calendar.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. McGILL:

A bill (S. 3297) to authorize the appointment of Sgt. George B. Telford as a warrant officer, United States Army; to the Committee on Military Affairs.

By Mr. REED (by request):

A bill (S. 3298) relating to the record of registry of certain aliens; to the Committee on Immigration.

By Mr. KEAN:

A bill (S. 3299) to authorize the presentation of a Distinguished Service Cross to Ardashes M. Gulamerian; to the Committee on Military Affairs.

By Mr. ROBINSON of Arkansas (for Mr. TRAMMELL):

A bill (S. 3300) for the relief of W. J. DuRant; to the Committee on Claims.

By Mr. HASTINGS:

A bill (S. 3301) to amend the Securities Act of 1933, approved May 27, 1933; to the Committee on Banking and Currency.

INTERNAL-REVENUE TAXATION—AMENDMENTS

Mr. HEBERT and Mr. SHIPSTEAD each submitted an amendment, Mr. CLARK submitted two amendments, and Mr. McKELLAR submitted three amendments intended to be proposed by them, respectively, to House bill 7835, the revenue bill, which were severally ordered to lie on the table and to be printed.

EXEMPTION FROM TAX OF OILS USED FOR MEDICINAL PURPOSES—AMENDMENT

Mr. COPELAND. Mr. President, I present an amendment intended to be proposed by me to the pending revenue bill, and ask that it may be printed in the usual form, printed in the RECORD, and lie on the table.

The VICE PRESIDENT. Without objection, it is so ordered.

The amendment intended to be proposed by Mr. COPELAND to the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes, is as follows:

In section 602, paragraph (a), on page 214, line 15, strike out the period and insert the following: "nor the use of any of the oils included in this paragraph in the manufacture of an article or product not intended for use as food for human consumption or for medicinal purposes."

Mr. COPELAND. Mr. President, the purpose of this amendment is to exempt from the excise tax of 3 cents per pound coconut oil, palm oil, palm-kernel oil, sesame oil, whale oil, sperm oil, and cod oil when used in the manufacture of articles or products not intended for use as food for human consumption, and cod-liver oil, halibut oil, and other vitamin-potency fish oils which are used for medicinal purposes. In other words, when the foregoing oils are used in the manufacture of an article or product not intended for use in a food for human consumption or for medicinal purposes they would bear no excise tax. By the adoption of this amendment the Senate could save the American public a tremendous burden of expenses in connection with these excise taxes and yet not interfere to any appreciable degree with such benefits as would accrue to the farmer from the levying of these excise taxes.

In the case of coconut oil, about 70 percent of the total annual consumption of this oil goes into the manufacture of soap, rubber auto tires, and the tanning of leather and miscellaneous manufacturing activities. It is even used in the manufacture of road-building materials. In none of these can it be said that it is in any way competitive with oils and fats of domestic origin.

I am informed that the original purpose in the House in placing a tax on coconut oil was to protect the butter maker and the dairyman. Neither the butter maker nor the dairyman produce anything which is used in the manufacture of soap, automobile tires, or the tanning of leather. The butter maker and the dairyman, on the other hand, are purchasers of these nonedible products into which coconut oil enters.

The industrial users of coconut oil testified before the Senate Finance Committee that when they purchased coconut oil they did so because of its lauric-acid content, and they further stated that there was not a single domestic oil or fat which contained any lauric acid. It is lauric acids which make a soap made from coconut-oil lather. The rubber-tire manufacturer who employs coconut oil finds that the lauric acids therein give the rubber tire longer life and greater mileage, and the tanners of white leather testified before the Finance Committee that coconut oil was the only oil which they could use which did not turn the leather yellow as it aged.

In view of the fact that there is a definite constituent of coconut oil which the industrial users require, nothing is accomplished in the way of increasing the consumption of domestic oils and fats by trying to tax coconut oil out of the market. If we pass this tax, it will make it almost impossible for the concerns which require coconut oil to carry on their business. This is not fair. It is not just.

Not only is the exemption of these oils used in industrial channels from this excise tax, which is approximately 100 percent of the value of the oils and fats against which it is levied, of importance from the angle of the consumer, but it is a serious question if the industries which use these oils can bear up under the tremendous burden which it is proposed to place upon them. The Senate, if it levies these

taxes, would be levying the heaviest tax on consumption ever levied in the history of the country upon essential commodities. The total tax burden, when applied against all of the oils and fats which it affects, amounts to in excess of $34,000,000 per annum, as based on the 1933 imports. This does not mean that anywhere near that amount of revenue would result from the levying of these taxes, because it is very doubtful if these industries could sell their products with these taxes applying against the raw materials from which they must make them.

There are dozens of firms in the State of New York which employ these oils and fats which are affected by the proposed excise taxes, and the report received from every one which has been heard from is that the levying of these taxes without giving the consumer additional purchasing power is going to make it very difficult for them to sell their finished products. There does not appear to be any justification for singling out a single group of industries for this kind of treatment.

The second most important of these oils which would be exempted in my amendment from the excise tax when not employed in the manufacture of food for human consumption is palm oil. The Senate Finance Committee has already exempted palm oil when used in the manufacture of tin plate from the application of the tax. Doubtless palm oil is an essential in the manufacture of tin plate, but it is certainly no more of an essential in the manufacture of tin plate than it is in the manufacture of textile soap.

The textile-soap manufacturers in the State of New York, of which there are many, one and all testify to the fact that there is absolutely no substitute for palm oil in the manufacture of textile soap. The textile-soap manufacturers consistently paid more for palm oil than other oils and fats used for soap-making purposes were bringing in the market. It would be very difficult for them, however, to carry on their business if they had to pay as much as 3 cents per pound more for palm oil used in the manufacture of textile soap than they pay at the present price level.

It should be borne in mind that if the prices of all commodities in the United States were suddenly to advance 100 percent, which is the effect this tax will have on the imported oils and fats it covers, then on this inflated price basis it would not be difficult for any given industry to sell its products. But suppose that we single out a single group of industries and make them bear the burden of a tax of these proportions without there being any general inflation of prices of other commodities. It does not seem reasonable to expect that the group of industries which use these oils can escape tremendous injury.

Very little palm oil, probably not more than 10 percent of the total annual importations, is utilized in the manufacture of any kind of food product. It appears that the palm oil is so high in free fatty acids, which is essentially the element of rancidity, that it is impractical to utilize any quantity of it in the manufacture of edible oil. This is borne out by the fact that such a small proportion of it, according to the Bureau of the Census records, gets into edible channels. That portion of it which is not used in the manufacture of textile soap goes into the manufacture of yellow household laundry soap, plus what goes into the manufacture of tin plate.

The exemption of the palm oil used in the manufacture of tin plate is in line with the amendment which I have proposed, but I cannot understand how the committee would exempt from the tax palm oil used in the manufacture of an article like tin plate without exempting at the same time palm oil used in the manufacture of soap.

There is scarcely a nation in the world which does not accord preferential treatment to oils and fats imported within their borders for the manufacture of soap. They do this for sanitary reasons. They do it because they place a high value upon the matter of cleanliness. Why should we break the precedent which is followed throughout the world by trying to make the price of soap vastly higher than it should be? Hospitals, visiting nurses' organizations, welfare centers, charitable organizations, and dozens of other groups of similar nature have protested to me against the application of this tax on soap-making oils and fats. One and all have stressed the importance of keeping the price of soap at a reasonable point to the public. Soap is the one commodity of all commodities which should be merchandised at the most reasonable possible figure, and here we are proposing to place a tax of 100 percent ad valorem upon all of the imported soap-making oils and fats. Why is it that in this effort to levy an excise tax we are centering our activities upon the soap industry? There are a lot of other industries who import oils and fats into the United States, and their raw materials have not been molested.

The next of these oils which is affected by this tax, which is important in the industrial field, is palm-kernel oil. Here again is another important soap-making oil which the soap makers in my State desire to have access to. It already bears a duty of 1 cent a pound if used for edible purposes, and if we apply this excise tax of 3 cents per pound on the edible phases of the oil, then certainly that should be enough to satisfy the demand for keeping it out of edible channels. What harm will it do anyone to allow this soap-making oil to come into the country?

Sesame oil is the next oil which would be affected by the tax of 3 cents per pound. Sesame oil was exempted from taxation in the 1930 tariff if not employed in edible usage. The importations do not amount to much, but since we decided upon this policy in framing the 1930 tariff there seems to be no reason why we should not adhere to it now. If the use of sesame oil for nonedible purposes without the payment of tariff taxes was satisfactory in 1930, it should be just as proper to utilize it for such purposes now without the payment of an excise tax.

The next important oil is whale oil. As far as can be ascertained, there is no imported whale oil used in the manufacture of edible products in the United States. But, in case there might be, we can levy this 3-cent excise tax on the whale oil if used in the manufacture of an edible product for human consumption and let that whale oil which goes into the manufacture of soap and the tanning of leather be exempted from the tax. Our farmers buy the leather goods which the whale oil is used in tanning and they buy the soap. They will profit from having both soap and leather at reasonable prices.

The next important oil to which this excise tax would apply is sperm oil. The domestic production of sperm oil is almost nothing. The textile and the rayon industries and the tanning industries all require sperm oil. Being really a wax and not an oil, it is not used in the manufacture of soap and could not be, but the textile mills, the rayon mills, and the tanners need this oil. Why not let them have it without this enormous excise tax? It is by nature a nonedible oil.

The next important oil which my amendment will exempt from taxation is Newfoundland and Norwegian cod oil. This fish oil is used in the manufacture of leather. The tanners in my State tell me that there is absolutely no oil which can take the place of cod oil. We produce scarcely any in the United States. It is produced from the codfish. The placing of this excise tax is not going to make our fishermen catch any more codfish. This excise tax could not help them, but it will be a tremendous burden upon the tanners of leather who must have cod oil with which to tan leather. They need it on the type of leather which goes to make harness which the farmer purchases. Why should we make the farmer pay more for harness when we are talking about helping agriculture by levying these excise taxes?

The next of the oils which this amendment of mine would exempt from taxation is cod-liver oil. It is made from the fresh livers of the codfish. Cod-liver oil is used for medicinal purposes and for the feeding of poultry and livestock.

It is used in these directions because of its vitamin potency. An excise tax upon this oil would be a cruel injustice. It is a tax upon the sick and the ailing children. Just like the tax upon the soap oils, it is a tax upon health.

Think of the thousands of poultry feeders whom we are going to penalize with this tax on cod-liver oil. We are certainly not going to help the farmer who is raising chickens in a brooder and who requires cod-liver oil to raise these chickens possessed of proper strength and vitality. We should exempt all of these vitamin-potency fish oils from this tax. In this category comes halibut oil. Halibut oil is exactly the same kind of oil as cod-liver oil and is used for precisely the same purposes. It will be assessed with this 3-cent per pound excise tax and there is no justification in doing it.

As a matter of fact, in levying these excise taxes on imported whale oil, imported fish oils, and imported marine-animal oils, we are violating every international treaty which we have with foreign nations. Article VIII of the German treaty provides as follows:

> The nationals and merchandise of each high contracting party within the territories of the other shall receive the same treatment as nationals and merchandise of the country with regard to internal taxes, transit duties, charges in respect to warehousing, and other facilities and the amount of drawbacks and bounties.

Please note that we implicitly agree in this treaty that we shall levy no higher internal taxes upon the imported merchandise of foreign nations than we levy upon domestic merchandise, and under the most-favored-nation clause which we have with 47 other nations we agree to accord the same treatment to merchandise imported from other foreign nations. Therefore the rights accorded to Germany with regard to internal taxes on merchandise imported from Germany are accorded to all the nations with which we have commercial treaties. In other words, we cannot levy higher internal taxes upon the merchandise imported from these countries than we levy upon the merchandise of our own citizens.

Despite this fact, in three places the Senate Finance Committee bill proposes to levy this 3-cent tax upon imported articles—imported whale oil, imported fish oil, and imported marine-animal oil. If we pass this bill with this word "imported" in it, applying to these marine-animal oils, fish oils, and whale oil, no foreign nation will have any respect for the treaties which this body has ratified in the past. We cannot pass a treaty one day and violate it the next.

Since none of these imported whale, fish, and marine-animal oils are used in edible channels in the United States, it is really needless to include them in the category of the oils which would bear the excise tax if used for edible purposes. Since they are not used for edible purposes in the United States, it should be satisfactory to leave them within the amendment as I have proposed it.

Let me call attention to the fact that there is another consideration involved in placing these excise taxes on the oils and fats which we import from the various countries with which we enjoy the balance of trade. I desire to introduce into the RECORD a statement of the trade which we have with the countries from which these oils and fats come. (See table.)

One of the important agricultural items which we export to the countries from which these oils and fats, such as palm oil, come is lard. We have been exporting about 50 percent of our lard to Great Britain, from whom, or her dependencies, we procure about 50 percent of our palm-oil importations. I quote from an article appearing in the March 31 issue of the National Provisioner, published at Chicago, Ill. The portion I desire to read is as follows:

> Commission-house buying on resting orders was encountered on on the declines, and there was some buying of lard based on the relative steadiness in cotton oil. The lard trade was puzzled somewhat over possible future developments, particularly should the proposed 3-cent-a-pound tax against imported oils be adopted by Congress.
>
> There were fears in a great many quarters that foreigners would take adverse action against lard imports. In fact, Germany further restricted imports of American products. As a result, the foreign situation in lard was attracting more attention. Foreign exchange rates ruled rather firm.

It can be seen from this that the exporters of lard are frightened as to the prospect of what will happen to our lard exports if we put these taxes on. Please bear in mind that this agitation for these taxes began back in December 1933; and let me call your attention to the fact that this article states also that lard exports from January 1, 1934, to March 17, 1934, have dropped from 160,000,000 pounds at the same time last year to ninety-five and a half million pounds at this time. You can see what the threat of levying these excise taxes is resulting in.

I do not believe that the foreign nations will object to our keeping the oils and fats out of edible channels in the United States, and if we adopt this amendment whereby the oils and fats are allowed to come into the United States and be used for nonedible or medicinal purposes, it will doubtless clarify the situation to the complete satisfaction of our foreign customers. This is just another reason why the amendment as proposed should be adopted.

I ask that the table to which I have referred and an article from the National Provisioner may be printed in the RECORD.

There being no objection, the table and article were ordered to be printed in the RECORD, as follows:

Value of total trade between United States and countries from which United States imports oils and which would be affected by the 3 cents per pound excise tax in the 1934 revenue bill

	Oils exported to United States	Value of exports		Value of imports	
		1929	1932	1929	1932
Norway	Cod-liver, whale oil	$23, 647, 000	$6, 916, 000	$21, 235, 000	$10, 439, 000
United Kingdom	Sperm, cod, palm-kernel oil	848, 000, 000	288, 326, 000	329, 751, 000	74, 631, 000
British Nigeria	Palm and palm-kernel	3, 424, 000	1, 693, 000	12, 890, 000	3, 157, 000
Belgium	Fish oils, palm oil	114, 855, 000	40, 278, 000	74, 048, 000	21, 927, 000
Germany	Palm-kernel, sunflower, palm oil	410, 448, 000	133, 417, 000	254, 688, 000	73, 572, 000
Netherlands	Palm, sesame oil	128, 295, 000	45, 254, 000	83, 553, 000	22, 430, 000
Soviet Russia in Europe	Sunflower seed	81, 547, 000	12, 466, 000	21, 520, 000	9, 129, 000
Canada	Pilchard, halibut, and cod-liver	948, 446, 000	241, 351, 000	503, 496, 000	174, 101, 000
Newfoundland and Labrador	Cod-liver, cod	12, 502, 000	4, 167, 000	10, 411, 000	7, 133, 000
Australia	Copra	150, 110, 000	26, 817, 000	31, 968, 000	4, 643, 000
China	Sesame seed	124, 163, 000	56, 171, 000	166, 233, 000	26, 177, 000
Philippine Islands	Coconut oil, copra	85, 530, 000	44, 968, 000	125, 702, 000	80, 877, 000
British India	Sesame seed	55, 360, 000	24, 915, 000	149, 332, 000	33, 204, 000
British Malaya	Copra	14, 641, 000	2, 497, 000	239, 164, 000	34, 806, 000
Other Netherland East Indies	Palm, palm-kernel	15, 114, 000	7, 816, 000	32, 868, 000	29, 827, 000
Belgian Congo	do	1, 382, 000	487, 000	11, 580, 000	1, 204, 000
Total		3, 017, 464, 000	937, 539, 000	2, 068, 829, 000	607, 257, 000
Total of all United States exports and imports		5, 240, 995, 000	1, 611, 016, 000	4, 399, 361, 000	1, 322, 774, 000
Percent of total to these oil-exporting countries		58	58	47	46

Source: Foreign Commerce and Navigation of the United States.

[From the National Provisioner, Chicago, Ill., Mar. 31, 1934]

PROVISION AND LARD MARKETS—WEEKLY REVIEW

MARKET FAIRLY ACTIVE—UNDERTONE EASY—HOG RUN MODERATE—HOGS STEADY—RELIEF BUYING FACTOR—CASH TRADE MODERATE—GRAIN WEAKNESS DEPRESSING

Market for hog products continued to display a disappointing trend. Undertone was easy as a result of scattered selling and liquidation and less aggressive speculative support. While the hog run was moderate and hogs steady, the market generally continued to ignore relief buying and was influenced, in the main, by weakness in the grain market caused by fears of governmental action against exchange operations.

Commission-house buying on resting orders was encountered on the declines, and there was some buying of lard based on the relative steadiness in cotton oil. The lard trade was puzzled somewhat over possible future developments, particularly should the proposed 3-cent-a-pound tax against imported oils be adopted by Congress.

There were fears in a great many quarters that foreigners would take adverse action against lard imports. In fact, Germany further restricted imports of American products. As a result, the foreign situation in lard was attracting more attention. Foreign-exchange rates ruled rather firm.

HOG PRICES LOWER

Hedge pressure was in evidence at times, but was very moderate. Professionals appeared to be on both sides of lard. There was no inclination to press the market owing to fears of possible inflation developments at Washington. At the same time, the Lenten season is rapidly drawing to a close, and as a result there was a tendency to look for considerable improvement in the domestic demand for meats. Some were looking for a fair decrease in the lard stocks the last half of the present month.

Receipts of hogs at western packing points last week were 367,700 head, compared with 398,400 head the previous week and 396,900 head the same week last year.

Average price of hogs at Chicago at the outset of the week was 4.25 cents, against 4.40 cents the previous week, 3.90 cents a year ago, 4.20 cents 2 years ago, and 7.65 cents 3 years ago. Top price of hogs at Chicago, however, was very steady, holding around 4.55 cents.

Average weight of hogs received at Chicago last week was 236 pounds, against 233 pounds the previous week, 247 pounds a year ago, and 233 pounds 2 years ago.

Reports from the A.A.A. from 42 States indicated that between 900,000 and 1,000,000 contracts had been signed to date in the corn-hog adjustment program. The sign-up campaign is nearing completion in a number of States. Reports from the major corn- and hog-producing States indicate that approximately 160,000 contracts have been signed in Iowa, 110,000 in Illinois, 94,000 in Missouri, 82,000 in Indiana, 75,000 in Minnesota, 80,000 in Nebraska, 60,000 in Kansas, 60,000 in Ohio, 50,000 in South Dakota, and 33,000 in Wisconsin. In Oklahoma 40,000 are expected to sign up, and in Texas 25,000 have been signed to date. Colorado expects a total of 12,000; Tennessee, approximately 20,000.

LARD EXPORTS DROP

Official exports of lard for the week ended March 17 were 5,599,000 pounds, against 8,758,000 pounds a year ago. Exports from January 1 to March 17 have been some 95,477,000 pounds, against 160,637,000 pounds the same time last year. Of the week's exports only 786,000 pounds went to Germany, 288,000 pounds to Cuba, 3,622,000 pounds to the United Kingdom, 489,000 pounds to other European countries, and 414,000 pounds to other countries. Exports of hams and shoulders during the week were 207,000 pounds, against 573,000 pounds; bacon, 560,000 pounds against 95,000 pounds; pickled pork, 91,000 pounds against 129,000 pounds.

The Government was a buyer of hogs in a fair way at Chicago throughout the week. Aside from maintaining a steady tone to the hog market, governmental activities in provisions was again without effect. Passage of the cotton bill was delayed in the Senate for one reason or another, but the prospects of cotton production being limited, with a consequent smaller output of cotton oil, was considered by some as constructive on lard for the long pull.

Pork: Market was steady, but demand moderate at New York. Mess was quoted at $20.25 per barrel; family, $21 per barrel; fat backs, $15 and $16 per barrel.

MUTUAL INSURANCE COMPANIES AND CAPITAL-STOCK TAX—AMENDMENT

Mr. WALSH. Mr. President, I submit an amendment intended to be proposed by me to House bill 7835, the revenue bill, which I ask may lie on the table and be printed.

The VICE PRESIDENT. The amendment will lie on the table and be printed.

Mr. WALSH. Mr. President, the House bill contained no provision levying capital-stock and excess-profits taxes. The Finance Committee presented an amendment, which has been adopted by the Senate, providing for a capital-stock tax of one tenth of 1 percent. Certain exceptions are made to these capital-stock taxes, and these exemptions are in section 701 (c), page 238 of the bill. Among the exemptions are insurance companies subject to the tax imposed by sections 201 and 204.

However, insurance companies which have no capital stock whatever, such as mutual companies, and which are subject to the tax under section 207, are not specifically exempted.

Since these companies have no capital stock there was no intention to impose a capital-stock tax on them and, therefore, this amendment is merely in the nature of a clarification of that purpose.

In order to accomplish this, all that is necessary is to change the wording of section 701 (c) (2), line 16, page 238, by the addition of the numerals "207" and the transposition of the word "or" and the addition of a comma.

TAX ON WATCHES—AMENDMENT

Mr. WALSH. Mr. President, I also submit an amendment intended to be proposed by me to House bill 7835, the revenue bill, which I ask may lie on the table and be printed.

The VICE PRESIDENT. The amendment will lie on the table and be printed.

Mr. WALSH. Mr. President, the classification of certain watches as luxury items is unfair. In view of the urgent need for revenue in 1932, and the assurance that these excise taxes were temporary, the watch industry submitted without serious objection to a tax on what it believed to be items of necessity.

Since the Finance Committee in the case of clocks and furs has recognized that some items classified as luxuries are really necessities, the industry feels it is entitled to the exemption of watches not of the luxury class. This exemption should at least include watches sold by the manufacturer for less than $25.

It would be impossible for many industries to function without timepieces. For example, railroads cannot operate unless rigid standards of time are adhered to in the operation of trains. Every railroad or street-car employee engaged in the operation of trains or cars is required to carry a carefully regulated watch. This he buys from his wages. Some 987,000 men come within this category on the steam railroads alone. In addition to these, nurses, doctors, clerks, and superintendents in charge of industrial activities must operate with almost split-second accuracy.

The elimination of this tax would put additional men to work, as watch manufacturing is 80- to 90-percent labor.

A manufacturers' tax of $2.50 becomes $7 or $8 by the time it reaches the consumer.

It appears inconsistent to eliminate the tax on clocks, which are now exempt up to $3, and which really represents clocks that might be classified as luxuries, while classifying as an item of luxury watches that sell for $5, $10, $20, and so forth, and which enter into the everyday life of our citizens.

The revenue derived from the entire jewelry industry last year amounted to only $3,068,000.

The committee has already exempted clocks, and the exemption of watches selling for less than $25 would cause no great loss in revenue, and would be more than compensated for by increased employment.

If the tax on watches classified as necessities is removed, the increased income from corporation and income taxes accruing to the Government from increased business and profits will render the Government a greater return than now received from this tax.

MOTHER'S DAY

Mr. COPELAND submitted the following resolution (S.Res. 218), which was referred to the Committee on Education and Labor:

Whereas by House Joint Resolution 263, approved and signed by President Wilson, May 8, 1914, the second Sunday in May of each year has been designated as Mother's Day for the expression of our love and reverence for the mothers of our country; and

Whereas there are throughout our land today an unprecedentedly large number of mothers and dependent children who, because of unemployment or loss of their bread earners, are lacking many of the necessities of life: Therefore be it

Resolved, That the President of the United States is hereby authorized and requested to issue a proclamation calling upon our

citizens to express, on Mother's Day this year, our love and reverence for motherhood;

(a) By the customary display of the United States flag on all Government buildings, homes, and other suitable places;

(b) By the usual tokens and messages of affection to our mothers; and

(c) By making contributions, in honor of our mothers, through our churches or other fraternal and welfare agencies, for the relief and welfare of such mothers and children as may be in need of the necessities of life.

CHANGE OF REFERENCE OF A RESOLUTION

Mr. McKELLAR. Mr. President, I ask that Senate Resolution 198, creating a select committee to investigate charges against the superintendent of the Shiloh National Park, Tenn., be referred to the Committee on Military Affairs. It was referred to the Committee to Audit and Control the Contingent Expenses of the Senate, but under a later rule it is required to go to the Military Affairs Committee, and I ask unanimous consent that the Committee to Audit and Control the Contingent Expenses of the Senate may be discharged from the further consideration of the resolution and that it be referred to the Committee on Military Affairs before being considered by the Audit and Control Committee.

The VICE PRESIDENT. Without objection, it is so ordered.

ADDITIONAL CLERICAL ASSISTANCE FOR SENATORS

Mr. BYRNES. I ask unanimous consent for the present consideration of Senate Resolution 213, which I send to the desk.

The VICE PRESIDENT. The resolution will be read.

The legislative clerk read the resolution (S.Res. 213) submitted by Mr. BYRNES on March 22, 1934, and reported from the Committee to Audit and Control the Contingent Expenses of the Senate, as follows:

Resolved, That whenever, during the remainder of the present session of Congress, a Senator, having no more than four employees in his clerical force, or in that of the committee of which he is chairman, shall file with the Chairman of the Committee to Audit and Control the Contingent Expenses of the Senate a statement showing the necessity for an additional clerical assistant to enable him to discharge the duties of his office, such Senator may appoint one assistant clerk to be paid from the contingent fund of the Senate at $1,800 per annum until the end of the present session of Congress.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to the consideration of the resolution.

Mr. BYRNES. I offer an amendment to the resolution.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On line 2, after the word "Senator", it is proposed to strike out "having no more than four employees in his clerical force, or in that of the committee of which he is chairman."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from South Carolina.

The amendment was agreed to.

The resolution, as amended, was agreed to.

NATIONAL RECOVERY—THE NEW DEAL'S BALANCE SHEET

Mr. ROBINSON of Arkansas. I ask to have printed in the RECORD and to lie on the table an editorial appearing in the New York Daily News of March 11, 1934, having relation to the National Recovery Administration and to the new deal's balance sheet.

There being no objection, the editorial was ordered to lie on the table and to be printed in the RECORD, as follows:

NATIONAL RECOVERY ADMINISTRATION—THE NEW DEAL'S BALANCE SHEET

[An editorial appearing in the New York Daily News, Mar. 11, 1934]

We all know that some groups in our social and economic system have profited from the new deal; some large groups.

Workers working shorter hours at the same or only a little less pay have profited. Farmers paid by the Government for reducing or swearing they have reduced acreage have profited. So have millions of people on C.W.A., C.C.C., or other forms of Government relief. So have employers who before the N.R.A. were being undercut by unfair competitors employing child labor or using other cutthroat competition methods.

Naturally, few complaints are heard from these people about the new deal—except in the form of howls for an even bigger and faster new deal.

Who's losing under the new deal, if anybody is, up to now?

The bulk of the complaining is being done by industrialists; business people who say the money to pay for all these benefits is being gouged out of their pockets without adequate return.

It sounds reasonable, and it has worried many people; has made them fear that industry can't carry the burden indefinitely, and will sooner or later be forced into curtailed activity if not into wide-spread bankruptcies.

The National City Bank of New York has just published a table of figures which ought to console a lot of people who are worried about the new deal's dollars-and-cents outlook.

This table shows comparative profits or losses rolled up in 37 major industrial groups in the years 1932 and 1933. It is worth running through rather carefully, we think. The letter D means that old 1932 devil deficit; figures without a D mean profits.

Industry	Number of concerns	Net profits	
		1932	1933
Agricultural implements	7	D $15,375,000	D $8,645,000
Amusements	10	D 2,686,000	D 1,252,000
Apparel	9	D 7,648,000	1,790,000
Automobiles	9	D 13,905,000	90,127,000
Auto accessories	29	D 10,959,000	D 829,000
Bakery	17	27,008,000	23,620,000
Building materials	35	D 12,920,000	D 6,192,000
Chemicals	13	34,798,000	53,511,000
Coal mining	11	304,000	2,702,000
Confections, beverages	16	2,996,000	10,556,000
Cotton mills	36	D 8,478,000	7,813,000
Drugs, sundries	10	13,044,000	12,680,000
Electrical equipment	23	D 8,847,000	D 3,196,000
Food products	37	44,025,000	52,711,000
Household supplies	19	8,950,000	14,441,000
Iron, steel	35	D 138,920,000	D 64,226,000
Machinery, tools	50	D 20,341,000	D 10,195,000
Meat packing	18	D 2,059,000	22,347,000
Merchandise, chain stores	17	41,683,000	58,769,000
Merchandise, department stores	12	D 8,964,000	98,000
Merchandise, wholesale	25	D 4,868,000	7,482,000
Mining, nonferrous	18	2,091,000	11,051,000
Paint, varnish	7	1,008,000	5,928,000
Paper and products	20	D 319,000	3,637,000
Petroleum	25	10,531,000	16,852,000
Printing, publishing	12	6,520,000	1,550,000
Railway, equipment	15	D 16,349,000	D 11,314,000
Real estate	10	D 379,000	D 642,000
Rubber tires, etc	14	D 3,052,000	10,722,000
Shoes	11	3,206,000	12,240,000
Silk and hosiery	16	D 2,145,000	2,687,000
Sugar	12	1,573,000	3,140,000
Textiles	21	D 12,187,000	11,193,000
Tobacco	18	71,029,000	51,779,000
Wool	7	D 9,795,000	8,473,000
Miscellaneous manufacturing	102	D 17,520,000	46,201,000
Miscellaneous services	54	3,148,000	3,034,000
Total		D 45,802,000	440,643,000

There we have the balance sheet on the new deal's first year. It totals up to a net deficit for America's major industries in 1932 of almost $46,000,000, as against a net profit in 1933 of $440,000,000.

These figures show that the new deal in its first year began making money not only for labor and agriculture but for large and important elements of business; that it began paying its own way, by and large, from the start.

We think a lot of industrial critics of the new deal would do well to stop squawking and pay more attention to cultivating the new home markets the new deal is opening up for them.

ARMY DAY

Mr. SHEPPARD. Mr. President, tomorrow will be Army Day. In reference thereto, I send to the desk two letters, which I ask to have read.

The VICE PRESIDENT. Without objection, the clerk will read, as requested.

The legislative clerk read as follows:

THE WHITE HOUSE,
Washington, March 2, 1934.

Lt. Col. GEORGE E. IJAMS,
Commander in Chief Military Order of the World War,
Washington, D.C.

MY DEAR COLONEL IJAMS: The celebration of Army Day on April 6 each year, commemorating as it does our entrance into the World War, indicates, in part, the gratitude of our Nation to our Army, which so valiantly has served this country in its every emergency.

I wish to offer on this Army Day my best wishes to the men comprising the components of our land forces, the Regular Army, the National Guard, and the Organized Reserves.

Very sincerely yours,

FRANKLIN D. ROOSEVELT.

NATIONAL HEADQUARTERS,
MILITARY ORDER OF THE WORLD WAR,
Washington, D.C., April 3, 1934.

Hon. MORRIS SHEPPARD,
Chairman Military Affairs Committee,
United States Senate, Washington, D.C.

DEAR SENATOR SHEPPARD: On Friday, April 6, there will be celebrated Army Day, the sixteenth anniversary of America's entrance into the World War.

Army Day, which was inaugurated 6 years ago by the Military Order of the World War and which has ever since been sponsored by our organization, will be celebrated throughout the United States and its insular possessions by parades, drills, meetings, and banquets, the purpose being to once a year bring to the attention of our citizens the ideals of the Army and what it stands for in times of peace.

The President of the United States, as well as the Governors of our several States and mayors of our various cities, have issued statements and proclamations in honor of the day.

I am taking the liberty of enclosing herewith a photographic copy of President Roosevelt's statement, which, together with this letter may be incorporated in the CONGRESSIONAL RECORD of April 5, for the interest of the Members of the United States Senate.

There will be a large parade of military, National Guard, cadet, and veteran organizations which will pass the east plaza of the Capitol promptly at 1:30 p.m. on the afternoon of April 6. Those Members of the Senate who are interested are cordially invited to review the parade from the Capitol steps. It will take not more than 1 hour to pass.

With every good wish, I am, sincerely yours,

EDWIN S. BETTELHEIM, Jr.

Mr. SHEPPARD. Mr. President, I hope all Senators who can conveniently do so will repair to the Capitol steps tomorrow at 1:30 o'clock p.m. and view the Army Day parade.

DISPOSITION OF INDIAN LANDS

Mr. FRAZIER. Mr. President, the last time we had a call of the calendar in the Senate, Senate bill no. 1135, having to do with a new plan for determining the heirs of deceased Indians and the disposition of their property, was passed. It is an administration bill. I find that an identical bill was passed by the House and is now with the Committee on Indian Affairs. That is the bill (H.R. 5075) to amend section 1 of the act entitled "An act to provide for determining the heirs of deceased Indians, for the disposition and sale of allotments of deceased Indians, for the leasing of allotments, and for other purposes", approved June 25, 1910, as amended.

I ask unanimous consent that the Committee on Indian affairs be discharged from further consideration of the House bill (No. 5075) the title of which I have just read.

The VICE PRESIDENT. Is there objection? The Chair hears none.

Mr. FRAZIER. I now ask unanimous consent for the present consideration of the House bill.

Mr. ASHURST. Mr. President, will the Senator from North Dakota explain what the bill is?

Mr. FRAZIER. It is an administration bill having to do with determining the heirs of deceased Indians and the disposition of their property by a better method than prevailed under the old law.

Mr. ASHURST. I have no objection.

There being no objection, the bill (H.R. 5075) to amend section 1 of the act entitled "An act to provide for determining the heirs of deceased Indians, for the disposition and sale of allotments of deceased Indians, for the leasing of allotments, and for other purposes", approved June 25, 1910, as amended, was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 1 of the act entitled "An act to provide for determining the heirs of deceased Indians, for the disposition and sale of allotments of deceased Indians, for the leasing of allotments, and for other purposes" (36 Stat. 855), be, and the same is hereby, amended to read as follows:

"That when any Indian to whom an allotment of land has been made, or may hereafter be made, dies before the expiration of the trust period and before the issuance of a fee simple patent, without having made a will disposing of said allotment as hereinafter provided, the Secretary of the Interior, upon notice and hearing, under such rules as he may prescribe, shall ascertain the legal heirs of such decedent, and his decision thereon shall be final and conclusive. If the Secretary of the Interior decides the heir or heirs of such decedent competent to manage their own affairs, he shall issue to such heir or heirs a patent in fee for the allotment of such decedent; if he shall decide one or more of the heirs to be incompetent, he may, in his discretion, cause such lands to be sold: *Provided*, That if the Secretary of the Interior shall find that the lands of the decedent are capable of partition to the advantage of the heirs, he may cause the shares of such as are competent, upon their petition, to be set aside and patents in fee to be issued to them therefor. All sales of lands allotted to Indians authorized by this or any other act shall be made under such rules and regulations and upon such terms as the Secretary of the Interior may prescribe, and he shall require a deposit of 10 percent of the purchase price at the time of the sale. Should the purchaser fail to comply with the terms of sale prescribed by the Secretary of the Interior, the amount so paid shall be forfeited; in case the balance of the purchase price is to be paid on such deferred payments, all payments made, together with all interest paid on such deferred installments, shall be so forfeited for failure to comply with the terms of the sale. All forfeitures shall inure to the benefit of the allottee or his heirs. Upon payment of the purchase price in full the Secretary of the Interior shall cause to be issued to the purchaser patent in fee for such land: *Provided*, That the proceeds of the sale of inherited lands shall be paid to such heir or heirs as may be competent and held in trust subject to use and expenditure during the trust period for such heir or heirs as may be incompetent as their respective interests shall appear: *Provided further*, That the Secretary of the Interior is hereby authorized, in his discretion, to issue a certificate of competency, upon application therefor, to any Indian, or in case of his death to his heirs, to whom a patent in fee containing restrictions on alienation has been, or may hereafter be, issued, and such certificate shall have the effect of removing the restrictions on alienation contained in such patent: *Provided further*, That hereafter any United States Indian agent, superintendent, or other disbursing agent of the Indian Service may deposit Indian moneys, individual or tribal, coming into his hands as custodian, in such bank or banks as he may select: *Provided*, That the bank or banks so selected by him shall first execute to the said disbursing agent a bond, with approved surety, in such amount as will properly safeguard the funds to be deposited. Such bonds shall be subject to the approval of the Secretary of the Interior."

Mr. FRAZIER. Mr. President, I now enter a motion to reconsider the vote by which the identical Senate bill no. 1135 was passed.

The VICE PRESIDENT. The motion will be entered.

Mr. FRAZIER. I move that the House be requested to return to the Senate the Senate bill no. 1135.

The motion was agreed to.

AMERICA MUST DEFEND HERSELF—ARTICLE BY HON. JAMES W. GERARD

Mr. COPELAND. Mr. President, I send to the desk an article appearing in Liberty magazine of the issue of April 7, 1934, by Hon. James W. Gerard, former United States Ambassador to Germany, entitled "America Must Defend Herself", which I ask to have printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From Liberty, Apr. 7, 1934]

"AMERICA MUST DEFEND HERSELF"—A PLEA FOR AN ECONOMIC DECLARATION OF INDEPENDENCE

(By James W. Gerard, chairman of the Committee for America Self-Contained, former United States Ambassador to Germany)

Last year Japan swamped the United States with 79,000,000 electric-light bulbs. Japan can undersell American manufacturers because of her low standard of living. However, it is not only the Japanese against whom America must defend herself industrially but the whole world.

The committee of which I am chairman is submitting the following principles to the American people:

1. America's interests are basically different from those of other nations.

We must start by solving our own problems.

2. Science has made America self-contained.

There are now very few essentials that we cannot grow or make. Consequently we are free to choose our international trade contacts and to import and export at will.

3. Self-containment spells plenty for Americans.

Once we are free from entangling alliances we can distribute our plentiful resources among our own people.

4. We can abolish our poverty only by freeing ourselves from the world's poverty.

Now is the time to build for the future of the American standard of living.

5. We must put our foreign trade on a sound bookkeeping basis.

Call it barter if you will. It is a matter of simple arithmetic. We need coffee, tea, rubber, cocoa, sugar, raw silk, some tropical fruits, tin, manganese, and some lesser metals. Aside from these, we can produce everything we need within our own borders. We can dispense with silk by substituting rayon. We can grow tropical fruit in our own possessions. We are progressing toward self-containment in potash and nitrates; looking forward to it even in rubber. However, for some things we depend upon foreign nations, and will for some time to come. But we can choose the markets from which to buy. We should never buy where we can-

not sell. And we propose to reserve for American labor the manufacture of our raw materials.

Above all, as Samuel Crowther points out in his book, America Self-Contained, we must extricate ourselves from economic illusion. The war loans turned us "export crazy." We set out to capture the trade of the world. Had we kept bookkeeping accounts of these transactions we might have asked ourselves whether our debtors would have the capacity to pay in money, or how they could repay us in goods without crippling or destroying American industries. We learned nothing even after the crash of 1920. We kept no international ledger. By 1924 our bankers were again squandering loans abroad. Three crusades followed:

The crusade of salesmen—who found that they could sell anything anywhere on credit.

The bankers' crusade. They found no bad credit risks anywhere.

The crusade of captains of industry. Among other things, they installed plants abroad which manufactured articles we had formerly supplied.

The Department of Commerce estimates our private long-term investments abroad by the end of 1932 at more than $15,000,000,000. We proceeded on the theory that the money which we were so freely scattering in Europe would purchase American goods. The facts do not support this theory. The exports by no means increased with the loans. Much of the money went to purchase American securities and to create demand deposits, which amounted to some $3,000,000,000 in 1929. This means, according to Mr. Crowther, that we gave to foreigners the right to claim and ship overseas practically the entire gold stock of the United States. In other words, we gave to foreign interests the right to control our domestic credit.

Nor is this all. Part of our money was used to equip foreign plants with American machinery which eventually made foreign countries independent of our products. We shipped goods for I O U's. We lent money to destroy our own business.

What we need is a broad tariff policy adapted to the principles of self-containment. To have this:

1. Raise tariffs upon all manufactured goods to such heights that all foreign goods will be put into the extreme luxury class.

2. Prohibit the import of any raw materials which we mine or grow or that our chemistry can now produce.

3. Certain safeguards would have to be taken to avoid inconveniences caused by shortages. There is no point, furthermore, in striving for self-containment at one bound. Since we do not need to purchase from abroad, our imports would be incidental to collecting debts.

Taking the 1922–26 averages, our restricted imports would amount to about one and one half billions as against nearly four billions during the same period. The actual amount, however, would be regulated by the reading in our international balance.

President Roosevelt's note to the London Conference emphasized the basic idea of American self-containment. The National Recovery Act is a step in the same direction.

Through perfect balance, free of disruptive foreign influence and with all international money dealings passing through and visaed by the Federal Reserve banks, we would control all factors in our domestic economy and plentifully distribute our great wealth among ourselves. Then, and only then, shall we cease to be at the mercy of too much or too little rain in far parts of the earth, or of speculators in continental bourses.

We have paid and shall continue to pay dearly for our mistakes. We should profit by them. We know the factors with which we must deal. We see the direction in which our recovery and prosperity lie. United, we must head that way.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 8402) to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes, requested a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. JONES, Mr. FULMER, Mr. DOXEY, Mr. HOPE, and Mr. KINZER were appointed managers on the part of the House at the conference.

The message also announced that the House had passed the bill (S. 326) referring the claims of the Turtle Mountain Band or Bands of Chippewa Indians of North Dakota to the Court of Claims for adjudication and settlement with an amendment, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H.R. 7060. An act to extend the times for commencing and completing the construction of a bridge across the Columbia River near The Dalles, Oreg.;

H.R. 7801. An act to extend the times for commencing and completing the construction of a bridge across the Columbia River at or near The Dalles, Oreg.;

H.R. 7803. An act authorizing the city of East St. Louis, Ill., its successors and assigns, to construct, maintain, and operate a toll bridge across the Mississippi River at or near a point between Morgan and Wash Streets, in the city of St. Louis, Mo., and a point opposite thereto in the city of East St. Louis, Ill.;

H.R. 8040. An act granting the consent of Congress to the Iowa State Highway Commission and the Missouri Highway Department to maintain a free bridge already constructed across the Des Moines River near the city of Keokuk, Iowa;

H.R. 8237. An act to legalize a bridge across Black River at or near Pocahontas, Ark.; and

H.R. 8477. An act authorizing the State Road Commission of West Virginia to construct, maintain, and operate a toll bridge across the Potomac River at or near Shepherdstown, Jefferson County, W.Va.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred to the Committee on Commerce:

H.R. 7060. An act to extend the times for commencing and completing the construction of a bridge across the Columbia River near The Dalles, Oreg.;

H.R. 7801. An act to extend the times for commencing and completing the construction of a bridge across the Columbia River at or near The Dalles, Oreg.;

H.R. 7803. An act authorizing the city of East St. Louis, Ill., its successors and assigns, to construct, maintain, and operate a toll bridge across the Mississippi River at or near a point between Morgan and Wash Streets, in the city of St. Louis, Mo., and a point opposite thereto in the city of East St. Louis, Ill.;

H.R. 8040. An act granting the consent of Congress to the Iowa State Highway Commission and the Missouri Highway Department to maintain a free bridge already constructed across the Des Moines River near the city of Keokuk, Iowa;

H.R. 8237. An act to legalize a bridge across Black River at or near Pocahontas, Ark.; and

H.R. 8477. An act authorizing the State Road Commission of West Virginia to construct, maintain, and operate a toll bridge across the Potomac River at or near Shepherdstown, Jefferson County, W.Va.

INTERNAL-REVENUE TAXATION

The Senate resumed the consideration of the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes.

The VICE PRESIDENT. The Chair does not know whether the Senator from Louisiana desires recognition at this time or not. The RECORD shows that a unanimous-consent agreement was entered into on yesterday afternoon, to which the Senator from Louisiana said he would agree, provided he was recognized this morning. Is the Senator from Louisiana seeking recognition?

Mr. LONG. I am.

The VICE PRESIDENT. The Senator from Louisiana is recognized.

Mr. CLARK. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from Missouri?

Mr. LONG. I yield.

Mr. CLARK. I send to the desk two amendments to the pending bill, which I ask to have printed in the RECORD for information, and to be printed and lie on the table.

The amendments submitted by Mr. CLARK are as follows:

Amendment intended to be proposed by Mr. CLARK to the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes, viz: On page 13, line 14, strike out "in excess of the credit against net income provided in section 26."

On page 14, at the end of line 20, insert the following:

"Interest upon obligations of the United States or its possessions, or of any State, Territory, or any political subdivision thereof, or the District of Columbia; or upon obligations of any instrumentality of the United States or any possession thereof, or of any instrumentality of any State, Territory, or any political

subdivision thereof, or of the District of Columbia, shall be included in gross income."

On page 16, beginning with line 23, strike out through line 19, on page 17.

On page 19, beginning in line 23, strike out "on indebtedness incurred or continued to purchase or carry, or the proceeds of which were used to purchase or carry, obligations or securities (other than obligations of the United States issued after September 24, 1917, and originally subscribed for by the taxpayer) the interest upon which is wholly exempt from the taxes imposed by this title, or."

On page 30, strike out lines 5 to 17, inclusive.

On page 33, strike out lines 12 to 18, inclusive.

On page 137, lines 16 and 17 and lines 21 and 22, strike out "in excess of the credit provided in subsection (c) of this section."

On page 138, strike out lines 1 to 6, inclusive.

On page 138, strike out beginning with line 24 down through line 2, on page 139.

On page 141, strike out after "indebtedness", in line 8, down through "title", in line 14.

On page 146, strike out lines 9 to 12, inclusive.

On page 146, strike out beginning in line 23 down through line 3, on page 147.

On page 159, line 10, strike out "in addition to the credit provided in section 26".

On page 245, after line 13, insert the following: "If the application of this act with respect to the taxation of the interest upon any obligation of the United States or its possessions, or of any State, Territory, or any political subdivision thereof, or the District of Columbia, or upon any obligation of any instrumentality of the United States or any possession thereof, or of any instrumentality of any State, Territory, or any political subdivision thereof, or of the District of Columbia, is held unconstitutional, so that the interest on such obligation is held to be wholly exempt from Federal income taxation, no deduction shall be allowed on interest paid or accrued within the taxable year on indebtedness incurred or continued to purchase or carry such obligation."

Amendment intended to be proposed by Mr. CLARK to the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes, viz: On page 237, after line 20, to insert the following:

"SEC. —. Termination of tax on certain imported articles: The tax imposed by the following paragraphs of section 601(c) of the Revenue Act of 1932 shall not apply to articles imported after the date of the enactment of this act: Paragraph (1) (relating to lubricating oils); paragraph (4) (relating to crude petroleum and refined products thereof); paragraph (5) (relating to coal); paragraph (6) (relating to lumber); and paragraph (7) (relating to copper and copper products).

Mr. COPELAND. Mr. President, will the Senator from Louisiana yield?

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from New York?

Mr. LONG. I yield.

Mr. COPELAND. May I ask the Senator in charge of the bill a question?

Mr. HARRISON. Certainly.

Mr. COPELAND. This morning I was approached by gentlemen interested in furs. They seem to be quite distressed over a section of the bill adopted yesterday. What can the Senator from Mississippi tell me about that section?

Mr. HARRISON. What happened with reference to fur was that the House made no change in the text of the bill as reported to the House. When the bill came to the Senate Committee on Finance, the committee recommended that furs of $20 or less in value be exempted from the tax, and that provision was adopted yesterday by the Senate.

Mr. COPELAND. That is to say, those interested in the fur business are that much better off than they were under the bill as it came from the House?

Mr. HARRISON. Yes.

Mr. COPELAND. Was the committee in unity in the belief that that was the best that could be done?

Mr. HARRISON. That was their uniform belief.

Mr. COPELAND. Does the Senator believe it would be useless for me to press the matter further at this time?

Mr. HARRISON. I am afraid the Senator might lose what we have gained.

Mr. COPELAND. Then, I think perhaps I had better not press it further. I thank the Senator.

Mr. FESS. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. FESS. Are we operating under a limitation of debate?

The VICE PRESIDENT. Yes; and the Senator from Louisiana [Mr. LONG] has had the floor 4 minutes.

Mr. LONG. Mr. President, I did not know my time was being used. However, I am not going to need the entire 30 minutes to which I am entitled.

On yesterday my friend the senior Senator from Ohio [Mr. FESS] propounded a question to me, the full effect of which I did not grasp at the time, and I did not make the answer which I would have made had I understood his inquiry. I want to take the opportunity while the Senator from Ohio is here to give him a better answer. I have quite a little authority for the answer which I am going to make.

The Senator from Ohio wanted to know what is going to be done with men like the man who runs the National Cash Register business and other equally important men of that type. The Senator seems to think that any effort to strike at the amount of fortunes such men hold is an indictment against the men themselves. Yet the facts are that these men are today enveloping themselves in a sea that is paralyzed in business. They cannot trade with one another and go very far.

I venture the statement today that a large part of the physical property of Mr. Patterson, of the National Cash Register Co., is tied up in his own plants. He has probably spent in that way a great deal of the earnings he has had in other lines before this year. Today these very men, big and strong as they are, find themselves with nobody for customers except themselves; that is, to an extent that is not compensatory in the businesses they are operating.

I found last night a book from which I quoted sometime ago, and I took occasion to extract a few paragraphs from it. I am going to ask the clerk to read the extract. I have digested several hundred pages into a couple of typewritten sheets, and I hope I may have the careful attention of the Senate as the clerk reads.

The VICE PRESIDENT. Without objection, the clerk will read, as requested.

The Chief Clerk read as follows:

[Extracted from the Epic of America, by James Truslow Adams]

Conditions adapted for a more or less equalitarian society, combined with the new technology, began to create an unprecedented gulf between the wage earner and the incipient billionaire. * * * The size of individual fortunes had been growing with each generation * * * in an alarming degree. * * * There seemed room for everything except the heart of man and the old independence of the individual to work out his own life and scale of values * * * (prior to 1914). We had our minds intensely focused on moral problems and the effort to work out ways and means of making our own land a better and cleaner one in all its aspects. * * * The progress that was at last being made in controlling instead of destroying big business all seemed to promise the nearer fulfillment of the American dream. Suddenly the whole of western European civilization appeared to have burst into flames. * * *

Statistics when used nationally can be very misleading, and although it was true that the national wealth had been enormously increased and that the country was prosperous, the new wealth was very unevenly distributed. * * * In a modern industrial state an economic base is essential for all. We point with pride to our national income, but the Nation is only an aggregate of individual men and women, and when we turn from the single figure of total income to the incomes of individuals, we find a marked injustice in its distribution. There is no reason why wealth, which is a social product, should not be more equitably controlled and distributed in the interests of society. * * *

A system that steadily increases the gulf between the ordinary man and the superrich, that permits the resources of society to be gathered into personal fortunes that afford their owners millions of income a year, with only the chance that here and there a few may be moved to confer some of their surplus upon the public in ways chosen wholly by themselves, is assuredly a wastefull and unjust system. * * * Nor is it likely to be voluntarily altered by those who benefit most by it. No ruling class has ever willingly abdicated.

The members of the Morgan and Rockefeller groups together (about 1903—it is far worse now) held 341 directorships in 112 banks, railroads, insurance, and other corporations, having aggregate resources under their control of $22,245,000,000. In an after-dinner speech, one of the group made the tactical mistake of declaring that it had been said that the business of the United States was then controlled by 12 men, of whom he was one, and that the statement was true. This remark, made among friends, was deleted from the printed report of the speech when given to the public, but the public was well enough aware of the general situation without such an admission. Never before had such colossal power concentrated so rapidly into the hands of a few,

whether we consider the resources and income at their command, the population affected by their orders and acts, or the millions of persons in their direct employ.

Mr. LONG. Mr. President, that statement was made in 1903 at a meeting of bankers. As the incident is recorded by Mr. Adams in his very splendid book called "The Epic of America", one of them rose and said:

The statement has been made that 12 men in America control all of its business.

He said:

I am here to tell you that that is true, and I am one of the 12.

That statement was deleted from some of the current newspaper reports; but the fact that it was made is well known, and it is recorded by Mr. Adams in this splendid book that has been given to the country. Today there is only one difference: Instead of there being 12 men who control the business of America, Mr. President, there probably are not more than 4 today.

When you go outside the pale of influence in business of the Rockefeller families and the Morgan connections and the Mellon connections you go outside the business of America; and their influence even extends into foreign countries.

There is not a business in America today, there is not any kind of an industry in America today; there are not in the whole United States today as many people as could be put on the soil of this city alone, whose business is not directly or indirectly controlled by the three fortune-holding elements of Morgan, Mellon, and Rockefeller. The only difference is that today there are 3 instead of 12. There is not a single institution of any magnitude at all in America today that is not in their grasp and in their control; and, beyond that, their influence is such that it affects everything else, regardless of how little or how big it is, even to the tie hacker who works away in the woods by himself.

I spoke so long on this subject yesterday afternoon that I am going to conclude by sending up to the desk what I extracted from the Bible last night in addition to what I handed in yesterday.

The laws of the Scripture which I gave to the Senate yesterday are in the report of the speech I made. There were certain things enjoined upon us and certain things forbidden by these laws. In addition, there was a statement as to what would happen to a country that observed these laws, and what would happen to a country that did not observe these laws. I am going to send to the desk some further extracts I have made, and ask the clerk to give me the benefit of his voice in reading them.

The VICE PRESIDENT. Without objection, the clerk will read, as requested.

The Chief Clerk read as follows:

If ye walk in my statutes * * * ye shall eat your bread to the full, and dwell in your land safely.

And I will give peace in the land, and ye shall lie down, and none shall make you afraid.

* * * * * * *

And if ye shall despise my statutes, or * * * break my covenant * * * I will even appoint over you terror, consumption, and the burning ague * * * and cause sorrow of heart. (Leviticus 26:3–17.)

Who gave Jacob for a spoil, and Israel to the robbers? did not the Lord * * *? for they would not walk in His ways, neither were they obedient unto His law. (Isaiah 42:24.)

Did not Moses give you the law, and yet none of you keepeth the law? (St. John 7:19.)

Mr. LONG. And thus, today, America ignores God's law; it allows all wealth and income to be concentrated in the hands of the few, while the millions starve in the midst of plenty.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Wisconsin [Mr. LA FOLLETTE].

Mr. LA FOLLETTE. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. McNARY. Mr. President, I note the absence of the Senator from Mississippi [Mr. HARRISON]; and I suggest the absence of a quorum.

The VICE PRESIDENT. The absence of a quorum being suggested, the clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Johnson	Patterson
Ashurst	Costigan	Kean	Pope
Austin	Couzens	Keyes	Reed
Bachman	Davis	King	Reynolds
Bailey	Dickinson	La Follette	Robinson, Ark.
Bankhead	Dieterich	Lewis	Robinson, Ind.
Barbour	Dill	Logan	Russell
Barkley	Duffy	Lonergan	Schall
Black	Erickson	Long	Sheppard
Bone	Fess	McAdoo	Shipstead
Borah	Fletcher	McCarran	Smith
Brown	Frazier	McGill	Steiwer
Bulkley	George	McKellar	Thomas, Okla.
Bulow	Gibson	McNary	Thomas, Utah
Byrd	Goldsborough	Metcalf	Thompson
Byrnes	Gore	Murphy	Townsend
Capper	Hale	Neely	Tydings
Caraway	Harrison	Norbeck	Vandenberg
Carey	Hastings	Norris	Van Nuys
Clark	Hatch	Nye	Wagner
Connally	Hayden	O'Mahoney	Walsh
Coolidge	Hebert	Overton	White

The VICE PRESIDENT. Eighty-eight Senators have answered to their names. A quorum is present. The question is on the amendment of the Senator from Wisconsin [Mr. LA FOLLETTE].

Mr. HARRISON. Mr. President, I desire to make a brief statement as to the differences between the amendment offered by the Senator from Wisconsin and the action of the Committee on Finance, as well as of the House.

I shall make no attempt to reply to surplus remarks made on yesterday. I shall offer no defense of what this side of the aisle did during the Hoover administration. It needs no defense on the part of good Democrats, and I am sure the country appreciates the fact, when men charged with a high responsibility here attempt to cooperate in trying to bring this country back to economic normalcy.

Of course, the leader on this side of the aisle needs no eulogy from me, because what is in my heart, my estimate of him and his labors and services here, are shared by every Member of the Senate on both sides of the aisle, with possibly one exception.

Mr. LONG. Mr. President——

The PRESIDING OFFICER (Mr. BAILEY in the chair). Does the Senator from Mississippi yield to the Senator from Louisiana?

Mr. HARRISON. I yield.

Mr. LONG. In speaking of the leadership, I had more particularly in mind, as well as anybody else, the Senator from Mississippi. I was not speaking only of the Senator from Arkansas. When I spoke of the leadership, I think the Senator knows I certainly had him in mind for the tax policy he has pursued. He need make no defense of anyone else; let him take care of himself.

Mr. HARRISON. I am glad the Senator looks on me as being included in the leadership. But if others care no more about his estimate of me than I care about it, it makes no difference, because in my view the opinion of the Senator from Louisiana is less respected by the Membership of this body as a whole and by the country than that of any other Senator here.

Now, Mr. President, I desire to proceed.

Mr. LONG. Mr. President——

Mr. HARRISON. I wish to proceed.

Mr. LONG. A parliamentary inquiry. Would it be pertinent for it to be shown that the people of Mississippi thought so little of the Senator's opinions as to elect as Governor someone other than the candidate of the Senator?

Mr. HARRISON. The people of Mississippi have been quite generous to me. I have never been defeated for political office yet, and I will be a candidate for reelection when the time comes.

Now, Mr. President, I desire to discuss the matter before us. Men honestly differ on the question of the rates of taxation which should be imposed. I have the highest regard for the opinions of those Senators who believe that high surtaxes should be imposed, because in most instances

they believe that that is the proper thing to do. Those of us who do not support every amendment that is offered to increase the high surtaxes should not be put in the category of those who are not in favor of the imposition of fair and equitable taxes. The history of the Democratic Party shows that it believes in the income tax, that it believes it is a fair tax, and that people should pay according to ability to pay.

It was not so long ago, in 1913, that the first income tax was imposed, and at that time the normal tax was 1 percent. In 1916 it was raised to 2 percent. Following that the taxes were increased, and just for the RECORD and for the information of Senators I shall give the figures.

In 1918 when the war was on and we needed money, we increased the normal rates to 6 and 12 percent, and the surtax to 65 percent. That is the highest surtax we have ever imposed in the history of the country.

When the Treasury began to recoup we immediately reduced the normal rates to 4 and 8 percent, leaving the surtax at 65 percent until 1921. Then we began to pile up surpluses, as the Senate remembers, and in 1922 we all joined, without division, in reducing the income taxes. In other words, the opinion was that no country could prosper if it tried to exact more taxes from the people than were required for the ordinary expenses of the Government; and that is a very just principle to follow, and a very true theory.

In 1924, 2 years later, when surpluses were piling up, and the country was more prosperous, we reduced the normal rates still further, to 2, 4, and 6 percent, and reduced the surtax to 40 percent.

In 1930 we reduced the normal rates again, to 1½ and 3 and 5 percent, and the surtax down to as low as 20 percent.

In 1932 we needed money, and we increased the taxes again, the normal rates from 1½, 3, and 5 percent to 4 and 8 percent, and we increased the surtax in the highest brackets from 20 percent to 55 percent, and today under the law the highest surtaxes are 63 percent.

Mr. LA FOLLETTE. Mr. President, may we have order in the Chamber? I am sure every Senator wishes to hear the remarks of the Senator from Mississippi.

The PRESIDING OFFICER. The Senate will be in order.

Mr. HARRISON. Mr. President, the highest surtax today in the highest brackets is 63 percent. In other words, 63 cents out of every dollar, in the highest brackets, goes into the Treasury of the United States in the form of income tax. We are not letting wealth get out so badly in that regard.

In the pending bill we have reduced the normal tax, in order to catch the tax-exempt securities, from 8 to 4 percent, and we have given a corresponding increase in surtaxes, making the surtax 59 percent. So, if the committee amendment shall be agreed to and this bill shall be enacted, in the highest brackets 63 cents out of every dollar will be paid to the Federal Government. So no one can say that we are not making wealth pay its just proportion of the expense of running the Government.

In addition to that, Mr. President, in the bill we have increased the existing 1-percent penalty on consolidated returns of corporations to 2 percent, and the last time we passed a revenue bill we increased the rate on corporations to 13¾ percent. Then, too, we have tried to plug the loopholes through which the rich have been evading taxes; and we have plugged them to a large extent. We may not have plugged them in every instance, but certainly the Committee on Ways and Means and the Committee on Finance have been most diligent in trying to so frame the law that the rich might not escape their just taxes.

Mr. President, let us see what has been the effect of what we have done. If I believed that the adoption of the pending amendment would hasten economic recovery and result in the collection of more taxes, I would support it. I may be wrong in my opinion, but I have a belief, which amounts to a conviction, that there is a certain line to which we may go, and that if we go beyond that we will hamper legitimate investment. If the La Follette amendment were the law, if a man who had money to invest were required to pay as taxes 77 cents out of every dollar he earned, what would he do? Would he go into the uncertainties and the doubts and the hazards of some business investment which might employ labor, which might take up the unemployment of the country? No; he would invest in tax-exempt securities.

Mr. LA FOLLETTE. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. LA FOLLETTE. The Senator stated that my amendment would take 77 cents out of every dollar.

Mr. HARRISON. In the highest brackets.

Mr. LA FOLLETTE. The Senator means that, taking the surtax and the normal tax rate and adding them together, it would take 77 cents out of every dollar of income above a million dollars.

Mr. HARRISON. I said in the highest brackets, and adding the normal tax and the surtax. Of course, exemptions come out.

Mr. LA FOLLETTE. I simply wanted to correct the Senator's statement, because he said it would be 77 cents out of every dollar an individual earned, and that is not correct. It is in the top brackets, that part of the income above a million dollars, on which the individual would pay that rate.

Mr. HARRISON. I said in the highest bracket, which is over a million dollars.

Mr. President, if a majority of the Senate think we would get the men of great wealth to put money in capital investment after any such increase in surtaxes as is proposed, then vote this amendment into the bill. However, the record discloses that every time we have increased the taxes to such high figures, with perhaps one exception, the revenue has fallen off, and that when we have reduced the taxes to more moderate rates money has poured into legitimate investment, and the Government has received larger returns in revenue.

Here are the facts in relation to that matter. In 1918, during the war, when the normal rates were 6 and 12 percent, and the surtax was 65 percent, the income-tax returns showed $1,128,000,000. In 1928, when the normal tax rates were 1½, 3 and 5 percent, and the surtax maximum was only 20 percent, the returns showed $1,164,000,000.

When we increased the normal rates of tax of 1½ and 3 and 5 to 4 and 8 percent, and the surtax to 55 percent, in 1932, the revenues of the Government dropped off from $477,000,000, the return in 1930, to $325,000,000, returned in 1932. I could go down the line and cite the figures to show that that has been quite the record of the Treasury.

Mr. President, much is said about the consolidation of wealth; and there is too much consolidation of wealth. The Senator from Wisconsin has offered an amendment, following the action of the Finance Committee, recommending an increase in the estate tax. It is through high estate taxes that we can dissolve large consolidations of wealth. That is where we touch the rich and provide for redistribution of some wealth.

Under the estate tax law prior to 1932 we exempted every estate of $100,000 and less from the payment of an estate tax. In the highest bracket the tax went up to only 20 percent. But in 1932 we reduced the exemption from $100,000 to $50,000, and we raised the highest surtax from 20 percent to 45 percent, and we will receive much money from that. But we propose to go even further in that respect than we went in the 1932 law. The Committee on Finance recommended that the rates be increased from that maximum of 45 percent to 50 percent.

Personally I do not know whether the Senator from Wisconsin wants to accept that recommendation or not. I suggested to him that in his estate-tax amendment, where he proposes to reduce exemptions from $50,000 to $25,000, he reduce the exemption to $40,000. It must not be overlooked that many States tax the small estates quite heavily, and we do not desire to double up on such taxes too much. The committee would accept the suggestion to go as high as a

60-percent tax in the highest brackets on estates and to lower the exemption from $50,000 to $40,000. In that way we might get at the consolidation of wealth and provide for redistribution of large fortunes in this country.

But, Mr. President, when we start to put unreasonably high surtaxes, such as 71 percent, together with the 6-percent normal rate, we are likely to undo what we hope we have done in part and what we are striving to do, which is to start the wheels of industry going, to take up the slack of unemployment, and to continue the program of economic recovery.

Do we need the money at this time? Senators say we do; that we must provide the money for the purpose of giving relief in this country. That is true. We must carry on some relief. But, Mr. President, I know of no Congress that has in a tax bill increased taxes more than the levy of taxes suggested by the administration officials.

Why should we pile up taxes in these times of distress simply to have the money expended lavishly in the building of something that might be put off at this particular time? I know that when we get huge sums of money into the Treasury it is an encouragement to those who hold the purse strings and direct the expenditures to spend more than should be expended.

Mind you, payment day will come, and we ought to try to balance the Budget. We ought to make expenditures and receipts balance. There has been no request from the administration of a proposal to increase taxes more than we have increased them.

The President suggested that $150,000,000 could be raised through administrative changes in the tax law by plugging up the loopholes, and so on.

The bill as it came to us from the House provided for an estimated increase of $258,000,000.

The other day Congress overrode the President's veto. I have no quarrel with any Senator who voted to override the President's veto, and I would be the last one in the Senate to try to criticize Senators for their votes on that occasion. I believe that those who so voted voted conscientiously. I voted to sustain the President's veto. But, Mr. President, let us see what excuse there is now, simply because Senators overrode the President's veto, for piling up higher taxes. The facts are, with reference to what was done by the Senate in overriding the veto, that the cost of government has increased. Here are the facts: It will cost $27,000,000 more for the remainder of this fiscal year to pay what we gave to the employees of the Federal Government. It will cost between $62,000,000 and $70,000,000 more during the next fiscal year to take care of the provisions of that law with respect to increased wages to the Government employees. There is an increase by virtue of the change in the Veterans' Administration to $82,000,000, as carried in the plan adopted by the Congress, from $22,000,000 in the plan suggested by the administration. In other words, there will be an increased expenditure of about $60,000,000 for that purpose. In all, the increase will amount to approximately $150,000,000.

Bear in mind, Senators, that in the President's message concerning the repeal of the eighteenth amendment he or those under him estimated that we would receive from liquor taxes an increase of only $50,000,000. Every expert with whom I have talked believes we will get $200,000,000 from that source, or $150,000,000 more than was suggested in the President's message, as estimated by the Bureau of the Budget, with respect to the liquor tax. So we are not in such terrible condition as some would paint.

Let us not try to put more taxes on the people than are required for the orderly and economic administration of the Government. I hope, Mr. President, that the amendment offered by the Senator from Wisconsin [Mr. LA FOLLETTE] will be defeated and that the recommendations of the committee will be accepted.

Mr. LONG. Mr. President, my friend from Mississippi has taken occasion to make insulting remarks about me——

Mr. HARRISON. Mr. President, I rise to a point of order.

The PRESIDING OFFICER (Mr. BAILEY in the chair). The Senator from Louisiana is recognized only for the purpose of stating a matter of personal privilege.

Mr. LONG. I am going to state a matter of personal privilege. The Senator from Mississippi, Mr. President, has made a speech here on the floor of the Senate in which he has attacked me personally. He has stated that he knows of no one in the United States Senate whose opinion is so little regarded as mine. He has seen fit to make that remark, and he has seen fit to extend the challenge for the future in political campaigns. He has seen fit to extend a challenge which I did not ask him to extend. I want the Senator to know that his challenge will be accepted.

Mr. ROBINSON of Arkansas. Mr. President, I rise to a point of order.

The PRESIDING OFFICER. The Senator from Arkansas will state the point of order.

Mr. ROBINSON of Arkansas. The Senator from Louisiana is not stating a matter of personal privilege.

Mr. LONG. I have some time left on the pending amendment. I have 25 minutes left.

The PRESIDING OFFICER. The Chair rules that the Senator has no time whatever left on the amendment now pending.

Mr. LONG. Then, Mr. President, I will ask whether there is any objection to my replying to the remark that has been made by the Senator from Mississippi concerning myself?

The PRESIDING OFFICER. There are objections. The Senator may state his question of personal privilege——

Mr. LONG. That is what I am stating.

The PRESIDING OFFICER. And confine himself wholly to that.

Mr. LONG. That is all. I am stating a personal matter between myself and the Senator from Mississippi. I do not see why the Senator should have made his statement, Mr. President, in referring to the attack which he says is made on the leadership. I made no attack on the leadership in this body. I stated what the Senator from Mississippi says himself. After having made the attack, he then goes ahead and reaffirms what I stated here on the floor. I said, speaking of what was done with reference to the tax bill which came out of Congress last year——

Mr. HARRISON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Mississippi?

Mr. LONG. No, sir, Mr. President; I do not yield to the Senator.

Mr. HARRISON. Mr. President, I make the point of order that the Senator from Louisiana is violating the rule which was agreed to yesterday, to which he subscribed, that no Senator should speak more than once or longer than 30 minutes on the pending amendment.

Mr. LONG. All right; I will yield——

The PRESIDING OFFICER. For the second time the Chair will say that the Senator must confine himself wholly to the question of personal privilege.

Mr. LONG. I yield the floor, and I announce that I will speak as soon as the Senate has disposed of the bill. I will then take up the case of the Senator from Mississippi.

Mr. NORRIS. Mr. President, in what I shall say with respect to the pending amendment I am going to assume that everyone in the Senate is acting in good faith. I will only digress long enough to say to the brethren on the other side, how pleasant it is "to see brethren dwell together in unity." I hope when the surface matters have been cleared up we will all look at the pending amendment as one involving the best interests of our common country.

I have no fault to find with a man who is satisfied with the committee amendment, if he believes that the rates provided by it are as high as we should go. I agree with the Senator from Mississippi [Mr. HARRISON] that our taxation should be modeled according to the expenditures and in accordance with the expenses of the Government. We have never been presented with a greater need on the part of the Government for the immediate expenditure of money,

the appropriation of money, and raising of money than we are presented with at this moment.

The Senator from Mississippi [Mr. HARRISON] referred to the high tax we levied during the war. Mr. President, at the moment when we levied that tax we were not presented with as difficult a financial condition as confronts us now. Our country was practically free from bonded indebtedness.

As I remember, we levied a tax then that amounted to 67 percent. We went on with the war; we from time to time issued bonds; we loaned eleven billion or twelve billion dollars to other nations engaged in the war, and while that immense debt was confronting us, such a debt as never before had been dreamed of in our country, there came this terrible depression, worse in its economic aspects than any condition which had ever confronted us at any time during the war. There never was a moment when there was any doubt in any man's mind about the stability of our Government or about our ability to raise sufficient funds to prosecute the war; but now we are confronted with another war, presenting in a financial way a greater question than was ever before presented, and we are confronted with that problem at a time when we have the greatest indebtedness we have ever had in the history of our country. So if there ever was an excuse for a high rate of taxation it is now; it is now, Senators, much more than it was during the heat of that terrible war.

It is always unpleasant to levy taxes; it is not an easy task for the legislators to levy them. However, we are now confronted with a necessity because of which we are called upon to do many things we do not like to do. We are confronted with the fact that we are expending, and are very likely going to continue to expend for several years, more money with which to carry on our Government than has ever been expended previously.

The people, the ordinary man and the ordinary woman, cannot stand the burden. We must raise the money somewhere, and, without any ill will, without any intention of imposing a hardship upon anyone, we must go where the money is in order to get it. It is always a wise thing when we are levying a tax to see how much money the taxpayer will have left after he shall have paid his tax. Let us take this amendment. In the first place, remember these incomes are all net, representing what remains after all deductions allowed by law are first taken out. Suppose one has a net income of $10,000—and, Mr. President, millions and millions of our people would shout in joy today if they had anything like a $10,000 income—a man having an income of that amount, if this amendment shall become a law, after he shall have paid his tax, will have left, in round numbers, an income of $9,000. How many of our constituents, how many of our people have such an income? There are millions of them who are suffering because they have no income at all. The imposition of such a tax would not be a hardship. A man who is in receipt of a net income of $10,000 ought to be satisfied if he is left a profit of $9,000.

Suppose the taxpayer has a net income of $25,000. After he had paid his tax, if this amendment should become a law he would have left, in round numbers, $21,500. That would keep the wolf from the door in these times. The man who, after he has paid his tax, has left $21,500 should not have great difficulty in getting along. Most of our people would be satisfied if they had that much property. This, though, is income we are talking about; this is income in 1 year amounting to $21,500 after the tax is paid. If a man has an income of $25,000 he ought to rejoice that he is able, in these days, to make a contribution of $3,500 for the support of his Government that is now on the verge of financial bankruptcy in a great many respects.

But suppose the taxpayer has a net income of $50,000; after he has paid his tax out of that he will have, in round numbers, $37,000 left. That would keep quite a large family. The man who has that much income left is not suffering from want; we have done no hardship to that man, we have not injured him. We have left him not $37,000 of property, but we have left him $37,000 of profit in 1 year. If he had the same income the following year, and so on, he would not live very many years at least until he would feel that there would not be any danger of the poorhouse gathering him in.

Suppose the taxpayer has a net income of a hundred thousand dollars. After he has made his tax contribution to his Government he has $57,000 left. He is pretty well fixed; he has a profit, a net profit, of $57,000. That is more than most men earn in a lifetime of toil. Our constituents at home do not have that much money, including all their property; but we have left the man with an income of $100,000 with a profit in 1 year of $57,000.

I think it is a matter of fairness when our country is in need, when we must somewhere get the money, if we can take it from such men and leave them that much profit in a year. We have not injured them thereby; they can live in luxury; they will not know want; they will not know suffering. We are much easier and much more lenient with him than in the case of the man in the smaller bracket who has only an income sufficient to keep his family, even though he has to pay a very much smaller tax. The man with an income of $100,000 a year will not miss the tax he has to pay; he would not know it if he did not look at his books. He will never stop to count it. The tax absolutely does him no injury.

So, on up, the man with $1,000,000 income will have about $284,000 left him in 1 year.

Mr. COUZENS. I think he will have more than that.

Mr. NORRIS. Perhaps he will have more than that. He would not know the tax he paid if he had not signed the check and looked at its size. He cannot miss it from his luxurious income. There are not many of these men, and why should we not take this much of a contribution from them?

So, Mr. President, there is not any idea on the part of those who support this amendment of trying to injure someone; there is not any feeling of enmity against a man because of his wealth; there is not any desire to bring a hardship upon anyone, regardless of his wealth; there is not anyone criticizing him because he is wealthy. He ought to be glad; he ought to rejoice that he is able to make a contribution, we can almost say to charity, because he sees all around him millions of his fellow citizens just as honest as he is and just as patriotic asking for alms. Why, when he has this kind of an income, should he not be willing to contribute to his brothers?

The Senator from Mississippi said that the highest bracket in the amendment, being 77 percent, means that out of every dollar earned the millionaire would have to pay 77 cents in tax. The Senator corrected that statement afterward. He was very fair about it, but I want to emphasize it. Many people believe that the highest bracket in the income-tax law attaches to all of a man's income. They should get away from that idea. It does not do anything of the kind. The 77 percent applies only to the excess above $1,000,000 in any one year, and it ought not to make a millionaire feel as though he had been injured when he has to pay that tax. If I have a net income of $1,000,000 a year that I am allowed to keep, and then 77-percent tax is levied on all above that $1,000,000 a year, I would be a hard-hearted man, it seems to me, if I should object when that levy is made to alleviate the sufferings of humanity and to support the Government under whose laws I made the money. If it were not for those laws, no man would have been able to make that much money; but the country that gave him, whether rightly or wrongly, the legal right to make more than a million dollars of net profit in 1 year will, if this amendment shall go into effect, take 77 percent of all excess over and above $1,000,000 a year. The rate that he would pay on his entire income would be much less, depending, of course, upon the size of the income.

The Senator from Mississippi said that such a tax would drive money out of business. Will a man who is getting, we will say, $50,000 a year net, quit business and not make anything because of this tax? Will the man with a net income of $100,000 quit work because of this amendment

and do nothing and become a pauper? Will the individual, let us say, who is receiving a salary of $200,000 a year—and some of them get more—say, "Rather than pay this tax I will resign my position and not get anything"? If he has the patriotic spirit we all ought to have, and if he has the love of human kindness in his heart, he ought to rejoice that he is holding a position that enables him to build up his country and to save his fellow men to a greater extent than can the ordinary individual on the street. He ought to rejoice that he is enabled to give succor to the unfortunate individual who has a wife and family suffering for lack of food and without proper clothing, shivering with the cold. He ought to rejoice that because he has such a salary he is enabled to make a contribution that the law would require for the benefit of his country and for the benefit of his fellow man.

The Senator from Mississippi said such a tax would drive men out of business. I think there is nothing to that argument. He said they would invest their money in tax-exempt securities. We can remedy that situation, and we are going to have an opportunity before this bill shall be passed to vote on an amendment that, if adopted, will remedy it. There is no reason in my judgment why there should be, in time of peace, any tax-exempt securities. I am not finding fault with the man who has them. It is a natural thing and a legal thing, and sometimes a patriotic thing, to help one's municipality or county or State by investing in such bonds. But we ought to pay, and if we do our duty I think we will pay, a tax on income from that kind of securities.

I do not have the figures on that point, but I think there is perhaps some considerable exaggeration. I am not desirous of leaving any loophole of that kind. Perhaps it would not make much difference in the aggregate, because probably the securities which are now tax-exempt would draw a larger rate of interest; but if we had no such thing as tax-exempt securities it would at least clear the atmosphere of any prejudice that might exist, and to some extent I think rightfully, on account of them.

Mr. FLETCHER. Mr. President, may I interrupt the Senator?

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Florida?

Mr. NORRIS. I yield.

Mr. FLETCHER. Just as an illustration and a point for consideration, let me refer to the farm-loan bonds, which are exempt from taxation. It has been estimated, and I think clearly established, that if those bonds were taxed, the rate of interest charged the farmer would be about 2 percent higher than it now is on his loans. I do not know whether it would be exactly 2 percent, but it would be about that. Where the farmer now gets his loan at 5 percent, if the bonds were not tax exempt, he would have to pay a higher rate of interest. He would have to pay probably 6 or 7 percent for his money.

Mr. NORRIS. As I said, the importance of the question is probably exaggerated, because what we may make on one side we may lose on the other side. But I do not want now to discuss the question the Senator has raised, because later on in the consideration of the bill some amendments are to be offered touching that point, and I propose to discuss the question then rather fully. I do not want to go into it now except to say that, in my judgment, if we had no tax-exempt securities we would relieve ourselves of many difficulties and would raise a lot of additional funds for the Government.

Mr. BLACK. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Alabama?

Mr. NORRIS. I yield.

Mr. BLACK. Before the Senator leaves the question that has been raised that money might be driven out of investment for business purposes, I should like to call his attention to one fact which, it seems to me, is a complete answer. Every movement in the country today is to prevent overproduction. It is claimed that we have too many factories of every kind. None of us has any reason to believe now that if we levy an income tax the people are going to put their money in unprofitable business enterprises. It seems to me there is absolutely nothing to that argument.

Mr. NORRIS. Mr. President, let me pass to the subject which I wanted to take up, because I do not have very much time left.

I started to say when I was interrupted that this amendment, perhaps, would have a tendency to prevent the accumulation of large fortunes, and the concentration of wealth in a few hands. I shall not have time to discuss that subject now; but I desire to say in passing that while I think that would be true, and I am favorably disposed toward the amendment on that account, that is not the reason why I am advocating its adoption now. I believe in its adoption because we must get the money somewhere. We shall get it under this amendment from people who will not miss it. It will not be a hardship, especially on those in the higher brackets. It may work some hardship to those in the higher brackets, but as a rule it will not be a hardship, and we must get the money. Unpleasant though the task may be, somewhere our Government must secure a greater income; and those who are opposed to financial legislation ought to be favorable to an amendment of this kind, because if something of this kind is not done, and other things like it which must be done, we shall have to resort to other means to debase and to cheapen our currency.

Mr. President, I believe as a fundamental proposition that before we can ever return to normal prosperity, before we can ever bring ourselves out of the terrible situation in which we are at this time as a result of the depression, two things must happen. To me, they seem fundamental. One is that the hours of labor must be reduced. The other is that some law must be passed that will bring about a greater distribution of the wealth of the country.

We have now reached a time when the best students of political economy agree that one of the difficulties of our situation is the unequal distribution of wealth, the accumulation of wealth in a few hands. This amendment has a tendency to help out in that respect.

In my opinion, the great remedy to bring that about, which would not inflict a hardship on anyone or do an injustice to anyone, would be increasing the estate or the inheritance tax. If I could be assured that the inheritance tax or the estate tax in this bill would be increased so that it would have that effect, I should not care very much whether this amendment is agreed to or not. We are not going to be able to do that, however, in this bill. We are not going to be able to reach the point we ought to reach and will have to reach some day in order to bring permanent prosperity to our people; so we ought to favor this amendment as tending to do a little to bring that about. We ought to favor it because in its administration it will not inflict a hardship upon any living soul, especially in the higher brackets. The tax will be paid by men who can pay it without any feeling—if they are patriotic—of resentment or prejudice. It will be paid by men who will hardly know that they are paying it, who will not feel it. After all, when some men receive incomes of as much as a million dollars a year, when thousands are living in luxury and never know what want is, while at the same time we have millions of paupers, millions who are starving and suffering, it seems to me it is self-evident that in our country and under our laws there is something wrong.

This amendment will have a tendency to relieve distress, to help the country, and will not injure the man who has money. It seems to me, therefore, that when we are confronted with a proposal of this kind there ought to be—there can be, as I look at it—but one way out. If we do not take this action now, we shall have to do it in the future, when the hardships will be greater. If we do not give relief now, we shall have to give relief when it will be much more needed, when it will be much more urgent, and ultimately we shall come to a time when there must be a division, even though it is not made according to law.

Mr. FRAZIER. Mr. President, I agree very heartily with what the Senator from Nebraska [Mr. NORRIS] has said; and

I desire to take just a minute or two to insert in the RECORD some figures which I find in the hearings before the Senate Finance Committee on the Revenue Act of 1934, on page 34. These figures were put in the record by Benjamin Marsh, of the People's Lobby.

He states that England obtains four times as much from income tax as the United States in proportion to wealth and income. During the fiscal year of each nation—that is, the United States and England—in 1932 the proceeds of the individual and corporation income tax were, in England, figuring the pound at $4.86, $1,781,500,000; in the United States, $1,056,756,697; or an excess in England over the United States of $724,743,303.

In other words, England's revenue in 1932 from income and surtaxes was $724,000,000 more than ours; and Mr. Marsh goes on to state that in the fiscal year 1933 the disproportion was even greater, England getting from those two taxes $1,527,900,000 and the United States only $746,791,404.

Mr. BAILEY. Mr. President, may I ask the Senator a question?

The PRESIDING OFFICER (Mr. LOGAN in the chair). Does the Senator from North Dakota yield to the Senator from North Carolina?

Mr. FRAZIER. Certainly.

Mr. BAILEY. Referring to the statistics which the Senator has read relative to revenue from income taxes as between Great Britain and the United States, is it not a fact that England is deriving that superior revenue by imposing very large taxes on very low incomes, while we are not doing so? Does the Senator mean to assert that England gets her superior revenue from taxes on the wealthy, or does she get it from taxes on the poor? And would the Senator advocate that we put income taxes on people of low incomes?

Mr. FRAZIER. Mr. President, as I understand, a few years ago, when England got behind, and had to raise more money to balance the budget, the English increased their tax levies, especially in the high brackets. I will admit that they probably had more tax on the low incomes also; but they increased the income tax on the high brackets, as I recall, to almost 100 percent.

Mr. BAILEY. Then a tax by England on low incomes is no argument for a tax by America on high ones, is it?

Mr. FRAZIER. They also have a tax over there on high incomes.

Mr. BAILEY. But they do not derive their superior revenue from that tax, and that is the point I have in mind.

Mr. FRAZIER. Yes; I appreciate that, but the fact is that in England they have a very high tax, almost 100 percent, on the incomes in the high brackets.

It has been stated here that a high tax would drive money out of business. I believe our wealthy business men are just as patriotic as the wealthy business men of Great Britain, and I can see no reason why they should not be taxed. I believe that those who are best able to pay should pay the tax. I believe that corporations and business men who are making great profits in these hard times should pay the bulk of the income tax.

Mr. BAILEY. Mr. President, all that may be true; but I am directing the Senator's attention to the fact shown by the statistics he has read, that England derives her superior revenue from taxes on low incomes.

Mr. FRAZIER. I think the figures bear out the statement that we derive a large part of our income from the low brackets, too.

Mr. BAILEY. Relatively less. If the Senator will read the morning papers, I think I can call his attention to a statement——

Mr. FRAZIER. I think it is relatively less; but that is no reason, so far as I can see, why we should not increase the tax on the high brackets at the present time.

Mr. BAILEY. But is the fact that England derives a superior revenue from low incomes a reason why we should impose a heavier tax on high incomes?

Mr. FRAZIER. Not at all. The fact is that England has not by any means as many wealthy corporations in comparison as we have in the United States, because there are better laws, I regret to say, to govern that kind of thing and control the amassing of great wealth in England.

Mr. FESS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Ohio?

Mr. FRAZIER. I do.

Mr. FESS. The last tax bill changed the exemptions in the United States so that the number of income taxpayers under the old law, about 3,000,000, was increased in the recent revision to 6,500,000. That was done by reducing the exemptions. That more than doubled the number on the list of income taxpayers. Have we any data showing how much the tax has been increased by lowering the exemptions, whereby we doubled the number of income taxpayers?

Mr. FRAZIER. I have not the figures, and I have not heard them quoted.

Mr. FESS. That would answer the question of the Senator from North Carolina [Mr. BAILEY].

Mr. FRAZIER. Undoubtedly that brought in a large amount of additional money, but, in my estimation, that is no reason why at this time we should not increase the tax in the high brackets on the very large incomes.

Mr. FESS. Furthermore, the last tax legislation increased the corporation tax about 1 percent.

Mr. FRAZIER. Yes.

Mr. FESS. So there would be a larger amount of taxes by reason of the change of the law, but just how much it would be I do not know.

Mr. FRAZIER. That is perfectly true. I do not know how much it would be, but I wanted to bring out the fact that in England they increased their taxes both on those in the high brackets and on those in the low brackets, but especially on those in the high brackets, taking almost 100 percent, as I recall; and, according to press reports, during the past year England had a surplus of income over expenditures, which we have not had for some time. If we are going to get out of our present great indebtedness, if we are going to balance our Budget, it seems to me the adoption of the La Follette amendment is one of the best ways in which we can raise the increased revenue that is needed at this time.

Mr. GEORGE. Mr. President, if this were a conflict between relatively low income taxes and high income taxes, the argument would be overwhelming in favor of imposing rates high enough to raise at this time, in view of our Treasury needs, considerable income. But that is not exactly the case we have before us now.

Under the bill as it stands, the rate on incomes of a million dollars or over runs as high as 59 percent surtaxes, plus, of course, the normal rate of 4 percent, giving a combined rate of 63 per cent. Even upon incomes between $80,000 and $90,000, the combined rate is 49 percent. That is to say, even upon that comparatively low income, as we have known incomes in the past, 51 cents out of every dollar is saved to the earner or taxpayer, while 49 cents goes into the Treasury.

On incomes between $90,000 and $100,000, the combined tax amounts to 54 percent. That is to say, 54 cents out of every dollar earned, if the taxpayer falls within this bracket, goes to the Government, while he is privileged to retain only 46 cents.

Mr. President, there has been prepared by the experts a table of the rates under the committee bill and under the bill as it is presently revised, under the amendment prepared by the Senator from Utah [Mr. KING], which he will probably urge, and under the La Follette amendment, and I ask that this tabulation be inserted in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

Exhibit 1 is as follows:

Comparison of income-tax rates—Normal rates

	Percent
Committee bill	4
Harrison revision	4
King revision	5
La Follette revision	6

Comparison of income-tax rates—Surtax rates

Net incomes	Committee bill	Harrison revision	King revision	La Follette revision
	Percent	*Percent*	*Percent*	*Percent*
$4,000 to $6,000	4	5	3	6
$6,000 to $8,000	4	7	4	6
$8,000 to $10,000	5	8	5	7½
$10,000 to $12,000	6	9	6	9
$12,000 to $14,000	7	10	7	10½
$14,000 to $16,000	8	11	9	12
$16,000 to $18,000	10	12	11	15
$18,000 to $20,000	12	13	13	18
$20,000 to $22,000	14	15	15	21
$22,000 to $26,000	16	17	17	24
$26,000 to $32,000	18	19	19	27
$32,000 to $38,000	21	21	22	31½
$38,000 to $44,000	24	24	25	36
$44,000 to $50,000	27	27	28	40½
$50,000 to $56,000	30	30	31	45
$56,000 to $62,000	33	33	35	48
$62,000 to $68,000	36	36	40	51
$68,000 to $70,000	39	39	40	54
$70,000 to $74,000	39	39	45	54
$74,000 to $80,000	42	42	45	57
$80,000 to $90,000	45	45	50	60
$90,000 to $100,000	50	50	55	63
$100,000 to $150,000	52	52	60	65
$150,000 to $200,000	53	53	60	66
$200,000 to $300,000	54	54	60	67
$300,000 to $400,000	55	55	60	68
$400,000 to $500,000	56	56	60	69
$500,000 to $750,000	57	57	65	70
$750,000 to $1,000,000	58	58	65	70
Over $1,000,000	59	59	65	71

Mr. GEORGE. Mr. President, I am aware of the fact that many arguments have been advanced against high rates which will not bear close analysis, but when the taxes already imposed are high—and no one can say that they are not high—those arguments have more validity and more force, because they are based upon some sound reasons. They are exaggerated frequently by those who wish to escape just taxes, and they have lost much of their force and effect because they have been so often misused or abused.

Mr. President, the question of imposing and collecting income taxes is a practical thing. We are not considering an ideal or a Utopian situation, and when the distinguished Senator from Nebraska [Mr. NORRIS] recalls to mind the net income, and impresses upon the Senate what the man who earns $10,000 or $15,000 or $20,000 or more has left after the payment of the tax, it sounds very different from what happens in real life, in practical life, in many cases.

When this country comes back—and it is coming back; we have made progress, and real progress—it will come back in inventories; it will not come back in cash money in the pockets of taxpayers. Hoarding was certainly one of the evil practices during the depression. Money was money, and it was kept in liquid form, if I may use the expression. Banks carried liquidity not only to a senseless extreme, but virtually crucified the business of this country and made it impossible for business to go on. So that if we recover—and we shall recover—it will be because we have built up inventories; it will be because we have put men and women back to work making and doing things; increased incomes will not be in cash; they will in many cases be locked up in nonliquid assets.

So let us look at this matter from a practical point of view and understand exactly what we are doing. We may have the little business man, who is operating his mercantile business, with an inventory at the beginning of the year of only $5,000, and, let us say, $1,000 in cash. At the end of the year, let us assume, his inventory is $15,000, and yet he has but $1,000 in cash. If we are not careful in the adjustment of the taxes, we will make it dangerous for a man to increase his income in inventory, in new business.

The income of the country, which will spell the return of prosperity, will be in many cases inventories—money made, it is true, but locked up in nonliquid form, in nonliquid assets.

Mr. President, let us see what burden will be imposed under the bill as it is proposed by the committee, upon the individual business man who has his increased wealth in an inventory, indicating that he has been willing to do business with and for his fellow men; indicating that he has not garnered his money and hoarded it in a liquid reserve; indicating that he has not put it in tax-exempt securities; indicating that he has made a real contribution to the welfare of his country, as well as to his welfare.

Let us take the case of the net income of $10,000. The tax paid, above all municipal taxes, above all State and county taxes, above all special taxes or licenses, under the committee bill as it stands, would be $465. Under the La Follette amendment it would be $600. There is here no great difference.

Let us take the income of $30,000, measured by an increase in the inventory of an active business. Under the committee bill we would take from that income $3,785. Under the La Follette amendment we would take $4,995. It might be said with a great deal of reason that an income of that size could stand such a tax. But let me repeat, if the income is represented in the inventory, not in cash, such a tax would be a heavy burden upon the business of the country.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. COUZENS. I do not know whether or not I understood the Senator correctly, but I understood him to say that if the income had been in inventory, the taxpayer would have to pay an income tax. I do not follow the Senator in that.

Mr. GEORGE. Perhaps the Senator did not understand what I previously said. I illustrated what I am now saying by taking the case of a small business, with an inventory of $5,000 at the beginning of the year, and of $15,000 at the end of the year, but with no greater amount of cash on hand. There is an income, although it is represented entirely by increase in the inventory, increase in the merchandise, in the stocks on hand.

Mr. COUZENS. I do not understand that one would be taxed on an increase in his inventory.

Mr. GEORGE. Oh, yes.

Mr. COUZENS. Certainly there would be no tax if it were a corporation.

Mr. GEORGE. I am not speaking of corporations. The Senator knows we are dealing with individual income taxes. But even a corporation is taxed on its inventory increase.

Mr. COUZENS. It pays on increase in the form of profits.

Mr. GEORGE. That is quite true. I was presupposing the individual taxpayer made a profit.

Mr. President, on a net income of $100,000, under the committee bill, the taxpayer would pay $30,810; under the La Follette amendment he would pay $42,915.

It is easily conceivable that the payment of even $30,810 would be a great strain on an active, going business, and I am speaking for such taxpayers. When it comes to the man who has a money income, who has an investment which is yielding a cash dividend or return, the case is different. This country is in part at least made up of small business, it is made up of small business men, it is made up of merchants and manufacturers, it is made up of those men who do the useful work of the Nation.

Mr. LA FOLLETTE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Wisconsin?

Mr. GEORGE. I yield.

Mr. LA FOLLETTE. Does the Senator from Georgia believe that there are very many businesses of the type he is discussing which are carried on by individuals; businesses which are not incorporated?

Mr. GEORGE. Oh, yes; a great many.

Mr. LA FOLLETTE. All that any individual who is engaged in a business such as the Senator from Georgia describes, and operating on such a scale, would have to do to avoid paying on the profit realized from inventory under the individual income tax would be to incorporate his business.

Mr. GEORGE. No, Mr. President; the Senator from Wisconsin is wrong. He would pay precisely on the same basis, but the rates would be different on the corporation.

Mr. LA FOLLETTE. It would be only 13¾ percent.

Mr. GEORGE. The Senator is quite right.

Mr. LA FOLLETTE. It does not seem logical to me, if the Senator will permit me to say so, to assume that there

are very many businesses, such as the Senator has described, being conducted by individuals under the existing income-tax rate.

Mr. GEORGE. I think the Senator is disposed to minimize the fact that a great many businesses in the country are carried on by individuals. The same principle is applicable to corporate income, so far as that is concerned. Many people derive their incomes or parts thereof from corporate dividends. But I am not discussing the corporation rate at all. I am discussing the individual income-tax rates. I am discussing it, not for the sake of making an argument against a just, even a high tax, but for the purpose of emphasizing, if I may, the full force and effect of legitimate argument against carrying the tax too high. That is my argument.

Mr. LA FOLLETTE. I understood the Senator's argument, and I was endeavoring to follow it, but I cannot see how under the existing rates in the 1932 act there can be very many businesses being conducted on the scale the Senator indicates, which have decided to operate as individual enterprises and pay the high income tax rates as against the 13¾-percent corporation rates which they would pay if they incorporated.

Mr. GEORGE. Mr. President, of course I know that we are doing a tremendous volume of business, a very high percentage of business, through corporations, but nevertheless this levy is on individual incomes, and there are individuals who will be subject to it. What I am trying to say is simply this, that taxes are a practical matter. We talk about net income, and we visualize the man at the end of the year as having earned $10,000 or $15,000 or $20,000, and we visualize his income as in liquid form with which he can readily discharge his tax obligation. The contrary is true. The contrary is true at least in a large number of cases, and therefore the argument ought to be examined, and it ought to be given weight when we are called upon to raise the rates above the relatively high rates in the committee bill, although they are not in excess of some of the committee's rates.

Mr. President, I believe as firmly as anyone in taxing all property, and I will vote as quickly as anyone in the Senate to tax Federal securities, or municipal and State bonds, but I direct attention to a fact brought to my attention but a short time ago, which is that on the day before yesterday $50,000,000 of New York State bonds were sold at an interest rate of 2.88, or less than 3 percent, lower than bonds of that State were ever sold before. Of course they are tax exempt.

We may close our eyes to the fact, if we wish to, but nevertheless this fact speaks louder than any language can say it, that the men who have money to invest are looking for tax-exempt securities. They always will look for tax-exempt securities. So there is a point beyond which we cannot carry rates without endangering our economic and financial and industrial progress, and particularly it seems to me we ought to have regard to that fact in a period like the period of the present depression from which we are emerging.

Mr. President, I am calling attention to the fact that the rates in the committee's bill on all income is relatively high. For that reason I am going to vote for the committee rates rather than the somewhat higher rates proposed by the distinguished Senator from Wisconsin.

We can tax income until the tax will tend to discourage business enterprise, business activity. Just where that point is no one can say. It will vary under varying conditions, beyond all doubts, and any tax has some tendency to discourage active business enterprise if there is an avenue or a shelter under which wealth may shelter itself and escape taxation.

I would be happy to see all securities made taxable, subjected to the Federal income tax. I should be happy to see an equitable distribution of wealth in this country. I recognize the force of every fair argument made for the redistribution of wealth. However, there is but one redistribution of wealth that will be worth anything to the masses of this country or any other country, and that is an economic distribution brought about and supported by principles of public justice which make for a natural rather than an unnatural condition forced by arbitrary measures.

The mere arbitrary redistribution of the wealth of the country means chaos. The redistribution must come through the application of sound principles of public justice and as a step in an evolution which can be greatly aided and greatly facilitated by wise legislation and by the adoption of wise policies.

On that point there is much to be said, and I will go as far as any Member of the Senate may reasonably go in the taxation of estates or the placing of limitations upon the inheritable interest of anyone upon wealth transmitted through death.

Mr. President, I have made these scattering suggestions for the purpose, if I can, of emphasizing what seems to me to be just reasons for supporting a tax that runs as high as 62 percent on incomes of a million dollars and over—59-percent surtax and 4-percent normal rate, making the combined rate of 62 percent.

It may be that there is no insuperable obstacle in going to the higher rates proposed by the Senator from Wisconsin of 77 percent upon a like income—surtax rate of 71 percent plus the 6-percent normal rate, or a combined rate of 77 percent.

The necessity for raising revenue is recognized. The desirability of not increasing our bonded indebtedness, as far as possible, is recognized. But it may be in the present state of our industry and general business that we will get more revenue out of the lower rates, which cannot be said to be low, than we will get from the higher rates suggested by the distinguished Senator from Wisconsin. At least, Mr. President, I believe that we will; and I believe profoundly that during the next 2 years—and this tax act can stand no longer than 2 and possibly no longer than 1 year—it is well to bear in mind that what we need and want in this country is the active dollar—not the liquid dollar—the liquid wealth both at the beginning and end of the tax year.

Mr. COUZENS. Mr. President, I had not intended to speak upon this subject, but the Senator from Georgia seems to have unconsciously misled the Senate with respect to the difference between the corporation tax and the individual income tax. He specifically gave the instance of a taxpayer who had $5,000 in inventory at the beginning of the year and had $15,000 at the end of the year, or, in other words, had added $10,000. In that case, as an individual he would have to pay a tax of $618, while as a corporation he would have $1,375 to pay.

When the income goes up into the higher brackets, the same condition does not apply. For example, if a corporation has an income of $100,000 it pays $13,750, based upon the corporation tax, but an individual with the same income pays $42,993. Obviously the individual would be stupid to operate his business as an individual if from it he derived an income of $100,000, for he has to pay $42,993 of income tax as against a corporation paying $13,750. So, Mr. President, I lose all interest in the Senator's argument about the growth of inventories as applied to individuals, because the individual always has the option of operating as a corporation or as an individual.

Certainly these rates as applied to individual income will not be onerous so far as inventories are concerned. In fact, there are 5 feet of records now piled in the office of the Banking and Currency Committee showing salaries of individuals ranging from $10,000 to $250,000 and $500,000, plus bonuses, which are all received in cash. Certainly, as the Senator from Nebraska [Mr. NORRIS] pointed out this morning, even if the rates proposed shall be assessed against such incomes, there will be quite sufficient left for the recipients to live on, and it cannot be said that a man who is investing his income in inventories will in any sense be affected by these rates. Anyone who operates so that his increase in income is brought about by inventories would be an unwise if not a stupid business man if he failed to incorporate and get a 13¾-percent rate rather than pay the 42-percent rate as, for example, in the case of the $100,000 income.

Mr. President, there is no justification for not adopting these rates. Every taxpayer has all the opportunity he wants in doing business to increase his business, as the Senator from Georgia properly said, under corporate form, and to evade these high individual income taxes.

Mr. President, there is another thing. As I have said, the list of the salaries that were reported by the Federal Trade Commission as a result of the resolution adopted by the Senate under the instigation of the Senator from Colorado [Mr. COSTIGAN] stands about 5 feet high. Those people have been drawing these salaries, in nearly every case, all during the depression, and have in no sense paid a comparable return on their incomes while the rest of the country has been in such great distress. It seems to me if our worthy President is going to gain his objective in bringing about a recovery in business through the expenditure of public money, then certainly those who are benefiting by such expenditure of public money should pay their share toward recovery. When we come to consider the hundreds of thousands of names of individuals who have not contributed, but have had these lucrative salaries all during the depression, there appears to be no reason why they should not now be called upon to pay something toward returning to the Government the money the Government has spent in aiding them to increase their incomes.

Mr. GEORGE. Mr. President, may I call the Senator's attention in his time—because I cannot speak again—to the fact that even in 1933 the income of individuals, exclusive of wages and salaries, amounted to $1,287,883,245, and that the income of partnerships, which, of course, is returned as individual income, amounted to $450,275,907, which is also exclusive of dividends, salaries, and wages. So there are many individuals yet in the United States who are doing business as individuals and whose income in a large number of cases consists of an increase in the corpus of their estates or inventories and not in cash money in the pocket.

Mr. COUZENS. Mr. President, will the Senator respond to a question?

Mr. GEORGE. Certainly.

Mr. COUZENS. Will the Senator tell me why the individual business man, for whom he is pleading, would find any difficulty in increasing his inventory $10,000 if he had to pay $618 in taxes? And that is what this amendment calls for. Yet if he was doing business in corporate form he would have to pay $1,375.

Mr. GEORGE. I understand that.

Mr. COUZENS. Then, why the plea for the individual business man, when he has the option of incorporating himself and getting a lower rate?

Mr. GEORGE. The Senator very well knows that the corporation is subjected to a great many more restrictions than the mere payment of a tax at the rate of 13½ percent upon its net income.

Mr. COUZENS. I thought greater liberality was accorded to corporations than to individuals.

Mr. GEORGE. Oh, no.

Mr. COUZENS. And I fail to understand why individuals incorporate if they do not thereby get more liberal treatment.

Mr. GEORGE. The Senator very well knows that in this bill we are seeking to tax undistributed income or earnings of corporations; the Senator very well knows that in the case of consolidated returns we are putting a penalty upon the corporations, striving at least to bring their taxes more nearly in line with what we conceive to be the proper measure of taxes to be paid by them.

Mr. COUZENS. If these concerns and individuals are so prosperous, certainly the Senator from Georgia should not object if the provisions of the amendment should be applied and should not shed tears for them.

Mr. GEORGE. No, I am not shedding tears; the Senator has little warrant for any such insinuation; I am not shedding tears at all, but I am pointing out that in this country a great deal of its business is still being done by individuals who, because they elect to operate in an individual capacity, are not incorporated, and they are subjected to the taxes that are imposed by the Congress, whatever those taxes may be.

Mr. COUZENS. And yet those taxes, Mr. President, as to individuals in almost all classes of business are less than the corporate taxes. So I cannot see the force of the argument that an individual operating as such would pay these individual taxes when he could incorporate and get away with a tax of 13¾ percent.

Mr. GEORGE. I am sorry the Senator cannot see it, but I again call his attention to the fact that a taxable income in 1933, of $1,287,883,245, was returned by individuals, and no part of that income was wages or salaries as such.

Mr. COUZENS. That was because the rates were so low. There is not any argument about that, and I am not disputing those figures, but there is every temptation for individuals to continue in their individual capacity rather than in corporate form because of the rates. Now, when the Congress is endeavoring to bring the rates up to a more comparable form, the Senator objects. The figures given by the Senator would materially be reduced undoubtedly, and more and more returns would be received if this amendment were incorporated in the law.

Mr. GEORGE. I am not referring to corporate returns at all; I am simply referring to individual incomes in 1933; and I am calling attention to the fact that over a billion and a half dollars of income was returned by individuals and copartnerships in 1933, and that, therefore, there are a considerable number of individuals in this country to be affected by the tax on individual incomes.

Mr. COUZENS. Certainly, that is what the proposal is, to provide an increased rate on incomes. The mere mention of those figures by the Senator does not create any distinction between the man who is in business and the man who receives his income from salaries or other sources.

Mr. GEORGE. I stated to the Senator that these were incomes of individuals exclusive of wages received or salaries received.

Mr. COUZENS. No; those figures are not exclusive of salaries received.

Mr. GEORGE. They are according to the statement I have before me. If I have been misled, I have been misled by the light from heaven when perhaps the Senator knows better. I do not know as to that.

Mr. COUZENS. That does not include the income from salaries.

Mr. GEORGE. It excludes salaries and wages, according to the statement which is before me, and on that point I shall not argue with the Senator or anyone else. I can state that the figures show——

Mr. COUZENS. I do not care to have these figures repeated.

Mr. GEORGE. The amount is shown——

Mr. COUZENS. I cannot have my time consumed by the Senator from Georgia.

Mr. GEORGE. The amount of the salaries and wages——

Mr. COUZENS. I have listened to those figures several times. I want to refer to another matter. The Senator from Georgia, as I recall in his statement, referred——

The PRESIDING OFFICER. The present occupant of the chair understood that the Senator from Michigan had yielded the floor.

Mr. COUZENS. Oh, no. My 30-minute limitation has not expired. I yielded in order that the Senator from Georgia might make a statement in my time.

The Senator from Georgia, if I recall correctly, stated that the income taxes were in addition to all other taxes. Of course, that is not correct. Taxes paid to the States are deductible before income taxes are computed.

Mr. GEORGE. Mr. President——

Mr. COUZENS. I decline to yield for the Senator to make any further statement. When he was making his statement I did not interrupt him, and if I am inaccurate he can get one of his colleagues to yield him time to refute what I have said. We are limited to 30 minutes, and I cannot yield fur-

ther to the Senator from Georgia. However, I will give the Senator an opportunity to correct me if he did not say that these taxes were all in addition to the other taxes.

Mr. GEORGE. I said they were additional taxes paid, as they are. A man pays taxes to the State, the county, the city, and the Federal Government.

Mr. COUZENS. But they are deductible from his income tax.

Mr. GEORGE. The amount is deductible from gross income, but I said they were additional taxes paid. If this were the only tax we were called upon to pay, the effect would be different.

Mr. COUZENS. But, as I pointed out, the taxes paid to the States and municipalities are deductible from the gross income of the taxpayer, so he may wipe out his entire net income by deduction of such taxes.

Mr. GEORGE. I did not say anything contrary to that statement.

Mr. COUZENS. The inference was that a man does not get credit for the other taxes, when as a matter of fact he does. In any event, I sent to the Committee on Banking and Currency to see if I could get some of the reports from the Federal Trade Commission, but find they have not yet been printed. They are very illuminating as to the great desirability of increasing the income taxes. It can be done, as the Senator from Nebraska [Mr. NORRIS] clearly pointed out, and still leave the taxpayer quite an adequate sum for living expenses.

I now yield the floor.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Wisconsin.

Mr. HARRISON. We had better have the yeas and nays.

The yeas and nays were ordered.

Mr. COUZENS. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Kean	Reed
Ashurst	Costigan	Keyes	Reynolds
Austin	Couzens	King	Robinson, Ark.
Bachman	Davis	La Follette	Robinson, Ind.
Bailey	Dickinson	Lewis	Russell
Bankhead	Dieterich	Logan	Schall
Barbour	Dill	Lonergan	Sheppard
Barkley	Duffy	Long	Shipstead
Black	Erickson	McAdoo	Smith
Bone	Fess	McCarran	Steiwer
Borah	Fletcher	McGill	Thomas, Okla.
Brown	Frazier	McKellar	Thomas, Utah
Bulkley	George	McNary	Thompson
Bulow	Gibson	Metcalf	Townsend
Byrd	Goldsborough	Neely	Tydings
Byrnes	Gore	Norbeck	Vandenberg
Capper	Hale	Norris	Wagner
Caraway	Harrison	Nye	Walsh
Carey	Hastings	O'Mahoney	White
Clark	Hatch	Overton	
Connally	Hayden	Patterson	
Coolidge	Johnson	Pope	

The PRESIDING OFFICER (Mr. ASHURST in the chair). Eighty-five Senators having answered to their names, a quorum is present.

Mr. DILL. Mr. President, I have been so busy with other matters in the form of proposed legislation that I have not been able to prepare data that I should have liked to prepare on this subject. The principle involved, however, is so vital and so important that I feel constrained to say a few words before the vote is taken.

I think it is fortunate for the country and for the Senate that the Senator from Wisconsin [Mr. LA FOLLETTE] has presented his amendment. It is an amendment that should be considered and voted upon here. It is an amendment that goes to the very heart of the taxing situation in this country today.

What do we propose to do with a budget, whether it be ordinary or extraordinary, in which the expenditures are billions more than the receipts? Are we to bond the country; are we to resort to sales taxes and at the same time allow those who are receiving enormous incomes to continue to receive them and take no larger part of those incomes in the form of taxation than we did in prosperous days? When millions of men and women have not the necessities of life, when the Government cannot afford to expend sufficient money to give all of them employment, is it possible that the representatives of the people in this body are willing that men shall continue to take out of the profits of production, out of the moneys which are unearned because of former profits, these enormous incomes, without taxing them in an amount sufficient to meet at least a part of this added expenditure?

To me it is unthinkable that in times like these any man or set of men should be permitted to put into their pockets literally millions of dollars while other millions of people have not the means of existence.

I am not a revolutionist. I am fearful of overturning the system that has taken us so far on the road to civilization. I am convinced, however, that it is the high duty of those who hope for a better condition of life for the millions of common men and women of America to put a stop to the accumulation of these vast fortunes at a time when our Treasury has not money with which to pay its bills except by borrowing still more money. I believe this is one of the steps we should take in the direction of reform at this time.

I cannot close my eyes to the fact that we are rearing in America a generation better educated than any generation of young people that has ever lived in this or any other land. We are still teaching them that the doors of opportunity are open, but the surrounding conditions make those teachings a literal lie. Something must be done in this country to make it possible for young people educated and trained and fitted for the duties of life to have an opportunity to make enough to take care of themselves, and to rear families as their fathers have done.

It is not enough to say that they can live and they can exist better than the people of 30 or 40 or 50 years ago lived. They have a right to better things; and this, it seems to me, is one of the steps to show them that those of us who have the power to levy taxes do not propose to permit these great fortunes to be accumulated or enlarged out of the profits of production in these distressing days.

I think the greatest need of today is some plan to divide the profits of production and to distribute the products of this land equitably among the masses of the people. I believe if everybody in this country—man, woman, and child—could be given the food they would like to have and that they need for their own good health, could be given the clothing they should have in a land like ours, in a civilization such as ours—could be given it, I mean, by earning it honestly—if they could be given the furniture in their homes, the carpets on their floors, the telephones and the radios and the automobiles they are entitled to have; if we could work out a system by which they could secure these things by their own labor, the consumption would be so great that it would almost keep all of our people employed, even with all our modern methods of production.

Here we have an opportunity to increase substantially the burden of taxation upon those who are making more than their proper share out of the profits of production. I remember years ago reading of the struggles in this body and the body at the other end of the Capitol over the subject of the income tax. I could not understand then, much less can I understand now, how men in times like these will refuse to vote to take a substantial—in fact, a large—percentage of that part of a man's income that is not needed in the ordinary activities of life.

I shall not delay the Senate. I only wanted to give expression to my feelings and my thoughts on this question. I hope the Senate will adopt this amendment. It does not go as far as some of us think it ought to go; but we know that legislation is a matter of compromise. We know also that it is wise to raise the rate of income taxes gradually. I think the proposal of the Senator from Wisconsin is a very moderate one, and I hope his amendment will be adopted by the Senate.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Wisconsin [Mr. LA FOLLETTE].

Mr. LA FOLLETTE. The yeas and nays have been ordered on the amendment, Mr. President.

Mr. HARRISON. Yes; the yeas and nays have been ordered.

The PRESIDING OFFICER. The clerk will call the roll.

Mr. BONE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BONE. Will an affirmative vote be a vote for the La Follette amendment?

The PRESIDING OFFICER. It will be.

The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. LA FOLLETTE (when Mr. CUTTING's name was called). I desire to announce the unavoidable absence of the senior Senator from New Mexico [Mr. CUTTING]. On this question he has a pair with the junior Senator from Florida [Mr. TRAMMELL]. If the senior Senator from New Mexico were present, he would vote "yea", and I am informed that if the junior Senator from Florida were present he would vote "nay."

Mr. FESS (when his name was called). Upon this question I have a general pair with the senior Senator from Virginia [Mr. GLASS], who is unavoidably detained from the Senate. I am advised that were he present he would vote as I intend to vote. Therefore I feel at liberty to vote, and vote "nay."

Mr. FLETCHER (when his name was called). I have a general pair with the Senator from West Virginia [Mr. HATFIELD], who is absent. Not knowing how he would vote, I transfer that pair to the senior Senator from Nevada [Mr. PITTMAN], and will vote. I vote "nay."

Mr. ROBINSON of Indiana (when his name was called). I have a general pair with the junior Senator from Mississippi [Mr. STEPHENS]. In his absence, and not knowing how he would vote if present, I withhold my vote. If at liberty to vote, I should vote "yea."

The roll call was concluded.

Mr. LOGAN (after having voted in the affirmative). I inquire whether the junior Senator from Pennsylvania [Mr. DAVIS] has voted.

The PRESIDING OFFICER. That Senator has not voted.

Mr. LOGAN. I have a pair with the junior Senator from Pennsylvania. I do not know how he would vote if present. I therefore withdraw my vote.

Mr. LEWIS. I regret to announce that the Senator from Montana [Mr. WHEELER] is detained from the Senate on account of a severe cold.

I desire to announce that the Senator from Mississippi [Mr. STEPHENS], the Senator from Florida [Mr. TRAMMELL], the Senator from Nevada [Mr. PITTMAN], the Senator from Iowa [Mr. MURPHY], and the Senator from Virginia [Mr. GLASS] are necessarily detained from the Senate.

Mr. McADOO. I have a general pair with the Senator from Connecticut [Mr. WALCOTT]; but as he and I would vote alike on this question, I am informed that a special pair has been arranged for him. I am, therefore, at liberty to vote, and vote "nay."

Mr. FESS. I desire to announce that on this question there is a special pair between the Senator from Connecticut [Mr. WALCOTT] and the Senator from Montana [Mr. WHEELER]. If the Senator from Connecticut were present, he would vote "nay", and if the Senator from Montana were present I understand he would vote "yea."

I also desire to announce that the Senator from Rhode Island [Mr. HEBERT] is detained on official business. If present, he would vote "nay."

The result was announced—yeas 36, nays 47, as follows:

YEAS—36

Ashurst	Connally	La Follette	Pope
Black	Costigan	Long	Reynolds
Bone	Couzens	McCarran	Russell
Borah	Dill	McGill	Schall
Bulkley	Erickson	Neely	Sheppard
Bulow	Frazier	Norbeck	Shipstead
Capper	Hatch	Norris	Thomas, Okla.
Caraway	Hayden	Nye	Thompson
Clark	Johnson	Overton	Vandenberg

NAYS—47

Adams	Bailey	Barkley	Byrnes
Austin	Bankhead	Brown	Carey
Bachman	Barbour	Byrd	Coolidge
Copeland	Gore	McAdoo	Steiwer
Dickinson	Hale	McKellar	Thomas, Utah
Dieterich	Harrison	McNary	Townsend
Duffy	Hastings	Metcalf	Tydings
Fess	Kean	O'Mahoney	Van Nuys
Fletcher	Keyes	Patterson	Wagner
George	King	Reed	Walsh
Gibson	Lewis	Robinson, Ark.	White
Goldsborough	Lonergan	Smith	

NOT VOTING—13

Cutting	Hebert	Pittman	Trammell
Davis	Logan	Robinson, Ind.	Walcott
Glass	Murphy	Stephens	Wheeler
Hatfield			

So Mr. LA FOLLETTE's amendment was rejected.

Mr. GORE. Mr. President, I was out of the Chamber when the roll call began, or I should have preferred at that time the request I am about to submit.

I ask unanimous consent to have printed in the RECORD at the close of the yea-and-nay vote a list showing the number of taxpayers in this country who have paid taxes on incomes exceeding $1,000,000 for each and every year since the income tax law was first enacted. Senators who are familiar with the history of our income-tax legislation will mark that when the rate went up the number of taxpayers went down, and that when the rate went down the number of taxpayers went up. I am sure Senators will read the statement with interest, because, like the geological strata of the earth, it tells an interesting story.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Number of people paying an income tax in United States on income $1,000,000 or more

1914	60
1915	120
1916	206
1917	141
1918	67
1919	65
1920	33
1921	21
1922	67
1923	74
1924	75
1925	207
1926	231
1927	290
1928	511
1929	513
1930	150
1931	77
1932	20

REGULATION OF THE COTTON INDUSTRY

The PRESIDING OFFICER (Mr. ASHURST in the chair) laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H.R. 8402) to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. SMITH. I move that the Senate insist upon its amendments, agree to the conference asked by the House, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. SMITH, Mr. BANKHEAD, and Mr. CAPPER conferees on the part of the Senate.

PENALTY FOR PRESENTATION OF FALSE WRITTEN INSTRUMENT

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives returning to the Senate, in compliance with its request, the bill (S. 2686) to provide a penalty for the presentation of a false written instrument relating to any matter within the jurisdiction of the Secretary of the Interior, Administrator of the Federal Emergency Administration of Public Works, or Administrator of the Code of Fair Competition for the Petroleum Industry.

Mr. KING. Mr. President, as I understand, after the Senate passed this bill the House passed a bill on the same

subject, and the Senate then passed the House bill, so that the two bills crossed. I move the indefinite postponement of the Senate bill.

The motion was agreed to.

NOANK SHIPYARD, INC.

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 2324) for the relief of the Noank Shipyard, Inc., which were, on page 1, lines 7 and 8, to strike out "with interest at 4 percent per annum from March 1, 1928" and insert "in full settlement of all claims against the Government of the United States", and on page 2, line 5, after "contractor", to insert ": *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

Mr. LONERGAN. I move that the Senate concur in the amendments of the House.

The motion was agreed to.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had passed a bill (H.R. 8861) to include sugar beets and sugar cane as basic agricultural commodities under the Agricultural Adjustment Act, and for other purposes, in which it requested the concurrence of the Senate.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills and a joint resolution, and they were signed by the Vice President:

S. 682. An act to prohibit financial transactions with any foreign government in default on its obligations to the United States;

S. 1528. An act to amend section 3702, Revised Statutes;

S. 2308. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Randolph, Mo.;

S. 2550. An act granting an easement over certain lands to the Springfield special road district in the county of Greene, State of Missouri, for road purposes;

S. 2592. An act granting the consent of Congress to the State of Minnesota, and Scott County and Carver County, in the State of Minnesota, to construct, maintain, and operate a bridge across the Minnesota River at or near Jordan, Minn.;

S. 2593. An act granting the consent of Congress to the Highway Department of the State of Minnesota to construct, maintain, and operate a free highway bridge across the St. Louis River at or near Cloquet, Minn.;

S. 2594. An act granting the consent of Congress to the Highway Department of the State of Minnesota to construct, maintain, and operate a free highway bridge across the Mississippi River at or near the southerly end of Lake Bemidji, Minn.;

S. 2953. An act granting the consent of Congress to the Highway Department of the State of Tennessee to construct, maintain, and operate a free highway bridge across the Cumberland River at or near Carthage, Smith County, Tenn.;

H.R. 3521. An act to reduce certain fees in naturalization proceedings, and for other purposes; and

S.J.Res. 74. Joint resolution authorizing necessary funds to conduct investigation regarding rates charged for electrical energy and to prepare report thereon.

IN REPLY TO ATTACKS OF SENATOR HARRISON

Mr. LONG. Mr. President, I undertook to speak earlier in the day, and was advised by the Chair, very properly, that I did not have a right to speak on the matters to which I undertook to address myself.

Mr. President, I am very sorry that the senior Senator from Mississippi [Mr. HARRISON] has seen fit to make an attack on me here this morning. I regret very much that he saw fit to go out of his way to make personal, uncomplimentary, and, I would say, except for the parliamentary rule, almost insulting remarks, for no good reason and for no good cause. However, I must reply to the Senator from Mississippi, and I must inform the Senate and the world of some of the blows I have taken from my good friend from Mississippi, and some of the things for which I have been held responsible, for which I should not have been censured, if anybody was to be—they should have been men like the Senator from the State of Mississippi.

I have been the friend of the Senator from Mississippi, I hope. I have never said an ill word about him. He has told me that he heard once that I had said something bad about him; that I had said that I would like to see him defeated for the Senate in the State of Mississippi; that in the Chicago convention, when he had voted against seating the Roosevelt delegates, I had said I would like to see him defeated in the State of Mississippi. It is possible that I did make some such statement in the Chicago convention, but, other than that, I know of nothing I have said that would have caused the Senator from Mississippi to go to such an extent as he has gone lately, particularly this morning, in what he has undertaken to say regarding me.

Mr. President, the State of Mississippi is very much like my State. My people come from Mississippi. My father was born there, and lived there a great part of his life, and many of my people still live in that State. I expect that more of my blood kin live in Mississippi than live in the State where I live, and I love the people of Mississippi and have no intention of undertaking to say that they are not capable of managing their own affairs and electing their own officers. I think they are.

However, on yesterday, in making some remarks I stated that the leadership on this side of the Senate in the last tax fight was in consort with the leadership on the other side of the Chamber and stood for a tax program which many of us who undertook to label ourselves liberals, or progressives, were undertaking to amend.

There was not anything in that statement to which any exception could have been taken. Everybody knows it is the truth. It happened today, the same as it did then. There was no reason why the ranking Member on this side of the Chamber at that time should have taken any exception, because he does not deny it, and he knows it to be a fact. But that is the ground upon which the Senator rises here and says that there is nobody in the United States Senate who has so little influence as the Senator from Louisiana, myself.

Mr. President, I am glad to know that the Senator from Mississippi at least points himself out as a man of influence; but, to his sorrow, I would contradict that statement. I have a vote in the Senate which I can cast as I see fit. I have one vote. The people of Louisiana have a vote when I am here, and, according to the way I look upon the vote of the Senator from Mississippi, the people of Mississippi have not a vote with him here. [Laughter.] I am going to tell the Senate why I say that.

The PRESIDING OFFICER. The Senator from Louisiana will please suspend. The occupants of the galleries will kindly maintain decorum and order.

Mr. LONG. Mr. President, that is my opinion, and I am going to give the Senate my reasons for it.

First let me say, Mr. President, that I have never been other than the Senator's friend, as much as I know anything about anything. He has his ways, from which I differ. He has a peculiar way of being a friend. But we all have peculiar ways of being friends sometimes.

The Senator was a friend of James K. Vardaman, of Mississippi. I saw a written letter, about which I asked my friend, the Senator from Mississippi. It showed that he rode into the lower House of Congress by writing letters stating that he was a Vardaman man; that that was the tie that binds good men together in Mississippi; and upon that he came to the lower House of Congress. I asked the Senator from Mississippi about that one day at a lunch table and he told me that that was true. And so it was his advocacy and his pledge of being a Vardaman man that rode him into the first job that he ever had in Washington, D.C.

I was not in Mississippi at the time Vardaman ran against the Senator from Mississippi except for one day, when I crossed over the ferry at Natchez, when I was running for office myself on the other side of the river. I went over to Natchez on a Sunday to spend a day there, waiting to resume my campaign in Louisiana on the following Monday.

At that time, Mr. President, Mr. Vardaman, following the same lines that he had always followed, fought our entrance into the World War. In those days a man who had the nerve and the courage and the honor to stand out against that war, that damnable fraud against the American people, needed friends. It took a man with a heart of gold and courage of iron to stand out, and if he stood to save those young boys from the morass of murder and destruction, he had to put his life, politically speaking, in his own hands and risk it on the altar. And so Vardaman needed his friends. He needed his friends, Mr. President, because he had bearded the lion in his den. There might have been many good people who disagreed with him honestly, and there were. There might have been many of his friends who disagreed with him honestly, and there were.

The Senator from Mississippi who now sits here saw this friend, upon whose back he had ridden into office, to whom he had pledged loyalty and faithfulness until he rode himself into the lower House of Congress, and then when the man was faced with his enemies and called for friends the Senator from Mississippi announced himself as a candidate against the man on whose back he rode himself into the lower House of Congress.

Now, that is all right. That is his way of being a friend. That is all right. We have all got ways of showing our friendship to one another. That is his way.

Along about that time I had a friend, too. He was a State senator, S. J. Harper, of Winnfield. They indicted Harper because he published a book saying outside of Congress what Vardaman said in Congress, and we could not hire a lawyer to defend him. What did I do? I went and bearded the lion in his den under threat of contempt, and defended old man Harper in the United States court, and took my political life in my hands to stand by my friend. Oh, yes; I could have draped myself in the American flag, because the old man had resigned from the State senate, and I wanted to be a candidate for his job, too, but I stood by my friend and went to the bat for him and stood the torture that I had to endure.

Now, that is my way of standing by my friends. The Senator from Mississippi has another way of standing by his friends. Just the difference between people! We all have our way of working. One is just as honest as the other. One is, catch your friend in trouble, stab him in the back and drink his blood. The other is, stand by your friend and try to heal his wounds.

Mr. CLARK. Mr. President, I call the Senator from Louisiana to order under clause 2 of rule XIX.

The PRESIDING OFFICER (Mr. ASHURST in the chair). The Senator from Louisiana [Mr. LONG] must take his seat until the point is decided.

Mr. HARRISON. Mr. President, I hope the Senator from Missouri will let him proceed.

The PRESIDING OFFICER. It is not within the province of the Senator from Mississippi to make such request. The point of order has been made, and the Chair will hear the Senator from Missouri on the point.

Mr. CLARK. Mr. President, it is only necessary to read the rule to see its application. Clause 2 of rule XIX provides that—

> No Senator in debate shall, directly or indirectly, by any form of words impute to another Senator or to other Senators any conduct or motive unworthy or unbecoming a Senator.

Mr. President, I submit that the words just uttered by the Senator from Louisiana, imputing to the Senator from Mississippi the motive of sucking the blood of his friend, are in contravention of that rule.

Mr. LONG. Mr. President, I hope the Senate understands that I am speaking about——

The PRESIDING OFFICER. The Senator from Louisiana will pardon the Chair, but when a Senator is called to order he must sit down, and may not speak until leave is granted.

The point of order is well taken under clause 2 of rule XIX.

Mr. ROBINSON of Indiana. Mr. President——

The PRESIDING OFFICER. The Senator from Louisiana will proceed in order.

Mr. ROBINSON of Indiana. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Indiana?

Mr. LONG. I yield to the Senator from Indiana.

Mr. ROBINSON of Indiana. Mr. President, I did not know that it is necessary for the Senator to yield to me. I simply wanted to move that the Senator from Louisiana be permitted to proceed in order.

Mr. LONG. I thank the Senator.

The PRESIDING OFFICER. The question is on the motion of the Senator from Indiana that the Senator from Louisiana be permitted to proceed in order.

The motion was agreed to.

The PRESIDING OFFICER. The Senator from Louisiana will proceed in order.

Mr. LONG. Mr. President, I am glad that no one took any exception to the remarks that the Senator from Mississippi was making about me this morning. I did not. I thank the Senator from Mississippi for his generous attitude in the matter.

I am referring to the matter politically only, Mr. President. I am not referring to the physical fact, of course, and I hope the Chair and the Members of the Senate understand. I was referring to the fact, Mr. President, in this way, and I will explain it, because I would not for the life of me have anyone think that I would unjustly reflect upon any Member of this body. I was simply undertaking to make this parallel, Mr. President. I had a friend who was a Senator who got in trouble, because he expressed himself about the war. That friend had been a friend of mine in politics, and I had been his friend. The Senator from Mississippi had a friend, and he saw fit to take a course different from mine.

I now want to deal a little further with my friend from Mississippi. A short time ago there was a great indemnity company in the State of Louisiana, located in New Orleans, that closed its doors and went broke. It had a large number of creditors. The magazines throughout the United States printed the great big story about the Union Indemnity Co. having gone broke, and they put the picture of HUEY P. LONG right in the middle of the story to show that the Union Indemnity Co. in the town in which I lived had gone broke, leaving the impression that I was the manipulator of the Union Indemnity Co. or owed it a lot a money, or something of that kind. They left the impression evidently that I was financially involved. I had to take that. Nobody rose to my defense in the Senate. Nobody said a word in my behalf.

I did not owe the Union Indemnity Co. a copper cent. I had not borrowed a dime from them. I did not own any stock in the business at all. But the publications at that time were extolling the great and conservative qualities of the Senator from Mississippi, when they were condemning me. He did not rise to my defense, but the Union Indemnity Co. was a creditor of his. They did not break because I owed them anything. I was not one of the men who helped break that company. I did not have a thing to do with it;

not a thing on God's earth. It was not any debt of mine that caused them to break. But I had to be caricatured over the length and breadth of this country for something that I had nothing to do with, and I would have thought that my friend from Mississippi might have risen at that time, although I would not have asked him to have done so, and at least resented the fact of this kind of imputation being made against me, even though I had owed it money, which I did not at the time.

Only a short time ago, it seems, the Senator from Mississippi thought he ought to change his field of operations, which he has a right to do. He is a big man, as he says, on the floor of the Senate; he is a man with much more influence than I, and, of course, feeling that way, it is only natural he should extend his boundaries. So he extended over into the State of Louisiana and sent us a Mississippi citizen. He sent us a gentleman over there by the name of Kennedy, who had been the mayor of a town over there, and I think that town voted him out of office, notwithstanding the support of the Senator from Mississippi, in a town in which they both live. At any rate, we all lose mayors' races. I lost one myself a while back, so there is nothing to be said about that. But I did not undertake to go over and appoint the patronage in the State of Mississippi, but the Senator from Mississippi sent us one of his fellow citizens, a gentleman by the name of Kennedy. If he was going to improve upon the State of Louisiana, he at least could have sent us a man who did not leave a trail of bank notes in all the banks in the State of Mississippi that are closed up today on account of it.

He did not improve our business standing a bit by the kind of indebted statesman that he sent us from the State of Mississippi.

And again they paraded all over the papers of the State of Louisiana and all over the South, "anti-Long man appointed and sent to New Orleans." I had not opposed the Senator from Mississippi having his man in Mississippi appointed to take the job over in New Orleans. He told me that it would not have made any difference whether I had or not, but that was after the appointment was confirmed. I probably would have asked for a little inquiry if he had told me that before. But since he did not tell me before, I made no protest.

And then when it was abroad all over the country that HARRISON had sent an anti-Long man out of Mississippi to take a job over in the State of Louisiana, there it stood, and there it rested at the time. I thought that my friend might have said something about that matter, because I spoke to him about it, and made no opposition to their taking the job that was in the city of New Orleans at the time.

But now we get a little bit closer to this thing, Mr. President. I wonder if I cannot enlighten the Senate a little bit more. We go along and we develop a fraud in the Home Owners' Loan Bank in New Orleans. What is that fraud? They have got a racket down there by which they are having the appraisers appraise the property that the Government is to issue its home loans for at double the price the home owner is going to get, and they organize a corporation working in touch with those elements so that some outside source with a rigged-up partnership where someone in the home-loan organization gets half the bonds, and some building and loan gets the other half of the bonds, and the home owner is cheated out of half the money and the Government is cheated out of half the money. They have been carrying that on. I read the certificate from the bank examiner; and it was not denied in the paper; it was admitted, that that had in some cases been practiced. I am going to show the Senate by the list that is being made up that it is being generally indulged in.

I tried to understand why the Senator from Mississippi wanted to display such animus against me this morning; I ransacked my mind to find out. I looked, and I found that a gentleman by the name of Meyer Eiseman, a bankrupt of the city of New Orleans, had been made a prominent factor in the administration of the Home Owners' Loan Corporation. "Who is Mr. Meyer Eiseman?" I said to myself. "It seems to me like I might be able to place him"; and, lo and behold, I called back to my mind that Mr. Meyer Eiseman is one of the business associates of the Senator from Mississippi, and, according to what I understand from the Senator from Mississippi, the notes of Mr. Meyer Eiseman and of the Senator from Mississippi, amounting to about $15,000, form a part of the bankrupt assets of closed banks on the coast of the State of Mississippi. But Mr. Eiseman is over there in the Home Owners' Loan Corporation of Louisiana, and the rats are being killed as fast as they dare to show their heads. Yet the Senator from Mississippi gets up here and makes an attack on me, when I have sat here, Mr. President, with those kind of things going on against my people, trying to be civil, trying to be orderly, trying to be just as righteous toward him as it is possible to be, and out of a clear sailing sky he gets up with this kind of attack on me.

I was given the credit for the great bank failures occurring down around the New Orleans area, Mr. President. They gave me the credit and my name was printed in box-car letters at the top of newspapers all over the country, although the Louisiana banks stayed open until all others had closed. Yet they gave me all the credit for their finally being closed. What was the difference between me and the Senator from Mississippi? I did not owe a bank a copper cent. There was not a bank that has got its doors closed today that can say, in whole or in part, its doors are closed due to the fact that I had them lend any friend of mine any money or that I went in there and left my notes and notes of my allies in those banks. There is not one of them that can say that about me. On the contrary, Mr. President, I borrowed what money I could from the insurance company and put it into the bank and lost my money when it closed, trying to help keep the bank open.

After I have taken all this kind of slander and never opened my mouth about it, I have had today added to the condemnation that I have had on account of it, which I stood for the benefit of the community down there on the coast and through Louisiana and Mississippi—I have had added to the condemnation the voice of the Senator from Mississippi and today his friend Mr. Eiseman profits through the chicanery that is being carried on in the Home Owners' Loan Corporation. He ought to lend his help to us, instead of condemning us, and eradicate that kind of evil.

Mr. CLARK. Mr. President, I again call the Senator from Louisiana to order under clause 2 of rule XIX.

Mr. LONG. Mr. President, I should like to know why.

The PRESIDING OFFICER. Will the Senator from Missouri please elaborate on the point?

Mr. CLARK. It is perfectly obvious from the rule, which has been previously read, that the Senator from Louisiana is attempting to cast discredit upon the Senator from Mississippi. I do not think there is any question about that.

Mr. ROBINSON of Indiana. Mr. President——

The PRESIDING OFFICER. The Senator from Indiana.

Mr. ROBINSON of Indiana. Mr. President, if there is one forum of free speech left in the United States, it is the Senate of the United States; and I think the Senator from Louisiana should be permitted to proceed along the lines he has been proceeding, and for this reason: If there is one offender against the rule——

Mr. HARRISON. Mr. President, if the Senator from Indiana will permit me, I will ask unanimous consent that the Senator from Louisiana may proceed.

Mr. LONG. No; I want this point decided.

Mr. ROBINSON of Indiana. Just a moment. I want to make this statement, Mr. President.

The PRESIDING OFFICER. The motion is not debatable. The question is on the motion that the Senator from Louisiana may proceed in order.

Mr. LONG. Mr. President, a parliamentary inquiry. The Chair has not sustained the point of the Senator from Missouri, has he?

The PRESIDING OFFICER. The Chair recognized the Senator from Indiana to make a motion.

Mr. ROBINSON of Indiana. I only wanted to make one observation, that if there is one Senator who has himself violated the rule by criticizing other Members of the Senate and imputing improper motives to them, it is the Senator from Mississippi. Therefore, I move that the Senator from Louisiana be permitted to proceed in order.

Mr. LEWIS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Chair sustains the point of order raised by the Senator from Missouri, under clause 2 of rule XIX, which reads:

> No Senator in debate shall, directly or indirectly, by any form of words impute to another Senator or to other Senators any conduct or motive unworthy or unbecoming a Senator.

The Chair recognizes the Senator from Indiana to make a motion.

Mr. ROBINSON of Indiana. I move that the Senator from Louisiana be permited to proceed in order.

The PRESIDING OFFICER. The question is on the motion of the Senator from Indiana.

The motion was rejected.

Mr. LONG. Mr. President, a parliamentary inquiry. I understand I cannot continue my remarks along that line. May I be recognized now to speak on the bill? [Laughter.]

The PRESIDING OFFICER. The Senator will be recognized to speak in order. The Senator from Illinois [Mr. LEWIS] rose to propound a parliamentary inquiry. The Senator will state it.

Mr. LEWIS. My inquiry is this: The Senator from Indiana made a motion that the Senator from Louisiana be permitted to proceed in order. I take the liberty to suggest that the words "in order" there correct whatever evil there might be, and that the Senator from Louisiana, if he proceeds, will then proceed on the bill. That would be in order.

The PRESIDING OFFICER. The Chair is of a like opinion, and the Senator from Louisiana will proceed in order. It is not the function of the present temporary occupant of the chair to deliver a lecture, but the rule is drastic, it is clear, and will be observed and enforced while the present temporary occupant is in the chair. The rule provides that:

> No Senator in debate shall, directly or indirectly, by any form of words impute to another Senator or to other Senators any conduct or motive unworthy or unbecoming a Senator.

The Senator from Louisiana is recognized.

Mr. LONG. Mr. President, I want to say that even though I am the first perhaps to have the rule invoked against him, maybe it will be good for us all that the rule be observed hereafter. I will have no objection to the stringent application of that rule. There is no one in this body, I suppose, who has had more personal reflections made against him than myself, but I have never invoked the rule and I never shall, so far as I know.

Now, Mr. President, speaking on the bill, I live in Louisiana, and, as I said, for a part of my life I lived in Mississippi, also in Texas, in Tennessee, and in Arkansas. I have lived in all those States. The people are very much the same line of people down there and they are affected more or less by the same situations. I conceived, Mr. President, to try to help that part of the country. Our people are poor down there. We have not very much, we have very little of anything. All that our farmers in Texas and in Louisiana and in Mississippi, in Arkansas, and in the South down there, in what we call the deep South, have done is to work hard from sun-up to sun-down; but at no time, Mr. President, have we ever been heard to cry out in exclamation of any kind or character indicating that we had lost our faith in this Government or that we desired anything other than its preservation.

Those people down there are entitled to have something done for them; they are entitled to have us come here and do something that is going to take the immense, swollen profits that have been garnered into the hands of a few people and do something for the common underdog element residing in the country down there. What have I and men of my kind been doing here? What has been done for them? What has come out of the Senate Finance Committee? What has come out of the Appropriations Committee? What has come out of the other big committees primarily vested with the responsibility of recommending something that would do one thing on God's earth for the poor farmer of the State of Mississippi, or the State of Louisiana, or the State of Texas in the way of giving them some of the profits that have been taken away from them in all the past years?

Take as an example Mississippi, one of the greatest States in this country, constituting one of the finest communities of people to be found on the civilized globe. Do you know, Mr. President, that in the State of Mississippi there is hardly any such thing with the poor people down there except a mortgaged property? That is a farming country. The people are mostly farmers who earn their bread by the sweat of their faces, and day after day, day after day, they have seen the American Congress sit and legislate, the Congress worrying about what is going to be done for the good, big business interests of the country, with the poor farmer in the State of Mississippi going further and further and further into the slough of despondency and despair.

Unless we take a stand here for such people as those who live in Louisiana and Mississippi and other places, unless we take the stand that we are going to reverse the order of our legislation for the Nation which is in a way that the country continues to slide backward and backward and backward, while we furnish the sinews for other's wealth, then the American Congress neglects the duty it owes to the people, the services of whom it is going to have to have, and the need for which it will soon find out.

As I said, I disagree with my friend from Mississippi because of the way he voted on the last amendment. He disagrees with me because of the way I voted on the amendment. We will say, without question, that he has good motives. Whether he gives me credit for the same motives, of course, is immaterial. But the poor farmer of Mississippi carries the load. It would do no good for the Senator from Mississippi and myself to argue over the possession of pureness of heart and the influence which we have in this body, but in the meantime what has been done by us, what has been done for the poor Mississippian and the poor Louisianan and the poor Texan? What has been done for him by anything that has come out of the Senate Finance Committee or the Senate Appropriations Committee? We are going to have to turn our thought to that one purpose.

Mr. President, it seems I am being invited to go to Mississippi in a campaign. I have no intention of accepting the challenge to go to Mississippi in the campaign. I have no intention of going there, because the people of Mississippi will be able to handle their own affairs, I think. That is their business. They will know what to do as well as anybody else knows what to do.

Unfortunately, I was made an issue in the last campaign there when they had a contest for Governor. The issue in the campaign was whether or not they should have a man elected Governor of Mississippi who was friendly to HUEY P. LONG and whom HUEY P. LONG was trying to get elected Governor of Mississippi. The question made by certain elements of the election of a Governor of the State of Mississippi was not based on the merits or demerits of the respective candidates, but on whether the candidate was pro-HUEY P. LONG or anti-HUEY P. LONG. Evidently the people of Mississippi were not seriously affected against the candidate whom I favored in the race, because he was elected by a monster majority, notwithstanding the fact that such able men as the Senator from Mississippi, from good and proper motives, voted for the other man. So I said I would not accept the challenge then, and why should I accept the challenge now?

Of course, pure motives guiding the Senator from Mississippi [Mr. HARRISON], and I hope guiding me, as I believe they do, I would not represent Mississippi like he represents Mississippi if I were here representing that State. That is my opinion, and he has a right to his opinion. Of course, we represent similar communities. They are affected by

the same problems and with the same interests. If I were here representing Mississippi, I would vote just like I have voted representing Louisiana: First, for the welfare of the Union; and, second, for the welfare of the section of the country from which I come. I would not vote like the Senator from Mississippi votes, but that is his business, and I am not going to try to take his prerogative away from him.

It may be that the poor people in Mississippi think we had better have the big fortunes. It may be that the poor people of Mississippi are satisfied to have all their homes mortgaged and all their farms mortgaged and all the people virtually penniless and starving in a land of plenty, while the big financial manipulators of this country wax richer and richer at the expense of the people of Mississippi, Louisiana, and that part of the country. It may be that the people of Mississippi want things conducted in that way.

There is a good argument for that idea, I admit, from people who evidently are sincere. There are many people in the country who honestly and candidly feel that the only way to have a country is to have the peasants at the bottom operating practically on the basis of living from hand to mouth, and seldom anything within reach of the hand for the mouth in hard times. There are many people who do not see that that is a bad system as long as the royal-blooded power of manipulated finance is allowed to control the American people.

If the people of Mississippi think that way about it, that is their business, and it is not my right to stand here and criticize Mississippi if the people there want somebody here to vote to keep that kind of thing in existence. They have the right to whatever they want. If they want the financial magnates of the country to own the farms and hold the mortgages and own the various properties of the people lock, stock, and barrel, then they have a right to have that done, and no man like myself has the right to go over there and tell them that they ought to try to elect somebody else to office to represent them. That is something they will have to work out for themselves. That will be their own problem.

Mr. MURPHY. Mr. President——

The PRESIDING OFFICER. The Chair inquires if the Senator from Louisiana yielded the floor?

Mr. LONG. I have.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. HARRISON. Mr. President, will the Senator from Iowa yield?

Mr. MURPHY. Certainly.

Mr. HARRISON. I am sure the Senator from Iowa, in view of what has gone on, will permit me to occupy the floor briefly.

Mr. MURPHY. I yield.

The PRESIDING OFFICER. The Senator from Mississippi is recognized.

Mr. HARRISON. Mr. President, it is very unfortunate that the Senate has to listen to such squabbles as have been occurring so frequently of late between the Senator from Louisiana [Mr. LONG] and other Senators. I apologize to my colleagues for occupying the floor now for a brief time to reply to the Senator from Louisiana.

I am sure Senators with whom I have served here, and for whom I have the highest regard and affection, know me well enough to disbelieve anything that might be uttered by the Senator from Louisiana that would reflect upon my integrity or upon my honor; and I am sure the people of Mississippi, who have honored me far beyond my deserts for nearly 30 years now, without on a single occasion having voiced their disapproval at the polls, will not permit such wild and rambling utterances as those of the Senator from Louisiana to influence them. I am sure the good people of the city in which I live, and the people with whom I have come in contact in a business way, know well enough that in all dealings I have ever had with my fellow men, I have tried to live up to every obligation.

I know that there is no other Senator here who would so forget the niceties of his office as to try to juggle in upon this floor the personal affairs of another Senator; and I shall pass by what the Senator said with reference to anything connecting my name with the Union Indemnity Co. by merely saying that I never had any business association with Mr. Meyer Eiseman, of whom he speaks as being in some homestead company which I knew nothing about, except that some years ago, in 1926, when many of us thought we were more prosperous than we are now, and when some of us thought we had at least made a little money in an honest way, I happened to sell to Mr. Eiseman a piece of property for a goodly sum of money. I think he still owes me some $15,000; and when he went broke the note that he gave me was probably in the Union Indemnity Co. or some other bank. So it was his note and his failure, as a result of which I never expect to collect it, that I am held up here now by a Senator in an attempt to blacken the character and public service of one who has tried to live honorably with his fellow citizens.

But be that as it may, I am not the first with whom the Senator has attempted to do that. Some of those in the galleries do not know as you and I know that it is almost a daily occurrence that the Senator makes assaults upon someone. He even brings up the name of an honorable Senator who has gone to his reward, Senator Vardaman, whom to his dying day, even though he and I clashed in political conflict, I held in the highest regard, and today I hold his memory in high respect.

I had been Senator Vardaman's political friend. I supported him in his race for governor. He made a very splendid governor. He and I differed when I came here as a Member of the House. I came here just before President Wilson was inducted into the White House. I am one of those peculiar individuals who believe that when my party is in power it is my duty to work in harness, and that when the country and my party have chosen a leader, it is my duty to follow him. So, during the 8 years that President Wilson graced the White House I followed him as I now follow my present leader in the White House.

It so happened, however, in the tragic days leading up to the war and during the war that Senator Vardaman most conscientiously and honestly differed with me as to governmental policies and as to the prosecution of the war, and the resulting conditions were such that I entered the contest with him upon that issue. There was nothing personal in the matter; and if, as the result of doing that, I am "drinking of his blood", or I am a "traitor", I plead guilty to that charge.

Mr. CLARK. Mr. President——

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Missouri?

Mr. HARRISON. I yield.

Mr. CLARK. I should like to take occasion at this time to say that the son of former Senator James K. Vardaman is a constituent of mine who lives in the city of St. Louis. He was suggested for appointment as manager of the Reconstruction Finance Corporation at St. Louis. The Senator from Mississippi came to me and very urgently requested me to recommend Mr. James K. Vardaman, Jr., for that office. It so happened that I was happy to do it.

I have discussed the matter with Mr. James K. Vardaman, Jr., and he told me that while, of course, he was for his father in his contest with Senator HARRISON, he has always entertained great affection for Senator HARRISON and always regarded Senator HARRISON as essentially a friend of his father on everything except the direct political issue on which they broke.

Mr. HARRISON. I thank the Senator.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Arkansas?

Mr. HARRISON. I do.

Mr. ROBINSON of Arkansas. I hope we may proceed as soon as possible to the consideration of pending legislation.

The Senator from Mississippi served for a long time in the House of Representatives, and he has served for a long

time here. I never knew him on the floor to make a remark offensive to a fellow Senator unless it was provoked, as I think the remark that he made today was provoked, by the address of the Senator from Louisiana yesterday and today.

I did not hear all the address of the Senator from Louisiana, but I did hear enough to warrant the conclusion that he was impugning the motives and good faith of Senators who took a contrary view of the pending amendment from that which he asserted.

It is regrettable that we cannot always thrash out subjects on their merits here, recognizing the right which the rules of the Senate give us, but which we possess independently of the rules, to entertain and to express our views on public questions unrestrained and unintimidated by denunciatory expressions from others who differ with us.

Mr. LONG. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. Yes; although I have not the floor.

Mr. HARRISON. I yield to the Senator from Louisiana.

Mr. LONG. Will the Senator point out the particular statement made in my speech yesterday to which he refers? I know it was not in my speech today, because I only read from the Scriptures.

Mr. ROBINSON of Arkansas. Mr. President, the tenor of the whole speech yesterday and of the speech today, in my judgment, was to condemn and to criticize, to censure, and to question the good faith, if not the integrity, of those who did not take the position assumed by the Senator from Louisiana on the amendment under consideration.

I do not say this for the purpose of provoking controversy. I say it merely because I feel it my duty to say it. I believe that Senators here who know the Senator from Mississippi know that he is a gentleman at all times, and that if in the heat of debate he makes a statement that is provoked by statements from others, it is merely the result of that human nature which we all possess.

I hope we can get rid of the practice that has become too common here of casting suspicion upon each other's motives, of attempting to intimidate and coerce one another. If we are worthy to be Senators, if we are worthy of the confidence which we must have if we are to perform our duties to the satisfaction of the public, we must recognize that principle.

I thank the Senator from Mississippi for yielding to me.

Mr. HARRISON. Mr. President, the Senate of the United States is a great body. In all my experience here I have known personally Senators on both sides of the aisle. It has been a great pleasure, it is a source of happiness to serve with men who are gentlemen, because we know, as they are gentlemen, that they understand the niceties of things; and our present practice in that regard ought not to be different from the practice in the past.

As to Louisiana, I think next to my own State I love her people more than those of any other State. I entered college in Louisiana. I know a great many people there. They are a fine lot of people. Louisiana has given some great statesmen and warriors to this country. I suppose in all the history of the country, with the exception of the present senior Senator from Louisiana, none have come here who have found fault with everybody else. I have never known others who have fought their own administration on practically every occasion, who see no good in their colleagues, and who question their motives.

So when the Senator says what he does about me, and tries to blacken my character, I suppose I must console myself with reflecting on what he has done in the case of others. I remember that on one occasion here, when he brought grave charges against General Ansell, who could not reply, the Senator from North Carolina [Mr. BAILEY] rose and asked the Senator from Louisiana if he would claim senatorial immunity for making the statement. The Senator said he would not; and yet when General Ansell sued him in the courts he and his lawyer claimed senatorial immunity.

Mr. LONG. Mr. President, will the Senator yield?

Mr. HARRISON. Yes; I yield.

Mr. LONG. The Senator will note that I stated that that would be my course if he sued me in the courts of Louisiana, either in the Federal court or in the State court.

Mr. HARRISON. I did not hear that statement, and I do not think the RECORD will show it.

Mr. LONG. That was in the statement.

Mr. HARRISON. All right.

Mr. LONG. Now I want to ask the Senator if he does not think I at least ought to have the right to be sued at my domicile if I am going to waive that privilege—if it is an unusual thing for me to ask him to sue me at my domicile. I am not able to go all over the United States and hire lawyers.

Mr. HARRISON. Well, I think if people should sue the Senator anywhere they would have a pretty hard time getting anything out of him, because they simply could not beat him. I say that by way of paying a tribute to the Senator. Anyone who has to suffer as the Finance Committee has suffered every morning now from 10 to 12, if he had a cause of action against the Senator, would never enter it, knowing what he would have to go through.

Mr. LONG. Well, that is not so bad. Go ahead.

Mr. HARRISON. Now, Mr. President, talking about turning on people's backs, a thing happened this morning to which I desire to refer. The Senator held himself up, portrayed his own virtues, and told how true he was.

The Senate heard a speech here the other day from the Senator from Louisiana, in which he held Mr. Bradley up to public scorn. I never saw Mr. Bradley in my life until he came before the committee. The Senator from Louisiana said everything mean about Mr. Bradley that it was possible for him to say, had him brought up here from Florida to testify, and, at the close of the testimony this morning, this man who is held up to public scorn by the Senator from Louisiana swore under oath that in 1928, while he was on a visit to New Orleans, Mr. John P. Sullivan, the other gentleman held up by the Senator from Louisiana before the Senate in speech after speech, came to him and said:

> We have elected a good governor here. I helped to do it. We have a deficit. I want you to donate something for it.

Mr. Bradley testified that he contributed $5,000 to Mr. Sullivan then to help pay off the deficit of Governor LONG, now Senator LONG, who had then been elected governor. Mr. Bradley said the first time he saw the then Governor LONG was in the lobby of the Hotel Roosevelt, in New Orleans, when Mr. Sullivan said, "I want you to meet our new governor." Then it was that Senator LONG came to him and said, "I want to express my appreciation for that donation you made to us."

Mr. LONG. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. LONG. The Senator has Mr. Bradley's word for that. Did he not claim immunity yesterday, under the Constitution, stating that he would incriminate himself if he answered my questions?

Mr. HARRISON. I do not want to go into that.

Mr. BARKLEY. Mr. President, will the Senator from Mississippi yield to me?

Mr. HARRISON. Mr. Bradley did not claim immunity.

Mr. BARKLEY. The record will show that Colonel Bradley was brought here by the Senator from Louisiana, and was his witness, testifying in his behalf.

Mr. CLARK. Mr. President, will the Senator from Mississippi yield to me?

Mr. HARRISON. I yield.

Mr. CLARK. The RECORD also ought to show that when the Senator from Louisiana propounded his inquiry at least 8 or 10 members of the Finance Committee objected on their own right, as members of the committee, before Colonel Bradley made any objection whatever.

Mr. HARRISON. Mr. President, I want to say just one word or two, and then I will be through.

Mr. LONG. Mr. President, will the Senator pardon me just a moment? I hope the Senate will understand that I want a moment or two to reply to this gentleman.

Mr. HARRISON. That is all right.

The PRESIDING OFFICER. The Chair at this point wishes to admonish Senators as to the rule that when they yield twice, they yield the floor. No Senator shall speak more than twice on a question before the Senate. After he yields twice he cannot hold the floor.

Mr. BORAH. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BORAH. Who has the floor at the present time?

The PRESIDING OFFICER. The Senator from Iowa [Mr. MURPHY] has the floor.

Mr. HARRISON. I understood the Senator from Iowa had yielded to me.

Mr. MURPHY. I did yield.

Mr. HARRISON. I shall not take much more time. We are not under a limitation of debate at this time.

A few days ago there was read from the desk, at the instance of the Senator from Louisiana, what was alleged by the Senator from Louisiana to be a resolution that passed the State Senate of the State of Mississippi, and perhaps the Legislature of the State of Mississippi, endorsing his position on the distribution of wealth.

Mr. LONG. Mr. President——

Mr. HARRISON. I desire to read from the CONGRESSIONAL RECORD. I do not yield yet.

In the CONGRESSIONAL RECORD of March 21 of this year, on page 4992, I find the following:

Mr. LONG. Mr. President, I have here a resolution adopted by the Senate of the Legislature of the State of Mississippi. I read in the newspapers that this resolution had passed the senate of that State. It was sent to me this morning, and I presume it has passed the House of the Legislature of the State of Mississippi. I am going to send it to the desk, and I ask that the clerk may read it, as I was requested to put it in the RECORD by the author of the resolution. I showed the resolution to the senior Senator from Mississippi [Mr. HARRISON], who took no exception to my offering it instead of he himself doing so. Therefore I will ask the clerk to read the resolution.

The Senator did hand me a piece of paper, and I read it, and told him that I supposed he had written it on his own typewriter.

I wrote to the State legislature to find out about it, because I had received no such information as the Senator possesses. I am in receipt of a certificate, signed by the secretary of the Senate of the State of Mississippi, saying:

This is to certify that no action has been taken by the senate on senate concurrent resolution no. 30 introduced by Senator Harper, of the forty-second district and styled as follows—

And so forth.

Then it gives the resolution. I am in receipt also of a letter from the chairman of the committee to which this resolution was referred, in which he said that such a resolution was introduced by State Senator Harper, who, I may say, is now a candidate for the United States Senate against my colleague, Senator STEPHENS, but that that is as far as it has gotten, and it never has passed either body of the legislature. I will put these communications into the RECORD. That is all I desire to say.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Mississippi to place in the RECORD the papers to which he has referred?

There being no objection, the papers were ordered to be printed in the RECORD, as follows:

MISSISSIPPI STATE SENATE,
Jackson, March 24, 1934.

Hon. PAT HARRISON,
United States Senate, Washington, D.C.

DEAR SENATOR: In looking through the CONGRESSIONAL RECORD of March 21 this morning, I note that Senator HUEY P. LONG had the clerk read into the RECORD a resolution purporting to have been passed by the Mississippi State Senate, being senate concurrent resolution no. 30.

Such a resolution was introduced on March 5 and referred to committee. No action has been taken on the resolution other than its reference to committee, and in view of this fact, I hasten to advise you of the exact status of the matter. To substantiate what I have stated, I enclose herewith a certificate from the secretary of the senate.

Permit me to take this opportunity to commend you for your splendid work in the Senate during these strenuous times.

With kindest personal regards, I am,

Sincerely yours,

W. A. BLAIR.

MISSISSIPPI STATE SENATE,
Jackson, March 24, 1934.

This is to certify that no action has been taken by the senate on senate concurrent resolution no. 30, introduced by Senator Harper, of the forty-second district, and styled as follows:

"S.C.R. No. 30. A concurrent resolution memorializing Congress of the United States to put into effect the policy of Hon. Senator HUEY P. LONG pertaining to the distribution of the wealth of the United States."

The resolution was introduced and referred to the committee on rules.

R. L. BROWN,
Secretary of the Senate.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Louisiana?

Mr. MURPHY. Mr. President, if yielding to the Senator from Louisiana will not involve loss of my right to the floor, I will yield to him.

The PRESIDING OFFICER. The present temporary occupant of the chair holds, and has always held, that no Senator may yield more than twice. If the Senator should yield this time and one other time, the Senator from Iowa would lose the floor. He can yield once more, as the Chair reads the rule.

Mr. COUZENS. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. COUZENS. Did not the Senator from Iowa yield to the Senator from Mississippi [Mr. HARRISON], also to the Senator from Arkansas [Mr. ROBINSON], and to the Senator from Louisiana [Mr. LONG] during the one time he occupied the floor?

The PRESIDING OFFICER. Technically, that is true, but we have been following the practice of allowing a Senator to yield many times, and the Chair at this time will not enforce the rule, but will admonish the Senator from Iowa that if he yields again he will lose the floor.

Mr. COUZENS. Mr. President, I ask for a ruling as to whether or not the number of times the Senator from Iowa may yield under the rule has not been exhausted.

The PRESIDING OFFICER. Technically, that is the view of the present occupant of the chair.

Mr. COUZENS. I demand the enforcement of the rule.

Mr. CLARK. Mr. President, I claim the floor in my own right, and I yield to the Senator from Iowa.

The PRESIDING OFFICER. The Senator from Missouri is recognized. Does he yield?

Mr. CLARK. I yield to the Senator from Iowa.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. LONG. Mr. President, will the Senator yield?

The PRESIDING OFFICER. The Senator from Iowa may not yield in the time of another Senator. The Senator from Iowa is recognized.

Mr. LONG. Mr. President, will not the Senator from Iowa and other Senators refrain from preventing me from having 3 or 4 minutes to reply to the Senator from Mississippi? I am sure the Senate does not want to exercise any parliamentary strategy to keep me from replying.

Mr. CLARK. So far as I am concerned, I have been listening for 3 or 4 days to the Senator from Louisiana in the Finance Committee and on the floor of the Senate, and the Senator from Iowa, by the objection of the Senator from Michigan, has been deprived of his right to the floor, and, so far as I can, I am going to preserve the right of the Senator from Iowa to state a bona fide proposition having to do with the pending bill, instead of permitting the washing of dirty linen.

Mr. LONG. There is no washing of dirty linen.

Mr. CLARK. I yield to the Senator from Iowa.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Louisiana?

Mr. LONG. Not to exceed 4 minutes. I ask the Senator to yield for not to exceed 4 minutes.

Mr. MURPHY. I regret that I cannot yield. Yielding on previous occasions to the Senator from Louisiana and other Senators cost me the floor. I should like to proceed now with the subject I have to discuss. Consequently, I very regretfully decline to yield.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. LONG. A point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. LONG. The Senator from Missouri has yielded. I make the point of order that he can yield only for a question.

Mr. CLARK. Will the Senator point out the provision in the Senate rules where that is laid down?

Mr. LONG. Yes; I will.

The PRESIDING OFFICER. The Chair overrules the point of order, and the Senator from Iowa may proceed.

INTERNAL-REVENUE TAXATION

The Senate resumed the consideration of the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes.

Mr. MURPHY. Mr. President, the amendment I have offered to the pending bill concerns the tax on gains from the sale of capital assets. It covers section 117 of the bill.

Mr. KING. Mr. President, I make the point of order that the Senate is not in order.

The PRESIDING OFFICER. The point of order is well taken. The occupants of the gallery will maintain order. If they wish to pass out, let them do so in an orderly manner. It is their duty, under the courtesy they owe the Senate, to maintain order in the galleries, since they are visitors.

Mr. MURPHY. Mr. President, the amendment I have offered to the pending bill concerns the tax on gains from the sale of capital assets, covered in section 117 of the bill. The subject is one which is difficult of understanding by a layman, but my effort will be to clarify it sufficiently for understanding.

A capital asset is defined as real or personal property—real estate, timber and oil lands, mines, and stocks and bonds—not constituting a part of the taxpayer's stock in trade, or inventory.

The amendment does not concern the income from ownership of an asset but the profit realized from the sale of the asset.

From the incidence of income taxes in 1913 to the effective date of the Revenue Act of 1921, passed when Mr. Harding had become President of the United States and Mr. Mellon Secretary of the Treasury, gains from the sale of capital assets were taxed like other profits and income. No distinction was made. All gains and income were viewed alike.

But with the advent of Mr. Harding and Mr. Mellon, preferential treatment was given gains from the sale of capital assets. The act of 1921 decreed a tax of only 12½ percent on the gain from the sale of a capital asset held 2 years or more.

This provision did not benefit a taxpayer whose total income and profit in a single year did not exceed $27,000.

Now, why was that done? Why were gains from sale of capital assets treated differently from other gains and income?

Let judgment of the intent be determined by the results.

It will be a nearly complete answer to the question to state the consequences of doing it. These consequences have never before been fully stated. I am stating them here and now for the first time. They are astounding.

Beginning with 1922, when the 12½-percent rate took effect, from 70 to 88 percent of all such gains have been in incomes of $100,000 or more.

In the 5 years from 1925 to 1929 there were 1,752 individual tax returns showing incomes of $1,000,000 or more. The total income disclosed in those returns was $3,838,000,000, and of this total, $2,137,000,000, or nearly 56 percent, was from capital gains and received the benefit of the 12½-percent rate. Of income amounting to $2,364,000,000 disclosed in returns showing individual incomes from $500,000 to $1,000,000, a total of $1,013,000,000, or close to 43 percent, was from capital gains. Of income amounting to $2,403,000,000 disclosed in returns showing individual incomes from $300,000 to $500,000 capital gains totaled $897,000,000, or over 37 percent, and of income amounting to $7,748,000,000 disclosed in returns showing individual incomes from $100,000 to $300,000, capital gains totaled $2,000,000,000, or nearly 26 percent.

In 1929, when the orgy of speculation reached its peak, the proportion of capital gains to total income among the very wealthy became even greater. Of $4,368,000,000 received in that year by persons reporting individual incomes of $100,000 or more, $2,060,000,000, or more than 47 percent, was from capital gains. Because of the relief provision, these taxpayers—14,816 of them—paid 12½ percent on their capital gains, whereas most of them would otherwise have paid 24 percent—20-percent surtax and 4-percent normal tax. They thus escaped nearly one half the tax they would otherwise have paid on nearly one half of their total incomes.

Of these persons, 513 reported individual incomes of $1,000,000 or more. Their total incomes amounted to $1,212,000,000, of which sum $760,000,000, or nearly 63 percent, was derived from capital gains. Thirty-eight persons reported individual incomes of $5,000,000 or more. Their total incomes amounted to $360,000,000, of which $268,000,000, or more than 74 percent, was capital gains. For these 38 persons the capital-gains relief provision almost halved the tax on nearly three fourths of their total incomes.

The total of capital gains reported by all taxpayers in the 5 years 1925 to 1929 was $7,137,000,000. Of this total, $6,048,000,000 was reported by taxpayers having individual incomes of $100,000 or more. According to the best estimate that can be made from the published figures, the capital-gain provision reduced the tax on that $6,048,000,000 of capital gain by more than $750,000,000. It is fair to assert that at least $600,000,000 of this reduction was not warranted by any just claim on the taxpayer's part.

For the 10 years from 1922 to 1931, inclusive, it is a safe estimate that the tax relief granted by means of the capital-gains provision was not less than $1,000,000,000, enough to pay the mortgage debt on every farm in Iowa, and more than enough to pay all war pensions for an entire year.

I have stated the consequences, and stating them have stated in largest part the reason for the 12½-percent capital-gains tax provision.

I shall state now—and return immediately to discussion of this phase of the subject—that the pending bill ends the 12½-percent tax. But, with repetition of the conditions obtaining from 1925 to 1929, this bill will make a present of $1,000,000,000 to taxpayers having incomes of $100,000 or more. To head that off and render it impossible is the purpose of the pending amendment.

There were specious and plausible arguments advanced in support of the 12½-percent provision. A plausible argument was that the gain which a taxpayer realized from the sale of a capital asset did not originate in any 1 year but was spread over the years of possession; and that to tax in 1 year the gain which accrued over several years was wrong and worked hardship. Therefore, it was argued, relief ought to be accorded taxpayers having gains from the sale of capital assets. That relief, as written into the 1921 act and carried forward to this day, took the form, as I have said previously, of forgiveness of one half to four fifths of the tax that otherwise would be paid by men of very large incomes. There was no rule by which the 12½-percent tax was arrived at; no mathematics that justified it. The highest tax imposed on other forms of income during 1925–29 was 25 percent, so that 12½-percent tax on capital gains was an adroit means of circumventing surtaxes. The relief, as I have shown, was substantial. Into the tin cups of the taxpayers with incomes exceeding $100,000—poor fellows whose circumstances excited pity and who bled and suffered

from the hardships imposed by the revenue laws of the Democratic administration—into the tin cups of those citizens Congress, the genius of Andrew Mellon guiding it, poured $750,000,000 in 5 years.

It occurs to me that the term "capital gains" obscures understanding by the common man of what is involved. I have given the definition contained in the law. Let us analyze the character of such gains. Generally speaking, they are nothing more or less than the profits of stock-market speculation and speculation in land and the treasures of the earth, but most largely from stock-market speculation. Being that, they add nothing directly to the national wealth and are therefore less worthy of encouragement than productive business activity. Because of their special and occasional character they are not ordinarily depended on by the taxpayer to meet his customary expenses. Consequently they increase his ability to contribute to the support of government more, perhaps, than any other kind of income.

Mr. LONG. Mr. President, will the Senator yield for a moment until I propound to him a question?

Mr. MURPHY. I will yield only for a question.

The PRESIDING OFFICER. The Senator from Iowa yields for a question only.

Mr. LONG. I wonder if the Senator would not let me call for a quorum, and then allow me to have just about 4 minutes, because after that time I will gladly yield the floor back to the Senator? There are not a great many Senators present, and I want more of them to come here.

Mr. MURPHY. To hear the Senator's 4-minute speech?

Mr. LONG. No; but I believe the Senator from Iowa can hold them here.

Mr. MURPHY. I think the Chair has ruled that I have not the right to yield.

Mr. LONG. I inquire if the Chair has so ruled?

The PRESIDING OFFICER. The Senate fortunately has a definite way of deciding a matter for itself.

If the Chair be wrong, the Senate may overrule the Chair. The present occupant of the chair is, and ever has been, of the opinion that if a Senator, more than twice, upon any one question, yields for more than a mere question propounded to him, and some other Senator then makes the point the Senator loses the floor; but, of course, if the point is not made the Chair is not going to invoke the rule, and the Senator may yield without losing the floor.

With that understanding, does the Senator from Iowa wish to yield to enable the Senator from Louisiana to call for a quorum or for any other purpose?

Mr. MURPHY. I am in the course of a speech, and I should very much prefer to finish it, if the Senator please.

The PRESIDING OFFICER. The Senator from Iowa declines to yield at this juncture.

Mr. LONG. Very well.

Mr. MURPHY. Mr. President, because capital gains add nothing to the national wealth they deserve no special consideration. The tax on such gains is a tax on unearned income, and unearned income is not entitled to special consideration. A method of taxation that in 5 years gave $750,000,000 to persons filing 61,057 tax returns—possibly the same persons in each of the 5 years, or 20,000 persons at most—is undeniably a method that accords special privilege to the few.

Although this concession to wealthy taxpayers was expressly granted with respect to speculative profits only, it was actually extended, by manipulation, to much of the income that should have been taxed as dividends. This form of manipulation is unquestionably responsible for a large part of the flood of stock dividends that were issued during the boom period of the last decade. Stock dividends are not taxable when received, and if the stock is held by the taxpayer for 2 years and then sold, he gets the benefit of the 12½-percent rate, instead of paying the regular surtax rates that cash dividends would have borne. No man can say how much tax was avoided in this fashion, but the amount was undoubtedly very large. In 1922, the first year of the capital-gains tax, the amount of stock dividends was extraordinarily large, totaling more than $3,000,000,000. Two years later, in 1924, when profits on the sale of stocks received as dividends would first get the benefit of the 12½-percent rate, the amount of capital gains increased very sharply. Many of the reorganizations that were so common in those years were also engineered so that the participants would get the benefit of the 12½-percent rate on income that would otherwise have borne higher taxes.

Mr. President, we come now to the pending bill.

Decision must now be made whether the Mellon principle of the last few years shall be followed or we shall return to the Democratic plan of the preceding 8 years, making such modifications in the latter as experience with it suggests.

To clear up any misunderstanding in the minds of Senators, the act under which that scandal arose—for it was a scandalous thing to add, at the public expense, so many hundreds of millions to fortunes already vast—that act, I say, is changed radically in the pending bill. The bill discards the flat 12½-percent tax on capital gains, and that is a great step forward. It retains the principle of relief but extends the relief to all taxpayers. It provides as to every taxpayer that if he has held the asset yielding the gain for more than 1 year but not more than 2 years, 20 percent of the gain shall be forgiven him—he will pay no tax on that part of the gain. If the asset has been held for more than 2 years but not more than 5 years, 40 percent of the gain shall be forgiven him. If the asset has been held more than 5 years but not more than 10 years, 60 percent of the gain shall be forgiven him. If the asset has been held more than 10 years, under an amendment added by the Finance Committee, 70 percent of the gain shall be forgiven him. If the asset has been held only 1 year, there is no relief. In all cases, so much of the gain as is subject to tax is taxed like other income. The reduction in tax is in no case less, in terms of percent, than the reduction in income subject to tax. In some cases it is substantially greater, owing to the fact that the tax rates rise as the income increases.

I freely concede that the capital-gains provision in the pending bill is an improvement over the existing law. As compared with that law, it would reduce by nearly one half the total amount of relief granted. It would distribute the remainder more equitably as between large incomes and small, and as between assets held a number of years before sale and assets held barely 2 years. In my judgment, however, the new provision is still much too liberal, especially to taxpayers having very large incomes. My criticism is that the bill carries the relief too far; that it extends relief in many cases where no relief is justified and that it grants too much relief in substantially all cases. Like the earlier capital-gains provisions, it benefits chiefly persons of very large incomes who have no just claim to any relief. Like the earlier provisions, it extends a full measure of relief to the taxpayer who realizes capital gains year after year, in a steady stream.

I have expressed my belief that it is a safe estimate that if we should experience another stock-market boom like that of 1925 to 1929 the unjustified relief granted by this bill on gains from the sale of capital assets would reach a total as high as $1,000,000,000. Conceding that that day is far off, if we should experience a boom of half its volume the unjustified tax relief would be something like half of $1,000,000,000.

This bill is supposed to provide large additional revenues for emergency need. But in section 117 it defeats the very end sought by guaranteeing taxpayers lower taxes if they will hold off sale of capital assets. If the taxpayer shall not sell for more than 10 years, in consideration of that his tax on the gain will be reduced by 70 to 89 percent; if he holds off 5 years, his tax on the gain will be reduced by 60 to 81 percent; if he holds off selling for 2 years up to 5, the reduction of tax will be 20 to 33 percent. This bill cries out encouragement to him not to sell now and rewards him for holding off sale. The longer he holds off up to 10 years the longer will the Treasury be denied taxes, and the less

the Treasury will get when sale is finally made. That, to my mind, marks section 117 as ridiculous in a bill to provide emergency revenue.

At a time when the effort is to discourage speculation, the bill puts a premium on speculation for the long pull. It offers a subsidy to such speculation. That, I submit, is not the way to prosperity. If tax favors are to be granted, let them be granted to the producers and not the speculators. In order to remedy the defects of section 117 of the bill it is not necessary to return, completely and unqualifiedly, to the plan in effect before 1922. That plan imposed a heavy burden on the occasional persons of moderate incomes who realized, perhaps once in a lifetime, a capital gain of large amount. The policy of giving adequate relief to such taxpayers can be adhered to without bestowing gratuities of hundreds of millions on the undeserving. The House subcommittee on tax revision, in presenting the plan embodied in this bill, stated admirably the principle on which relief might properly be based. It said:

> The tax on a capital gain should approximate the tax which would have been paid if the gain had been realized in equal annual amounts over the period for which the asset was held.

The Secretary of the Treasury has endorsed that principle. It seems fair and reasonable. Why should we not carry it out in this bill? Section 117, as now drawn, will not do so. The pending amendment will.

The amendment accepts the principle that in some cases relief from taxes arising from capital net gains is justified.

A man may own a capital asset, say a growing tract of timber, which has increased in value every year. When he sells that asset and realizes a gain, the tax on the gain arises in the year of sale, so that he is taxed all in 1 year on gains arising over several years, the number of years he has held the property.

I concede the contention that to do that, to tax him that way, to tax in 1 year gains arising over several years, is inequitable, and my amendment avoids doing that.

The purpose to avoid injustice is the sole justification for any relief provision with respect to capital gains, and the relief afforded should not extend beyond the point where that purpose is accomplished.

One objection to the pending bill is that it extends special relief to all capital gains whether or not they are unusual in amount or occurrence. It does not inquire whether relief is fairly due. It assumes that it is due.

The amendment does justice, following out the committee principle, to the taxpayer having an exceptional capital gain—something that happens to him once in 5 years, and happening then maybe the first time it ever happened.

What about the taxpayer who has, not 1 such capital gain in 5 years but 2, or 3, or 5 such gains? Not 2, or 3, or 5 in 5 years, but 2 or 3 or 5 every year? What about him? What about the taxpayer a large part of whose income every year represents gain from the sale of capital assets? What just claim for relief has he?

The pending bill says he is entitled to a measure of relief equal to that afforded the taxpayer who had only one such gain in several years.

My amendment denies that. My amendment says that the relief shall depend on the frequency of such gains and their amount considered in relation to the taxpayer's other income.

My amendment asks, Is this an extraordinary gain? If it is, relief properly should be accorded; if it is not, there is no just basis for relief.

So my amendment looks at the capital gains for the current year—the taxable year. Then it looks at the capital gains for the preceding 4 years to determine their frequency and if they are unusual in amount. It strikes an average of the capital gains for each of 4 years, and with this as the measure ascertains if the gain for the current year is greater than the average. If it is greater, then relief is extended to the excess and no further. That is as far as relief should go.

My amendment first inquires how long the asset sold has been owned, and, having ascertained that, proceeds with this method of computation:

First. There is computed the tax on the income from usual and ordinary sources—salaries, fees, rents, interest, dividends, and so forth. That done, if the property sold has been owned 2 years, one half the profit is added to the other income and another computation of the tax is made. The difference between the two computations is the increased tax arising from one half the capital gain. This difference is multiplied by 2 and the product is the total tax arising from the capital gain. Added to the other tax, that on usual and ordinary income, the total tax is known.

Now, if the asset sold has been held 3 years, one third the profit is added to other income and the difference multiplied by 3; if 4 years, one fourth and the multiple of 4 is used; if 5 years or longer, by one fifth and the multiple of 5 is used.

It will help to understanding of this to use a simple illustration. Suppose a married man with no dependents and no other income realized a gain of $100,000 on the sale of property he has held 5 years. If we took the position that he was not entitled to any relief, he would have to pay a tax of $30,358 at the rates prescribed in this bill. Under the provisions of this bill he would be forgiven 60 percent of this profit, and consequently would be taxed on only 40 percent of his gain, or $40,000, and his tax would be $5,743.

The tax computed under my amendment would follow this method: One fifth of the income is $20,000. The tax on that is $1,498. The property having been held 5 years, the amount is multiplied by five, making this tax $7,490. If he held it only 2 years, the tax would be under this bill $12,003, and under my amendment $17,266.

I am not going to burden the Senate with a discussion of the detail of computation. It would be impossible to follow an oral statement of it. I therefore ask unanimous consent to insert in the RECORD, at this point in my address, a statement and computations expressing the effect of this amendment.

The PRESIDING OFFICER. Is there objection? The Chair hears no objection, and it is so ordered.

The matter referred to is as follows:

> Ordinary income of $100,000. Tax on this under the bill, $30,358. Capital gain of $250,000 on asset held over 5 years. If no relief provision whatsoever, tax would be $174,233. Under the bill, 60 percent of the profit would be forgiven, so that the tax would be on $100,000 plus ordinary income of $100,000. Total, $200,000. Tax, $86,783.
>
> Under the amendment there is first the ordinary income of $100,000, the tax on which is $30,358. To this income of $100,000 must be added one fifth of $250,000, or $50,000. Total, $150,000. Tax, $58,308. Additional tax on one fifth of capital gain, $27,950. On five fifths it is five times $27,950, or $139,750. Adding the tax on the ordinary income of $100,000, amounting to $30,358, gives a total tax of $170,108.
>
> Note that $27,950 is exactly equal to 55.9 percent of one fifth of the profit ($50,000), and the total tax of $139,750 is the same percentage of the total capital gain.

Mr. DUFFY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Wisconsin?

Mr. MURPHY. I yield to the Senator from Wisconsin.

Mr. DUFFY. Can the Senator enlighten me as to the question I am about to ask? I understand that the House committee which investigated the tax situation had a table compiled which showed that in the high-tax years, with possibly one exception, there was a great preponderance of taking of losses; in other words, the tendency was all that way; while in the low-tax years the direct opposite was the case, with the possible exception of 1 or 2 years. I wonder how that table bears out the argument the Senator is making in favor of his amendment.

Mr. MURPHY. Mr. President, I am glad the Senator asked that question, and I thank him for the observation.

The statistics that are offered in support of the argument that high taxes check profit taking and low taxes encourage it are as weak and unconvincing as the argument itself. The figures have been both distorted and misinterpreted.

In the first place, the classification of the years is faulty. If we consider the rates at which taxes were actually collected on large incomes, in which most capital gains are found, 1924, which is classed as a low-tax year, had higher

rates than 1923, which is classed as a high-tax year. On the other hand, if we ignore retroactive changes and consider the rates prescribed by the law which was actually on the statute books during each year, we find that both 1924 and 1925, which are classed as low-tax years, had a higher average rate on large incomes than 1918, which is classed as a high-tax year. Moreover, 1922 and 1923, classed as high-tax years, were actually low-tax years for capital gains on property held 2 years or more. The 12½-percent rate was in effect during both years; but, nevertheless, both years had an excess of capital losses over capital gains, and the gains were lower, in proportion to losses, than they had been in 1919 and 1920, when income-tax rates went up to 73 percent, and there was no relief for capital gains.

Correcting these inaccuracies in classification destroys in large part the correlation the committee claims between tax rates and capital gains. The committee's main error, however, consists in the misinterpretation of such correlation as is found. The committee makes the unsupported assumption that the changes in tax rates caused the fluctuations in capital gains. In fact, it seems more likely that for the greater part of the period under consideration the changes in capital gains and other income caused the changes in tax rates. During the entire decade from 1920 to 1930 the Treasury Department and the Congress were continuously subjected to intense pressure aimed at the reduction of income-tax rates. The United States Chamber of Commerce, backed by substantially all the business interests of the country, conducted year after year a systematic campaign for lower taxes. It became difficult for the Treasury and the Congress to resist that pressure sufficiently to insure adequate revenues to meet the needs of the Government.

During that period revenue requirements were not substantially increasing. Every increase in the total amount of taxable income therefore afforded an opportunity to reduce tax rates and still provide the money needed for the support of the Government. Under the circumstances it was inevitable that the opportunity should be promptly seized.

Two of the three substantial tax reductions of this period were made retroactively, after the income on which they were based had been earned. After the close of 1923 a reduction of 25 percent was made in the taxes for that year, and the Revenue Act of 1924 merely continued approximately the same reduction for the following year. After the close of 1925 the tax rates for that year were again lowered by about 25 percent, and the revenue acts of 1926 to 1928 merely continued that reduction. Again, after the close of 1929, a reduction was made in the tax rates for that year, but it was not continued, owing to the rapid shrinking of the national income in 1930. Only once during the decade were tax rates reduced in advance. That was the reduction that took effect on January 1, 1922, when the 12½-percent rate was established for capital gains.

It must be clear to everyone who reviews the income-tax history of that decade that the amount of income realized actually controlled the tax rates. The increase in capital gains from a net loss of one billion three hundred and seventy million in 1921 to a net gain of four billion five hundred and ninety-five million in 1928 helped greatly to make the tax reductions possible. An increase in other kinds of income, arising from the same causes, did the rest.

I shall try to make it equally clear that during the same period the tax rate had no perceptible effect on the realization of capital gains. So far as the statistics show, the amount of gains and losses realized depended entirely on the fluctuations in the prices of the property sold, and on nothing else. To make that plain, I have had a chart prepared showing the amount of capital gains reported in income returns from 1917 to 1931. The chart also shows the changes in the Standard Statistics Co.'s index of stock prices for those years. The solid black line shows the changes in capital gains—whether held more or less than 2 years—in billions of dollars. The solid red line shows the fluctuations in the annual average price of 404 listed stocks—rails, industrials, and utilities—the 1926 average being taken as 100, and the averages for the other years being stated in percentages of the 1926 average. So far as I can ascertain, this is the best of the published stock-price indexes. For capital gains, 4 inches in height represents a billion dollars. For stock prices, 3 inches in height represents 10 percent of the 1926 average.

Mr. KING. Mr. President, will the Senator yield for a question?

Mr. MURPHY. I yield.

Mr. KING. Is there any relation between those 404 listed stocks and the unlisted stocks with respect to their prices and the fluctuations in their values in the market?

Mr. MURPHY. I may say to the Senator that I am advised that the Standard Statistics Co.'s index did not take into account any unlisted stocks.

The remarkable agreement between these two movements is apparent at a glance. When stock prices went up, capital gains went up. When stock prices went down, capital gains went down. When the change in stock prices was large, the change in capital gains was also large.

It is worth while also to look at the separate figures for gains on the sale of property held 2 years or more and for gains on the sale of property held less than 2 years. Unfortunately, no figures as to the net gains of those classes are available for any year prior to 1924, but beginning with that year the long-term gains are shown by the broken black line with the long dashes, and the short-term gains are shown by the broken black line with the short dashes. The two lines start about together in 1924, but from that time until 1928, short-term gains increased faster than long-term gains, although the average tax rate paid on short-term gains by persons having incomes of $100,000 or more was from 40 to 125 percent higher than the tax rate on long-term gains. In this case, at least, the effect claimed by the House subcommittee seems to have been completely reversed.

To complete the picture, the tax rates for the various years have also been plotted on the chart. To do this it was necessary to determine average rates, for the entire rate schedule could not be plotted. Since 70 to 88 percent of the capital gains on assets held 2 years or more were concentrated in incomes of $100,000 or more, the average effective rate on such incomes was adopted as the most significant figure. This rate is shown by the solid violet line on the chart. Since the transactions in any year are not affected by laws enacted after the close of the year, all retroactive changes in rates have been ignored, and each change has been shown as of the date when the law making it was enacted.

Beginning with 1922, the effective rate on profits from the sale of property held 2 years or more has been shown by a broken violet line with long dashes, and the effective rate for profits from the sale of property held less than 2 years, when included in incomes of $100,000 or more, has been shown by a broken violet line with short dashes.

The chart shows that the earlier part of the period 1917 to 1921 was marked, in general, by high tax rates and low capital gains and that the later part of the period was marked by low taxes and high capital gains. It gives no support, however, to the inference of the House subcommittee that the changes in tax rates were the cause of the changes in gains and losses. There is no such close agreement between the two as we find between stock prices and capital gains. I have already pointed out that the figures with respect to long-term and short-term gains seem to contradict the subcommittee's inference flatly. It is also notable that during the continuance of the level 12½-percent rate, the total amount of capital gains rose from a net loss of one billion three hundred and seventy million to a net gain of four billion five hundred and ninety-five million and fell again to a net loss of seven hundred and eighty-four million. The greater part of this tremendous change took place, moreover, under a constant tax rate for short-term gains also.

In the years 1917 to 1920 the situation was somewhat different from the situation in 1921 to 1929. The high tax rates in the earlier years were not due primarily to a re-

duced national income but rather to the extraordinary revenue requirements incident to the war. Conditions growing out of the war were also responsible for the decline in security values during those years, and so, indirectly, for the reduction in capital gains. The work of the War Industries Board and the War Labor Board in holding prices down and keeping wages up; the very heavy profits taxes, reducing the amount of corporate earnings available for dividends, the competition of the Government, through the Liberty Loan drives, for all available investment funds, the resulting high interest rates—all these things tended to keep security prices down, despite the fact that those years were times of considerable prosperity for the great mass of the population.

The Standard Statistics Co.'s index of stock prices does not go back of 1918. For earlier years the best stock-price index is probably the Dow-Jones index for industrial stocks. It shows that such stocks reached a high point in 1916; declined in 1917 and again in 1918, recovered in 1919, passing the 1916 mark, and declined again in 1920 and 1921. They did not substantially pass the 1916 level until 1924. These movements correspond closely with the movements of realized capital gains and losses, as shown in black on the chart. However, a better index for our purposes is furnished by Dr. Willford I. King's estimate—in his study of the national income—of the total value of all outstanding common stocks, preferred stocks, and bonds of certain industries at the end of each year from 1916 to 1922. This estimate covers substantially all stocks and bonds of industrial, railroad, and public-utility companies. It has been adjusted to eliminate the effect of new issues and retirements. It is shown by the triple red line at the bottom of the chart. As will be seen, it rises less sharply in 1919 and 1922 than the Standard stock-price index, doubtless because of the inclusion of bonds and preferred stocks, which were continuously depressed during this period by the high interest rates that resulted from the war.

It will be seen that this line agrees very closely with the black line showing the net capital gains and losses realized from 1917 to 1922. Gains went down when security values went down; gains went up when security values went up. During the whole period security values were depressed. Therefore during the whole period losses exceeded gains.

STOCK DIVIDENDS

It is worthy of note that capital gains showed an exceptionally sharp upward movement, as compared with stock prices, in 1924–25. This sharp advance took place 2 years after a great distribution of more than $3,000,000,000 of stock dividends in 1922, following the adoption of the 12½-percent rate. It suggests the magnitude of the tax evasion accomplished in this way.

This chart makes it unmistakably plain that tax rates have not had any appreciable effect on the realization of capital gains. There have doubtless been isolated cases in which sales have been deferred because of high taxes, but these cases have not seriously affected the general trend. In the face of this showing, it is nothing less than absurd to contend that the reduced tax rates provided by this bill would double the amount of profits taken. Yet they would have to do that in order to offset the reduction in rates and prevent loss of revenue. They would have to do more in order to increase the revenues.

The belief that the Government cannot collect taxes on capital gains as on other income is wholly unjustified by experience. It is due partly to inadequate, superficial study of the evidence. But I am constrained to believe that it is due much more to the deliberate effort of taxpayers of great wealth to escape high taxation on the larger part of their incomes—on the part that in most cases has formed the foundation of their fortunes.

As one Senator sitting on this side of the Chamber, where was drawn the first of the income-tax laws, and where was written into law the principle that gains from sale of capital assets shall be taxed like other income, I do not purpose to sit here mute and idle while that principle is rejected and there is written into law the undemocratic principle of special privilege to a particular class of taxpayers, and that class least of all entitled to preferential treatment.

There have been times when those in places of power in this Republic have delighted to heap favors on the very wealthy at the expense of the great mass of the people. Sometimes it has seemed that their leading aim has been the further concentration of wealth and power in the hands of a favored few. But those have not been times when the Democratic Party was in power. With the election of a Democratic President and a Democratic Congress we left those times and broke away from that philosophy. We have entered on a new era and started a new deal. We have announced a policy of building up the incomes of the farmers and the laboring men. We have come to see that the Nation's prosperity depends on the purchasing power of those masses rather than on the investing power of the very wealthy few. What, then, can justify us in adopting a measure like the one now under consideration, which halves the tax, and so doubles the profits, of the wealthy speculators at the expense of the farmers, the laboring men, the merchants, the manufacturers, and the conservative investors of the country?

Mr. President, I feel that my honored colleagues on the Finance Committee have been misled in their acceptance of section 117 of this bill. The many other weighty matters demanding their attention have prevented them from delving into the details of this intricate question. In no other way can I explain their approval of a provision that continues so many of the bad features of the vicious tax policy of the last three administrations. I hope that after a full consideration of the facts they will join in rejecting that policy decisively and finally. I ask their approval, and that of the Senate as a whole, to the substitute I have offered to section 117.

I thank the Senate.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had concurred in Senate Concurrent Resolution 12, as follows:

Resolved by the Senate (the House of Representatives concurring), That the action of the Vice President and of the Speaker of the House of Representatives in signing the enrolled bill (S. 2729) entitled "An act to repeal an act of Congress entitled 'An act to prohibit the manufacture or sale of alcoholic liquors in the Territory of Alaska, and for other purposes', approved February 14, 1917, and for other purposes", be rescinded, and that in the reenrollment of such bill the last proviso of section 1 reading as follows: "*Provided*, That the Governor of the Territory of Alaska, from and after the passage and approval of this act, shall have the power and authority to grant pardons to persons theretofore convicted of violations of the aforesaid act of February 14, 1917", be stricken out.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 2324. An act for the relief of the Noank Shipyard, Inc.; and

S. 2689. An act to authorize the Department of Labor to make special statistical studies upon payment of the cost thereof, and for other purposes.

INTERNAL-REVENUE TAXATION—ADDITIONAL AMENDMENT

Mr. GORE submitted an amendment intended to be proposed by him to House bill 7835, the revenue bill, which was ordered to lie on the table and to be printed.

HOUSE BILL REFERRED

The bill (H.R. 8861) to include sugar beets and sugar cane as basic agricultural commodities under the Agricultural Adjustment Act, and for other purposes, was read twice by its title and referred to the Committee on Finance.

PERSONAL EXPLANATION

Mr. LONG. Mr. President, I wish to make some remarks, but before I begin I suggest the absence of a quorum and ask for a roll call.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Kean	Reed
Ashurst	Couzens	Keyes	Reynolds
Austin	Davis	King	Robinson, Ark.
Bachman	Dickinson	La Follette	Robinson, Ind.
Bailey	Dieterich	Lewis	Russell
Bankhead	Dill	Logan	Schall
Barbour	Duffy	Lonergan	Sheppard
Barkley	Erickson	Long	Shipstead
Black	Fess	McAdoo	Smith
Bone	Fletcher	McCarran	Steiwer
Borah	Frazier	McGill	Thomas, Okla.
Brown	George	McKellar	Thomas, Utah
Bulkley	Gibson	McNary	Thompson
Bulow	Glass	Metcalf	Townsend
Byrd	Goldsborough	Murphy	Tydings
Byrnes	Gore	Neely	Vandenberg
Capper	Hale	Norbeck	Van Nuys
Caraway	Harrison	Norris	Wagner
Carey	Hastings	Nye	Walsh
Clark	Hatch	O'Mahoney	White
Connally	Hayden	Overton	
Coolidge	Hebert	Patterson	
Copeland	Johnson	Pope	

Mr. LEWIS. Mr. President, I desire to announce that the Senator from Mississippi [Mr. STEPHENS] and the Senator from Florida [Mr. TRAMMELL] are necessarily detained from the Senate.

I desire to announce also that the Senator from Montana [Mr. WHEELER] is absent from the Senate because of a severe cold.

The PRESIDING OFFICER. Eighty-nine Senators having answered to their names, a quorum is present.

Mr. LONG. Mr. President, I hope I may have the attention of the Senate for just a few minutes. The Senator from Mississippi [Mr. HARRISON] has not been interrupted in the course of his remarks, under the rule of the Senate which forbids any reflection upon a Senator, and in the course of his reflections upon me I am glad to say there has been no effort to apply strictly subdivision 2 of rule XIX, as was done when I had the floor.

However, when the Senator from Mississippi [Mr. HARRISON] had the floor he gave as his authority and accepted as his authority one E. R. Bradley's unsupported statement. I am going to show what kind of support it is for the charge which the Senator made against me on the floor of the Senate that $5,000 had been paid to a man by the name of Sullivan to help clear up a deficit in the campaign in which I was interested when I ran for Governor in the year 1928. I want to show what was within the knowledge of the Senator from Mississippi [Mr. HARRISON] at the time he made that charge. I want to show what the Senator from Mississippi [Mr. HARRISON] knew when he made that statement on the floor of the Senate. I want to show who the Senator from Mississippi [Mr. HARRISON] has for his spiritual support for the charge he has made here on the floor of the Senate and heralded to the world. He said that Bradley did not claim immunity, I believe, and as I understood him to say here on the floor of the Senate. Let us see. Here is the question:

Senator LONG. What is your business?

Mr. BRADLEY. I am a speculator. I breed horses and race horses, and gamble.

Senator LONG. Do you run a gambling house in Florida? I will put it that way.

Mr. BRADLEY. I told you that I gamble. When you specify a place, I stand on my constitutional rights.

Mr. LAMBERT.—

That was his lawyer.

We object to that.

The CHAIRMAN.—

Being the Senator from Mississippi [Mr. HARRISON] in question. Said the said Senator from Mississippi, presiding:

Of course, I do not know how the committee feels about it, but I do not feel that any witness is compelled to incriminate himself on any proposition.

Mr. CLARK. Mr. President——

Mr. LONG. I do not yield to the Senator from Missouri. I hold the floor this time.

Mr. CLARK. The Senator is well advised. [Laughter.]

Mr. LONG. I have had experience before. The Senator from Missouri was one of the gentlemen who had some part in preventing me taking the floor a little while ago. I feel about him like the man felt who was about to be hanged. The sheriff took him out to the platform and said, "You have 15 minutes to speak to the crowd and you can say anything to them you want to." The condemned man said, "I do not believe I want to say anything." About that time a gentleman back in the crowd said, "Mr. Sheriff, if he does not wish to consume his 15 minutes, I am a candidate for the United States Senate, and I should like to know if he would yield his time to me." The condemned man said, "I have no objection, Mr. Sheriff, to yielding my time to him, but if it is just the same to you I should like you to hang me first, because I have seen that bird before." [Laughter.]

I have had some experience this afternoon with my friend from Missouri and I came out second best, so I do not care to get into a colloquy with him again in connection with this matter.

Mr. President, that was not the only thing to be said to the credit of my friend the Senator from Mississippi [Mr. HARRISON] and his good motives, that he brought here, as his cornerstone and sole support for this charge that he has hurled, a witness for whom he interposed a sustaining ruling that he could not be made to incriminate himself. This man who, in the words of the chairman of the committee [Mr. HARRISON], would have been a criminal had he opened his mouth, is the authority of the Senator from Mississippi [Mr. HARRISON] for hurling an otherwise unsupported charge against a United States Senator, a former Governor of a State, and his friend.

Mr. President, just one more thing. Have I said anything that the Senator from Mississippi [Mr. HARRISON] has disputed as being true? Not a word that I said on the floor of the Senate is disputed as to its truth by the Senator from Mississippi. Not a word that I said here is disputed. He deplores the fact that I mentioned that a Mr. Meyer Eiseman, through transactions between the two of them, owed the Union Indemnity Co. $15,000 when it went broke; and yet they published my picture and my photograph in magazines and newspapers throughout the country as being a culprit contributing to the destruction of that company, and not one word was uttered on the floor of the Senate in defense of me by my friend from Mississippi, although he was the one against whom they might have made the charge of having contributed to the insolvency of that institution by reason of being a creditor of the concern against whom they could not get judgment.

Mr. President, I am sorry the Senator [Mr. HARRISON] says he thinks anybody who would sue me would have a hard time getting any money out of me. He ought not to make that charge. The pot ought not to call the kettle black, if I am black.

Mr. President, if one man in the Senate ought not to make that charge, certainly, with our banks holding notes of my friend from Mississippi [Mr. HARRISON], he ought not to say that they could not get anything out of me, because, even though they lose every dime they ever loaned to me; and would not consider that a bad thing, even though I did owe them something that I could not pay them; but I want this to be known: I do not owe anybody—thank God!—a copper cent that I cannot pay, except men who are willing tonight to write it off the books; because, Mr. President and gentlemen of the Senate, it is publicly known that every dollar I have had to go in the hole for was spent to fight for free schools and paved roads and for the insane of the State of Louisiana. And the men who contributed to me and loaned me money, when my money ran out and I had no more, are good citizens, and they have seen the results, even though they lose every dime they ever loaned me; and there is not a single one who ever loaned anything to me that I owe anything to who is insolvent or owes anything to a bank, although it would not be against them if they did, because the best of our people are insolvent today.

Now, one thing further about a man whom the Senator from Mississippi has used as a witness:

He used as his witness this Colonel Bradley, Mr. President, who testified under oath that he gave that money, not to

me, but he gave it for a campaign of mine after I had been elected, and he says he had never seen me, had never met me, and did not know me, and did not know me from Adam; and yet he gave $5,000, he says, 6 years ago, for a man he had never met, for a man he did not know, and without any request from me, but on the request of his business "pal" in the gambling business.

Strange, was it? Oh, no; that is good evidence, according to the Senator from Mississippi [Mr. HARRISON], from a man who had to plead his constitutional rights against incriminating himself; a man who said he had never even met me, and did not know me up until that time; and then there is something else which the Senator from Mississippi did not mention which I think the Senator from Mississippi could have mentioned.

According to this man, he saw me only one time after that, and only by chance, as I passed him when I was going through the lobby of a hotel, and he says that I was introduced to him, and that I merely said to him, "Thank you for the contribution", and passed on, without stating the amount of the contribution, or anything of the kind.

Strange things further, such acts of ingratitude, that I simply passed the man when I never had seen him, and he had contributed to me without ever having seen me or known me, contributing to Sullivan? Strange things, are they, that for 5 years, according to this man's own testimony, I have denounced him in every term he was capable of being called? And you have to go pretty strong to do it. According to him, for 5 years he and his partners have said everything against me they could say, and I have said everything against them I could say, and for 5 years this man says he has never made a charge of that kind, nor has he seen or heard of where Mr. Sullivan has made that charge.

There is something else the Senator from Mississippi [Mr. HARRISON] said, after giving as his witness and as his authority a man who had to invoke the rule that he would incriminate himself if he answered, the man who had to say that for 5 years he had been my enemy, and had said everything he could think of about me, a man who made the statement that he made a contribution to a man he had never seen in his life, whom he did not even know. They gave him as a man to make the charge and then to say, "There is our testimony", a man who had admitted everything on earth that I charged on the floor of the Senate in order to make out this claim.

The Senator from Mississippi [Mr. HARRISON] said we ought not to bring up personal affairs on the floor. I did not bring up the personal affairs on this floor. I was attacked here by the Senator [Mr. HARRISON] in language and in charges that should not have been used against any Senator on this floor.

They say it was justified because of the speech I made only yesterday. I want Senators who were here on yesterday, and those who were not here, to read the speech I made, and determine for themselves what there was I said here yesterday on this floor that could give any personal offense. I simply went along stating the absolute truth, what I had said many times before, to which no one had taken any exception. I simply said that on this side and on the other side we had stood for a program that had come out of Mr. Hoover's own personal good will, and that the leaders on this side and the leaders on the other side had stood that way and voted down the liberal and progressive element, as we styled ourselves.

Everybody knows that is true. There is nobody who is going to say that is not a fact. I am not condemning the Senator from Ohio [Mr. FESS]. He asked me a few questions in regard to the matter. He was one of the Senators on the other side of the Chamber who was a Republican standpatter, who stood with the Senator from Mississippi [Mr. HARRISON] here last year.

The thing I said, and I mean what I say in absolutely the best of faith, is that it is disgusting now for the Republican Senator from Ohio or the Democratic Senator from Mississippi [Mr. HARRISON] to have a fight over the line as to who is responsible for the conditions that have come about as the result of their activity in Congress, when the Senator from Ohio and the Senator from Mississippi went arm in arm, toe to toe, cheek to cheek, knee to knee, heel to heel all through the whole congressional performances and they have no grievance or right to complain at each other.

That is not any criticism that is in any sense reflecting upon the Senators. That is my view. That is my opinion about the matter. They may be right in the stand they have taken. I do not think they are half right. I do not think they are any more right than they think I am right, and I am satisfied they do not think I am right at all. But that did not justify the statement coming this morning from the Senator from Mississippi, who rose here on the floor of the Senate and out of a clear sky took a pot shot at me and said that he wanted to say that the Senator from Louisiana had less influence in the United States Senate than any man who sat in this body.

The Senator from Mississippi has been pretty good at that kind of remarks. I am not one of the wits. I am not schooled in nor do I classify as an expert in the art of repartee. I have not had the opportunity to practice it so very much. When my good old State university was pouring out its funds, as my good friend from Mississippi [Mr. HARRISON] tells, and something of which we are very proud, and giving him the chance of a college education, I did not have that kind of a chance to get a college education. I did not have a chance to get a high-school education, Mr. President, and I am not skilled nor schooled up to the point where I am capable of making witty remarks or indulging in repartee or keeping to all the niceties of grammar with one like the Senator [Mr. HARRISON], who has had the opportunity of education in which our State university has been so fortunate as to share and for which we claim great credit and of which we are very proud.

But the Senator has to start out on somebody, and then when that somebody goes back at him like he goes at the other, then the Senator rises up and immediately draws the holy mantle of innocence about himself and says that there has been a terrible breach of etiquette committed on the floor of the Senate because that somebody said something about him.

Never touch a porcupine unless you expect to get some quills in you. That has been a good rule to follow.

Lay off of the man whom you want to lay off of you. That is a pretty safe rule to follow if you want to keep from being attacked.

Another safe rule to follow is to just let the other man alone and he is not going to bother you. But when you get up here and jump on somebody and stomp him in the ground, and then when he jumps up after having been flattened out and makes some slight protestation and defense of himself with statements that are absolute facts, which statements the Senator from Mississippi [Mr. HARRISON] does not even stop to correct to the extent of one jot or one tittle, and then he draws about himself the holy mantle of innocence and protests that that is not etiquette, I do not think that is in point.

Do not play the baby act after you roared like a lion.

I made that mistake in early life. I jumped on one or two men myself way down yonder. I jumped on a little man, who was about 5 feet 1 inch high, in a court room. He came off the witness stand and shook his finger in my face, and he was a little stripling kind of a fellow and it looked like a pretty easy job, and he had given me plenty of offense, so I just took a pass at him. And that is the last pass I took that day, or for several days. [Laughter in the galleries.]

My friend from Mississippi [Mr. HARRISON] does me an injustice which I will not do him. I will never misstate his record here. I know he does not intend to misstate my record here, but he says that I fought the administration all up and down the line and that I always went to fight my administration. Well, now, I will compare my record with that of the Senator from Mississippi on that, and see who is right and who is wrong on that question.

We can start right with the time when we met in Chicago for the Democratic convention. The Roosevelt forces had decided they were going to elect Thomas J. Walsh for

permanent chairman. I will tell the Senate that I went down the line and worked day and night to elect Tom Walsh permanent chairman, and I will leave it to the Senator from Mississippi to tell the Senate who he worked for for permanent chairman; and I will say that I went in and called the members of the Mississippi delegation into conference with me and worked with them, and fought what I understood to be the attitude of the Senator from Mississippi [Mr. HARRISON] just as hard as I knew how, in order to get that Democratic vote to stand with the Roosevelt ticket from Mississippi to elect Tom Walsh permanent chairman; and I want to tell you that we did not have any too many votes to spare.

If we had not elected Tom Walsh as permanent chairman, Franklin D. Roosevelt would not have been nominated as candidate for President of the United States, and everyone who was at that convention knows that I am telling the Senate the truth. If we had not had the chairman we could not have nominated Roosevelt there, and Goodbye, My Honey, I Am Gone would have been sung early in the day.

I went in to the Mississippi delegation, and they took a vote as to whether they stood one way or the other, and I understood—I may be in error about this, and if I am in error, I want to be corrected—that the Senator from Mississippi stood against the Roosevelt chairman, and that the side that I helped there, including a Governor that I had done some good for, stood the other way. If I am in error, I ask to be corrected.

Mr. HARRISON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Mississippi?

Mr. LONG. I yield.

Mr. HARRISON. The Senator is just as much in error about that as he is in error concerning everything else. The record shows that I voted for Senator Walsh for permanent chairman.

Mr. LONG. You did? Then I am glad to stand corrected. You did? How many votes did we have? Did we need yours in that delegation?

Mr. HARRISON. Mr. President, I do not want to be catechized in that way by the Senator. That does not have anything to do with the question now under consideration.

Mr. LONG. I may be wrong. I may have misunderstood. I will say in defense of myself that I understood you were not.

I will come to another point. Then we decided that we would try to revoke the two-thirds rule so we could nominate by a majority. That was a move that we were trying to make from the Roosevelt side of the fence, and we thought we were twice within hailing distance of getting there. But in dropped the Senator from Mississippi [Mr. HARRISON] and said that was all wrong. That may be a mistake, but I have a picture from a Chicago newspaper with his words right underneath his picture saying that what we were trying to do there at that time was all wrong; and we finally gave up that effort, although I want to say that I had the pledge from more than the majority of the delegation from the State of Mississippi that they would vote that a majority could nominate if it came to a vote. I may be wrong about that. If I am wrong, I am willing to be corrected, and I will acknowledge my error.

Then I will go one more step. I will go one step farther. When it came to the question as to seating the Louisiana delegation, the test vote, the first vote put up by that convention, the Roosevelt and the anti-Roosevelt delegations from the State of Louisiana were in contest. A vote was taken in regard to that contest. That was the first vote that hung up its sign. When the Louisiana contest came up that was the test, Mr. President, on whether we were going to be able to elect a permanent chairman or do anything else there or not. That was the vote that was going to tell the tale.

Now, I may be in error about this, but I met my friend from Mississippi [Mr. HARRISON] and I asked him how he had voted in his delegation, and he told me that he had voted for the other delegation.

That may be a mistake again. If it is, I beg the pardon of the Senator from Mississippi and I will acknowledge my error.

Mr. HARRISON. If the Senator from Louisiana will yield?

Mr. LONG. I yield.

Mr. HARRISON. The Senator came and thanked me for the delegation voting for his delegation being seated, and I told him that I deserved no thanks; that I, as one member of the delegation, had voted against seating his delegation.

Mr. LONG. Yes, sir. Well, the Senator is certain that I thanked him for voting for me. If I did, I want the Senator to know that I knew he voted against me the night before.

So, Mr. President, had the vote gone the way the Senator from Mississippi [Mr. HARRISON] voted to start with, the test vote might not have been so favorable for Roosevelt. I do not think that they got more votes for Walsh than they did for the Louisiana delegation. No. We got more votes than we could poll for Walsh. Why? Because there had been a statement given out down here from some of the Roosevelt fellows that they had no objection to Mr. Jouett Shouse being the permanent chairman of that convention, and if it had not been for the revolutionary element that went in there and told them that if they let Mr. Shouse be chairman of the convention we could not nominate Roosevelt, it is probable they would have slipped right in and made Mr. Jouett Shouse the permanent chairman of that convention.

Now let us take up the record since the convention as to how we stood by this administration. Mr. Roosevelt needed money. He had to get money. We went out in Louisiana to raise it. I designated as my spokesman for that event the brother-in-law of the brilliant Senator from Missouri, a Mr. Thomson, who published a number of articles and wrote a number of articles, and under him I organized my forces throughout the State to get the money for the campaign.

How much did we raise? I think we raised first and last for the Roosevelt cause around $69,000, with a quota of only $30,000. When I was up in New York City I was called in and asked to raise a little more money at one time, and I did. When I went up through the State of North Dakota I paid all the expenses we had in that State, and gave some money that we left behind. When I went through the State of South Dakota we paid all the expenses there and left some more money behind. When I went through the State of Kansas we paid the expenses there and left some more money behind that came out of the State of Louisiana that we had raised.

We got a great deal of thanks for it. The internal-revenue collector indicted one of the men the other day down there that was one of those contributors, without ever calling on him to pay a single dime and without saying he had underpaid, after one of his inspectors had reported that he could not find anything on him with which to charge him. They put him out of the internal-revenue offices and in the home-loan bank because he could not. That is the same treatment we got.

I was called on in New York City at one time and told by a gentleman there—I have forgotten his name, but he was a little bit of a low-ceiling fellow that wore glasses. He said, "Here is a list of all the jobs you will get. We want some more money." He said, "Go to these men that you are going to give these jobs, and get them to kick in. You are going to have all these jobs to give out. You are national committeeman and you are Senator and you have elected your friend and you are in with the Governor. The national committeewoman is with you, so you are going to be the man that will wear the big hat." He gave me the number of them, but I forget how many there were. They had the thing down scientifically. We ran a very scientific campaign. They had them all numbered as to how much money we could get.

I looked up the law, and I did not know whether it might be exactly right for me to do it or not, so I kind of hinted

to the boys that there would be some jobs coming. [Laughter.] I just let them know there was a Christmas tree back there somewhere in the backyard, and they kicked in their coin once or twice.

The next thing I knew when I went back home they had appointed all the other men to the jobs and my men who had not got in egged me. I was egged by the men who kicked in the money and who I understood were going to get the jobs. The next thing I knew they egged me and indicted the poor devils who had kicked in the money and were all dressed up with no place to go. You can sit up and smile to the fellows with the full stomachs when you get that patronage and do not do anything to get it, but it is sure hard when the fellows kick in with their money and then have to sit on the side and watch someone else who did not kick in a thin dime get all the jobs. It troubles you a little. It does not make you feel as good as you might.

Of course, a man ought not to get mad about a thing of that kind. If he did get mad about it, he ought to keep his mouth shut and not say a thing; but some of us have not learned the spelling book as well as we ought to, and so we do not keep our mouths shut. But do not take our votes and our delegations and our money and then get mad at us. Do not get mad at us because I had a row with my friend in the State of Mississippi who is now Governor down there, when I sat back on the second and third ballots with the man who is my friend and said things he got very mad about, but he forgave me and went ahead with another vote. Do not get mad for the work we did in Arkansas. I think from that time up until election time I have had just about as good an administration record as the Senator from Mississippi.

Now we come along. The Senator from Mississippi is a better-schooled legislator than I am. He has a lot more of influence than I have, he says. He is a man of greater influence than I am. He has influence and I have a vote. "Give me the votes and you can have the influence" has always been my system of politics.

I did not stand for the banking act. The Senator from Mississippi [Mr. HARRISON] voted with the President when the President was in error. I voted with the President when he was right. When the President came in with the banking act I supported an amendment to save the State banks, and, lo and behold, after we fought for several days, the Senator from Nevada [Mr. PITTMAN], the President pro tempore of this body, rose and said that it had been agreed at the White House to take care of the State banks and he did not understand how it had ever been taken out of the bill. After we fought them behind the guns and had to be classed as unfriendly to the administration, then the administration yielded, folded up, and took in the State banks. Then that became an administration policy, and yet we are called "Bolsheviks" because we worked and fought to make the administration take care of the State banks. So all the credit goes to the great Senator from Mississippi, because he was with the administration all down the line. That is easily done.

I voted against the economy bill. I guess that is a charge the Senator from Mississippi [Mr. HARRISON] can justly make against me. I voted against it. I was not in Congress when war was declared, but the Senator from Mississippi [Mr. HARRISON] was. I was not here to vote to send the young men to war, but the Senator from Mississippi was here and voted to send them to war. The Senator from Mississippi not only voted to send them to war, but he voted for the draft act which the Senator from Virginia [Mr. GLASS] described on the floor of the Senate the other day as leaving the men of this country the alternative of being shot here or being shot at over yonder.

Now coming down to the economy bill, from which I was distracted by the Senator from Missouri, the Senator from Mississippi [Mr. HARRISON] has a right to say I did not vote for the economy bill; and I say again—I have been disrupted in my line of thought—that I was not here to vote to send the young men to war, but the Senator from Mississippi was, and he voted to send them to war. I was not here to vote to pass the Draft Act to make them go to war whether they wanted to go or not, but the Senator from Mississipi [Mr. HARRISON] was here, and he did vote to send them to war, whether they wanted to go or not. But, Mr. President, I was here in the month of March 1933 when the issue came up as to whether or not we would take the disabled veterans of the wars out of the hospitals and throw them into the alleys and the byways; whether we would take the widows of those who did not come back, and those enfeebled persons who did come back, those people who had gone through the carnage of hell that the Senator from Mississippi [Mr. HARRISON] had voted to send 3,000 miles away, and throw them out on the streets. I was not here to vote to send them to the war in 1917, but when the time came up to throw them out of the hospitals and take them off the rolls and leave them in destitution, I was here to vote against the economy bill that did it; and I am worthy of all the condemnation that the Senator from Mississippi [Mr. HARRISON] can heap upon me now for having been one, I think, of the three or four on this side of the Chamber who voted against the economy bill.

So I am to be castigated for that; but evidently we were not so far wrong. Only a few days ago, when we undertook to undo some 75 or 80 percent of that injustice, what happened in this body and in the House of Representatives? More than two thirds of the Membership of both bodies, and three fourths of the Membership of the other House, I think, voted to override a Presidential veto in order to undo 75 or 80 percent of that harm. Yet I am to be condemned, according to the words of the Senator from Mississippi, for the stand that I took; and yet the Senator from Mississippi can extol himself for the stand that he took.

Now, the Senator may be right. I want it understood that I am not impugning motives. He may be right. Let us say he was right in voting to send these boys to war, and that I was wrong. That is all right. That is a difference of opinion, and we two will not be the only persons to differ. Let us say, further, that after he voted to send them to war he was right in voting to take them out of the hospitals when they did not have a loaf of bread to eat. Let us say that he was right in voting to take them off the pay rolls when they were there, with their wives and their little children begging for bread. Let us say that he was right, and that I was wrong. We are not the only two men who have differed on that question. But why condemn me? There are plenty of other people who are in my position. Two thirds of both Houses have voted that we did wrong in the first place. Two thirds of both Houses have voted to rescind over 75 percent of those injustices; and so I stand on that and say that I am not to be condemned.

Well, those are two things. What is the next thing you are going to condemn me for?

True, I criticized the farm program and then voted for it. True, I have criticized it. Mr. President, I led the world off in the "ha! ha!" against the program of Herbert Hoover to plow up every fourth acre, and yet I was here when we did what Hoover said, and a little bit more, in ploughing up every third acre; and yet I voted for it, trying, Mr. President, to yield everything I could, or thought I could, to be in harmony with the Democratic administration.

My friend the Senator from Mississippi does not give me credit, however, for some things I have voted for.

I voted for most of the bills, including the P.W.A. bill, although I voted to strike out the part that created the N.R.A.; but after that was retained I voted for the bill in order to get the other two titles of the bill, especially the Public Works title.

I voted for the farm relief bill, and for the inflation measure.

I voted for the reduced gold-dollar bill, and everything else that I could vote for. I have supported nearly all of them, Mr. President. Every one that was down the alley of our platform I have supported. There is not a thing that

was in line with the platform we adopted that I have not supported, every one of them; and I challenge any man, now or at any future time, to show me any one single thing that I have voted against that was a part of the Democratic platform at the Chicago convention.

I will say further that while the President declared that he was in favor of something like the St. Lawrence Waterway that I voted against, on the other hand he declared for several other things that were not in the platform that the regular Democratic organization of the United States Senate did not support, either; so we are pretty well 50-50 on that kind of a basis.

I am not going to take up the time of the Senate further except to make one further personal answer to what the Senator from Mississippi [Mr. HARRISON] has said.

Mr. President, I received an envelop containing a resolution that was supposed to have been passed by the senate and House of Mississippi, and there was not anything in it but a resolution. I had read in a paper somewhere of a resolution, and I thought I had read that it had passed; but I had received a telegram, which telegram I now have and shall be glad to file with the Senate, informing me that this resolution had been passed in Mississippi; and when I got the resolution it said, "Copy of this is sent to HUEY P. LONG with the request that he put it in the CONGRESSIONAL RECORD." So I showed it to the Senator from Mississippi, and we had a few jovial words about it. I took it that it was all good humored. But the Senator now speaks as though he was very serious about what he was doing, but I thought he was in just good humor about it.

I thought the resolution had been passed and that I would have a little fun with him, knowing that he was not in line at all with my ideas on the matter. I saw him passing through the aisle, and accosted him and said, "Here is a little resolution that I got from Mississippi, and since it is from your State, I know you are going to be mighty proud to have the pleasure of offering it for the RECORD." He read it and smiled—I thought he smiled—and said to me, "I bet you wrote it on your typewriter and would not even trust a stenographer to write it."

I went down to the lunch table and had this document in my pocket, and showed it to some other Senators, telling them that the senior Senator from Mississippi had been instructed by the legislature of that State to do what we told him to do about this plan I was advocating, and I was satisfied he was going to get in line. We had quite a little jovial talk about it, and many of us had smiled, and I thought enjoyed the little incident. I brought the resolution up here, thinking it had been passed in Mississippi, and sent it up to the desk and had it put into the CONGRESSIONAL RECORD. I stated that I did not know for certain that it had been passed, but had read in a newspaper that it had, and that I had been asked to put it into the RECORD.

Mr. HARRISON. Mr. President, the Senator is mistaken.

Mr. LONG. I yield to the Senator.

Mr. HARRISON. The Senator stated it had passed the senate. The RECORD shows that.

Mr. LONG. Let me see the RECORD. The Senator has it there.

Mr. HARRISON. The Senator can read it out loud, if he wishes.

Mr. LONG. I said:

I have here a resolution adopted by the Senate of the Legislature of the State of Mississippi. It was sent to me—

I had a newspaper reporting that.

It was sent to me this morning.

I construed it to mean that it had passed. It could be that, the way it read, it was only being introduced. There appeared on it "S. 30."

And I presume it has passed the House of the Legislature of the State of Mississippi. I am going to send it to the desk, and I ask that the clerk may read it, as I was requested to put it in the RECORD by the author of the resolution.

It will be found on the resolution that I was asked to put it in the RECORD. This came to me in a State envelop—it might have been from the executive department, or it might have been the legislative, or the secretary of state. I believe it might have been either one of them.

I showed the resolution to the senior Senator from Mississippi [Mr. HARRISON], who took no exception to my offering it instead of he, himself, doing so. Therefore, I will ask the clerk to read the resolution.

And the clerk read it. I said after it was read:

Mr. President, as I have said, I just received that document, and I have only outside information of its adoption.

I am reading my words now:

I have only outside information of its adoption. I presume, however, it has gone through th senate and House of the Legislature of the State of Mississippi.

It is rather unusual that I took the precaution to say that I had only outside information, and that I merely presumed it had been passed, but some second thought came to me that I had better be careful, that perhaps it had not been passed. Now the Senator rises and makes a lot of "hurrally" about that as though it were a great thing reflecting upon my personal integrity, that I had imposed upon the Senate by putting in the RECORD a resolution which had not been passed.

The Senator says that Mr. Harper is running against his colleague [Mr. STEPHENS] in Mississippi. I hope the Senator is not trying to make an issue out of that matter. I am a pretty good friend of his colleague. I do not know that his colleague has ever said anything about me. His colleague did make a speech for Senator Ransdell when I was running for the United States Senate; but I did not take any offense at that. Old man Ransdell had been here in Congress for 32 years, and many of the people loved him very much. While he had never done me any political favor in his life, I had supported him myself, and, none the less, I did not take any offense when Mr. HUBERT STEPHENS, I think, either made a speech or wrote some letters for Ransdell. I have laughed with him about it, and never took any offense at it, even though it was a Mississippi Senator taking a hand in a Louisiana campaign. But for the Senator to make an issue of that matter I think is outside of the record.

Mr. President, there is only one more thing, and then I will be through. I refer to the attack made on me by General Ansell. The attack I made on General Ansell was that which was contained in a report of a committee of the House of Representatives. What I said about Mr. Ansell was read from, and merely commented upon, a report that came out of the committee of the House of Representatives. What I said about him had been printed in the Literary Digest, it had been printed by the Associated Press, and it had been printed in every paper in the country. What I read here about Mr. Ansell was contained in the papers of this country, and in a report of the House committee which investigated the Bergdoll escape, and that came to me in the document itself.

Mr. HARRISON. Mr. President, I should like to submit a request for unanimous consent, that on the pending amendment, or any other amendment which may be offered to the capital gain and loss section, we will vote at not later than 12:30 o'clock tomorrow. I may say that I have conferred with the Senator from Iowa [Mr. MURPHY], who offered the amendment, and this meets with his approval.

Mr. LA FOLLETTE. Mr. President, the Senator does not intend to have his unanimous agreement apply also to the committee amendment to this section, does he?

Mr. HARRISON. I will apply it only to the amendment of the Senator from Iowa.

Mr. MCNARY. Is that agreeable to the author of the amendment?

Mr. HARRISON. It is agreeable to the author of the amendment.

Mr. MCNARY. Assuming that on tomorrow the Senator from Missouri shall get the floor at 12 o'clock, there will be no opportunity to discuss the amendment.

Mr. CLARK. Mr. President, I may say to the Senator from Oregon that I will not detain the Senate for longer than 10 minutes.

RECESS

Mr. HARRISON. I think I will withdraw my request as to the pending amendment.

I move that the Senate take a recess until 12 o'clock tomorrow.

The motion was agreed to; and at 6 o'clock and 42 minutes p.m.) the Senate took a recess until tomorrow, Friday, April 6, 1934, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES

THURSDAY, APRIL 5, 1934

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Almighty God, Thou who dost pervade and control the ministries of the universe, help us ever to believe that prayer can set in motion those ministries which will loosen sin, shield weakness, and bring us into healthy freedom. Heavenly Father, deliver us from any mental confusion and crown us with the faculty of calm discretion. O lift us to those spiritual heights where loftiness of thought and feeling shall be our sweet assurance and our best defense. Stir our remembrance of the little things of daily life; it will make larger room for God, and by them we get clearer glimpses of a forgotten and a neglected world. O Light of Life, convey that spiritual energy to our souls that shall enable us to follow the gleam. Live in us, speak through us, and govern our words, and secure us against the failures of yesterday and the fears of tomorrow. In the holy name of Jesus. Amen.

The Journal of the proceedings of yesterday was read and approved.

OUR OKLAHOMA

Mr. McCLINTIC. Mr. Speaker, I have been requested by my colleague, the gentleman from Oklahoma [Mr. MARLAND], to ask permission for him to extend his remarks in the RECORD by including therein a radio address which he delivered on April 2.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. MARLAND. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following:

Through the generosity of a group of my friends, who made the arrangements with radio stations WKY, KVOO, and KASA, I am privileged tonight to address this radio audience.

When you turned the little dial of the instrument before you—I, in a manner, became a guest in your home, with the duties and obligations of a guest. One duty, I believe, is to be entertaining and one obligation, I am sure, is not to be impolite, criticise or abuse your other guests, friends, or acquaintances.

To you whose homes my voice has entered I shall say now that the subject of my talk this evening will be Our Oklahoma.

I shall speak of Oklahoma of yesterday, Oklahoma of today, and Oklahoma of tomorrow.

Oklahoma as it was, Oklahoma as it is, and Oklahoma as I hope it will be.

Regarding Oklahoma of yesterday, I shall be brief. Many good histories of our State are available to all who care to read them.

The midcontinent area, embracing Indian Territory and Oklahoma Territory, was originally intended, under various treaties between the Indian tribes and our Federal Government, to be the permanent home of the red man as long as grass grows and water runs.

It was a land of plenty, sufficient for his needs.

Millions of fat buffalo grazed on its plains.

Prairie chickens in clouds rose from its grasses.

In every draw along its streams nested coveys of quail.

The timbered ridges of its mountains sheltered countless deer and wild turkeys.

A veritable paradise for the Indian hunter, and the fertile soil rewarded abundantly in crops of corn the scant labors of his squaw.

The climate was temperate; life was easy.

The members in the tribes increased.

One tribe, reduced by constant warfare to an enumerated 700 at the time it was brought into the Territory, multiplied 400 percent in 20 years in its new reservation.

Uncle Sam kept peace between the tribes.

Then came the white buffalo hunter and his awful carnage, followed by the rancher who grazed his herds of cattle on land leased from the tribes.

Their day, too, drew early to a close.

The open range could not continue.

Land-hungry hordes of white men and women were gathered along the borders of the Territory.

Uncle Sam was making the purchase of vast tracts of land from the Indians, and would soon open them to homestead settlement.

The happy hunting ground of the Indian became the promised land of the pioneer.

Across the lines of the territory in Kansas on the north and in Texas on the south, men groomed their horses preparatory for the race for a 160 acres of land the instant that Uncle Sam's signal guns of the Regular Army should announce the opening.

Wives and children with all their earthly possessions would follow in their covered wagons.

The greatest horse races in history occurred in 1889 and 1893.

When Oklahoma was opened to white settlement, there came from the North descendants of the old Puritan stock of New England, and from the South great-grandsons of the gentlemen of Virginia.

The boldest blood in America.

No weaklings, these, with stamina from generations of pioneering.

Suckled at the breasts of pioneer mothers—whose mothers' mothers never knew aught of ease, comfort, or security, but were fully familiar with the hardships, hunger, and dangers of pioneering.

They were not afraid of new lands, new conditions—not these people.

Overnight they settled a new country.

Formed governments, established law and order, founded cities, erected buildings, opened offices for lawyers and doctors, and even issued newspapers.

On every quarter section of land slept that night the new owner, waiting only the coming of his wagon to start his work of farming.

In 1907 Oklahoma was admitted to Statehood—its citizenship nearer 100 percent pure American stock than that of any other State in the Union.

Its constitution, its organic law, reflected the advance thought of its people.

Democracy was its keynote.

Protection of the rights of person and property its sacred theme.

Industry and labor were to have their reward.

Corporate ownership of land was curtailed.

The usurer was restricted and threatened with punishment.

Back of it all was the thought of protecting the industrious farmer from possible loss of his farm and his team and tools for farming.

In a few years Oklahoma became one of the Nation's leading States in the production of wheat, corn, cattle, hogs, cotton, zinc, coal, oil, and gas.

Its virgin soil produced in greatest abundance everything necessary to sustain life.

In truth this was a land flowing with milk and honey.

So much for Oklahoma of yesterday.

Now, let us look at our Oklahoma of today.

With a population of less than two and one-half million people we produce food enough for 20,000,000 people and cotton enough to clothe 50,000,000 people.

With tillable acreage hardly less than that of some of the first-class nations of Europe, Oklahoma feeds and clothes 10 times her population.

The value of Oklahoma's crops produced and sold since statehood more than equals the value of all the gold in the world today.

Tangible wealth greater than that of the famed mines of Golconda, plus the fabulous hoards of the Incas, has been produced from Oklahoma soil by the labor of her people in the past 30 years.

The money received from the sale of those crops passed through our hands; it did not remain with us.

As a result, what shape are we in, financially, today?

The answer is well known to all of you, but this one fact I want to call to your attention. It is so significant.

In 1900 only 8 percent of the farms of Oklahoma were mortgaged. In 1934 over 50 percent are heavily encumbered.

Many a brave pioneer who made the run, who came in here without a debt, who worked his farm industriously, who produced abundant crops, has already been foreclosed—sold out—and has thumbed his way, hitch-hiked out of the State, going God knows where.

Many more still have that heartbreaking tragedy before them, and others will be saved from it only through the successful operation of our planned national economy.

How did this come about? What happened. What caused this terrible debacle?

It was not failure on the part of the Promised Land.

No fault could be found with the industry of our people, unless it could be that they were overindustrious and produced too much.

Millions of dollars passed through their hands in payment for the fruits of their labor.

But it passed out of their hands—paid out for the manufactured goods they had to buy from other States; paid out for

railroad freight rates, for fire and life insurance, public services; for exorbitant interest charges bordering upon the line of usury; for taxes, State, county, school district, municipal, often extravagantly and unwisely levied.

Most of the interest money went to the money lenders of other States—people who sow not, neither do they reap—the things we sow and reap.

They sow and reap dollars. They sow dollars and reap interest.

And the fruits of all the earth and all labor accumulate in their hands.

In spite of the enormous income to the people of Oklahoma, amounting to billions of dollars, their debt has piled up to undreamed-of proportions; State, county, school district, municipal, and personal debt, because their governmental and personal expenditures have been still greater than that income.

There has been no balancing of the Budget—governmental or personal.

Bankruptcy, therefore, stares us in the face today.

The wolf of hunger is at many an Oklahoma door.

Oklahoma hens lay 4,000,000 eggs a day; Oklahoma cows give 8,000,000 pints of milk a day; Oklahoma wheat produces 10,000,000 loaves of bread a day.

Yet nearly three quarters of a million of our population have this past winter been fed by the Federal Relief Administration. Some months 27 percent of the families of Oklahoma were on Federal aid.

This is the picture of Oklahoma of today.

OKLAHOMA OF TOMORROW

Oklahoma of tomorrow, my friends, is just what you choose to make it.

Its future is in your hands, if you plan for it intelligently.

Planned economy is the order of the day.

The Roosevelt administration has set the pace nationally.

It is yours to follow, if you will, and plan the orderly economic development of your State.

There is no excuse for so much poverty in this Commonwealth.

It is because of lack of planning for orderly production and orderly marketing that agriculture and industry, particularly the petroleum industry, have been unprofitable in this State. The hot-oil legislation introduced by me in Congress last year has, since its passage, made oil producing profitable.

It is because of lack of planning that thousands of our men, women, and children are underfed and without sufficient clothes and shelter in this land of plenty.

It is because of lack of planning that gaunt, undernourished children gaze with hungry eyes upon our mortgaged abundance.

It is sheer madness to go on as we are without taking thought of tomorrow, without planning.

The Federal Government plans to eliminate destructive competitive overproduction in all lines of industry and agriculture affecting the Nation.

It plans to shorten hours of labor and to increase wages.

It plans to put more dollars in the consumers' hands.

It plans that all labor shall hereafter have a better share of the fruits of its toil.

It plans to reduce poverty to a minimum in the United States and will attempt to bring those plans to fruition.

There is less excuse for poverty in Oklahoma than in any other State in the Union. But don't forget that last winter we had a greater percentage of our people on Federal charity than any other State.

Will you, fellow Oklahomans, follow our great national leader, President Roosevelt, and plan to banish poverty from the State of Oklahoma?

Will you plan to balance your governmental budget by keeping its expenditures within its income?

Will you plan to reduce your governmental debt and the interest burden incident thereto?

Will you plan to reduce your production, whether it be agricultural or mineral, to the demand of your natural markets?

Will you plan to develop manufacturing industries in your State so that the receipts from the production of your soil may not all go out of the State to pay for your machinery, tools, clothes, and shoes?

Other States producing but a fraction of the cotton we produce manufacture all the cotton cloth needed by their people.

Oklahoma produces more cotton than North Carolina, six times as much wheat, six times as much oats, and our oil is worth three times as much as its tobacco, yet industry in North Carolina employs over 200,000 people while industry in Oklahoma employs less than half that number.

Rhode Island employs in her factories 128,000 persons. Rhode Island raises no cotton but has 2,290,000 spindles making cotton cloth.

North Carolina, which raises less cotton than we do, has 6,000,000 spindles.

Massachusetts, 450 miles north of the Cotton Belt, has 7,000,000 spindles, while Oklahoma, one of the largest cotton-producing States, has so few spindles that the United States census for 1930 does not carry the number.

Rhode Island is the smallest State in the Union, with a smaller land area than Caddo County, Okla., smaller than McCurtain County, and less than half the size of Osage County, yet the average person in Rhode Island is worth twice as much money as the average person in Oklahoma, due to her industries.

We are large producers of cotton and raw-food materials. We possess rich cement and timber resources and are well supplied with fuel, gas, oil, and coal. Our natural resources have scarcely been scratched.

Our unemployed people would welcome the opportunity to go to work making cotton cloth and clothing, making finished foods, building materials, and furniture—and if they made no more than could be used in Oklahoma, unemployment could be replaced by a profitable opportunity to work by everyone willing and able to do so in the State.

Manufacturers in other States purchase our hides, manufacture them into shoes, purchase our cotton and manufacture overalls, and send them back to us.

The freight both ways is reflected in the price we pay for shoes and overalls.

We need cotton mills in southern Oklahoma. We need furniture factories and meat-packing plants. We need more flour mills. We need machine shops to produce our tools and farming machinery.

Will you, my friends, help to plan for these and other industries to make our State more self-contained?

One of the great movements of our time—and this is part of the Roosevelt program—is the movement back to the land; the movement of families onto small subsistence homesteads.

This movement must be accompanied in our State by the development of small manufacturing industries, manufacturing things needed in the home and on the farm—small plants which will furnish part-time work for the men on the subsistence homesteads.

No other State in the United States is blessed with a more abundant or cheaper fuel than we have in our natural gas and coal, and with timber, cement, and minerals waiting only for the erection of plants to convert them into household goods and agricultural implements of common use.

Oklahomans, the future is what you make it.

Plan wisely, intelligently.

Pursue the plan aggressively, and we can build a great industrial State.

Unemployment will be a thing of the past.

This, my friends, will require a new type of leadership in government.

The day of the economist and unselfish industrial leader, farmers' unions, and labor unions has arrived in the Nation.

The new deal is in their hands.

Our national life is dependent upon the wisdom of their economic planning and the soundness of their agricultural and industrial leadership.

I have offered myself as a candidate for the office of Governor our our State because I see the great job that has to be done to bring our State back to a condition of prosperity.

It is a job for a business man.

It requires a student of economics and an experienced organizer of industry and an executive who can handle an organization.

I have had over 30 years of just such type of training and experience.

It is this that I am offering to the service of my State.

It is this type of leadership that we must have if we are to follow our President in his national program of planned economics and bring our Oklahoma up into the front rank among the States of this Nation.

It is customary for a candidate for the office of Governor at the outset of his campaign to announce his program—his platform.

Following this custom, I declare that, if I am elected Governor of Oklahoma, I will use all the power and influence of the office:

To aid in the economic recovery of the State and Nation.

To support the Democratic platform as enunciated at the Chicago convention and to assist the national administration in fulfilling its pledges in connection therewith.

To support the Constitution and laws of the United States and the constitution and laws of the State of Oklahoma.

To guard against encroachment upon the authority of one branch of government by another branch.

To balance the State's budget of income and expense.

To lighten and distribute equitably the burden of taxation.

To develop our natural resources in the interest of this and future generations, with the prime objective of making Oklahoma as nearly economically independent as possible, at the same time keeping the attitude of a good neighbor to our sister States.

To help in every way to raise the value of farm products, so that the farmer may have a fair return upon his investment and labor and be enabled to pay his debts in a dollar of the same value as the one he borrowed.

To raise the scale of wages for industrial workers so that they may earn a decent living for their wives and families.

To promote unemployment insurance.

To provide old-age pensions.

To take our schools out of politics and adopt the educational program of the State's educators.

To provide for the prompt payment of adequate salaries to our teachers.

To provide exemption of small homesteads from ad valorem taxation.

To reduce the legal rate of interest on money borrowed on real-estate mortgages.

To provide equal education opportunities for all children of all races.

To provide proper superintendence for our penal institutions.

To provide an efficient board of pardons and paroles, required to report and make recommendations in all clemency cases.

To provide that all State employees shall be chosen entirely upon merit, and that their tenure of office shall not depend upon their political work or financial contribution.

To provide political equality for women in regard to holding public office.

To aid the Federal Government in the development of flood control and irrigation projects on our rivers and their tributaries.

To aid in the development of both National and State subsistence homestead projects, with the object of providing small subsistence homesteads for thousands of our people, on which they can live in comfort and gain part of their livelihood.

To protect the capital investments of the small investor who invested his savings in this State on the faith and credit of our laws.

And last, but not least, I will use the full power of the office of Governor to effect a plan for the economic development of Oklahoma, and cooperate to the fullest possible extent with President Roosevelt in his announced recovery program.

In conclusion, may I say I am giving up a job as Congressman to take another job at less pay.

Because I see a job that needs to be done, and there will be honor and credit in doing it properly.

If I had decided to run for Congress again I would not have had to make a hard campaign.

I would probably have had no opposition for the nomination by my party.

As it is, I am committing myself to 6 months of hard campaigning for the office of Governor and, if I am elected, to 4 years of still harder work—to make our Oklahoma a better place in which to live.

I have filed as a candidate for Governor on the Democratic ticket. I shall be back among you as soon as my congressional duties will permit—about May 1.

Meanwhile I leave my campaign in the hands of my friends, and the future of our Oklahoma in yours.

God bless you.

EMERGENCY HIGHWAY CONSTRUCTION MOST SATISFACTORY OF ALL FEDERAL PUBLIC WORKS

Mr. WHITTINGTON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on Federal aid to highway construction and to include therein a schedule of the allotments under the $400,000,000 appropriation in the Public Works Act of 1933.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. WHITTINGTON. Mr. Speaker, under the leave to extend my remarks, I shall discuss Federal grants for highway construction to relieve unemployment.

During the depression in all appropriations for public works there has been a definite allocation for the building of highways. In the Emergency Act of December 20, 1930, $80,000,000 was appropriated; in the Emergency Relief and Construction Act of 1932, $120,000,000 was appropriated; and in the Public Works Act of 1933, to relieve unemployment, $3,300,000,000 was appropriated, to be allocated by the Administrator of Public Works with the approval of the President, with one material exception—Congress definitely provided that not less than $400,000,000 should be granted for highway construction.

Congress has conferred unprecedented authority on departments in public building and in public works during the past 4 years, but in every emergency appropriation thus far, Congress has insisted that there be a definite amount allocated to the building of highways. I believe that this policy should be continued.

PUBLIC WORKS

In his Budget message of January 3, 1934, the President suggested a Public Works appropriation of not exceeding $2,000,000,000 in 1935. I quote from his Budget message as follows:

> Additional relief funds will be necessary. Further needs of the country prohibit the abrupt termination of the recovery program. No person can on this date definitely predict the total amount that will be needed, nor the itemizing of such an amount. It is my best judgment at this time that a total appropriation of not to exceed $2,000,000,000 will, with the expenditures still to be made next year out of existing appropriations, be sufficient.

In the Public Works Act of 1933, the percentage allocated to public highways was approximately one eighth. At least, the same percentage should obtain for the next fiscal year, and if it does Congress should make a definite appropriation of not less than $250,000,000 for grants to highways. Personally, I believe that if there is to be an appropriation for public works, the percentage to Federal highways should be increased. I maintain that highway construction is the most general and the most satisfactory of all public works. Provision is made for employment in the cities and in the country, in all of the States, and in at least three fourths of all of the counties in the United States. All use the highways; the works are permanent; the benefits are general; and the employment is wide-spread.

DEFINITE ALLOTMENT

It has been suggested that there be no definite allotment either for highways or for any other specific purpose. It is urged that the projects be left to the Administrator of Public Works, with the approval of the President. I have every confidence in the President. I have consistently supported the administration. However, Congress has a responsibility. The appropriations for public works can only be retired by public taxes. Upon Congress devolves the responsibility of providing revenues.

The representatives of the people who must tax the people for public works are responsible in the last analysis for the expenditure of public funds. They should have a voice in the expenditures. Congress is just as capable of determining the character of public works that will bring the most wide-spread and general employment as any administrator. Personally I believe that there would have been less wasted effort and certainly much more economy if Congress, for the most part, had definitely approved all expenditures for public works.

If Congress is convinced that highway construction in municipalities and in the States is the most beneficial type of public construction, I insist that Congress should make a definite appropriation in any public-works act during the present session for public highways.

QUICK EMPLOYMENT

Those who oppose definite grants say that highways do not provide quick employment and thus do not immediately relieve unemployment. It is urged that for this reason the Civil Works Administration was established. It is now said that the Civil Works Administration will be succeeded by the Works Administration. Quick employment is desirable in some cases, but I assert that definite results with permanent values are really more important than expenditures. It is easy to disburse. Donations are all too frequent. Quick, ill-considered projects are wasteful and extravagant. Desirable public works involve long-time planning. The United States has been engaged in highway construction in every State in the Union and under all conditions for almost 20 years.

But, the fact is highway construction has kept pace with construction in other public works. I admit that if the supreme aim is merely to distribute money, other methods will provide far more expeditious disbursement of public funds. If we follow the reasoning to its conclusion, however, the best method would be to eliminate all works and merely distribute money among citizens who are unemployed. Billions have been spent to provide recovery. The excuse for quick, easy expenditures no longer obtains. There must be value received for public expenditures in the future. Of course, provisions must continue to be made, where imperative, to relieve hunger and distress.

The Federal Administration of Public Works has furnished me with a statement of the allotments and expenditures for Federal and non-Federal projects. The Bureau of Public Roads has also furnished me with a similar statement respecting highway construction.

The Public Works allotment as of March 1, 1934, was as follows:

Federal projects	$1,388,835,790
Non-Federal projects	817,429,801
Total	2,198,265,591

The expenditures through December 31, 1933, for Federal projects were $107,721,794 and for non-Federal projects,

$49,827,359. The percentage of actual expenditures with respect to allocations for all Federal projects was thus 14 percent of the allotments.

As of March 10, 1934, the approved projects for highways amounted to $300,000,000. There was expended up to December 31, 1933, $32,000,000 and there was due to the States $14,000,000 for work already done, or a total of $46,000,000. It will thus be seen that the percentage of expenditures with respect to the total allocations for highways is thus at least equal to the average of all Federal expenditures.

If further definite allocations are to be denied Federal-aid highways because quick expenditures are not thus provided, it must follow that no public works that are of permanent or lasting benefit can be considered. In other words, public works to aid unemployment must be eliminated.

I believe that the policy of Public Works in aid of unemployment is wise, and I further believe that Congress should definitely insist that the public works that do provide widespread employment shall have first consideration. I have consistently advocated that Congress itself should not only make a definite allocation for highway construction but that Congress should make definite specific appropriations for needed public buildings, for flood control, and for rivers and harbors. Whenever the need for public construction ceases, then the need for appropriations for public works no longer exists.

ALLOCATIONS

Formerly allocations of Federal aid for highways were made to the States upon the basis of population, area, and mileage, one third being allocated for each. The method was changed in the Public Works Act of 1933 and more consideration was given to the populous States. The formula is now ten twenty-fourths population, seven twenty-fourths area, and seven twenty-fourths mileage. Moreover, under the provisions of the Public Works Act of 1933, Federal grants were made not only in aid of the Federal highway system but to provide for extensions through municipalities and for secondary or feeder roads. Fifty percent of the amount generally was allocated for Federal-aid highways, 25 percent for extensions through municipalities, and 25 percent for secondary roads.

Under the consent given, I include herein the following schedule showing the approved assignment of the apportionment of Public Works highway funds as of January 31, 1934, under the appropriation of $400,000,000 in the Public Works Act of 1933 furnished by the Chief, Bureau of Public Roads, as follows:

SCHEDULE 1.—*Approved assignment of the apportionment of Public Works highway funds, as of Jan. 31, 1934*

State	Date of original approval	Date of latest revision	Federal-aid highway system, N.R.H.		Extensions through municipalities, N.R.M.		Secondary or feeder roads, N.R.S.		Total apportionment
			Percent	Amount	Percent	Amount	Percent	Amount	
Alabama	Aug. 1, 1933		50.00	$4,185,067	25.00	$2,092,533	25.00	$2,092,533	$8,370,133
Arizona	July 21, 1933		73.00	3,804,731	15.00	781,794	12.00	625,435	5,211,960
Arkansas	July 18, 1933		50.00	3,374,167	25.00	1,687,084	25.00	1,687,084	6,748,335
California	July 24, 1933		50.00	7,803,677	25.00	3,901,839	25.00	3,901,838	15,607,354
Colorado	July 29, 1933		50.00	3,437,265	25.00	1,718,633	25.00	1,718,632	6,874,530
Connecticut	July 21, 1933		49.00	1,404,213	28.00	802,407	23.00	659,120	2,865,740
Delaware	July 14, 1933		50.00	909,544	25.00	454,772	25.00	454,772	1,819,088
Florida	do		50.00	2,615,917	25.00	1,307,959	25.00	1,307,958	5,231,834
Georgia	Sept. 26, 1933		50.00	5,045,592	27.00	2,724,620	23.00	2,320,973	10,091,185
Idaho	July 14, 1933		50.00	2,243,125	25.00	1,121,562	25.00	1,121,562	4,486,249
Illinois	Aug. 1, 1933		25.22	4,431,348	39.14	6,877,199	35.64	6,262,223	17,570,770
Indiana	July 13, 1933		47.00	4,717,786	48.00	4,818,165	5.00	501,892	10,037,843
Iowa	July 17, 1933		50.00	5,027,830	28.00	2,815,585	22.00	2,212,245	10,055,660
Kansas	do		50.00	5,044,802	25.00	2,522,401	25.00	2,522,401	10,089,604
Kentucky	July 13, 1933		48.00	3,608,332	27.00	2,029,687	25.00	1,879,340	7,517,359
Louisiana	July 14, 1933		50.00	2,914,295	25.00	1,457,148	25.00	1,457,148	5,828,591
Maine	do		50.00	1,684,959	25.00	842,479	25.00	842,479	3,369,917
Maryland	Aug. 5, 1933		50.00	1,782,263	25.00	891,132	25.00	891,132	3,564,527
Massachusetts	July 8, 1933	Jan. 26, 1934	16.70	1,101,716	75.90	5,007,199	7.40	488,185	6,597,100
Michigan	July 19, 1933		40.00	5,094,491	35.00	4,457,679	25.00	3,184,057	12,736,227
Minnesota	July 18, 1933		48.00	5,115,153	32.00	3,410,102	20.00	2,131,314	10,656,569
Mississippi	July 17, 1933		50.00	3,489,337	25.00	1,744,669	25.00	1,744,669	6,978,675
Missouri	July 12, 1933		50.00	6,090,153	25.00	3,045,077	25.00	3,045,076	12,180,306
Montana	July 14, 1933	Nov. 4, 1933	60.00	4,463,849	15.00	1,115,962	25.00	1,859,937	7,439,748
Nebraska	July 17, 1933		50.00	3,914,481	25.00	1,957,240	25.00	1,957,240	7,828,961
Nevada	July 21, 1933		64.00	2,909,387	11.00	500,051	25.00	1,136,479	4,545,917
New Hampshire	July 14, 1933	Jan. 12, 1934	38.00	725,739	37.00	706,640	25.00	477,460	1,909,839
New Jersey	July 25, 1933	Aug. 22, 1933	48.30	3,065,137	50.70	3,217,442	1.00	63,460	6,346,039
New Mexico	July 18, 1933		50.00	2,896,467	25.00	1,448,234	25.00	1,448,234	5,792,935
New York	June 30, 1933	Aug. 1, 1933	48.50	10,830,099	35.10	7,837,865	16.40	3,662,137	22,330,101
North Carolina	July 20, 1933		50.00	4,761,147	25.00	2,380,573	25.00	2,380,573	9,522,293
North Dakota	July 14, 1933		50.00	2,902,224	25.00	1,451,112	25.00	1,451,112	5,804,448
Ohio	July 8, 1933		45.00	6,968,066	30.00	4,645,378	25.00	3,871,148	15,484,592
Oklahoma	July 12, 1933		50.00	4,608,399	25.00	2,304,200	25.00	2,304,199	9,216,798
Oregon	do		50.00	3,053,448	25.00	1,526,724	25.00	1,526,724	6,106,896
Pennsylvania	Aug. 1, 1933		30.48	5,757,978	28.67	5,416,051	40.85	7,716,975	18,891,004
Rhode Island	July 22, 1933		50.00	999,354	25.00	499,677	25.00	499,677	1,998,708
South Carolina	July 13, 1933		50.00	2,729,583	25.00	1,364,791	25.00	1,364,791	5,459,165
South Dakota	July 19, 1933		50.00	3,005,739	25.00	1,502,870	25.00	1,502,870	6,011,479
Tennessee	July 17, 1933		50.00	4,246,309	25.00	2,123,155	25.00	2,123,155	8,492,619
Texas	July 18, 1933		50.00	12,122,012	25.00	6,061,006	25.00	6,061,006	24,244,024
Utah	July 8, 1933	Jan. 5, 1934	56.60	2,374,205	18.40	771,826	25.00	1,048,677	4,194,708
Vermont	July 13, 1933		49.90	931,919	25.20	470,628	24.90	465,026	1,867,573
Virginia	July 12, 1933		50.00	3,708,379	25.00	1,854,189	25.00	1,854,189	7,416,757
Washington	do		50.00	3,057,934	30.70	1,877,571	19.30	1,180,362	6,115,867
West Virginia	July 14, 1933		45.00	2,013,405	30.00	1,342,270	25.00	1,118,559	4,474,234
Wisconsin	July 12, 1933		50.00	4,862,441	25.00	2,431,220	25.00	2,431,220	9,724,881
Wyoming	July 19, 1933		50.00	2,250,663	25.00	1,125,332	25.00	1,125,332	4,501,327
District of Columbia	July 13, 1933	Dec. 1, 1933			50.00	959,235	50.00	959,234	1,918,469
Hawaii	July 24, 1933		90.00	1,683,956			10.00	187,106	1,871,062
Total			47.15	185,768,083	28.78	113,402,967	24.07	94,828,950	394,000,000

It is observed that the total of the allocation is $394,000,000. The difference between this amount and the $400,000,000 is largely the administrative expense in connection with the appropriation.

LABOR

Eighty-five to ninety percent of every road dollar ultimately goes into labor or into employment of some type. The Committee on Roads, of which I am a member, has held hearings on a bill to authorize an appropriation of $400,000,000 for highway construction, to be expended and allocated as was provided in section 204 of the Public Works Act of 1933. These hearings have been published. It appeared from these hearings that the entire $400,000,000 would be absorbed and that contracts would be awarded for the entire $400,000,000 by the 1st of May 1934. The maximum employment would probably be during the month of June, when 280,000 men will be continuously employed. At

the time of the hearings, about the 1st of March 1934, there were 130,000 continuous jobs, while 195,000 jobs were being provided in the production of material, in transportation, and in other lines that contribute to the construction of highways. The total job employment, therefore, in the winter was approximately 325,000, and it will reach during the summer approximately 525,000, inasmuch as for every continuous job there are 1½ indirect jobs. Unemployment is relieved and work is promoted by highway construction.

I quote from the report of the Bureau of Public Roads, dated September 1, 1933:

Last year a study was made by the Bureau of Public Roads of the extent to which labor profits from the construction of high-type pavements in which mechanical equipment plays an important part. In this study the money paid out by States or communities for the construction of a concrete pavement was traced through its various exchanges, showing how these expenditures extend to sand and gravel pits, stone quarries, cement and steel mills, to the manufacturers of equipment, repair parts, explosives, gasoline, lubricating oils and supplies, as well as to railroad and transportation companies, and to those who furnish them their supplies, equipment, and repairs which extend from coal and ore mines to mills and factories. When thus traced it was found not only that about 90 percent of the taxpayer's dollar was eventually paid to workers as wages and salaries but also that a very large part of the industry of the country took an active part in the work and received a definite financial stimulus.

Concrete is not generally used in secondary roads, and there is more labor employed in this type of construction. If 90 percent of the money eventually goes into labor in the construction of concrete roads, surely a larger percentage goes to labor in secondary roads. The statement may appear unusual, but on reflection all elements must be taken into consideration. As sand and gravel exist they may be bought for a few hundred dollars an acre, but the labor, the equipment, and the transportation that go into the production of these materials determine their price for road work. It takes oil, gas, coal, as well as clay and limestone, to manufacture cement. In thus determining employment, we have to trace the road dollar back to the production of materials from the beginning. As stated by Thomas H. McDonald, Chief of the Bureau of Public Roads:

When this is done, it does give this picture, and this Public Works program of 2,500,000 man-months of direct employment affords one and one half times that amount of employment in industrial and supplementary jobs.

AUTHORIZATION REPORTED

The Committee on Roads has unanimously reported a bill authorizing at least $400,000,000 for grants to highway construction under the same provisions that obtained in the Public Works Act of 1933.

There is unemployment in the land. The program of recovery is not complete, and the need for highway construction obtains in all of the States.

The $400,000,000 program of 1933 will be substantially completed in the fall of 1934. A future program is imperative. The Chief of the Bureau of Public Roads states that to hold employment without a precipitous drop during the latter months of 1934 and through 1935, merging into employment in the year 1936 comparable with that existing in more normal times through the operations of regular Federal aid, plus State finance and maintenance, would require an additional grant of around $375,000,000 and an appropriation of $125,000,000 under regular Federal aid for the year 1936. Unless provision is made for Federal-aid construction, there will be a sudden reduction of employment; those who have been engaged in highway construction for the last 4 years will be without employment.

Not only will unemployment be relieved by highway construction, but additional highway appropriations are imperative to relieve further unemployment.

Again, for the first time in 17 years, the fiscal year 1933 ended without a definite provision for the continuance of the program of Federal road construction. The situation was brought about by the fact that emergency appropriations had been made for road construction. It is important that Congress make provision for the continuance of Federal-aid highway construction.

GRANTS

There is wide-spread need for highway construction. Traffic is increasing and continuous highway construction is essential. The need is really more apparent in the larger and more populous States. The wealthier and most populous States, according to the hearings before the Committee on Roads, were the first to absorb their allotments under the $400,000,000 appropriation of 1933.

I have heretofore showed that the expenditures, as well as the allotments were made at least as quickly as other Federal expenditures and Federal projects. Seventy-four percent of the entire authorization of $400,000,000, as stated by the Director of the Bureau of Public Roads, was under construction on February 23, 1934. The entire amount will have been expended before the winter of 1934.

As a result of the depression, the States are unable to match Federal aid. The Public Works program for loans to the States was in many cases a failure. The Civil Works Administration was thus established. An allocation of approximately $400,000,000 was made in 1933 for civil works. Congress has already appropriated during the present session $400,000,000 for grants for works in 1935. No local contribution is required. If temporary, quick, and, in some cases, ill-considered works are justified without local contribution, surely the demand for grants for the continuation of Federal aid for highways is much more justified.

CARTWRIGHT OR COMMITTEE BILL

On February 19, 1934, I introduced H.R. 8096, to authorize an appropriation of $400,000,000 for grants for highway construction, on which bill hearings were conducted. I announced that I introduced it as a basis for hearings and that I would favor the reporting of a committee bill, which, according to the usual custom would be introduced by and reported in the name of the chairman of the committee. The provisions of the bill introduced by me were incorporated as paragraph I of H.R. 8781, known as the "Cartwright bill."

Representative WARREN introduced H.R. 8305 to authorize an appropriation of $10,000,000 as an emergency highway fund for the repair of Federal-aid highways and bridges destroyed by floods. This bill was substantially incorporated in the Cartwright bill as section 3.

Sections 4 and 5 of the Cartwright bill are explanatory and perfecting.

Section 2 is a reenactment of a similar section inserted in the Public Works bill of 1933 as section 205, for highways in national parks and forests.

Mr. CARTWRIGHT, the courteous Chairman of the Committee on Roads, has cooperated in every way in fostering the pending bill and in crystallizing sentiment for a definite allocation for Federal aid for highway construction.

SELF-LIQUIDATING

Moreover, highway construction is self-liquidating. For the calendar year 1933 the manufacturers' sales tax on motor vehicles aggregated $257,217,557. The Congress of the United States in definitely allocating not less than $400,000,000 for grants to highways in the Public Works Act of 1933 was not merely guessing. The amount will be returned from highway sources to the Federal Treasury within the period that the funds are actually disbursed.

Unless Congress makes a definite allocation for public highways, I am very doubtful about highways being properly provided for. The question involves no experiment. Congress has been appropriating for highway construction for 20 years. More experience has thus been acquired by Congress than could be acquired by any administrator in 1 or 2 years.

As a result of his successful leadership in the passage of the Economy Act, the President became the outstanding statesman, not only of the United States but of the world. There has been improvement and recovery. The depression was worse than war. Expenditures in times of war are often injudiciously made. Such is the case to relieve distress in a depression that is not only Nation-wide but world-wide. However, we are definitely on the road to recovery. Tem-

porary and unsatisfactory works must be eliminated. Congress will be taking the first step by making definite allocations in future Public Works for highway construction and other internal improvements.

The people are interested in highways as they are interested in no other improvements. They demand that their Representatives and Senators safeguard public expenditures and secure permanent benefits in provisions for public works. I urge the Senators and Representatives from every State in the Union to insist that there be a definite allocation for grants for highways in the new Public Works Act. The provisions for allocations and expenditures in the act of 1933 are satisfactory. Congress should make a definite allocation of at least the same percentage for highway construction in the Public Works Act of 1934 as was made in the Public Works Act of 1933.

I, therefore, urge that H.R. 8781, unanimously and favorably reported by the House Committee on Roads, be incorporated in the Public Works Act of 1934. It is a reenactment of the appropriation of not less than $400,000,000 for grants to highways in the Public Works Act of 1933, to be allocated and expended according to the provisions of said act.

CALL OF THE HOUSE

Mr. BLANTON. Mr. Speaker I make the point of no quorum.

Mr. BYRNS. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names.

[Roll No. 120]

Abernethy	Darrow	Jenckes, Ind.	Reed, N.Y.
Allgood	De Priest	Jenkins, Ohio	Reid, Ill.
Auf der Heide	Doughton	Johnson, Okla.	Robertson
Bailey	Doutrich	Kennedy, Md.	Sabath
Beam	Drewry	Kerr	Sears
Beedy	Eagle	Knutson	Shannon
Bloom	Fiesinger	Kocialkowski	Shoemaker
Bolton	Fitzgibbons	Larrabee	Simpson
Brennan	Focht	Lea, Calif.	Smith, W.Va.
Brumm	Fulmer	Lee, Mo.	Somers, N.Y.
Buckbee	Gambrill	McSwain	Stalker
Burch	Gasque	Mansfield	Sullivan
Burke, Calif.	Gillespie	Marland	Sweeney
Burnham	Gray	Merritt	Taylor, Colo.
Carley, N.Y.	Green	Muldowney	Thompson, Tex.
Cary	Greenway	Nesbit	Tobey
Celler	Griswold	O'Brien	Underwood
Claiborne	Harlan	O'Malley	Weaver
Connery	Hartley	Oliver, Ala.	Wilcox
Cox	Higgins	Oliver, N.Y.	Wood, Ga.
Crowther	Hoeppel	Owen	
Crump	Hughes	Peterson	
Culkin	Jeffers	Prall	

The SPEAKER. Three hundred and forty-nine Members have answered to their names; a quorum is present.

On motion of Mr. BYRNS, further proceedings under the call were dispensed with.

SUFFERERS BY FIRE IN THE STATE OF MINNESOTA

The SPEAKER. The unfinished business is the vote on the motion of the gentleman from New York [Mr. BLACK] to suspend the rules and pass the bill (S. 770) for the relief of certain claimants who suffered loss by fire in the State of Minnesota during 1918.

The question was taken; and on a division (demanded by Mr. CHRISTIANSON) there were—ayes 99, noes 123.

So (two thirds not having voted in favor thereof), the motion to suspend the rules and pass the bill was rejected.

On motion of Mr. BLANTON, a motion to reconsider the vote by which the motion was rejected was laid on the table.

Mr. HOIDALE. Mr. Speaker, a parliamentary inquiry. Did the gentleman from Texas [Mr. BLANTON] vote for the bill? [Laughter.]

CROP PRODUCTION LOAN OFFICE

Mr. PARKER. Mr. Speaker, I ask unanimous consent to proceed for 5 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. PARKER. Mr. Speaker, I have risen at this time to invite the attention of the Membership of the House to some of the things that are being done by the Director of the Crop Production Loan Office.

The Congress passed the crop production loan bill and appropriated $40,000,000 to make it possible for tenants and sharecroppers in this country to make crops this year. Down in the Crop Production Loan Office the officials have promulgated some rules and regulations that have abrogated the intent of the Congress in the enactment of this bill. For instance, they have a regulation to the effect that the tenants of any one landlord in any one county cannot borrow more than $750. They go further and hold that the big life-insurance companies and the loan companies that have taken over a large number of the farms in the various counties are landlords. In one little county in my district the John Hancock Life Insurance Co. has taken over 74 farms, and the Prudential Life Insurance Co. has taken over 23 farms. The officials of the Crop Production Loan Office contend that these 74 farmers, in one instance, and 23 in the other, are tenants of one landlord.

I contend that neither the John Hancock Life Insurance Co. nor the Prudential Life Insurance Co. are landlords, and certainly they are not farmers. I contend that these poverty-stricken people who have lost their farms and their homes and who are trying to make a living on places that they formerly owned are each and every one of them independent farmers, and I contend further that they should be permitted to participate in the $40,000,000 appropriation.

It was the intention of the Congress that each one of these farmers be allowed to borrow a small amount of money from the Crop Production Loan Office in order that they might make their crops.

I am hopeful that the Members of the House are interested in this situation. I know everybody in the South is interested in it, and I hope you will become so interested that you will call up Mr. Garwood, the Director of the Crop Production Loan Office, and tell him that this regulation must be liberalized. If you do not do it, about 10 percent of these farmers who need help worse than anybody else in the country are going to be helped and the other 90 percent of them are not going to get any help from any source whatsoever.

The whole truth of the business is that the people in charge of the Crop Production Loan Office are not friendly inclined toward this bill. What they want to do is to drive these farmers to the production credit associations. The production credit associations are all right, but farmers of this particular class are not able to comply with the requirements of the production credit associations.

I think of all the people in the United States these poor devils who have lost their homes and their farms are the people that the Crop Production Loan Office ought to help first, and I hope you will get in touch with this office and insist that they liberalize the objectionable regulation. It certainly should not apply in the case of a farmer who has no real landlord.

Mr. FORD. Will the gentleman yield?

Mr. PARKER. I yield.

Mr. FORD. I believe that such insistence will do little good. Is there any legislative method the gentleman can suggest whereby this matter can be remedied?

Mr. PARKER. I know of none at this time. In the law the Congress limited the amount that could be loaned to any one individual to $250, but it is not a law that I am complaining about; it is a regulation.

Mr. MAY. Will the gentleman from Georgia yield?

Mr. PARKER. I yield.

Mr. MAY. The sum and substance of such administration by the Department is to make the insurance companies landlords and to give them the benefit of the loans instead of the former owners of the farms.

Mr. PARKER. No; the result of it is that many independent farmers who need help badly are not permitted to file applications for loans due to the fact that they are classed as tenants or share croppers of a landlord who exists only in name. The law is not being sympathetically

administered. The intent of the Congress is being ignored by the agency that Congress itself has created.

Mr. Speaker, I ask unanimous consent to incorporate in my remarks two telegrams I have received, one from the loan committee in one of the counties of my district and the other from the tax receiver of another county, and my replies to these telegrams.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The matter referred to follows:

ALAMO, GA., *March 24, 1934.*

Congressman H. C. PARKER:

Emergency crop loan ruling limiting loans to tenants of any one landlord in any one county to $500 working a hardship. Many farmers will be unable to farm this year. Please use your influence to get ruling changed. Suggest no limit in some instances as with loan company. Confer with other Members and Senators.

WHEELER COUNTY LOAN COMMITTEE,
By J. H. WALKER, *Chairman.*

MARCH 24, 1934.

Mr. J. H. WALKER,
Chairman Wheeler County Loan Committee,
Alamo, Ga.

MY DEAR MR. WALKER: I have your telegram of this date referring to the limitation of loans to tenants of any one landlord to $500.

I discussed this matter with officials of the Committee on Agriculture as well as the Farm Credit Administration. The Director of the Crop Production Loan Organization tells me that this regulation was imposed because of the belief that the $500 would take care of 10 tenants, and if there were any additional tenants the landlord could secure financing from the Production Credit Association.

I explained your position to the officials and urged them to do something to relieve the situation. However, they insisted that the Production Credit Association was adequate to take care of any tenants above the 10 that might be cared for with the loan of $500.

For your information I am enclosing a copy of the Crop Production Loan Act.

I regret to be unable to advise you more favorably.

Sincerely yours,

HOMER C. PARKER.

WASHINGTON, D.C., *April 4, 1934.*

Mr. QUITMAN WILKES,
Lyons, Ga.:

Have contacted Director Crop Production Loan office today. He has increased the loan on cotton to farmers in Georgia and South Carolina from $5 to $6.50 per acre. He has increased the amount that may be loaned to the tenants of one landlord from $500 to seven hundred and fifty. I have told him it is necessary to make an exception in cases of insurance companies. Have told him insurance companies are not landlords in strictest sense of the word, but that they rent to farmers who, while they are tenants in name, are actually landlords themselves in every sense of the word. I am wondering if I have misrepresented the facts to Mr. Garwood. Do the insurance companies have share croppers in your county? I believe all those who rent for a stipulated sum and are not actual share croppers will be permitted to borrow from Crop Production Loan Office. Mr. Garwood is to give me a ruling later this afternoon after he has discussed the matter with Secretary of Agriculture. Will let you hear from me again when I hear from Mr. Garwood. In the meantime please advise me as to whether our farmers are tenants or actual share croppers.

HOMER C. PARKER, *M.C.*

LYONS, GA., *April 4, 1934.*

Hon. HOMER C. PARKER,
Member of Congress:

Thanks for your immediate reply. None of insurance companies have share croppers. They all rent for stipulated amounts. You have not misrepresented anything. John Hancock Life Insurance Co. owns 74 separate tracts of land in this county; Prudential 23, and other companies lesser numbers. The average loan is $70 to each tenant, and on the basis that we are operating this will only accommodate 10 percent of John Hancock renters or 40 percent of Prudential renters. You can see that the renters from insurance companies are being discriminated against under the present ruling. I am informing the renters that you are on the job and doing everything possible to get this matter straight.

R. Q. WILKES,
Tax Receiver, Toombs County.

APRIL 4, 1934.

Mr. J. H. WALKER,
Chairman Wheeler County Loan Committee,
Alamo, Ga.

MY DEAR MR. WALKER: Referring again to your telegram of March 24, and my reply of the same date regarding the limitation of loans to tenants of any one landlord to $500, I am enclosing herewith for your information copy of a telegram I have today sent to Mr. Quitman Wilkes, of Lyons. This message is self-explanatory, and as soon as I have additional information from Mr. Garwood I shall be pleased to convey it to you, also.

Assuring you of my kind regards and best wishes, I am,

Yours sincerely,

HOMER C. PARKER.

BURLEIGH F. SPALDING

Mr. SINCLAIR. Mr. Speaker, I ask unanimous consent to proceed for 2 minutes.

Mr. SNELL. Mr. Speaker, we met early this morning for a specific purpose, and I think we ought to proceed with it. I do not object to this request, but I will object if there are any more.

The SPEAKER. Is there objection?

There was no objection.

Mr. SINCLAIR. Mr. Speaker, I rise to announce the passing of a prominent citizen of my State and a former Member of this House, the Honorable Burleigh F. Spalding. He was a resident of Fargo, N.Dak., from March 1880 until his death on March 17, 1934, and took a leading part in the significant events in the history of the State. He was a member of the capitol commission, which brought the Territorial capitol from Yankton to Bismarck, and was active in securing the division of Dakota Territory into the two States of North and South Dakota, afterwards serving in the Constitutional Convention of North Dakota. In 1898 he was elected to the Fifty-sixth Congress, and was again elected to the Fifty-eighth Congress, serving both terms with distinction. Because of the early development of boss-controlled politics within the State he was denied renomination and became one of the first insurgent Progressives in the Republican Party. In 1907 Governor John Burke appointed him to the State supreme court, to which position he was elected in the following year, serving until 1915, and as chief justice during the last 4 years of his term. Upon leaving the supreme court bench Judge Spalding resumed the practice of law in Fargo and continued in his chosen profession until he was stricken. He was generally recognized as one of the most able jurists of North Dakota and the Northwest. As a young man he came to the West from Vermont, bringing with him the thrift, energy, and ambition of sturdy New England character. Perhaps no man has had a greater influence in the formation and development of the institutions of the new State of his adoption. Certainly none has had a wider experience or participation in its official affairs or a better knowledge of its history. In the passing of Judge Spalding North Dakota suffers a distinct loss.

BONDS OF THE HOME OWNERS' LOAN CORPORATION

Mr. STEAGALL. Mr. Speaker, I move to suspend the rules and pass the bill (S. 2999) to guarantee the bonds of the Home Owners' Loan Corporation, to amend the Home Owners' Loan Act of 1933, and for other purposes. And pending that, I ask unanimous consent that the time be extended to 2 hours and 30 minutes, one half to be controlled by the gentleman from Massachusetts and one half by myself.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

Mr. LUCE. Reserving the right to object, in order to explain the situation briefly, this comes up under a motion where there will be no chance for amendment. My desire to expedite the business of the House leads me to approve of the program contemplated in the request of the gentleman from Alabama, even though it precludes an opportunity to move an amendment.

The sins of the bill are in the omissions and not the commissions, and we may call attention to that fact before the afternoon is over. Later on there may be further opportunity to consider the features of the bill to which I have referred. Therefore, I shall not object to the request.

Mr. LAMNECK. Reserving the right to object, I should like to ask the gentleman if the Senate bill provides for new building construction?

Mr. STEAGALL. It does not.

Mr. LAMNECK. Does it provide for equipment, heating appliances, and so forth?

Mr. STEAGALL. I will say that the bill provides for the rebuilding, modernization, and improvement of homes and sets out a fund of $200,000,000 which may be loaned to carry out those purposes.

Mr. ELLENBOGEN. Reserving the right to object, I regret that the parliamentary situation is such that we will not have an opportunity to present amendments to this important bill.

Mr. HEALEY. Reserving the right to object, is not it a fact that the $200,000,000 set aside is for the improvement of property under mortgage?

Mr. STEAGALL. Yes. The bill does not contemplate such loans on new projects.

Mr. HEALEY. It only provides for modernization of those homes under mortgage.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

S. 2999

An act to guarantee the bonds of the Home Owners' Loan Corporation, to amend the Home Owners' Loan Act of 1933, and for other purposes

Be it enacted, etc., That (a) section 4 (c) of the Home Owners' Loan Act of 1933 is amended to read as follows:

"(c) The Corporation is authorized to issue bonds in an aggregate amount not to exceed $2,000,000,000, which may be sold by the Corporation to obtain funds for carrying out the purposes of this section, or exchanged as hereinafter provided. Such bonds shall be in such forms and denominations, shall mature within such periods of not more than 18 years from the date of their issue, shall bear such rates of interest not exceeding 4 percent per annum, shall be subject to such terms and conditions, and shall be issued in such manner and sold at such prices, as may be prescribed by the Corporation, with the approval of the Secretary of the Treasury. Such bonds shall be fully and unconditionally guaranteed both as to interest and principal by the United States, and such guaranty shall be expressed on the face thereof, and such bonds shall be lawful investments, and may be accepted as security, for all fiduciary, trust, and public funds, the investment or deposit of which shall be under the authority or control of the United States or any officer or officers thereof. In the event that the Corporation shall be unable to pay upon demand, when due, the principal of, or interest on, such bonds, the Secretary of the Treasury shall pay to the holder the amount thereof which is hereby authorized to be appropriated out of any moneys in the Treasury not otherwise appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such bonds. The Secretary of the Treasury, in his discretion, is authorized to purchase any bonds of the Corporation issued under this subsection which are guaranteed as to interest and principal, and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such act, as amended, are extended to include any purchases of the Corporation's bonds hereunder. The Secretary of the Treasury may, at any time, sell any of the bonds of the Corporation acquired by him under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of the bonds of the Corporation shall be treated as public-debt transactions of the United States. The bonds issued by the Corporation under this subsection shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the United States or any District, Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority. The Corporation, including its franchise, its capital, reserves, and surplus, and its loans and income, shall likewise be exempt from such taxation; except that any real property of the Corporation shall be subject to taxation to the same extent, according to its value, as other real property is taxed. No such bonds shall be issued in excess of the assets of the Corporation, including the assets to be obtained from the proceeds of such bonds, but a failure to comply with this provision shall not invalidate the bonds or the guaranty of the same. The Corporation shall have power to purchase in the open market at any time at any price not to exceed par any of the bonds issued by it. Any such bonds so purchased may, with the approval of the Secretary of the Treasury, be sold or resold at any time and at any price. For a period of 12 months after the date this subsection, as amended, takes effect, the Corporation is authorized to refund any of its bonds issued prior to such date or any bonds issued after such date in compliance with commitments of the Corporation outstanding on such date, upon application of the holders thereof, by exchanging therefor bonds of an equal face amount issued by the Corporation under this subsection as amended, and bearing interest at such rate as may be prescribed by the Corporation with the approval of the Secretary of the Treasury; but such rate shall not be less than that first fixed after this subsection, as amended, takes effect on bonds exchanged by the Corporation for home mortgages. For the purpose of such refunding the Corporation is further authorized to increase its total bond issue in an amount equal to the amount of the bonds so refunded. Nothing in this subsection, as amended, shall be construed to prevent the Corporation from issuing bonds in compliance with commitments of the Corporation on the date this subsection, as amended, takes effect."

(b) The amendments made by subsection (a) of this section (except with respect to refunding) shall not apply to any bonds heretofore issued by the Home Owners' Loan Corporation under such section 4 (c), or to any bonds hereafter issued in compliance with commitments of the Corporation outstanding on the date of the enactment of this act.

SEC. 2. Section 4 of the Home Owners' Loan Act is further amended by adding at the end thereof the following new subsections:

"(l) No home mortgage or other obligation or lien shall be acquired by the Corporation under subsection (d), and no cash advance shall be made under subsection (f), unless the applicant was in involuntary default on June 13, 1933, with respect to the indebtedness on his real estate and is unable to carry or refund his present mortgage indebtedness: *Provided*, That the foregoing limitation shall not apply in any case in which it is specifically shown to the satisfaction of the Corporation that a default after such date was due to unemployment or to economic conditions or misfortune beyond the control of the applicant, or in any case in which the home mortgage or other obligation or lien is held by an institution which is in liquidation.

"(m) In all cases where the Corporation is authorized to advance cash to provide for necessary maintenance and to make necessary repairs it is also authorized to advance cash or exchange bonds for the rehabilitation, modernization, rebuilding, and enlargement of the homes financed; and in all cases where the Corporation has acquired a home mortgage or other obligation or lien it is authorized to advance cash or exchange bonds to provide for the maintenance, repair, rehabilitation, modernization, rebuilding, and enlargement of the homes financed and to take an additional lien, mortgage, or conveyance to secure such additional advance or to take a new home mortgage for the whole indebtedness; but the total amount advanced shall in no case exceed the respective amounts or percentages of value of the real estate as elsewhere provided in this section. Not to exceed $200,000,000 of the proceeds derived from the sale of bonds of the Corporation shall be used in making cash advances to provide for necessary maintenance and necessary repairs and for the rehabilitation, modernization, rebuilding, and enlargement of real estate securing the home mortgages and other obligations and liens acquired by the Corporation under this section.

SEC. 3. The sixth sentence of section 4 (d) of the Home Owners' Loan Act of 1933 is amended to read as follows: "The Corporation may at any time grant an extension of time to any home owner for the payment of any installment of principal or interest owed by him to the Corporation if, in the judgment of the Corporation, the circumstances of the home owner and the condition of the security justify such extension."

SEC. 4. Subsection (g) of section 4 of the Home Owners' Loan Act of 1933 is hereby amended to read as follows:

"(g) The Corporation is further authorized to exchange bonds and to advance cash to redeem or recover homes lost by the owners by foreclosure or forced sale by a trustee under a deed of trust or under power of attorney, or by voluntary surrender to the mortgagee subsequent to January 1, 1930, subject to the limitations provided in subsection (d) of this section."

SEC. 5. Section 5 of the Home Owners' Loan Act of 1933 is amended by adding at the end thereof the following new subsections:

"(j) In addition to the authority to subscribe for preferred shares in Federal savings and loan associations, the Secretary of the Treasury is authorized on behalf of the United States to subscribe for any amount of full paid income shares in such associations, and it shall be the duty of the Secretary of the Treasury to subscribe for such full paid income shares upon the request of the Federal Home Loan Bank Board. Payment on such shares may be called from time to time by the association, subject to the approval of said Board and the Secretary of the Treasury, and such payments shall be made from the funds appropriated pursuant to subsection (g) of this section; but the amount paid in by the Secretary of the Treasury for shares under this subsection and such subsection (g), together shall at no time exceed 75 percent of the total investment in the shares of such association by the Secretary of the Treasury and other shareholders. Each such association shall issue receipts for such payments by the Secretary of the Treasury in such form as may be approved by said Board and such receipts shall be evidence of the interest of the United States in such full paid income shares to the extent of the amount so paid. No request for the repurchase of the full paid income shares purchased by the Secretary of the Treasury shall be made for a period of 5 years from the date of such purchase, and thereafter requests by the Secretary of the Treasury for the repurchase of such shares by such associations shall be made at the discretion of the Board; but no such association shall be requested to repurchase any such shares in any 1 year in an amount in excess of 10 percent of the total amount invested in such shares by the Secretary of the Treasury. Such repurchases shall be made in accordance with the rules and regulations prescribed by the Board for such associations.

"(k) When designated for that purpose by the Secretary of the Treasury, any Federal savings and loan association or member of any Federal home-loan bank may be employed as fiscal agent of the Government under such regulations as may be prescribed by said Secretary and shall perform all such reasonable duties as fiscal agent of the Government as may be required of it. Any Federal savings and loan association or member of any Federal home-loan bank may act as agent for any other instrumentality of the United States when designated for that purpose by such instrumentality of the United States."

SEC. 6. Section 5 (i) of the Home Owners' Loan Act of 1933 is amended to read as follows:

"(i) Any member of a Federal home-loan bank may convert itself into a Federal savings and loan association under this act upon a vote of 51 percent or more of the votes cast at a legal meeting called to consider such action; but such conversion shall be subject to such rules and regulations as the Board may prescribe, and thereafter the converted association shall be entitled to all the benefits of this section and shall be subject to examination and regulation to the same extent as other associations incorporated pursuant to this act."

SEC. 7. (a) The first sentence of the eighth paragraph of section 13 of the Federal Reserve Act, as amended, is further amended by inserting before the semicolon, after the words "Federal Farm Mortgage Corporation Act", a comma and the following: "or by the deposit or pledge of bonds issued under the provisions of subsection (c) of section 4 of the Home Owners' Loan Act of 1933, as amended or by the deposit or pledge of Federal home-loan bank bonds or notes issued under the provisions of the Federal Home Loan Bank Act."

(b) Paragraph (b) of section 14 of the Federal Reserve Act, as amended, is further amended by inserting after the words "bonds of the Federal Farm Mortgage Corporation having maturities from date of purchase of not exceeding 6 months", a comma and the following: "bonds issued under the provisions of subsection (c) of section 4 of the Home Owners' Loan Act of 1933, as amended, and having maturities from date of purchase of not exceeding 6 months, bonds or notes issued under the provisions of the Federal Home Loan Bank Act, as amended, and having maturities from date of purchase of not exceeding 6 months."

SEC. 8. The Federal Reserve banks are authorized, with the approval of the Secretary of the Treasury, to act as depositaries, custodians, and fiscal agents for the Home Owners' Loan Corporation.

SEC. 9. The Home Owners' Loan Corporation is authorized to buy bonds or debentures of Federal home-loan banks upon such terms as may be agreed upon or to loan money to Federal home-loan banks upon such terms as may be agreed upon but not to exceed $50,000,000 shall be invested or advanced under this section.

SEC. 10. Section 10 (b) of the Federal Home Loan Bank Act, as amended, is amended by inserting a period after $20,000, and striking out the following: ", or (3) is past due more than 6 months when presented."

SEC. 11. Section 6 of the Home Owners' Loan Act of 1933 is amended by adding at the end thereof the following new sentences: "For the purposes of this section the Secretary of the Treasury is authorized and directed to allocate and make immediately available to the Board, out of the funds appropriated pursuant to section 5 (g), the sum of $500,000. Such sum shall be in addition to the funds appropriated pursuant to this section, and shall be subject to the call of the Board and shall remain available until expended."

SEC. 12. Subsection (e) of section 8 of the Home Owners' Loan Act of 1933 is hereby amended to read as follows:

"(e) No person, partnership, association, or corporation shall, directly or indirectly, solicit, contract for, charge or receive, or attempt to solicit, contract for, charge or receive any fee, charge, or other consideration from any person applying to the Corporation for a loan, whether bond or cash, except ordinary fees authorized and required by the Corporation for services actually rendered for examination and perfection of title, appraisal, and like necessary services. Any person, partnership, association, or corporation violating the provisions of this subsection shall, upon conviction thereof, be fined not more than $10,000, or imprisoned not more than 5 years or both."

SEC. 13. Subsection (k) of section 4 of the Home Owners' Loan Act of 1933 is hereby amended by inserting a new sentence after the second sentence of such subsection, as follows: "all payments upon principal of loans made by the Corporation shall under regulations made by the Corporation be applied to the retirement of the bonds of the Corporation."

SEC. 14. The eighth sentence of section 4 (a) of the act entitled "An act to provide for the establishment of a Corporation to aid in the refinancing of farm debts, and for other purposes", approved January 31, 1934, is amended to read as follows: "No such bonds shall be issued in excess of the assets of the Corporation, including the assets to be obtained from the proceeds of such bonds, but a failure to comply with this provision shall not invalidate the bonds or the guaranty of the same."

SEC. 15. If any provision of this act, or the application thereof to any person or circumstance, is held invalid, the remainder of the act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

The SPEAKER. Is a second demanded?

Mr. LUCE. I demand a second.

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

There was no objection.

Mr. STEAGALL. Mr. Speaker, I yield 1 minute to the gentleman from Oklahoma [Mr. MCCLINTIC] to make an announcement.

Mr. MCCLINTIC. Mr. Speaker, I rise to ask the attention of the House for just a minute. It is generally understood that the House hopes to conclude its work today so as to make it possible to recess over until Monday. Many Members are interested in the inspection trip to Government agencies that is to take place tomorrow. The time the train will leave is 2 o'clock, at the Union Station, instead of 1 o'clock, and I ask all to take notice, likewise those who might not now be in the Chamber.

Mr. STEAGALL. Mr. Speaker, the bill before the House amends the Home Loan Corporation Act so as to provide for a Government guarantee of both principal and of interest of the bonds the Corporation is authorized to issue. The bonds which the Corporation is authorized to issue amount to $2,000,000,000, the interest of which under the original act is guaranteed by the Government. The prime purpose of this legislation is to provide for the guarantee of the bonds of the Corporation, and it is estimated by the Home Loan Bank Board that the funds provided in this bill will be amply sufficient to take care of the demands for loans during the coming 12 months, or approximately that period. Applications have been received in the amount of about $3,000,000,000, and something like $350,000,000 has been loaned already. These are the figures supplied at the time the committee held hearings on the bill. The amount is larger now. There will be a considerable percentage of applications that will not show eligibility under the provisions of the act, and the Board feels that the sum of $2,000,000,000 established by the bill will do the work of emergency so sorely needed during the coming year.

In order that the securities of the Corporation, the property covered by mortgages, may be conserved and its value safeguarded and for the protection of borrowers, and incidentally for unemployment relief to be gained, the bill authorizes loans to be made for maintenance, repairs, modernization, and enlargement of homes, and allocates $200,000,000 for that purpose.

Mr. BLANCHARD. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. I cannot yield at present. The interest on loans in cases where relief is granted by the exchange of bonds for mortgages is not to exceed 5 percent a year. In the case of cash loans the rate is 6 percent. The interest rate will be rearranged from time to time to grant as large a measure of consideration to borrowers and mortgagors as the Corporation may be able to grant without involving the Government in serious loss. The bonds of the Corporation are to be issued and handled by the Treasury as other Government operations, and the Corporation will have the benefit of any advantages in interest rates that may come through a better financing arrangement by the Treasury. The bill provides that the Home Owners' Loan Corporation may buy bonds of the Home Loan Bank, but may not expend or employ for that purpose more than $50,000,000.

The measure also provides for going back to the 1st of January 1930 as the date to which its operations may extend to relieve mortgagors. It was thought the bill should be liberalized in that regard so as to cover the period during which the distress of borrowers in the real-estate field had been accentuated.

The bill also provides for the subscription to stock in Federal loan and savings banks. It is not a subscription to preferred stock, as heretofore, but a subscription to income-deriving stock, to be repurchased by the Federal home loan and savings banks over a period of years, not less than 5 or more than 10, the thought being that a great service may be accomplished by the enlargement of these associations throughout the country, in many sections of which no such organizations are now in existence. The purpose being to

encourage home ownership and to afford suitable credit facilities for people desiring to become home owners.

This, Mr. Speaker, is a brief outline of the bill and its purposes.

Mr. ELLENBOGEN. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. ELLENBOGEN. Does the gentleman realize that as of March 30 of this year the Home Owners' Loan Corporation received applications totaling $3,613,000,000, and that this bill provides for only $2,000,000,000, and does the gentleman further realize that in the period of the last 3 weeks additional applications totaled $410,000,000?

Mr. STEAGALL. I think I stated that the applications today total, so I have been advised, something in the neighborhood of $3,000,000,000, but loans had been made to the amount of $350,000,000 at the time our committee held hearings and the amount is substantially larger now. It has been found by experience that a large number of applications for loans are not eligible within the requirements of the law. The Board believes that the amount provided in this bill will be sufficient to carry on the work of the emergency relief throughout the year.

Mr. ELLENBOGEN. The figures I have given are figures that I received this morning from the Home Owners' Loan bank itself, and gives the loan applications as of March 30.

Mr. GLOVER. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. GLOVER. Is there anything in the present bill that liberalizes the manner in which loans can be made to cover this situation? I received a letter from one of the attorneys for the Home Loan Corporation stating they were handicapped in his city in granting loans where the home had been built with one or two apartments.

Mr. STEAGALL. The law in that respect has not been changed by the present bill. It does not contemplate relief for mortgagors owning apartments.

Mr. GLOVER. Does the gentleman not believe it ought to be liberalized so that that character of homes could be taken care of?

Mr. STEAGALL. Of course, there are many cases which the gentleman and I both would like to relieve, but it has not been thought that relief could be afforded in every instance. The purpose is to supply, as far as may be done, relief for bona fide home owners.

Mr. BLANCHARD. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. BLANCHARD. I know the gentleman is thoroughly familiar with this legislation, and I want his opinion about a certain point. I make reference to two telegrams received from important cities in my district, one from Kenosha and one from Racine, and I want to insert them in the RECORD.

They show the delinquent tax percentage running very high on homesteads. What, in the gentleman's opinion, does the law provide, and the administration of the law provide, for the handling of delinquent taxes on homesteads?

Mr. STEAGALL. The original law takes care of the situation pointed out by the gentleman. It contained a provision authorizing cash loans for the specific purpose to which the gentleman has referred.

Mr. HEALEY. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. HEALEY. Is the gentleman able to say how many home owners have actually been given relief under this bill up to date?

Mr. STEAGALL. I regret that for the moment I cannot give the gentleman those figures. The figures are above 100,000. I shall be glad to supply them later in the day.

Mr. TRUAX. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. TRUAX. I would like to assist the chairman of the committee to answer the question asked by the gentleman from Massachusetts [Mr. HEALEY]. I am informed that in my State $72,000,000 of loans have already been granted, and that heads the list of all States. I think they have done a mighty fine job of it in the State of Ohio.

Mr. STEAGALL. I am glad to have the gentleman's statement. I am advised, and I think the figures are correct, that the number of borrowers relieved down to the time of the hearings held by the committee amounts to about 114,000. That was up to March 9. I am sure those figures are substantially correct. Of course, many loans have been closed since that time. Loans now run to about $35,000,000 a week.

Mr. REILLY. If the gentleman will yield?

Mr. STEAGALL. I yield to the gentleman from Wisconsin.

Mr. REILLY. I have been advised by the Home Owners' Loan Corporation that that figure has been increased recently to 150,000 and the amount of loans to $450,000,000.

Mr. STEAGALL. The gentleman from Wisconsin makes a statement which is valuable in this connection, that the number of mortgagors relieved amounts to 150,000 and the amount loaned is $450,000,000.

Mr. DONDERO. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. DONDERO. What provision is made where bonds have already been issued and accepted by mortgagees under this bill? Can they exchange them for the new bonds?

Mr. STEAGALL. I should have stated that. It was an oversight on my part that I did not state it. The bill provides not only for the Government guaranty of the new bonds to be issued, but it provides, indirectly, for the guaranty of all outstanding bonds, the method being that any holder of outstanding bonds may, within the next year after the passage of this act, exchange his bonds for the new bonds, the new bonds to be accepted at whatever rate of interest they bear; and if there is any difference, of course, the mortgagee or holder of the bonds would take his chances in that connection.

I thank the gentleman for calling that to my attention.

Mr. GRAY. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. GRAY. There are many of these mortgages where the mortgage exceeds the valuation of the property. What provision is there to meet that emergency?

Mr. STEAGALL. The law contemplates an adjustment of those matters between the mortgagor and the mortgagee. It is contemplated, of course, that the mortgagee will scale down his mortgage and accept bonds to the amount of 80 percent of the appraised value of the property mortgaged.

Mr. GRAY. What is the percentage of the loan upon the appraised value of the property?

Mr. STEAGALL. Eighty percent.

Mr. TAYLOR of Tennessee. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. TAYLOR of Tennessee. As I understand it, these loans are not confined to mortgaged property, but loans may be granted for the purpose of repairing and enlarging homes?

Mr. STEAGALL. That is limited, however, to homes on which mortgages are carried by the Corporation.

Mr. TAYLOR of Tennessee. But it does not provide for new construction?

Mr. STEAGALL. It does not.

Mr. TAYLOR of Tennessee. I had hoped that it would.

Mr. STEAGALL. Of course, there is demand for that, along with many other things which the Government is being asked to do at this time, but the bill does not provide for loans of the kind my friend has suggested.

Mr. Speaker, I reserve the remainder of my time.

Mr. LUCE. Mr. Speaker, I yield 15 minutes to the gentleman from Ohio [Mr. HOLLISTER].

Mr. HOLLISTER. Mr. Speaker, we are taking up today an administration bill introduced in both the House and Senate in very much the same substance but in somewhat different form, and given earnest consideration by the Banking and Currency Committees of both bodies. This measure was evolved for the purpose of perfecting the operation of the Home Owners' Loan Corporation and is well designed to accomplish that purpose, so far as it goes. The importance of the bill before us, however, lies not so much in what it contains as in the lack of what it should contain.

The Senate began the consideration of this bill several weeks ago. Little real controversy developed, though a few amendments were added, until on the 15th day of March last, when Senator NORRIS arose and offered the following amendment, which will be found on page 4602 of the CONGRESSIONAL RECORD:

In the appointment of agents and the selection of employees for said Corporation, and in the promotion of agents or employees, no partisan political test or qualification shall be permitted or given consideration, but all agents and employees shall be appointed, employed, or promoted solely upon the basis of merit and efficiency. Any member of the Board who is found guilty of a violation of this provision by the President of the United States shall be removed from office by the President of the United States, and any agent or employee of the Corporation who is found guilty of a violation of this section by the Board shall be removed from office by said Board.

A long discussion of this amendment then ensued in the body at the north end of the hall, chiefly as to whether this amendment or one placing the employees of the Home Owners' Loan Corporation under the Civil Service rules was preferable, but no conclusion was reached. The bill was taken up again on the 19th of March, when Senator NORRIS reported (CONGRESSIONAL RECORD, p. 4809) that the Board of the Home Owners' Loan Corporation itself was in favor of this amendment. The discussion ended with a record vote. The amendment was adopted by a vote of 40 to 33, the 33 opposing it being all Democrats.

The Banking and Currency Committee of this House had a number of hearings on H.R. 8403, the companion bill, as originally introduced. When these were completed, and before the reading of the bill began, by the unanimous consent of the committee there was substituted the Senate bill, not as it passed the Senate, but as it had been originally reported to it. The Banking and Currency Committee then proceeded to add certain amendments of its own and the minor amendments made in the Senate. When the Norris amendment was offered, however, it was voted down, and the bill comes before the House today minus that amendment. Unfortunately, under the rules, it is impossible to offer this amendment today, and I am in hopes that in conference it will be retained.

The Home Owners' Loan Act is one of the most constructive of the administration measures passed at the special session of last spring. The great majority of those who did not and do not see eye to eye with the President on much of his so-called "emergency" legislation—and I am, I must confess, among that number—nevertheless supported this bill. It provided a method by which, without large present cost to the Government, and perhaps with no ultimate cost to it, the financially distressed owner of a small home on the eve of foreclosure and eviction, and even within a reasonable time after eviction, might refinance his mortgage, secure easier terms, and a short moratorium on payments until the times would improve and he could better meet his obligations. There is nothing of which the average American is prouder than of his home, be it ever so humble, and the blackest page in the history of the depression is the long list of those who have been compelled to sacrifice the homes for which they have slaved and saved.

Though the bill was passed, the expected relief did not come. The machinery of administration was necessarily complicated and it took time to set it up. Mortgage holders in many cases were suspicious of the bonds offered them in exchange, since they carried the Government guaranty only as to interest and not as to principal, but, worst of all, in many parts of the country the spoils system in the making of appointments reared its ugly head. In stating this fact, well known to all of you, I am criticizing no one. The members of the board of the Home Owners' Loan Corporation had the almost impossible task of trying, in a short time, to set up an organization to function in all parts of the country. In every community of any size there must be an office to file, sift, and pass on an avalanche of applications, with appraisers, attorneys, clerks, field men, auditors, and a host of others to be appointed to do the work.

Is it surprising that many State chairmen were appointed on political recommendations and that these State chairmen in turn secured the appointment of many of their henchmen and that these same henchmen favored members of their own party in the granting of relief? Anyone knowing the history of the operation of the spoils system in this country would have been surprised if the situation had been different.

Mr. Speaker, I represent the district which sent to the House of Representatives for 4 terms and to the Senate for 1 term a great American and a great Democrat, George H. Pendleton. He is famous, among other things, for his nomination as Vice President, with General McClellan, on the Democratic ticket that opposed Lincoln in 1864, but he is chiefly famous for his introduction and support of the first civil-service reform bill that passed Congress.

From the early days of our Republic the question of appointment to public office has plagued our Presidents, for the right of appointment is vested by the Constitution in the President except where Congress by law provides other means. History records many instances when the Chief Executive, driven almost frantic by the importunities of place seekers, spoke his mind freely on the subject. And yet the pressure was almost impossible to resist. Every change of administration would see an almost complete turning out of Government employees and the substitution of a new set whose politics agreed with the President. Since the President, in the nature of things, could not know anything about the great majority of the applicants, he must perforce take the recommendations of the Senators and Members of the House on the fitness of individuals for the various positions. But I am carrying coals to Newcastle to elaborate on this aspect of the question before such an audience as this.

Mr. GOLDSBOROUGH. Mr. Speaker, will the gentleman yield?

Mr. HOLLISTER. I yield.

Mr. GOLDSBOROUGH. I am wondering if the gentleman has considered the fact that this personnel has been set up now for several months and that the passage of the so-called "Norris amendment" would be practically an invitation to change that personnel, which, as far as I know, has been working very adequately. It certainly has in my section. I do not know whether the gentleman had considered that phase of the question or not.

Mr. HOLLISTER. I should point out to the gentleman from Maryland that I do not think there is a desire on the part of anyone to eject any person from a position when the person is handling the position properly. I understand that a great many of the abuses have been rectified. I should point out to the gentleman that the board itself has favored the passage of this Norris amendment, and the President of the United States has stated publicly a similar desire.

Mr. FULLER. Mr. Speaker, will the gentleman yield?

Mr. HOLLISTER. I yield.

Mr. FULLER. The gentleman means that the gentleman, as a member of the minority party, wants representation on these patronage jobs.

Mr. HOLLISTER. They should not be handled by patronage; that is what I am advocating.

Mr. FULLER. The gentleman's party is receiving it now in the gentleman's State, when men of the gentleman's political faith were appointed to these positions in the Home Owners' Loan Corporation in the gentleman's State.

Mr. HOLLISTER. I do not know anything about it; I have not advocated it.

Mr. FULLER. Is not the gentleman aware of the fact that an ex-Member of Congress holds one of the most important positions on this Board here in Washington, and that he took with him his secretary and his chauffeur, and that all of them are on the pay roll down here?

Mr. HOLLISTER. If the gentleman wishes to go into this at greater length in his own time, I would be glad to have him do so. I know nothing about the facts of which the gentleman speaks.

As the Government increased in size after the Civil War, the problem became more and more acute, and agitation was begun for reforming the Civil Service to provide for proper examination of applicants and tenure of office for the faithful and efficient employee. Hardly a session of

Congress passed without considerable discussion of this question. Under Grant a bill was passed to give the President the power to establish rules to govern admission to the Civil Service, though nothing was done with respect to insuring tenure. The President named a board and a number of employees were appointed in accordance with the rules it laid down, but the failure of Congress to continue appropriations for the board brought its labors to an end in a couple of years. From then on, however, the party platform of all the parties carried planks supporting Civil Service reform; and when Garfield was elected in 1880 the friends of this movement were jubilant, for he was well known to favor it strongly. His death at the hand of a disappointed office seeker in the summer of 1881 brought public sentiment very strongly into line, and at the session of Congress beginning in December 1882 Senator Pendleton, the Chairman of the Committee on Civil Service Reform, introduced a bill which was destined to become the foundation of our present Civil Service laws. This bill passed both Houses easily and became a law in January 1883. At first only a small part of the Federal employees were classified, but the number steadily grew and, while there have been temporary set-backs, until recently there has been steady progress. At the end of the fiscal year 1933, 456,000 Federal employees were in the classified Civil Service, out of a total number of Federal civil employees of 565,000.

Mr. Speaker, one of the most distressing evidences of a recent retrogression in the ideals of our Government is the familiar phrase that we find in so many of the measures which have been presented to us and which we have passed during the past year. A typical example of this phrase reads as follows:

> The Administrator may appoint and fix the compensation of such experts, and their appointment may be made and compensation fixed without regard to the civil-service laws, or the Classification Act of 1923, as amended, and the Administrator may, in the same manner, appoint and fix the compensation of such other officers and employees as are necessary to carry out the provisions of this act.

To one who has studied the history of the spoils system in popular government that phrase tolls the knell of efficiency and often even of honesty. It puts us on notice that the welfare of the Union is to be traded in payment for political services rendered or expected.

Inquiry at the office of the United States Civil Service Commission elicits the startling information that, outside of the administration of the securities bill, which was turned over to the Federal Trade Commission, none of the employees of the many new governmental agencies which have been set up since the 4th of March 1933 have been placed under the civil-service laws. It is impossible to give in exact figures the number of employees in these new agencies, as it is difficult to get the figures from the different offices, and when received they are not up to date. It is well known, however, that the number runs up to tens of thousands.

[Here the gavel fell.]

Mr. LUCE. Mr. Speaker, I yield the gentleman 5 additional minutes.

Mr. HOLLISTER. Mr. Speaker, I have wandered far afield from the present bill, but I have done so with a purpose, and I now return. I have here a clipping from the Washington Evening Star of March 21 last, 2 days after the bill before us passed the Senate, from which clipping I should like to quote:

> President Roosevelt today served notice on Congress that he favored the Norris amendment to the home-loan guarantee bill to bar politics from appointments to the Home Owners' Loan Corporation * * *.
>
> After reading the amendment of Senator NORRIS, Republican, of Nebraska, President Roosevelt personally communicated his desire to Chairman STEAGALL, of the House Banking Committee.
>
> He made it known through Stephen T. Early, a secretary, that he considered politics also should be banned in considering appointments to other Federal relief agencies such as the N.R.A., the Civil Works Administration, and the Farm Credit Administration * * *.
>
> The House committee deleted the political-ban provision of the bill in approving the general purpose of the measure to guarantee the principal as well as the interest of the $2,000,000,000 of Government bonds to aid home owners.

One can only conjecture why the majority members of my committee took the action they did in refusing the Norris amendment. If they represent their party, however, the only reason there can be is that the Democratic Party, as represented by this committee majority, prefers to disregard the merit system, to disregard the request of the President, to disregard the desires of the board which must make the appointments in question, and prefers to raise the piratical skull-and-bones pennant to the masthead of its political ship, shouting the old war cry, "To the victor belongs the spoils!"

Mr. YOUNG. Will the gentleman yield?

Mr. HOLLISTER. I yield to my colleague from Ohio.

Mr. YOUNG. Is not the gentleman from Ohio proud of the record of the Home Owners' Loan Corporation in our State? Does he not know that the record in Ohio is so far ahead of every other State in the Union as to be outstanding; that nearly $79,000,000 has been disbursed to date in the State of Ohio under the administration of Henry G. Bruener to distressed home owners; that 26,000 have received relief; and that the average cost to the Government of every loan made by this Corporation in Ohio as of this date is $14.80 per loan?

Mr. HOLLISTER. Is the gentleman almost to the end of his question?

Mr. YOUNG. Yes.

Mr. HOLLISTER. I will be glad to answer a question.

Mr. YOUNG. In some other States the cost exceeds that by many, many times.

Mr. HOLLISTER. May I answer the gentleman?

[Here the gavel fell.]

Mr. BROWN of Michigan. Will the gentleman yield?

Mr. STEAGALL. I yield the gentleman from Ohio [Mr. HOLLISTER] 1 additional minute.

Mr. BROWN of Michigan. I understood the gentleman to say in the early part of his speech that favoritism had been shown to applications of members of the Democratic Party. Was there any evidence whatsoever as to that fact produced in the committee?

Mr. HOLLISTER. None at all.

Mr. BROWN of Michigan. Then the gentleman's statement is based on hearsay?

Mr. HOLLISTER. Based entirely on reports.

Mr. BROWN of Michigan. Based on hearsay.

Mr. HOLLISTER. My desire is to have the general principle adopted that appointments shall be made without political consideration. I am not criticizing a particular State or a particular set-up.

Mr. BROWN of Michigan. Does not the organization in Ohio at the present time have some managers and some attorneys who are members of the Republican Party?

[Here the gavel fell.]

Mr. STEAGALL. Mr. Speaker, I yield 5 minutes to the gentleman from Maryland [Mr. GOLDSBOROUGH].

Mr. GOLDSBOROUGH. Mr. Speaker, this discussion which we have just heard, while it was very courteous, appears to constitute a reflection upon the present administration of the Home Loan Organization.

Our information is that throughout the country the attorneys, appraisers, State managers, and district managers are conducting an extremely difficult situation with great ability and infinite energy. The committee, in considering the so-called "Norris amendment", did not have in mind any partisan consideration. The committee felt that, in view of the fact that the organization had been finally set up in every county and in every city throughout the United States and, as far as we knew, was handling its very difficult work adequately, it would be a mistake to pass legislation which would constitute a reflection upon the personnel and which would indicate an invitation to change the personnel.

This organization, Mr. Speaker, was required and is required to act with great rapidity. Property is advertised for sale on mortgage foreclosure, and this organization is appealed to for relief.

There have been up to this time 150,000 American homes actually saved by the operation of this organization. It has been conducted in an absolutely nonpartisan way. No one asking for a loan has ever been questioned as to whether he was a Democrat or Republican, a white man or a colored man. The majority members of this committee and some members, probably, of the minority felt that there was no necessity for changing the personnel of this organization; that there was no necessity for changing the manner in which these appointments had been made and would be made, and that to cause a change at this time would create confusion, would interfere with the management of the organization, and would be demoralizing. For this reason, and for this reason alone, the Norris amendment was not favorably acted upon by the Committee on Banking and Currency.

Mr. Speaker, I yield back the balance of my time.

Mr. LUCE. Mr. Speaker, I yield 10 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Speaker, insofar as the State of Illinois is concerned, I gladly accept the challenge of the gentleman from Maryland [Mr. GOLDSBOROUGH], because I do want to reflect upon the personnel of the Home Owner's Loan Corporation in my State, and I want to go a little further and characterize it as one of the foulest blots that has ever been placed upon the escutcheon of the State of Illinois. They have placed human misery upon the altar of political spoliation.

I unequivocally endorse the principle of guaranteeing both the principal and interest on these bonds, as recited in this bill. I am glad that $200,000,000 was set aside for repairs. I wish the measure might be amended to set aside an equal amount of money for new construction, but under suspension of the rules amendments are not in order.

However, I shall hold my nose as I vote for the bill, because of the utter inefficiency of the Home Owners' Loan Corporation in my State, and if I but make a most natural exposition of the history of the Home Owners' Loan Corporation in Illinois, it is more eloquent than anything else I can say as to how rotten it has been, and how it has left our home owners in complete despair.

I remember a politician running for office who, while making a speech, asked this rhetorical question of his audience, "What are the fruits of victory?" One of his very humble constituents in the rear of the hall stood up and said, "I suppose they are plums, melons, and applesauce." He was absolutely right so far as the Home Owners' Loan Corporation in Illinois is concerned, because there have been melons in fees for intermediaries, there have been plums for the spoilsman, and there has been a lot of hooey and applesauce for the distressed home owners of Illinois. [Laughter.]

Let me begin this presentation by reading a quotation from a Chicago paper dated December 8:

> The administration of the Illinois Home Owners' Loan Corporation has become a violation of the forgotten man and a cesspool of spoils politics. Astounding instances of mismanagement and political wire pulling in and on the fringes of the Home Owners' Loan Corporation here, which is supposed to be a financial refuge of the distressed and overburdened home owners caught in the maelstrom of depression, have been revealed.

The article also refers to the Home Owners' Loan Corporation as "jigsaw, political chicanery."

Along in August of 1933 they appointed Mr. William G. Donne manager of the Illinois division. He was the president of the eighth ward Democratic organization in Chicago. He was the State manager of the Home Loan, and Russell O'Brien, the secretary of the eighth ward Democratic organization in Chicago, was made the secretary.

Mr. GOLDSBOROUGH. Will the gentleman yield?

Mr. DIRKSEN. Let me finish this statement first, please. They opened an office in La Salle Street about the 1st of August 1933. For the general counsel they selected Mr. Samuel K. Markham, law partner of one Thomas Donovan, who is the nephew of Tom Donovan, the Lieutenant Governor of Illinois, and for assistant counsel one Thomas L. Grant, an eighth ward precinct captain, who was once censured by the Illinois Supreme Court for dereliction of professional duty after the court had heard disbarment proceedings against 55 lawyers in the smelly and odorous sanitary district case.

They were all ready to start business. They had to have an appraiser or a number of appraisers, so there was set up, mind you, in the same building, the Central States Appraisal Co. of Chicago, consisting of three incorporators; and who were they? One of them was Mr. Arthur Dritsch, a brother-in-law of Mr. Donne, the State manager of the Illinois division and also a member of the eighth ward Democratic organization in Chicago; Mr. James J. Sullivan, former chief clerk of the sanitary district and committeeman from the eighth ward; and one Mr. James P. Walsh.

They needed an intermediary in order to carry on their infamous business, so there came into the picture a man by the name of Fred J. Walsh, the Democratic leader of Joliet and a member of the State patronage committee, and here is the way they went about doing business. Mr. Walsh started sending forth solicitors into Will County, into Kane County, and into Cook County. He let his solicitors permit the impression to go out that he had a special influence with the Home Owners' Loan Corporation of Illinois and if they cared to pay 5 percent for him to exert his influence they could expedite loans in a rather substantial amount. Let me read the language of the contract that Mr. Walsh used:

> We, the undersigned, being owners of certain first-mortgage notes secured by premises and improvements located at (a certain place) do hereby employ Fred Walsh for the purpose of exerting his efforts in having join with us, the maker of said notes and the holders of said notes of the same issue in applying for and procuring from the Home Owners' Loan Corporation an exchange for the notes we now hold for Government bonds to be issued by that organization and being desirous of having the benefit of the skill, training, knowledge, and experience of said Fred Walsh in appraising and dealing with resident property, we hereby authorize the said Fred J. Walsh to make application in our names or otherwise, and to conduct all negotiations directed toward such exchange of securities and in the event the same is accomplished, we promise to pay to the said Fred J. Walsh 5 percent of the face value of all such securities delivered to us in exchange for such notes.

This is the kind of document they used in place of and along with the mortgagee's consent to take bonds, and he, Mr. Walsh, is one of the leading spoilsmen and patronage dispensers of the State of Illinois.

Then he branched out—he branched out into Aurora, into Joliet, and elsewhere.

Mr. BLANTON. Was not Joliet where he belonged? [Laughter.]

Mr. DIRKSEN. Possibly so.

Let me read some quotations of some statements that were made by one Mr. Schlitz, who was identified with the George W. Alschuler & Co. mortgage company in Aurora, Ill., and who was doing business with this intermediary, Mr. Fred J. Walsh, who had such a political drag with the Home Owners' Loan Corporation.

Mr. Schlitz said:

> We knew it was political graft down at the Home Owners' Loan Corporation, but what could we do? It seemed to be an out for our customers.

Again I quote:

> We honestly felt that this was a political deal.

I quote again:

> We first heard that Walsh was dickering with the Home Owners' Loan Corporation from friends in Joliet. Then Mr. A. P. Moecher came in and told us Walsh was reopening his Aurora office for the purpose of obtaining customers who wanted Federal loans. He told us Walsh had opened an office just above the Home Owners' Loan Corporation.

And mark you, in the same building in La Salle Street, in Chicago.

I quote again. Schlitz says:

> Let me repeat. We knew it was political pull.

Now then, referring to the volume of business that was done, Schlitz had this to say:

> It must be a large volume, because the word has gone out to everybody in town that Fred J. Walsh could help them if they saw Moecher.

Let me say something about appraisals. Here is a brother-in-law of the manager of the Illinois Division, together with two other members of the eighth ward organization in Chicago, setting up an appraisal company in the same building which houses the office of the Home Owners' Loan Corporation. They got 40 percent of the appraisals and charged $15, while other reputable abstract companies offered to do it for $4.50 per appraisal.

Let me also say something about the insurance feature. I understand that 75 percent of the business went to two concerns, one of them only recently established, about the time that the Home Owners' Loan office was first established in Chicago.

Let me say something about the results under this regime. I was interested in the report just made on Ohio because that is the banner State and will serve splendidly for purposes of comparison.

Mr. GOLDSBOROUGH. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. I regret that I cannot yield now.

Mr. GOLDSBOROUGH. Inasmuch as the gentleman has challenged me, I think he ought to yield to me for a question.

Mr. DIRKSEN. Will the gentleman withhold for a moment? They sent an investigator out there, and finally removed the manager of the Illinois division. They appointed a new manager. There were threats of indictments, and the Department of Justice had men out there investigating this whole set-up, this mess of rottenness built upon the agony and despair of home owners threatened with foreclosure. They had some 40,000 applications for loans at that time, and up to the 1st of December they made and closed 452 loans out of those 40,000 applications. Let me show you what the record is as of the 23d of March, which was certified to me by the local office. We had in Illinois 63,877 applications, and only 1,048 loans closed, involving a total of only $4,444,000. I shall carry this one step further and show you just what has been done right in my own district. A branch office is located in my district. They had 2,147 applications on the 23d of March, which is only 2 weeks ago. Of that number only 16 loans had been closed.

The SPEAKER pro tempore. The time of the gentleman from Illinois has expired.

Mr. LUCE. Mr. Speaker, I yield the gentleman 1 minute more.

Mr. DIRKSEN. Sixteen loans out of 2,147 applications, involving $45,945, and the distressing thing is this: The expense of that one office at Peoria thus far has been $37,000, and the total of loans issued in that office has amounted to only $45,945—almost as much expense for fees as the total amount of the loans closed. If anybody here wants the record, I have it here, as it came in the mail this morning from the H.O.L.C. office in Washington. I am glad to see that Ohio, which has 1,000,000 less population than Illinois, got $71,000,000, and that Indiana, that has less than half the population of Illinois, got $16,000,000, whereas in Illinois we got only $4,000,000. This frightful disparity is due to political rottenness, which can only be changed when they put this thing on a merit and efficiency business and take these spoilsmen out who are supposed to be working in the interest of the despairing home owners of my State.

It is positively nauseating to think that in Ohio, Indiana, and elsewhere they are making loans at a cost of from $13 to $15 per loan, while in Illinois the report shows that in February the cost was $456 per loan. That should be as a stench in the nostrils of the citizens and taxpayers.

In the branch office at Peoria they had 15 employees on the last day of February and 20 on the last day of March of this year; and only 16 loans actually closed. Where is the fault? What is the trouble?

In the face of such a record of inefficiency and such a sacrifice of the interests of the humble home owners of Illinois this thing merits an immediate and sweeping investigation.

The Norris amendment, for which we are contending today, seeks only to eliminate such a rotten condition as this by requiring merit and efficiency in the personnel who are to administer an act that has been hailed as a boon to distressed home owners.

I am not contending for the appointment of Republicans or Democrats but merely for the appointment of efficient persons who will render honest and sympathetic service and bright succor and relief to those who are in distress.

Mr. GOLDSBOROUGH. Mr. Speaker, in view of the fact that my distinguished friend from Illinois, Mr. DIRKSEN, declined to yield, it was necessary for me to get this time in order to say that while there is some merit in his statement, he is discussing last year's birdsnests, because that situation in Chicago was cleaned up over 30 days ago. In the city of Chicago now they are making about 100 loans today.

Mr. DIRKSEN. Mr. Speaker, will the gentleman yield to me there in order that I may answer that?

Mr. GOLDSBOROUGH. I decline to yield.

Mr. LUCE. Mr. Speaker, I yield 2½ minutes to the gentleman from New Jersey [Mr. CAVICCHIA].

Mr. CAVICCHIA. Mr. Speaker, lest I be accused of trying to make political capital, I shall not criticize the work of the H.O.L.C. Even our Democratic colleagues admit it needed reformation. I hope for improvements.

I am in favor of the bill that is before us. Financial institutions and individuals have refused to accept the bonds of the Home Owners' Corporation heretofore because of the uncertainty of the Corporation being able to redeem them at maturity. The committee feels that with the passing of this bill home owners will get the needed help and many of them will be able to save their homes.

Some days ago President Roosevelt stated to the press of the country that all appointments were to be made on the basis of ability and efficiency. Senator NORRIS in the Senate bill, section N, provided that all appointments, promotions, and so forth, be on strictly nonpartisan basis. This committee has stricken out this provision.

It is rumored that over 10,000 civil-service employees have lost their places in the past 12 months due to the economy program. Yet over 40,000 new employees have been given employment under the many new recovery measures passed by Congress during the same period.

This is political spoils system at its worst and should and must be discouraged. It may be argued that the Republicans have played the same game in the past. If so, I do not excuse my own party.

The spoils system must be destroyed, and I hope that the conferees of the House will insist that the Norris provision be included in this bill.

The new deal will get the help of the Republicans in the House if we are satisfied that all will get a square deal in passing laws that alleviate or regulate but must not strangulate.

Mr. STEAGALL. Mr. Speaker, I yield 4 minutes to the gentleman from New York [Mr. SISSON].

Mr. SISSON. Mr. Speaker, I wish to address myself to the criticisms made by my colleagues on the Republican side as to the action of our committee in striking out the Norris amendment. I wish particularly to direct my remarks to the attention of my Democratic colleagues. There is no man on the Committee on Banking and Currency for whom I have greater respect than the gentleman from Ohio [Mr. HOLLISTER]. I think he is one of the most valuable members on the committee, but when he talks about the application of the merit system and the spoils system he becomes affected, unfortunately, with that disease peculiar to the members of his political faith, which prevents him from first casting the beam out of his own eye before he attempts to pull the mote out of our eyes.

We intrusted Republican organizations in the State of New York with the administration of the C.W.A.; and what did they do with it? In every instance they did exactly what the gentleman from Illinois [Mr. DIRKSEN] charges a few Democrats with doing—they played politics with human misery.

When the Roosevelt administration came in on the 4th of March we found that by a strange coincidence these gentle-

men who are so much holier than thou that they did not look at a man's political faith before appointing him, had placed as attorneys of the Federal farm-loan banks, as appraisers for the Federal Farm Loan banks—and I am talking only of my own district and of the upper part of New York—no one but Republicans. Democrats in office were as plentiful as hen's teeth. That is the way the Republicans applied the merit system. But, of course, they admit they are better business men than we Democrats, and I will admit they run the business of politics better than we do. They have had more experience. I could not find a single exception. Many of the Republicans in the farm-loan bank system, of course, are able men. Many of them, I presume, will be left in office. The present Republican attorney in my own county for the farm-loan bank is handling the job very well, and I cannot complain of him, although I could suggest several Democrats who could fill his place. But I resent criticism of this sort.

The very able gentleman from Massachusetts [Mr. LUCE] and myself last year had a little difference of opinion as to the application of the Jefferson political philosophy of appointment to office by the merit system. He misquoted Jefferson. Frankly, so did I. So I want to insert in the RECORD for all time just what Jefferson did say in a letter written by him to Elias Shipman and others, a committee of merchants of New Haven, under date of July 12, 1801. The circumstances were these: The gentleman from Massachusetts last year said that we Democrats had deserted the teachings of Jefferson and had followed the teachings of Andrew Jackson—"to the victors belong the spoils." He said that Jefferson said that the only questions that should be asked of a prospective political appointee are, Is he honest; is he capable; is he loyal to the Constitution?

Jefferson had removed from office a Federalist collector of New Haven and had appointed a Democrat, and this committee of merchants wrote him a letter of remonstrance. Jefferson, in reply, said in substance that, while he believed that the merit system should be employed, yet when on coming into office he found that his predecessor, John Adams, had during the midnight hours preceding his political demise filled all of the offices with adherents of one political party, and therefore he believed that it was proper that the majority party should at least have a fair proportion of the adherents of their party in office who would be in sympathy with administration policies. At the close of his letter Jefferson said, in substance, that when time and accident had removed some of these Federalists—and, of course, the gentleman from Massachusetts [Mr. LUCE], who is even more familiar than I am with the writings of Jefferson, because he was lately converted, as he says, to the political philosophy of Jefferson, will remember that Jefferson also said, referring to Republican officeholders, "Few die and none resign"—and he had succeeded in filling some of these offices with adherents of the majority party so that the majority party had at least their fair proportion—and we have not that now—then he hoped we might return to that ideal state of things when the only questions concerning a candidate shall be, Is he honest; is he capable; is he faithful to the Constitution?

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. SISSON. I yield.

Mr. RICH. Is this a speech on the bill before the House or is it a political speech?

Mr. SISSON. It is for the benefit of the conferees, in the hope that they will not yield to the Senate and restore the Norris amendment. [Applause.]

[Here the gavel fell.]

Mr. LUCE. Mr. Speaker, I yield 10 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Speaker, I was very much interested in the remarks of my colleague from New York. I do not yet know the difference between a mote and a beam; but perhaps my knowledge of the Bible is not as extensive as his.

Mr. SISSON. Mr. Speaker, will the gentleman yield?

Mr. FISH. If the gentleman can explain to me the difference between a mote and a beam, I shall be pleased to yield.

Mr. SISSON. I cannot do that. It would be impossible for me to explain to any member of the gentleman's party the difference between a mote and a beam, because he could not see it.

Mr. FISH. Mr. Speaker, I have the highest regard for my colleague from New York. He is a valuable member of the Committee on Banking and Currency. I agree that there is a great deal to be said on both sides of the question that has been discussed. Of course, the bill has not been discussed to any extent worthy of the name; the merit system has been the only issue that has been debated on the floor today, and, fundamentally, there is a great deal to be said upon the side of the spoils system. In fact, as a general proposition, I believe in the spoils system. [Applause.] I believe that as a general proposition the political spoils belong to the party in power. This system was largely introduced by Andrew Jackson, and it has been carried on as an American principle since that time.

Responsibility, as a general proposition, should rest upon the party in power; and the party in power should appoint members of their own party to the key positions of responsibility. I have spoken before and have denounced the appointment of Socialists and near-Socialists to high office under the Democratic administration, not because those men are not able or that they are not competent, but because the people back home did not elect a Socialist administration. Socialism was not elected to power. Had the people wanted socialism in America they had the opportunity to elect Norman Thomas, but they did not do it; he received less than a million votes. But you have placed in power, in high and important positions in the Government, several hundred men who are near-Socialists and Socialists at heart, who, to my mind, are disbelievers in our political and economic system, and actual believers in the Marxian Socialist theory, and who by no stretch of the imagination are real Democrats, or Jeffersonian Democrats who believe in the Constitution and in our free institutions and in our form of government. In experimenting with socialism we jeopardize all that we have gained, for we must start the experiments by repudiating the fundamental principles on which our constitutional, representative form of government has been erected. I wish I had more time to talk on this particular issue now, but I have not because there are some other things I should like to discuss, but I may get back to it later in the session. It is my firm conviction that human liberties, the rights of individuals, and constitutional rights and liberties are being smothered by paternalism, bureaucracy, and State socialism.

There is a different issue raised in this bill by the insertion of the Norris amendment providing that appointments should be made on the basis of merit and not politics, because it is a purely business proposition, and I can see some real justification for it, although there can very well be two distinct sides on such a question. If it is actually a pure, unadulterated business proposition, then it is perhaps just as well that we drop the spoils-system feature of the original bill and adopt the merit system. But I do not say that there are not just as many competent Democrats in this country as Republicans, or just as many loyal Democrats as Republicans, but if there are Republicans who know this kind of work as it is purely a practical business proposition, then I believe this amendment is meritorious and ought to be adopted. Furthermore, I am not not in favor of playing politics with human misery, and I believe it would expedite the saving of homes if the best and most experienced men were appointed irrespective of partisan politics.

I may say this, however, if it is not adopted, it is not going to break my heart, because I have always believed in the fundamental proposition that the party in power should be responsible for the operations of the organizations that they establish and control. The Democrats heaped an ava-

lanche of criticism on the Hoover administration for not affording more effective relief to our home owners, and said, "just wait until we get in on March 4." It is now over 1 year since the Democrats came into power and the slowness and red tape in the operations of the Home Loan Board has been a blot on the American Government. Thousands of home owners have lost their homes and life savings through Government inefficiency.

Now, I am going to say something that my Democratic friends will not like. Perhaps I had better stay over here on the Republican side when I say it, because I am apt to say a good many things they do not like. It is my honest belief—but I do not believe it is the opinion of the people back home, because they are not close enough to the Government—that this administration has been the most bitterly partisan administration since the Civil War. The people back home probably do not believe this statement, because they see in the Cabinet Secretary of Agriculture Henry A. Wallace, a former Republican, and likewise Secretary of the Interior Harold L. Ickes, another former Republican; but I say that this administration, as far as I can find out, has for the first time violated the actual mandate of the Congress in the appointment of high officials in the Government service where the Congress has deliberately stated that these commissions should be nonpartisan.

The dismissal of William E. Humphrey as a member of the Federal Trade Commission on account of his politics was a grossly partisan act, and, in my opinion, inexcusable and indefensible. It is a repetition of the old story that "might makes right." To add insult to injury, Prof. James M. Landis, a member of the American Civil Liberties Union and one of the radical leaders of the "brain trust", was appointed to the vacancy on the Federal Trade Commission.

President Roosevelt has repeatedly ignored and violated the unwritten law that the minority party should have adequate representation on commissions or delegations sent to international conferences. The injection of such a partisan attitude is unfortunate and only amounts to sheer stupidity, as it actually promotes partisan retaliation on foreign affairs, where there should be as much cooperation as possible.

I refer particularly to the Reconstruction Finance Corporation as a striking example of the failure of President Roosevelt to comply with the mandate of Congress to appoint representatives of the minority party. The Reconstruction Finance Corporation is by far the most important of the Government organizations under the new set-up, under the new deal, or of the so-called "relief organizations." It has spent $5,000,000,000, possibly more, and, of course, in this respect it is more important than any two or three of the other organizations put together. Whom did President Roosevelt appoint as Republican member? The Reconstruction Finance Corporation was created by an act of January 22, 1932, and was amended by the act of July 1, 1932, which stated that it shall be composed of 7 members, not more than 4 of whom shall be members of any one political party.

Whom did President Roosevelt appoint as a Republican member? John J. Blaine, of Wisconsin. Mr. Blaine, who was a former Republican Senator, has the right to freedom of speech and of political action. He came out in 1928 and openly announced his support for Al Smith. In 1932 he announced his support of Franklin D. Roosevelt. I do not question his right in either case, nor do I blame the Democrats at all for loving him. I am simply saying—and I know you will agree with me—that he does not represent the opposition party, for he in no respect represents or can represent the Republican Party, having openly opposed its Presidential candidate in the last two elections. He has been appointed in violation of the spirit and, I believe, the letter of the law and the mandate of Congress as a Republican on this highly important Board.

As the other Republican member, the President has recently appointed Frederick H. Taber, of Massachusetts; I believe, a classmate of the President at Harvard. That, of course, is not against him but should be in his favor. He ought to know something and should make a fine director. Undoubtedly he is an honest man and an able man, at least, as one Harvard man to another, I am willing to take that for granted.

Mr. HENNEY. Does that put him in the "brain trust"?

Mr. FISH. He is a Roosevelt Republican. He supported Roosevelt in the last campaign. The law requires the appointment of members of the opposition party, of course, to represent the opposition party. We on the minority side do not count for very much anyway, but who are we going to see on the R.F.C. Board? If they allow us, we have a chance to go to the Democratic members or to Republicans who deserted the party, and I say, as a Republican, I would prefer to take my chances with the 100-percent Democrats. [Applause.]

[Here the gavel fell.]

Mr. STEAGALL. Mr. Speaker, I yield 4 minutes to the gentleman from Pennsylvania [Mr. ELLENBOGEN].

Mr. ELLENBOGEN. Mr. Speaker, I have for many months favored the guaranty by the Federal Government of the principal of the bonds of the Home Owners' Loan Corporation, and I am, therefore, in hearty sympathy with this idea. I have introduced several bills on the subject that include this provision. I may say, Mr. Speaker, that as far as this bill goes it is an excellent bill, and we should pass it, but the bill does not go far enough. For instance, the bill only empowers the Home Owners' Loan Corporation to issue bonds to a total amount of $2,000,000,000.

What are the facts? How much is required in order to relieve the distressed home owners in this country? There are in the United States 10,503,000 people who own their own homes. If they have mortgages against their homes that are in default they are eligible, under the terms of the Home Owners' Loan Corporation Act. Most of the mortgages that were given were short-time mortgages for a period of from 1 to 3 years. Since 1931 practically no mortgage money has been available, therefore, we can say that practically all of these mortgages are due today. It is a correct estimate, and perhaps a low estimate, to say that 75 percent of the mortgages are in default and that between one third and one half of the mortgages are in distress. About $12,000,000,000 of home mortgages are in default in the United States and from six to eight billion dollars in distress.

As of March 30 the Home Owners' Loan Corporation have received 1,146,933 applications, totaling $3,613,521,730. So you see that they have already received applications totaling nearly $4,000,000,000. Now, why empower the Home Owners' Loan Corporation to issue only $2,000,000,000, as this bill does?

Another provision that should be inserted is one providing for the construction of new homes. The building industry has a rate of unemployment larger than any other industry. Twenty-four Government agencies in Washington have made studies and have come to the conclusion that between 500,000 and 800,000 new homes could be built in this country during the next few years. The Home Owners' Loan Corporation is the appropriate agency to do this, because they have an office in every county of every State. I believe between one billion and one and one half billion dollars should be appropriated in addition to what is in this bill for the construction of new homes.

Mr. Speaker, the time granted me is too short to outline in detail the amendments and changes which should be inserted in this bill before it is passed. I refer you to the speech regarding this subject which appears in the CONGRESSIONAL RECORD of March 20, 1934, on page 4954.

Due to the fact that this bill was taken up under suspension of rules, no amendments can be offered, which I deeply regret.

I repeat, Mr. Speaker, that the bill is good as far as it goes, and therefore I shall vote for it. I only regret that we do not have the opportunity to offer amendments so as to improve it in those particulars in which I believe it is defective.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Speaker, I yield 3 minutes to the gentleman from Ohio [Mr. YOUNG].

Mr. YOUNG. Mr. Speaker, in Ohio there are nearly a million home owners living in their own homes. Fully 250,000 of these are in distress. They owe taxes. They owe interest on mortgages. Their homes need repairs. In thousands of instances, mortgagees are insisting upon repayment of all or part of the mortgage. One hundred and twenty-five thousand have already made application to the Home Owners' Loan Corporation for relief. Twenty-six thousand have received relief. Nearly $79,000,000 has been disbursed in my State as of this date to distressed home owners. This is more relief than has been afforded by the Home Owners' Loan Corporation in any State in the Union. The cost to the Government is less than in any State in the Union except in Kansas and Indiana, being only slightly above the average cost in those States.

In Illinois as of March 16, 1934, notwithstanding that there are more home owners in distress in that State, only 1,017 mortgages had been disbursed in the sum of $4,354,000. As a matter of fact, the operation of the Home Owners' Loan Corporation in the State of Illinois is a scandal and a disgrace. There should be a congressional investigation in that State and from the State administrator down there should be a wholesale shake-up. In Illinois the Home Owners' Loan Corporation has proved to be the joker in the new deal. The operating expenses are highest there. The average cost to the Corporation per closed loan for the months of October, November, December 1933, and January and February 1934 are as follows:

Illinois: October 1933, $504.10; November 1933, $135.39; December 1933, $199.57; January 1934, $238.72.

It seems inexplicable that the average cost per closed loan should rise the longer the Corporation is in operation in that State. The only plausible theory would seem that so many politicians out there are being added to the Home Owners' Loan Corporation pay roll, traffic police should be employed to keep them from bumping into each other, or that salaries are increased, or both. And in February 1934 in Illinois the cost per closed loan had risen to the astonishing figure of $456—$456.19 of taxpayers' money expended for every loan to a distressed home owner in Illinois. During that same month in Ohio the average cost to the Corporation per closed loan was only $14.80. In October 1933 in Ohio, the average cost for each loan to a distressed home owner in my State was $95. Naturally, as the Home Owners' Loan Corporation began functioning in a speedier and more efficient manner that cost was reduced. The following month it was $32 and in January 1934, $14.89.

In Illinois up to March 23, 1934, 62,420 distressed home owners had made applications for loans. A pitiful few, about 1.4 percent, had received their loans. People of that State, filled with hope—perchance having listened to radio talks of Secretary Louis McHenry Howe—having read of the high purposes that motivated us to pass this beneficent measure, have applied for loans totaling $226,335,976, and have received $4,353,823. About 1.6 percent of the amount asked has been disbursed. This more than 10 months after the Home Owners' Loan Corporation came into existence.

Instead of a congressional investigation of a high-school superintendent who is a publicity hound—I refer to Dr. Wirt and his silly statements—Congress might well investigate the administration in Illinois of the Home Owners' Loan Corporation.

In Illinois in February 1934 there were 442 salaried field employees who closed a total of 181 loans. It took nearly three field employees in Illinois the entire month to close one loan. If this is not stealing taxpayers' money, then what is it? In Ohio during the same month 520 salaried field employees of the Home Owners' Loan Corporation closed 7,098 loans. Forty loans were closed in my State for each three field employees during that same month.

In New York in February 1934, the Home Owners' Loan Corporation had 760 field employees; 1,286 loans were closed during that month, each employee managing to close 1.69 of a loan all in 1 month. The average cost to the Corporation per closed loan in New York for February was $122.84. In November 1933 the average cost per closed loan was $440.14, and in December 1933 it had gone up to the tremendous total of $525.81. There can be no reasonable explanation for such a staggering expenditure. Instead of something "rotten in Denmark" we could well say there was "something rotten in New York."

Henry G. Brunner is the State manager of the Home Owners' Loan Corporation of Ohio. He has made and is making a magnificent record. He is, on his record, the greatest State manager in the entire country; and the fine men and women of my State who are employed in the Home Owners' Loan Corporation in Ohio are rendering real public service, fully concomitant with the high hopes we entertained in creating this great humanitarian corporation.

I am proud of the record of the Home Owners' Loan Corporation in my State. The record is so far ahead of that attained in any other State as to be outstanding.

In Ohio, as of March 16, 1934, the number of applications received: 124,439. Amount of applications: $144,780,799. Number of loans disbursed: 21,715. Amount of loans disbursed: $66,741,631.

In New York State during the same period only 68,172 applications were received, this being approximately half the number of applications that were made in Ohio. The Corporation was not functioning properly in New York, and distressed home owners, clamoring for relief, were not able in some instances to even have their applications properly filed. The amount of loans requested in the applications, however, was more than twice the amount asked in Ohio, being $345,857,638. During this period only 3,118 loans were disbursed in the sum of $15,152,655. Such relief is pitifully inadequate. The main office of the Home Owners' Loan Corporation in New York City is in the most magnificent office building in the world, the Empire State Building.

Ornate offices in magnificent buildings such as are in vogue in New York and Illinois should be eliminated. Democratic politicians with feet cocked on mahogany desks and reclining on luxurious davenports should be fired. Taxpayers should be considered. Distressed home owners should receive the relief we in Congress intended.

As Congressman at large from Ohio, I have carefully investigated and studied the operation of the Home Owners' Loan Corporation not alone in Ohio but throughout the country. The latest figures in Ohio to March 31, 1934, show that 25,295 loans for $77,893,083 have been disbursed to home owners. Four million dollars has been paid into county treasuries for taxes. In Pennsylvania to March 16, 1934, only 5,504 loans for $15,949,490 have been disbursed. In New York 3,118 loans for $15,152,655 were disbursed. To March 31, 1934, in the entire country 140,000 loans were closed for a total of $400,000,000. In addition the danger of losing their homes was removed or lessened for 540,000 home owners, whose requests for refinancing were being considered. The average amount of a loan to a home owner is $2,839. The average cost throughout the country to the mortgagor for his loan is $25; the cost varies slightly in some localities, being more in Illinois than in Ohio.

The Home Owners' Loan Corporation which we created by Act effective June 13, 1933, will, in its operation, do a greater business than any corporation in the United States. To many of our fellow citizens this organization and the hope it holds forth for the oppressed home owners burdened with taxes, is the most important feature of the new deal. Furthermore, the Home Owners' Loan Corporation in its functions comes right down into the homes of our citizens. When people meet with disappointments and rebuffs in connection with this they are bound to become skeptical of the achievements of our great President, Franklin D. Roosevelt, who first recommended to the Congress the enactment of this law.

The Home Owners' Loan Corporation of the entire country, taking the average of its work into consideration, is not functioning as it should. At its present rate of doing business it will take 4 years to relieve the distress of our country's two and one half million home owners who are in

need of aid. As a matter of fact, about 1,200,000 applications have already been made for approximately $4,000,000,000. It is clear that the Congress in its session next January must increase the amount in the authorization for bonds from $2,000,000,000 to $5,000,000,000. In fact, this should be done now. Otherwise, if it is definitely established that no expansion of this Corporation's activities will be permitted, that no more than the $2,000,000,000 already authorized as a bond issue will be forthcoming, then fairness to the taxpayers and home owners of our country should induce officials of the Home Owners' Loan Corporation to either eliminate thousands of applications already on file or stop receiving further applications. The pending measure should, in my judgment, be amended to provide an increase in the bond authorization from $2,000,000,000 to $5,000,000,000. In this connection let me say that the Home Owners' Loan Corporation Act and the authorization of a bond issue of $2,000,000,000 or $5,000,000,000 does not affect nor relate to the balancing of the budget. Guarantee of the principal and interest of the bonds outstanding and to be issued, of course, involves a liability on the Government. These bonds are backed by the security of American homes, and if the corporation is properly managed there will be no loss to the Government. Of course, if the Illinois policy should prevail, then there might be grave danger to the Government.

A fine constructive feature of new legislation proposed is the provision relative to funds for extensive repairs to homes upon which the Home Owners' Loan Corporation makes loans. The building industry is in deplorable condition. A measure should be passed to provide employment to many of the four or five million men in the building trades, most of whom are unemployed.

Before the depression the yearly average for new home construction was 20 times the present rate of construction. Proper administration of the Home Owners' Loan Corporation will go a long way toward maintaining and raising a standard of living in this country. In our cities we must do away with tenements and establish for all time a proper American standard of living in decency and comfort.

We are now eliminating a fundamental defect of the Home Owners' Loan Corporation Act by providing a guarantee by our Government of the principal of the bonds. We recognize a moral obligation and make it legal. The market value and marketability of Home Owners' Loan Corporation bonds will be enhanced. I consider this a most constructive measure and am happy to support it.

With bonds unconditionally guaranteed by the Government and backed by the full faith and credit of the United States, and, in addition, supported by the assets and property upon which loans are made, it will be seen that the additional factors of safety are likely to cause investors to switch from Liberty bonds and other Government obligations to H.O.L.C. bonds.

I note with pleasure that the interest rate will be reduced. The interest rate should be reduced to 3 percent. This would be in line with most securities issued by the Government. Profits accruing to the H.O.L.C. would be materially increased. Home owners should profit by reason of this differential. Instead of paying interest on their loans at the rate of 5 percent, the interest charge could be reduced to 4 or 4½ percent. There would still be a differential of 1 or 1½ percent to provide for the operating expenses of the Corporation and for the creation of a reserve fund to take care of any losses which might be sustained upon some of the loans.

All bonds of the H.O.L.C. heretofore issued at 4 percent without Government guarantee as to payment of the principal will immediately be recalled and new bonds bearing lower interest will be substituted therefor.

The Federal Home Loan Bank Board has adopted an unbelievably stupid policy in dealing with home owners who have secured home loans through the H.O.L.C. All mortgagors must remit interest payments and, later, payments on the principal as well to the treasurer of the Board, Patrick J. Maloney, at Washington. Few of these mortgagors have checking accounts. A great many do not understand the mechanics of making remittances by mail, and are compelled to consult with attorneys at an expense. In any event, they are compelled to go to the expense of purchasing postal or express money orders. Red tape of this sort should be cut. Certainly the Federal Bank Board should establish collection agencies in each State. Payments of interest and on principal will be facilitated as soon as a sensible policy is adopted and mortgagors are enabled to make payments in the cities and States where the loans are made, instead of sending on money to Washington. Success of the Home Owners' Loan Corporation is jeopardized even now by the red tape and restrictions imposed here in Washington.

In concluding I desire to pay tribute to Chairman John H. Fahey, of the Federal Home Loan Board. He is doing a big job. We ought to help him in every way possible. [Applause.]

Mr. WOLCOTT. Mr. Speaker, I yield 3 minutes to the gentleman from Michigan [Mr. WOODRUFF].

Mr. WOODRUFF. Mr. Speaker, I listened with great interest to the remarks of the gentleman who just preceded me, and it seems to me he has presented the finest argument I have yet heard for the incorporation in this bill of the Norris amendment.

I have never met Mr. Fahey, the head of the Home Owners' Loan Corporation. So far as I know, I have never seen him. What the history of his political affiliations has been I do not know and I do not care, but from what I hear of the man I believe he is trying to do a mighty important job in the best possible way. I know he is charged with the responsibility of caring for a situation in this country that means peace, security, and better health and home surroundings to hundreds of thousands of our poorer people. I believe he is fully capable of doing this to the satisfaction of everyone if he is left free to select his assistants without interference from those with political debts to pay. I know he is charged with the responsibility of saving for these people their homes. I know he is charged with the responsibility of making it possible for these more modest homes to have some of the latest sanitary improvements, and when he has this responsibility, I may say to you that he has the responsibility to some extent at least of preserving the health of the people living in these more modest homes.

I do not know that we Republicans are in a position to criticize the Democrats if, in the ordinary activities of the Government, wherever it is possible without interfering with or reducing the efficiency of the Government service, they put into office members of their political faith. We are not entirely guiltless of that procedure ourselves, but I think it is pertinent to this question to remind the Members of this body that every President this country has had since President Arthur has contributed most substantially, through Executive orders, to efficient Government service and to making the welfare, the livelihood, and the permanent employment of the employees of this great Government secure by transferring them to the class covered by the civil-service laws and thus move further and further away from the spoils system. Every such act by these Presidents has constituted a condemnation of the spoils system now being again set up in the transaction of the Government business under the direction of Mr. Farley.

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Speaker, I yield the gentleman 2 additional minutes.

Mr. WOODRUFF. I shall put in the RECORD as a part of my remarks some data I have today received from the Civil Service Commission. If the Members are interested in this matter and will consult this data, they will learn that of all the Presidents we have had who have contributed to this splendid development President Wilson, that great Democrat and war President, contributed more than any other. Of course, he had the opportunity to contribute more, because the number of those employed during the war was vastly increased. While he was President, by Executive order, he brought 169,812 Government employees under civil service. President Theodore Roosevelt was next with 128,-

735, and President Cleveland followed with 49,179. The following table will be interesting, Mr. Speaker:

Growth of the classified civil service during the administration of each President

[NOTE.—Positions were withdrawn from the classified service in some cases by Executive orders and in others by acts of Congress]

Administration	Positions added	Positions withdrawn	Net increase
Civil Service Act of 1883	13,924		13,924
President Arthur (Jan. 16, 1883, to Mar. 3, 1885)	1,649		1,649
President Cleveland (first term, Mar. 4, 1885, to Mar. 3, 1889)	11,757		11,757
President Harrison (Mar. 4, 1889, to Mar. 3, 1893)	10,535		10,535
President Cleveland (second term, Mar. 4, 1893, to Mar. 3, 1897)	49,179		49,179
President McKinley (Mar. 4, 1897, to Sept. 13, 1901)	19,546	385	19,161
President Roosevelt (Sept. 14, 1901, to Mar. 3, 1909)	128,735		128,735
President Taft (Mar. 4, 1909, to Mar. 3, 1913)	65,064	17,407	47,657
President Wilson (Mar. 4, 1913, to Mar. 3, 1921)	169,812	4,297	165,515
President Harding (Mar. 4, 1921, to Aug. 2, 1923)	2,014	514	1,500
President Coolidge (Aug. 3, 1923, to Mar. 3, 1929)	20,372	7	20,365
President Hoover (Mar. 4, 1929, to Mar. 3, 1933)	35,509	111	35,398
Total	528,096	22,721	505,375
Less number of positions included in reduction in force on June 30, 1923 (approximate)			38,214
Total number of classified positions on Mar. 3, 1933			467,161

I have looked with no little alarm, I may say, Mr. Speaker, upon some things that have transpired since the present administration has been in office. The first thing that was done in the name of economy was to discharge many thousands of Government employees, practically all under the civil service.

If the services of these employees were not needed, to discharge them was, of course, the proper thing to do. However, the administration had a very definite expansive program in mind which Congress proceeded to put into effect with great promptitude. Various alphabetical organizations were almost immediately established. According to the best information we have, more than 46,000 Government employees were added to the pay rolls since the 4th of March 1933, while thousands of experienced, capable civil-service employees were walking the streets of Washington and other cities in the United States looking for work that was not to be had. But few of these have been given employment in the new activities, and it is common knowledge here that those who were employed found it necessary to secure powerful political endorsements.

It seems to me that if there was any regard for efficiency of Government employees under the leadership of Mr. Farley, the Postmaster General, the man who is charged by one newspaper correspondent as being the "Jobmaster General", places would have been found for thousands more of these worthy discharged civil-service employees, many of whom have reached an age where finding employment elsewhere presents a most serious problem, notwithstanding their ability to satisfactorily and efficiently do the work required in the various Government activities. So far as I can recall, there has never before been such a determined effort to wreck the entire merit system in Government service and set up in its place a spoils system, which only a disciple of Tammany Hall could conceive.

From what we see and hear, it is apparent to us that an attempt is being made by Mr. Farley to tammanyize the entire United States. If there had been any doubt about this, the thought would have been dispelled by the action of the House Committee on Banking and Currency in striking from this most important and far-reaching bill the Norris amendment which seeks to remove the activities of the Home Owners' Loan Corporation from the spoils system.

Bill after bill has come before this House providing for additional activities by this Government, and in almost every instance the Democratic majority has had the brazenness to provide that appointments of officials and assistants shall be without regard to civil service rules and regulations.

I had thought there would be a limit to where this practice would be carried. I had hoped that in any activity so closely touching the welfare, the health, and happiness of the women and children of this country, the majority would suppress their desire for political patronage, but apparently I was mistaken.

The relief extended under this bill to be effective must be extended in the immediate future. For this reason civil service examinations and regulations would be too cumbersome; they would cause too much delay. Because of this, I do not believe all these employees can be selected in this way. There are, of course, many thousands of idle, qualified men and women holding civil service status in Washington and elsewhere. From their ranks many could be selected, but Mr. Fahey should not be held to abide by such restrictions in every instance, or be handicapped in his selections of efficient assistants by the demands of the spoils system.

He is known as an efficient and honest executive. To accomplish the results he and the country want accomplished, he must be given authority to hire and fire without being subjected to pressure from the politicians; to hire those whom he believes most efficient, and to fire those who prove by their activities to be inefficient. In no other way can this important work be done in a way that will reflect credit upon the Government of the United States. Give him this authority and the responsibility will be his. If he is not given such authority there will be not only a tremendous waste of money, but also a loss of time, which in thousands of instances will result in the loss of homes.

We will have no opportunity to vote to include the Norris amendment in this bill today. However, we will have an opportunity to speak our minds on this question in no uncertain way when the bill comes back to the House from conference, and I hope when it comes that if the House conferees have not yielded to the Senate conferees on this amendment, a majority of this House will demonstrate that there are some things in the Government service which spoilsmen shall not do.

Mr. Speaker, there will be few votes against this measure. Everyone, I think, realizes how important it is to the welfare of many of our good citizens that the measure be adopted without delay. There are many of us who will vote for it hoping that when it comes back from the Senate the conferees will have yielded to the express wish of President Roosevelt that the Norris amendment remain as a part of this measure, and that it may be the measure through which the prayers of distressed home owners everywhere may be answered.

Mr. STEAGALL. Mr. Speaker, I yield 3 minutes to the gentleman from Michigan [Mr. BROWN].

Mr. BROWN of Michigan. Mr. Speaker, I want to address myself in the few moments I have to some of the fundamentals of this bill. I want the Members of the House to know that there are at the present time applications for $3,000,000,000 of loans of this type and we have but $2,000,000,000 with which to do this. According to the testimony of Mr. Fahey, the Chairman of the Home Loan Owners' Corporation, approximately 30 percent of the applications will be rejected.

This demonstrates that there is at the present time a greater demand for money and bonds than we have appropriated. There is no question, Mr. Speaker, but that the money and bonds we have now appropriated and provided for will be sufficient to take care of all that can be taken care of in due course between the present time and the opening of the next session of the Congress, but at that time there will undoubtedly be wide-spread demand for further appropriations.

In the present bill we have extended somewhat the powers of the Corporation. We have extended them so that repairs may be made to homes upon which Home Owners' mortgages now exist. We have extended them so that losses of homes which have occurred since 1930 may be included under the bill. We have extended relief to those who are at present in default by reason of unemployment. We have restricted the application of the bill in a very important manner. By subdivision (1) of section 2 of the bill we have provided that hereafter no loans will be made to any person unless that person is in default and unless he is unable to carry or finance his mortgage elsewhere.

An abuse has arisen by which persons who were well able to finance their homes applied to the Corporation and some have obtained loans. This has been done because of the low rate of interest.

Mr. DONDERO. Will the gentleman yield?

Mr. BROWN of Michigan. I yield.

Mr. DONDERO. Does not the gentleman think that part of the $3,000,000,000 of applications that have been filed come under just that kind of classification, where the application has been made in the hope that the loan may be granted, and where they are able to finance their own loan somewhere else, but because of the fact they would have to pay a higher rate of interest they will not do it.

Mr. BROWN of Michigan. The gentleman is absolutely right, and by the provisions of the change to which I have referred, it is now impossible for that abuse to be continued. We have provided that the applicant must be in involuntary default and unable to carry or refund his present mortgage indebtedness.

As to the political controversy in the debate, I have nothing to say but this: I voted for the Norris amendment in the Banking and Currency Committee. With other Democrats, I regretted that I could not go along with my colleagues in the majority, but I think the House should know that there was Democratic support in the committee for the Norris amendment.

Mr. STEAGALL. Mr. Speaker, I yield 2 minutes to the gentleman from New York [Mr. BRUNNER].

Mr. BRUNNER. Mr. Speaker, it is apparent that the only point at issue in the consideration of the bill is the question of patronage. I was glad to hear that one Member on the other side of the aisle was willing to admit that to the victor belongs the spoils.

I am also happy that that Member comes from my own State.

New York State has, as its administrator of the Home Loan Act, Vincent Dailey, who is a Democrat and is acting chairman of the State Democratic Committee. I am happy to state that he and his appointees, whom I am also willing to admit are mostly all Democrats, are administering this law in a very efficient manner and with credit to themselves and the new administration.

Mr. Dailey has perfected an organization that is working very smoothly, and I desire to quote some figures to substantiate my statements.

Applications received, up to March 30, 1934, 74,010, of which 53,837 have already been appraised and 31,918 consents to accept bonds have been attained. Seventeen thousand one hundred and sixty-nine loans, aggregating a total of $85,845,000, have been completed.

So I am again happy to remark that we in New York State are glad that a Democrat of the type of Vincent Dailey was appointed as the State director.

I regret that it is impossible, under the procedure, to offer amendments to this bill, because there are many amendments that I would like to offer, some of which are as follows:

Bonds should bear interest at 3½ percent instead of 4 percent.

Mortgages should bear interest at 4½ percent, whether such mortgages be made by bonds or cash.

The cash loans should be increased from 40 to 50 percent.

There should be no limit as to the value of the home upon which mortgages can be placed.

It should be possible for the Home Owners' Loan Corporation to loan to the home owner in cash, for repairs, an amount not to exceed 5 percent of the mortgage being placed by the Home Owners' Loan Corporation, but in no event should this amount exceed $500.

In cases where a home is owned by a corporation, stock in which is owned exclusively by the occupant, loan should be permissible.

Amount of loan should be increased from $14,000 to $20,000, but in no event over 80 percent of the assessed valuation.

In conclusion, permit me to state that the Home Loan Act has not only relieved the individual home owner and the holder of the mortgages, but it has also in a great measure aided the various cities and municipalities, because when these loans are made it is necessary to pay up the back taxes, and in our city alone over $300,000 have been paid into the treasury of the city of New York for back taxes, and it is estimated that over $5,000,000 will be paid into the same fund for back taxes and assessments before another year passes by.

In my own district, the second of New York, over 15,000 home owners have made applications for these loans and most of those would have lost their homes in which they had their life's savings invested were it not for this act.

Mr. LUCE. Mr. Speaker, I yield 3 minutes to the gentleman from Wisconsin [Mr. BLANCHARD].

Mr. BLANCHARD. Mr. Speaker, I directed a question to the chairman of the committee with reference to delinquent taxes on homesteads, and, knowing the gentleman's familiarity with the legislation and the proposed amendment, I want to pursue my inquiry. The gentleman will recall my reference to tax delinquencies in two cities. That is what I am concerned about. I want to ask his opinion on the administration of the law, particularly with reference to delinquencies and the interpretation of the Home Loan Corporation as to when delinquent taxes become distress within the meaning of the law.

Mr. STEAGALL. That inquiry goes to the extent of my asking the gentleman a question. My own opinion is that it is when a home owner is in danger of losing his home through forced collection of taxes.

Mr. BLANCHARD. Mr. Speaker, I ask unanimous consent to revise and extend my remarks by inserting two telegrams in the RECORD.

The SPEAKER pro tempore. Without objection, it is so ordered.

The telegrams are as follows:

RACINE, WIS.

Congressman G. W. BLANCHARD,
Washington, D.C.:

1933, $1,294,699.40; 1932, $940,327.39; 1931, $283,062.13. These amounts are as of December 31, 1933. Estimated percentage of delinquent taxes on homesteads, 60 percent.

MARTIN CHRISTENSEN.

Hon. G. W. BLANCHARD,
Congressman:

Figures relative to delinquent taxes owed on homesteads in city of Racine are as follows, approximately: 1930, $50,000; 1931, $445,000; 1932, $469,000. Exact figures can be obtained by us if you so wish.

WM. PAYNE,
Wisconsin Home Owners Racine Unit.

Mr. BLANCHARD. The figures for the city of Kenosha, Wis., show correspondingly high increases over the same period of years. And this same condition prevails in municipalities throughout the entire country. The situation is appalling. The individual home owners who through unfortunate circumstances are unable to pay their taxes are not the only ones concerned. Every person in these cities and villages is affected. In addition to that, the finances of the governmental unit are vitally affected. The interpretation of the law must be liberal enough to extend relief for these people so that this money may be made available for the ordinary and extraordinary expenses cities and villages are called upon to meet. The relief load is terrific, and the burden is aggravated because of delinquent taxes. Until a method of meeting the delinquent-tax problem is adopted we cannot expect municipalities to continue to carry the load. If the present law and the regulations are insufficient to meet the situation, it is my purpose to introduce a bill to provide definitely for the financing of these tax obligations. Complete and adequate relief to the home owners cannot be extended until this problem is met.

The Home Owners' Loan law has saved thousands of homes. The liberalizing amendments now under consideration will correct some very apparent defects in the law. Despite the fact that this bill is not open to an amendment

which I should like to offer to clearly set forth my ideas on financing for delinquent taxes, I do not hesitate to give it my unqualified endorsement.

Mr. STEAGALL. Mr. Speaker, I yield now to the gentleman from Texas [Mr. BLANTON] such time as he may require.

Mr. BLANTON. Mr. Speaker, there exists between the House and the Senate a splendid feeling of friendliness and good will. The Senate never interferes with any privileges or prerogatives of the House, and the House never interferes with any privileges or prerogatives of the Senate. Each body minds its own business. Hence it is natural that the House and Senate get along well together.

If the House were to attempt to take away from the Senate the right of Senators to name district judges, or district attorneys, or collectors of internal revenue, or United States marshals, or any of the other officials in States which for so many years have always been named by Senators, the Senate would resent it, and trouble would arise immediately between the two Houses.

And on the other hand, Mr. Speaker, if the Senate were to attempt to take away from the House the right of Congressmen to name the few county and district officials in their districts that Congressmen now name, the House would resent it, and there would be trouble between the two Houses.

What is known as the Norris amendment relating to the bill now before us, Mr. Speaker, must have been hurriedly proposed, and passed without being seriously considered, because if the Senate had realized that it did not in any way affect any privilege or prerogative of any Senator, but affected only the privilege and prerogative of Congressmen and that nothing was to be taken away from Senators, but everything was to be taken away from Congressmen, neither the author of such amendment nor any other Senator would have stooped in giving affront to the House.

Realizing full well all of the above, Mr. Speaker, our able, courteous, and most efficient Chairman of the Committee on Banking and Currency [Mr. STEAGALL] and his committee properly and promptly struck the said Norris amendment out of this bill, because under no circumstances could such an amendment pass this House. It would have taken away from the 311 Democratic Members of this House the privilege they now enjoy of naming the county appraisers and attorneys in their respective districts for this home-loan organization which Congress created and has caused to function.

Our Republican colleagues in this House are good sports. They realize that appointments are made by members of the dominant party in power. They take their medicine bravely when they are in the minority. They may hope for better times, but they are not envious. They do not covet that which their colleagues won through elections. They would fight to preserve the prerogatives of House Members. While they are out just now, and we Democrats are in, they will be just as jealous in protecting our rights as we Democrats would be in protecting their rights were our positions reversed in the House.

I therefore believe, Mr. Speaker, that when the full significance of the Norris amendment is brought to the attention of the Senate, both its author and the Senate will unanimously approve the action of the House in striking it from the bill.

The matter arose, Mr. Speaker, in this way: Some of the State managers conceived the idea that they would like to do all of the appointing themselves. Naturally, they have many friends and acquaintances to whom they would like to give jobs. These State managers would much prefer to have all of these jobs held by their own personal friends than by deserving citizens selected by Congressmen. And they raised this camouflaged sham cry of "taking the jobs out of politics."

Their position is, that if we will allow them to appoint their personal friends, there will not be any politics in it. There will be politics in it only when Congressmen do the appointing, according to their notion. This howl of "politics" has come from State managers. They do not seem to realize that politics caused them to have the jobs they hold. They do not seem to realize that just as they received jobs through politics, they can lose such jobs through politics. And if they raise any more howls, I will be in favor of promptly removing every last mother's son of them.

For the 19 appraisers and the 19 attorneys in my 19 counties, I have specially hand picked and carefully selected 38 of the finest men in my district. They are all men of strict honor and integrity. They are all men of business experience and high intelligence. All of them stand high in their home city and county. All of them have the respect, confidence, and esteem of their neighbors. All of them will favorably compare and match up with State Manager James Shaw in education, honor, integrity, ability, business experience and qualifications, dependability, and loyalty to our administration and to this Government. And I would rather see Jim Shaw lose his job a dozen times, than any one of the 38, for they are my close friends, and I will fight for any one of them.

If these State managers will attend to their own business and will remember that they were created by Congress and that if they attempt to double-cross any Congressman it will not be a very hard matter for Congress to uncreate them, they will render better service and be more valuable to the Government.

In providing through this bill for these home loan bonds to be guaranteed by the Government we are now doing what I insisted should be done when the act was first passed. And if we had guaranteed these bonds in the beginning, we would have saved many homes for worthy families which they have lost simply because those holding mortgages against their homes would not accept these bonds in payment. The loss of so many homes has been most distressing. I feel gratified, indeed, to realize that the action we are now taking in passing this bill that will guarantee these bonds will save thousands of homes all over the United States. It is going to accomplish much toward our economic recovery. Every head of a family who is about to lose his home is frantic and desperate. Realization that it is his Government that saves his home for him and stops foreclosure and sheriff's sales and gives him an opportunity to pay it out creates renewed loyalty and love of country.

Mr. Speaker, I yield back the remainder of my time, and ask unanimous consent to extend my remarks and to incorporate later some excerpts I want to put in the RECORD.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. STEAGALL. Mr. Speaker, I yield now to the gentleman from North Carolina [Mr. HANCOCK].

Mr. HANCOCK of North Carolina. Mr. Speaker, as has been stated, this bill, S. 2999, is designed to expedite relief through the operations of the Home Owners' Loan Corporation to that worthy class of our citizens who are financially in distress with respect to the ownership of their homes. It is further designed to aid in a general way home financing by financial encouragement on the part of the Government to local thrift and savings institutions which have against great odds been able to function throughout this depression. It also provides means of improving homes, which in turn calls for the employment of labor. It is, of course, purely an emergency measure and should not be depended upon to solve all home-mortgage problems. Since this legislation involves the utterly sacred responsibility of dealing with the maintenance of home ownership, it is necessary that every possible means of speeding its operations be employed. In my opinion it should also be entirely removed from the field of politics, for one man's home is on the average as sacred and essential as another man's. But for the parliamentary situation I would propose and support the Norris amendment. I am hopeful that it will be agreed to in conference. Under the present management of the Corporation I am convinced that the one grand goal ahead is to carry out as fairly and expeditiously as possible the true purpose of this bill. Those who are familiar with what has

taken place under the leadership of Mr. Fahey, the present chairman, are obliged to confirm this judgment.

The present home-financing program of the Federal Government is characterized by two aims: First, that of relief as an immediate emergency measure; and, secondly, a long-time, permanent, stable home-financing system. The permanent features in the long run should and no doubt will be the more important. The relief aims embodied in the Home Owners' Loan Act may be justified from a national paternalistic point of view when one looks into the history and background of the formation of our country. I need not tell you of the great and important part which the family has played in our democratic institutions, nor need I dwell upon the home as one of the basic necessities of the family. Were there no homes, there could be no government, and the first duty of any government is to use every reasonable and practicable means within its power to protect the honest and worthy home owner. Continuous foreclosures and ouster proceedings will certainly continue to breed unrest and discontent and militate more effectively against recovery and reconstruction of our social and economic system than any other single factor.

America's record for home ownership is outstanding. The land hunger which caused many people to migrate to America and build up this country to its present position of dominance has been one of the motivating impulses in our development. The home idea, not alone in its sentimental aspect, but in the family unit, has played a very real part in our whole social program, and it has been particularly associated with the political idea of democracy. With this background it is only natural that when the foundation stone of our country is threatened sentiment should be quickly crystallized in the passage of laws to assist individuals to keep their homes. Such, briefly, was the social background of home ownership prior to 1933.

The economic background which brought the necessity for Government relief was characterized by foreclosures, many of which were due to a lack of social responsibility on the part of creditor institutions, resulting first from what has been known as the depression, and, second, from the unsound, unstable, home-mortgage system built up during the decade from 1920 to 1930, a mortgage system which was designed and conceived for the primary purpose of profit, and which was not as a whole built to ride through a depression. In many instances exorbitant interest rates and unconscionable brokerage fees have made it almost impossible for the wage earner and small-salaried business man to get out from under the yoke of the mortgage. The past 4 years have shown us the glaring injustices and weaknesses of this mortgage system, and both the emergency and permanent programs have embodied in them some of the proper essentials for a sound system based upon this experience. Continued effort on the part of the Government to provide an adequate and sound system through financial encouragement and assistance is desirable and imperative.

May I divert here, by way of emphasis, to state that the home-loan bank system, with a small capitalization of only $125,000,000, has outstanding today in loans an amount in excess of the Federal Reserve System with assets of over seven and one-half billion dollars. Is not that a deplorable commentary to reflect upon?

The Home Owners' Loan Act of 1933 provided for emergency relief for home owners in distress. We are not proud of the work the Corporation has done thus far. There have been many abuses of the spirit, and probably of the letter, of this piece of legislation, and it is high time that it be so amended that the people who are entitled to the benefits of relief are not discriminated against by allowing their more economically fortunate brethren to chisel in and take away the relief which Congress in its wisdom provided for the economically unfortunate. The Chairman of the Federal Home Loan Bank Board stated to the committee during the hearings on the bill now before us that half the folks who have obtained relief were not entitled to it.

After all, we have at the present time a home-mortgage debt of $21,000,000,000, the largest single block of private or corporate indebtedness in this country. It is folly to think that with the $2,000,000,000 available under the Home Owners' Loan Act all who wish to refinance with a Government agency should be able to do so. In fact, when one considers that during the years 1926 to 1929 building-and-loan associations alone loaned on the average of about $2,000,000,000 per year, and that there were other private home-financing institutions lending enormous sums at the same time, it is obvious that private capital will always be the chief basis for a permanent system of financing home ownership. Certain sections of the present bill, as I will indicate later, will assist in developing sound and economical private sources of funds, thus leading to stability in the long-time aspects of home-ownership credit.

The two major problems in home ownership are: (1) The proper credit and service for existing homes including the protection of savings, and (2) the employment and housing phases embodied in the encouragement of new construction. The present bill is pointed toward the first problem and merely touches on the employment aspect. Probably later legislation will deal more particularly with that phase. Increased employment, wherever such employment can render a constructive service, is of course to be encouraged in every possible way. However, programs designed to relieve employment must be examined somewhat critically to see that they are constructive rather than destructive, especially if they directly affect the interests of our wage-earning class.

It is, therefore, appropriate to point out that practically all of the home financing in the future, as well as in the past, must be made available through the regular savings of a large number of people of small means. These savings are placed in their local cooperative institutions and in turn reloaned to their neighbors.

It is as important that the savings of these people be protected and the earnings on those savings be adequate, as it is for their neighbors to be protected in their home-financing programs. We should do all we can to encourage these people to continue to save so that their neighbors will continue to have the funds through which they can own their homes. In fact, many of our present home owners have had to save a long time before they were able to finance their own home ownership. Many of them are still treading this path of savings at the present time, and their future home ownership will depend to a great extent upon the safety of their savings. These humble wage earners who are laying aside a part of their salaries each week or month must be assured a sufficient return to encourage them to continue saving.

I am not concerned about efforts to limit the return on capital exacted by our big bankers and prominent financial interests. I know that in any event they will manage to take care of themselves. I am, however, convinced that caution should be used in hammering down the possibilities of earnings of the wage-earning saver who intrusts his money to his local home-financing institution, and I maintain that we should resist efforts to place that wage earner's government in competition with him, save in exceptional circumstances such as we have witnessed for the past 3 years, so that the return which he deserves on his savings is not lowered to a discouraging point. It is part of our duty to see that funds are supplied to the home owners of the Nation at equitable rates, yea, the best rates consistent with good social policy and sound business methods; but at the same time we must not lose sight of the justice due to the small saver who must continue to furnish the bulk of the funds for home ownership.

It is implicit, therefore, that in a sound mortgage program coupled with a relief program we must not lose sight of the fact that the present ills arising from mismanagement of the relief aspect may discriminate against the savers.

The employment phase, about which a great deal of comment has been heard in the past, is not developed in this bill.

Before there will be any new construction, it will be necessary for people to feel secure in their ability to build and own their own homes. In a great number of sections of the country there is little or no need for the construction of new homes. All of us know that legislation of a hypodermic or one-shot variety will not greatly assist employment. Unless necessity for such employment arises from a legitimate type of borrowing and a real demand for houses, we are apt to find an oversupply which cannot be absorbed by those who have the ability to pay for them. Such building will then tend toward greater chaos in the home-mortgage financing situation rather than to a betterment.

The original Home Owners' Loan Act of 1933 was designed with the assistance of able minds in lengthy conferences with many of our leading home-financing authorities, including Morton Bodfish, former member of the Federal Home Loan Bank Board and today executive director of the United States Building and Loan League. It was expected that the job of furnishing relief to home owners in distress would be done in 6 months. It has been said, however, that one of the important reasons why this prediction was not fulfilled was the fact that the bonds of the Home Owners' Loan Corporation were not guaranteed. This has had its hurtful influence, but in that connection I should like to point out that even before there were any rumors or proposals of the guarantee of the bonds there were 600,000 consents to take the bonds on file. Making those loans would have practically exhausted the lending capacity of the Corporation, except that from performance to date it can safely be said that half of them were not eligible under the intent of the legislation.

Failure of this refinancing program resulted largely from two factors; first, the lack of efficiency in administration, and, second, the inability of those who were intrusted with the relief duties to take care of people in distress. On the contrary, many managers and employees of the Corporation would not consider the applications of those who were unable to pay at the present time and who, therefore, clearly qualified under the distress provisions of the act. They further discouraged the completion of refinancing with the Corporation by basing appraisals on forced markets rather than long-term normal values. It can help little, however, at this hour to parade the way its affairs have been conducted in many branch offices throughout the country. Even so, I have been interested to note that no little of the clamor against the operations of the Home Owners' Loan Corporation has come from those people who merely wanted a mortgage from the Government and who did not qualify under the distress aspect of the relief work.

Taking up the various sections of the bill in order, let us see just how they contribute to both the emergency and the permanent aspects of our home-mortgage problem.

Section 1: The Home Owners' Loan Act of 1933 is amended so that all Home Owners' Loan Corporation bonds after the passage of this bill would be guaranteed both as to principal and interest, with a maturity of 18 years. For obvious reasons this is proper and wise. Both the corporation and the Secretary of the Treasury may buy and sell these bonds in the open market, or the Secretary of the Treasury may, as a public-debt transaction, purchase the bonds from the Home Owners' Loan Corporation. The interest rate on these bonds may not exceed 4 percent, and they will probably be sold at or near Government bond interest rates. Additional devices are provided to make the bonds more marketable. The old bonds, or commitments for these bonds, are not guaranteed, but may be exchanged for the new bonds within 12 months after the amendment takes effect. The interest rates on the bonds exchanged will be reduced probably to the same rate as that of the new bonds.

Section 2: Paragraph L, inserted in the original act as an amendment, helps to separate the sheep from the goats. This section is particularly important in preventing borrowers from defaulting on their loans so that they may apply for a Home Owners' Loan Corporation mortgage. It states specifically that the borrower whose default dates from June 13, 1933, must prove that such default is due to unemployment or economic conditions or misfortune beyond his control before he can hope to have his application examined by the Home Owners' Loan Corporation.

Paragraph M has a twofold purpose in that it will assist unemployment and at the same time make the mortgages of the Home Owners' Loan Corporation more secure. It allows the Corporation to advance money to its own mortgagors for purposes of rehabilitation, modernization, rebuilding, and enlargement of the homes financed. Mortgages on ramshackle homes are not the best type of security. By allowing borrowers to thus make their homes more presentable a greater incentive to repay will be developed and at the same time the labor employed will be financed in a sound manner. The materials sold as a result of this financing will also come from an effective and sound demand. The Corporation will be amply secured for these new advances.

Section 3: An amendment to section 4 (d) of the original act eliminates one opportunity for chiseling by the unscrupulous. It still permits the Corporation to extend leniency to those who deserve it, especially during this aftermath of the depression, but it closes one loophole whereby those who were able to pay their debts to their Government as they did to anyone else, are required to do so on the extremely favorable terms which this legislation provides. After this amendment there will be no opportunity for a free ride for those who are perfectly capable of making their payments.

Section 4: Section 4 (g) of the Home Owners' Loan Act of 1933 is amended so that unfortunate home owners who lost their homes as far back as January 1930 through foreclosure and surrender of possession, may be given relief by the Corporation. The original act was well conceived in this connection but did not go back far enough, because the wave of foreclosures and lost homes began in January 1930. After this amendment there will be no discrimination against those home owners who lost their homes early in the depression as compared with those who had the same misfortune later on.

Section 5: Section 5 assists in spreading the idea of the local and cooperative community service institutions which have been of such great importance in home financing for the past hundred years. These institutions organized under the Federal Government's charter are similar to the New England mutual savings banks and our North Carolina building-and-loan associations. At this time there have been already chartered some 300 of the Federal savings-and-loan associations, and this section is intended to help match the money put up by local capital. This will put the Federal-chartered institutions in a better position to take care of home financing and will give local citizens an even greater incentive to invest in home financing. This is not a relief measure but one which will be of great assistance to a permanent, stable, home-financing mortgage system.

At the beginning of the depression there were some $21,000,000,000 in home mortgages. The largest single source of this type of financing was the local cooperative building-and-loan association with its total of around $8,000,000,000. The other billions came from commercial banks, insurance companies, guaranty-mortgage companies, and private investors. Private investors will probably be back in the field, but they were never important factors as compared with institutional sources, and for a long time their operations are going to be of minor importance. In any event, the market for mortgage money here has always been pretty disorganized and costs have been high.

It is safe to say that commercial banks are definitely out of the home-financing picture and cannot be relied upon in the future. Those who went into it excessively are even no longer in the banking business, and the banks that are left, according to evidence accumulating on every side, are not going to make the required type of long-time home mortgages. They are out of the mortgage business.

The least said about guaranty-mortgage companies the better. It will be years before even the debris of this type of financing is cleaned up, and we can safely say that there will be no more home financing available from this source.

Insurance companies may be back in the field again, but evidence seems to point to the fact that they will be slow in entering it, and when they do come back their policies are going to be so extremely conservative that they will be of little assistance to the ordinary citizen who wishes to purchase his home and pay off his mortgage largely from his weekly or monthly salary. We are brought inevitably to the conclusion that the sole source of an important amount of home-mortgage funds which has continued right through the depression is the local cooperative building-and-loan association. We are going to depend on those institutions gathering in the savings of the community and relending them in that same community to the neighbors of the savers for a far greater portion of the home-financing credit hereafter. It behooves us, therefore, to give every encouragement to the further development of this source of funds. An advance of the Government through these associations is a little bit more than priming the pump. It is an acceleration of a stream that has continued to flow, but which must be enlarged, and the unique thing about this proposal is that the money so used is certain to be paid back with adequate return to the Government.

Paragraph (k) will permit any building-and-loan association or member of a Federal home-loan bank to be employed as a fiscal agent of the Government. This is desirable from every point of view, and it may be that it will be found advantageous to permit these institutions to assist in collecting the loans of the Home Owners' Loan Corporation. Possibly experience will dictate that the liquidating operations of the Corporation can be carried out more economically in this way than any other, especially since they reach into practically every community where the Corporation operates, and it would therefore maintain excellent contact with its borrowers.

Section 6: This section provides for the method of conversion of savings, building-and-loan associations operating under a State charter to a Federal charter. In many localities it has been felt that there would be an advantage in coming under Federal supervision because of the public-confidence features of that type of supervision. This does not change the essential operations of these institutions, and conversion is purely voluntary, the decision to be based on which type can best serve the community.

Section 7 amends the eighteenth paragraph of section 13 of the Federal Reserve Act by including Home Owners' Loan Corporation bonds and Federal home-loan bank bonds as eligible security for 15-day loans to member banks according to the terms of this section. This should assist in relieving the greatest unemployment problem in the country by helping to put to work the enormous mass of sterile capital in the commercial banks through tapping it for the above-mentioned bonds.

Section 7 (b) amends section 14 (b) of the Federal Reserve Act to insure further marketability of these bonds by making them eligible for open-market operations of the Federal Reserve.

Section 8 allows the Federal Reserve banks to act as depositaries, custodians, and fiscal agents for the Home Owners' Loan Corporation.

Section 9 authorizes the Home Owners' Loan Corporation, through the issuance of its bonds, to purchase the bonds or debentures of the Federal home-loan banks. The amount is limited to $50,000,000, but in my opinion it ought to be $150,000,000. The funds will be used by the Federal home-loan bank system in increasing the total amount of credit available on a sound, economical basis to home financing in the United States. The further development of this reserve system for home-ownership credit is an essential part of the long-time program.

Section 10: This section makes eligible as security for advances from the home-loan bank system home mortgages which may be perfectly sound but which, due to a technicality in the original Home Loan Bank Act were interpreted to be ineligible.

Section 11: This increases the amount of money which is available for encouraging local thrift and local home financing and the development of Federal savings-and-loan associations or similar associations organized under local laws. It will assist materially in this phase of the program.

Section 12: This section provides appropriate punishment for racketeers who would defraud would-be borrowers from the Home Owners' Loan Corporation by charging fees to secure advances from this governmental agency. Evidence has accumulated that there has been a substantial amount of this type of racketeering, and the amendment strengthens a similar section in the original act.

Section 13 provides that payments upon principal of loans made by the Corporation be applied to the retirement of the Home Owners' Loan Corporation bonds. It helps to protect the Government in its guaranty of these bonds by reducing the amount outstanding as payments on loans are received.

Section 14: This section amends the Federal Farm Mortgage Corporation Act in harmony with the amendments of the Home Owners' Loan Act by specifying that the amount of bonds issued will not be in excess of the assets of the Corporation, including the assets to be obtained from the proceeds of the bonds.

Section 15 is the usual separability provision.

Mr. LUCE. Mr. Speaker, I yield now to the gentleman from Pennsylvania [Mr. SWICK].

Mr. SWICK. Mr. Speaker, and ladies and gentlemen of the House, I am glad the Committee on Banking and Currency has seen fit to bring out this bill, S. 2999, which, among other provisions, guarantees the bonds of the Home Owners' Loan Corporation. I feel this will go a long way toward the saving of homes.

Mr. Speaker, with the discontinuance of the Civil Works Administration and the inauguration of its successor, the Relief Works Division, it seems advisable to consider the lessons learned from the experience of those who have been in direct contact with the C.W.A., such as the local administrators, foremen, and those who were employed on the projects.

For the purpose of analysis, I am pleased to select Lawrence County, Pa., one of the three counties in my district, having a population of less than 100,000 people. L. B. Round, the C.W.A. administrator and director of the Civil Works program, has made a very enlightening report of the Civil Works program in that county at the conclusion of the same. He also makes some very pointed comments on the policies now effective under the R.W.D. His statement concerning the C.W.A. is as follows:

THE FINALE OF THE C.W.A.

The Civil Works Administration is now definitely ended. It may not have been perfect, but it is the belief of many that, out of all the experiments we have tried, it will prove to have been one of the most lasting in its benefits.

The number of persons on relief rolls or unemployed in this county last fall was approximately 12,000. Of this number a maximum of 3,600 were put to work. This resulted in wage earnings for the period totaling nearly $600,000.

In the city of New Castle alone $300,000 has been paid. This money has been paid for useful work.

The repair, construction, and reconstruction of public buildings and roads, while expedient and of general benefit to the taxpayer, has never, in the judgment of your administrator, been the prime purpose of the C.W.A. Therefore, we have confined the major portion of our effort to the development of public parks, playgrounds, and recreational facilities, the elimination of traffic and life hazards, flood control, soil erosion, and the development of school grounds along esthetic and cultural lines.

While the benefit of this work might not be presently apparent the benefit to all our citizens is, nevertheless, lasting. A few weeks' more work and it will not be necessary for our people to leave town in order to enjoy the esthetic, cultural, and healthful recreation offered in a well-planned park system.

It should never be forgotten that these works were performed during the rigors of one of the most severe winters ever experienced in this locality. As favorable conditions make possible an inspection of these projects we feel sure you will agree with us that the work must ever stand as a monument to the courage and fortitude of the workers who wrought them.

The job of administrator has not only proved to be an opportunity for service but a wonderful experience, too.

We have not only tried but we have applied to the task every faculty at our command, even to the limit of our physical endurance. Mistakes have been made, undoubtedly, but back of every thought and deed has been the ideal of service to our less fortunate brethren.

We have played no favorites; there has been no personal preference; politics has in no way been permitted to interfere. No personal advantage has accrued to us in any way, shape, or form. The salary was stated at $1 per year and we have paid our own expenses. Our critics to the contrary notwithstanding.

We are grateful for the confidence imposed in us; whether we have been faithful to our trust let the record speak for itself.

The records (full and complete) of our office are open to any citizen who desires to prove otherwise. And now—

FINIS LA GUERRE

There is born instead the work division of the S.E.R.B.

An experiment of such illogical extreme as to merit the thoughtful consideration of every citizen.

Are we to develop a nation of paupers? Most emphatically no, and yet carried to its extreme the new plan offers no other conjecture.

After outlining the set-up of the works division, Mr. Round makes the following personal comment:

There, my friends, is the new plan.

It places a premium on the fecundity of the human race and compels the complete destruction of individual morale before a helping hand can be given.

The one who is on relief is at least being fed. That one has gone through all the gamut of human emotions until there are no other depths to be explored.

The individual or family who by personal initiative and resourcefulness and the assistance of family or friends have so far weathered the storm have, under the new program, little or no opportunity to secure paid work except by industrial recovery or the absolute and complete break-down of body and of spirit.

It is this latter class who should be helped by using the work project in the light of a human rehabilitation program, and with the active cooperation of industrial employers through the replacement office men can be fitted through the work program to do and hold industrial jobs.

As the workers are transferred by the placement office into industry, their places can be filled from lower ranks until, by the process of development, study, and training, all our employables are restored to gainful occupations.

Because of our feeling of responsibility to those whom we have worked with during this winter, we shall continue as work director only through this transitory period, and the workers may feel assured that to every problem we will apply the most humane judgment.

We cannot permanently permit our sense of social justice to be so violently outraged by this social travesty.

Fellow citizens, this is your problem and the individual problem of every governmental taxpayer. Think.

It may be interesting to note also that of the 3,150 workers on the rolls at the close of the C.W.A. activities, 1,840 will be retained under the R.W.D.; the others will in most instances be forced back on the local relief rolls.

The workers of the C.W.A. have organized for the purpose of protesting the drastic curtailment of Federal relief under the temporary leadership of a man who served his city as mayor and a member of council, and who is a veteran of the Spanish-American War, who, in addressing the former C.W.A. workers, said that the workers and those unemployed who were on the lists but had not been called had a real grievance:

It is up to you men to band yourselves together and make your protests known in no uncertain manner. This calls for concerted action, for intelligent action, but not for radical action. If we can get the rest of the State to go along with the idea, the politicians in Washington will listen to our cause.

Mr. Speaker, we are confronted with a peculiar situation. The present administration, through the Administrator of Federal Relief, Mr. Hopkins, declares:

We intend to see that every person in the United States who needs relief gets it.

And at the same time we find a very marked curtailment in the number of people receiving work relief, while those who have been charged with the administration of relief work doubt the wisdom of the new system.

Since the Federal Government has, through this administration, adopted the policy of work relief, and men have been led to expect a continuance of that policy, I believe this Congress should insist on the immediate expansion of public works by necessary appropriations in order that such a rehabilitation program as suggested by Mr. Round might be carried out.

Certainly we should not stand idly by until our people become totally pauperized before extending them aid. I realize the immensity of the task, but we are committed to it and should not shirk the responsibility of preventing the complete break-down of public morale. If this is not done, recovery will be seriously hampered. [Applause.]

CALL OF THE HOUSE

Mr. WOLCOTT. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER pro tempore. Evidently there is no quorum present.

Mr. STEAGALL. Mr. Speaker, I move a call of the House.

The motion was agreed to.

The doors were closed.

The Clerk called the roll, and the following Members failed to answer to their names.

[Roll No. 121]

Abernethy	Darrow	Johnson, Okla.	Peterson
Adair	De Priest	Kennedy, Md.	Reed, N.Y.
Allen	Disney	Kerr	Reid, Ill.
Allgood	Douglass	Knutson	Sabath
Auf der Heide	Doutrich	Kocialkowski	Schaefer
Ayers, Mont.	Eagle	Larrabee	Sears
Beam	Fernandez	Lea, Calif.	Shannon
Beck	Fiesinger	Lee, Mo.	Simpson
Bolton	Fitzgibbons	Lloyd	Sinclair
Brumm	Foss	McLean	Smith, Va.
Buckbee	Foulkes	McSwain	Smith, W.Va.
Burch	Gambrill	Marland	Stalker
Burke, Calif.	Gasque	Milligan	Sullivan
Cannon, Wis.	Gillespie	Montague	Taylor, Colo.
Carley, N.Y.	Green	Muldowney	Tobey
Cary	Hamilton	Nesbit	Underwood
Collins, Calif.	Harlan	O'Brien	Waldron
Cox	Hartley	Oliver, Ala.	West, Ohio
Crowe	Higgins	Oliver, N.Y.	Withrow
Crowther	Jenckes, Ind.	Owen	Wood, Ga.
Culkin	Jenkins, Ohio	Peavey	Zioncheck

The SPEAKER pro tempore. Three hundred and forty-six Members have answered to their names, a quorum.

Mr. BYRNS. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

The doors were opened.

BONDS OF THE HOME OWNERS' LOAN CORPORATION

Mr. LUCE. Mr. Speaker, I yield 2 minutes to the gentleman from Missouri [Mr. COCHRAN].

Mr. COCHRAN of Missouri. Mr. Speaker, it is pleasing to me to see the gentleman from New York [Mr. FITZPATRICK] in the chair. The gentleman from New York, like myself, has advocated early consideration of this bill. Yesterday I heard him declare to the leaders that if the bill was not called up today he would petition the House for immediate consideration. Every day this bill was delayed brought sorrow to many homes. When the President signs this bill sleepless nights will end for thousands of fathers and mothers. They know it means they will not be turned out of the place they called "home."

Mr. Speaker, I have long waited for the opportunity to vote for this bill guaranteeing the Home Loan bonds.

When the original bill was pending I advocated guaranteeing the bonds. Last year I again advocated guaranteeing the bonds.

There is no telling how many people have lost their homes because the bonds are not guaranteed.

This bill is going to pass. There is no doubt of that. I rise today to say that the success of this law is going to depend upon its administration. We all know that there is practically no market today for real estate. If the administrators will be liberal in their appraisals, the people of the country will save their homes. If they are not liberal, the people are going to continue to lose their homes, even if the bonds are guaranteed. I hope that those administering the act will take into consideration that it is the intent of Congress to save the homes for the people of the country from foreclosure. That is the reason that we are passing this bill today. I want the members of the Board to do the job as Congress wants it done. Let them not cause some unfortunate to lose his or her home for a few hundred dollars. Congress does not want that. Congress expects the Board to be liberal.

If the Board will take this view into consideration, it will be liberal in their appraisal. Nobody can say that because there is no real-estate market, a house that may be ap-

praised today at $6,000 is not actually worth $9,000 or $10,000. If the Home Loan officials are going to hold down the appraisals to the market as of today, what we are doing here is not going to be beneficial to the people who find themselves in financial distress through no fault of their own; people who are unable to meet their obligations.

I thank the gentleman from Massachusetts for allowing me to make this brief statement.

The SPEAKER pro tempore. The time of the gentleman from Missouri has expired.

Mr. LUCE. Mr. Speaker, I yield 1 minute to the gentleman from Michigan [Mr. DONDERO].

Mr. DONDERO. Mr. Speaker, some disappointment has been expressed here today and some fear that this bill does not go far enough to provide relief to the dire needs of the country because of the fact that applications for more than $3,000,000,000 in loans have been filed. I call attention to the fact, however, that when an application is filed for a loan it usually gives the balance due under the mortgage plus the accrued interest plus the taxes, or the unpaid balance under a land contract. In most cases that often represents more than the value of the property, and we all know that the Government appraisal would not go far enough to pay that in full, and in many cases it would not be just or sound business if it did.

The present bill will go far toward furnishing deserving relief for the volume of applications now filed and save to many of the American people their homes, the most sacred thing they have. Keep the American citizen in his own home and he will remain true to American principles and the American form of government.

I shall support this bill because it is of vital importance to the people of my district and my State. I shall support it for the further reason that it will permit loans to be made to many people in my district who have been unable to obtain loans under the Home Owners' Loan Corporation bill passed in 1933, for the reason that it did not guarantee the payment of the principal of the bonds issued under that act.

I know of many cases which came to my attention where people were unable to obtain relief under that act for the very reason that the mortgagees holding the mortgages on the homes were unwilling and refused to accept the bonds because the principal was not guaranteed by the Government. I do not say this in criticism of those who refused to take the bonds, because an uncertainty existed as to their value. We all know that at one time they were quoted at less than 85 cents on the dollar, and no one knew or could foretell but that they might go as low as 50 cents on the dollar. That is the situation existing under the act of 1933.

This bill removes that objection, and many people throughout the country will now be able to secure deserving loans and thereby save their homes for themselves and their children.

A man's home is his castle. There he is secure from intrusion, and he has a right to defend it even to the taking of life. Happy that day when every American can be in an American home unencumbered.

Mr. LUCE. Mr. Speaker, I yield one quarter of a minute to the gentleman from Maine [Mr. BEEDY].

Mr. BEEDY. Mr. Speaker, on the 19th of May 1856 Abraham Lincoln said, "In great emergency moderation is generally safer than radicalism." Many of us who today shoulder the responsibilities of public office view with alarm the radical changes worked in our Government in the last 13 months. I believe that this country would be more prosperous today if greater moderation had marked the recent legislative program.

In the light of this admonition of Lincoln's and in the brief time at my command, I purpose to discuss some facts which, in the interest of the common good, I believe should be more generally understood.

Certain limitations upon Executive power were written into our Constitution for the purpose of safeguarding the rights of the whole people. Under the Constitution, it is not only the right but the duty of the people's representatives to deliberate upon and pass our laws. Yet, in the hysteria of recent days, this solemn right, this obligation, has been ignored. Law after law, drafted by a group of the President's advisers, has been sent to the Capitol with orders that they be passed without amendment and without discussion. This procedure continued for months under the plea of emergency.

Legislation still continues to be rushed through the Congress. No longer, however, are the changes rung upon the emergency for smothering the legislative branch. Measures are drafted at the White House and sent to the Capitol with orders for their immediate passage, but deliberation upon them is now dispensed with under the plea of loyalty to the administration.

During the special session of Congress in 1933 the representatives of the people were anxious to support the administration, hoping that the extraordinary course pursued might bring relief and believing that straightway return to normal Government under the Constitution would ensue. With the assembling of the Seventy-third Congress in regular session, however, the President informed us that he planned to build a new social order upon the ruins of the past. Then it was that we began to understand the far-reaching strides already made with the cooperation of a yielding Congress toward a permanent change in the whole scheme of American Government.

Today the purpose of the administration is well understood in Washington, at least. The will of the legislative branch is to be disregarded. A central government is to be set up with unlimited powers in the executive. To this end, and contrary to the pledge in the last Democratic platform to abolish useless commissions and offices, to consolidate departments and bureaus, and to eliminate extravagance, the Executive Department has been reinforced by 37 additional bureaus. To these bureaus power has been given to control the farm, the shop, the factory, and to order the daily life of nearly every citizen. For the mere overhead expense of these bureaus the American people must pay an additional $60,000,000 each year. All this procedure not only contradicts the American ideal of the broadest rights for each citizen, but it is by no means conducive to economy in government.

We are now frankly told by the administration that a bloodless revolution is being accomplished. In its furtherance, an emergency expenditure of approximately $12,000,000,000 has been authorized. The borrowing capacity of the Treasury is severely taxed; the American dollar no longer has any assured value; the Secretary of the Treasury frankly states that its policy is purely experimental and subject to change at any time. This situation, I submit, is not conducive to general confidence or business stability.

I believe that not one in a thousand of the average run of people understands just what has been done with his Government since March 4, 1933. Bewildered and discouraged, the average citizen has thought his only recourse was to follow the administration. In a spirit of patriotic cooperation, people have urged their Representatives to give unqualified support and to yield at every point. All this was because of the emergency. For 13 long and distressing months this situation has continued. Only recently was it known even in Washington that the aim of the present administration was to make its temporary measures permanent.

It is undoubtedly true that the small group of college professors and lawyers, sometimes referred to as the "brain trust", knew the ultimate purpose of this administration from the outset. At least one member of the President's Cabinet sensed the main objective from the beginning. These advisers of the President, if approached individually, will, I believe, frankly acknowledge that they are not altogether in sympathy with the American system of Government. It is these men who have drawn the laws and mapped the course of the present administration. We believe that responsibility for the creation of and reliance upon this group should be placed where it belongs, namely, upon the President himself.

If our people desire their laws to be drafted by a small group of men in sympathy with alien institutions, it is their right. If, on the other hand, they wish their duly elected representatives to write their laws, the Constitution as it stands gives them that right. In all events, if the Constitution is to be abandoned, if the American system is to be changed, it should be by solemn vote of the people themselves. It is their Constitution. They and they alone may change it or authorize its disregard. As Washington has said—

> The very basis of our political system is the right of the people to make and to alter their constitutions of government. But the Constitution which at any time exists till changed by an explicit and authentic act of the whole people, is scarcely obligatory upon all.

It would seem that the time is at hand when we should resist further encroachments upon common right. The present course, if continued without interruption, can culminate in but one result—absolutism in the White House. This may be what the people want. If they want it, I repeat, it is their right to have it. But, if I understand anything of the spirit of our people, they will have none of it as a permanent policy.

My memory reverts to a time when the colonists issued their Declaration of Independence. It was their protest against usurped power. Some of its phases fit with nicety into the present situation. It asserts that—

> The history of the present King of Great Britain is a history of repeated * * * usurpations, all having in direct object the establishment of an absolute tyranny over these States.

The fathers then enumerated 26 abuses. Among them is a complaint against the king, his ministry, and advisers—

> For suspending our legislatures and declaring themselves vested with power to legislate for us in all cases whatsoever.

And, finally, it was declared—

> When a long line of * * * usurpations, pursuing invariably the same object, evinces a design to reduce them (the people) under absolute despotism, it is their right, it is their duty, to throw off such government and to provide new guarantees for their future security.

It is the best thought of many who value their liberties under our American system that the time is at hand when we should all face our duty squarely and see to it that constitutional government is again respected and practiced.

Permit me to cite a concrete example of lawmaking in Washington today. There are acknowledged abuses in the sale of securities on the New York Stock Exchange. They should be remedied by Federal law. Seizing upon this situation, three of the advisers in the executive department wrote the so-called "National Securities Exchange Act." Through it they have voiced their point of view that business should be under the strict control of an all-powerful central government. Therefore, in addition to dealing with the sale of securities on the exchange, they have written into the bill provisions compelling the strictest business accounting to the Federal Government.

I am reliably informed that the President himself had no opportunity to read this bill until it had been before the Congress a month. I predict that when it is finally reported to the House there will be no opportunity for the people to amend it through their Representatives. I predict further that very limited, if any, discussion of its provisions will be permitted. The bill will be whipped through the Congress and in this hasty un-American fashion, without deliberation, we shall have made another step towards autocratic control of business by government.

Those of the Democratic Party in accord with the new-deal program are necessarily in disagreement with the great Jefferson. He, of all men, believed in zealously guarding the rights of the people. To this end he insisted that that government is best which governs least.

Last Monday was the anniversary of the birth of Thomas Jefferson. For years his birthday has been widely observed at innumerable banquet tables by unnumbered hosts of loyal Democrats. But on Monday the banquet halls were silent. Democrats had no word of praise for the author of the Declaration and the founder of their party. His fame was unacclaimed; his virtues were unsung. "O Judgment, thou art fled to brutish beasts." Now lies the noble Jefferson upon the shelf and none so poor as do him reverence. Clearly, there has been a radical departure from the tenets of Democratic faith. The administration is leading us into new fields and the great mass of Jeffersonian Democrats follow submissively—yes, blindly.

There are many patriotic and thoughtful persons in this Nation who still believe that the people should have something to say about the laws under which they are to live. There are yet many of us who believe in the least possible interference with business by government. We do not blink at the fact that there is much of dishonesty in the market place, but nevertheless we contend that somewhere along the line you must trust the average citizen. We cannot legislate humankind into honest practices. We cannot regiment society into a perfect state. The more we undertake to hedge business about with Government restrictions, the further removed will be the day of business recovery. And business recovery is the sine qua non of the hour.

It is already clear that we cannot borrow ourselves into business recovery. When the billions already borrowed have been spent, underlying business conditions are the same. Return of confidence must precede business recovery. But those who would invest their savings will not assume the risk of financing business expansion until we end legislative experiment, balance our Budget, and confine the Government to spheres of operation set up under the Constitution.

How are our people to know what the next move of this administration will be? What, if any, of our rights are secure? Observe the fate of men who had expended millions in developing our national airways. They were suddenly accused of fraud in handling the mails. They demanded a hearing before their peers. They asked nothing more. This essentially American right was refused. By one bold stroke of the Executive pen, property values were wiped out to the tune of millions. Yet to this day, no evidence is disclosed which suggests illegality, fraud, or even conspiracy to defraud. If there was fraud or any evidence of wrong, why has no court been called upon to punish the guilty? But the millions of property loss was the smallest item. Twelve brave Army flyers have paid the price.

Again, business shudders to contemplate what may happen when the President shall have power to negotiate trade agreements, and upon consultation with his advisers, declare certain American industries inefficient, sell them out, and trade them for foreign imports. Upon what industry will the first blow fall? The Executive may by error of judgment, sacrifice an efficient industry upon which thousands depend for a livelihood. But no hearing will be had. The marked industry will never be permitted to present its case. The President's judgment will be final.

Meanwhile, the pulp and paper mills of Maine and the great Northwest, the textile mills of New England, the beet-sugar interests of the Middle West, and thousands of concerns scattered over the Nation, representing diversified industry and employing tens of thousands of American citizens, are hesitant and fearful. In the face of such uncertainty, who will be found to put his money into American industry? My friends, business recovery is, I fear, impossible under any such circumstances.

Recently one of my constituents wrote me that a western Senator, speaking in Maine, had said that the Government should make good every dollar lost by depositors in failed banks. This leads me to refer to what I believe is a most interesting fact. In the fall of 1931, President Hoover announced a four-point recovery program. He called upon the Congress for cooperation. The Democrats controlled both Senate and House. The fourth point in President Hoover's program was Government aid to insolvent banks.

In January 1932, as a member of the Banking and Currency Committee and at the request of the Hoover administration, I introduced a bill providing Government machinery for taking over the assets of failed banks and making prompt remittance to depositors. That bill was

smothered. I was never able to secure a hearing. The Democrats refused to entertain any such proposal. They said it was a plan to help rich bankers. They now understand that to support the banking structure is to aid every individual who has saved anything as well as those who have not, for this latter class is dependent for wages upon those who have saved. To this day, however, this administration has extended no immediate or effective aid to the men and women who lost their all in failed banks.

Just now we are urged to pass a bill introduced by Representative McLEOD, Republican, of Michigan, providing that the Government make good all losses of depositors in failed banks. If in 1931 we had appropriated one half the $12,000,000,000 whose hit or miss expenditure has now been authorized, the Government could have taken over every failed bank, guaranteed every depositor his money, and saved the Nation the worst blow it received in the depression; namely, the closing of every bank in the country. Had the Democratic Party been willing to accept our Republican proposal for immediate aid to insolvent banks, hundreds of thousands of depositors would have been saved, all banks would have been made liquid, loans could have been made to business, and the country would now be well on its way to prosperity.

I lay squarely at the door of this administration its failure to fulfill that "covenant with the people to be faithfully kept", which was written into its 1932 platform. I refer to the plank pledging the Democratic Party "to the relief of depositors in suspended banks."

To sum up. In the last 13 months the legislative branch of the Government has been swept into the discard. Laws written and forced hurriedly to enactment by the executive branch have changed the very structure of our Government. Property has been taken without due process of law. Our money is of uncertain value. The Treasury has no stable policy. Industry and agriculture are under strict Government control. Our manufacturing interests are to exist by sufferance and at the mere will of the Executive may be struck down in order that the products of foreign labor may enter our market in increased volume. Capital hesitates to finance a program of business expansion. Uncertainty is everywhere present, and no man can say what the morrow may bring forth.

If the Nation is to resume normal balance, five steps are essential. First, we must run the Government within the provisions of the Constitution. Second, we must do away with advisers in the White House who are unfriendly to the American system of government. Third, we must abandon Government control of industry and agriculture. Fourth, we must return to sound money. Fifth, we must stop inordinate borrowing, cut Government expenditures, and give the Nation a balanced budget.

All has not run smoothly with us in the past, nor can we expect unruffled seas in the future. Other depressions will come. But I have faith in the patience, courage, and stamina of the American people to overcome every obstacle. Perhaps it is not for me to offer advice, but I may at least express the hope that when the hour of trial is upon us we shall hold to the philosophy of Lincoln, whom I quote in closing, as I did in beginning:

> In great emergency moderation is generally safer than radicalism.

[Applause.]

Mr. STEAGALL. Mr. Speaker, I yield to the gentleman from Michigan [Mr. HART] such time as he may desire.

Mr. HART. Mr. Speaker, there are just two points under discussion in this bill on which I want to touch. First, I will discuss for a moment or two the so-called "Norris amendment." I am a great admirer of Senator NORRIS and have perfect confidence in his disinterestedness in offering this amendment. I have followed the Senator's career for a great many years. I happen to know that his Republican associates were not in sympathy with his attitude toward party politics.

Also being aware of the fact that upon the board of this Home Owners' Loan Corporation is one of the most objectionable Republican politicians, namely, Walter Newton, a former secretary to President Hoover, who misses no opportunity to inject, mostly under cover, party politics into these appointments, I therefore cannot subscribe to the sincerity of the average Republican Member of this House in desiring that this amendment be adopted.

For example, let us take the Civil Works program carried out during the past winter. The President desired to eliminate politics from this welfare agency. However, when the President did eliminate party politics, so far as the Democratic Party was concerned, we found that a Republican in the Department of Labor, namely, W. Frank Persons, who appointed emergency relief committees throughout the States, had set up a very fine Republican political organization; and in my State I am told that for reference a list of the Republican county committees was used. At any rate, the organization was almost 100 percent Republican.

Now, it follows that this administration, being Democratic, no matter who administers the activities of any of these agencies, the Democratic Party must accept the responsibility for inefficiency or dishonesty. Primarily, they are in charge and cannot escape the responsibility. Therefore, being charged with the responsibility, I think they should have something to say with reference to those who are going to carry out the program.

As an illustration of what may happen under the Home Owners' Loan Corporation, I use an instance in my own State, in connection with the Civil Works program, which was handled by an almost complete Republican personnel. The only person found guilty of graft in the Civil Works program was a prominent Republican, who had been publicity manager for a Republican ex-Governor. There was no question about this man's guilt, because he pleaded guilty in a Federal court in Grand Rapids, Mich. With this record, nevertheless, a Republican Member of Congress from my own State had the nerve to make the following statement in a Lincoln Day address:

> When the field administration of the Civil Works administration is filled with scandal in 90 short days, that the Department of Justice has to be put upon the trail of graft and exploitation in 45 out of the 48 States, I say that the President of the United States should pray to Heaven for a vigorous and vigilant opposition party to help him in his own eager desire to discipline his own chislers, who would wreck his own great adventure.

With Republicans making statements of this kind, I think it is high time for the administration to assume its own party responsibilities.

I am sorry that this bill does not provide some additional funds for the financing of new home building. However, I am glad to learn from the gentleman from Wisconsin [Mr. REILLY] that the committee has under consideration and will probably report a bill for new home building.

Mr. STEAGALL. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. HOEPPEL].

Mr. HOEPPEL. Mr. Speaker, I ask unanimous consent to place in the RECORD my own remarks with two telegrams and an extract from a letter bearing upon this bill.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. HOEPPEL. Mr. Speaker and Members of the House, if we permit this bill, S. 2999, to grant mortgage relief to distressed home owners, to be enacted into law without an appropriate amendment safeguarding these home owners against the losses they incurred because of depreciated bonds, we will be, in my opinion, false to our trust as legislators.

The old adage, to the effect that by our fruits we shall be known is quite appropriately applicable to the action of the Banking and Currency Committee in failing to consider the losses which mortgagors were forced to absorb in the manipulation of Home Loan Corporation bonds which were not guaranteed as to principal. In this legislation, we are actually making the bondholder richer at the expense of the distressed home owner. Our platform declaration of "equal rights to all; special privileges to none" will be completely thrown into discard if we permit the bondholders to be enriched at the expense of the mortgage-distressed

citizens. We should and must amend this act to protect all those who have incurred additional indebtedness on all bonds heretofore issued which were not guaranteed as to principal.

The Congress is responsible for, and our leadership invites, the utmost criticism for permitting this bill to come on the floor of the House under suspension of rules, through which procedure amendments are out of order. Whether the Banking and Currency Committee is deliberately intending to enrich the bondholders I leave entirely to your own interpretation. The truth is that preclusion of amendment under the gag of suspension of rules certainly permits this inference. The fact that we are not only guaranteeing the principal of these bonds but the further fact that we are making them exempt from all taxation and also making the interest therefrom exempt from taxation is certainly, in my opinion, another evidence that the Congress of the United States, in this act, with almost unanimous support of the Republicans on the committee, is acting in the interest of the Wall Street international coupon clippers rather than in the interest of the distressed citizens in whom I am primarily interested.

Our President is on record as pledged to drive the money changers from the temple, yet in this bill we are more firmly enthroning the Wall Street crowd and giving them a more complete mastery over the American people by permitting them to withdraw their wealth from taxation. Again we are failing to live up to our platform declaration of "equal rights to all, special privileges to none", since we are extending the special privilege of tax exemption, both as to principal and interest on these bonds, and thus adding a double burden on the common man by taxing him on what little accumulation he may possess while, at the same time, we exempt those who are enveloped in great wealth, most of which is unearned.

Under the gold devaluation policy of the administration, there remains sufficient gold in the Treasury to warrant the issuance of gold certificates totaling approximately $8,000,000,000. Inasmuch as an authoritative law exists for the printing of this large amount of gold certificates, it would indeed be a new deal if the administration would issue this money as it is authorized by law to do and lend it to the distressed home owner and farmer at the lowest possible rate of interest. If the Government and our Democratic administration would again follow the plank of our platform of "equal rights to all, special privileges to none", these funds would thus be loaned to the private citizen at the same rate of interest which the Government charges the Federal Reserve banks in its extension of credit to them under existing law. If Federal Reserve banks can receive Federal Reserve notes from the Treasury at approximately one tenth of 1 percent interest on the basis of dubious paper collateral, it seems quite fair and just that the Government could and should extend credit at the same low rate of interest, plus carrying charge, to the honorable and worthy American citizen on the collateral of his own farm or his own home.

Do the bankers control Congress? If we will analyze the legislation enacted in this Congress, it will be readily seen that our legislation has generally been in the interest of the banker and not in the interest of the common man. The Republican Members have been the special exponents of legislation of this type; but many on the Democratic side, especially the leaders of the Banking and Currency Committee, appear to have this same complex. We should and must legislate for all the people and not for one special class—the financial groups. If the minds of Congressmen cannot be changed to react in the interest of the people, Congressmen themselves should be changed as our Government does not exist for special groups but is founded upon the Jeffersonian principle of "equal rights to all, special privileges to none."

When the original home loan bill was before the Congress in the special session, I offered several amendments in the interest of the distressed mortgagor only to have these amendments rejected by the Banking and Currency Committee. Others on the Democratic side suggested that the principal as well as the interest of these bonds be guaranteed, which suggestion was discredited by the Republican Membership on the Banking and Currency Committee. I recognized the many weaknesses in the bill and failing to secure proper amendment, voted against it. My apprehensions were fully justified as evidenced in the administration of the act.

While the bill was originally framed in the interest of the banks, insurance, and loan companies which had a multitude of sour or defaulted mortgages, it was soon found that these institutions repudiated the proffered relief and only in instances where the mortgagee could not foreclose to his pecuniary benefit were the unguaranteed bonds accepted. Innumerable instances were brought to my attention to corroborate this statement, but none was so glaringly evident as in a communication received from a building-and-loan association in my district wherein that association courageously stated the truth, in the following terms, regarding the depreciated Home Loan Corporation bonds:

> At the present time the discount that is necessary in order that this institution realize upon Home Owners' Loan Corporation bonds makes it inadvisable to accept these bonds except in cases wherein the margin of security does not justify foreclosure under the deed of trust but rather permits the discount under the bonds accepted in lieu of the real property.

From the foregoing it is readily understood that the banks would not accept these depreciated bonds at a loss to themselves, unless the indebtedness due them was greater than the amount they would receive through these bonds, less the depreciation.

The manager of the home-loan bank in California told me personally before offices were opened in California that one institution alone in Los Angeles had prepared a list of more than 800 soured, defaulted mortgages which it intended to offer to the Home Loan Bank Board. In other words, this institution, with its soured mortgages, was anxious to unload on the Government these 800 or more mortgages which it would not find profitable to foreclose.

The individual mortgagor has received very little of the hoped-for aid from the Home Loan Corporation while the bonds were not guaranteed as to principal. The following telegram indicates that the interest of the individual distressed mortgagors was secondary to that of the banks, insurance, and loan companies:

> SAN GABRIEL, CALIF., *April 4, 1934.*
>
> Hon. JOHN HENRY HOEPPEL,
> *Congressman Twelfth Congressional District of California, House Office Building:*
>
> Since August of last year local home-loan bank has had my application for a loan on my property. Have repeatedly requested action from the local office here. The Pacific States Savings & Loan Co. lay the blame to Butler's office for noncooperation in assisting in expediting my particular loan. Apparently local help are endeavoring to prolong their positions by holding up loan on applicants. This evil is apparently being experienced by your constituent in this district. To the majority of us the only assistance which Butler seems to aid in is alleviating the distress of banks and mortgage companies, and the rank and file of the people who are endeavoring to regain our homes can twiddle our thumbs until the big boys are taken care of first. Please take the matter up at your convenience with the Washington office and assist in helping the conditions in this district. Primarily, of course, Mr. HOEPPEL, I am very anxious to regain my home.
>
> ROY W. JACOBS.

From the foregoing telegram it is evident that my apprehensions regarding the merit of the original home-loan bank bill were more than justified. It was enacted to assist the banks, insurance, and building-loan companies which, under the existing liberal R.F.C. law, were unable to obtain cash for their mortgages which were in default. In what appears to be a majority of instances, such relief as was given to individual distressed mortgagors was not relief at all but merely an added burden. Appraisers of the Home Loan Corporation in instances where the assessed valuation was insufficient to obtain relief through the issuance of Home Loan Corporation bonds encouraged the mortgagor to give to his original mortgagee, in addition to the bonds, a further second mortgage in order that the mortgagee might receive dollar for dollar for the face value of his mortgage.

In other instances, because of the depreciated value of the bonds, distressed mortgagors were forced to execute second mortgages, notes, or other forms of indebtedness to the mortgagee to absorb the losses of the depreciated Home Loan Corporation bonds at the time of transfer. The following telegram appears to be conclusive evidence of thousands of cases throughout our country where the burden of the distressed mortgagor was actually increased and where, instead of mortgage relief, he was forced to incur added indebtedness in order to obtain temporary surcease from his mortgage difficulties:

ARCADIA, CALIF., *January 7, 1934.*

Congressman J. H. HOEPPEL,
House Office Building, Washington, D.C.:

Total mortgage indebtedness to date under Home Loan Act, $4,199. Foreclosures and redemption, $374. Amount added to mortgage on depreciation of bonds, $671. Total note signed to satisfy Kasnicka, in addition to $4,199 he received in bonds, including mortgage and depreciation, is $962. Actual amount owed before foreclosure, principal, $3,500; interest to date, $245; total, $3,745.

RUDDICK.

From the foregoing telegram, it will be noted that the mortgagor in question had an additional burden of $671 added to his total indebtedness. In other words, he, himself, was forced to absorb the loss due to the depreciated selling price of the bonds on the date of transaction. Unless we amend this bill to protect the thousands of individuals in similar situations, in my opinion, we must be charged with legislating for the bondholders and not for the people.

Mr. HOEPPEL. Mr. Speaker, I should like to call attention to a telegram which I have before me, and which proves conclusively that a distressed mortgagor was compelled to pay tribute of $671 to his mortgagee before the mortgagee would accept Home Loan Corporation bonds. Under this bill we are validating these bonds now in the hands of the mortgagee, but we are giving no relief whatever to the mortgagor who has been forced to pay a tribute of $671 in order to obtain mortgage relief.

As soon as this bill is enacted into law the man who took these depreciated bonds, plus this additional note or second mortgage, will receive par value for them, or an additional premium for his bonds, and at the same time he will hold the note of the distressed mortgagor. So instead of granting relief to the distressed mortgagor we are in this bill aiding and paying tribute to the bondholder. I contend that we should have had time to offer amendments to this bill which would invalidate all contracts of the kind executed by a mortgagor forced by necessity to make such a sacrifice. In my own district in California hundreds of mortgagors were forced to sign notes or second mortgages before the mortgagee would accept Home Loan Corporation bonds. Banks also took the same advantage of distressed mortgagors. For that reason I most deeply regret that this bill cannot at this time be amended so as to grant more adequate relief to our distressed and mortgaged home owners.

The SPEAKER pro tempore. The time of the gentleman from California [Mr. HOEPPEL] has expired.

Mr. STEAGALL. Mr. Speaker, I yield to the gentleman from California [Mr. FORD] such time as he may desire.

Mr. FORD. Mr. Speaker, I am in hearty accord with the provisions of this bill and will support it. I am sorry, however, that the committee could not see its way clear to accept my amendment providing for the broadening of the original act's provisions so that income property, the appraised value of which comes within the present $14,000 limit of the act, was not accepted. That amendment would save the property of thousands of fine, hard-working, thrifty, and self-sacrificing citizens and taxpayers who have invested their meager savings in what they thought was income property. The term income property is now, and has been for a period of 3 years, a misnomer. Every owner of this class of property knows that it has been a burden. Rents have been so low, the percentage of vacancies so high, that the owner who has gotten his taxes out of that class of property is fortunate indeed. As for interest and repairs, these have had to be met out of other income if the owner was fortunate enough to have some other source. If not, he has had the grim pleasure of seeing his life savings swallowed up by the mortgagee or pass into the hands of the State for taxes, there to be subject to penalties and charges that may, before he is able to redeem, wipe out the value of the holdings.

Now, no man in this House was more overjoyed than was I when the Home Loan Act became a law. I saw in it the salvation of the home owner who was struggling to keep a roof over his head. For this I was and am grateful. But I want to call your attention to the income property owner's plight. He, too, needs relief. He has contributed to the tax funds huge sums. He has paid improvement assessments running into the hundreds of millions. He has given employment to labor in the erection of his property. He thought he had an investment that was safe and secure. But the depression came along and he has been forced to see his equity wiped out and his property taken for a fraction of its value because of his inability to refinance his mortgages.

Gentlemen, I submit that this class of property owner, citizen, and taxpayer is worthy of your solicitude, and I urge you most sincerely to pass some measure that will bring him the much deserved relief that is his just due. [Applause.]

Mr. LUCE. Mr. Speaker, I yield myself the remainder of the time.

The SPEAKER pro tempore. The gentleman is recognized for 19¾ minutes.

Mr. LUCE. The unusual situation should be explained for the benefit of the many Members who have not been here during the debate. The pending bill was reported as a substitute for the Senate bill. By itself it contains nothing to arouse controversy and every Member may well vote for it. Criticism has been almost wholly because of a paragraph of the Senate bill here omitted. With action proceeding under suspension of the rules, no amendment may be offered, even by way of the motion to recommit. Undoubtedly conferees will be appointed to try to reconcile the views of the two Houses and it is in part for their benefit that the point in issue has been discussed. Possibly before conclusion is reached Members may have the chance to put themselves on record. In any case the public will have been usefully informed of a serious, perhaps even a momentous, difference of opinion between the President and what is evidently a majority of the Democratic Membership of the House. Inasmuch as it would have been easily possible for the Democratic leadership to bring this matter up in the usual way, with opportunity for amendment, it is not unfair to infer that there was unwillingness to have a vote upon the merits. Under these conditions our appeal today must be to the public.

Next fall it will be carried particularly to the electorate. There are Congressional districts where it may decide the fate of Members seeking reelection. Such is the importance of the question involved that if clear-cut decision is yet reached here, it may prove, politically at least, only second in political consequence of all the decisions we shall have made. What, then, is involved?

At the risk of repetition I will read the first sentence of the omitted Senate amendment, the important part:

> In the appointment of agents and the selection of employees for said Corporation, and in the promotion of agents or employees, no partisan political test or qualification shall be permitted or given consideration, but all agents and employees shall be appointed, employed, or promoted solely upon the basis of merit and efficiency.

On the day that your House committee passed judgment upon the bill, or the day after, the President told newspaper correspondents that he desired this section left in the bill. If memory serves me right, one report said that he had sent a letter to that effect to the chairman of the House committee. Nevertheless, the committee report before you omits compliance with the request of the President; indeed, makes no reference to the matter. So still once again I find myself here on my feet defending the President of the United States, proclaiming adherence to his views, whereas a ma-

jority of the House Committee on Banking and Currency saw fit to adhere to the opposite position, and in my judgment a majority of this House would at the moment discard the President's wish.

Therefore, you have the issue clearly put before you, the issue of whether the first consideration in the employment of officials and workers in the public service shall be partisanship or shall be efficiency. Once again this question comes before Congress.

A Senator from my State, Charles Sumner, began with the introduction of a bill the national movement for appointment to office by means of competitive examinations.

It was 51 years ago, as my colleague from Cincinnati [Mr. HOLLISTER] told the House earlier in the day, that a great Democrat, George H. Pendleton, saw his efforts for appointment on the basis of merit crowned by enactment of civil-service reform into law. Every President from that day to this has exercised his power to transfer names to the classified list; and every President from that day to this has thereby stood for efficiency in government, because every one of them has known what it means to corrupt, to debauch the Government of the United States by making partisanship the first consideration for employment to office.

If you choose to read the record of what has been said here today, and particularly the remarks of the gentleman from Illinois [Mr. DIRKSEN], you will find specific instances of what has now taken place. There may be in the gallery at the moment one of the best, ablest, most conscientious representatives of the press, Oliver McKee, Jr. For the February number of the North American Review, which I commend for your reading, he wrote an article entitled "The Jobmaster General." Of course, you all know that refers to the Postmaster General of the United States. In this article Mr. McKee stated, deliberately stated, repeating what all the newspaper men will tell you: "The Federal Home Loan Bank Board is known in Washington as the spoilsmen's paradise." I am going to repeat that: "The Federal Home Loan Bank Board is known in Washington as the spoilsmen's paradise."

The spoilsmen's paradise is the perverted condition of an institution in creating which I had some share. I was not the author of the Federal home loan bank system, but I might be accurately called its nurse, because I was intrusted by the Hoover administration with securing the passage through the House of that beneficent measure; and I had hoped that to my dying day I might point with pride to my share in the creation of this wonderfully useful institution, or that might be wonderfully useful. You may imagine my regret, I might even say my shame, at seeing it now held up before the country as the spoilsmen's paradise. Should I, could I, be held responsible as knowingly sharing in the creation of a spoilsmen's paradise? I pray not.

Another institution under the same central control, the Home Owners' Loan Corporation, was created after the Democrats came into power. Although a Republican, I received an honor precious to me by being invited, the only Republican so invited, to sit in with those who passed judgment on the draft of this bill. In this system, too, I take the warmest personal interest. Here, also, I wish I might today take full measure of pride.

For the cause why I cannot, I will not, hold responsible those who have been or are members of the Board in Washington. Three of them have been men with whom some of us associated in this body and whom we know to be upright, honorable, patriotic. My long-time personal acquaintance with the chairman, John H. Fahey, assures me that he is an able man of complete integrity, high-minded, and self-sacrificing, with the public welfare always at heart. He is valiantly attacking a task equal to that of Hercules in cleaning out the Augean stables.

The reason for what has taken place, if my surmise is correct, is that orders came from the Jobmaster General that these organizations created to help men in distress, created to save the most precious of human possessions, the home, should be mastered and manned by men of one political faith, with party loyalty the primary test.

The appointments locally were, it is understood, made upon the advice of members of the National Democratic Committee with the approbation of the gentlemen on my right or Senators of like political faith. In many parts of the country not a man could receive appointment unless he came there with the endorsement of a Democratic leader. The first question asked was not: Are you capable; not: Are you experienced; not: Are you honest; but: Are you a Democrat?

The outcome of that may be seen in some of the things that have been said here today.

I am told of one case where three men designated as Democrats to serve in one of these agencies decided by throwing coins to a line drawn on the floor as to which one should be the manager, as to which one should be the attorney—God save the mark! Choosing an attorney by the power of tossing a coin to a line on the floor! And the third one should be the appraiser. No question whatever of efficiency, qualification, or merit, but only ability to approach with a coin deftly and skillfully a line on the floor. [Laughter.]

In the matter of supporting the President, I have heard that a record is being kept. [Laughter and applause.] I am glad that the Speaker has returned to the chair in order that he may appreciate the embarrassments of the situation. I am reminded of a poem that was recited frequently in school in my day:

Abou Ben Adhem (may his tribe increase).

The poem went on to describe an angel writing in a book of gold. Abou asked him what was being written. The angel answered, "The names of those who love the Lord." The poem ended:

And lo, Ben Adhem's name led all the rest.

I had hoped, sir, that modesty would not keep our presiding officer, our beloved presiding officer, from heading his list of those who love the Lord with his own name. Alas, he cannot now conscientiously so do, for I find in a copy of the Washington Herald of Sunday a statement that conveys his opposition to the so-called "Norris amendment." The reporter says:

Speaker HENRY T. RAINEY took issue with the President on the nonpartisan provision. He said: "When appointments are taken out of politics, that only means we'd have to put Republicans, instead of Democrats, in."

[Laughter and applause.]

This is frank recognition of the fact that if merit and capacity were to determine appointments no Democrat need apply. [Laughter and applause.]

I hope my good friend, the Speaker, will not take my persiflage as indicating any lack of regard for him, although disclosing my complete lack of sympathy with his view in this particular.

In spite of his view I persist in the belief that it was a calamity not only for his party but also for the Nation when the many newly created relief agencies were turned over to the spoilsmen. It is not alone the home-loan systems that have suffered. All along the line the same disastrous results have followed. Everybody here knows that the scandalous conduct of the C.W.A. has been a stench in the nostrils of hundreds of communities. One could fill a book with the ridiculous, the wretched, the disgraceful stories of waste, graft, and corruption that come to us about this and many other of the relief organizations.

Partisan politics has penetrated their veins.

Invariable has been such result of appointment to public office with partisanship the paramount consideration. It began with us just a hundred years ago when Andrew Jackson was President. [Applause.]

This applause is the most welcome thing I have had this afternoon. [Applause.] Monday night the gentlemen who have applauded forgot all about the fact that Thomas Jefferson ever lived. Take Andrew Jackson for your patron

saint if you wish, and see what he and Martin Van Buren did for this country by enforcing the spoils system.

It was Marcy of New York who coined the famous phrase "To the victors belong the spoils." This idea came so near wrecking the Government that Abraham Lincoln, pointing out to a friend the eager multitude of officeseekers that thronged the White House, said:

There you see something which in the course of time will become a greater danger to the Republic than the Rebellion itself.

Once to Carl Schurz he observed:

I am afraid that this thing is going to ruin republican government.

Strong, patriotic, thoughtful men undertook from that time, beginning with Charles Sumner, as I have said, to put into force the idea that only by making efficiency the first test can this Government survive.

I am told that Republicans have followed the opposite course at times. I am told that here and there Republican advice prevails on partisan grounds, but I tell you if there is a Republican rascal in office, turn him out; if there is a Republican appointee who proves to be inefficient, turn him out. If there is a Republican who in point of capacity or integrity and honesty falls down, turn him out. Replace them and fill new positions with all the Democrats you want to, provided that first, last, and all the time ahead of partisanship you place the tests of experience, capacity, and character. [Applause.]

[Here the gavel fell.]

Mr. STEAGALL. Mr. Speaker, the Committee on Banking and Currency did not desire to embody in this bill the sort of political controversy that has characterized the proceedings of this House this afternoon; so for this reason we left out of the bill the political amendment that was incorporated by the Senate. We did not regard the provision as legislation. With all deference to the great Senator whose name it bears, the members of the Banking and Currency Committee thought that it involved an imputation against the present administration of the Home Owners' Loan organization, a sort of political speech that should be made on the stump or in the press, or, if gentlemen think it in good taste, upon the floor of this House, as has been done this afternoon. [Applause.] That is why the Norris amendment does not appear in this bill. [Applause.]

May I say to the gentleman from Massachusetts that I am one of those whose names appear on the roll of honor in this House, the record carrying the names of Members who have been loyal to the administration. I wish to say, in addition, that while I am sure the gentleman from Massachusetts would not consciously make an inaccurate statement, the Committee on Banking and Currency had no information from the White House as to the views entertained by the President with respect to the Norris amendment at the time the committee reported this bill to the House. The President later made known his views frankly, as he always does to the people of the entire Nation, in a statement to the press. This is the history of what took place with respect to the amendment in the Committee on Banking and Currency.

The gentleman from Ohio told you in his speech that members of the Home Loan Bank Board as now constituted and the President of the United States had made it known that they favored the principles of the Norris amendment; so that there is nothing left for these gentlemen to fear, as to a fair, nonpartisan, impartial administration of this emergency relief organization. Why complain, if both the Board and the President are committed to the Norris amendment? What does it matter how much we debate the matter among ourselves this afternoon? What better assurance would our friends desire?

Mr. MAY. Will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from Kentucky.

Mr. MAY. As I understand it, the purpose of this bill is to guarantee the principal and interest of the bonds of the Home Owners' Loan Corporation so that they will be marketable?

Mr. STEAGALL. Yes.

Mr. MAY. Does the gentleman remember that at the last session of the Congress I offered an amendment making them direct obligations of the Government, and that the gentleman from Massachusetts undertook to ridicule this on the floor of the House and asked me to withdraw the amendment?

Mr. STEAGALL. I think the statement of the gentleman is correct.

Mr. SIROVICH. Will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from New York.

Mr. SIROVICH. Does the distinguished gentleman remember when the Reconstruction Finance Corporation Act was passed by Congress several years ago?

Mr. STEAGALL. I am going to call attention to the history of the Reconstruction Finance Corporation Act. It happens that the gentleman from Massachusetts was a member of the Committee on Banking and Currency, which reported the Reconstruction Finance Corporation Act, and the gentleman was not then vociferous in his demands for a provision similar to the Norris amendment for which he clamors this afternoon. The Reconstruction Finance Corporation Board became a place of refuge for "busted" banks and broken-down Republican politicians—a sort of relief resort for Republicans throughout the country. It was loaded down with appointments of that kind. [Applause.]

Mr. SIROVICH. And will the gentleman admit that the phrase and the philosophy "to the victors belong the spoils" was carried into fruition and realization at that time?

Mr. STEAGALL. Absolutely. Now, let me remind the gentlemen of something else. We enacted the original Home Loan Bank Act in July 1932. It came from the Committee on Banking and Currency, as the gentleman has said. It was administered without any substantial beneficial results to the people of the country during the remaining months of the Republican administration. During this entire time there was only about $15,000,000 of loans made throughout the Nation. It was a political bill passed in contemplation of the last Presidential election, and used for the aid of the Republican Party in that campaign. On that Board President Hoover saw fit to place Mr. Franklin Fort as chief director. He proceeded to put Republicans in charge of that organization and it is a matter of history that it was used for campaign purposes and not much for anything else during 1932. [Laughter and applause.]

The gentleman states this is going to be an issue second only in importance during the next campaign in the United States. If so, the bankruptcy of his party is even more pitiable and hopeless than I had supposed. But I would like to know how the gentleman expects to make progress in the campaign next fall with the President as the real issue, if the gentleman and his party are going to take the same position on this proposition that the President has taken before the people of the United States. I wonder how he expects to secure repudiation of the President by endorsing his position. And I would like to know how the gentleman expects to make a successful political issue out of the Norris amendment, when everybody knows that Senator NORRIS himself has no more thought of ever supporting the old line Republican organization in the United States again than I have—or any other Member on the Democratic side of the aisle this afternoon. [Applause.]

The plain fact is, as many of us remember, the adherents of Senator NORRIS in this House only a few years ago were proscribed, ostracized, branded, and kicked out of the organization and refused all recognition by the Republican organization of this House; and yet we are told that under the leadership of Senator NORRIS, on the question of patronage in one of the minor departments of the Government, the Republican Party is going to wage a successful battle and overthrow the Democratic Party in 1934.

I sympathize with the gentleman, but I will say to him that if this is his reliance for an issue upon which to resurrect the Republican Party, those of us who believe in the party system of government, and who believe in a division of the people of the country into two political parties is conducive to wholesome conditions and good government, have very slight basis for hope of a revival of that system in the United States.

I wish to say that this imaginary issue is much ado about nothing. We shall go forward from now as we have during these months of the past year, hopeful and happy, loyal to the great leader chosen by the American people, upon whom they will continue to rely to point the way to the restoration of prosperity and to redeem the Nation and our institutions from the distress and destruction that have been brought upon us during 12 years of Republican misrule in the United States. [Applause.]

Mr. CONNERY. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. CONNERY. I would not like the impression to go out to the State of Massachusetts, from which my colleague comes, and to our other Republican and Democratic colleagues that the conditions to which the gentleman from Massachusetts [Mr. LUCE] referred are prevalent in Massachusetts. I have heard no one in the State of Massachusetts complain of the administration of the Home Owners' Loan Corporation under Mr. Charles F. Cotter, the State manager, and I think my Republican colleagues will agree with my Democratic colleagues on this proposition.

Mr. STEAGALL. I thank the gentleman for his statement.

Mr. LOZIER. Will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. LOZIER. Was not the gentleman from Massachusetts [Mr. LUCE] a member of the Committee on Banking and Currency when it reported out the Reconstruction Finance Corporation Act?

Mr. STEAGALL. He was.

[Here the gavel fell.]

The SPEAKER. The question is on the motion of the gentleman from Alabama to suspend the rules and pass the bill.

Mr. STEAGALL. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 340, nays 1, not voting 90, as follows:

[Roll No. 122]

YEAS—340

Adams	Cannon, Mo.	Crump	Flesinger
Andrew, Mass.	Cannon, Wis.	Cullen	Fish
Andrews, N.Y.	Carden, Ky.	Darden	Fitzpatrick
Arens	Carmichael	Dear	Flannagan
Ayres, Kans.	Carpenter, Kans.	Deen	Fletcher
Bacharach	Carter, Calif.	Delaney	Focht
Bacon	Carter, Wyo.	DeRouen	Ford
Bailey	Cartwright	Dickinson	Foss
Bakewell	Castellow	Dickstein	Foulkes
Bankhead	Cavicchia	Dies	Frear
Beedy	Celler	Dingell	Fuller
Berlin	Chapman	Dirksen	Fulmer
Biermann	Chase	Disney	Gavagan
Black	Chavez	Ditter	Gifford
Blanchard	Christianson	Dobbins	Gilchrist
Bland	Church	Dockweiler	Gillette
Blanton	Claiborne	Dondero	Glover
Bloom	Clark, N.C.	Doughton	Goldsborough
Boehne	Clarke, N.Y.	Dowell	Goodwin
Boileau	Cochran, Mo.	Doxey	Goss
Boylan	Cochran, Pa.	Drewry	Granfield
Brennan	Coffin	Driver	Gray
Britten	Colden	Duffey	Greenway
Brooks	Cole	Duncan, Mo.	Greenwood
Brown, Ga.	Collins, Miss.	Dunn	Gregory
Brown, Ky.	Colmer	Durgan, Ind.	Griffin
Brown, Mich.	Condon	Eaton	Griswold
Browning	Connery	Edmiston	Guyer
Brunner	Connolly	Edmonds	Hamilton
Buchanan	Cooper, Ohio	Eicher	Hancock, N.C.
Buck	Cooper, Tenn.	Ellenbogen	Hancock, N.Y.
Burke, Nebr.	Corning	Ellzey, Miss.	Harter
Burnham	Cravens	Eltse, Calif.	Hastings
Busby	Crosby	Englebright	Healey
Byrns	Cross, Tex.	Evans	Henney
Cady	Crosser, Ohio	Faddis	Hess
Caldwell	Crowe	Farley	Hildebrandt
Hill, Ala.	Lundeen	Prall	Taber
Hill, Knute	McCarthy	Ramsay	Tarver
Hill, Samuel B.	McClintic	Ramspeck	Taylor, S.C.
Hoeppel	McCormack	Randolph	Taylor, Tenn.
Holdale	McFarlane	Rankin	Terry, Ark.
Hollister	McGrath	Ransley	Thom
Holmes	McKeown	Rayburn	Thomas
Hope	McLeod	Reece	Thomason
Howard	McReynolds	Reilly	Thompson, Ill.
Huddleston	Maloney, Conn.	Rich	Thompson, Tex.
Hughes	Maloney, La.	Richards	Tinkham
Imhoff	Mansfield	Richardson	Traeger
Jacobsen	Mapes	Robertson	Truax
James	Marshall	Robinson	Turner
Johnson, Minn.	Martin, Colo.	Rogers, Mass.	Turpin
Johnson, Tex.	Martin, Mass.	Rogers, N.H.	Umstead
Johnson, W.Va.	Martin, Oreg.	Rogers, Okla.	Utterback
Jones	May	Romjue	Vinson, Ga.
Kahn	Mead	Rudd	Vinson, Ky.
Kee	Meeks	Ruffin	Wadsworth
Keller	Merritt	Sadowski	Waldron
Kelly, Ill.	Millard	Sanders	Wallgren
Kelly, Pa.	Miller	Sandlin	Walter
Kenney	Mitchell	Schuetz	Warren
Kinzer	Monaghan, Mont.	Schulte	Wearin
Kleberg	Montague	Scrugham	Weaver
Kloeb	Montet	Secrest	Weideman
Kniffin	Moran	Seger	Welch
Kopplemann	Morehead	Shallenberger	Werner
Kramer	Mott	Shoemaker	West, Ohio
Kurtz	Moynihan, Ill.	Sinclair	West, Tex.
Kvale	Murdock	Sirovich	White
Lambertson	Musselwhite	Sisson	Whitley
Lambeth	Norton	Smith, Va.	Whittington
Lamneck	O'Connell	Smith, Wash.	Wigglesworth
Lanham	O'Malley	Snyder	Wilcox
Lanzetta	Palmisano	Somers, N.Y.	Williford
Larrabee	Parker	Spence	Williams
Lea, Calif.	Parks	Steagall	Wilson
Lehr	Parsons	Strong, Pa	Wolcott
Lemke	Patman	Strong, Tex.	Wolfenden
Lesinski	Perkins	Stubbs	Wolverton
Lewis, Colo.	Pettengill	Studley	Wood, Mo.
Lewis, Md.	Peyser	Sumners, Tex.	Woodruff
Lindsay	Pierce	Sutphin	Woodrum
Lozier	Plumley	Swank	Young
Luce	Polk	Sweeney	Zioncheck
Ludlow	Powers	Swick	The Speaker

NAYS—1

Kennedy, N.Y.

NOT VOTING—90

Abernethy	Culkin	Kennedy, Md.	Peterson
Adair	Cummings	Kerr	Reed, N.Y.
Allen	Darrow	Knutson	Reid, Ill.
Allgood	De Priest	Kocialkowski	Sabath
Arnold	Douglass	Lee, Mo.	Schaefer
Auf der Heide	Doutrich	Lehlbach	Sears
Ayers, Mont.	Eagle	Lloyd	Shannon
Beam	Fernandez	McDuffie	Simpson
Beck	Fitzgibbons	McFadden	Smith, W.Va.
Beiter	Frey	McGugin	Snell
Boland	Gambrill	McLean	Stalker
Bolton	Gasque	McMillan	Stokes
Brumm	Gillespie	McSwain	Sullivan
Buckbee	Green	Marland	Taylor, Colo.
Bulwinkle	Haines	Milligan	Terrell, Tex.
Burch	Harlan	Muldowney	Thurston
Burke, Calif.	Hart	Nesbit	Tobey
Carley, N.Y.	Hartley	O'Brien	Treadway
Carpenter, Nebr.	Higgins	O'Connor	Underwood
Cary	Jeffers	Oliver, Ala.	Withrow
Collins, Calif.	Jenckes, Ind.	Oliver, N.Y.	Wood, Ga.
Cox	Jenkins, Ohio	Owen	
Crowther	Johnson, Okla.	Peavey	

So (two thirds having voted in favor thereof) the rules were suspended and the bill was passed.

The SPEAKER. The Clerk will call my name.

The Clerk called the name of Mr. RAINEY, and he voted "aye", as above recorded.

The following pairs were announced:

Until further notice:

Mr. McDuffie with Mr. Snell.
Mr. Sullivan with Mr. Treadway.
Mr. Bulwinkle with Mr. Jenkins of Ohio.
Mr. Arnold with Mr. Darrow.
Mr. Douglass with Mr. Crowther.
Mr. Green with Mr. Reed of New York.
Mr. Harlan with Mr. Tobey.
Mr. Cox with Mr. Knutson.
Mr. Jeffers with Mr. Beck.
Mr. Underwood with Mr. Culkin.
Mr. Taylor of Colorado with Mr. Bolton.
Mr. Milligan with Mr. Higgins.
Mr. Sears with Mr. Muldowney.
Mr. Oliver of Alabama with Mr. Simpson.
Mr. Marland with Mr. Doutrich.
Mr. McSwain with Mr. Allen.
Mr. Gasque with Mr. Brumm.
Mr. Hart with Mr. McGugin.
Mr. Beam with Mr. Reid of Illinois.

Mr. Abernethy with Mr. Buckbee.
Mr. Kerr with Mr. Lehlbach.
Mr. Smith of West Virginia with Mr. Stokes.
Mr. Wood of Georgia with Mr. Thurston.
Mr. Oliver of New York with Mr. McLean.
Mr. O'Connor with Mr. Carter of California.
Mr. McMillan with Mr. Withrow.
Mr. Auf der Heide with Mr. Stalker.
Mr. Boland with Mr. McFadden.
Mr. Eagle with Mr. Peavey.
Mr. Burch with Mr. Hartley.
Mr. O'Brien with Mr. De Priest.
Mr. Gambrill with Mr. Nesbit.
Mr. Shannon with Mr. Adair.
Mr. Beiter with Mr. Gillespie.
Mr. Allgood with Mr. Frey.
Mr. Carley of New York with Mr. Haines.
Mr. Peterson with Mr. Owen.
Mrs. Jenckes of Indiana with Mr. Terrell of Texas.
Mr. Schaefer with Mr. Lloyd.
Mr. Kennedy of Maryland with Mr. Colmer.
Mr. Fernandez with Mr. Burke of California.
Mr. Johnson of Oklahoma with Mr. Cary.
Mr. Ayers of Montana with Mr. Fitzgibbons.
Mr. Lee of Missouri with Mr. Cummings.
Mr. Carpenter of Nebraska with Mr. Kocialkowski.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. GOLDSBOROUGH. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days in which to extend their remarks on this bill.

The SPEAKER. Is there objection?

There was no objection.

Mr. SMITH of Washington. Mr. Speaker, under the leave granted to Members to extend their remarks in regard to S. 2999, an act to guarantee the bonds of the Home Owners' Loan Corporation, I insert the following article written by me, which was published in the Real America magazine, issue of February 1934:

[From the Real America magazine, February 1934]

SAVE AMERICA—BY SAVING THE FARMS AND HOMES OF AMERICA—AN APPEAL TO PRESIDENT ROOSEVELT

By Congressman MARTIN F. SMITH

President Franklin D. Roosevelt has displayed rare courage since he entered the White House on the 4th of last March. He has on at least two occasions invoked the extraordinary powers of proclamation by which it is possible for the Chief Executive of the Nation to act in regard to matters of supreme importance, without awaiting the legislative enactment of the Congress or the decree of the judicial branch of the Federal Government.

I refer, of course, to President Roosevelt's proclamation declaring the bank holiday and closing the banking institutions of the country and his subsequent proclamation declaring an embargo on gold shipments. Both of these proclamations were courageously issued and of vast benefit to the American people.

As one of the Representatives in Congress of the American people, I desire to urge President Roosevelt to resort again to the exercise of his proclamationary power and authority in behalf of the millions of owners of homes and farms in this country upon which mortgages are still being foreclosed at an alarming rate. It will be many months before the farm- and home-mortgage bills become widely effective. Also, their provisions are not mandatory as applied to the mortgagee or holder of the mortgage, who may or may not care to come in under the provisions of the law and accept bonds as he sees fit.

It is estimated that there are $35,000,000,000 worth of mortgages on city property—over $20,000,000,000 on homes—and that nearly two thirds of these mortgages are in default and subject to foreclosure. It is further estimated that there are $8,500,000,000 of mortgages outstanding on the farms of America, of which nearly 70 percent are delinquent and subject to foreclosure.

There remains but one avenue of hope and relief for our unfortunate fellow citizens who, through no fault of their own, are losing their homes and their farms and whose wives and children are being evicted into the streets and the countryside in rich, free America, and that is to ask our President to proclaim a moratorium on mortgage foreclosures on homes and farms in America. Our neighbors are asking and pleading for this consideration from one end of the land to another.

Mr. President, when you save the homes and farms of America, you save America.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Horne, its enrolling clerk, announced that the Senate agrees to the amendments of the House to the bill (S. 2324) for the relief of the Noank Shipyard, Inc.

The message also announced that the Senate requests the House to return to the Senate the bill (S. 1135) to amend section 1 of the act entitled "An act to provide for determining the heirs of deceased Indians, for the disposition and sale of allotments of deceased Indians, for the leasing of allotments, and for other purposes", approved June 25, 1910, as amended.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 8402) entitled "An act to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes", disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. SMITH, Mr. BANKHEAD, and Mr. CAPPER to be the conferees on the part of the Senate.

The message also announced that the Chair, under the authority of House Concurrent Resolution No. 26, had appointed the Senator from Virginia [Mr. BYRD], the Senator from Arkansas [Mr. ROBINSON], the Senator from Kentucky [Mr. BARKLEY], the Senator from Ohio [Mr. FESS], and the Senator from New Jersey [Mr. KEAN] as the Members on the part of the Senate of the special congressional committee to make appropriate arrangements for the commemoration of the one hundredth anniversary of the death of General Lafayette.

UNITED STATES v. JAMES CANNON, JR., ET AL.

Mr. SUMNERS of Texas. Mr. Speaker, I ask unanimous consent for the present consideration of the resolution which I send to the desk.

The Clerk read the resolution, as follows:

House Resolution 322

Whereas in the case of the The United States against James Cannon, Jr., and Ada L. Burroughs (no. 51159, criminal docket), pending in the Supreme Court of the District of Columbia, subpena duces tecum was issued by the Chief Justice of the Supreme Court of the District of Columbia and addressed to South Trimble, Clerk of the House of Representatives, directing him to appear as a witness before criminal court, division no. 1, on the 10th day of April 1934 and to bring with him certain and sundry original papers in the possession and under the control of the House of Representatives; and

Whereas the United States Attorney for the District of Columbia advises that for certain peculiar reasons it is essential that the original papers and documents be produced in court, and not merely certified or photostatic copies thereof; and

Whereas by the provisions of section 247 (c) of the Federal Corrupt Practices Act of February 28, 1925, the Clerk is required to preserve such documents and papers for a period of 2 years from the date of filing; and

Whereas said documents and papers were filed with the Clerk during the period from September 1928 to February 1929, which is over 2 years ago, and are now therefore subject to destruction: Therefore be it

Resolved, That by the privileges of this House no evidence of a documentary character under the control and in the possession of the House of Representatives can, by the mandate of process of the ordinary courts of justice, be taken from such control or possession but by its permission; be it further

Resolved, That when it appears by the order of the court or of the judge thereof, or of any legal officer charged with the administration of the orders of such court or judge, that documentary evidence in the possession and under the control of the House is needful for use in any court of justice or before any judge or such legal officer, for the promotion of justice, this House will take such order thereon as will promote the ends of justice consistently with the privileges and rights of this House; be it further

Resolved, That South Trimble, Clerk of the House, be authorized to appear at the piace and before the officer named in the subpena duces tecum before mentioned, with the originals as well as certified photostatic copies of the documents and papers mentioned in the said subpena and submit the said papers and documents to the examination of the Supreme Court of the District of Columbia from time to time according to its convenience, retaining, however, the custody of the original papers and documents; and be it further

Resolved, That a copy of these resolutions be transmitted to the said court as a respectful answer to the subpena aforementioned.

The SPEAKER. Is there objection?

There was no objection.

Mr. SUMNERS of Texas. Mr. Speaker, I should like to make a brief statement in explanation of the resolution.

Recently the House passed a resolution dealing with this matter. After the resolution was passed we were apprised that because of certain conditions copies of the documents would not meet the requirements of the court. When we looked into the matter we found that the documents subpenaed are not the ordinary records of the House. They

are records which under the law are to be preserved for 2 years, and after that time are subject to destruction. In other words, the Clerk could now take them out and burn them under the law. I was not able to get in contact with all of the members of the Committee on the Judiciary, but such as I was able to contact agreed, as everybody must agree, that the House could not justify itself in disregarding a subpena of the court to permit the presentation in the court at the request of the court of documents which the Clerk of the House under law may now burn. This resolution simply amends the resolution which we passed the other day, which permits the Clerk of the House to attend under subpena duces tecum with copies of these documents so as to permit him now to attend with the original documents as the court has requested. I am sure that no one can have any objection to this resolution.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

Mr. SUMNERS of Texas. Mr. Speaker, I ask unanimous consent to vacate House Resolution 320, passed the other day, and lay that on the table.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

SALE OF ALCOHOLIC LIQUORS IN ALASKA

Mr. DIMOND. Mr. Speaker, I ask unanimous consent for the present consideration of Senate Concurrent Resolution 12, which I send to the desk and ask to have read.

The Clerk read as follows:

Senate Concurrent Resolution 12

Resolved by the Senate (the House of Representatives concurring), That the action of the Vice President and of the Speaker of the House of Representatives in signing the enrolled bill (S. 2729) entitled "An act to repeal an act of Congress entitled 'An act to prohibit the manufacture or sale of alcoholic liquors in the Territory of Alaska, and for other purposes', approved February 14, 1917, and for other purposes", be rescinded, and that in the reenrollment of such bill the last proviso of section 1 reading as follows: "*Provided*, That the Governor of the Territory of Alaska, from and after the passage and approval of this act, shall have the power and authority to grant pardons to persons theretofore convicted of violations of the aforesaid act of February 14, 1917", be stricken out.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

A motion to reconsider the vote by which the resolution was passed was laid on the table.

ELECTION OF A MEMBER TO A COMMITTEE

Mr. DOUGHTON. Mr. Speaker, I offer the following privileged resolution, which I send to the desk and ask to have read.

The Clerk read as follows:

House Resolution 323

Resolved, That WILLIAM B. BANKHEAD, of the State of Alabama, be, and he is hereby, elected Chairman of the standing committee of the House Committee on Rules.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

A motion to reconsider the vote by which the resolution was agreed to was laid on the table.

RECENT DEVELOPMENTS OF THE AIR-MAIL CANCELATIONS

Mr. MILLARD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including therein an address delivered over the radio last night by the gentleman from New York [Mr. FISH].

The SPEAKER. Is there objection?

There was no objection.

Mr. MILLARD. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following:

The original blunder in the cancelation of the air-mail contracts has been the cause of a continuous series of blunders under the administration of Postmaster General James A. Farley. These blunders have reached a stage where they are both tragic and ridiculous.

The newest scheme proposed by Commissar Farley is the most colossal blunder of all that have so far been attempted in the air-mail fiasco in "blunderland." It is solemnly proposed by the Postmaster General to call for new bids, shutting out the old air-mail companies unless they reorganize by eliminating their own officials and permitting the use of flivver planes. Competing companies claim this is a device to extend favoritism to the American Airways, headed by E. L. Cord, a friend of the administration, which has a monopoly of this type of planes. It is inconceivable that the Postmaster General could find any more ways to commit additional blunders, but apparently he has. Whether Fourth Assistant Postmaster General Evans or Director of Aeronautics Eugene Vidal, of the Commerce Department, the former of whom was connected with Mr. Cord in his aviation companies, had a hand in drawing up these proposed contracts is a matter for future determination.

However, the fact remains that the Postmaster General actually contemplates scrapping great commercial air lines with millions of investments in airplanes, equipment, and airports to make a political holiday and thereby ruin many people by wrecking established aviation companies and crippling the Air Mail Service.

At the outset of my remarks I wish to point out that there are a few facts that are evidently misunderstood or overlooked altogether which are essential before reaching a just conclusion as to the merits or demerits of the air-mail controversy. First, that in spite of all the charges of profiteering and graft hurled at the air-mail companies by administration supporters, few, if any, ever paid dividends or made any profits or paid big salaries to their officials. Out of the $14,000,000 paid in subsidies last year, approximately seven million went to the Government in air-mail postage. Some of the larger air-mail lines, like the Transcontinental and Western, returned a substantial profit in air-mail postage to the Government over and above the subsidy received.

The futility of the efforts of the Democrats who have been in power in Congress for 3 years in attempting now to charge the previous Republican administration with not providing adequate funds for the Army Air Corps must be apparent to every fair-thinking American. However, the charge is completely repudiated by the undisputed fact that President Roosevelt and his Director of the Budget cut in the most dictatorial and unwarranted manner the congressional appropriations for the maintenance and operation of the Army Air Corps from $15,193,614 to $7,293,416 during the last year. This drastic reduction by the President cut the flying time of the Army pilots to 25 minutes per day. Is it any wonder that they are not efficient and highly trained as night flyers and in cross-country flights? If anyone is to blame for the inefficiency of the Army Air Corps, it is the President of the United States and the Director of the Budget.

A few weeks ago the greatest aviator since the war, Colonel Lindbergh, testifying before a congressional committee, called the cancelation of the air-mail contracts without a hearing "unjust and un-American." He was followed by Captain Rickenbacker, who shot down 27 German planes and has every kind of American decoration for valor. Apparently he still has the fighting spirit and the courage of his convictions, because he called on the President to purge his official family of traitorous members who advised him to cancel these contracts.

Who are the traitors who have been responsible for the legalized, if not political, murder of 12 Army Air Corps pilots? There is something very rotten in Denmark in connection with the cancelation of the 23 air-mail contracts almost overnight on February 9 by Executive order. Who advised the President to issue the Executive order? Who advised Mr. Harllee Branch, the Second Assistant Postmaster General, to send for Major General Foulois, Chief of the Army Air Corps, on that fatal February 9 and ask him if the Army pilots could fly the air mail?

Postmaster General Farley stated before the Senate committee that the letter he signed to Chairman BLACK, notifying him of the cancelation of the air-mail contracts, was written by Solicitor Crowley of the Post Office Department and Attorney General Cummings. Who asked them to write the letter and on what date? The cancelation of the air-mail contracts is still shrouded in considerable mystery, and it will take time to unravel all the facts that are concealed in this recently discovered labyrinth of partisanship and greed. From the beginning I have been convinced that politics and selfish interests have been the main causes for the cancelation of the air-mail contracts without a hearing. I join with Captain Rickenbacker in demanding that the guilty parties be exposed and that the traitorous element responsible for the rotton mess be dismissed from office.

The answer of the administration is that there was fraud and collusion in making the contracts 4 years ago under a Republican administration, but in spite of Postmaster General Farley's telegram to Colonel Lindbergh, that "you do not know all the facts" or in other words "you do not know what you are talking about", Mr. Farley does not produce an iota of evidence of fraud, beyond glittering generalities, to substantiate his charges. If there is fraud the public are entitled to all the facts and the guilty should be punished. If the air-mail contracts had been filled with fraud that would have been all the more reason to have provided a hearing and held the guilty accountable for defrauding the Government. However, not being able to prove fraud against all the companies and desiring to smear the previous Republican administration the air-mail contracts were canceled, as Colonel Lindbergh said, unjustly and in an un-American manner. I go farther and say that the administration, drunk and arrogant with its autocratic powers, canceled these contracts on the basis that might makes right, and for political and selfish reasons.

The high-handed, arbitrary, and dictatorial cancelation of the air-mail contracts is a typical example of the extent to which

this administration has copied some of the autocratic tactics of fascism, Hitlerism, and communism at their worst.

Another recent example is the attempt to single out Andrew W. Mellon, former Secretary of the Treasury, and combine him with former Mayor Walker, a political enemy of the President, for a special investigation of their income taxes. It is just a part of the extraordinary partisan practices of this administration to attempt to punish its critics or political enemies. Hardly had Colonel Lindbergh wired his protest against the unjust cancelation of air-mail contracts without a hearing to the President but he was called by the President's Secretary a publicity hound and his income tax investigated. It behooves Al Smith and John W. Davis to be careful with their income taxes, as they may be the next in line to be called before the inquisition.

In spite of the charges of fraud repeated like parrots by adherents of the administration's policy of canceling the air-mail contracts, I believe that the real fraud, it will develop, came from the efforts of the private air-line companies that held no Government contracts but wanted to have their share of the pie or subsidies.

The newspapers have already printed articles indicatmg that selfish interests and greed of the worst kind were instrumental in causing the cancelation of the existing contracts. Captain Rickenbacker is right: Who misled the President, and what were the motives behind such traitorous actions?

Postmaster General Farley has played a most pathetic part in the whole air-mail controversy. During that tragic period when 12 Army pilots lost their lives the Postmaster General was roaming around the country in his double capacity as chairman of the Democratic National Committee, making speeches and dispensing patronage, and in his capacity as Democratic State chairman trying to take over control of the Tammany organization in New York City. What a travesty on efficient government that a Cabinet officer largely responsible for the air-mail fiasco can serenely travel about in partisan politics at a time when air-mail pilots were either giving their lives or risking them daily and nightly to deliver the Government mail. It just does not seem right that such things can be. The immediate resignation of the Postmaster General is in order, either in both of his political positions or as a member of the Cabinet responsible for the efficient handling of the mail.

The question is asked on every hand what should be done? The answer is very simple. Revoke the order to the Army Air Corps to carry the mail and return it immediately to the air-mail companies that were carrying it prior to February 9. Then, provide for a nonpartisan hearing and thorough investigation and enact legislation based upon the facts developed by such investigation.

There has been an attempt by General Foulois, Chief of the Army Air Corps, to offer alibi after alibi in defense of his assertion that the Army pilots could fly the mail routes efficiently. The fact is that General Foulois has been so wrong from the beginning of the tragic episode and his statements so prejudiced that they are not entitled to any consideration. He has to share the responsibility for the debacle, of the Army Air Corps' attempt to fly the mail, with President Roosevelt and Postmaster General Farley, and a number of subordinates who misled the President.

Major General Foulois made a partisan political radio speech several weeks ago, denouncing the critics of the administration's air policy, and saying that they did not know what they were talking about; that the Army Air Corps was highly efficient and splendidly equipped. In time of war, Army officers who commit blunders of such magnitude are relieved of their command. In time of peace they should be retired so they can do no further harm. The latest alibi of General Foulois is that the percentage of deaths of Army pilots in the last month has not been excessive. This is the last straw of misinformation. The fact is that the ratio of deaths in the Army Air Corps in the first month of operation in connection with flying the air mail, based on miles flown, as compared to miles flown by commercial air pilots for the past year is 50 to 1. If the private air-mail flyers had the same proportion of casualties it would have meant the death of 500 commercial mail pilots during the last year.

The private air-mail companies maintained a schedule of 109,000 miles per day and only eight pilots were killed throughout the year. The Army Air Corps had a schedule of 40,000 miles per day, which, however, they did not maintain. The average maintained was approximately 25,000 miles, or less than one fourth of that kept up by the private air-mail companies.

The colossal blunder of the administration's cancelation of the air-mail contracts without a hearing has shocked fair-minded Americans irrespective of party affiliations. It has caused a loss of confidence and a lightning-like change in the American public opinion. People are beginning to wonder and to ask themselves if the charges that we have an autocratic, dictatorial administration at Washington are true. That is something they had not voted for nor bargained for.

The Roosevelt honeymoon has cracked up on the cancelation of the air-mail contracts. The American people have not been accustomed in the past to a policy of repudiation of contracts or even a repudiation of party promises and pledges, nor of vindictive partisan reprisals. All of this is something new, and constitutes a radical departure from American political practices. They do not like it and openly denounce such unfair and un-American experiments. In all fairness, however, the hands of the "brain trust" are not evident in this, the first blunder of the administration. There are abundant reasons to blame the "brain trust" for many of the unworkable and socialistic experiments of the administration, where contracts have been ignored and disregarded, but in this case it is probable that the various radical experiments taken under their leadership to destroy contractual rights and constitutional liberties has become an irresistible and outrageous example which was likewise followed in the hasty and un-American cancelation of the air-mail contracts without a hearing of any kind.

LEAVE TO ADDRESS THE HOUSE

Mr. FOULKES. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

Mr. MARTIN of Massachusetts. Mr. Speaker, I reserve the right to object, and I shall object. I do not think we ought to have any speaking at this time. We have come here to act on the Consent Calendar, and we ought to proceed with our business. I object.

Mr. WOOD of Missouri. Mr. Speaker, I ask unanimous consent that on Monday next, after the reading of the Journal and the disposition of matters on the Speaker's table, I be permitted to address the House for 30 minutes.

The SPEAKER. Is there objection?

Mr. MARTIN of Massachusetts. I reserve the right to object. On what subject?

Mr. WOOD of Missouri. Mr. Speaker, I have not taken any time of the House. I wish to address the House on some matters which I think concern people of the Nation. Also with reference to the activities of certain organizations and with reference to certain assertions that have been made in this House about the American Federation of Labor.

The SPEAKER. Is there objection?

Mr. BLANTON. Mr. Speaker, I reserve the right to object, although I shall not object.

Mr. WOOD of Missouri. What is the gentleman's reason?

Mr. BLANTON. I just want to find out something about the program. We have an appropriation bill that comes up next week under general debate, and there will be plenty of time allotted to Members under general debate. Cannot the gentleman get his 30 minutes' time on that?

Mr. WOOD of Missouri. I have not taken any time of the House. The gentleman has taken plenty of time.

Mr. BLANTON. Whenever I take up any time it is in the interest of and to benefit the people of the country.

Mr. WOOD of Missouri. I want 30 minutes to clear up some matters and the misapprehension that has been left about the labor movement.

Mr. BLANTON. Certainly, the gentleman should have time. I suggest to the gentleman that there will be general debate under the appropriation bill, where he can then get the time, if that suits him.

Mr. WOOD of Missouri. I know. I asked unanimous consent to speak on Wednesday and on Thursday, and objection was made. I am not going to interfere with the business of the House.

Mr. BLANTON. I am trying to help the gentleman.

Mr. WOOD of Missouri. I am as anxious to pass on the appropriations as the gentleman is.

Mr. BLANTON. Cannot the gentleman wait and get time under the appropriation bill? If that does not suit him, I have no objection to his request.

Mr. WOOD of Missouri. I have been waiting, but the gentleman never waits.

Mr. FOULKES. Mr. Speaker, I object.

CAMP MERRITT—WORLD WAR SHRINE

Mr. KENNEY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. KENNEY. Mr. Speaker—

Camp Merritt, in my opinion, should be a national shrine, as troops from every State in the Union passed through it, either going over or returning from overseas. It was the greatest of our embarkation camps during the war and the busiest debarkation center following the armistice. The majority of the A.E.F. at one time or another were guests of Camp Merritt, some for days, others for weeks, according to the availability of transports.

And to the permanent garrison of Camp Merritt I should like to pay a tribute. Many of them lost their lives while performing necessary tasks on this side, not being permitted to go overseas,

as their work here was considered of vast importance. They wanted to "shove off" with the thousands who left daily for "over there", but had to be contented with duty here.

These are not my words; they were written eloquently in the early part of 1932 by a great American who has endeared himself to the Nation.

A decade ago I stood in a vast throng about the monumental shaft that marks its historic site. General Pershing was there. The great embarkation camp had gone. In its place had arisen the simple granite spire which was that unveiled. Pointing heavenward, it stood as a simple reminder of the gallant and vibrant youth that passed through the camp to fight our battles overseas, of those who died that we might live, of our disabled and afflicted veterans—our living dead—of the boys who returned to us, but who, nevertheless, were ready and willing to lay down their lives for our country and for us.

This monument is the last vestige of the camp which bore the name of that distinguished soldier, Gen. Wesley Merritt, whose widow did so much to make camp life comfortable for our youthful warriors. The veteran cherishes this familiar ground. It is enshrined in the hearts of veterans. My people look upon it sacredly, grateful as we are to the legions of brave young men who remained with us a little while and then embarked overseas to defend and preserve the liberties of the world.

Is this spire, this granite shaft to be the memorial for those who consecrated this hallowed place? Or shall Camp Merritt become, as it deserves, a national shrine? Located in my district, I have felt it my duty to introduce a bill (H.R. 8139) to provide for the establishment of a national monument on the site of the great camp which has been aptly styled "The aristocrat of America's military cantonments." I urge today your support for the preservation of the situs of the foremost American encampment during the World War.

Many of you in the next few days will be passing it at no great distance when you visit many and notable points of interest in its vicinity. I wonder how many of you will pause for a moment during the trip to West Point to picture the hundreds of thousands of patriotic youth of the Nation who gathered there to take final leave of the country and their nearest and dearest to invade foreign lands making war against war; Members of this House were soldiers there. They know all that Camp Merritt meant and still means.

The camp site is situated in a region endowed with beauties of nature unsurpassed in America and abounding with legend, romantic and historic.

The camp covered a part of the ancient hunting grounds of the Lenni-Lenape, one of the Indian tribes of the Six Nations. Over it traversed the boys and men of older days in the great Revolutionary War which gave us our country.

Fort Lee, overlooking the Hudson, is not far away. Here Washington came from New York, and it is one of the earliest battlegrounds of the Revolution. Just below Fort Lee is Edgewater on the Hudson, where thousands after thousands of boys from Camp Merritt took the One hundred and thirtieth Street Ferry across the Hudson to visit New York.

Weehawken, where Alexander Hamilton and Aaron Burr fought their duel, is but a few miles below Fort Lee, which adjoins Cliffside Park where I live in close proximity to Palisade Amusement Park where the service men often went for recreation.

Alpine Landing is about 2 miles northeast of the camp and was one of the principal outlets of the camp when the movement of troops overseas was at its peak. During the Revolution Cornwallis crossed the Hudson from New York to the Jersey side, making his headquarters in an old Dutch house in Alpine Landing, which is still standing.

Tappan, N.Y., just across the New Jersey-New York State line, is approximately 15 miles north of the camp. It was near this place that Major Andre, the British spy, was executed for his part in Benedict Arnold's treasonable plan to surrender West Point. Andre's prison house still stands. West Point is not greatly distant to the north on the same bank of the Hudson River.

Tappan Zee, of Ichabod Crane fame, is close by Tappan, and further to the north are the Catskill Mountains that lured Rip Van Winkle. Irving immortalized the west bank of the Hudson just as he did Sleepy Hollow on the east side of the river.

A trip up or along the Hudson impresses one with the grandeur of the Palisades behind which is sheltered the great camp of the World War, a very short distance from the George Washington Bridge, which lately spanned the river to connect New Jersey and New York. The Palisades commence a little above Hoboken, the chief embarkation port during the late war, extending northward along the New Jersey bank of the Hudson, a distance of about 20 miles. In places they rise 500 to 600 feet above the river and constitute a solid wall of dark rock known the world over as one of the most picturesque objects of natural scenery. No other camp in the country was located in such a beautiful and historic locality.

It was named in honor of a great general, Wesley Merritt, a young cavalry leader developed by the Civil War. He was a product of West Point and led the charge at Beverly Ford. He rendered notable service at Gettysburg and later commanded the Cavalry operating in Virginia. He was in the Richmond campaign and commanded the first division of Sheridan's Army in the Shenandoah Valley. He was present at the surrender of Lee at Appomattox and was one of the three commissioners appointed by General Grant to carry out its terms. He was afterwards Superintendent at West Point, and General Pershing was a student for his 4 years under him. He took part in the Spanish-American War and was appointed Military Governor of the Philippines. With Admiral Dewey he received the surrender of Manila and subsequently attended the conference in Paris which arranged the treaty of peace with Spain.

The Camp Merritt Memorial Association, Inc., is keeping alive the spirit of the hallowed ground of the camp, which merits all reverence, respect, and honor. Each Memorial Day it joins with the veterans of all wars to rededicate the site and pay homage. The only memory of the camp is the lonely monument. Upon it is inscribed:

In memory of those soldiers who gave their lives for their country while on duty in Camp Merritt.

This monument marks the center of the camp and faces the highway over which more than a million American soldiers passed on their way to and from the World War, 1917–19.

Erected by the State of New Jersey, the county of Bergen, the Bergen County Historical Society, officers and men of Camp Merritt, many patriotic citizens and the Camp Merritt Memorial Association.

It stands in the middle of crossroads with no other setting. The camp lands were leased, the Government never acquired title to any of them. Surrounded by a portion of the 350 acres that constituted the camp, even though a small part, the simple shaft would have the setting it deserves and the camp itself would be preserved for posterity. There will be no more appropriate time for Congress to constitute this camp a national monument and shrine—a true permanent garrison. Shall we not pay this tribute?

VOCATIONAL EDUCATION

Mr. BANKHEAD, from the Committee on Rules, presented the following resolution, which was referred to the House Calendar and ordered to be printed:

House Resolution 324 (Rept. 1144)

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H.R. 7059, a bill to provide for the further development of vocational education in the several States and Territories; and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Education, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the

previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion except one motion to recommit.

CONSENT CALENDAR

The SPEAKER. The Clerk will call the first bill on the Consent Calendar.

BRIDGE ACROSS LAKE SABINE NEAR PORT ARTHUR, TEX.

The Clerk called the first bill, H.R. 4870, to extend the times for commencing and completing the construction of a bridge across Lake Sabine at or near Port Arthur, Tex.

Mr. ZIONCHECK. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Without objection, the bill will be passed over without prejudice.

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. FOULKES. Mr. Speaker, I withdraw the objection to the request made by the gentleman from Missouri [Mr. WOOD].

Mr. WOOD of Missouri. Mr. Speaker, I ask unanimous consent that on Monday morning after the reading of the Journal and the disposition of matters on the Speaker's desk I be allowed to address the House for 30 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Missouri [Mr. WOOD]?

There was no objection.

CONSENT CALENDAR

SETTLEMENT OF CLAIMS OF OFFICERS AND ENLISTED MEN

The Clerk called the next bill, H.R. 1724, providing for settlement of claims of officers and enlisted men for extra pay provided by act of January 12, 1899.

Mr. ZIONCHECK. Reserving the right to object, when was this bill put on the calendar?

Mr. TARVER. I do not recall the exact date. February 2 is what is shown by the calendar.

Mr. ZIONCHECK. This is the first time this bill has appeared upon the Consent Calendar, is it not?

Mr. TARVER. May I say that when the bill was first reported to the House it was erroneously placed upon the Private Calendar, and was thereafter transferred to the Consent Calendar by direction of the Speaker.

Mr. ZIONCHECK. Has the gentleman any objection to passing it over without prejudice?

Mr. TARVER. There is no possible objection that I can see that any Member could have to the passage of this bill.

May I explain to the gentleman just what the bill provides? The act of January 12, 1899, provided for the payment of 1 month's and 2 months' extra pay to men who enlisted for the period of the emergency. Thereafter, on March 2, 1899, the Congress passed an act providing for the enlistment of additional personnel, and when those men who enlisted March 2, 1899, were discharged they filed their claims for this 1 month's and 2 months' extra pay, determined by whether or not they had served at home or abroad, and their claims were denied by the Acting Comptroller of the Treasury, who construed the act of January 12, 1899, to be retroactive in operation. Thereafter, in 1904, in a case brought in the Court of Claims, that court decided that the act did not have retroactive operation alone, but that those who enlisted under the act of March 2, 1899, were entitled to this extra pay. Subsequent to that time every claim filed by any of these men has been allowed. The only claimants that have not been paid have been those whose claims had been filed first and were erroneously denied, and the Comptroller General points out in his report, which appears in the RECORD, that the only reason they could not receive their money now is the fact that they acquiesced in an erroneous decision. There is no question but that the Government of the United States owes this money to those veterans of the Philippine Insurrection and the Boxer Rebellion.

Mr. ZIONCHECK. How many men are affected under this provision?

Mr. TARVER. According to the estimate made by the Comptroller General, there are approximately 7,000. May I say to the gentleman that I have no more interest in this bill than any other Member of this House. These men are scattered throughout the United States. The bill passed the House during the last session without objection, and in view of the fact that it is admitted by everyone familiar with the facts that the Government owes this amount of money involved, I cannot conceive of any reason why anyone should object to the passage of this bill now.

Mr. ZIONCHECK. Mr. Speaker, I withdraw my objection. I simply wanted to find out what the bill provided, because I had not had an opportunity to read it.

There being no objection, the Clerk read as follows:

Be it enacted, etc., That the General Accounting Office is authorized and directed to receive and settle claims of officers and enlisted men who were appointed or enlisted in the Army under the act of March 2, 1899 (30 Stat.L. 979), for 1 or 2 months' extra pay provided by the act of January 12, 1899 (30 Stat.L. 784), notwithstanding the disallowance of their claims for such extra pay by the former accounting officers of the Treasury.

With the following committee amendment:

Page 1, line 7, after the figures, insert " as amended."

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MEDICAL SERVICES AFTER RETIREMENT OF FORMER EMPLOYEES OF UNITED STATES

The Clerk called the next bill, H.R. 1766, to provide medical services after retirement on annuity to former employees of the United States disabled by injuries sustained in the performance of their duties.

There being no objection, the Clerk read as follows:

Be it enacted, etc., That section 9 of the act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916, as amended (U.S.C., supp. V, title 5, sec. 759), is hereby amended by adding at the end thereof a new paragraph to read as follows:

"All of the benefits authorized to be extended by the first paragraph of this section to employees suffering personal injuries shall be made available to any person who receives or may hereafter receive an annuity under the provisions of the Civil Service Retirement Act, approved May 29, 1930 (U.S.C., supp. V, title 5, ch. 14), and who continues to be or becomes disabled as the result of a personal injury sustained while in the performance of his duty as an employee. This paragraph shall apply only to persons who would have been entitled to the benefits provided by such first paragraph if they had continued in the employment of the United States or the District of Columbia."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EAST BAY MUNICIPAL UTILITY DISTRICT

The Clerk called the next bill, H.R. 6530, granting and confirming to the East Bay Municipal Utility District, a municipal utility district of the State of California and a body corporate and politic of said State and a political subdivision thereof, certain lands, and for other purposes.

Mr. ENGLEBRIGHT. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

INTERNATIONAL TECHNICAL COMMITTEE OF AERIAL LEGAL EXPERTS

The Clerk called the resolution (H.J.Res. 271) providing for an annual appropriation to meet the quota of the United States toward the expenses of the International Technical Committee of Aerial Legal Experts.

Mr. TABER. Mr. Speaker, reserving the right to object, this bill makes permanent an annual appropriation. Unless it is amended so that it is an authorization of an appropriation, I shall have to object.

Mr. WOLCOTT. Will the gentleman yield?

Mr. TABER. I yield.

Mr. WOLCOTT. Let me call the gentleman's attention to the fact that the bill just authorizes an appropriation.

Mr. BLANTON. Well, Mr. Speaker, it is a bad bill anyway. I object.

CLAIMS OF OMAHA TRIBE OF INDIANS

The Clerk called the next bill, H.R. 5881, to investigate the claims of and to enroll certain persons, if entitled, with the Omaha Tribe of Indians.

Mr. ELTSE of California. Reserving the right to object, this is the famous Count Barada bill. I should like to ask the author of the bill some questions about it. Why have not these Indians long since been recognized? They are claiming recognition.

Mr. CHAVEZ. The gentleman is inquiring about the Omaha Tribe of Indians?

Mr. ELTSE of California. That is right.

Mr. CHAVEZ. These Indians are in the district of the gentleman from Nebraska [Mr. HOWARD]. It appears that for some reason or other Indians—not necessarily Indians, no, because they are not Indians——

Mr. ELTSE of California. They are not Indians?

Mr. MOREHEAD. They are half-bloods.

Mr. CHAVEZ. The gentleman from Nebraska [Mr. MOREHEAD] will be able to explain it, for he knows the conditions.

Mr. TABER. Is not this the bill that was beaten on a suspension of the rules awhile ago?

Mr. MOREHEAD. It was on the calendar 10 days or more ago.

Mr. CHAVEZ. It was passed over without prejudice, I think.

Mr. MOREHEAD. There was one objector in order to secure further information. If the gentleman will permit, I will give a little of the history of this case.

Mr. TABER. Mr. Speaker, reserving the right to object, I shall object unless I am furnished some better reason than we had the other day.

Mr. MOREHEAD. I have known the claimants for 48 years. There were certain customs practiced on these reservations at that time and they did certain things for the Indians, and it was necessary for the agent to be favorable to the claimants if they secure their rights.

I am not the author of the bill, but I have an acquaintance with these people and am familiar with the history of the case. I have an explanatory statement here which I will read, if I have sufficient time:

Antoine Barada was an Omaha Indian of the half blood, and he had two full sisters, Margaret Sloan and Mary Jane Paul. They were enrolled, recognized members of the Omaha Tribe, and paid annuities in common with other members, there being no distinction in membership as to whole- or mixed-blood Indians.

Antoine Cabney, oldest child and son of Mary Jane Paul, was sent to school at St. Louis, where he developed into a steamboat engineer. His employment kept him away from the Indian reservation. His children were born and lived away from the Indian country, and not any of them were living on the Omaha Reservation in 1865 or 1882 or during the allotment period. He was an allottee on the Half-breed Indian Reservation, was allotted on the Omaha Reservation, and all his descendants who were born in time to have allotments, which included grandchildren. His wife, a white woman, Anna Cabney, was allotted as an Indian, although she was not a resident on the reservation in the year 1882 or the following year. His grandchildren were one sixteenth Indian.

The family of Amelia Campbell were situated the same as the Cabney family, and all were allotted.

The same is true of the large family of Theresa Fuller; not one of them ever lived upon the Omaha Reservation or had a home there, still they were all allotted.

Joseph LaFlesche, who was one of the chiefs who signed the treaty of 1865, was a half-blood Ponca and French; he was married to an Omaha Indian woman. He caused the insertion of the clause "including their half- or mixed-blood relatives now residing with them", for the purpose of extending the benefits of that treaty to himself and children, some of whom were not of Omaha Indian blood. This clause was intended to be inclusive, but was construed the other way.

Antoine Barada kept up his contact with the Omaha Tribe of Indians, and the older chiefs all knew him, and his family was enrolled and received annuities. In the earlier days of payments under the treaties the money was turned over to the chiefs, and the chief of the band to which Antoine Barada belonged always paid him the shares that belonged to his family. As such payments were occasions for visiting and feasting, scattered Omaha Indians came to the payments at their own agencies if it was possible. But often the chief used to send the money to the Barada family.

Later a rule was made, without authority of law, that payments were not made to any who did not come to the reservation. This was done to force roving bands, some of whom were hunting or trapping, to return to the reservation. It was a means of settlers getting Indians out of the way and securing their camping and hunting grounds. As mixed bloods were usually farmers, and if located at a distance they could not readily return to the reservation, and the white officials did not know them nor about them and made up the rolls excluding all who were not on the reservation. In that way many names were lost and contact broken. But that rule was not applied to the Cabneys, nor the Fullers, nor to the Campbells, and many others. There was an entire lack of consistency in applying the rules, and as rules they should have been consistently applied. They were not. The result that Thomas Barada was born and raised an Indian in the Indian country was denied, while relatives with only one fourth as much Indian blood as he, and never a resident in the Indian country, were accepted and allotted and paid all shares of moneys paid to the tribe.

The same blooded relations were allotted lands, and the children received the same recognition. The intent and purpose of this bill is to have these people enrolled just as members or relatives of their own family have been enrolled, although I cannot say that it would not be an expense in course of time.

It is not a matter of history but it was a practice that when any of the tribal relatives came there to settle on the land, they always furnished a feast for the Indians. The agent at that time on the reservation made an unfavorable report as the heads of these families refused to comply with the customs previously established. I knew these heads of families personally and they had ideas of their own; and they were kept off the rolls for not complying with this established custom.

Mr. ELTSE of California. But it is a fact, is it not, they are not permitted to have any claim on tribal lands or to share in any of the money?

Mr. MOREHEAD. None whatever.

Mr. ELTSE of California. And is it not a fact also that these very Indians named here by name have interbred with the whites and are now pretty well removed so far as their Indian blood is concerned? Is it not a fact they are pretty well removed from Indian blood at the present time?

Mr. MOREHEAD. Like most Indians, they have married and intermarried. I live in southeast Nebraska. Back in the early days the Indians in that part of the country intermarried with the whites.

Mr. ELTSE of California. But is it not true that they have so intermarried with the whites that they have practically pulled away from the Indians; that they felt that the Indians were not good enough for them?

Mr. MOREHEAD. No; they are living among them. The lady who is here looking after this claim is a woman 60 years of age.

Mr. TABER. Does this bill give them some claim against the Government?

Mr. MOREHEAD. No; I understand not.

Mr. HOWARD. It is for an investigation only. They can have no claim whatever against the Government unless the Secretary of the Interior shall discover as a result of his investigations that they are entitled to it.

Now, I shall thank the gentleman from New York and the gentleman from California if they will permit me to supplement what my colleague has said in this regard by just calling attention to one paragraph in the Secretary's report which is not friendly to the legislation. That paragraph calls our attention to the case of *Sloan* v. *United States* (118 Fed. 283), which goes fully into the facts, and so forth. In that case Thomas Sloan, a man of half Indian blood and a learned man among the Indians, bore exactly the same relation to the roll as do the people whose names are mentioned in this bill. Sloan was admitted to the roll and enjoys all the benefits of that enrollment at the present time.

I may say to the gentleman from New York that I am personally acquainted with the fact and I may say to the gentleman that I know of my own personal knowledge that Mrs. Mitchell, her children, and her grandchildren are recognized as members of the tribe and have always participated in every tribal function which went to the benefit of any member of the tribe.

Mr. TABER. Why were they not enrolled before?

Mr. HOWARD. For the reasons we tried to state, but have not had an opportunity to explain all of them.

In the early days enrollment commissioners did not at all understand the Indians. There were men and women commissioners who were not competent to understand, and somehow or other they became inflamed against a certain branch of this family or that family. One certain enrollment commissioner did that. For this reason these people, who had lived on their allotment for 8 or 10 years, were absolutely dispossessed of their possessions after they had held them through all these years. If we had time we could explain, but we cannot in a legislative program of this kind go into minute detail; but I beg of you gentlemen to accept the word of the gentleman from Nebraska [Mr. MOREHEAD] and myself for the fact that these people are in fact members of the Omaha Tribe and recognized as such by the Omaha tribal council, and have been for years.

Mr. TABER. How big an appropriation will be required under this bill?

Mr. HOWARD. Indeed, I have never figured on it at all.

Mr. MILLARD. Mr. Speaker, I demand the regular order.

The SPEAKER. The regular order is demanded.

Mr. TABER, Mr. WOLCOTT, and Mr. ELTSE of California objected.

EXAMINATION OF OGEECHEE RIVER, STATE OF GEORGIA

The Clerk called the next bill, H.R. 7793, authorizing a preliminary examination of the Ogeechee River in the State of Georgia, with a view to controlling of floods.

Mr. WOLCOTT. Mr. Speaker, reserving the right to object, this seems to be a departure from the procedure which has been formerly followed with reference to these bills. I have been told by older Members of the House that this is about the first time a bill of this nature has been reported out of the Flood Control Committee. It seems to me that we should protect the integrity and jurisdiction of our several legislative committees, and if this is within the province of the Rivers and Harbors Committee they should take and maintain jurisdiction over this class of legislation. Of course, I know that the Rivers and Harbors Committee do not think it advisable, or the leaders, or someone at least, does not think it is advisable to report out a rivers and harbors bill. I am constrained to object for the reason that the Rivers and Harbors Committee should have jurisdiction of this bill.

Mr. PARKER. I may say to the gentleman that the Rivers and Harbors Committee, on which I hold membership the same as the Flood Control Committee, has reported a bill at this session of Congress, and it does not include this kind of measure.

Mr. WILSON. May I give the gentleman some information?

Mr. WOLCOTT. Just a moment. I am under the impression that no river and harbor bill, as we generally consider it, has been reported out of the Rivers and Harbors Committee.

Mr. PARKER. It has already been reported.

Mr. WOLCOTT. May I ask the gentleman to give me the number, and the calendar number if it is on the calendar? I should like to refer to it, because I have been told we could not expect a river and harbor bill at this session of Congress.

Mr. WILSON. It is here.

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

Mr. WILSON. Mr. Speaker, I should like to give the gentleman some information.

Mr. ELTSE of California. Mr. Speaker, I demand the regular order.

The SPEAKER. The regular order is demanded.

Mr. WOLCOTT. I will have to object, Mr. Speaker, if the regular order is demanded.

I have asked unanimous consent that this be passed over without prejudice in order to give us a little time to study the matter.

Mr. WILSON. I should be glad to give the gentleman some information now.

The SPEAKER. Is there objection to passing the bill over without prejudice?

Mr. WILSON. Mr. Speaker, reserving the right to object, may I give the gentleman some information? There have been many surveys made for flood control and we have passed many bills too where preliminary examinations have been made. Where flood control is the chief object we have passed bills authorizing a complete survey through the engineers of the Army as especially provided in the Flood Control Act. The Rivers and Harbors Committee does not ask for jurisdiction of matters of this kind. The Flood Control Act especially authorizes these preliminary examinations in order to find out the feasibility of adopting certain flood-control projects.

Mr. WOLCOTT. Mr. Speaker, I renew my unanimous-consent request that this bill be passed over without prejudice.

Mr. PARKER. Mr. Speaker, I object. Let them kill the bill if they want to.

Mr. TABER, Mr. ELTSE of California, and Mr. WOLCOTT objected.

DONATION OF LAND TO THE TOWN OF BOURNE, MASS.

The Clerk called the next bill, H.R. 503, to authorize the donation of certain land to the town of Bourne, Mass.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of War is hereby authorized to convey without charge to the town of Bourne, Mass., for school playground purposes, two small parcels of land aggregating about six tenths of an acre located in the vicinity of the Bourne Grammar School in said town, which land was acquired by the United States in connection with the acquisition of the Cape Cod Canal: *Provided*, That such conveyance shall be made with the express condition that the land shall be used for school playground purposes and no other, and that in case it is not so used it shall revert to the United States.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

WELFARE OF THE INDIANS

The Clerk called the next resolution, H.J.Res. 257, authorizing the Secretary of the Interior to arrange with the several States or Territories for the education, medical attention, relief of distress, and social welfare of the Indians, and for other purposes.

Mr. HASTINGS. Mr. Speaker, reserving the right to object, I understand from the author of the bill that it is agreeable to accept an amendment to the bill, to be known as section 5, to the effect that the provisions of the bill shall not apply to the State of Oklahoma.

Mr. O'MALLEY. Mr. Speaker, the Senate has passed an identical bill, and I ask unanimous consent that the Senate bill be substituted for the House measure. The Senate bill is on the Speaker's desk.

The SPEAKER. Is there objection to the substitution of the Senate bill, S. 2571?

There was no objection.

There being no objection, the Clerk read the Senate bill, as follows:

Be it enacted, etc., That the Secretary of the Interior is hereby authorized, in his discretion, to enter into a contract or contracts with any State or Territory having legal authority so to do, for the education, medical attention, agricultural assistance, and social welfare, including relief of distress, of Indians in such State or Territory, through the qualified agencies of such State or Territory, and to expend under such contract or contracts moneys appropriated by Congress for the education, medical attention, agricultural assistance, and social welfare, including relief of distress, of Indians in such State.

SEC. 2. That the Secretary of the Interior, in making any contract herein authorized with any State or Territory, may permit such State to utilize for the purpose of this act, existing school buildings, hospitals, and other facilities, and all equipment therein or appertaining thereto, including livestock and other personal property owned by the Government, under such terms and conditions as may be agreed upon for their use and maintenance.

SEC. 3. That the Secretary of the Interior is hereby authorized to perform any and all acts and to make such rules and regulations, including minimum standards of service, as may be necessary and proper for the purpose of carrying the provisions of this act into effect: *Provided*, That such minimum standards of service are not less than the highest maintained by the States or Territories with which said contract or contracts, as herein provided, are executed.

SEC. 4. That the Secretary of the Interior shall report annually to the Congress any contract or contracts made under the provisions of this act, and the moneys expended thereunder.

Mr. HASTINGS. Mr. Speaker, I shall continue to reserve the right to object for the purpose of asking the author of the bill if it is agreeable to accept this amendment.

Mr. O'MALLEY. Mr. Speaker, as I understand, the amendment proposes to exempt the State of Oklahoma from the application of this bill. If the amendment does only that, I am willing to accept it rather than have the gentleman from Oklahoma object to the consideration of the bill.

The Clerk read as follows:

Amendment offered by Mr. HASTINGS: On page 2, at the end of the bill, add a new section, to read as follows:

"SEC. 5. That the provisions of this act shall not apply to the State of Oklahoma."

Mr. MOTT. Mr. Speaker, reserving the right to object, I should like to ask the gentleman from Oklahoma what is the reason for exempting Oklahoma and not every other State that has a number of Indians?

Mr. HASTINGS. I did not want to take up the time of the House for the purpose of discussing the bill——

Mr. MOTT. If the gentleman please, I do not wish to have him discuss it, if he will just answer my question.

Mr. ZIONCHECK. Mr. Speaker, I demand the regular order.

Mr. BLANTON. Mr. Speaker, I make the point of order that the objection stage has been passed and the gentleman from Oklahoma is now offering an amendment.

Mr. HASTINGS. No; I reserved the right to object.

Mr. BLANTON. But the gentleman's amendment is before the House and the bill has passed the objection stage.

Mr. HASTINGS. There is no objection to the amendment, as I understand it.

The SPEAKER. The gentleman from Oklahoma is recognized for 5 minutes on the amendment.

Mr. MARTIN of Massachusetts. Mr. Speaker, the gentleman from Oregon [Mr. MOTT] was on his feet trying to get recognition.

Mr. MOTT. Mr. Speaker, if the gentleman will take a moment of his 5 minutes, that will be enough for me.

Mr. HASTINGS. That is what I intended to do.

Mr. MOTT. Mr. Speaker, I withdraw my reservation of objection.

Mr. BYRNS. Mr. Speaker, I make the point of order that a reservation of objection is not in order at this time. It is a question of the consideration of the amendment offered by the gentleman from Oklahoma [Mr. HASTINGS]. The bill has passed the objection stage.

Mr. MOTT. Mr. Speaker, I have already withdrawn the reservation of objection.

Mr. BYRNS. Mr. Speaker, I make the point of order there is nothing to withdraw.

The SPEAKER. The gentleman from Tennessee [Mr. BYRNS] is correct. The gentleman from Oklahoma is recognized for 5 minutes on his amendment.

Mr. HASTINGS. The amendment was accepted by the author of the bill, and I did not care to discuss it except to answer the inquiry of the gentleman from Oregon. If the gentleman from Oregon does not want any further explanation, and if no one else wants any further explanation, and if I am assured the amendment is acceptable, I do not care to take up the time of the House.

Mr. O'MALLEY. Mr. Speaker, I am willing to accept the amendment.

Mr. MOTT. The gentleman from Oregon does want information on the point I asked the gentleman about.

Mr. HASTINGS. I may state, briefly, we have five or six Indian agencies in the State of Oklahoma. They have representatives scattered throughout every county and every subdivision of the State, and I think the Indian Service is better equipped to render this service to the Indians than my State. I know that my State is not equipped to render this service as efficiently or as adequately or as sympathetically as the Indian Service, and for this reason I have asked that the State of Oklahoma be excepted.

Mr. MOTT. If the gentleman will yield for another question, does the gentleman think the enactment of this bill would in anywise interfere with the nonreservation Indian boarding schools and the appropriations made from time to time for these schools?

Mr. HASTINGS. I do not believe it would. I do not believe it was intended to do that.

Mr. BLANTON. But the gentleman does not want to take any chances on it.

Mr. HASTINGS. I do not want to take any chances so far as my State of Oklahoma is concerned, and I am willing that the rest of you shall accept the responsibility so far as your States are concerned.

The amendment was agreed to.

Mr. DIMOND. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DIMOND: On page 2, line 3, after the word "State", insert "or Territory."

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House joint resolution (H.R.Res. 257) was laid on the table.

REVISION OF THE BOUNDARIES OF THE FREMONT NATIONAL FOREST

The Clerk read the title of the next bill on the calendar, H.R. 4934, to authorize the revision of the boundaries of the Fremont National Forest in the State of Oregon.

The SPEAKER. Is there objection?

Mr. WOLCOTT. Reserving the right to object, I should like to have the gentleman from Oregon explain whether it is contemplated to take any private lands?

Mr. PIERCE. This is the national forest southeast of Oregon. The object is to take up forest reserves that are very jagged, which were laid out in an early day. Much land was left out and is in the public domain. The object is to take in many of these tracts. It will cut down the boundary line from 1,200 miles to 600 miles. It will take in something like 200,000 acres of land that is now in the public domain.

Mr. WOLCOTT. The report says "not to exceed 250,000 acres of public lands." The bill provides for taking such lands without specifying the amount. My point was whether it is necessary for park services to acquire private lands.

Mr. PIERCE. No; it is public land, and there will be no expense to it, and it would be administered much cheaper than it is now.

Mr. BLANCHARD. I notice on the first page of the report it says "subject to valid existing claims." What does that mean?

Mr. PIERCE. If a person has land that they do not want included, it will not be.

Mr. BLANCHARD. I thought the gentleman said it was all public domain.

Mr. PIERCE. Some people might want to trade it in.

Mr. BLANCHARD. Then it is possible we are acquiring some private lands.

Mr. PIERCE. No; not in the least.

There being no objection, the Clerk read a similar Senate bill, as follows:

S. 1983

Be it enacted, etc., That the President of the United States be, and hereby is, authorized to revise the boundaries of the Fremont National Forest in the State of Oregon so as to include within that national forest, subject to valid existing claims, such lands within the State of Oregon as he considers desirable for the production of timber, the protection of stream flow, and/or the regulation and improvement of the grazing resources: *Provided*, That the boundaries of said national forest shall not be extended more than 6 miles from the present boundaries thereof or from the north boundary of the Modoc National Forest: *And provided further*, That the lands of the United States which may be given a national-forest status under the provisions of this act shall not

exceed 250,000 acres. All lands included within the boundaries of the Fremont National Forest under authority of this act shall thereupon become subject to all laws relating to the national forests.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill was laid on the table.

BOUNDARY LINES OF THE CHIPPEWA INDIAN TERRITORY, STATE OF MINNESOTA

The Clerk read the title of the next bill on the calendar, H.R. 7549, to establish the boundary lines of the Chippewa Indian territory in the State of Minnesota.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That on and after the passage of this act the territory in Minnesota to be considered as Indian-treaty territory under provisions of article 7 of the treaty of September 30, 1854 (10 Stat.L. 1109), between the United States and the Chippewa Indians of Lake Superior, and article 7 of the treaty of February 22, 1855 (10 Stat.L. 1165–1169), between the United States and the Mississippi Bands of Chippewa Indians shall be reduced to the territory within the boundaries described as follows:

Beginning at the northwest corner of township 154 north, range 38 west, fifth principal meridian, in Minnesota; thence east along the township line between townships 154 and 155 to its intersection with the north shore of Upper Red Lake; thence easterly along the north shore of Upper Red Lake to a point due north of the northeast corner of lot 4, section 23, township 153 north, range 32 west; thence due south to the northeast corner of lot 4, section 23, township 153 north, range 32 west; thence continuing due south to the southeast corner of lot 7, section 22, township 152 north, range 32 west; thence southwest to the southern point of lot 2, section 34, township 152 north, range 32 west; thence south to the southeast corner of section 21, township 151 north, range 32 west; thence west to the northeast corner of lot 1, section 30, township 151 north, range 32 west; thence south to the southeast corner of lot 7, section 18, township 150 north, range 32 west; thence due west to the Clearwater River; thence northwesterly along the Clearwater River to the range line between township 151 north, ranges 38 and 39 west; thence north along said range line to the point of beginning.

With the following committee amendment:

Strike out all after the enacting clause and insert the following: "That on and after the passage of this act lands in Minnesota ceded to the United States by the treaty of September 30, 1854 (10 Stat.L. 1109), between the United States and the Chippewa Indians of Lake Superior and the Mississippi, and by the treaty of February 22, 1855 (10 Stat.L. 1165), between the United States and the Mississippi Bands of Chippewa Indians, shall no longer be considered as 'Indian country' for the purposes of articles 7 of said treaties: *Provided*, That the Indian liquor laws shall continue to be in force on all Indian reservations or other lands owned or hereafter acquired by Indian tribes, or by the United States Government for the use or benefit of Indians or for the administration of Indian affairs; on individual Indian allotments or other individual Indian-owned lands while the title to same is held in trust by the United States, or while the same shall remain inalienable by the Indian without the consent of some governmental officer; and on all other lands within the exterior borders of Indian reservations: *Provided further*, That the Indian liquor laws shall continue to apply to the sale, gift, barter, exchange, etc., of liquors to ward Indians of the classes set forth in the act of January 30, 1897 (29 Stat.L. 506)."

The committee amendment was agreed to.

The title was amended.

The bill, as amended, was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

ALASKAN FISHERIES LEGISLATION

The Clerk read the title of the next bill on the calendar, H.R. 6175, to amend an act entitled "An act to amend sections 3 and 4 of an act of Congress entitled 'An act for the protection and regulation of the fisheries of Alaska', approved June 26, 1906, as amended by the act of Congress approved June 6, 1924, and for other purposes."

Mr. BLAND. Mr. Speaker, I ask that a similar Senate bill on the calendar be substituted, S. 3022.

There being no objection, the Clerk read the Senate bill, as follows:

Be it enacted, etc., That section 3 of the act of Congress entitled "An act for the protection and regulation of the fisheries of Alaska", approved June 26, 1906, as amended by the act of Congress entitled "An act for the protection of the fisheries of Alaska, and for other purposes", approved June 6, 1924, be, and the same is hereby, amended to read as follows:

"SEC. 3. That it shall be unlawful to erect or maintain any dam, barricade, fence, trap, fishwheel, or other fixed or stationary obstruction, except for purposes of fish culture, in any of the waters of Alaska at any point where the distance from shore to shore is less than 1,000 feet, or within 500 yards of the mouth of any creek, stream, or river into which salmon run, excepting the Karluk, Ugashik, Kuskokwim, and Yukon Rivers, with the purpose or result of capturing salmon or preventing or impeding their ascent to the spawning grounds, and the Secretary of Commerce is hereby authorized and directed to have any and all such unlawful obstructions removed or destroyed: *Provided, however*, That the exception hereinabove contained with reference to the Kuskokwim and Yukon Rivers shall be solely for the purpose of enabling native Indians and bona fide permanent white inhabitants along the said rivers to take from said rivers for commercial purposes and for export from the Territory of Alaska king salmon in such manner and such quantities, and at such times as the Secretary of Commerce may, by suitable regulations, from time to time permit: *Provided further*, That no person shall be deemed to be a bona fide permanent inhabitant of the said rivers who has not resided thereon, or within 50 miles thereof for a period of over 1 year, and that the term 'native Indians' as used herein shall be taken to mean members of the aboriginal races inhabiting Alaska when annexed to the United States, and their descendants of the whole or half blood. For the purposes of this section, the mouth of such creek, stream, or river shall be taken to be the point determined as such mouth by the Secretary of Commerce and marked in accordance with this determination. It shall be unlawful to lay or set any seine or net of any kind within 100 yards of any other seine, net, or other fishing appliance which is being or which has been laid or set in any of the waters of Alaska, or to drive or to construct any trap or other fixed fishing appliance within 600 yards laterally or within 100 yards endwise of any other trap or fixed fishing appliance."

SEC. 2. That section 4 of the act of Congress entitled "An act for the protection and regulation of the fisheries of Alaska", approved June 26, 1906, as amended by the act of Congress entitled "An act for the protection of the fisheries of Alaska, and for other purposes", approved June 6, 1924, be, and the same hereby is, amended to read as follows:

"SEC. 4. That it shall be unlawful to fish for, take, or kill any salmon of any species or by any means except by hand rod, spear, or gaff in any of the creeks, streams, or rivers of Alaska; or within 500 yards of the mouth of any such creek, stream, or river over which the United States has jurisdiction, excepting the Karluk, Ugashik, Yukon, and Kuskokwim Rivers: *Provided*, That nothing herein contained shall prevent the taking of fish for local food requirements or for use as dog feed: *Provided further*, That the exception hereinabove contained with reference to the Kuskokwim and Yukon Rivers shall be solely for the purpose of enabling native Indians and bona fide permanent white inhabitants along the said rivers to take from said rivers for commercial purposes and for export from the Territory of Alaska king salmon in such manner and such quantities, and at such times as the Secretary of Commerce may, by suitable regulations, from time to time permit: *Provided further*, That no person shall be deemed to be a bona fide permanent inhabitant of said rivers who has not resided thereon or within 50 miles thereof for a period of over 1 year, and that the term "native Indians' as used herein shall be taken to mean members of the aboriginal races inhabiting Alaska when annexed to the United States, and their descendants of the whole or half blood."

Mr. BLAND. Mr. Speaker, I offer the following amendment.

The Clerk read as follows:

Page 3, line 11, insert the word "any" before the word "other."

The amendment was agreed to.

Mr. BLAND. Now I move to amend the title so as to read: "To amend sections 3 and 4 of an act of Congress entitled 'An act for the protection and regulation of the fisheries of Alaska', approved June 26, 1906, as amended by act of Congress approved June 6, 1924, and for other purposes."

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed.

A similar House bill was laid on the table.

A motion to reconsider was laid on the table.

TRANSFERRING CERTAIN LANDS FROM UNITED STATES TO WILMINGTON, DEL., ETC.

The Clerk called the next bill, H.R. 7423, providing for the transfer of certain lands from the United States to the city of Wilmington, Del., and from the city of Wilmington, Del., to the United States.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized to convey to the mayor and council of Wilmington, a municipal corporation of the State of Delaware, for street purposes only, all the right, title, and interest of the

United States to the following-described parcels of land which form a part of the new post-office site at Wilmington, Del.:

Tract 1. Beginning at the intersection of the southeasterly side of Market Street at 65 feet 6 inches wide and the northeasterly side of Eleventh Street at 69 feet wide; thence northeasterly along the said side of Market Street 265 feet 3 inches to the southwesterly side of Twelfth Street at 85 feet wide; thence southeasterly along the said side of Twelfth Street 10 feet 6 inches to a point; thence southwesterly parallel to Market Street 265 feet 3 inches to the first-mentioned northeasterly side of Eleventh Street; thence thereby northwesterly 10 feet 6 inches to the place of beginning, containing therein approximately 2,782 square feet.

Tract 2. Beginning at a point on the northeasterly side of Eleventh Street at 69 feet wide distant 10 feet 6 inches southeasterly from the southeasterly side of Market Street at 65 feet 6 inches wide; thence southeasterly along the said side of Eleventh Street 200 feet to the northwesterly side of King Street at 65 feet 6 inches wide; thence northeasterly along the last-mentioned side of King Street 18 feet to a point; thence northwesterly parallel to Eleventh Street 200 feet to a point distant 10 feet 6 inches southeasterly from the southeasterly side of Market Street at 65 feet 6 inches wide; thence southwesterly parallel to Market Street 18 feet to the place of beginning, containing therein approximately 3,600 square feet, in consideration of the conveyance by the mayor and council of Wilmington, a municipal corporation of the State of Delaware, to the United States of a valid title in and to the following-described parcel of land as an addition to the aforesaid post-office site:

Beginning at intersection of the northwesterly side of King Street (at 65 feet 6 inches wide) and the southwesterly side of Twelfth Street (as the same is at present established at 85 feet in width); thence northwesterly along the last-mentioned side of Twelfth Street 200 feet to a point distant 10 feet 6 inches southeasterly from the southeasterly side of Market Street as the same is at present established at 65 feet 6 inches in width; thence northeasterly parallel to Market Street 32 feet to a point; thence southeasterly parallel to the first-mentioned side of Twelfth Street 200 feet to the northwesterly side of King Street extended; thence thereby southwesterly 32 feet to the place of beginning.

Provided, however, That there shall be reserved to the United States an easement in perpetuity to construct and maintain a coal pit approximately 12 feet wide extending under the sidewalk in the 18-foot strip of land under Eleventh Street to be conveyed to the mayor and council of Wilmington, a municipal corporation of the State of Delaware, from a point approximately 16½ feet southeasterly from the southeasterly side of Market Street in a southeasterly direction a distance of approximately 50 feet.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

BRIDGE ACROSS COLUMBIA RIVER, ASTORIA, OREG.

The Clerk again called the bill S. 2545, to extend the times for commencing and completing the construction of a bridge across the Columbia River at or near Astoria, Oreg.

The SPEAKER. Is there objection?

Mr. COCHRAN of Missouri. Mr. Speaker, I reserve the right to object. The gentleman from Oregon [Mr. MOTT] has agreed to offer an amendment to this bill placing authority to construct the bridge in the county or State, and with that assurance I have no objection.

Mr. MOTT. That is correct. Mr. Speaker, I offer an amendment which I think will satisfy the objection of the gentleman from Missouri and which I am sure will clarify the intent of the bill.

The SPEAKER. Is there objection?

Mr. WOLCOTT. Mr. Speaker, I reserve the right to object. I call the attention of the committee to the fact that the Acting Secretary, in his report, reported unfavorably, and I think some explanation should be made by the committee why it reported the bill out favorably in the face of an unfavorable report from Mr. Tugwell. Mr. Tugwell, in his report, sets forth:

> When the original bill was pending to authorize Mr. Tenbrook to construct this bridge, this Department advised your committee that it was the view of the Department that a private toll bridge should not be constructed at the point proposed, for which reason recommendation against favorable action on the bill was made. However, the authority was granted, and almost 4 years have elapsed, and apparently Mr. Tenbrook has been unable to arrange for the construction of the bridge. It is not believed that he is entitled to the further time extensions which the pending bill proposes.

Mr. MOTT. Mr. Speaker, will the gentleman yield?

Mr. WOLCOTT. Yes.

Mr. MOTT. The reason for the unfavorable report of the Acting Secretary of Agriculture is because that report was made on the original bill, and there was nothing in the wording of the bill to indicate that the bridge was ultimately to become public property. This is in reality entirely a public project and is to be built under the authority of a public body, as the clarifying amendment I have offered states. The people interested are the people of the county of Clatsop, in Oregon; the city of Astoria, Oreg.; and the county of Pacific, in Washington. In a technical sense the bridge will actually be built by a private corporation consisting of a number of citizens of my State, who in the public interest have associated themselves together for the purpose of accomplishing the building of the bridge and operating it without profit to themselves until it is paid for. They are merely a holding company and hold the title to the bridge virtually as trustees for the counties of Clatsop and Wahkiakum and the city of Astoria; and the trust agreement provides that the title to the bridge shall be transferred to those public bodies when, through the tolls charged, the cost of the bridge shall have been liquidated, and that no profit whatever shall be made by the holding company.

Mr. WOLCOTT. In view of the gentleman's statement, I withdraw my reservation of objection.

Mr. MOTT. I thank the gentleman, and I now wish to state that I intend to withdraw objection to all the bridge bills to which I objected on yesterday's calendar following the exchange of views between the gentleman from Missouri and myself on the floor yesterday.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the times for commencing and completing the construction of a bridge across the Columbia River at or near Astoria, Oreg., authorized to be built by J. C. Tenbrook, as mayor of Astoria, Oreg., his successors in office and assigns, by an act of Congress approved June 10, 1930, are hereby extended 1 and 3 years, respectively, from February 9, 1934.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

Mr. MOTT. Mr. Speaker, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Page 1, line 9, after the figures "1934", strike out the period, insert a comma and the following: "and said act is hereby amended by striking out the words 'J. C. Tenbrook, as mayor of Astoria, Oreg.', wherever they appear in act and by inserting in lieu thereof the following:

"'The county court of Clatsop County, Oreg.: *Provided*, That the Rivers Improvement Corporation (an Oregon corporation), assignee of the right to build such bridge under such act, and organized solely to construct such bridge for the public, shall contract to transfer such bridge upon the liquidation of all costs or obligations with respect to the construction thereof to the county of Clatsop, Oreg., city of Astoria, Oreg., and/or Pacific County, Wash., as may be agreed among them, without profit to said Rivers Improvement Corporation, and without cost to such public bodies, in such manner as will not involve such public bodies as the holder or owner of any stock in any association, joint-stock company, or corporation.'"

The SPEAKER. The question is on agreeing to the amendment.

THE ASTORIA BRIDGE BILL IS PASSED

The amendment was agreed to; and the bill as amended was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

BRIDGE ACROSS OHIO RIVER AT CAIRO, ILL.

The Clerk read the next bill, S. 2675, creating the Cairo Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the Ohio River at or near Cairo, Ill.

The SPEAKER. Is there objection?

Mr. ZIONCHECK. Reserving the right to object, what has happened with the authority that was given to the Kentucky Highway Commission to build this bridge?

Mr. KELLER. The Kentucky Highway Commission has announced that they will not build the bridge, and they are perfectly willing for us to do it.

Mr. ZIONCHECK. I withdraw my reservation of objection, Mr. Speaker.

Mr. ELTSE of California. Mr. Speaker, reserving the right to object, I should like to ask the gentleman a question. Yesterday this bill came up and it was proposed that the bill be amended to withdraw these bonds from the tax-exemption privilege.

Mr. KELLER. I have talked that over with the gentleman from Michigan [Mr. WOLCOTT], and I call attention to this fact, that this is simply a rewriting, word for word, with the exception of one word, and that applying to the difference in time, 40 years instead of 30 years, of a bill passed for the gentleman from New York [Mr. SNELL], at the last session, covering a bridge at Ogdensburg, N.Y. The bills are word for word. As I understand it, there are three bills of this kind only. They go out and get the money themselves and build the bridge and turn it back to the people when the tolls have paid for it.

Mr. ELTSE of California. The Department points out that there has not been any renouncement by the Kentucky Highway Commission, and that there should be a renouncement of the right to build under the other permit.

Mr. KELLER. The Kentucky Highway Commission has stated time after time that they were not in a position to build it and were not going to build it.

The Kentucky Highway Commission expects to come in under a part of this by preparing the approaches for the bridge.

They are heartily and enthusiastically in favor of this bill.

Mr. ELTSE of California. This provides for 6-percent interest, and the bonds are redeemed at 105. Does the gentleman not think that is rather a heavy rate of interest?

Mr. KELLER. That is something that came up when the Snell bill came before this House, and that was thrashed out, and the view expressed was this, that where you are undertaking this new thing you have to allow a great deal of liberality along those lines. So that was granted.

Mr. ELTSE of California. What is the necessity of setting up a commission to build this bridge?

Mr. KELLER. What was the necessity under the Snell bill? The same as under this. As I understand, it is the regular policy.

Mr. ZIONCHECK. Mr. Speaker, the regular order.

Mr. BLANTON. Well, our friend from Washington should let the gentleman from Illinois explain the philosophic and the economic phases of this bill before he demands the regular order.

Mr. ELTSE of California. What is the necessity of setting up a commission? It provides for salaries, and so on.

Mr. KELLER. There is no other way of doing it, that I know of, because in this place where we are undertaking to go out and raise the capital and do the work, no man is going to devote his entire time to that for nothing. That is not the custom under this sort of a bill.

Mr. ELTSE of California. I withdraw my reservation of objection, Mr. Speaker.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, in order to facilitate interstate commerce, improve the Postal Service, and provide for military and other purposes, the Cairo Bridge Commission (hereinafter created, and hereinafter referred to as the "commission") and its successors and assigns, be, and is hereby, authorized to construct, maintain, and operate a bridge and approaches thereto across the Ohio River at or near the city of Cairo, Ill., at a point suitable to the interests of navigation, in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, subject to the conditions and limitations contained in this act. For like purposes said commission and its successors and assigns are hereby authorized to purchase, maintain, and operate all or any ferries across the Ohio and/or Mississippi Rivers within 10 miles of the location which shall be selected for said bridge, subject to the conditions and limitations contained in this act.

SEC. 2. There is hereby conferred upon the commission and its successors and assigns the right and power to enter upon such lands and to acquire, condemn, occupy, possess, and use such real estate and other property in the State of Illinois and the Commonwealth of Kentucky as may be needed for the location, construction, operation, and maintenance of such bridge and its approaches, upon making just compensation therefor, to be ascertained and paid according to the laws of the State in which such real estate or other property is situated, and the proceedings therefor shall be the same as in the condemnation of private property for public purposes in said States, respectively.

SEC. 3. The commission and its successors and assigns are hereby authorized to fix and charge tolls for transit over such bridge and such ferry or ferries in accordanc with the provisions of this act.

SEC. 4. The commission and its successors and assigns are hereby authorized to provide for the payment of the cost of the bridge and its approaches and the ferry or ferries and the necessary lands, easements, and appurtenances thereto by an issue or issues of negotiable bonds of the commission, bearing interest at not more than 6 percent per annum, the principal and interest of which bonds and any premium to be paid for retirement thereof before maturity shall be payable solely from the sinking fund provided in accordance with this act. Such bonds may be registrable as to principal alone or both principal and interest, shall be in such form not inconsistent with this act, shall mature at such time or times not exceeding 40 years from their respective dates, shall be in such denominations, shall be executed in such manner, and shall be payable in such medium and at such place or places as the commission may determine. The commission may repurchase and may reserve the right to redeem all or any of said bonds before maturity in such manner and at such price or prices, not exceeding 105 and accrued interest, as may be fixed by the commission prior to the issuance of the bonds. The commission may enter into an agreement with any bank or trust company in the United States as trustee having the power to make such agreement, setting forth the duties of the commission in respect of the construction, maintenance, operation, repair, and insurance of the bridge and/or the ferry or ferries, the conservation and application of all funds, the safeguarding of moneys on hand or on deposit, and the rights and remedies of said trustee and the holders of the bonds, restricting the individual right of action of the bondholders as is customary in trust agreements respecting bonds of corporations. Such trust agreement may contain such provisions for protecting and enforcing the rights and remedies of the trustee and the bondholders as may be reasonable and proper and not inconsistent with the law and also provisions for approval by the original purchasers of the bonds of the employment of consulting engineers and of the security given by the bridge contractors and by any bank or trust company in which the proceeds of bonds or of bridge or ferry tolls or other moneys of the commission shall be deposited, and may provide that no contract for construction shall be made without the approval of the consulting engineers. The bridge constructed under the authority of this act shall be deemed to be an instrumentality for interstate commerce, the Postal Service, and military and other purposes authorized by the Government of the United States, and said bridge and ferry or ferries and the bonds issued in connection therewith and the income derived therefrom shall be exempt from all Federal, State, municipal, and local taxation. Said bonds shall be sold in such manner and at such time or times and at such price as the commission may determine, but no such sale shall be made at a price so low as to require the payment of more than 6-percent interest on the money received therefor, computed with relation to the absolute maturity of the bonds in accordance with standard tables of bond values and the face amount thereof shall be so calculated as to produce, at the price of their sale, the cost of the bridge and its approaches, and the land, easements, and appurtenances used in connection therewith and, in the event the ferry or ferries are to be acquired, also the cost of such ferry or ferries and the lands, easements, and appurtenances used in connection therewith. The cost of the bridge and ferry or ferries shall be deemed to include interest during construction of the bridge, and for 12 months thereafter, and all engineering, legal, architectural, traffic-surveying, and other expenses incident to the construction of the bridge or the acquisition of the ferry or ferries, and the acquisition of the necessary property, and incident to the financing thereof, including the cost of acquiring existing franchises, rights, plans, and works of and relating to the bridge, now owned by any person, firm, or corporation, and the cost of purchasing all or any part of the shares of stock of any such corporate owner if, in the judgment of the commission, such purchases should be found expedient. If the proceeds of the bonds issued shall exceed the cost as finally determined, the excess shall be placed in the sinking fund hereinafter provided. Prior to the preparation of definitive bonds the commission may, under like restrictions, issue temporary bonds or interim certificates with or without coupons of any denomination whatsoever, exchangeable for definitive bonds when such bonds have been executed and are available for delivery.

SEC. 5. In fixing the rates of toll to be charged for the use of such bridge, the same shall be so adjusted as to provide a fund sufficient to pay for the reasonable cost of maintaining, repairing, and operating the bridge and its approaches under economical management, and to provide a sinking fund sufficient to pay the principal and interest of such bonds as the same shall fall due and the redemption or repurchase price of all or any thereof redeemed or repurchased before maturity as herein provided. All tolls and other revenues from said bridge are hereby pledged to such uses and to the application thereof as hereinafter in this section required. After payment or provision for payment therefrom of all such cost of maintaining, repairing, and operating and the reservation of an amount of money estimated to be sufficient for the same purpose during an ensuing period of not more than 6 months, the remainder of tolls collected shall be placed in the sinking fund, at intervals to be determined by the commission

prior to the issuance of the bonds. An accurate record of the cost of the bridge and its approaches, the expenditures for maintaining, repairing, and operating the same, and of the daily tolls collected, shall be kept and shall be available for the information of all persons interested. The commission shall classify in a reasonable way all traffic over the bridge, so that the tolls shall be so fixed and adjusted by it as to be uniform in the application thereof to all traffic falling within any such reasonable class, regardless of the status or character of any person, firm, or corporation participating in such traffic, and shall prevent all use of such bridge for traffic except upon payment of the tolls so fixed and adjusted. No toll shall be charged officials or employees of the commission or of the Government of the United States or any State, county, or municipality in the United States while in the discharge of their duties or municipal police or fire departments when engaged in the proper work of any such department.

SEC. 6. Nothing herein contained shall require the commission or its successors to maintain or operate any ferry or ferries purchased hereunder, but in the discretion of the commission or its successors any ferry or ferries so purchased, with the appurtenances and property thereto connected and belonging, may be sold or otherwise disposed of or may be abandoned and/or dismantled whenever in the judgment of the commission or its successors it may seem expedient so to do. The commission and its successors may fix such rates of toll for the use of such ferry or ferries as it may deem proper, subject to the same conditions as are hereinabove required as to tolls for traffic over the bridge. All tolls collected for the use of the ferry or ferries and the proceeds of any sale or disposition of any ferry or ferries shall be used, so far as may be necessary, to pay the cost of maintaining, repairing, and operating the same, and any residue thereof shall be paid into the sinking fund hereinabove provided for bonds. An accurate record of the cost of purchasing the ferry or ferries; the expenditures for maintaining, repairing, and operating the same; and of the daily tolls collected shall be kept and shall be available for the information of all persons interested.

SEC. 7. After payment of the bonds and interest, or after a sinking fund sufficient for such payment shall have been provided and shall be held for that purpose, the commission shall deliver deeds or other suitable instruments of conveyance of the interest of the commission in and to the bridge, that part within Illinois to the State of Illinois or any municipality or agency thereof as may be authorized by or pursuant to law to accept the same (hereinafter referred to as the "Illinois" interests) and that part within Kentucky to the Commonwealth of Kentucky or any municipality or agency thereof as may be authorized by or pursuant to law to accept the same (hereinafter referred to as the "Kentucky" interests), under the condition that the bridge shall thereafter be free of tolls and be properly maintained, operated, and repaired by the Illinois interests and the Kentucky interests, as may be agreed upon; but if either the Illinois interests or the Kentucky interests shall not be authorized to accept or shall not accept the same under such conditions, then the bridge shall continue to be owned, maintained, operated, and repaired by the commission, and the rates of tolls shall be so adjusted as to provide a fund of not to exceed the amount necessary for the proper maintenance, repair, and operation of the bridge and its approaches under economical management, until such time as both the Illinois interests and the Kentucky interests shall be authorized to accept and shall accept such conveyance under such conditions. If at the time of such conveyance the commission or its successors shall not have disposed of such ferry or ferries, the same shall be disposed of by sale as soon as practicable, at such price and upon such terms as the commission or its successors may determine.

SEC. 8. For the purpose of carrying into effect the objects stated in this act, there is hereby created the Cairo Bridge Commission, and by that name, style, and title said body shall have perpetual succession; may contract and be contracted with, sue and be sued, implead and be impleaded, complain, and defend in all courts of law and equity; may make and have a common seal; may purchase or otherwise acquire and hold or dispose of real estate and other property; may accept and receive donations or gifts of money or other property and apply same to the purposes of this act; and shall have and possess all powers necessary, convenient, or proper for carrying into effect the objects stated in this act.

The commission shall consist of James S. Johnson, John C. Fisher, Reed Green, and Ray Williams, of the city of Cairo, Ill., and M. C. Anderson, of Ballard County, Ky. Such commission shall be a body corporate and politic. Each member of the commission shall qualify within 30 days after the approval of this act by filing in the office of the Secretary of Agriculture an oath that he will faithfully perform the duties imposed upon him by this act, and each person appointed to fill a vacancy shall qualify in like manner within 30 days after his appointment. Any vacancy occurring in said commission by reason of failure to qualify as above provided, or by reason of death or resignation, shall be filled by the Secretary of Agriculture. Before the issuance of bonds as hereinabove provided, each member of the commission shall give such bond as may be fixed by the Chief of the Bureau of Public Roads of the Department of Agriculture, conditioned upon the faithful performance of all duties required by this act. The commission shall elect a chairman and a vice chairman from its members, and may establish rules and regulations for the government of its own business. A majority of the members shall constitute a quorum for the transaction of business.

SEC. 9. The commission shall have no capital stock or shares of interest or participation, and all revenues and receipts thereof shall be applied to the purposes specified in this act. The members of the commission shall be entitled to a per diem compensation for their services of $10 for each day actually spent in the business of the commission, but the maximum compensation of the chairman in any year shall not exceed $2,500 and of each other member shall not exceed $500. The members of the commission shall also be entitled to receive traveling-expense allowance of 10 cents a mile for each mile actually traveled on the business of the commission. The commission may employ a secretary, treasurer, engineers, attorneys, and such other experts, assistants, and employees as they may deem necessary, who shall be entitled to receive such compensation as the commission may determine. All salaries and expenses shall be paid solely from the funds provided under the authority of this act. After all bonds and interest thereon shall have been paid and all other obligations of the commission paid or discharged, or provision for all such payment shall have been made as hereinbefore provided, and after the bridge shall have been conveyed to the Illinois interests and the Kentucky interests as herein provided, and any ferry or ferries shall have been sold, the commission shall be dissolved and shall cease to have further existence by an order of the Chief of the Bureau of Public Roads made upon his own initiative or upon application of the commission or any member or members thereof, but only after a public hearing in the city of Cairo, notice of the time and place of which hearing and the purpose thereof shall have been published once, at least 30 days before the date thereof, in a newspaper published in the city of Cairo, and a newspaper published in Ballard County, Ky. At the time of such dissolution all moneys in the hands of or to the credit of the commission shall be divided into two equal parts, one of which shall be paid to said Illinois interests and the other to said Kentucky interests.

SEC. 10. Nothing herein contained shall be construed to authorize or permit the commission or any member thereof to create any obligation or incur any liability other than such obligations and liabilities as are dischargeable solely from funds provided by this act. No obligation created or liability incurred pursuant to this act shall be an obligation or liability of any member or members of the commission but shall be chargeable solely to the funds herein provided, nor shall any indebtedness created pursuant to this act be an indebtedness of the United States.

SEC. 11. All provisions of this act may be enforced, or the violation thereof prevented, by mandamus, injunction, or other appropriate remedy brought by the attorney general for the State of Illinois, the attorney general for the Commonwealth of Kentucky, or the United States district attorney for any district in which the bridge may be located in part, in any court having competent jurisdiction on the subject matter and of the parties.

SEC. 12. The right to alter, amend, or repeal this act is hereby expressly reserved.

With the following committee amendment:

On page 9, line 24, insert a new paragraph as follows:

"(a) Notwithstanding any restriction or limitation imposed by the act entitled 'An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes', approved July 11, 1916, or by the Federal Highway Act, or by any act amendatory of or supplemental to either thereof, the Secretary of Agriculture may extend Federal aid under such acts, for the construction of said bridge, out of any moneys allocated to the State of Illinois with the consent of the department of public works and buildings of said State, and out of any moneys allocated to the State of Kentucky with the consent of the State highway commission of said State."

The committee amendment was agreed to.

The bill as amended was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

HIGHWAY BRIDGE ACROSS MISSOURI RIVER NEAR ATCHISON, KANS.

The Clerk called the next bill, H.R. 6898, authorizing the city of Atchison, Kans., and the county of Buchanan, Mo., or either of them, or the States of Kansas and Missouri, or either of them, or the highway departments of such States, acting jointly or severally, to construct, maintain, and operate a free highway bridge across the Missouri River at or near Atchison, Kans.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That in order to facilitate interstate commerce, improve the Postal Service, and provide for military and other purposes, the city of Atchison, Kans., and the county of Buchanan, Mo., or either of them, or the States of Kansas and Missouri, or either of them, or the highway departments of such States, acting jointly or severally, be, and are hereby, authorized to construct, maintain, and operate a free highway bridge and approaches thereto across the Missouri River, at a point suitable to the interests of navigation, at or near the city of Atchison, Kans., in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906.

SEC. 2. There is hereby conferred upon the city of Atchison, Kans., and the county of Buchanan, Mo., or either of them, or the States of Kansas and Missouri, or either of them, or the highway

departments of such States, acting jointly or severally, all such rights and powers to enter upon such lands and to acquire, condemn, occupy, possess, and use real estate and other property needed for the location, construction, operation, and maintenance of such bridge and its approaches as are possessed by railroad corporations for railroad purposes or by bridge corporations for bridge purposes in the State in which such real estate and other property is situated, upon making just compensation therefor, to be ascertained and paid according to the laws of such State, and the proceedings therefor shall be the same as in the condemnation or expropriation of property for public purposes in such State.

SEC. 3. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMENDING MINING LAWS, TERRITORY OF ALASKA

The Clerk called the next bill, H.R. 3843, to repeal an act of Congress entitled "An act to modify and amend the mining laws in their application to the Territory of Alaska, and for other purposes", approved August 1, 1912.

There being no objection the Clerk read as follows:

Be it enacted, etc., That the act of Congress entitled "An act to modify and amend the mining laws in their application to the Territory of Alaska, and for other purposes" (37 Stat.L. 242–243), approved August 1, 1912, be, and the same is hereby, repealed.

SEC. 2. That the general mining laws of the United States, so far as they are applicable to placer-mining claims, are hereby extended to and declared to be in full force and effect in said Territory of Alaska: *Provided*, That nothing herein shall be held to change or affect the rights acquired by locators or owners of placer-mining claims heretofore located in said Territory under the act herein repealed.

With the following committee amendment:

Page 2, line 7, insert a new section, to read as follows:

"SEC. 3. This act shall take effect 30 days subsequent to the date of convening of the first regular session of the Alaska Territorial Legislature which is held after the passage of this act."

The committee amendment was agreed to.

Mr. DIMOND. Mr. Speaker, I offer a further amendment.

The Clerk read as follows:

Mr. DIMOND, under authority from the Committee on the Territories, offered the following amendments: Page 1, line 6, after the comma following the figures "1912", strike all of the remainder of the section and insert in lieu thereof the following: "and the amendatory act of March 3, 1925 (43 Stat.L., 1118), be and the same are hereby repealed."

Page 1, line 8, strike all of section 2 down to and including the word "Alaska" on page 2, line 2, and insert in lieu thereof the following:

"SEC. 2. That the general mining laws of the United States so far as they are applicable to placer mining claims, as heretofore extended to the Territory of Alaska, and amendments thereto, except those repealed by this act, are declared to be in full force and effect in said Territory."

The amendments were agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

COLUMBUS DAY

The Clerk called the next resolution, H.J.Res. 10, requesting the President to proclaim October 12 as Columbus Day for the observance of the anniversary of the discovery of America.

Mr. BLANTON. Mr. Speaker, I reserve the right to object. Is this to be another national holiday? If it is, I am against it. We have entirely too many already.

Mr. FITZPATRICK. No; this is just to order the flag to be placed on all public buildings.

Mr. BLANTON. It is distinctly understood that in the passage of this resolution it in no way even attempts to establish a new national holiday?

Mr. FITZPATRICK. No.

Mr. BLANTON. That is understood?

Mr. FITZPATRICK. That is understood.

Mr. BLANTON. We do not want any more national holidays. I have been stopping them for years.

There being no objection, the Clerk read the bill, as follows:

Resolved, etc., That the President of the United States is authorized and requested to issue a proclamation calling upon officials of the Government to display the flag of the United States on all Government buildings on October 12 of each year and inviting the people of the United States to observe the day in schools and churches, or other suitable places, with appropriate ceremonies expressive of the public sentiment befitting the anniversary of the discovery of America.

With the following committee amendments:

Line 7, page 2, strike out "October 12 of each year" and insert in lieu thereof "said date".

Page 2, line 4, after "proclamation" insert "designating October 12 of each year as "Columbus Day and"

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

DECLARATIONS OF INTENTION

The Clerk called the next bill, H.R. 8317, to extend the validity of declarations of intention beyond 7 years.

Mr. CARTER of California. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. LANZETTA. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD at this point on the bill H.R. 8317.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. LANZETTA. Mr. Speaker, House bill 8317 amends the naturalization law with respect to the validity of declarations of intention after 7 years. Under the present law a declaration of intention, or what is commonly known as the "first paper" in an alien's application for citizenship, is valid for 7 years only.

If an alien, for some reason or other, after filing his declaration of intention, fails to file a petition for naturalization, or fails to qualify for citizenship within 7 years, he must file a new declaration of intention and wait 2 years before he can file a petition for naturalization. The petition for naturalization under no circumstances can be filed before 2 years have expired from the date of the declaration of intention, irrespective of whether the declaration of intention be the alien's first, second, or third.

The 7-year limitation on a declaration of intention accomplishes no good purpose, because compelling an alien to file a new one and wait 2 years does not improve him in any manner, shape, or form, nor does it make him better fitted to become a citizen of the United States. It is a useless gesture and smacks of a penalty for something which an alien probably could not avoid or control.

During the present economic depression the declarations of intention of a large number of aliens have expired, because lack of funds made it impossible for them to proceed with their second and last step in their naturalization proceedings.

These aliens should not be penalized to the extent of having to file another declaration of intention and waiting 2 years before they can file the petition for naturalization.

Many other aliens who are anxious and willing to become American citizens as soon as they possibly can and who apply themselves diligently, fail to qualify within the 7-year limit, because, notwithstanding their efforts, they do not acquire within that time the required knowledge of our language and our laws. This class of aliens should not be put through the inconvenience of filing a second declaration of intention and of waiting 2 years.

Inasmuch as the 7-year limitation of a declaration of intention accomplishes no known good purpose, and since it is an empty gesture and imposes an unnecessary hardship on a large number of aliens, the law should be amended so as to validate all declarations of intention that have already expired, and to remove the limitation as to future declarations of intention.

HOMESTEAD LAWS AND RIGHT-OF-WAY FOR RAILROADS IN ALASKA

The Clerk called the next bill, H.R. 7306, to amend section 10 of the act entitled "An act extending the homestead laws and providing for right-of-way for railroads in the District of Alaska, and for other purposes", approved May 14, 1898, as amended.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the first paragraph of section 10 of the act entitled "An act extending the homstead laws and providing for right-of-way for railroads in the District of Alaska, and for other purposes", approved May 14, 1898, as amended (U.S.C., title 48, secs. 461, 462, 463, 464, and 465; U.S.C., Supp. VI, title 48, sec. 461), is amended by inserting after the first proviso in such paragraph as amended, the following:

"*Provided further*, That any citizen of the United States, after residing on land of the character described for 3 years, as a home, may purchase such tract, not exceeding 5 acres, in a reasonably compact form as a home site, without any showing as to his occupation, upon payment of $2.50 per acre, under rules and regulations to be prescribed by the Secretary of the Interior: *Provided further*, That the minimum payment for any tract sold under this act shall be $10, and no person shall be permitted to purchase more than one tract: *And provided further*, That surveys of said home sites shall be made under the provisions of the act of Congress approved April 13, 1926 (44 Stat. 243), and without expense to the applicant, where the applicant has a habitable house on the land which he has occupied as a homestead or headquarters for 3 years, while engaged in trade, manufacture, or other productive industry in Alaska, or where during a period of 3 years the applicant has maintained his residence in a habitable house on the land in the manner and to the extent required by the 3-year homestead law of June 6, 1912 (37 Stat. 123)."

With the following committee amendments:

Page 2, line 9, after the word "Interior" strike "and provided" and insert "*Provided further*"

Page 2, line 12, after the word "tract" insert the following: *And provided further*, That surveys of said home sites shall be made under the provisions of the act of Congress approved April 13, 1926 (44 Stat. 243), and without expense to the applicant, where the applicant has a habitable house on the land which he has occupied as a homestead or headquarters for 3 years, while engaged in trade, manufacture, or other productive industry in Alaska, or where during a period of 3 years the applicant has maintained his residence in a habitable house on the land in the manner and to the extent required by the 3-year homestead law of June 6, 1912 (37 Stat. 123).

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

SALE OF REAL ESTATE UNDER DECREE OF UNITED STATES COURT

The Clerk called the next bill, H.R. 1567, amending section 1 of the act of March 3, 1893 (27 Stat.L. 751), providing for the method of selling real estate under an order or decree of any United States court.

Mr. ELTSE of California. Mr. Speaker, reserving the right to object, I notice this bill provides that real estate may be sold at private sale, whereas at the present time it must be a public sale.

Mr. COCHRAN of Pennsylvania. Yes.

Mr. ELTSE of California. I also notice that the sale may be made for two thirds of the appraised value. Does not the gentleman think that is too great a differential? That is 33⅓ percent of the appraised value.

Mr. COCHRAN of Missouri. But the gentleman will notice that the court of its own motion cannot order the private sale.

Mr. ZIONCHECK. Mr. Speaker, I object to this bill.

PURSERS AND LICENSED DECK OFFICERS OF VESSELS

The Clerk called the next bill, H.R. 5038, authorizing pursers or licensed deck officers of vessels to perform the duties of the masters of such vessels in relation to entrance and clearance of same.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That whenever, under any provision or provisions of any statute of the United States, it is made the duty of the masters of vessels to make entry and clearance of same, it shall be lawful for such duties to be performed by any licensed deck officer or purser of such vessel; and when such duties are performed by a licensed deck officer or purser of such vessel, such acts shall have the same force and effect as if performed by masters of such vessels: *Provided*, That nothing herein contained shall relieve the master of any penalty provided by any statute for failure to enter or clear.

Mr. BLAND. Mr. Speaker, I offer an amendment suggested by the Treasury Department.

The Clerk read as follows:

Amendment offered by Mr. BLAND: Page 2, line 3, beginning with the word "penalty", insert the words "or liability", and, after the word "statute", strike out the rest of the sentence and insert the words "relating to the entry or clearance of vessels", so that the proviso beginning in line 2 of page 2 will read: "That nothing herein contained shall relieve the master of any penalty or liability provided by any statute relating to the entry or clearance of vessels."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

COCHETOPA NATIONAL FOREST

The Clerk called the next bill, H.R. 2862, to add certain lands to the Cochetopa National Forest in the State of Colorado.

Mr. ELTSE of California. Mr. Speaker, reserving the right to object, I would like to ask the gentleman in charge of this bill if this does not withdraw from entry 177,000 acres of land.

Mr. MARTIN of Colorado. It does. I wish to say to the gentleman that this bill and the next bill are bills of my colleague the gentleman from Colorado [Mr. TAYLOR], who is ill at his hotel. He asked me to look after them.

I am not familiar with the details of the bills, except that I know these lands are a natural part of the forests to which they are adjacent. They are valuable only for timber purposes, and might just as well have been originally included in the forest. Any rights that have been initiated in them are reserved.

It is reported by the Forest Service that they can be administered without any additional cost; that, as a matter of fact, they can be better cared for and protected as part of the forest than if not included in the forest.

Mr. ELTSE of California. Mr. Speaker, I ask unanimous consent that the bill go over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

PIKE NATIONAL FOREST, COLO.

The Clerk called the next bill, H.R. 2858, to add certain lands to the Pike National Forest, Colo.

Mr. ELTSE of California. Mr. Speaker, I ask unanimous consent that this bill go over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

DISABILITY OF SENIOR CIRCUIT JUDGES

The Clerk called the next bill, H.R. 7356, to provide, in case of the disability of senior circuit judges, for the exercise of their powers and the performance of their duties by the other circuit judges.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That in case the senior circuit judge of any circuit is unable because of illness to exercise any power given or to perform any duty imposed by law, such power or duty shall be exercised or performed by the other judges of that circuit in the order of the seniority of their respective commissions.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CHICKAMAUGA AND CHATTANOOGA NATIONAL MILITARY PARK

The Clerk called the next bill, H.R. 7200, to provide for the addition of certain lands to the Chickamauga and Chattanooga National Military Park in the States of Tennessee and Georgia.

Mr. BLANCHARD. Mr. Speaker, reserving the right to object, may I ask for an explanation of this bill? Will the gentleman state its general purpose and what it accomplishes with reference to the extension of the national park?

Mr. McREYNOLDS. In answer to the gentleman's question I desire to be just as brief as possible, because I know that other Members are very anxious to have this calendar called, and we have very little time left.

This bill proposes to give the Secretary of the Interior the right to accept the Chattanooga-Lookout Mountain Park as a part of the Chickamauga-Chattanooga National Military Park. The Chattanooga-Lookout Mountain Park contains some 3,000 acres and is situated around the point of Lookout Mountain, which was the battle ground during the Civil War, and also it was on this point that the historic Battle Above the Clouds was fought. Some few years ago the Chattanooga-Lookout Mountain Park, a corporation, was organized by Mr. Adolph Ochs, of New York and Chattanooga. Mr. Ochs conceived the idea of buying up this land around the point of Lookout Mountain and making a hanging garden. Quite a number of other people in Chattanooga were also founders of this organization, but to Mr. Ochs goes the credit of suggesting the idea and putting up to a great extent the money used. Several hundred thousand dollars have been spent on this park in beautifying it, in planting shrubbery, and in building pathways, and so forth, through it. Mr. Milton Ochs has been in charge of this property.

Mr. Adolph Ochs, with his associates, now are offering to give this to the United States Government free and unencumbered, to be made a part of the Chickamauga-Chattanooga National Military Park. There is a spirit of patriotism shown by those who wish to make this donation to our Federal Government so these grounds can be preserved as part of our park system and as a part of the history of this country.

I feel proud of the fact that I have had an opportunity to draw this bill and present this matter to the Congress, and I know that it will meet with your unanimous approval. I am sure no one would object to its passage.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Interior be, and he is hereby, authorized, in his discretion, to accept on behalf of the United States lands, easements, and buildings as may be donated for an addition to the Chickamauga and Chattanooga National Military Park lying within what is known as the "Chattanooga-Lookout Mountain Park (a corporation, Adolph S. Ochs, president) and/or any lands within 1 mile of said Chattanooga-Lookout Mountain Park in the States of Tennessee and Georgia.

SEC. 2. That all laws affecting the Chickamauga and Chattanooga National Military Park shall be extended and apply to any addition or additions which may be added to said park under the authority of this act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EXCHANGE OF LANDS ADJACENT TO NATIONAL FORESTS IN COLORADO

The Clerk called the next bill, H.R. 3206, for the exchange of lands adjacent to national forests in Colorado.

Mr. ELTSE of California. Mr. Speaker, reserving the right to object, as I understand the operation of this bill, lands outside of the exterior boundaries of national parks may be exchanged for lands within?

Mr. MARTIN of Colorado. Yes; lands lying within 6 miles of the present existing boundaries.

Mr. ELTSE of California. In other words, by this bill you can create a leopard-spot park?

Mr. MARTIN of Colorado. No; the real effect of this will be to consolidate existing parks. This bill was introduced in the last Congress by my predecessor. It was reported favorably by the Committee on Public Lands and approved by the Department of the Interior and by the Agricultural Department. Upon investigation, I found that a similar bill had been passed in 1929 for the State of Montana, and that since then similar bills have been passed for the forests in Oregon, South Dakota, and New Mexico. I have received many endorsements from county commissioners, chambers of commerce, and other civic bodies.

Mr. ELTSE of California. Is it not a fact that one of the difficulties we have had in our national parks has been private holdings within the parks, and we have been trying to get rid of this situation for years? In this bill it is proposed to reverse the situation and exchange lands within the park for lands outside of the park.

Mr. MARTIN of Colorado. I am afraid the gentleman is confusing national forests and national parks. May I state to the gentleman how this bill will operate. There is a lot of cut-over stumpage bordering these forests. A lot of this land was in private ownership, and there is a lot of stumpage along the borders of the forests. The Government can take this land in exchange for grazing lands inside the forests or for timber or timberlands and foster new growths on the cut-over lands.

I should like to call the gentleman's attention to this statement from the Forest Service about the operation of similar laws we already have in effect:

Since the enactment of the Forest Exchange Act of March 20, 1922, up to December 31, 1932, 923 of these exchanges have been effected, and through them the Government has acquired 1,395,359 acres in exchange of 432,268 acres, and national-forest stumpage valued at $2,775,357. On the lands acquired there has been stumpage which has exceeded in volume that given in exchange by the Government.

Also the Forest Service, referring to the operation of the acts passed for Montana, Oregon, South Dakota, and New Mexico, says:

These laws have uniformly been found to operate to the mutual advantage of both the Government and the landowner, and no case has ever arisen giving the slightest cause for criticism. I know of no reason why such a law should not operate with equal success in Colorado.

Mr. ELTSE of California. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

Mr. MARTIN of Colorado. I may say that this is not an innovation. It has been approved by the Department of Agriculture and by the Interior Department, both of which have to O.K. these transfers.

Mr. ELTSE of California. In the next bill the gentleman is asking the same thing with reference to other material parks.

Mr. MARTIN of Colorado. I want this bill for my own State. If the other gentlemen do not want the general bill for their States they may object when we come to it. I found they were doing this piecemeal in other States all over the country, so I conceived the idea of having a general bill, and later I introduced the bill, H.R. 5368.

Mr. ELTSE of California. Mr. Speaker, I renew my request that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

THE CONSENT CALENDAR

CONSOLIDATION OF NATIONAL FOREST LANDS

The Clerk called the next bill, H.R. 5363, to extend the provisions of the Forest Exchange Act of March 20, 1922, (42 Stat. 465).

Mr. ELTSE of California. Mr. Speaker, reserving the right to object, I ask unanimous consent that this bill be passed without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

OFFICERS OF UNITED STATES NAVAL AND MARINE CORPS RESERVE

The Clerk called the next bill, H.R. 7357, to amend section 109 of the United States Criminal Code so as to except officers of the United States Naval and Marine Corps Reserves not on active duty from certain of its provisions.

Mr. ELTSE of California. Mr. Speaker, reserving the right to object, I should like to ask the gentleman why it was that Naval and Marine Corps Reserve officers were not

covered in the original act? How does it happen they were excluded from the operation of that act?

Mr. ZIONCHECK. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

INLAND WATERWAYS CORPORATION ACT

The Clerk called the next bill, S. 2347, to amend the Inland Waterways Corporation Act, approved June 3, 1924, as amended.

Mr. O'MALLEY. Mr. Speaker, reserving the right to object, I do not know whether the chairman of the committee that reported this bill is here or not, but apparently this is an attempt to extend to the Inland Waterways Corporation an additional franchise to operate on the Snake River and Columbia River. Back where I come from we have had some experience with the Inland Waterways Corporation. It operates a few scows out of Chicago, because political influence has reversed the flow of the Chicago River, draining needed water from the Great Lakes. I think that we have given them a lot more than they are entitled to, including water. I am going to object to this bill, because it is an extension of a grant which should never have been given any public or private corporation.

Mr. WHITE. May I ask the gentleman to withhold his objection. I am the author of this bill, and it is simply to amend the act to include the Snake and Columbia Rivers and put them in the same status as the Mississippi and the Warrior Rivers. This does not make any change in the act except it includes these two rivers and gives them the right to navigate on the Columbia and Snake Rivers. This grants them the same privileges on the Snake and Columbia Rivers that they have now on the Mississippi and the Warrior Rivers, and will afford the farmers of the tertory tributary to these rivers a means of moving their products, particularly wheat, to tidewater by river transportation.

Mr. O'MALLEY. If the gentleman had had any experience with how they operate in our section of the country, I do not think he would feel they could do his country much good by operating on the rivers out there through a congressional franchise.

Mr. WHITE. This has nothing to do with drainage.

Mr. O'MALLEY. They will get around to doing some drainage in some way. In fact, although Lake Michigan water is really being pilfered to operate power plants, the excuse for the pilfering is that it is needed to make navigation possible.

Mr. WHITE. This is just to supply the farmers who raise wheat out there a means for transporting their wheat to market, and I hope the gentleman will withdraw his objection.

Mr. O'MALLEY. I should like to accommodate the gentleman, but our experience with rivers used by the Waterways Corporation shows that they are the excuse to bring about drainage of the lakes. I am impelled to believe that whenever they get the right to a franchise on a river, they will manage to get enough water to navigate through trick legislation or on some other basis. A navigation plea is a good front for water thievery, anyway it is used.

The SPEAKER. Is there objection?

Mr. O'MALLEY, Mr. ZIONCHECK, and Mr. TRUAX objected.

CALIFORNIA STATE PARK SYSTEM

The Clerk called the next bill, H.R. 5927, to provide for the selection of certain lands in the State of California for the use of the California State park system.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That subject to valid rights existing on the date of this act, the State of California may within 5 years select for State park purposes by legal subdivisions all or any portion of the public land not reserved for public purposes in the following townships:

Township 32 south, range 46 east, Mount Diablo meridian, sections 24, 25, 26, and 27, north half section 34, and all of section 35.

Township 11 north, range 1 west, San Bernardino meridian, west half section 2, sections 3 and 4, north half, southwest quarter, north half southeast quarter and southwest quarter southeast quarter section 6, northwest quarter northeast quarter, south half northeast quarter, northwest quarter and south half section 7, northeast quarter, south half northwest quarter and south half section 8, north half section 10, northwest quarter, south half northeast quarter section 11, south half section 10, section 14, northeast quarter section 15, north half section 18, east half section 2.

Township 12 north, range 1 west, sections 31 and 32, lots 1, 2, 3, south half northeast quarter, north half southeast quarter and lots 7 and 8, section 34, San Bernardino meridian.

Township 11 north, range 2 west, section 12.

Upon the submission of satisfactory proof that the land selected contains characteristic Joshua growth and scenic or other natural features which it is desirable to preserve as a part of the California State park system, the Secretary of the Interior shall cause patents to issue therefor: *Provided*, That there shall be reserved to the United States all coal, oil, gas, or other mineral contained in such lands, together with the right to prospect for, mine, and remove the same at such times and under such conditions as the Secretary of the Interior may prescribe: *Provided further*, That any patent so issued shall contain a provision for reversion of title to the United States upon a finding by the Secretary of the Interior that for a period of more than 1 year the land has not been used by the State for park purposes: *And provided further*, That in order to consolidate park areas or to eliminate private holdings therefrom, lands patented hereunder may be exchanged with the approval of and under rules prescribed by the Secretary of the Interior for privately owned lands in the area hereinbefore described of approximately equal value containing the natural features sought to be preserved hereby. The lands so acquired to be subject to all the conditions and reservations prescribed by this act, including the reversionary clause hereinbefore set out.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed and a motion to reconsider was laid on the table.

NATIONAL FORESTS IN IDAHO

The Clerk called the next bill, H.R. 7425, for the inclusion of certain lands in the national forests in the State of Idaho, and for other purposes.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the provisions of the act entitled "An act to consolidate national forest lands", approved March 20, 1922 (U.S.C., title 16, sec. 485), are extended and made applicable to the following-described lands in the State of Idaho (except such portion thereof as is now owned by the United States):

Sections 5, 6, 7, and 8, township 40 north, range 1 west):

Sections 1, 2, 3, 11, and 12; section 10, except the southwest quarter northwest quarter and the west half southwest quarter, township 40 north, range 2 west.

Sections 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 14, 16, 17, and 18; section 15, except the south half southwest quarter; north half northeast quarter, southwest quarter northeast quarter, northwest quarter, and the north half southwest quarter section 19; northeast quarter, east half northwest quarter, and the southwest quarter section 20, township 40 north, range 3 west.

Sections 1 to 23, inclusive; northeast quarter, east half northwest quarter, northwest quarter northwest quarter, and the north half southeast quarter section 24; northeast quarter, east half northwest quarter, and the northwest quarter northwest quarter section 26; northeast quarter northeast quarter, west half northeast quarter, and the northwest quarter section 27; north half section 28; and the east half northeast quarter section 29, township 40 north, range 4 west.

Sections 9, 11, 12, 13, 14, and the south half section 1; south half section 2; southeast quarter section 3; section 10, except the north half northwest quarter; north half, and the east half southeast quarter, section 15; northeast quarter, and the north half southeast quarter section 16; north half, southeast quarter southwest quarter, and the southeast quarter, section 24, township 40 north, range 5 west.

Sections 29, 30, 31, and 32, township 41 north, range 1 west.

Sections 19, 20, 21, 22, 23, 25, 26, 27, 28, 29, 30, 34, 35, 36, and the north half section 33, township 41 north, range 2 west.

Sections 13, 14, 15, 16, 21, 22, 23, 24, 25, 27, 28, 29, 30, 31, 32, 33, 34, and section 26, except the southwest quarter southwest quarter, township 41 north, range 3 west.

The southeast quarter section 32; southwest quarter, west half southeast quarter, and the southeast quarter southeast quarter, section 33; east half southeast quarter section 34; south half section 35, and section 36, except the northeast quarter, township 41 north, range 4 west.

All foregoing descriptions relate to Boise base and meridian.

SEC. 2. Lands heretofore granted to the State of Idaho for educational or other purposes may, under such rules and regulations as the legislature of such State shall prescribe, be exchanged for

any of the lands described in section 1 hereof which are of nonmineral character and approximately equal value and area, in the ownership of the United States or in other ownership, to the end that the State may acquire holdings in a reasonably compact form for economic administration as a forest property, or for use as an experimental training, and demonstrational area by the School of Forestry of the University of Idaho, or for any other purposes that the legislature of the State may authorize or prescribe, anything in the enabling act of such State to the contrary notwithstanding.

SEC. 3. The lands conveyed to the United States under sections 1 and 2 of this act (together with the land described in section 1 now owned by the United States) shall, upon acceptance of title, become parts of the national forest adjacent to or near whose exterior boundaries they are located.

SEC. 4. The lands described in section 1 of this act (including any portion thereof which may be conveyed to the State of Idaho under section 3 of this act) and any lands acquired by the United States under such section 3 shall be subject to location and entry under the mining laws of the United States and the rules and regulations applying thereto, and no conveyance of any lands to the United States under the provisions of this act shall contain any reservations of mineral rights in the lands conveyed.

With the following committee amendments:

Page 1, strike out lines 7 and 8.

Page 3, line 16, after the word "lands", insert the following: "within the national forests."

Page 3, line 19, strike out the word "exchanged" and insert in lieu thereof the following: "offered in exchange."

Page 4, line 7, insert comma after the words "United States" and add the following within the parentheses: "subject to all valid existing rights."

Page 4, line 9, strike out the words "adjacent to or near" and insert in lieu thereof the word "within."

Page 4, strike out all of section 4.

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

ISSUANCE OF CERTAIN PATENTS IN NEW MEXICO

The Clerk called the next bill, H.R. 5369, providing for the issuance of patents upon certain conditions to lands and accretions thereto determined to be within the State of New Mexico in accordance with the decree of the Supreme Court of the United States entered April 9, 1928.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Interior is authorized and directed to issue patents for the lands and accretions thereto determined to be within the State of New Mexico in accordance with the decree of the Supreme Court of the United States entered April 9, 1928 (*New Mexico* v. *Texas*, 276 U.S. 558), to the persons in actual and bona fide possession of and claiming title under patent from the State of Texas to such lands and/or the accretions thereto: *Provided*, That if the right, title, and interest of any claimant to any such lands or accretions shall be hereafter held by a court of competent jurisdiction to be superior to that of a patentee under this act, the patent issued under this act shall be considered and held to have been issued to such claimant: *Provided further*, That this act shall not become effective and no such patent shall be issued until the Legislature of the State of Texas shall have enacted an act providing for the issuance of patents or other appropriate conveyances for the lands and accretions thereto determined to be within the State of Texas in accordance with such decree of the Supreme Court to the persons in actual and bona fide possession of and claiming title under patent from the United States to such lands and/or the accretions thereto.

SEC. 2. As used in this act the term "person" includes an individual, corporation, partnership, or association.

With the following committee amendments:

Page 1, line 4, after the word "the", insert the word "public", and after the word "lands" strike out "and accretions thereto."

Page 1, line 9, after the word "title", insert "on April 9, 1928."

Page 2, line 1, after the word "lands", strike out the remainder of sentence ending with the word "thereto" on page 2, line 15.

Page 2, line 16, strike out section 2 entirely, and in lieu thereof insert the following:

"SEC. 2. In order to receive a patent under this act, the persons entitled thereto, their heirs or assigns, shall within 5 years from the passage of this act submit a written application describing the land according to their claim of title, and proof of the facts necessary under this act to entitle the applicant to make entry shall be submitted in accordance with such regulations as the Secretary of the Interior may prescribe, including posting and publication of notice as now prescribed under the homestead laws.

"SEC. 3. It is further provided that any land acquired by patent under this act shall be subject to the same liens, other than liens for taxes and water and like quasi-public charges, that would have been against such land had it been in Texas.

"SEC. 4. As used in this act the term "person" includes an individual, corporation, partnership, or association."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ARMISTICE DAY

The Clerk called the next bill, H.R. 7597, declaring November 11 a legal public holiday, to be known as "Armistice Day."

Mr. BLANTON. Mr. Speaker, I object. We have too many public holidays now.

METLAKAHTLA INDIANS OF ALASKA

The Clerk called the next bill, H.R. 4808, granting citizenship to the Metlakahtla Indians of Alaska.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Indians of the Tsimshian Tribe and those people known as Metlakahtlans, who emigrated from Metlakahtla, British Columbia, Canada, to Annette Island, in the Alexander Archipelago in southeastern Alaska in the year 1887, and there established a colony known as Metlakahtla, Alaska, and any and all other British Columbia Indians who later joined them there, having been faithful and loyal to the Constitution, laws and the Government of the United States, are hereby declared to be citizens of the United States.

SEC. 2. The granting of citizenship to the said Indians shall not in any manner affect the rights, individual or collective, of the said Indians to any property, nor shall it affect the rights of the United States Government to supervise and administer the affairs of the said Metlakahtla colony. And any reservations heretofore made by any act of Congress or Executive order or proclamation for the benefit of the said Indians shall continue in full force and effect and shall continue to be subject to modification, alteration, or repeal by the Congress or the President, respectively.

With the following committee amendments:

Page 1, line 8, strike out the word "later", and in line 9, strike out the comma following the word "there" and insert after the word "there" the following: "not later than January 1, 1900, and have since resided continuously therein."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

SALE OF LAND AND HOUSES AT ANCHORAGE, ALASKA

The Clerk called the next bill, H.R. 6013, to authorize the sale of land and houses at Anchorage, Alaska.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Interior is hereby authorized to sell after appraisement and due advertisement, at public sale or under sealed bids and under such terms and conditions as he may prescribe, such lots with buildings thereon, the property of the United States, at Anchorage, Alaska, as in his judgment should be sold: *Provided*, That a preference right, in the discretion of the Secretary of the Interior, first may be accorded to the occupants of the properties to purchase the property so occupied at the appraised price.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

BRIDGE ACROSS MISSISSIPPI RIVER NEAR NEW BOSTON, ILL.

The Clerk read the title of the bill (H.R. 8429) to revive and reenact the act entitled "An act authorizing D. S. Prentiss, R. A. Salladay, Syl F. Histed, William M. Turner, and John H. Rahilly, their heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across the Mississippi River at or near the town of New Boston, Ill.", approved March 3, 1931.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the act approved March 3, 1931, granting the consent of Congress to D. S. Prentiss, R. A. Salladay, Syl F. Histed, William M. Turner, and John H. Rahilly, their heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge and approaches thereto across the Mississippi River at a point suitable to the interests of navigation, at or near the town of New Boston, Ill., be, and the same is hereby, revived and reenacted: *Provided*, That this act shall be null and void unless the actual construction of the bridge and approaches thereto

herein referred to be commenced within 1 year and completed within 3 years from the date of approval hereof.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

BRIDGE ACROSS ST. FRANCIS RIVER NEAR LAKE CITY, ARK.

The Clerk called the next bill, H.R. 8438, to legalize a bridge across St. Francis River at or near Lake City, Ark.

There being no objection, the Clerk read the bill as follows:

Be it enacted, etc., That the bridge now being constructed across St. Francis River at or near Lake City, Ark., by the Arkansas State Highway Commission, if completed in accordance with the plans accepted by the Chief of Engineers and the Secretary of War as providing suitable facilities for navigation and operated as a free bridge, shall be a lawful structure, and shall be subject to the conditions and limitations of the act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, other than those requiring the approval of plans by the Secretary of War and the Chief of Engineers before the bridge is commenced.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

With the following committee amendment:

Page 2, line 1, after "1906" strike out the words "other than those requiring the approval of plans by the Secretary of War and the Chief of Engineers before the bridge is commenced."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

BRIDGE ACROSS THE ST. CLAIR RIVER AT OR NEAR PORT HURON, MICH.

The Clerk read the title of the next bill on the calendar, H.R. 8577, to extend the times for commencing and completing the construction of a bridge across the St. Clair River at or near Port Huron, Mich.

The SPEAKER. Is there objection?

Mr. PARKER, Mr. MOREHEAD, and Mr. CARPENTER of Nebraska objected.

BRIDGE ACROSS THE WABASH RIVER, POSEY COUNTY, IND.

The Clerk read the title of the bill (H.R. 8834) authorizing the owners of Cut-Off Island, Posey County, Ind., to construct, maintain, and operate a free highway bridge or causeway across the old channel of the Wabash River.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That in order to facilitate interstate commerce, improve the Postal Service, and provide for military and other purposes, the owners of Cut-Off Island, Posey County, Ind., are hereby authorized to construct, maintain, and operate a free highway bridge or causeway (including approaches thereto) across the old channel of the Wabash River, in order to connect such island with the highway system in White County, Ill., in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, and subject to the conditions and limitations contained in this act.

SEC. 2. There is hereby conferred upon the owners of Cut-Off Island, Ind., all the rights and powers to enter upon lands and to acquire, condemn, occupy, possess, and use real estate and other property needed for the location, construction, operation, and maintenance of such bridge or causeway, and its approaches, as are possessed by railroad corporations for railroad purposes or by bridge corporations for bridge purposes in the State in which such real estate or other property is situated, upon making just compensation therefor, to be ascertained and paid according to the laws of such State, and the proceedings therefor shall be the same as in the condemnation or expropriation of property for public purposes in such State.

SEC. 3. The term "owners", as used in this act, means the owners of Cut-Off Island, Ind., at the date of the enactment of this act, and any future owners of such island.

SEC. 4. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EXTENDING BENEFITS TO THE WHALING INDUSTRY

The Clerk read the title of Senate Joint Resolution 15, extending to the whaling industry certain benefits granted under section 11 of the Merchant Marine Act of 1920.

The SPEAKER. Is there objection?

There being no objection, the Clerk read the resolution, as follows:

Resolved, etc., That in the administration of section 11 of the Merchant Marine Act, 1920, as amended (U.S.C., title 46, p. 870; 40 Stat.L., pt. 1, 2145), the United States Shipping Board is authorized and directed to extend to the whaling industry the same benefits that are authorized by such section to be extended to persons citizens of the United States for the construction of vessels for the establishment or maintenance of service on lines.

With the following committee amendment:

Strike out all after the resolving clause and insert the following: "That in the administration of section 11 of the Merchant Marine Act, 1920, as amended (U.S.C., supp. VII, title 46, sec. 870), the Secretary of Commerce is authorized to extend to citizens of the United States engaged in the whaling and/or fishing industries the same benefits that are authorized by such section, as amended, to be extended to persons citizens of the United States for the construction, outfitting, equipment, reconditioning, remodeling, and improvement of certain vessels. All loans made under authority of this resolution from the construction-loan fund created by such section, as amended, shall be on the same terms and subject to the same conditions, limitations, and restrictions as are provided therein, except that such loans shall bear interest at the rate of not less than 5¼ percent per annum, payable annually.

"SEC. 2. Any construction, outfitting, equipment, reconditioning, remodeling, or improvement of vessels under authority of this resolution shall be only on vessels of a type and kind suitable for use as naval auxiliaries, and shall be in accordance with plans and specifications first approved by the Secretary of the Navy with particular reference to the economical conversion of such vessels into auxiliary naval vessels.

"SEC. 3. The term 'citizen of the United States', as used in this resolution, includes a corporation, partnership, or association only if it is a citizen of the United States within the meaning of section 2 of the Shipping Act, 1916, as amended (U.S.C., title 46, sec. 802)."

Amend the title so as to read: "Joint resolution extending to the whaling and fishing industries certain benefits granted under section 11 of the Merchant Marine Act, 1920, as amended."

The committee amendment was agreed to.

The resolution as amended was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMENDING THE RADIO ACT OF 1927

The Clerk read the title of the bill S. 2660, "An act to amend the Radio Act of 1927", approved February 23, 1927, as amended (44 Stat. 1162).

The SPEAKER. Is there objection?

Mr. THOMASON. I object.

BRIDGE ACROSS PEARL RIVER IN THE STATE OF MISSISSIPPI

The Clerk read the title of the bill (H.R. 8516) granting the consent of Congress to the Board of Supervisors of Leake County, Miss., to construct a bridge across Pearl River in the State of Mississippi.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the Board of Supervisors of Leake County, or to the Board of Supervisors of Leake County and the Board of Supervisors of Neshoba County, Miss., to construct, maintain, and operate a free highway bridge and approaches thereto across the Pearl River, at a point suitable to the interests of navigation, at or near Carthage, Leake County, Miss., in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

Mr. COLLINS of Mississippi. Mr. Speaker, I offer the following amendment.

The Clerk read as follows:

Amend by striking out "Board of Supervisors of Leake County, or to the Board of Supervisors of Leake County and the Board of Supervisors of Neshoba County, Miss.", and inserting in lieu thereof "Mississippi Highway Commission", and amend the title.

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

UNIFORM SYSTEM OF BANKRUPTCY IN UNITED STATES

The Clerk called the next bill, H.R. 8832, to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto.

The SPEAKER. Is there objection?

Mr. TRUAX. I object.

BRIDGE ACROSS WABASH RIVER, SULLIVAN COUNTY, IND.

The Clerk called the next bill, H.R. 8853, to extend the time for the construction of a bridge across the Wabash River at a point in Sullivan County, Ind., to a point opposite the Illinois shore.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the times for commencing and completing the construction of a bridge authorized by act of Congress approved February 10, 1932, to be built by Sullivan County, Ind., or any board or commission of said county which is or may be created or established for the purpose, across the Wabash River, extending from some point in the county across said river to a point opposite on the Illinois shore, are hereby extended 1 and 3 years, respectively, from the date of approval hereof.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

LEASING OF CERTAIN COAL LANDS, ALASKA

The Clerk read the next bill, H.R. 6179, to amend an act entitled "An act to provide for the leasing of coal lands in the Territory of Alaska, and for other purposes."

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the act approved October 20, 1914, entitled "An act to provide for the leasing of coal lands in the Territory of Alaska, and for other purposes" (38 Stat.L. 741; U.S.C., title 48, secs. 432 to 452, inclusive), be, and the same is hereby, amended by adding thereto the following section:

"SEC. 19. In the event the Secretary of the Interior, in the interest of conservation, or for other satisfactory cause, shall direct, or shall assent to the suspension of operation and/or production of coal, or shall have heretofore so directed or assented, under any lease granted under the terms of this act, any payment of acreage rental prescribed by such lease likewise shall be suspended during such period of suspension of operations and/or production, including any such rental heretofore accruing but remaining unpaid; and the term of such lease shall be extended by adding thereto any such suspension period."

With the following committee amendment:

Page 2, lines 5 and 6, strike out "including any such rental heretofore accruing but remaining unpaid" and insert "and payment of any rental heretofore accrued during such period of suspension but remaining unpaid shall be waived."

The amendment was agreed to; and the bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

COUNSEL IN CASE OF UNITED STATES *v.* WEIRTON STEEL CO.

The Clerk called the next bill, H.R. 8883, limiting the operation of sections 109 and 113 of the Criminal Code and section 190 of the Revised Statutes of the United States with respect to counsel in the case of United States of America against Weirton Steel Co., and other cases.

The SPEAKER. Is there objection?

Mr. TRUAX. I should like to have some explanation of this bill.

Mr. TABER. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection?

There was no objection.

ADJOURNMENT OVER

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that when the House adjourn today it adjourn to meet on Monday next.

The SPEAKER. Is there objection?

There was no objection.

INVESTIGATION OF NAZI ACTIVITY

Pursuant to the provisions of House Resolution 198, the Speaker appointed as members of the Special Committee to Investigate Nazi Activities in the United States: Mr. McCORMACK, Mr. DICKSTEIN, Mr. WEIDEMAN, Mr. KRAMER, Mr. JENKINS of Ohio, Mr. TAYLOR of Tennessee, and Mr. GUYER.

AIRPLANE PROCUREMENT

Mr. COLLINS of Mississippi. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. COLLINS of Mississippi. Mr. Speaker, I am a bit fearful, if newspaper reports be correct, that an effort will be made to influence the House into adopting a course with respect to supplying the Army with airplanes that in actual practice would not be economical, that would retard the procurement of airplanes, and that might result—and it seems to me would certainly result—in not acquiring the latest and most efficient types of these aerial-defense weapons.

I do not propose here to defend the acts of any individuals having to do with the negotiation of contracts for airplanes and aeronautical accessories or with the methods employed in such negotiations. I am willing to leave that to the appropriate officials of the War Department, whose business it is. If there have been improper practices, such corrective and punitive measures as the facts may warrant should be speedily taken. Negotiation, however, in my judgment, can be so regulated as to minimize to the greatest extent humanly possible the opportunity for proceeding contrary to the public interests. There is no need to abandon the principle. I have studied this question for a number of years. I have met with it every year in the consideration of the War Department appropriation bill. My reaction is that if military and naval aviation is to advance and keep apace with development abroad, and to have incorporated in its design the latest knowledge, the only method is to buy the best plane of each particular type that has been brought forward at the time purchase is to be made. Such a plane essentially would be in the proprietary category, and therefore would need to be acquired through negotiation.

The Public Works Administration allotted $7,500,000 to the Army and $7,500,000 to the Navy for airplane procurement. The primary purpose of these allotments was to promote industrial recovery. The Navy almost immediately negotiated contracts and its allotment is under expenditure. The Army was about to do the same thing, but the Assistant Secretary of War, despite the emergency, intervened and instituted a new procurement procedure, and the consequence is that the primary purpose of the allotment has been wholly defeated. Whether the Assistant Secretary of War changed specifications or specifications were changed, as they were, by some other person or persons at his direction is about as important as the difference between tweedle-dum and tweedle-dee. The fact remains that because of Mr. Woodring's untimely interference the military service stands before the public condemned for trying to do exactly what our other defense arm has done and is doing, and, without a word of criticism, and I wish to go on record as condemning his action in no uncertain terms.

There is nobody who believes in competition any more than I do, and I am sure the Comptroller General will bear me out in the assertion that he gets no better cooperation from any Member of either House of Congress than me; but I maintain and believe I can demonstrate that competition, in the ordinary sense, as applied to airplane procurement is unworkable, impracticable, and not in the public interest and will not be until the art becomes stabilized.

When the Army or Navy is in the market for planes, whatever the type, they wish and will buy under any circumstances only the most advanced types. No one can logically quarrel with that policy. If A actually has demonstrated that he is the sole producer of the most advanced type, why go beyond A? B and C may be producers. Assuming their plants are adequate, they have not the forms or requisite special equipment to proceed with the production of A's superior product. The full meaning and importance of this consideration immediately manifests itself during an inspection of an airplane plant in production. If B and C were invited to bid, necessarily they would have to include the cost of preparing themselves to go into production of A's plane. If time be a factor, B and C could not get into production until the patterns, forms, and special appliances could be gotten ready, which would entail a delay of not less than 6 or 8 months. The Government's interests are best protected by having personnel who, by training and experience, are qualified to conduct such negotiations.

Consider now if A, B, and C should be invited to bid. A knows he possesses the plane desired. Being cognizant of the added expense B and C must incur, it is obvious that competition in such circumstances, if fair bids be made, would not be in the public interest. Competition in such circumstances would in effect be a mere gesture.

On the other hand, if A is called in and a contract negotiated—and bear in mind that A wants and needs the business—he is not going to hold out for an excessive price, and that is determinable from previous procurement experience and the experience of the personnel negotiating the contract.

Another consideration: Airplanes have not yet been developed to the point to which rigid, standard specifications may be applied. Changes are constantly being brought forward looking to the production of a modern airplane. The introduction of such changes would not be practicable under a competitive contract for new models. Therefore, under such a contract, the design of the plane would be obsolete when the contract was executed. Let me illustrate: A and B, pursuant to invitation, submit sealed bids. From the day the invitation is issued new developments occur. Appraisement of the bids by technical experts is a matter of months. When award is made, it is for a plane lacking all the developments that have accrued from the time bids were invited.

I maintain—and always have—that negotiation should be confined to planes and engines and should exclude aeronautical accessories not strictly of a proprietary character.

I should not be opposed to having a representative of the General Accounting Office, designated by the Comptroller General, to sit in, to the extent practicable, on the negotiation of all contracts, and I should be in favor of having the General Accounting Office undertake the work of conducting audits of contractors' accounts.

I am not interested in whether this plant or that plant gets any business. My concern chiefly is in seeing that military and naval aviation is made as effective and efficient as possible. Efficiency and economy would be promoted by fewer makes of different types. First cost and the cost of spares would be appreciably lessened. Omitting purely amphibians, I can conceive of identical planes in both services, one force always as an auxiliary to the other. This would be true also as to flying personnel, technical personnel, and maintenance personnel, both civil and enlisted.

Competition, in practice, does not of itself assure the most advantageous prices. The human factor is still present. This town is always filled with persons engaged in representing houses selling to the Government who either have or claim to have influence in securing contracts. Why are they maintained here? Why do not those with whom they have to deal shut their doors to them? It is a pernicious practice and should be stopped. I do not believe it is generally realized, but a negotiated contract goes thrcugh more hands than a contract awarded as the result of competitive bidding. The chances for collusion in a negotiated contract are practically nil.

Mr. Speaker, I am in favor of all proper safeguards, but I am opposed to any course that may jeopardize supplying Army and Navy aviation with the most advanced types of military and naval airplanes.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 255. An act for the relief of John Hampshire; to the Committee on Claims.

S. 754. An act for the relief of Fred M. Munn; to the Committee on Military Affairs.

S. 838. An act for the relief of Anson H. Pease; to the Committee on Indian Affairs.

S. 896. An act for the relief of James Tulley Hazel; to the Committee on Military Affairs.

S. 1132. An act for the relief of Stanley A. Jerman, receiver for A. J. Peters Co., Inc.; to the Committee on War Claims.

S. 1314. An act for the relief of Perry Randolph; to the Committee on Military Affairs.

S. 1328. An act to provide for the donation of certain Army equipment to posts of the American Legion; to the Committee on Military Affairs.

S. 1431. An act for the relief of Elmer E. C. Armstrong; to the Committee on Military Affairs.

S. 1432. An act for the relief of Henry Bartels; to the Committee on Military Affairs.

S. 1442. An act for the relief of John O'Gorman; to the Committee on Military Affairs.

S. 1527. An act for the relief of Charles A. Lewis; to the Committee on Claims.

S. 1544. An act for the relief of certain disbursing officers of the Army of the United States and for the settlement of individual claims approved by the War Department; to the Committee on Claims.

S. 1557. An act for the relief of Harry Lee Shaw; to the Committee on Military Affairs.

S. 1594. An act for the relief of William Edward Tidwell; to the Committee on Military Affairs.

S. 1657. An act to amend section 3 of the act entitled "An act to extend the period of restriction in lands of certain members of the Five Civilized Tribes, and for other purposes", approved May 10, 1928 (45 Stat.L. 496) as amended by the act of February 14, 1931 (46 Stat.L. 1108); to the Committee on Indian Affairs.

S. 1694. An act for the relief of the city of New York; to the Committee on War Claims.

S. 1857. An act for the relief of John L. Summers, disbursing clerk, Treasury Department, and for other purposes; to the Committee on Claims.

S. 1874. An act relative to leasing restricted lands of Indians of the Five Civilized Tribes of Oklahoma, and for other purposes; to the Committee on Indian Affairs.

S. 1882. An act to authorize the Secretary of the Interior to issue patents for lots to Indians within the Indian village of Taholah, on the Quinaielt Indian Reservation, Wash.; to the Committee on Indian Affairs.

S. 1891. An act to authorize the Secretary of the Interior to cancel restricted-fee patents and issue trust patents in lieu thereof; to the Committee on Indian Affairs.

S. 1932. An act for the relief of Alfred Hohenlohe, Alexander Hohenlohe, Konrad Hohenlohe, and Viktor Hohenlohe by removing cloud on title; to the Committee on the Public Lands.

S. 2080. An act to provide punishment for killing or assaulting Federal officers; to the Committee on the Judiciary.

S. 2096. An act equalizing annual leave of employees of the Department of Agriculture stationed outside the continental limits of the United States; to the Committee on Agriculture.

S. 2104. An act for the relief of George W. Baker; to the Committee on Military Affairs.

S. 2233. An act for the relief of Mildred F. Stamm; to the Committee on Claims.

S. 2248. An act to protect trade and commerce against interference by violence, threats, coercion, or intimidation; to the Committee on the Judiciary.

S. 2249. An act applying the powers of the Federal Government, under the commerce clause of the Constitution, to extortion by means of telephone, telegraph, radio, oral message, or otherwise; to the Committee on the Judiciary.

S. 2252. An act to amend the act forbidding the transportation of kidnaped persons in interstate commerce; to the Committee on the Judiciary.

S. 2253. An act making it unlawful for any person to flee from one State to another for the purpose of avoiding prosecution or the giving of testimony in certain cases; to the Committee on the Judiciary.

S. 2378. An act for the relief of August R. Lundstrom; to the Committee on Military Affairs.

S. 2425. An act to repeal the act entitled "An act to grant to the State of New York and the Seneca Nation of Indians jurisdiction over the taking of fish and game within the Allegany, Cattaraugus, and Oil Spring Indian Reservations", approved January 5, 1927; to the Committee on Indian Affairs.

S. 2568. An act granting leave of absence to settlers of homestead lands during the years 1932, 1933, and 1934; to the Committee on the Public Lands.

S. 2575. An act to define certain crimes against the United States in connection with the administration of Federal penal and correctional institutions and to fix the punishment therefor; to the Committee on the Judiciary.

S. 2584. An act for the relief of Elmer Kettering; to the Committee on Claims.

S. 2672. An act for the relief of Mabel S. Parker; to the Committee on Claims.

S. 2754. An act to add certain public-domain land in Montana to the Rocky Boy Indian Reservation; to the Committee on Indian Affairs.

S. 2835. An act to amend section 21 of the act approved June 5, 1920, entitled "An act to provide for the promotion and maintenance of the American merchant marine, to repeal certain emergency legislation, and to provide for the disposition, regulation, and use of property acquired thereunder, and for other purposes", as applied to the Virgin Islands of the United States; to the Committee on Merchant Marine, Radio, and Fisheries.

S. 2841. An act to provide punishment for certain offenses committed against banks organized or operating under laws of the United States or any member of the Federal Reserve System; to the Committee on the Judiciary.

S. 2863. An act for the relief of Don C. Fees; to the Committee on Claims.

S. 2870. An act to require the publication of reports of condition of State member banks of the Federal Reserve System, and for other purposes; to the Committee on Banking and Currency.

S. 2924. An act to include within the Deschutes National Forest, in the State of Oregon, certain public lands within the exchange boundaries thereof; to the Committee on the Public Lands.

S. 2934. An act to facilitate the acquisition of migratory-bird refuges, and for other purposes; to the Committee on Agriculture.

S. 2997. An act authorizing loans by Federal Land banks to incorporated associations and corporations in certain cases, and for other purposes; to the Committee on Agriculture.

S. 3144. An act to legalize a bridge across the St. Louis River at or near Cloquet, Minn.; to the Committee on Interstate and Foreign Commerce.

S.J.Res. 93. Joint resolution authorizing the creation of a Federal Memorial Commission to consider and formulate plans for the construction, on the western bank of the Mississippi River, at or near the site of old St. Louis, Mo., of a permanent memorial to the men who made possible the territorial expansion of the United States, particularly President Thomas Jefferson and his aides, Livingston and Monroe, who negotiated the Louisiana Purchase, and to the great explorers, Lewis and Clark, and the hardy hunters, trappers, frontiersmen, and pioneers, and others who contributed to the territorial expansion and development of the United States of America; to the Committee on the Library.

S.J.Res. 94. Joint resolution to retire George W. Hess as Director Emeritus of the Botanic Garden; to the Committee on the Library.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 3521. An act to reduce certain fees in naturalization proceedings, and for other purposes.

The SPEAKER announced his signature to enrolled bills and an enrolled joint resolution of the Senate of the following titles:

S. 682. An act to prohibit financial transactions with any foreign government in default on its obligations to the United States;

S. 1528. An act to amend section 3702, Revised Statutes;

S. 2308. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Randolph, Mo.;

S. 2324. An act for the relief of the Noank Shipyard, Inc.;

S. 2550. An act granting an easement over certain lands to the Springfield special road district in the county of Greene, State of Missouri, for road purposes;

S. 2592. An act granting the consent of Congress to the State of Minnesota, and Scott County and Carver County, in the State of Minnesota, to construct, maintain, and operate a bridge across the Minnesota River at or near Jordan, Minn.;

S. 2593. An act granting the consent of Congress to the Highway Department of the State of Minnesota to construct, maintain, and operate a free highway bridge across the St. Louis River at or near Cloquet, Minn.;

S. 2594. An act granting the consent of Congress to the Highway Department of the State of Minnesota to construct, maintain, and operate a free highway bridge across the Mississippi River at or near the southerly end of Lake Bemidji, Minn.;

S. 2689. An act to authorize the Department of Labor to make special statistical studies upon payment of the cost thereof, and for other purposes;

S. 2953. An act granting the consent of Congress to the Highway Department of the State of Tennessee to construct, maintain, and operate a free highway bridge across the Cumberland River at or near Carthage, Smith County, Tenn.; and

S.J.Res. 74. Joint resolution authorizing necessary funds to conduct investigation regarding rates charged for electrical energy and to prepare report thereon.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 52 minutes), in accordance with the order heretofore made, the House adjourned until Monday, April 9, 1934, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

401. A letter from the Secretary of the Navy, transmitting draft of a bill to amend the act approved February 15, 1929, entitled "An act to permit certain warrant officers to count all active service rendered under temporary appointments as warrant or commissioned officers in the Regular Navy or as warrant or commissioned officers in the United States Naval Reserve Force for purposes of promotion to chief warrant rank"; to the Committee on Naval Affairs.

402. A letter from the Secretary of the Treasury, transmitting draft of a bill to provide relief to Government contractors operating under codes; to the Committee on the Judiciary.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. HAINES: Committee on the Post Office and Post Roads. H.R. 8701. A bill to fix the rates of postage on reading matter for the blind; without amendment (Rept. No. 1142). Referred to the Committee of the Whole House on the state of the Union.

Mrs. NORTON: Committee on the District of Columbia. H.R. 8568. A bill to amend section 11 (i) of the District of Columbia Alcoholic Beverage Act (Public, No. 85, 73d Cong.); with amendment (Rept. No. 1143). Referred to the Committee of the Whole House on the state of the Union.

Mr. BANKHEAD: Committee on Rules. House Resolution 324. A resolution for the consideration of H.R. 7059, a bill to provide for the further development of vocational education in the several States and Territories; without amendment (Rept. No. 1144). Referred to the House Calendar.

Mrs. NORTON: Committee on the District of Columbia. H.R. 8519. A bill to amend sections 5, 9, and 12 and repeal section 36 of the District of Columbia Alcoholic Beverage Control Act; with amendment (Rept. No. 1146). Referred to the Committee of the Whole House on the state of the Union.

Mrs. NORTON: Committee on the District of Columbia. H.R. 8854. A bill to amend the District of Columbia Alcoholic Beverage Control Act by amending sections 11, 22, 23, and 24; with amendment (Rept. No. 1147). Referred to the Committee of the Whole House on the state of the Union.

Mrs. NORTON: Committee on the District of Columbia. H.R. 4548. A bill to provide old-age securities for persons over 60 years of age residing in the District of Columbia, and for other purposes; with amendment (Rept. No. 1148). Referred to the Committee of the Whole House on the state of the Union.

Mr. MOREHEAD: Committee on the Post Office and Post Roads. H.R. 5334. A bill to amend the third clause of section 14 of the act of March 3, 1879 (20 Stat. 359; U.S.C., title 39, sec. 226); without amendment (Rept. No. 1149). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. ROMJUE: Committee on the Post Office and Post Roads. H.R. 3384. A bill for the relief of Ralph C. Irwin; with amendment (Rept. No. 1145). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Pensions was discharged from the consideration of the bill (H.R. 2132) granting a pension to Neoma Brooks, and the same was referred to the Committee on Invalid Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

My Mr. RUDD: A bill (H.R. 8977) to amend the Radio Act of 1927, approved February 23, 1927, as amended; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. BROWN of Michigan: A bill (H.R. 8978) creating the International Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the St. Marys River at or near Sault Ste. Marie, Mich.; to the Committee on Interstate and Foreign Commerce.

By Mr. ELLENBOGEN: A bill (H.R. 8979) to make an additional appropriation of $2,000,000,000 for the construction of Public Works projects and of $400,000,000 for Federal grants to the several States for construction and extension of highways, and for other purposes; to the Committee on Appropriations.

By Mr. DARDEN: A bill (H.R. 8980) to amend the Agricultural Adjustment Act, as amended; to the Committee on Agriculture.

By Mr. SINCLAIR: A bill (H.R. 8981) to provide for the purchase and sale of farm products; to the Committee on Agriculture.

By Mr. HOWARD (by departmental request): A bill (H.R. 8982) to define the exterior boundaries of the Navajo Indian Reservation in New Mexico, and for other purposes; to the Committee on Indian Affairs.

By Mr. BACON: A bill (H.R. 8983) providing for the examination and survey of Lake Montauk Harbor, Long Island, N.Y.; to the Committee on Rivers and Harbors.

Also, a bill (H.R. 8984) providing for the examination and survey of Sterling Harbor, Long Island, N.Y.; to the Committee on Rivers and Harbors.

By Mr. DIMOND: A bill (H.R. 8985) to authorize compensation in lieu of accumulated leave to employees separated from the Department of Agriculture through the discontinuance of the United States experiment stations in Alaska, Guam, and the Virgin Islands; to the Committee on Appropriations.

By Mrs. NORTON: A bill (H.R. 8986) to transfer the powers of the Board of Public Welfare to the Commissioners of the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

Also, a bill (H.R. 8987) to amend an act entitled "An act to establish a Board of Indeterminate Sentence and Parole for the District of Columbia, and to determine its functions, and for other purposes", approved July 15, 1932; to the Committee on the District of Columbia.

By Mr. FIESINGER: A bill (H.R. 8988) to amend section 8 of part 2 of the Agricultural Adjustment Act; to the Committee on Agriculture.

By Mr. HILL of Alabama: A bill (H.R. 8989) to amend section 2, subsection (c), of the Home Owners' Loan Act of 1933; to the Committee on Banking and Currency.

By Mr. BANKHEAD: Resolution (H.Res. 324) for the consideration of H.R. 7059, a bill to provide for the further development of vocational education in the several States and Territories; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BLAND: A bill (H.R. 8990) granting an increase of pension to Emily Semple Wood; to the Committee on Pensions.

Also, a bill (H.R. 8991) granting a pension to Barbara Oertel; to the Committee on Pensions.

By Mr. CONNOLLY: A bill (H.R. 8992) for the relief of Frank A. Groner; to the Committee on Military Affairs.

By Mr. DARDEN: A bill (H.R. 8993) for the relief of the heirs-at-law of Barnabas W. Baker and Joseph Baker; to the Committee on Claims.

By Mr. O'BRIEN: A bill (H.R. 8994) for the relief of Garfield Arthur Ross; to the Committee on Claims.

By Mr. REILLY: A bill (H.R. 8995) granting a pension to Augusta E. I. Sutton; to the Committee on Pensions.

By Mr. SCHAEFER: A bill (H.R. 8996) granting a pension to Antonia Kuehn; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3536. By Mr. BACON: Petition of the New York State Legislature (urging the prohibition of any discrimination

because of race, creed, or color in public restaurants under the control of the Congress; to the Committee on Accounts.

3637. By Mr. ENGLEBRIGHT: Telegrams from California, with reference to the Johnson amendment to the Bankhead cotton bill; to the Committee on Agriculture.

3638. Also, petition of the Richmond Chamber of Commerce, Richmond, Calif., protesting against the passage of the Fletcher-Rayburn stock-exchange control bill; to the Committee on Interstate and Foreign Commerce.

3639. By Mr. FULMER: Resolution of the Charleston Retail Merchants Association, of Charleston, S.C., favoring the enactment of the Pettengill bill, and "respectfully urging our Senators and Congressmen to work for the passage of this bill at this session of Congress"; to the Committee on Interstate and Foreign Commerce.

3640. By Mr. GOODWIN: Petition of Rev. J. B. Conroy, pastor St. Johns Church, Clove, Ulster County, N.Y., in behalf of 150 members of his church, requesting the support of the amendment to section 301 of Senate bill 2910 providing for the regulation of interstate and foreign communications by wire or radio, and for other purposes; to the Committee on Interstate and Foreign Commerce.

3641. Also, petition of Mrs. M. Victoria Kaiser and others, residents of Sullivan County, N.Y., voicing disapproval of House bill 5812, which calls for the administering of a silver-nitrate solution to the eyes of all new-born children in the District of Columbia; to the Committee on the District of Columbia.

3642. By Mr. HOWARD: Petition of Edwin Weinrich, of Pierce, Nebr., and other producers of livestock in the Third District of Nebraska, urging the passage of Senate bill 3064; to the Committee on Agriculture.

3643. Also, petition of Adolph H. Claussen, of Wayne, Nebr., and other producers of livestock in the Third District of Nebraska, urging favorable consideration of Senate bill 3064; to the Committee on Agriculture.

3644. By Mr. JENKINS of Ohio: Petition signed by producers of livestock in Vinton County, Ohio, urging support of Congress of Senate bill 3064, which is an amendment to the Packers and Stockyards Act regulating direct purchases of livestock in the country as well as feeding operations; to the Committee on Agriculture.

3645. By Mr. KENNEY: Petition in the nature of a resolution of the Senate of the State of New Jersey, respectfully urging the Members of Congress from the State of New Jersey to make every effort to bring about the prompt enactment of such legislation as comprised in either House bill 8231 or 8303; to the Committee on Ways and Means.

3646. By Mr. LINDSAY: Petition of Cork Import Corporation, New York City, opposing the National Securities Exchange Act of 1934; to the Committee on Interstate and Foreign Commerce.

3647. Also, telegram of Joseph Moran, of Brooklyn, N.Y., opposing the enactment of the National Securities Exchange Act of 1934; to the Committee on Interstate and Foreign Commerce.

3648. Also, petition of the Crown Manufacturers Association of America, Washington, D.C., protesting against the Fletcher-Rayburn bill, the tariff bill, and the Wagner labor bill; to the Committee on Interstate and Foreign Commerce.

3649. Also, petition of the Negro Foreign Born Citizens League, New York City, favoring the De Priest resolution; to the Committee on Rules.

3650. Also, petition of the Harlem Lawyer's Association, New York City, favoring the De Priest resolution; to the Committee on Rules.

3651. Also, petition of William McGlinchey, of Brooklyn, N.Y., protesting against the enactment of the Fletcher-Rayburn bill; to the Committee on Interstate and Foreign Commerce.

3652. Also, petition of Walter L. Cuff, John E. Tibbetts, Adam Schlauch, Peter J. Dunn, Helen Fyfe, Helen M. O'Dea, Peter Dalton, Mrs. D. Fitzgerald, and Robert Mulhall, all of the Third Congressional District, Brooklyn, N.Y., favoring proposed amendment to section 301, Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

3653. Also, petition of the Brooklyn Catholic Action Council, Brooklyn, N.Y., recommending favorable action on amendment submitted by Rev. John B. Harney to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

3654. Also, petition of L. Bernadette Schneider and others, voters of the Third Congressional District of New York, favoring amendment proposed by Rev. J. B. Harney to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

3655. Also, petition of William R. Warner & Co. Inc., New York City, protesting against the increased tax on non-beverage alcohol used in the manufacture of medicinal products; to the Committee on Ways and Means.

3656. By Mr. PERKINS: Petition of residents of Warren, Hunterdon, and Bergen Counties of the State of New Jersey, petitioning Congress to act at once to safeguard the inherent rights of the American people relative to the radio; to the Committee on Merchant Marine, Radio, and Fisheries.

3657. Also, petition of the Senate of the State of New Jersey (the House of Assembly concurring), urging the Members of Congress from New Jersey to bring about enactment of a bill to permit State taxation of interstate sales; to the Committee on Interstate and Foreign Commerce.

3658. By Mr. RUDD: Petition of the Cork Import Corporation, New York City, opposing the passage of the National Securities Exchange Act of 1934; to the Committee on Interstate and Foreign Commerce.

3659. Also, petition of the Bilt-Rite Baby Carriage Co., Brooklyn, N.Y., opposing the passage of Senate bill 2926 and House bill 8423; to the Committee on Labor.

3660. Also, petition of the Crown Manufacturers' Association of America, opposing the passage of the Fletcher-Rayburn bill; to the Committee on Interstate and Foreign Commerce.

3661. Also, petition of the Order of Alhambra, Brooklyn, N.Y., favoring the amendment to section 301 of Senate bill 2910 offered on behalf of Radio Station WLWL, New York; to the Committee on Merchant Marine, Radio, and Fisheries.

3662. Also, petition of Frank Associates, Inc., New York City, opposing the passage of Wagner-Connery bill, the tariff bill, and the Connery 30-hour week bill; to the Committee on Labor.

3663. Also, petition of the Harlem Lawyers' Association, New York City, favoring the passage of the De Priest resolution, House Resolution 236; to the Committee on Rules.

3664. Also, petition of the Bilt-Rite Baby Carriage Co., Brooklyn, N.Y., opposing the passage of House bill 8430; to the Committee on Ways and Means.

3665. By Mr. SUTPHIN: Concurrent resolution adopted by both houses of the New Jersey Legislature, urging prompt enactment of legislation as provided in House bills 8231 and 8303 and Senate bill 2897; to the Committee on Interstate and Foreign Commerce.

3666. Also, resolution of Middlesex Council 857, Knights of Columbus, opposing pending birth-control legislation; to the Committee on the Judiciary.

SENATE

FRIDAY, APRIL 6, 1934

(Legislative day of Wednesday, Mar. 28, 1934)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

CALL OF THE ROLL

Mr. LEWIS. Mr. President, I note the absence of a quorum, and ask for a roll call.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Bachman	Barkley	Borah
Ashurst	Bailey	Black	Brown
Austin	Bankhead	Bone	Bulkley

Bulow	George	Long	Robinson, Ind.
Byrd	Gibson	McAdoo	Russell
Byrnes	Glass	McCarran	Schall
Capper	Goldsborough	McGill	Sheppard
Caraway	Gore	McKellar	Shipstead
Carey	Hale	McNary	Smith
Clark	Harrison	Metcalf	Steiwer
Connally	Hastings	Murphy	Thomas, Okla.
Coolidge	Hatch	Neely	Thomas, Utah
Costigan	Hatfield	Norbeck	Thompson
Couzens	Hayden	Norris	Townsend
Davis	Hebert	Nye	Tydings
Dickinson	Johnson	O'Mahoney	Vandenberg
Dieterich	Kean	Overton	Van Nuys
Dill	Keyes	Patterson	Wagner
Duffy	King	Pittman	Walcott
Erickson	La Follette	Pope	Walsh
Fess	Lewis	Reed	White
Fletcher	Logan	Reynolds	
Frazier	Lonergan	Robinson, Ark.	

Mr. LEWIS. I desire to announce the absence of the Senator from Mississippi [Mr. STEPHENS], the Senator from Florida [Mr. TRAMMELL], the Senator from New York [Mr. COPELAND], who are necessarily detained, and the absence of the Senator from Montana [Mr. WHEELER], who is detained by illness.

Mr. HEBERT. I desire to announce that the Senator from New Jersey [Mr. BARBOUR] is necessarily absent.

The VICE PRESIDENT. Ninety Senators have answered to their names. A quorum is present.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed the following bills of the Senate, each with an amendment, in which it requested the concurrence of the Senate:

S. 2545. An act to extend the times for commencing and completing the construction of a bridge across the Columbia River at or near Astoria, Oreg.; and

S. 2999. An act to guarantee the bonds of the Home Owners' Loan Corporation, to amend the Home Owners' Loan Act of 1933, and for other purposes.

The message also announced that the House had passed the following bill and joint resolution of the Senate, each with amendments, in which it requested the concurrence of the Senate:

S. 3022. An act to amend sections 3 and 4 of an act of Congress entitled "An act for the protection and regulation of the fisheries of Alaska", approved June 26, 1906, as amended by act of Congress approved June 6, 1924, and for other purposes; and

S.J.Res. 15. Joint resolution extending to the whaling industry certain benefits granted under section 11 of the Merchant Marine Act, 1920.

The message further announced that the House had passed the following bills and joint resolution, in which it requested the concurrence of the Senate:

H.R. 503. An act to authorize the donation of certain land to the town of Bourne, Mass.;

H.R. 1724. An act providing for settlement of claims of officers and enlisted men for extra pay provided by act of January 12, 1899;

H.R. 1766. An act to provide medical services after retirement on annuity to former employees of the United States disabled by injuries sustained in the performance of their duties;

H.R. 3843. An act to repeal an act of Congress entitled "An act to modify and amend the mining laws in their application to the Territory of Alaska, and for other purposes", approved August 1, 1912;

H.R. 4808. An act granting citizenship to the Metlakahtla Indians of Alaska;

H.R. 5038. An act authorizing pursers or licensed deck officers of vessels to perform the duties of the masters of such vessels in relation to entrance and clearance of same;

H.R. 5927. An act to provide for the selection of certain lands in the State of California for the use of the California State park system;

H.R. 6013. An act to authorize the sale of land and houses at Anchorage, Alaska;

H.R. 6179. An act to amend an act entitled "An act to provide for the leasing of coal lands in the Territory of Alaska, and for other purposes";

H.R. 6898. An act authorizing the city of Atchison, Kans., and the county of Buchanan, Mo., or either of them, or the States of Kansas and Missouri, or either of them, or the highway departments of such States, acting jointly or severally, to construct, maintain, and operate a free highway bridge across the Missouri River at or near Atchison, Kans.;

H.R. 7200. An act to provide for the addition of certain lands to the Chickamauga and Chattanooga National Military Park in the States of Tennessee and Georgia;

H.R. 7306. An act to amend section 10 of the act entitled "An act extending the homestead laws and providing for right-of-way for railroads in the District of Alaska, and for other purposes", approved May 14, 1898, as amended;

H.R. 7356. An act to provide, in case of the disability of senior circuit judges, for the exercise of their powers and the performance of their duties by the other circuit judges;

H.R. 7425. An act for the inclusion of certain lands in the national forests in the State of Idaho, and for other purposes;

H.R. 7428. An act providing for the transfer of certain lands from the United States to the city of Wilmington, Del., and from the city of Wilmington, Del., to the United States;

H.R. 7549. An act to modify the effect of certain Chippewa Indian treaties on areas in Minnesota;

H.R. 8429. An act to revive and reenact the act entitled "An act authorizing D. S. Prentiss, R. A. Salladay, Syl F. Histed, William M. Turner, and John H. Rahilly, their heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across the Mississippi River at or near the town of New Boston, Ill.", approved March 3, 1931;

H.R. 8438. An act to legalize a bridge across St. Francis River at or near Lake City, Ark.;

H.R. 8516. An act granting the consent of Congress to the Mississippi Highway Commission to construct, maintain, and operate a free highway bridge across the Pearl River in the State of Mississippi;

H.R. 8853. An act to extend the time for the construction of a bridge across the Wabash River at a point in Sullivan County, Ind., to a point opposite on the Illinois shore; and

H.J.Res. 10. Joint resolution requesting the President to proclaim October 12 as Columbus Day for the observance of the anniversary of the discovery of America.

TARIFF DUTY ON LACES—PETITION

Mr. HEBERT. Mr. President, I ask unanimous consent at this time to present for appropriate reference a petition signed by about 600 lace workers of the State of Rhode Island praying for the retention of the present duty on laces.

The VICE PRESIDENT. The petition will be received and referred to the Committee on Finance.

PROCESSING TAX ON JUTE BAGS

Mr. BORAH. Mr. President, we were discussing a few days ago the question of the processing tax on jute bags. I do not desire to discuss the subject again at this time, but I ask to have inserted in the RECORD a set of resolutions adopted by the New Sweden Grange, of Idaho Falls, Idaho, and also a telegram from Lamar, Colo., relating to the subject.

There being no objection, the resolutions and telegram were ordered to lie on the table and to be printed in the RECORD, as follows:

IDAHO FALLS, IDAHO, *March 16, 1934.*

At a meeting of New Sweden Grange, Friday, March 16, the following resolutions were adopted:

"Whereas without any notice or warning whatever these taxes were imposed upon jute products to the serious detriment of both the grower and shipper of Idaho potatoes; and

"Whereas the farmers of Idaho are today paying a heavy tariff upon all jute shipped into the United States, also a processing tax upon all cotton goods used by them; and

"Whereas the farmers of Idaho have never used cotton bags, except in a small way, in the marketing of their products, and cannot use cotton bags in any quantity except only for small consumer packages and on which jute bags cannot be used; and

"Whereas jute bags are in no way competitive to cotton as the ordinary containers for potatoes; and

"Whereas the farmers of Idaho are today paying the heaviest freight rates upon their commodities moving to market of any like farming community in the United States; and

"Whereas the farm commodities of the State of Idaho during the past few years have sold at prices averaging less than the cost of production, particularly all crops that are affected by the tax on jute products; and

"Whereas there is no direct nor indirect benefit received by the farmers of Idaho from the money that they have paid out as a result of this processing tax; and

"Whereas the potato industry has never received any crop advance or advances for abandoned acreages, nor do they anticipate any such assistance; and

"Whereas the tax upon jute products is only another unjust, unfair, and unreasonable burden added to those now being borne by the farmers of the State of Idaho, and further deprives them of any opportunity that they might have to recover from the depressed condition of their industry: Now, therefore, be it

"*Resolved*, That we, as growers, in a meeting assembled at Idaho Falls, Idaho, this 20th day of March 1934, protest the processing tax now imposed upon jute bags used in marketing of our commodities, and respectfully urge the United States Government through the United States Department of Agriculture to give the producers of potatoes relief from these unfair, unjust, and unreasonable taxes by removing the processing tax upon all jute bags used in the marketing of these commodities."

It was voted that we send copies to Secretary of Agriculture Henry A. Wallace and Senator William E. Borah.

JOHN WACKERLI,
Grand Master.
LYLE E. ALLEN,
Secretary.

LAMAR, COLO., *April 5, 1934.*

Senator WILLIAM E. BORAH,
Washington, D.C.:

Heartily support your petition to Secretary Wallace asking removal of tax on burlap bags. This tax should also be removed on bags used for packing alfalfa meal, which amounts to approximately 50 cents per ton, the greater part of which the alfalfa grower must necessarily stand. This results in a tax on alfalfa of approximately $150,000 annually paid direct and indirect by alfalfa millers in Idaho, California, Colorado, Nevada, New Mexico, Kansas, Nebraska, and Oklahoma. This tax also most surely affects the basic price to the farmer on all alfalfa, whether marketed at alfalfa mills or elsewhere.

F. M. WILSON,
Denver Alfalfa Milling & Produce Co.,
Operating in California, Colorado, Kansas, Nebraska, and Michigan.

TAX ON IMPORTED OILS AND FATS

Mr. SHIPSTEAD. Mr. President, I present and ask to have printed in the RECORD and lie on the table a telegram from A. M. Loomis, secretary of the National Dairy Union, memorializing Congress, in behalf of representatives of the dairy industry, for the imposition of a tax on imported oils and fats.

There being no objection, the telegram was ordered to lie on the table and to be printed in the RECORD, as follows:

CHICAGO, ILL., *April 5, 1934.*

CHESTER GRAY,
Washington, D.C.:

Large meeting creamery owners and operators, sponsored by American Association Creamery Butter Manufacturers, unanimously adopted following:

"All branches of the dairy industry having gone on record as favoring a tax on imported oils and fats, this meeting, consisting of representatives of the large National and State organizations from 32 States, now desires to memorialize Congress as follows:

"First. To approve principle of taxing, first, domestic processing coconut oil, sesame oil, palm oil, palm-kernel oil, sunflower oil, imported whale oil, imported fish oil, as now found section 602 pending internal revenue bill, as amended, reported Senate Finance Committee.

"Second. To oppose and defeat any change which would exempt from taxation any kind or grade of oil now enumerated therein, regardless of its source.

"Third. To approve and adopt an amendment which would increase tax rate therein proposed from 3 cents pound to 5 cents pound."

A. M. LOOMIS,
Secretary National Dairy Union.

REPORTS OF COMMITTEES

Mr. SHEPPARD, from the Committee on Military Affairs, to which was referred the bill (S. 2227) for the relief of Harold S. Shepardson, reported it without amendment and submitted a report (No. 635) thereon.

He also, from the Committee on Commerce, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

H.R. 7060. An act to extend the times for commencing and completing the construction of a bridge across the Columbia River near The Dalles, Oreg. (Rept. No. 636);

H.R. 7801. An act to extend the times for commencing and completing the construction of a bridge across the Columbia River at or near The Dalles, Oreg. (Rept. No. 637);

H.R. 7803. An act authorizing the city of East St. Louis, Ill., its successors and assigns, to construct, maintain, and operate a toll bridge across the Mississippi River at or near a point between Morgan and Wash Streets, in the city of St. Louis, Mo., and a point opposite thereto in the city of East St. Louis, Ill. (Rept. No. 638);

H.R. 8040. An act granting the consent of Congress to the Iowa State Highway Commission and the Missouri Highway Department to maintain a free bridge already constructed across the Des Moines River near the city of Keokuk, Iowa (Rept. No. 639);

H.R. 8237. An act to legalize a bridge across Black River at or near Pocahontas, Ark. (Rept. No. 640); and

H.R. 8477. An act authorizing the State Road Commission of West Virginia to construct, maintain, and operate a toll bridge across the Potomac River at or near Shepherdstown, Jefferson County, W.Va. (Rept. No. 641).

Mr. LOGAN, from the Committee on Claims, to which was referred the bill (S. 2720) for the relief of George M. Wright, reported it with an amendment and submitted a report (No. 642) thereon.

He also, from the same committee, to which was referred the bill (S. 2662) authorizing the Comptroller General of the United States to settle and adjust the claims of subcontractors for material and labor furnished in the construction of a post-office building at Las Vegas, Nev., reported it without amendment and submitted a report (No. 643) thereon.

Mr. GIBSON, from the Committee on Claims, to which was referred the bill (S. 1972) for the relief of James W. Walters, reported it without amendment and submitted a report (No. 644) thereon.

He also, from the same committee, to which were referred the following bills, reported them each with an amendment and submitted reports thereon:

S. 379. An act for the relief of Frederick G. Barker (Rept. No. 645); and

S. 819. An act for the relief of S. N. Kempton (Rept. No. 646).

Mr. BAILEY, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

H.R. 233. An act for the relief of Florence Hudgins Lindsay and Elizabeth Lindsay (Rept. No. 648);

H.R. 264. An act for the relief of Marguerite Ciscoe (Rept. No. 649);

H.R. 323. An act for the relief of Harvey M. Hunter (Rept. No. 650);

H.R. 470. An act for the relief of the city of Glendale, Calif. (Rept. No. 651);

H.R. 520. An act for the relief of Ward A. Jefferson (Rept. No. 652);

H.R. 719. An act for the relief of Willard B. Hall (Rept. No. 653);

H.R. 768. An act for the relief of William E. Bosworth (Rept. No. 654); and

H.R. 2512. An act for the relief of John Moore (Rept. No. 655).

Mr. BAILEY also, from the Committee on Claims, to which were referred the following bills, reported them severally with an amendment and submitted reports thereon:

H.R. 211. An act for the relief of John A. Rapelye (Rept. No. 656);

H.R. 328. An act for the relief of E. W. Gillespie (Rept. No. 657); and

H.R. 473. An act for the relief of Irene Brand Alper (Rept. No. 658).

Mr. FLETCHER, from the Committee on Banking and Currency, to which was referred the bill (S. 2817) to amend the act relating to contracts and agreements under the Agricultural Adjustment Act, approved January 25, 1934, reported it without amendment and submitted a report (No. 647) thereon.

Mr. PITTMAN, from the Committee on Foreign Relations, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 2367. An act for the relief of Emilie C. Davis (Rept. No. 659);

S. 2748. An act to authorize an appropriation for the reimbursement of Stelio Vassiliadis (Rept. No. 660);

S. 2875. An act for the relief of Margoth Olsen Von Struve (Rept. No. 661); and

S. 2919. An act for the relief of Cornelia Claiborne (Rept. No. 662).

Mr. MURPHY, from the Committee on Agriculture and Forestry, to which was referred the bill (S. 2674) to amend an act entitled "An act to relieve the existing national economic emergency by increasing agricultural purchasing power, to raise revenue for extraordinary expenses incurred by reason of such emergency, to provide emergency relief with respect to agricultural indebtedness, to provide for the orderly liquidation of joint-stock land banks, and for other purposes", approved May 12, 1933, reported it with amendments and submitted a report (No. 663) thereon.

ENROLLED BILLS AND JOINT RESOLUTION PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on the 5th instant that committee presented to the President of the United States the following enrolled bills and joint resolution:

S. 552. An act for the relief of Manuel Merritt;

S. 682. An act to prohibit financial transactions with any foreign government in default on its obligations to the United States;

S. 1484. An act for the relief of Miles Thomas Barrett;

S. 1528. An act to amend section 3702, Revised Statutes;

S. 2308. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Randolph, Mo.;

S. 2550. An act granting an easement over certain lands to the Springfield special road district in the county of Greene, State of Missouri, for road purposes;

S. 2592. An act granting the consent of Congress to the State of Minnesota, and Scott County and Carver County, in the State of Minnesota, to construct, maintain, and operate a bridge across the Minnesota River at or near Jordan, Minn.;

S. 2593. An act granting the consent of Congress to the Highway Department of the State of Minnesota to construct, maintain, and operate a free highway bridge across the St. Louis River at or near Cloquet, Minn.;

S. 2594. An act granting the consent of Congress to the Highway Department of the State of Minnesota to construct, maintain, and operate a free highway bridge across the Mississippi River at or near the southerly end of Lake Bemidji, Minn.;

S. 2953. An act granting the consent of Congress to the Highway Department of the State of Tennessee to construct, maintain, and operate a free highway bridge across the Cumberland River at or near Carthage, Smith County, Tenn.; and

S.J.Res. 74. Joint resolution authorizing necessary funds to conduct investigation regarding rates charged for electrical energy and to prepare report thereon.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. ASHURST:

A bill (S. 3302) for the relief of Daniel Connell Flynn; to the Committee on Naval Affairs.

(By request.) A bill (S. 3303) to provide for the expeditious condemnation and taking of possession of land by officers, agencies, or corporations of the United States authorized to acquire real estate by condemnation in the name of or for the use of the United States for the construction of public works now or hereafter authorized by Congress; to the Committee on the Judiciary.

By Mr. TYDINGS:

A bill (S. 3304) to amend section 51 of the Judicial Code (with accompanying papers); to the Committee on Banking and Currency.

A bill (S. 3305) for the relief of Brown & Cunningham, of Port Deposit, Md.; to the Committee on Claims.

A bill (S. 3306) for the relief of Capt. Jacob M. Pearce, United States Marine Corps; to the Committee on Naval Affairs.

By Mr. COUZENS:

A bill (S. 3307) for the relief of W. H. Le Duc (with an accompanying paper); and

A bill (S. 3308) for the relief of the estate of Elizabeth Purtill O'Brien; to the Committee on Claims.

By Mr. NYE:

A bill (S. 3309) for the relief of Otto C. Asplund; to the Committee on Claims.

By Mr. GLASS:

A bill (S. 3310) to amend sections 1, 2, and 3 of the act entitled "An act to provide for the commemoration of the termination of the War between the States at Appomattox Court House, Va.", approved June 18, 1930, and to establish the Appomattox Court House National Historical Park, and for other purposes; to the Committee on Military Affairs.

By Mr. REED:

A bill (S. 3311) to incorporate the National Association of State Libraries; to the Committee on the Judiciary.

By Mr. WALSH:

A bill (S. 3312) for the relief of the Holyoke Ice Co.; to the Committee on Claims.

A bill (S. 3313) providing for the promotion of certain officers and enlisted men of the Army, Navy, and Marine Corps, when transferred from the active to the retired list; to the Committee on Military Affairs.

By Mr. SHIPSTEAD:

A bill (S. 3314) for the relief of Joseph Watkins; to the Committee on Claims.

A bill (S. 3315) granting additional war-risk insurance to Anna Christine Jones; to the Committee on Finance.

By Mr. RUSSELL:

A bill (S. 3316) to postpone until June 16, 1935, the operation of section 21 (a) (2) of the Banking Act of 1933; to the Committee on Banking and Currency.

By Mr. WALCOTT:

A joint resolution (S.J.Res. 99) authorizing the erection of a memorial to J. J. Jusserand; to the Committee on the Library.

HOUSE BILLS AND JOINT RESOLUTION REFERRED

The following bills and joint resolution were severally read twice by their titles and ordered to be placed on the calendar or referred as follows:

H.R. 503. An act to authorize the donation of certain land to the town of Bourne, Mass.; to the Committee on Military Affairs.

H.R. 1724. An act providing for settlement of claims of officers and enlisted men for extra pay provided by act of January 12, 1899; to the Committee on Claims.

H.R. 3843. An act to repeal an act of Congress entitled "An act to modify and amend the mining laws in their application to the Territory of Alaska, and for other purposes", approved August 1, 1912; and

H.R. 6013. An act to authorize the sale of land and houses at Anchorage, Alaska; to the Committee on Territories and Insular Affairs.

H.R. 5927. An act to provide for the selection of certain lands in the State of California for the use of the California State park system;

H.R. 6179. An act to amend an act entitled "An act to provide for the leasing of coal lands in the Territory of Alaska, and for other purposes";

H.R. 7306. An act to amend section 10 of the act entitled "An act extending the homestead laws and providing for right-of-way for railroads in the District of Alaska, and for other purposes", approved May 14, 1898, as amended; and

H.R. 7425. An act for the inclusion of certain lands in the national forests in the State of Idaho, and for other purposes; to the Committee on Public Lands and Surveys.

H.R. 7428. An act providing for the transfer of certain lands from the United States to the city of Wilmington, Del., and from the city of Wilmington, Del., to the United States; to the Committee on Public Buildings and Grounds.

H.R. 5038. An act authorizing pursers or licensed deck officers of vessels to perform the duties of the masters of such vessels in relation to entrance and clearance of same;

H.R. 8429. An act to revive and reenact the act entitled "An act authorizing D. S. Prentiss, R. A. Salladay, Syl F. Histed, William M. Turner, and John H. Rahilly, their heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across the Mississippi River at or near the town of New Boston, Ill.", approved March 3, 1931;

H.R. 8438. An act to legalize a bridge across St. Francis River at or near Lake City, Ark.;

H.R. 8853. An act to extend the time for the construction of a bridge across the Wabash River at a point in Sullivan County, Ind., to a point opposite on the Illinois shore; and

H.R. 8516. An act granting the consent of Congress to the Mississippi Highway Commission to construct, maintain, and operate a free highway bridge across the Pearl River in the State of Mississippi; to the Committee on Commerce.

H.R. 4808. An act granting citizenship to the Metlakahtla Indians of Alaska; and

H.R. 7549. An act to modify the effect of certain Chippewa Indian treaties on areas in Minnesota; to the Committee on Indian Affairs.

H.R. 6898. An act authorizing the city of Atchison, Kans., and the county of Buchanan, Mo., or either of them, or the States of Kansas and Missouri, or either of them, or the highway departments of such States, acting jointly or severally, to construct, maintain, and operate a free highway bridge across the Missouri River at or near Atchison, Kans.; and

H.R. 7200. An act to provide for the addition of certain lands to the Chickamauga and Chattanooga National Military Park in the States of Tennessee and Georgia; to the calendar.

H.R. 1766. An act to provide medical services after retirement on annuity to former employees of the United States disabled by injuries sustained in the performance of their duties;

H.R. 7356. An act to provide, in case of the disability of senior circuit judges, for the exercise of their powers and the performance of their duties by the other circuit judges; and

H.J.Res. 10. Joint resolution requesting the President to proclaim October 12 as Columbus Day for the observance of the anniversary of the discovery of America; to the Committee on the Judiciary.

INTERNAL-REVENUE TAXATION—AMENDMENT

Mr. METCALF submitted an amendment intended to be proposed by him to the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes, which was ordered to lie on the table and to be printed.

ASSISTANT CLERK FOR COMMITTEE ON PATENTS

Mr. McADOO submitted the following resolution (S.Res. 219), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Committee on Patents is hereby authorized to employ for the duration of the Seventy-fourth Congress an assistant clerk, to be paid from the contingent fund of the Senate at the rate of $2,400 per annum.

VOCATIONAL AVIATION COURSES IN PUBLIC SCHOOLS

Mr. WALSH submitted the following resolution (S.Res. 220), which was referred to the Committee on Education and Labor:

Resolved, That the Commissioner of Education in the Department of the Interior is requested to make a study of the desirability of including in the curricula of the public schools throughout the United States vocational courses in aviation and related subjects, formulate a plan for such courses of study, make the results of such study and such plans available for use of the schools and the people throughout the United States, and make a report with respect to such study and plans to the Congress.

CLAIMS OF TURTLE MOUNTAIN BAND OR BANDS OF CHIPPEWA INDIANS

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 326) referring the claims of the Turtle Mountain Band or Bands of Chippewa Indians of North Dakota to the Court of Claims for adjudication and settlement.

Mr. FRAZIER. I move that the Senate disagree to the amendment of the House, ask for a conference with the House on the disagreeing votes of the two Houses thereon, and that the conferees on the part of the Senate be appointed by the Chair.

The motion was agreed to; and the Vice President appointed Mr. ASHURST, Mr. THOMAS of Oklahoma, and Mr. FRAZIER conferees on the part of the Senate.

GOVERNMENTAL CONTROL OF BUSINESS

Mr. PATTERSON. Mr. President, I ask unanimous consent to have inserted in the RECORD an editorial appearing in the St. Louis Globe Democrat of March 15, 1934, entitled "Governmental Control of Business", in which the Fletcher-Rayburn stock-exchange control bill is very ably discussed.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the St. Louis Globe Democrat, Mar. 15, 1934]

GOVERNMENTAL CONTROL OF BUSINESS

In giving his approval to the revised Fletcher-Rayburn stock exchange bill President Roosevelt said the two principal objectives were margins so high that speculation would be drastically curtailed, and giving the Government such powers of supervision over exchanges that it will be able to correct abuses which may arise in the future. With the effort to prevent excessive speculation such as we had in 1928–29 there can be no serious quarrel, but this bill, even as modified, goes to extremes in regulation that will make it detrimental to the legitimate operations of the securities markets and consequently an impediment to economic recovery.

However, the chief objection to this bill is the bureaucratic control it would give over the organized business of the country. The President in his letter to Senator FLETCHER did not mention this feature of the bill, and we doubt that he has given serious consideration to it. He said in this letter, "the bill as shown to me by you this afternoon seems to meet the minimum requirements." The plain inference is that Senator FLETCHER took the bill to the White House and that he and the President discussed it for a brief time, with but little, if any, attention given to the business-control provisions, for the whole of the President's remarks refer to supervision over exchanges.

Yet this bill provides not merely for supervision over exchanges but for governmental supervision over virtually every incorporated business in the country, directly and specifically over every concern whose stock is listed on any exchange, and indirectly over every other concern whose stock is not listed, a control that may also become direct when the provisions of the law are carried out. Under this bill every corporation whose securities are listed must file an agreement with the Federal Trade Commission to comply with all the terms of the act "and any amendments thereto, and with the rules and regulations made or to be made thereunder" by the Commission, thus binding it not only to whatever is but to whatever may be in the future required by the law or the Commission. And it must supply at once to the exchange and the Commission not only information as to its financial structure but as to the remuneration and interests of directors, officers, and others, management and service contracts, balance sheets, and profit and loss statements for preceding years, etc. Unless this is done no securities can be listed. Then the Commission is given power to require annual, quarterly, or monthly reports, in such form as it may prescribe and in such detail as to give the Commission direction of the entire accounting system and financial transactions of every corporation, and it is a fair inference that the Commission may even control the choice of officers or directors. Heavy civil and criminal penalties are prescribed for violations of the act or any rule or regulation under it.

Moreover, exemption from the supervision cannot be insured by withdrawing a stock from exchange listing, or by maintaining one's stock unlisted. For stocks can be withdrawn from present

lists only upon terms the Commission may impose. Members of exchanges are prohibited from giving credit on any securities not listed, which would destroy the value of unlisted securities as collateral in exchange operations. And no market can be created for any securities except under rules and regulations prescribed by the Commission, which, it is a fair inference from the language of the act, would impose much the same conditions upon corporations having no listed stocks as upon others, if any market at all is to be had for their securities.

It is proposed to establish this governmental control over practically all the incorporated business of the country, not specifically as a means of regulating business, which would be plainly recognized as a longer step in the direction of socialism than any yet taken, but merely as an incident of stock-exchange regulation. And because it is being proposed in this guise, or disguise, very little attention is being paid to this vastly more important and far-reaching encroachment upon private rights and private freedom of conduct. Business, in the general sense, has very little to do with stock exchanges. The exchanges afford a convenient and necessary market for their securities, but otherwise hardly enter at all into their operations. The stocks of the vast majority of corporations do not figure to any extent in speculative transactions of objectionable character. The evils of excessive speculation can be remedied by appropriate and reasonable regulation of the stock exchanges themselves. There is not the slightest justification for extending Federal control and regulation to practically the entire field of incorporated business.

This feature should be entirely eliminated from the stock-exchange bill. We do not believe the country wants legitimate business dominated by a Government bureau such as this measure prescribes. Business is the foundation, and the only foundation, of the material welfare of the country. If we are really planning to abandon our economic system and set up a new system which calls for complete governmental control of economic operations, let it be frankly stated and the people be given an opportunity to decide upon its merits. Let us not permit socialism to be forced upon us unawares by insidious methods of indirect action.

GENERAL MOTORS' PROFITS AND WAGES

Mr. NYE. Mr. President, the New York Post of Wednesday, April 4, 1934, carried a five-line editorial entitled "Profits—and Wages." I send it to the desk and ask to have it read.

The VICE PRESIDENT. Without objection, the editorial will be read, as requested.

The legislative clerk read as follows:

PROFITS—AND WAGES

General Motors report for 1933:
Sales in dollars rose 31 percent.
Net earnings rose 50,000 percent.
Average annual wage rose three quarters of 1 percent.

DR. WILLIAM A. WIRT

Mr. ROBINSON of Indiana. Mr. President, I send to the desk a letter from Mrs. C. R. Babcock, of Pottawatomie Chapter, Daughters of the American Revolution, Gary, Ind., and ask that it be read.

The VICE PRESIDENT. Without objection, the clerk will read as requested.

The legislative clerk read as follows:

POTTAWATOMIE CHAPTER,
DAUGHTERS OF THE AMERICAN REVOLUTION,
Gary, Ind., April 4, 1934.

Senator ARTHUR R. ROBINSON,
United States Senate, Washington, D.C.

DEAR SIR: The Pottawatomie Chapter regrets the evident attempt on the part of certain officials in Washington to make light of the charges made by Dr. W. A. Wirt of the communistic tendencies of the present executive department of the Government of the United States. We therefore ask you to help in securing a fair, impartial, and public hearing at the congressional inquiry into these charges.

The members of this chapter wish to assure you that Dr. W. A. Wirt, superintendent of schools of Gary, is a capable thinker who would not make ridiculous and unsubstantiated charges.

Sincerely yours,

ALTA S. BABCOCK, *Regent.*

Mr. LA FOLLETTE. Mr. President, in that connection I ask to have read at the desk the editorial which I send forward.

The VICE PRESIDENT. Without objection, the editorial will be read.

The legislative clerk read as follows:

[From the Capital Times, Madison, Wis., Apr. 4, 1934]

MAKING LIGHT OF THE TIMES

By Ernest L. Meyer

To Dr. WILLIAM A. WIRT,
President Wirt Witchsniffery, Inc., Gary, Ind.

MY DEAR DR. WIRT: Every loyal citizen is with you in your tremendous one-man drive to prevent the Roosevelt "brain trust" from delivering the United States, plainly wrapped in cellophane, to Soviet Russia.

Your discoveries of "brain trust" rascality are not only momentous, but miraculous. You have, magician that you are, pulled a Russian wolfhound out of the President's top hat.

But you have not gone far enough. The communistic scheming of the "brain trust" fades to insignificance before the gigantic plot being hatched by the super "brain trust".

I have full proof of this amazing conspiracy, Dr. Wirt, and when the proper time comes I will submit it to your witchsniffery factory for chemical analysis by your experts on bogeys and hobgoblins. I know that the story of this plot is true because it was told me in confidence by a side-show barker, who got it from the tattoed man, who learned it from a Harlem night-club piano player, who has flat feet and has never been known to play parchesi after 9 o'clock on Thursday. This circumstance alone, Dr. Wirt, throws a sinister light on the whole nefarious plot.

The super "brain trust", sir, is led by none other than Dr. Albert Einstein, the eminent mathematician. And it proposes at a given signal to have the radical supreme court declare unconstitutional the law of gravity and thus with satanic cunning have our world annexed by the interstellar soviet republic of the fourth dimension.

Dr. Wirt, no true American will ever surrender without a battle to domination by the fourth dimension, ruled by a radical douma of electromagnetics and fanatical atoms, all united under a dictatorship of a hiatus.

Yes, a hiatus, Dr. Wirt. In his own writings, Dr. Einstein has betrayed the hiatus plot, which is revolting to any democratic citizen.

"In my general theory of relativity", he wrote in 1930, "there remained a hiatus. It was still necessary to assume two original qualities of matter-gravitation, which forms the basis of the laws of movement and mechanics, and electromagnetism, upon which the doctrine of light, of electric phenomena, and of heat are built. Now I have found the proper form * * *."

That form, Dr. Wirt, was not democracy. It was the hiatus.

The only reason nobody can understand Dr. Einstein's books is because they are written in code. A code understood only by Einstein and his 12 cohorts united with him in the super "brain trust" plot to deliver America over to the Interstellar Soviet Republic of the Fourth Dimension and submit to the dictatorship of a hiatus somewhere in an undemocratic chaos.

Why did Einstein come to America? He himself engineered the rise of Hitler so that he (Einstein) might be exiled. And we welcomed this monster to our shores. Only a week or so ago some of his lieutenants began construction of a gigantic 200-inch telescope. This, Dr. Wirt, is part of the prodigious plot. Why a supertelescope? Simply because the super "brain trust" wants to bring the stars millions of light-years nearer to our earth. Why should we bring the stars nearer to America? Isn't America good enough for us?

O Dr. Wirt, we look to you for leadership in saving our Nation from the super "brain trust", which would reduce us rugged individuals to the status of pollywoggles in the milky way.

PERSONAL EXPLANATION

Mr. CLARK. Mr. President, when the Senate recessed last night I gave notice that it was my purpose to take 10 minutes of the time of the Senate this morning to reply to the speeches made yesterday and day before yesterday by the Senator from Louisiana [Mr. LONG]. Upon reflection, I have concluded that it is both unnecessary and unjustifiable, in this time of great national stress, with a measure of great importance before the Senate, to waste the time of the Senate in a discussion of personalities which a reply to the remarks of the Senator from Louisiana yesterday and the day before would necessarily involve.

The Senator from Arkansas [Mr. ROBINSON], the honored leader of the party on this side of the Chamber, and the Senator from Mississippi [Mr. HARRISON], Chairman of the Committee on Finance, have both served in the Congress of the United States for nearly 30 years. They have written a record of honest, unswerving, patriotic service which needs no defense from me or anybody else and which is perfectly capable of speaking for itself. Therefore, I shall not pursue the matter further at this time.

Furthermore, I desire to say that on yesterday I felt a sense of outrage at what I considered an absolutely unjustifiable and indefensible attack upon the motives of the Senator from Mississippi [Mr. HARRISON], who has been my close personal friend now for nearly a quarter of a century. Resenting the remarks of the Senator from Louisiana, in hot blood I made remarks which, upon reflection, I realize were an infraction of rule XIX of the Senate, the very same rule under which I had myself earlier in the afternoon twice called the Senator from Louisiana to order.

I believe that the colloquy in which the Senator from Louisiana and I indulged and, so far as that is concerned,

the Senator from Mississippi, added very little to the dignity of the Senate proceedings. I therefore ask unanimous consent, having those facts in mind, that my interjections into the remarks of the Senator from Louisiana which reflected upon him personally in what I now believe to be a violation of rule XIX be stricken from the permanent RECORD.

The VICE PRESIDENT. Is there objection to the request of the Senator from Missouri? The Chair hears none.

Mr. LONG. Mr. President, I was not prepared for the statement my friend from Missouri has just made. It comes rather suddenly. I desire to assure the Senator from Missouri that I go a great deal more than half-way to meet him, and that I fully reciprocate his attitude.

I desire to say further that while I have not looked over the RECORD very carefully, if anything I said is in violation of section 2 of rule XIX, I should like to have unanimous consent to eliminate it from the RECORD. I ask that consent.

The VICE PRESIDENT. Is there objection to the request of the Senator from Louisiana? The Chair hears none.

INTERNAL-REVENUE TAXATION

The Senate resumed the consideration of the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes.

Mr. HARRISON. Mr. President, there is pending an amendment offered by the Senator from Iowa [Mr. MURPHY].

I desire to say that there is much merit in the amendment. The ideas expressed in the amendment were very forcefully presented to the Committee on Finance, and the committee gave every consideration to the subject. The Treasury experts, however, as well as the experts of the Joint Committee on Internal Revenue Taxation, all thought that the amendment was so complicated that it would be impossible of administration in its present form.

Both the Committee on Ways and Means of the House and the Committee on Finance of the Senate have tried to simplify the capital gains and loss provision. I desire to offer a brief explanation of it before we vote on it; and I hope that the recommendation of the Finance Committee, which has been very carefully drawn after very prolonged study and suggestions and work upon the part of our experts, will be adopted by the Senate.

The Finance Committee concurred in the new system of treating capital gains and losses contained in the House bill, with certain modifications which either make the system more equitable or prevent tax avoidance.

Existing law provides for special treatment of the gains and losses resulting from the sale of assets held over 2 years. The tax on gains arising from such sale—that is, of assets held over 2 years—is limited under the present law to 12½ percent, with a corresponding limitation on losses. In the case of assets held less than 2 years, under the present law the gains are taxed in full and the losses are allowed in full, except that in the case of stocks and bonds losses are allowed only to the extent of the gains.

The new plan recommended by your committee, as adopted by the House, with some changes and modifications made by the Senate committee, may be briefly described as follows:

To measure the gain or loss from the sale of property by an individual according to the length of time he has held the property, only certain percentages of the recognized gain or loss are taken into account for tax purposes.

In other words, where there was a 12½-percent tax placed on these gains under the present law where they have been held for more than 2 years, we say in our provision that the tax shall be levied on 100 percent of the gain if the asset has been held 1 year or less; on 80 percent of the gain if the asset has been held more than 1 year but not more than 2 years; on 60 percent of the gain if the asset has been held more than 2 years and not more than 5 years; on 40 percent of the gain if the asset has been held more than 5 years but not more than 10 years; and on 30 percent of the gain if the asset has been held more than 10 years.

In cases where losses taken into account as already stated exceed gains so taken into account, the excess losses are entirely disallowed under the Senate committee's recommendation.

In the case of corporations, the graduated percentage reduction on gains and losses does not apply. However, capital losses sustained by corporations are allowed only to the extent of capital gains. Under the present law corporations are allowed to offset capital losses against ordinary income.

The plan outlined, and as recommended by your committee, is not made applicable, for obvious reasons, to stock in trade or property which is included in the taxpayer's inventory.

I hope the Senate committee's recommendations will be accepted and that the amendment of the Senator from Iowa will be voted down.

Mr. BLACK. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. BLACK. I desire to ask a question for information. What does the 100 percent that the Senator mentioned refer to?

Mr. HARRISON. That is the gain or the loss. For instance, under the law today, if a man owns a piece of property which he has held more than 2 years, and he sells it and realizes a gain, he has to pay on that gain at the rate of 12½ percent only. We say in this provision that if he holds it for less than 1 year he has to pay the tax imposed in the bill on the full 100 percent of the gain. If he has held the property between 1 and 2 years, he pays on 80 percent of the gain, and so on down, as suggested, at a graduated rate.

Mr. REED. Mr. President, if I may attempt also to answer the question of the Senator from Alabama [Mr. BLACK], the committee was anxious to adopt the same system of taxation on capital gains as on other kinds of taxable income. It desired to have only one item of income which would be subjected to normal and surtax rates.

Obviously, in the case of an asset held for a great number of years and then sold at a profit, it is reasonable to assume that part of the gain has accrued during each of the intervening years. Consequently, we worked out a measure of justice by including in the taxpayers' gross income the full amount of the capital gain if the security has been held for only 1 year. That is to say, we include for taxation, subject to normal and surtax, 100 percent of the gain if the asset has been held less than 1 year. Of course, what the rate of tax on such gain would be would depend on the amount of the total taxable income.

If, then, the asset has been held over a year and less than 2 years, it is taxed 80 percent. I do not mean that the tax rate is 80 percent; but 80 percent of the gain is included in the individual's taxable income, and so on down, according to the length of time the asset has been held. We include a diminishing amount in the taxable income and subject it to both normal and surtaxes.

As the provision works out under the rates prescribed by the bill, the net result is to increase the tax on the taxpayers having the largest incomes. Senators will see that in the case of an asset held over 10 years, 30 percent of the gain must be included. That 30 percent will be taxed at the rate of 63 percent, normal and surtax. Sixty-three percent of 30 amounts to about 20 percent of the original gain, whereas under the present law the tax is only 12½ percent on the same wealthy individual.

The Joint Committee on Internal Revenue Taxation has been working on this scheme for upward of 5 years. It has been studied most thoroughly by the experts of the joint committee. It is believed that it works out a better measure of justice by far than the present law. Understand, of course, that this system treats not merely of capital gains but also of capital losses. If the asset has been held more than 10 years, and it is sold at a loss, the taxpayer can get the benefit of only 30 percent of the loss as a deduction, and not then except when he has capital gains against which he can offset it.

One trouble with the present 12½-percent tax on assets held over 2 years has been that it gave no advantage to a taxpayer having less than about $16,000 of income, and it gave an increasing advantage to the taxpayers in the upper brackets according as their incomes were subject to the higher surtaxes. That is to say, if we kept the present system in force, with the rates which are in this bill, instead of paying 63 percent on one's gains, a taxpayer in the highest bracket would pay only 12½ percent if he had held the asset for 2 years or more, while the small taxpayers, with incomes of $16,000 or less, would get no benefit at all out of the 12½-percent provision.

We wanted to adopt a system which would give a proportionate benefit to every taxpayer, beginning with the individual who has just enough to come over the individual exemptions, up to the man whose income falls in the topmost brackets. We wanted to extend the benefit of the capital-gains allowance to everybody instead of only to those in the highest brackets, and that is accomplished by this provision which is reported by the Senate Finance Committee.

Mr. BLACK. Mr. President, will the Senator yield further?

Mr. REED. I am glad to yield.

Mr. BLACK. I am just a little confused by reason of the reference to the 12½ percent, whether the law now provides that the 12½ percent is inflexible, or whether, if one who has income of such nature that his normal tax rate would not equal 12½ percent, he can elect to pay the normal tax rate on his gain, instead of having the gain assessed at a rate of 12½ percent.

Mr. REED. The Senator's question is a natural one. Under the present law the taxpayer has the option either to pay a tax on his gain at 12½ percent or to report it as ordinary income and pay the normal tax and the surtax appropriate to himself. He has that option. In the case of losses, he is limited by the 12½ percent, and cannot deduct more than the 12½ percent if the asset has been held over 2 years.

Mr. BLACK. Then, as I understand, it is the Senator's idea, and the committee's idea, that they will no longer leave this option, or fix a limit of 12½ percent upon the rate of taxation. That is wiped out?

Mr. REED. We wipe out completely all reference to the 12½ percent.

Mr. BLACK. Then I should like to ask one further question. The reference to the 100 percent is not in connection with the rate of taxation?

Mr. REED. That is correct.

Mr. BLACK. The committee would throw the entire 100-percent gain back into the regular report?

Mr. REED. Yes.

Mr. BLACK. To be taxed at the rates fixed by law?

Mr. REED. That is exactly correct.

Mr. BLACK. Then what is the reason advanced as to why the entire gain should not be taxed if the asset has been held more than 2 years?

Mr. REED. Because presumably the entire profit has not been realized in the last year; presumably the asset increased or decreased in value at a fairly uniform rate while it was being held. That is the theory.

Mr. BLACK. I should like to ask the Senator one further question, because I am very anxious to find out just what the situation is.

Mr. REED. Certainly.

Mr. BLACK. Suppose a man bought stocks in 1925 and sells those stocks in 1934. Let us assume, which probably would not be the case, that he made a profit of $10,000 on the transaction. He would not have paid to the Government any tax on any gain through the years.

Mr. REED. That is correct.

Mr. BLACK. If he had a good stock, he might have received a dividend upon it, and likely he would have paid a tax, or the company would have paid a tax. What is the reason why he should not be required to pay upon the entire gain?

Mr. REED. For the reason I gave to the Senator, that probably the gain has accrued in fairly equal increments throughout the intervening 9 years, and the practical reason, adopted in the act of 1924, that if the rate is made prohibitive it simply prevents the transaction entirely, and the Government does not get the revenue.

Mr. BLACK. I can understand that argument, but I cannot see the strength of the first argument, for this reason: Does the bill provide in any way for a tax on the gain in the intervening years? If not, would the individual not be escaping his tax on such gain merely because he had held the asset over a period of years, and the gain had come to him by reason of its having been held over a period of years?

Mr. REED. There is a further reason; that is, we can not help distinguishing between income currently received, which is what the sixteenth amendment to the Constitution had in mind, and profits from long-term investments in assets which are not held for the purpose of speculation or immediate appreciation in price. The committee has taken all of those considerations in mind, just as they were taken in mind 10 years ago in the adoption of the 12½-percent provision.

It is very difficult, in looking over the figures, to tell what change in the law caused an increase in income, but it is a notable fact that the change which was made 10 years ago in the method of treating capital gains did result in a pronounced increase in the Government's revenue, as well as in the amount of gains which were reported. Carrying out that philosophy, and trying to make the law equitable, so that the small taxpayer would get the advantage of it, as well as the big one, the committee concluded that this change was wise.

I may illustrate by applying it to the case the Senator instanced. The Senator spoke of one who bought stock in 1925 and sold it in 1934 at a profit of $10,000. Under the law as it has been heretofore, an individual in the highest surtax class would pay a tax on that profit of only $1,250. Under the change we recommend, the same individual would pay a tax on that profit of about $1,950. So we have increased the tax in that particular case and on that particular taxpayer by over 50 percent.

Mr. BLACK. I can thoroughly understand that the amendment offered by the Senate committee would result in the collection of more taxes and, in my judgment, would be more equitable. What I am trying to get at in my own mind is the issue that is presented.

We might use the same illustration. Suppose the same man who had bought stock in 1925 and made $10,000 bought stock in 1932 and made $10,000 on the same amount of stock, purchased at the same price. The man who had held the stock only 2 years would have to pay a higher rate of taxation, under this amendment, than the man who had held the stock since 1925. That is correct, is it not?

Mr. REED. That is correct.

Mr. BLACK. There may be ample logic and reason why that distinction should be made, and the argument which the Senator has presented tends in that direction. The issue, however, as I understand, is that if we accept this amendment, we must do so with the assurance and knowledge that there is a different rate of taxation for the man who has made a profit extending over a long term of years, and the man who has made a profit over a short term of years.

Mr. REED. That is true, and it has been true for 10 years.

Mr. BLACK. I understand that, but we are advancing from that position at this time so as to be assured that the man who has made large profits by capital gains will have to pay more than 12½ percent.

Mr. REED. Yes.

Mr. BLACK. I can thoroughly appreciate the fact that there is cogency in the argument, that a distinction should be made between the case of a man who has speculated in stock, we will say, and held it only 2 or 3 months, and that of a man who has made a long-term investment, and there might be reasons why Congress would desire to encourage long-term holdings.

Mr. REED. I do not think it is a question so much of encouraging or discouraging the transaction in the case of the short-term profit, but the philosophy is that a speculative profit from a purchase last week and a sale this week is not in any sense an investment transaction. A man engaged in that kind of dealing is trading in property in order to obtain a speculative income out of it, just as dealers on the New York Stock Exchange will buy and sell thousands of shares in a day and wind up all even, so far as shares go, but with a money profit. That is income in every sense of the word, whereas in the case of a man who bought a dwelling house to live in 20 years ago, who sells it now for some reason—perhaps because he has to—if he makes a gain, he is not making a speculative gain in any sense. The transaction was not entered into for profit at all. To clap on that man a very high surtax rate, as if that were a constant investment income coming to him, would be the height of injustice.

Mr. BLACK. Mr. President, may I ask, however, if this is not a correct statement? If this amendment should be agreed to in its present form—and I thoroughly approve of an increase above the 12½ percent—it would result in taxing the man who had owned stocks 10 years on a basis of 40 percent of his profit, and the man who had owned stocks 2 years on 100 percent of his profit.

Mr. REED. No; not quite that. If the Senator will refer to the schedule, he will see that it is different from that.

Mr. BLACK. Whatever the schedule is, if I am incorrect in the figure as I heard it read a moment ago for the first time, if the amendment shall pass in its present form the result will be that the man who has held his stock for 10 years will pay a smaller amount of tax on his actual gain than will the man who has held it for only 2 years.

Mr. REED. That is exactly correct. The more speculative the transaction, the larger the tax the individual pays.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Iowa [Mr. MURPHY].

Mr. MURPHY. Mr. President, the Senator from Alabama [Mr. BLACK] has unwittingly referred in his remarks to the amendment, whereas he meant his reference to be to the pending bill. The pending amendment was offered by me.

Mr. BLACK. Mr. President——

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Alabama?

Mr. MURPHY. I yield.

Mr. BLACK. I was referring to the Senate committee amendment. I understood that the Senate committee had amended the bill as sent over by the House. If the Senate committee had not amended the feature under discussion, then my reference applies to the original House provision.

Mr. MURPHY. Yes. Mr. President, the Senator from Pennsylvania has stated that the presumption is indulged that the capital gains accrue through the years. The provision in the committee bill makes no effort to determine whether or not the gain in the asset has accumulated through the years.

Acting on the assumption that the gain has so accumulated, it proceeds to give relief in a measure designed to be an emergency tax measure to produce revenues for the immediate needs of Government. It says to the taxpayer, "If you sell your asset this year, you will have to pay on 100 percent of the profit. If you do not sell your asset until after you have held it a year, and not longer than 2 years, you will be forgiven from tax 20 percent of that profit; if from 2 to 5 years, 40 percent of that profit; if from 5 to 10 years, 60 percent of that profit; and if more than 10 years, 70 percent of the profit." We are forgiving profit on the assumption that such profit accrued in each of the years in which the asset was held, although there is absent any proof that it did accrue in each of the years it was held.

Mr. BLACK. Mr. President——

The PRESIDING OFFICER (Mr. MCKELLAR in the chair). Does the Senator from Iowa yield to the Senator from Alabama?

Mr. MURPHY. I yield.

Mr. BLACK. Suppose we assume that the profit had accrued in past years; what difference does it make, insofar as the tax is concerned, if there had been no tax paid on the gain for the previous years? That is the point at which I am trying to arrive.

Mr. MURPHY. There is no tax paid for the previous years, except on 30 percent of the gain at sale, if the asset is held over 10 years.

In an emergency tax measure to raise revenue we are in the position of saying to the taxpayer, "Do not sell your asset this year. If you do you will have to pay on 100 percent of the profit. Do not sell it next year; if you do, you will have to pay on 80 percent of the profit. Do not sell it 3 years from now; if you do you will have to pay on 60 percent of the profit. Do not sell it short of 5 years; if you do, you will have to pay on 40 percent of the profit. Hold it for 10 years, and then you will have to pay on only 30 percent of the profit."

Mr. President, as I said yesterday, it is obviously absurd to expect this measure to produce revenue when we offer an inducement to the taxpayer to hold on to the asset and not sell it, that inducement being a guaranteed reduction in his tax.

We are also indulging the presumption that there ought to be relief. To whom has that relief gone in the years during which we have had the capital-gains tax? We never had the capital-gains tax until Mr. Mellon became Secretary of the Treasury. Beginning with 1922, when the 12½-percent rate took effect, from 70 to 80 percent of all such gains have been on incomes of $100,000 or more.

The total of capital gains reported by all taxpayers in the 5 years from 1925 to 1929 was $7,137,000,000, and of that $6,048,000,000 was in returns showing incomes of more than $100,000.

The tax revenue lost to the Government by reason of that 12½-percent provision in its departure from what had been the law up to 1921 was $750,000,000.

Now, we continue to treat these capital gains preferentially. They are the gains of the rich, the very rich. They are habitual with them. There has been interpolated here something about a man who has held a homestead and sold it, as though he were the factor in the equation. This relief goes in far greater part to the very rich taxpayers, to the taxpayers having incomes of over $100,000.

I conceded yesterday in my discussion that the provision in the pending bill is a large improvement over the 12½-percent provision, but my amendment does not indulge the presumption this bill does. It ascertains how long the taxpayer has held the asset, and that is a factor. It determines also whether or not the gain is extraordinary; meaning by extraordinary that we determine whether or not he had other capital gains in those years, and if he did we extend relief to that amount from capital gains that represents an excess over what has ordinarily been received by him in the 5 years from other capital gains.

Mr. LA FOLLETTE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Wisconsin?

Mr. MURPHY. I yield.

Mr. LA FOLLETTE. If I understand the Senator's amendment correctly, it would take care of the situation of the man who had invested in a home and at the end of a period of time realized an exceptional income on the value of the property.

Mr. MURPHY. It takes care of him. My amendment carries out mathematically the principle stated in the House committee report. The committee bill abandons it. The committee bill just reaches out of the air and bestows forgiveness of these stated percentums without any mathematical basis.

My amendment gives mathematically accurate effect to the House committee principle.

The objection made to my amendment by the Chairman of the Finance Committee is that it is difficult of administration. I grant that to be so; but we have seen that this tax applies on incomes above $100,000 in very much the

largest part, and I think it safe to assume that every man with an income of $25,000 employs a tax expert to make out his return.

There is provision in my amendment permitting the Secretary of the Treasury to prescribe regulations. I submit we can afford to have something that is a little difficult of administration when the clarified method of administration cost the Government in the 5 years, 1925 to 1929, inclusive, $750,000,000 in taxes.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Iowa [Mr. MURPHY].

Mr. REED. Mr. President, I want to say only a word. The Joint Committee on Internal Revenue Taxation worked over 5 years before it was ready to adopt the system adopted by the House bill and the system recommended by the Finance Committee. It may be that the amendment of the Senator from Iowa is an improvement over the recommendation of the joint committee, but certainly it should be studied before being adopted. It ought to be studied by the experts and analyzed in the way the other proposals have, and I hope it will not be adopted without such study.

Mr. LA FOLLETTE. Mr. President, I wish to say only a few words in support of the amendment offered by the Senator from Iowa. I do not think any Senator could listen to the statement of facts which the Senator from Iowa made on yesterday afternoon in support of his amendment without being convinced that the amendment seeks to close one of the largest loopholes in the present tax system, and, in my opinion, seeks to close it by a substitute method which is entirely equitable.

I recognize that the amendment appears upon its face to be complicated and that it is held by some to be difficult of administration; but are we not justified in attempting to employ a new method, even though it may be more difficult of administration than that contained in the proposal of the Finance Committee, in order to close this loophole in our tax system and in order to withdraw the special privilege which has been extended to the large income-tax payers in past years?

The Senator from Iowa, in the course of his career, has been connected with the Internal Revenue Department; he is familiar with the procedure of that Department and with the administration of the law. He has devoted a great deal of time and attention to the consideration of this important question. I appeal to the Senate to adopt this amendment and to permit it to go to conference, where it may have further study of the experts representing the Joint Committee on Taxation and the Treasury Department.

The Senator from Pennsylvania has referred to the experts of the Joint Committee on Taxation and their recommendation. I hold Mr. Parker and his staff in the highest estimation. Nevertheless, the subcommittee of the Committee on Ways and Means, in conjunction with its experts, gave a great deal of study to this problem and reported, in principle, in support of the amendment which has been offered by the Senator from Iowa.

I hope, Mr. President, that we may have a record vote upon this amendment, and I sincerely trust that it may be adopted.

Mr. BLACK. Mr. President, I am not familiar with this amendment and I merely want to explain the vote I shall cast. Unfortunately, I did not have the privilege of being here yesterday afternoon. I did not know that this matter had been discussed; so my entire information has come since I reached the Senate floor.

As I view this amendment, however, in its intendment and purpose it raises a question of policy. I cannot see why there should be any of the tax forgiven one man that is not forgiven another. I cannot understand that there have been sufficient arguments advanced to justify the belief that it is necessary to encourage long-time investments. I cannot distinguish between a profit or a gain made by a man over a period of 1 year and over a period of 10 years if the man gets the gain. I do not see why it is fair for one citizen to pay a tax upon one basic rate upon the profit or the gain or income he receives and for another citizen to pay a basic rate of a different amount upon the profit or gain or income he receives. So, assuming that the amendment of the Senator from Iowa more nearly approaches the idea of an equal basic rate for all profits and income and gains made, I shall very cheerfully vote for his amendment.

Mr. President, I merely wanted to make that statement, because I am not fully familiar with the amendment as written, but I have heard enough this morning to be familiar with the object and purpose of the amendment. I regret not to vote with the committee on its amendment, but I myself cannot believe that it is right to have one basic rate for the profits and gains made by a citizen simply because he has held an investment for 1 year and another basic rate for the profits and gains made by a citizen who has held it for 10 years. As a matter of fact, I think the rate should be the same for the income which comes from a salary, if that be included in the normal income, from all other gains and from all other profits, and I can see no reason in the world why a preferential rate should be given to those who happen to have gotten their income from trading on the market or at any other place. So far as I am concerned, I would prefer the Senator's amendment to provide no exceptions and no exemptions of any kind, but that the rate should be the same for the profits or the gains for those who have made such profits or gains over a period of 1 year or over a period of 10 years. I join with the Senator from Wisconsin in hoping that we may have a record vote upon the amendment.

Mr. SHIPSTEAD. Mr. President, I rise to obtain some information. It was not possible for me to be present and to hear all the debate on this amendment. As I understand now, the other House reported a provision establishing the principle involved in the amendment of the Senator from Iowa. Is that correct? Did the House bill contain a provision similar to this in character? What is the distinction between this amendment and the provision of the House bill?

Mr. LA FOLLETTE. Mr. President, it is my understanding that the House Ways and Means Committee did not follow the recommendation of the subcommittee which studied the question of the tax system. The House Ways and Means Committee reported and the House adopted the principle contained in the amendment reported by the Senate Committee on Finance. All that the Senate Committee on Finance did to the House text was at the suggestion of the Senator from Pennsylvania [Mr. REED] to provide an additional bracket covering gains from assets held over a longer period. In principle, however, the provision in the House bill is the same as the amendment reported by the Senate Committee on Finance.

Mr. SHIPSTEAD. The Senator speaks of the subcommittee that considered the problems of taxation. Did they consider the proposition that was offered by the Joint Committee on Taxation of the House and the Senate?

Mr. LA FOLLETTE. I cannot answer that question. All I know is that the subcommittee of the Ways and Means Committee reported, in principle, the amendment along the lines the Senator from Iowa has offered, but the Ways and Means Committee did not follow that recommendation, and adopted the provision which is before the Senate, with the exception of the additional bracket which was proposed in the committee by the Senator from Pennsylvania.

Mr. REED. Mr. President, I can answer the question of the Senator, if he wishes me to do so.

Mr. SHIPSTEAD. I will be glad to hear the Senator.

Mr. REED. The subcommittee of the Ways and Means Committee followed the recommendation of the Joint Committee on Taxation, and recommended the provision which the Senator finds in the House bill, plus an additional bracket carrying 20 percent of the gain or loss if the asset had been held over 10 years. The Ways and Means Committee dropped out that final bracket. We restored it at 30 percent, instead of 20 percent, as recommended by the subcommittee of the Committee on Ways and Means.

Mr. SHIPSTEAD. Then this is an entirely new proposition?

Mr. MURPHY. Yes.

Mr. REED. The amendment of the Senator from Iowa is an entirely new proposition?

Mr. SHIPSTEAD. What has been the objection offered to this amendment? The only objection I have heard is the statement that it may be difficult of administration.

Mr. MURPHY. That is the only objection I have heard, I will say to the Senator.

Mr. LA FOLLETTE. The reference which I had in mind a moment ago is as follows—and I quote from the speech of the Senator from Iowa on page 6101 of the RECORD of yesterday:

> The House subcommittee on tax revision, in presenting the plan embodied in this bill, stated admirably the principle on which relief might properly be based. It said:
>
> "The tax on a capital gain should approximate the tax which would have been paid if the gain had been realized in equal annual amounts over the period for which the asset was held."

I contend that that is, in principle and in essence, the proposition contained in the amendment offered by the Senator from Iowa, and that the House Ways and Means Committee did not follow the recommendation, in principle, made by the subcommittee. It modified the existing principle by providing these various brackets, which provision I concede, as did the Senator from Iowa yesterday, is an improvement over the existing law; but it does not carry out the recommendation contained in the statement of the subcommittee of the House Committee on Ways and Means as quoted by the Senator from Iowa yesterday.

Mr. REED. Mr. President, will the Senator from Minnesota yield to me?

Mr. SHIPSTEAD. I yield the floor.

Mr. REED. The recommendation of the subcommittee of the Committee on Ways and Means appears on page 6 of their printed report. They recommend that:

> To measure the gain or loss from the sale of property by an individual according to the length of time he has held the property, the following percentages of gain or loss are recognized for tax purposes:
>
> One hundred percent if the capital asset has been held for not more than 1 year;
>
> Eighty percent if the capital asset has been held for more than 1 year but not more than 2 years;
>
> Sixty percent if the capital asset has been held for more than 2 years but not more than 3 years;
>
> Forty percent if the capital asset has been held for more than 3 years but not more than 5 years;
>
> Twenty percent if the capital asset has been held more than 5 years.

The Ways and Means Committee adopted that recommendation, but left out the last bracket of 20 percent if the capital asset has been held more than 5 years. When the bill came to the Finance Committee, I moved to add an additional bracket, namely, 30 percent if the asset had been held over 10 years.

The Senator will see the three successive recommendations, all adopting the same principle, and that the Finance Committee has taken a position midway between the subcommittee of the Committee on Ways and Means and the full committee. I might add parenthetically that the Joint Committee on Internal Revenue Taxation made a recommendation which was the same as the schedule of the subcommittee which I have just read. The Finance Committee did not go so far as the joint committee and did not go so far as the subcommittee.

Mr. LA FOLLETTE. Mr. President, the only inaccuracy in the statement I made a while ago was to the effect that the full Ways and Means Committee did not follow the recommendation of the subcommittee. The fact is that the subcommittee itself did not carry out the principle which it recommended in its report. No Senator can study the matter and successfully contend that either the House text or the Senate committee text carries out this statement of principle, namely, that the tax on a capital gain should approximate the tax which would have been paid if the gain had been realized in equal amounts over the period for which the assets were held. This is precisely what the amendment offered by the Senator from Iowa does. If it shall be put into the bill and becomes law, in my opinion, it will go a long way to increase revenue and to cure one of the most glaring special privileges that has been extant under our income-tax system.

Mr. GEORGE. Mr. President, the difficulty involved in the amendment grows out of the capital gains provision in our income tax law. It arises out of this fact. If one is to be taxed on his gains, there is much equity and justice in saying that he should be allowed to deduct his losses. That is all right; but we have found from experience that when taxpayer A, who is engaged in the buying and selling of securities for himself, primarily investing his own money, by reason of the fact that he can so easily create a loss or at least take advantage of a loss within the taxable year, and wipe out his tax liability to the Government, that the Congress has come around finally to the view that losses except to a limited extent are not to be allowed the taxpayer. That is the simple proposition.

In the bill now before us, losses are not to be allowed the taxpayer; that is, he cannot deduct his losses from his gross income for the purpose of ascertaining net taxable income unless the loss is incurred in the same business or operation; nor can he carry over the loss, however incurred, to the next succeeding year.

In other words, under the theory of the bill all capital transactions are put into one hopper, and in the revolutions through which they pass during the year, if the gains are offset by losses in a particular business in which the taxpayer is engaged, he may have the advantage of his losses against his gains; but if that particular taxpayer has a salary of $20,000 and he has losses on his business operations of $40,000, he cannot deduct those losses so as to defeat his tax or reduce his tax on the salary except to a very limited extent as provided by the committee, because he can only get the advantage of the losses on the business in which he had the gain; nor can he carry over those losses beyond the year.

Now we have this proposition, and this is the philosophy and the reasoning under this provision. If we are not going to allow the taxpayers the benefit of capital losses, how may we in equity tax his capital gain? The bill undertakes to soften the tax on the capital gain. Bear in mind, we have taken away from him his losses, we have disallowed his losses except for the one year upon the same business in which he had the gain, and yet we hold him to his capital gain for the first year, 100 percent of the gain, and then we graduate it downward depending upon the length of time he has held the particular asset.

Whether the philosophy of the provision be right, whether the equity be one that can be defended wholly, it grows out of that particular situation; that is, having denied the taxpayer the right to take capital losses we are going to tax him on capital gains, but we are going to soften the blow to him by permitting him to pay on a less and less income from the capital gain measured by the length of time he has held the capital asset.

Personally I believe we would have a much simpler income-tax system if we could get rid of the capital-gain-and-loss theory altogether. But we have not gotten rid of it, and we are not going to get rid of it. I realize that there is difficulty in getting rid of the capital-gain tax, particularly at a time when we have low values, because we are always trying to get the taxpayer to pay more money into the Treasury. But the question is academic, as I see it. We have the capital gain. We are going to continue the tax on capital gain, but we have now practically wiped out capital losses. We have restricted them greatly to 1 year. The Ways and Means Committee of the House and the House itself undertook to soften the blow on the taxpayer who was required to pay the tax on his gain, but not permitted to take losses.

Mr. MURPHY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Iowa?

Mr. GEORGE. I yield.

Mr. MURPHY. I desire to say to the Senator that my amendment does not disturb the capital-loss features of the

bill. They are retained. My amendment applies only to subtitles A and B of the bill.

Mr. GEORGE. I so understand; and I want to make this statement about the Senator's amendment. The amendment impresses me as having considerable merit, but it is rather technical; that is, the application of it would probably be difficult. It might not be as difficult as it seems to me to be. But under the Senator's amendment, if it were now adopted, the chances are we would get no more revenue immediately, and perhaps not so much as we would under the bill as it stands, for this reason, if the Senator will permit me: The bill as it stands taxes the capital gain 100 percent if realized during the first year that the capital assets out of which they arise are sold. Capital assets which have been carried during the depression are not likely to be sold within the next year.

The Senator has made a contribution which I think the committees of the two Houses ought very carefully to consider; and if it is not too complicated, not too technical, it might well become a part of our law. I am not making an argument against the merits of the Senator's amendment. I believe we shall have an opportunity to insert the amendment, if it can be demonstrated that it is not too technical, in another tax act before very many of the transactions which would fall under it actually take place, resulting in profit to the taxpayer.

Mr. MURPHY. Mr. President, will the Senator yield?

Mr. GEORGE. I yield to the Senator.

Mr. MURPHY. I thank the Senator for his references to the amendment I have offered. I should like to make one observation, however, in reply to his remarks.

I think the bill as drawn is very likely to defeat revenue in its encouragement to the taxpayer to hold off sale. The tax of 100 percent on the profits realized in the current or taxable year is a tax that will fall very largely on the speculative profits in the stock market. The capital-gains tax, in its relief provisions, will affect the investment for the long pull.

We have had since last June an average advance in stocks of 100 percent. Of course, we are assured an advance of another 100 percent under this administration within the next year. Stock bought last year, which has already advanced 100 percent, if sold last year with 100 percent advance, would be taxed on the basis of 100 percent of that gain. If not sold until this year, it will be taxed on 80 percent of the gain. If sold within 2 and 5 years, it will be taxed on 60 percent of the gain. If not sold for more than 10 years, it will be taxed on only 30 percent of the gain.

It seems to me, Mr. President, that we are holding out encouragement to the taxpayer not to sell. We are holding out to him the promise of a reduced tax, depending upon how long he holds the asset. Certainly, unless necessity compels, I am not going to sell an asset on which I have a profit within 10 years if I have any assurance of a profit then, because by holding it over 10 years I will have to pay a tax on only 30 percent of the profit; and I think that will operate to defeat the collection of revenue.

It is a very significant fact that in 1922 there were about $3,200,000,000 of stock dividends issued; and 2 years later, or on the very earliest date when those stock dividends could be sold and get the benefit of the 12½-percent tax, there was a tremendous increase in the realization of gains on capital assets. In this bill we continue the encouragement to corporations to build up their surpluses. We say to them, in effect, "Do not pay out the earnings in dividends to stockholders. Build up surpluses, and issue stock dividends"; and we say to the stockholder, "If you hold that stock dividend for more than 2 years you will have to pay a tax on only 40 percent of it. If you hold it over 10 years, you will have to pay a tax on only 30 percent of it."

I submit, Mr. President, that there is not anything democratic in that proposal. I submit that that is privilege legislation, drawn to benefit the long-pull stockholder.

Mr. GEORGE. Mr. President, I submit that the Senator is entirely wrong. The provision in the bill is based upon the simple proposition that if we are going to tax a man on his capital gains, it is hard to answer why, in justice and equity, he is not entitled to take off his capital losses. All that this provision does is to recognize the harshness of that rule and to soften the blow on the taxpayer who must continue to pay on his capital gains while he is denied the right to deduct his capital losses. That is the reason for it.

I have no hesitancy in saying that I think the capital gains and loss provision should be written out of our revenue laws, just as Great Britain has written it out of her system. I know the argument against it; but, at the same time, if we are going to impose a tax on the gains, it is difficult for me, at least, to submit any sincere argument against allowing a deduction for the losses. We have minimized the losses of the taxpayers; we have virtually stripped him of the right to take losses, and we have said, "We will tax you 100 percent on your gains if realized within 1 year," graduating the tax down if realized over a longer period of time.

What the Senator says may be true, that an incentive will be given the taxpayer to withhold the sale of his security or property during the first year over to the second, third, fourth, fifth, or even eighth year in order to escape a greater part of the burden of the tax. That may be true. That argument may be made against any capital-gains tax; and that is the argument which has prevailed generally with those countries that have discarded the capital-gains tax. They have looked to the long run; and they have believed, at least, that the best taxing system was the one that left intact the industrial and the commercial and the financial structure of the country, so that it might continue to earn an income upon which a tax could be imposed.

There is no quarrel with the essential purpose the Senator has in mind in his amendment. The difficulty we had in considering his amendment was whether or not it was simple enough, whether or not it could be applied, because it seemed to be highly technical; and our advice was that it could be applied, if at all, with a great deal of difficulty. Probably during the life of this tax bill, because this will not be a long-lived tax bill—there is going to be another one—probably during the life of this tax bill the capital gains will be taxed 100 percent anyhow. So there is not any practical reason for taking the amendment suggested by the able Senator, even though it should turn out to be simple in administration, contrary to what we now think, because we shall have an opportunity to take it again, in my judgment, after mature study, before another year passes.

Mr. President, I merely wished to make this statement, not in justification of this particular provision in the bill, because frankly it is a crude way of meeting a bad situation which grows out of the decision upon the part of the Congress to tax capital gains but to deny capital losses, because we have learned from experience that through capital losses the big taxpayers are able to escape liability for taxes.

The PRESIDING OFFICER (Mr. O'MAHONEY in the chair). The question is on the amendment of the Senator from Iowa [Mr. MURPHY].

Mr. MURPHY. I call for the yeas and nays.

Mr. McNARY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum being suggested, the clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Duffy	La Follette	Reynolds
Austin	Erickson	Lewis	Robinson, Ark.
Bachman	Fess	Logan	Robinson, Ind.
Bailey	Fletcher	Lonergan	Russell
Bankhead	Frazier	Long	Sheppard
Barkley	George	McAdoo	Shipstead
Black	Gibson	McCarran	Smith
Borah	Glass	McGill	Steiwer
Brown	Goldsborough	McKellar	Thomas, Okla.
Bulkley	Gore	McNary	Thomas, Utah
Bulow	Hale	Metcalf	Thompson
Capper	Harrison	Murphy	Townsend
Caraway	Hastings	Neely	Tydings
Carey	Hatch	Norris	Vandenberg
Clark	Hatfield	Nye	Van Nuys
Connally	Hayden	O'Mahoney	Walcott
Couzens	Hebert	Overton	Walsh
Davis	Johnson	Patterson	White
Dickinson	Kean	Pittman	
Dieterich	Keyes	Pope	
Dill	King	Reed	

The PRESIDING OFFICER. Eighty-one Senators having answered to their names, a quorum is present.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the junior Senator from Iowa [Mr. MURPHY].

Mr. HARRISON. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. PATTERSON (when his name was called). I have a general pair with the junior Senator from New York [Mr. WAGNER], who is necessarily absent from the Chamber. I understand that if present he would vote the same as I intend to vote, and therefore I feel free to vote. I vote "nay."

Mr. ROBINSON of Indiana (when his name was called). I have a general pair with the junior Senator from Mississippi [Mr. STEPHENS], who is necessarily detained from the Senate. In his absence, not knowing how he would vote, I withhold my vote.

The roll call was concluded.

Mr. LEWIS. I desire to announce that the Senator from Arizona [Mr. ASHURST], the Senator from Washington [Mr. BONE], the Senator from Virginia [Mr. BYRD], the Senator from South Carolina [Mr. BYRNES], the Senator from Massachusetts [Mr. COOLIDGE], the Senator from Colorado [Mr. COSTIGAN], the Senator from Mississippi [Mr. STEPHENS], the Senator from Florida [Mr. TRAMMELL], the junior Senator from New York [Mr. WAGNER], and the senior Senator from New York [Mr. COPELAND] are necessarily detained from the Senate on official business.

I regret to announce that the Senator from Montana [Mr. WHEELER] is detained from the Senate on account of a severe cold.

Mr. HEBERT. I desire to announce the following general pairs:

The Senator from New Jersey [Mr. BARBOUR] with the Senator from Montana [Mr. WHEELER];

The Senator from New Mexico [Mr. CUTTING] with the Senator from Florida [Mr. TRAMMELL]; and

The Senator from Minnesota [Mr. SCHALL] with the Senator from New York [Mr. COPELAND].

The result was announced—yeas 36, nays 42, as follows:

YEAS—36

Bachman	Clark	La Follette	O'Mahoney
Bankhead	Dickinson	Logan	Pope
Black	Duffy	Long	Reynolds
Borah	Erickson	McCarran	Russell
Brown	Frazier	McGill	Sheppard
Bulow	Gibson	Murphy	Shipstead
Capper	Hatch	Neely	Thomas, Utah
Caraway	Hatfield	Norris	Thompson
Carey	Hayden	Nye	Van Nuys

NAYS—42

Adams	Fletcher	King	Smith
Austin	George	Lewis	Steiwer
Bailey	Glass	Lonergan	Thomas, Okla.
Barkley	Goldsborough	McAdoo	Townsend
Bulkley	Gore	McNary	Tydings
Connally	Hale	Metcalf	Vandenberg
Couzens	Harrison	Overton	Walcott
Davis	Hastings	Patterson	Walsh
Dieterich	Hebert	Pittman	White
Dill	Kean	Reed	
Fess	Keyes	Robinson, Ark.	

NOT VOTING—18

Ashurst	Coolidge	McKellar	Trammell
Barbour	Copeland	Norbeck	Wagner
Bone	Costigan	Robinson, Ind.	Wheeler
Byrd	Cutting	Schall	
Byrnes	Johnson	Stephens	

So Mr. MURPHY's amendment was rejected.

BONDS OF HOME OWNERS' LOAN CORPORATION

The PRESIDING OFFICER (Mr. O'MAHONEY in the chair) laid before the Senate the amendment of the House of Representatives to the bill (S. 2999) to guarantee the bonds of the Home Owners' Loan Corporation, to amend the Home Owners' Loan Act of 1933, and for other purposes.

Mr. BULKLEY. Mr. President, I move that the Senate disagree to the House amendment, ask for a conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. BULKLEY, Mr. BARKLEY, and Mr. TOWNSEND conferees on the part of the Senate.

INTERNAL-REVENUE TAXATION

The Senate resumed the consideration of the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes.

Mr. McKELLAR. Mr. President, I desire to offer an amendment at this point.

Mr. LA FOLLETTE. Mr. President——

The PRESIDING OFFICER (Mr. POPE in the chair). Does the Senator from Tennessee yield to the Senator from Wisconsin?

Mr. McKELLAR. I yield.

Mr. LA FOLLETTE. I understand that the committee amendments on page 93 have not been agreed to.

Mr. HARRISON. They have not. I should like to have those committee amendments agreed to.

Mr. LA FOLLETTE. I know the Senator from Mississippi would like to have them agreed to, but I hope they will not be agreed to.

The PRESIDING OFFICER. The question is on agreeing to the committee amendments.

Mr. LA FOLLETTE. Mr. President, the Senate has just voted down an amendment which, in my judgment, would have closed a tremendous loophole in our tax system, and would have withdrawn the special privilege which, under existing law, has been extended to large income-tax payers.

The proponents of the amendment offered by the Senator from Iowa [Mr. MURPHY] were frank in stating that the recommendation of the committee, insofar as it attempts to close this loophole and to withdraw a part of this special privilege to large income-tax payers, is an improvement over the existing law; but every time a bracket is added, every time an extension of time is made, and a reduction provided in the tax which must be paid by the individual who realizes a capital gain, just to that extent is the loophole enlarged and the special privilege extended.

When the pending bill passed the House and came over to the Finance Committee, Senators will note, if they turn to page 93, that there were four brackets, beginning on line 9:

> One hundred percent if the capital asset has been held for not more than 1 year.
>
> Eighty percent if the capital asset has been held for more than 1 year but not for more than 2 years.
>
> Sixty percent if the capital asset has been held for more than 2 years but not for more than 5 years.
>
> Forty percent if the capital asset has been held for more than 5 years.

That was the provision in the bill as it came from the Ways and Means Committee, and as it passed the House and came to the Senate Committee on Finance. Now the committee proposes to add an amendment so that it will read:

> Forty percent if the capital asset has been held for more than 5 years but not for more than 10 years.
>
> Thirty percent if the capital asset has been held for more than 10 years.

This amendment was proposed in the committee by the Senator from Pennsylvania [Mr. REED]. I do not recollect whether or not we had a record vote on it in the committee; but it is not in any sense a unanimous recommendation of the committee, for there were members of the committee who were opposed to these amendments which go in the direction of restoring to a greater extent special privileges and tax immunities on capital gains.

I am disappointed that the Senate did not determine to close this loophole altogether, as I think it would have been closed had the amendment offered by the Senator from Iowa prevailed. I am certainly hopeful that the committee amendments will be rejected. If they shall not be rejected, Mr. President, we will not have gone as far as the House Ways and Means Committee and the House of Representatives itself were ready and willing to go in closing this loophole and in withdrawing in part this special privilege.

I hope the Senate will give careful consideration to these two amendments, and I sincerely hope they will be rejected.

Mr. HARRISON. Mr. President, the amendments referred to, as I understand, were agreed to the other day; so I ask unanimous consent that the vote by which they were agreed to may be reconsidered at this time so that they may now be voted on. I am speaking of the Senate amendments on page 93, which were agreed to the other day.

Mr. LA FOLLETTE. I do not understand that they have been agreed to.

Mr. HARRISON. They have been agreed to.

Mr. LA FOLLETTE. Mr. President, I do not understand that there is any objection to the reconsideration of the votes by which these amendments were agreed to.

Mr. HARRISON. Really the only amendment is the Senate committee amendment limiting the 40-percent provision to capital assets held more than 5 years but not more than 10 years, and the 30-percent provision with regard to capital assets held more than 10 years.

Mr. LA FOLLETTE. There are two amendments; one in lines 16 and 17 and one in lines 18 and 19, on page 93.

The PRESIDING OFFICER. Is there objection to reconsideration of the vote by which the amendment was agreed to? The amendment will be stated for the information of the Senate.

The CHIEF CLERK. On page 93, line 16, it is proposed to strike out "years" and insert "years but not for more than 10 years."

Mr. REED. Mr. President, that and the two lines which follow are all one amendment.

The CHIEF CLERK. And after line 17 it is proposed to insert "30 percent if the capital asset has been held for more than 10 years."

The PRESIDING OFFICER. Is there objection to a reconsideration of the vote by which the amendment was agreed to? The Chair hears none. The question is on agreeing to the amendment.

Mr. HARRISON and Mr. REED asked for the yeas and nays.

The yeas and the nays were ordered, and the roll was called.

Mr. ROBINSON of Indiana. I have a general pair with the junior Senator from Mississippi [Mr. STEPHENS], who is necessarily detained. In his absence, not knowing how he would vote, I withhold my vote.

Mr. HATFIELD (after having voted in the affirmative). I inquire if the senior Senator from Florida [Mr. FLETCHER] has voted?

The PRESIDING OFFICER. The Chair is informed that the Senator from Florida has not voted.

Mr. HATFIELD. I have a general pair with that Senator. I find, however, I can transfer that pair to the senior Senator from Rhode Island [Mr. HEBERT], which I do, and allow my vote to stand.

Mr. LEWIS. I regret to announce that the Senator from Montana [Mr. WHEELER] is detained from the Senate on account of illness.

I also desire to announce that the Senator from Arizona [Mr. ASHURST], the Senator from Massachusetts [Mr. COOLIDGE], the senior Senator from New York [Mr. COPELAND], the Senator from Washington [Mr. DILL], the Senator from Montana [Mr. ERICKSON], the senior Senator from Florida [Mr. FLETCHER], the Senator from Mississippi [Mr. STEPHENS], the junior Senator from Florida [Mr. TRAMMELL], and the junior Senator from New York [Mr. WAGNER] are necessarily detained from the Senate.

I also wish to announce the following general pairs:

The Senator from New York [Mr. WAGNER] with the Senator from Missouri [Mr. PATTERSON];

The Senator from Montana [Mr. WHEELER] with the Senator from New Jersey [Mr. BARBOUR];

The Senator from Florida [Mr. TRAMMELL] with the Senator from New Mexico [Mr. CUTTING];

The Senator from New York [Mr. COPELAND] with the Senator from Vermont [Mr. AUSTIN];

The Senator from Arizona [Mr. ASHURST] with the Senator from New Jersey [Mr. KEAN];

The Senator from Washington [Mr. DILL] with the Senator from Maine [Mr. HALE]; and

The Senator from Montana [Mr. ERICKSON] with the Senator from Maryland [Mr. GOLDSBOROUGH].

The result was announced—yeas 43, nays 32, as follows:

YEAS—43

Adams	Dieterich	King	Smith
Bailey	Duffy	Lewis	Steiwer
Bankhead	Fess	Lonergan	Thomas, Utah
Barkley	George	McAdoo	Townsend
Bulkley	Glass	McKellar	Tydings
Byrd	Gore	McNary	Vandenberg
Byrnes	Harrison	Metcalf	Van Nuys
Carey	Hastings	Overton	Walcott
Connally	Hatfield	Pittman	Walsh
Davis	Hayden	Reed	White
Dickinson	Keyes	Robinson, Ark.	

NAYS—32

Bachman	Costigan	McCarran	Pope
Black	Couzens	McGill	Reynolds
Bone	Frazier	Murphy	Russell
Borah	Gibson	Neely	Schall
Brown	Hatch	Norbeck	Sheppard
Bulow	La Follette	Norris	Shipstead
Caraway	Logan	Nye	Thomas, Okla.
Clark	Long	O'Mahoney	Thompson

NOT VOTING—21

Ashurst	Cutting	Hebert	Trammell
Austin	Dill	Johnson	Wagner
Barbour	Erickson	Kean	Wheeler
Capper	Fletcher	Patterson	
Coolidge	Goldsborough	Robinson, Ind.	
Copeland	Hale	Stephens	

So the amendment of the committee was agreed to.

Mr. McKELLAR. I offer an amendment, which I ask the clerk to read, to come in on page 81, line 6.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 81, line 6, after the word "property", it is proposed to strike out the comma and insert a period and then strike out the words "except as provided in paragraphs (2), (3), and (4), of this subsection"; and also to strike out paragraphs (2), (3), and (4) on pages 81, 82, 83, and 84, down to the end of line 15.

Mr. McKELLAR. Mr. President, if adopted, this amendment will change quite materially the basis of estimating allowances for depletion. Under the present law and under the bill as proposed, which makes no change in reference to allowances for depletion, we find that a very peculiar situation has grown up. When provision for depletion allowances was first made, administration of the provision was put in the hands of the Secretary of the Treasury, who, under regulations, provided, for instance, what would be the life of an oil well—I use that as an illustration—or a gas well or other similar property. A term was fixed as the life of the well, and it was provided that so much should be deducted each year as capital or as the value of the well. For instance, suppose a company owned a property which had been bought in 1913 for $10,000, and the life of the well was 5 years, then the taxpayer would be allowed $2,000 a year for depletion. But it was not long before an additional amount was wanted. The oil producers came back to Congress and got an additional allowance known as the "discovery allowance", which was the value of the property after oil was discovered on it.

Mr. LONG. Mr. President, will the Senator yield?

Mr. McKELLAR. I hope the Senator will wait just a few moments.

Mr. LONG. I am for the Senator's amendment, and I want to know something about it. I understand the amendment is designed to prevent those who have already had 100 percent coming back and getting another 100 percent.

Mr. McKELLAR. If the Senator will content himself to listen for a few minutes, I feel quite sure he will learn what the amendment proposes to do and what I hope to attain by it.

The discovery allowance was made. For instance, suppose a well had cost $10,000, and oil was discovered on it and it became worth $100,000. The law provided that then, in addition to the cost value of the property, there should be a

deduction according to the discovery value. If the life of the well was fixed at 5 years, then the taxpayer would be allowed $20,000, or one fifth of the amount each year, as depletion. As the life of the well as fixed by the law expired—and the date of expiration came about in the year 1926, if I recall correctly—all the discovery value had been taken up and the well was still producing. Then the oil producers, some of them having obtained the actual value as depletion and then the discovery value as depletion, came back and themselves offered to be taxed in a third way, and the third way is set forth in the following section, which I am proposing to strike out:

(3) Percentage depletion for oil and gas wells: In the case of oil and gas wells the allowance for depletion under section 23 (m) shall be 27½ percent of the gross income from the property during the taxable year, excluding from such gross income an amount equal to any rents or royalties paid or incurred by the taxpayer in respect of the property. Such allowance shall not exceed 50 percent of the net income of the taxpayer (computing without allowance for depletion) from the property, except that in no case shall the depletion allowance under section 23 (m) be less than it would be if computed without reference to this paragraph.

That is the present law, as well as being a provision of the pending bill.

In other words, having first used up as depletion the cost value of the property and then having used up the discovery value of the property after the oil was discovered, they are now allowed 50 percent of what they derive from the well each and every year. In the case of a well that was bought in 1915 by 1921, whether oil had been discovered or not, under the law up to that time the cost value would have been entirely covered by the depletion allowance, and no more depletion on that ground would be allowed.

Then, from 1921 to 1926, the cost value having been fixed at $100,000, that cost value would have been allowed. In 1926 this provision became effective, so in 1926 and 1927 there would have been $100,000 more allowed as deduction for depletion allowance. In 1928 and 1929 another $100,000 was allowed the taxpayer as depletion allowance. In 1930 and 1931 a third allowance of the full value of the well was allowed as depletion. In 1932 and 1933 again a similar allowance was made. In other words, the owners of the well were allowed all the cost value of the property as depletion, all the discovery value of the property as depletion, and then five times its estimated taxable value.

Under the depletion-allowance provision these oil companies seem to be the favorites of the Government. No other taxpayers are allowed such a great amount of exemption from taxation. Why should we allow the oil producers to be so exempted? Someone perhaps will say that the oil companies have had a hard time, but they are not taxed unless they make a profit, so there can be no injustice on that score. Why should we allow this cumulative allowance for depletion?

Sometime ago the Senator from Michigan [Mr. COUZENS] headed a committee which investigated depletion allowances and went into the question very thoroughly. A report was submitted, but the Congress paid no attention to it. We are merely allowing these interests exemption from taxation. I do not think they ought to be exempted. I think we have already exempted them probably five times over by means of the depletion allowances, and it is now time for the Government to collect something.

Mr. NORRIS. Mr. President, may I interrupt the Senator?

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Nebraska?

Mr. McKELLAR. Certainly.

Mr. NORRIS. My attention was distracted when the clerk was reading the Senator's amendment. I should like to have the Senator tell me just what he proposes to accomplish by his amendment.

Mr. McKELLAR. The amendment proposes to do this: Section 114 of the bill provides a basis for depreciation and depletion in the case of all corporations. It reads:

SEC. 114. Basis for depreciation and depletion.—(a) Basis for depreciation: The basis upon which exhaustion, wear and tear, and obsolescence are to be allowed in respect of any property shall be the adjusted basis provided in section 113 (b) for the purpose of determining the gain upon the sale or other disposition of such property.

Then, on page 81, the bill specifically refers to these classes of corporations:

(b) Basis for depletion.—(1) General rule: The basis upon which depletion is to be allowed in respect of any property shall be the adjusted basis provided in section 113 (b) for the purpose of determining the gain upon the sale or other disposition of such property—

Down to there, the provision puts all corporations on the same basis. There is no objection to it. It ought to remain that way. Whatever allowances are made to other corporations ought to be made to oil-producing corporations. That is manifest.

Mr. GORE. Mr. President, will the Senator read that again?

Mr. McKELLAR. I will read it again:

The basis upon which depletion is to be allowed in respect of any property shall be the adjusted basis provided in section 113 (b) for the purpose of determining the gain upon the sale or other disposition of such property—

I propose to make no change in that provision; it is perfectly right, and should be in the bill; there cannot be any objection to it upon the part of anybody; but when we go further, as I shall point out in a moment, we put the oil and gas companies in a favored class by themselves, giving them such allowances that I suspect, if we were permitted to see the tax returns—of course, Congress has no right to the tax returns; we cannot see them—if they could be seen it would be found that the corporations in this favored class are paying precious little, if any, taxes at all.

Therefore, I have moved to strike out everything after the word "property", with which I ended the excerpt a moment ago. First, I move to strike out these words:

Except as provided in paragraphs (2), (3), and (4) of this subsection.

My amendment strikes out that language, and then strikes out the discovery-value method of estimating the allowance and the percentage depletion for oil and gas wells in subsection (3). Let me read those so that the Senate may have the picture just as it is.

This is one of the sections which I undertake to strike out——

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. McKELLAR. Let me finish this and then I will yield:

(2) Discovery value in case of mines: In the case of mines (other than metal, coal, or sulphur mines)—

Referring particularly to oil and gas—

discovered by the taxpayer after February 28, 1913, the basis for depletion shall be the fair market value of the property at the date of discovery—

"At the date of discovery." The wells are discovered now.

The basis for depletion shall be the fair market value of the property at the date of discovery or within 30 days thereafter, if such mines were not acquired as the result of purchase of a proven tract or lease, and if the fair market value of the property is materially disproportionate to the cost. The depletion allowance under section 23 (m) based on discovery value provided in this paragraph shall not exceed 50 percent of the net income of the taxpayer (computed without allowance for depletion) from the property upon which the discovery was made, except that in no case shall the depletion allowance under section 23 (m) be less than it would be if computed without reference to discovery value. Discoveries shall include minerals in commercial quantities contained within a vein or deposit discovered in an existing mine or mining tract by the taxpayer after February 28, 1913, if the vein or deposit thus discovered was not merely the uninterrupted extension of a continuing commercial vein or deposit already known to exist, and if the discovered minerals are of sufficient value and quantity that they could be separately mined and marketed at a profit.

Now, recall that this was the second step. The section I have just read was the second law favoring these companies over all other companies.

Mr. GORE. What was the date of that one?

Mr. McKELLAR. Nineteen hundred and twenty-one, if I remember the time correctly. That expired, however, under the regulations, in 5 years; and that depletion allowance has all been taken up on the continuing well. Therefore, when

these companies thought their depletion allowances were going to be stopped, their representatives came here to Washington, where the companies have one of the greatest lobbies known in our city—and, as the Senate knows, there are some great ones here—and offered this section, which I ask to strike out:

(3) Percentage depletion for oil and gas wells: In the case of oil and gas wells the allowance for depletion under section 23 (m) shall be 27½ percent of the gross income from the property during the taxable year, excluding from such gross income an amount equal to any rents or royalties paid or incurred by the taxpayer in respect of the property. Such allowance shall not exceed 50 percent of the net income of the taxpayer (computed without allowance for depletion) from the property, except that in no case shall the depletion allowance under section 23 (m) be less than it would be if computed without reference to this paragraph.

Mr. President, I desire now to call attention to the allowances generally to which these corporations would be entitled.

For instance, there is the allowance for compensation of officers. As an illustration of what that was in any one year I will take the year 1930, and the Senate will see what allowances are made on that score. By the way, I have an amendment following this which will undertake to take care of that situation to some extent.

The allowance to officers by the corporations of America in 1930 was $3,138,845,973. Over $3,000,000,000 was paid out in that one year in the form of salaries to officers of the corporations of this country. The officers of oil companies got their part of that.

The oil companies are entitled also to their part of depreciation; and the depreciation of companies during that year was $3,900,000,000. I will not give the odd figures.

Prior year net loss, $157,000,000.

Tax-exempt dividends and interest, $3,000,000,000.

Miscellaneous deductions—and the oil companies are entitled to miscellaneous deductions—$39,000,000,000.

Is it any wonder that the income-tax laws are not producing taxes? We have constantly increased the allowances all the way along the line since this tax law was passed. Now I want to call the Senate's attention to what the total deductions under our laws have been for a number of years.

In 1930 the total deductions were $50,000,000,000.

In 1929 they were $53,000,000,000.

All of that property escaped taxes absolutely, $53,000,000,000 in one year; and, by the way, the oil companies received the advantage of all those deductions, and in addition to that a depletion allowance of one half. It is not fair and it is not right; and I have offered this amendment to do away with these two allowances. These companies ought to have the same depreciation or depletion allowances that every other concern has. They ought not to be treated as a separate class. It is class legislation of the grossest kind.

Do not be misled by the idea that the oil companies are now in a bad fix, just as all other corporations, perhaps, are; or that they may be in a worse fix if my amendment should be adopted, for we do not tax them unless they make money, unless they make an income. Those that make an income, I submit to the Senate, in all fairness and justice, ought to pay just like every other corporation.

So I hope the committee will accept the amendment. The House having passed the bill without putting this in, it seems to me the committee ought to take the amendment to conference and work it out. By the way, I digress here long enough to say that the Secretary of the Treasury went before the House committee and recommended that this depletion matter be taken into consideration by that committee and by the Congress. The House disregarded the Secretary's recommendation, and the Senate committee has disregarded it. I hope the Senate will not disregard it, and that this amendment will be adopted.

Mr. BARKLEY. Mr. President——

Mr. McKELLAR. I yield.

Mr. BARKLEY. The Senator a moment ago made the statement that the House had passed this bill without these provisions in it. I wish to say to the Senator that the language sought to be stricken out by the Senator's amendment is the language of the House bill.

Mr. McKELLAR. I said that the House disregarded the suggested amendment of the Secretary of the Treasury, which was not to strike it all out, but to reduce this perfectly enormous allowance of 50 percent of the net profits.

Why should any company come to the Congress and say to it, as these companies do, "It is true that we have all the allowances that every other corporation in the country has, but we want an additional allowance. We want one half of all our net income exempted as depletion allowance", after they have heretofore taken up all of their depletion allowance?

Mr. BARKLEY. If the Senator's amendment should be agreed to, it would practically eliminate the allowances for depletion in the case of oil and gas wells.

Mr. McKELLAR. Not practically, but——

Mr. BARKLEY. Entirely so.

Mr. McKELLAR. It would give the oil and gas companies exactly the same allowances or credits that every other corporation in this country has.

Mr. BARKLEY. Does not the Senator think there is any difference between an oil company that brings in a well, or a few wells, which soon are entirely exhausted, and an ordinary company that is engaged in some other business?

Mr. McKELLAR. There are some differences; but the Senator forgets that these capital or discovery allowances have all been made. The entire amount of the capital or discovery value of the concern has already been taken up.

Mr. BARKLEY. Of course that may be true as to certain wells; but it is not true with reference to wells that are constantly being brought in, or mines that are constantly being developed. It may be that in some cases—it probably is—the discovery value has already been allowed to the business.

Mr. McKELLAR. The Senator must realize that in the first place most of the wells have been discovered. Oil properties are well known. Occasionally that is not true, but for the most part it is.

Mr. BARKLEY. Notwithstanding that once every few months the statement is made in the newspapers by some scientist or geologist that all the oil fields have been discovered, we go on constantly discovering new oil fields, and bringing in new surpluses of oil.

Mr. McKELLAR. Not in this country.

Mr. BARKLEY. Yes; in this country.

Mr. McKELLAR. It has been quite a while since that has been true. What we are dealing with are the corporations now in existence; and they having had these great advantages, these great subsidies—for they are really subsidies—from the Government, the time has arrived when the Government should treat them just as all other corporations are treated.

Mr. GORE. Mr. President, the Senator from Tennessee [Mr. McKELLAR] is always entertaining, even when he is not convincing. His sincerity and his earnestness challenge respect even when his arguments do not carry conviction.

The Senator from Tennessee has sought to create a set of facts which do not exist, and he has made an unanswerable assault upon that imaginary situation. I shall undertake to demonstrate that the Senator from Tennessee is mistaken as to the facts; that he is mistaken as to the law; that he is mistaken as to the application of the law to the facts; that he is mistaken as to the effect of this depletion legislation upon individual taxpayers, and is mistaken as to its effect upon the public revenues and the Public Treasury.

Mr. President, I need hardly say that every part and every phase of our income-tax legislation is extremely intricate and difficult to understand. That is particularly true of the section relating to depletion of capital—depletion allowances. I may add that it is doubly true in respect to the application of these laws to oil and gas wells, to oil and gas properties.

Intricate as this subject is, however, it is of much importance. I may say that it is no less important than intricate, and I therefore challenge attention to what I shall have to say upon this subject.

Mr. KING. Mr. President——

The PRESIDING OFFICER (Mr. OVERTON in the chair). Does the Senator from Oklahoma yield to the Senator from Utah?

Mr. GORE. I yield.

Mr. KING. I think the Senator ought to have included, in referring to the evil effects which would result to the oil industry by reason of this amendment if it were agreed to, the effect also on mines, because if this amendment were adopted, it would be very injurious to the mining industry in all parts of the United States.

Mr. GORE. I was just about to say, Mr. President, that this subject is of direct and vital concern to every State and to every Senator from every State in which is situated an oil or gas well, a coal mine, a copper mine, an iron mine, a salt or sulphur mine, a zinc or lead mine, a silver or gold mine. It is of direct concern to every State and to every Senator from every State where timber is grown and where lumber is produced and marketed in commercial quantities. I therefore challenge the attention of Senators from those States.

Not only that, Mr. President, but this subject is of direct and vital concern to every State and to every Senator from every State, because mining, including the oil industry, is the third largest industry in the United States. Billions of capital, more than twenty billions, are invested in the mining industry and in the oil industry.

Coal and oil produce the power which drives the wheels of industry, and other mines produce the raw materials which enter into our industries, the raw materials of business which gives employment alike to capital and to labor.

The mines supply the raw materials of our heavy industries, and they are the industries, according to all economists, which are still languishing most, and which are still lingering in the return toward prosperity.

The heavy industries are today the weakest point in our economic structure, and, with a strange sort of precision, the Senator from Tennessee has trained his batteries on the weakest point of our entire economic structure in our effort to pull out, if I may use the expression, of this economic bog.

Mr. President, what is depreciation, and what is depletion? I shall not discuss depreciation. That relates to wear and tear and obsolescence of physical properties, plants, buildings, equipment, tools, machinery, and the like, and the allowance for depreciation, as Senators know, is designed to permit the taxpayer to replace his capital out of his gross income in order to perpetuate his business. That allowance is made tax free in order to preserve the very life of industry itself.

What is depletion? Depletion is the return of capital invested in natural resources; through the gradual exhaustion of the quantity or units in the ground; or, in the words of the Treasury Department, "Depletion is the loss sustained through the progressive removal of natural resources, as of mineral deposits."

Depletion is, of course, the exhaustion of a natural resource or of a mineral deposit. The allowance for depletion is the return of capital to the taxpayer out of gross earnings, tax free, in order for replacement and for the continuance of his business, which has a social value, as well as an individual value.

Mr. President, let me illustrate for a moment. If a wholesale grocer or flour merchant buys 100,000 barrels of flour at $3 a barrel, aggregating $300,000, and sells it for $4 a barrel, aggregating $400,000, of course, there is a gross profit of $100,000, out of which expenses would be deducted in order to arrive at net income. But nobody anywhere would suggest that the $300,000 represented in the gross income should be subjected to taxation. That is the merchant's capital; that is what he put in the business; that is what he has a right to take out; and to take it out untaxed. Unless we allow him to do that, we are not only taxing capital but we are destroying business itself.

Take an oil well, or a coal mine, or a copper mine. Every ton of copper taken out of a mine is subtracted from the reserve left in the ground. Every barrel of oil taken out of a well is subtracted from the reserve of oil left in the oil sand. It is a diminution of capital, and, generally speaking, every barrel of oil, we will say, taken out of the ground, in part represents capital, in part represents income. Indeed, it may not represent income at all. The oil may be lifted at a loss, and it may represent capital alone and not income at all. But in almost every instance, I might say, for practical purposes, in every instance, a barrel of oil does represent capital, at least to some extent, as does every ton of coal and every ton of copper taken from the ground. That much is subtracted from the total reserve or deposit in the ground, and, to a certain extent, it represents the capital of the owner of the property, whether an individual or a corporation.

Mr. President, I think it will not be contended that a depletion allowance of some sort should not be granted in the law. I believe that is not denied by anyone, not even by the Senator from Tennessee. Indeed, the report of the Secretary of the Treasury referred to by the Senator not only admitted but insisted that a depletion allowance should be provided for, and went so far as to suggest that the denial of a depletion allowance would, in itself, be unconstitutional as a tax upon capital, in disregard of the rule of apportionment.

His concession did not depend upon the constitutional doubt alone. He added these words:

> The inherent unfairness of disallowing depletion is another controlling argument against it.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. McKELLAR. The Senator has referred to what the Assistant Secretary of the Treasury said. I would be glad at this point to read a paragraph from the report of the Subcommittee of the Committee on Ways and Means, which was referred to in the hearings by Mr. Magill, of the Treasury Department:

> (2) The discovery depletion provisions enable a taxpayer who had paid $10,000 for a piece of property, and has later discovered a mine (other than a metal, coal, or sulphur mine) upon it worth $1,000,000, to deduct depletion on the mine as if he had paid $1,000,000 therefor. The taxpayer is thereby permitted to receive tax free $990,000 of income on which, by any equitable standards, he should pay the tax. To exempt the income of mine owners or of any other class, necessitates simply that the amount be made up by other taxpayers. The Treasury knows of no reason why a limited class of mine owners should be granted a subsidy as compared to other taxpayers. It is therefore recommended that the provisions for discovery depletion be eliminated.
>
> Our experience shows that the percentage depletion rates set up in the law do not represent reasonable depletion rates in the case of the designated properties, but are much higher than the true depletion to which the taxpayer is fairly entitled. Moreover, these provisions enable a taxpayer to obtain annual depletion deductions, notwithstanding the fact that he has already recovered the full cost of the property. The deduction is, therefore, a pure subsidy to a special class of taxpayers. For this reason the Treasury recommends that these provisions be eliminated, in order to put all taxpayers upon the same footing.

Mr. GORE. Mr. President, as one of the witnesses stated in the same hearing, the Assistant Secretary had stated a fantastic case which would not arise in fact and which would not occur in reality. And neither the Assistant Secretary nor did the Senator from Tennessee state that discovery valuation or discovery depletion is not the law today with reference to the oil and gas industry, and has not been the law since January 1926. Discovery depletion is not the law today with reference to coal mines, it is not the law today with reference to metal mines, it is not the law today with reference to sulphur mines. It is the law with reference to rock quarries and sand pits and a few resources of that description. So this terrific argument has no reference to the issue joined in this place at this time.

Mr. President, the Assistant Secretary admits that depletion is essential; that its denial might violate the Constitution and would certainly violate principles of justice and equity. I shall certainly show before I close, I hope, that it would violate principles of sound policy.

I think all will concede, therefore, that depletion of some kind, in some form, is not only desirable but is indispensable for the continuance of these wasting industries.

Senators, this is also true. Any depletion allowance of whatever kind, as applied to these wasting resources and deposits, must in the nature of things be more or less arbitrary. It cannot be based upon scientific principles. It cannot be made to apply with absolute precision without doing injustice in some cases to the taxpayer, and, I admit, without doing in some cases injustice to the Public Treasury. That is a quality inherent in the nature of the thing. It cannot be avoided.

Take a coal mine or a copper mine. Of course, the Senator from Tennessee is insisting upon depletion based upon cost. That is what it comes to. Offhand, one might say, "Well, depletion based upon cost would, of course, be fair and just." Mr. President, what must be done in order to deplete on the basis of cost? First, there must be ascertained or estimated the number of tons of coal or the number of tons of copper in the mine. There must be ascertained or estimated the value of the coal or the copper in the mine. Then the total value must be divided by the total number of tons in order to arrive at the depletion unit per ton.

Not only that; the value of the metal in the ore must be estimated, and the cost of production. There must be ascertained in advance the life of the mine. Not only that, but there must be ascertained the amount of output each year, year by year.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. GORE. I will yield for a question; not for a speech.

Mr. McKELLAR. I will not make a speech, but I desire to call the attention of the Senator to a mistake he has made, and I know he does not want to make it. The Senator said that my purpose, by the amendments, is to prevent all depletion allowances. Quite the contrary.

Mr. GORE. I said depletion on the basis of cost, I take it.

Mr. McKELLAR. No; the depletion rule is laid down, which remains as a part of section 114; that is exactly the same rule which is applied to all other corporations, as found on pages 78 and 79 of the bill in section 113 (B), which is, if the Senator will permit me to read it to him:

(B) in respect of any period since February 28, 1913, for exhaustion, wear and tear, obsolescence, amortization, and depletion, to the extent allowed (but not less than the amount allowable) under this act or prior income tax laws. Where for any taxable year prior to the taxable year 1932 the depletion allowance was based on discovery value or a percentage of income, then the adjustment for depletion for such year shall be based on the depletion which would have been allowable for such year if computed without reference to discovery value or a percentage of income.

In other words, the full allowances for depletion will remain, but the subsidy will be taken away. That is the difference.

Mr. GORE. I am coming to that, if the Senator will be patient.

Mr. President, I was observing that any depletion allowance with respect to a wasting mineral deposit must be more or less arbitrary. The Senator from Tennessee insists that the same rule of depletion ought to be applied to the oil industry as to the mining industry; that the same rule should be applied to each and every one without regard to their different characteristics.

Mr. President, I think that scientific taxation ought to take some account of facts, ought to take some account of reality. I think it is as unscientific, indeed it is as unjust, to treat things which are essentially unlike as if they were alike as it is to treat things which are essentially alike as if they were unlike. That is what the Senator from Tennessee has done. That is what the Senator from Tennessee urges the Senate to do.

I need hardly say that the oil industry is unique. It is by nature differentiated from every other kind of business or industry; indeed it is distinguished from every other form of mining or industry. Oil is fugitive in nature, as the courts say, and as the trade says. It flows under the ground from place to place in the oil sand when invited by a well flowing either by gas pressure or by the pump.

Let me give the Senate two or three illustrations which, I think, show that the oil business is different from a conservative business like selling flour. I know of three men in Oklahoma. One of them was at one time a member of this body. They put together $25 in an oil lease. They put $8.33⅓ apiece in that venture and they took down approximately $100,000 apiece.

Of course, under the old law, and as the Senator from Tennessee says, they would deplete on the basis of $25. That would be entirely fair if they could reasonably calculate that the next time they put in $25 they could sell out for $100,000 apiece.

The oil industry is different from other industries. There is more or less uncertainty in every kind of business. The kinds and the degrees of uncertainty vary. But the oil business is based upon the law of probabilities. It hardly has so sure and firm a foundation as that. The oil business is based on the logic of chance. The business itself is nothing more or less than a calculus of chances or of risks. The business is built upon risk. Practically every oil well ever drilled involves a risk, even if it be an offset well. That risk cannot be eliminated from the business; it is an integral part of the business, and those who engage in it must discount that risk. They must be prepared to take the losses which come with dry holes, losses which are inseparable from the business, and those losses must enter into their calculation; otherwise the business could not be operated at all.

Take another case of which I know, some of the individuals involved being personal friends of mine. Twelve men chipped in $175 apiece and bought an oil lease, which they sold for $82,500 apiece. It is the golden stories like that which have lured so many wanton flies into the spider's web of unwonted speculation.

Mr. BARKLEY. Mr. President, will the Senator from Oklahoma yield to me?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Kentucky?

Mr. GORE. Yes, sir.

Mr. BARKLEY. To what extent has the discovery of oil in this country been made by the small pioneer who goes out and prospects, who "wildcats" as we say; and what proportion of the original discovery and development of oil fields has been made by the big companies against whom the Senator from Tennessee has in his amendment sought to inveigh?

Mr. GORE. Mr. President, the record shows that approximately one third of all the oil wells which are drilled come in as dry holes, or as practically dry holes. The record shows that approximately one third of all the oil wells which are drilled come in at 25 barrels a day or less, which either never pay the cost of drilling or never return a profit on the investment. The record shows that only one third of all the oil wells which are drilled produce and pay—must bear the cost and the loss of the other two thirds.

Mr. McKELLAR. Mr. President, will the Senator yield there for a question?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Tennessee?

Mr. GORE. Yes.

Mr. McKELLAR. It is not sought by this amendment to tax those who fail. This amendment would only tax those who have been successful in business. It does not propose to tax failures at all and makes no attempt to do so.

Mr. GORE. That brings me to the point of one other observation in connection with what I was just saying.

There are today 330,000 producing oil wells in the United States; 275,000 of those wells yield an average of 1 barrel of oil a day. Let Senators take notice of the fact that 275,000 oil wells today are producing on the average 1 barrel a day. It seems a trifle, and yet that is more than a quarter of a million barrels of oil every day, and those little wells constitute the shock troops of the industry itself. They are known in the trade as "stripper wells." They have always been a special object of my solicitude and concern.

I said the other day—and I will allude to it again—that Representative MARLAND, who organized the Marland Oil Co., entered into 20 different leases with the State of Okla-

homa involving school lands owned by the State. He stipulated to drill 20 test wells on 20 different tracts of school land. By the caprice of fortune the first 19 wells were dry; they did not produce a barrel of oil. The twentieth well produced and was a large producer. The 19 dry holes cost him $500,000; they cost him a half million dollars. Some may say he was trying to serve himself; yes, but he was also trying to serve the State of Oklahoma, trying to serve the school children of Oklahoma, trying to serve the public, the consumers of oil, gas, and gasoline in this country. The lease upon which he produced oil probably cost him $160. Under the strict pharisaical proposition of the Senator from Tennessee, he would allow him to deplete, so far as his loss was concerned, to the munificent amount of $160 and expect the business, which is nothing but a calculus of risk, to proceed upon that basis. Mr. MARLAND brought in the producer while depletion was still limited and before discovery depletion was allowed.

I knew another man, Grant Stebbins, who drilled 27 dry holes before he brought in a producing oil well. He then organized the Gladys Belle Oil Co., which at one time was one of the largest and most prosperous independent oil companies in the midcontinent field; but it fell upon evil days. The risks ran against him. The company failed, and he died, if not of a broken heart, at least broken hearted.

The oil business has been carried on in the past by those who are known as "wildcatters" in the language of the trade. They are the pioneers; they are men who take the risks, who bet everything on a throw of the dice. The industry has pivoted upon the pioneer or upon the wildcatter. They took their own money, their own capital, what little they had; they collected from friends and from neighbors and often took up a pony purse in order to raise the money to drill. In many instances the big concerns would not take the risk of these wildcat wells. They waited until the wildcatter brought in a well, knowing that, as a rule, he was necessitous and hard driven, and then the big concern would buy out the wildcatter, freeze him out, perhaps, reduce the price of oil to make him sell, and then drill wells offsetting the purchased well, in proven territory, thus reducing the risk to an irreducible minimum, and let the wildcatter and his friends bear the brunt of the burden. To deny this liberal depletion to the wildcatter and the pioneer simply destroys that historic figure in our economic development and enthrones the Rockefellers and the Mellons. I am surprised to see the senior Senator from Tennessee officiating at the coronation as master of ceremonies.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. GORE. I yield for a question, but I do not want the Senator to inject extraneous matter or even pertinent matter into the remarks I am making. He can do that when I shall have concluded, but for a question I am pleased to yield.

Mr. McKELLAR. If the Senator is speaking for home consumption, I will not interfere.

Mr. GORE. I thought I could sense a regard for the home market in the Senator's own remarks. He has had a good deal to say about Mellon on this occasion, a great deal more than I have; and I am going to refer to that in a moment.

Mr. McKELLAR. I still stand by it.

Mr. GORE. Very well. This matter of depletion has gone through a course of evolution in this country. It is the outgrowth of experience, and is not the sinister upshot or the offspring of the lobbyist; it does not have the bar sinister on its escutcheon.

Mr. President, the sixteenth amendment, authorizing an income tax to be imposed by Congress, was ratified in February 1913. March 1, 1913, has been taken as a sort of datum line or base line for the ascertainment of the fair market value and other questions concerned with the administration of our income-tax system. The first income tax law was passed by Congress in October 1913. Now I come to one of the Senator's illustrations. He said that under that law the life of an oil well was calculated or estimated or guessed to be 5 years.

Mr. McKELLAR. I assumed that as an illustration.

Mr. GORE. I understood the Senator to say as I have indicated, and I think if he will check his remarks he will find that to be so.

Mr. McKELLAR. The Department fixes the length of time.

Mr. GORE. It does estimate the life of an oil property, but I do not think the Senator said that. If so, I stand corrected and it is all right. I have a speech here made by the Senator on a previous occasion.

The Senator said that the life of an oil property was divided into an arbitrary allotment of 5 years and that they were allowed to deplete—whether capital or not, or cost or not, I do not know what he meant—spread over 5 years at 20 percent per annum.

Mr. President, there was nothing of that sort in the law, and no regulation of that sort could have been adopted under the law. The law did fix a rule for depletion. I have the act here in my hand. It provided that a depletion allowance not exceeding 5 percent of the gross sales of the mineral product at the well or at the mine should be made as a depletion charge—not 20 percent, as indicated by the Senator, not even 5 percent. The language is "not exceeding 5 percent", utterly unscientific. Even that allowance of 5 percent as a maximum in oil, as well as in other mineral resources, has no relationship whatever to the cost of the property. It was not calculated to return in full either cost or capital. It had no relationship whatever to the fair market value of the property on March 1, 1913. It adopted no scientific standard, it was a mere arbitrary rule. At that time we had no lamp of experience to guide us.

Let us take a mine or oil well and assume that its life is 20 years. Assume that exactly one twentieth of the deposits were brought forth every year. Assume that the price is uniform during the years. Assume that all these impossible things will occur at one and the same time during the same period of years, then the owner at the end of 20 years would have depleted on the basis of cost or capital—a set of circumstances which by no stretch of fancy or imagination could ever happen in actual practice.

We enacted another income tax law in 1916, as we did also in 1917. Everyone had realized by that time that the rule of depletion was unscientic and unfair. A new rule was incorporated in those two laws providing that a reasonable allowance for depletion should be made, based upon reduction of flow and production. That sounds rather rhythmical, and it was applied for 2 years or such a matter. It did not work out satisfactorily.

Now we come to the "rawhead and bloody bones" of the Senator from Tennessee—the income tax law called the "act of 1918", but which was approved in February 1919. That measure for the first time incorporated the principle of discovery valuation in case of oil and other mineral resources. That measure was conceived in the midst of the war, although it was not passed until after the armistice. Oil was regarded as a key industry. Oil was regarded as essential to the success of the war. Oil was selling at $3.50 a barrel. Consumption was exceeding production by 60,000 barrels a day.

Realizing the wasting and the hazardous character of the oil industry—and those are two characteristics which are inseparable from the business—Congress, looking at the situation scientifically, saw that the oil industry was different from conservative industries, and it based the depletion policy upon that difference in the nature of things. Congress provided that in case of discovery of an oil and gas well, depletion should be based not on the cost of the lease but upon the value of the lease at the date of discovery or upon a valuation made within 30 days after discovery.

Mr. President, the object of that legislation was to enable a man, particularly the wildcatter and the pioneer, when he was fortunate enough to discover an oil well, fortunate enough to discover an oil field, fortunate enough to serve society and himself, to have some concession based upon the nature of his industry and the character of his risk; so it did provide that depletion might be based upon discovery value.

In the case of Mr. MARLAND, when he brought in his twentieth well, he could have had that lease valued not at $160, as it probably cost, but at a much larger figure, whatever its value would have been. Then he would have been allowed to deplete against discovery value, in order to compensate him to some extent for the capital he had sunk, for the money that he had lost in the 19 unfortunate ventures. That is why it was done.

I had a good deal to do with that legislation. I know the reasons which inspired it. I know that business cannot succeed unless some allowance of that sort is made. If we destroy these venturesome spirits, then we turn industry over to the larger concerns which can take the risk when that risk becomes indispensable to their survival; but as long as they can they will remit that risk and shift it to the wildcatter and the pioneer.

I think the Senator from Tennessee has misunderstood the whole history of subsequent legislation in regard to depletion allowances as applied to the oil and mining industry. The Senator the other day had occasion to animadvert upon Mellon, I believe, and the Republicans and the lobbyists. Heaven knows I am as unwilling as the Senator from Tennessee to vouchsafe any unearned or unmerited praise to the Republicans. I differ from him only in one particular. It is so seldom that our Republican friends are entitled to credit that I really cannot grudge them the accident when it happens to them. [Laughter.] I think it is bad enough to be a Republican and I just let it go at that. [Laughter.]

But the Senator from Tennessee commented upon this discovery legislation enacted by a Democratic House, enacted by a Democratic Senate, approved by a Democratic President. If it be as vicious as the Senator represents, then we must bow our heads and take that blame.

Mr. President, as I said, I had a good deal to do with the enactment of that law. I doubt not that it saved the lives of more than half the independent oil concerns in the country which had discovery wells. It enabled them to survive and to compete in a way with the Standard Oil companies. The Senator from Tennessee seems to think it was a matter of universal application. It was limited to discovery wells, to discovery properties where a man by using his capital had made a discovery and served economic society as well as himself. But it did have certain consequences which were not foreseen. It had certain consequences which I did not foresee. It had certain consequences which the Democratic administration and the Democratic Treasury did not foresee. In some cases it was possible for a man to have a large depletion allowance where he had a low cost and a large output, particularly toward the end of the taxing year, where his depletion allowance may have been excessive and where he could carry that over as against the remaining part of his net income, and cancel that from taxation.

That was undesirable. It was discovered in the course of human and oil events. It was an evil that was unforeseen, but it was an evil which demanded correction; and the Republicans, when they passed a revenue act after coming into power, took the first step toward correcting that unanticipated evil.

In the Revenue Act of 1921 they limited depletion allowance to 100 percent of the net income. That at least met the contingency of these exceptional cases where the depletion allowance could be carried over and used to cancel net income from other sources, and excuse the taxpayer from taxation. That was a corrective measure. That was a remedial measure intended to remedy a mischief which no one is to blame for not having foreseen.

Time passed, and a Republican House, Senate, and President put into effect the Revenue Act of 1924. That reduced the discovery value allowance from 100 percent of the net income down to 50 percent of the net income from the property. The taxpayer could not claim a depletion allowance in excess of 50 percent of his net income, and that still further corrected the mischief to which I have referred.

Then came 1926, and the Revenue Act of 1926 was passed. It still contained the limitation to 50 percent of the net income from the property. It contained an additional limitation—a limitation of which the Senator from Tennessee complains, but a limitation which could operate only in behalf of the Public Treasury.

The act of 1926 provided that the depletion allowance should no longer be based upon discovery value. The Congress abandoned that principle back in 1926, and since that date there has been no discovery depletion so far as oil is concerned. It is continued with reference to certain mines under the act of 1932.

The act of 1926 substituted a percentage depletion for discovery depletion. It provided that the oil producer was entitled to depletion on a percentage basis, and that his depletion should be 27½ percent of his gross income, but in no case to exceed 50 percent of his net income.

Mr. President, I am advised that it is the desire on the part of some Senators to take a recess until Monday.

Mr. ROBINSON of Arkansas. Mr. President——

Mr. GORE. I yield to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. Mr. President, for the convenience of Senators who have submitted requests in relation to the order of procedure, I ask unanimous consent that the unfinished business may be temporarily laid aside, and that the Senate proceed to the consideration of the legislative appropriation bill. There are a number of items in that bill which are more or less of an emergency character. Let me say further that I have consulted the Senator from Mississippi [Mr. HARRISON], the Senator from Oregon [Mr. MCNARY], and others, and if this agreement shall be entered into, when the legislative appropriation bill shall have been disposed of it is my purpose to move a recess until Monday.

Mr. HARRISON. Mr. President, it was hoped that we would make such progress today on the revenue bill that we might be able to dispose of it before adjournment tonight; but it is apparent that it will be impossible to do so. A good many Senators have requested, because of the arduous nature of the work of this week, that there be no session of the Senate tomorrow. Then, too, the Finance Committee are laboring harder than usual, because we have before us the Moore nomination; and if the Finance Committee tomorrow can give both morning and afternoon to that hearing, we may be able to conclude it. So, if it meets with the approval of the Senator from Arkansas, the Senator from Oregon, and other Senators, it will be perfectly agreeable to me, when we finish the consideration of the legislative bill today for the Senate to recess until Monday, and have no session tomorrow.

The PRESIDING OFFICER (Mr. MURPHY in the chair). Is there objection to the request of the Senator from Arkansas? The Chair hears none, and it is so ordered.

MARKETING AND PRICES OF SUGAR

Mr. VANDENBERG. Mr. President, can the Senator from Mississippi tell me whether there is any definite plan as yet for consideration of the sugar control bill?

Mr. HARRISON. I will say to the Senator that just as soon as we finish up the hearings in the Finance Committee, which has been meeting daily from 10 o'clock until 12 o'clock on the Moore nomination, we expect to call the committee together so that we may consider the sugar bill which was passed by the House the other day. In other words, I had hoped that we might be in such a situation that following the revenue bill we might consider the sugar bill.

Mr. VANDENBERG. Mr. President, in view of the statement of the Senator from Mississippi, it is evident that the Finance Committee probably will take up the sugar control bill for final determination within the next 2 or 3 days. Therefore, I am very anxious to submit now certain amendments to that bill which I deem essential from the viewpoint of the beet-sugar industry, if this great agricultural interest shall have even a limited degree of assurance under this unwelcome formula for the restriction of an important cash crop which is not on a domestic-surplus basis.

I desire to say in this connection that I have been cooperating with the Senator from Mississippi, so far as I could, in an effort to facilitate an agreement upon the sugar control bill. It might better be called the "sugar commissar bill." I have done that in spite of the fact that the entire measure is utterly repugnant to my idea of logical legislation with respect to progressive farm relief. But it is at least desirable to mold it into the least objectionable form.

As the bill passed the House one amendment only was made. That amendment is a very essential and satisfactory one and strikes out, on page 16 of the bill, the authority which would have permitted an omnipotent Secretary of Agriculture to bring the sugar-beet farmers of the Nation into complete subservience to all of his orders and all of his whims with respect to all of their crops and all of their activities. I assume, of course, that the Senate will assent to this House amendment. Thus we protect some small element of remaining liberty for the American sugar-beet farmer. He will appreciate this crumb of freedom.

Mr. President, in addition to that amendment, if there is to be any hope of voluntary agreement upon this amazing legislation, there are a few other amendments which I prayerfully recommend to the consideration of the Finance Committee when it meets.

The most important one is an amendment to section 8 (a) of the bill, protecting the presumed right of the continental beet-sugar industry to participate in 30 percent of the increased sugar consumption in the country. The bill as drawn, and to my amazement, as passed by the House of Representatives, adroitly pretends to give the domestic industry the benefit of this 30 percent of the actual increased consumption. But, as a matter of cold fact, it is so drawn that it practically precludes the sharing of one additional ounce of increased consumption by the domestic industry. It is a virtual nullification of this important concession which was supposed to be part of the gentleman's agreement when the sugar-beet interests finally gave their tentative consent to a compromise formula. It is a violation of that agreement.

Therefore we shall most insistently urge, and I say it with great respect, that the 30-percent increased consumption privilege, which continental beets were supposed to get and which these people are astounded to discover has been taken from them, shall be tied not to some vague and perhaps hostile secretarial estimate in the Department of Agriculture but to the specific consumption figure of last year, namely, 6,452,000 short tons raw value. Thus, and thus only, may these farmers be guaranteed this small measure of compensatory comfort which they may anticipate from a modest share of the increased sugar consumption in their own country. I do not enlarge upon the subject now, but I shall do so with some emphasis when the bill faces us on final passage.

Another amendment essential from the viewpoint of the eastern beet-sugar area is the amendment which sets a criterion for the Secretary of Agriculture, in subdividing—east and west—the continental quota of 1,550,000 tons after it shall have been established, and the 30 percent of increased consumption after it shall have been recaptioned by the first amendment to which I have adverted. We seek only to maintain the existing relationship between the eastern and western fields, and in order to do that, and yet to do it without unduly tying the hands of the Secretary, we are asking for the addition of a directory sentence in section 8 (a) which will call upon the Secretary "to maintain, so far as practicable, the present relative status of each of the several continental beet-sugar producing areas or States." Fair play requires this amendment in view of the seeming disclosure that the sugar bureaucrats are even more contemptuous of sugar production in the East than in the West.

The other amendments which I am submitting on behalf of a conference of sugar-beet farming interests and beet-sugar processing interests apply to the penalty clauses of the bill. I refer to the bill as it passed the House in a gagged hurry and as messaged to the Senate yesterday. We strenuously object to any penalty clause attaching to the violation of a mere secretarial regulation, and we equally object to any penal clause involving a jail sentence for a farmer if he shall happen to violate some of the intricate provisions of the law itself. I am sure the new farm dictators can be sufficiently repressive without using the jails as a factor in this farm relief.

Mr. President, I ask permission to submit these amendments, to have them printed, also to have them printed in the RECORD, and referred to the Committee on Finance. I reserve my discussion of the bill itself and its inconsistencies and its affronts to agriculture until the measure is before the Senate for conclusive action. The pity is that we may have to take it, if corrected in some of these more glaring particulars, whether we like it or not because of the alternative threat of tariff reductions which menaces this commodity and this industry.

Mr. COSTIGAN. Mr. President, may I say to the Senator from Michigan without conceding the soundness of his criticisms that the first amendment to which the Senator referred has been, already and in advance of his suggestion, carefully considered by certain majority members of the committee with a view to clarifying the bill as it has come to this body from the House of Representatives. It has been the hope of those who have the bill particularly in charge here to make certain the purposes of the legislation to which the Senator from Michigan refers in his first amendment. Indeed, there now appear to be marked signs of agreement on perfecting language for the purposes the Senator from Michigan apparently has in mind in submitting his first amendment.

Mr. VANDENBERG. Mr. President, I thank the able Senator for his statement. He is always conscientious and accommodating. I feel very sure that if we can all approach this problem in a sense of comity and candor, we can work out a formula which, however repugnant the main theory of the bill may still be, yet will make it as palatable as possible under the circumstances.

I neglected to emphasize one other amendment, which I am sending to the desk. It denies a privilege which is granted to the Secretary of Agriculture in the bill to fix minimum wages in respect to farm labor. I know of no situation yet in which we have undertaken to apply minimum-wage laws to farm labor; and in this particular instance we particularly resent the opportunity which the use of this power would give to the Secretary and his fellow commissars to penalize the sugar-beet industry, if, as, and when there ever should develop any of these suspected purposes to put it out of business. Despite belated assurances to the contrary, we cannot be expected to forget the proofs of hostility which have been entirely too realistic to be comfortable.

The PRESIDING OFFICER (Mr. MURPHY in the chair). Is there objection to the request of the Senator from Michigan?

There being no objection, the amendments submitted by the Senator from Michigan were ordered to be printed and referred to the Committee on Finance, and to be printed in the RECORD, as follows:

Senate bill 3212 shall be amended as follows:

"Section 8a (2), page 8, line 6, strike out all of said paragraph after the word 'section' and insert: '*Provided, however*, That for each calendar year there shall be allotted to continental United States not less than 30 percent of any amount of consumption requirements above 6,452,000 short tons raw value.'"

Senate bill 3212 shall be amended as follows:

"In section 8a (1), page 7, line, 5, after the word 'others', insert the following: 'maintaining so far as practicable the present relative status of each of the several continental beet-sugar producing areas or States.'"

Senate bill 3212 shall be amended as follows:

"Section 8a (3), on page 9, line 19, strike out the word 'eliminate' and insert 'limit or regulate'; and, in line 19, strike out all after the word 'labor', all of lines 20, 21, to and including the word 'agreements' in line 22."

Senate bill 3212 shall be amended as follows:

"In section 20 (a), page 17, line 18, strike out all of said paragraph after '$1,000.'

"In section 20 (b), page 18, line 9, strike out all of said paragraph after '$1,000.'

"In section 20 (c), page 18, line 25, strike out all of said paragraph after '$1,000.'"

Senate bill 3212 shall be amended by striking out entirely section (4), page 10, line 6.

LEGISLATIVE APPROPRIATIONS

Mr. TYDINGS. In conformity with the unanimous-consent agreement, I ask the Chair to lay before the Senate the legislative appropriation bill.

The PRESIDING OFFICER laid before the Senate and the Senate proceeded to consider the bill (H.R. 8617) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1935, and for other purposes, which had been reported from the Committee on Appropriations, with amendments.

Mr. TYDINGS. I ask unanimous consent that the formal reading of the bill be dispensed with and that the bill be read for amendment, the amendments of the committee to be first considered.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The clerk will read the bill for amendment.

The Chief Clerk proceeded to read the bill.

The first amendment of the Committee on Appropriations was, under the heading "Senate—Office of the Secretary", on page 2, line 19, after the word "and", to strike out "$1,000" and insert "$2,000", so as to read:

Financial clerk, $5,000 and $2,000 additional so long as the position is held by the present incumbent.

The amendment was agreed to.

The next amendment was, on page 2, line 24, after the word "clerk", to insert "$4,000 and $1,000 additional so long as the position is held by the present incumbent", so as to read:

Legislative clerk, $4,000 and $1,000 additional so long as the position is held by the present incumbent.

Mr. GEORGE. Mr. President, I desire to offer an amendment to that amendment. After the words "legislative clerk", in line 24, page 2, I move to insert "and enrolling clerk", and after the semicolon in line 25 I move to strike out the words "enrolling clerk, and."

Mr. TYDINGS. Mr. President, as I heard the Senator state his amendment, it does not modify the committee amendment.

Mr. GEORGE. The purpose of the amendment is to add the enrolling clerk at the same salary as the legislative clerk.

Mr. TYDINGS. Will not the Senator let that go over until we get through with the committee amendments? That is not the amendment we are now voting on. The provision for the enrolling clerk follows the committee amendment in line 25, and is a part of the original bill.

Mr. GEORGE. Yes; but my motion is to strike out the provision in the original bill and include it in the provision for the legislative clerk, because there is no good reason why both clerks should not have the same salary. Both are experienced men, and both ought to have the same salary.

Mr. TYDINGS. Very well.

Mr. GEORGE. I move to include, after the words "legislative clerk", in line 24, page 2, the words "and enrolling clerk", so that it will read:

Legislative clerk and enrolling clerk, $4,000, and $1,000 additional as long as the position is held by the present incumbent.

And the word "each" should go in at the proper place.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Georgia to the amendment by the committee.

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

The next amendment was, on page 3, at the end of line 12, to change the total appropriation for salaries in the office of the Secretary of the Senate from $104,130 to $106,344.

Mr. BARKLEY. Mr. President, in view of the amendment of the Senator from Georgia [Mr. GEORGE], I suggest that on line 12, page 3, the total be corrected.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 3, line 12, it is proposed to correct the total.

The amendment was agreed to.

The next amendment was, under the subhead "Committee employees", on page 4, line 3, after the words "additional clerk", to strike out "$1,500" and insert "$1,800", so as to read:

To Audit and Control the Contingent Expenses of the Senate: Clerk, $3,900; assistant clerk, $2,880; assistant clerk, $2,400; assistant clerk, $2,220; additional clerk, $1,800.

The amendment was agreed to.

The next amendment was, on page 5, line 13, before the words "assistant clerk", to insert "assistant clerk, $3,600", so as to read:

Interstate Commerce: Clerk, $3,900; assistant clerk, $3,600; assistant clerk, $2,880; two assistant clerks at $2,580 each; assistant clerk, $2,220.

The amendment was agreed to.

The next amendment was, on page 5, line 16, after the figures "$2,220" and the semicolon, to strike out "additional clerk, $1,800" and insert "two additional clerks at $1,800 each", so as to read:

Irrigation and Reclamation—clerk, $3,900; assistant clerk, $2,580; assistant clerk, $2,220; two additional clerks at $1,800 each.

The amendment was agreed to.

Mr. FESS. Mr. President, if I may have the attention of the Senator from Maryland, I should refer to the matter of placing the enrolling clerk and the printing clerk in the category of $4,000 clerks, with $1,000 additional. We agreed to that amendment, but did we eliminate the enrolling clerk and the printing clerk in the $3,540 class?

Mr. TYDINGS. Mr. President, I have an amendment to be offered later to change the totals and to take out of the bill any duplications.

Mr. FESS. Very well.

The next amendment was, on page 7, line 1, before the word "additional" to insert "assistant clerk, $2,000", so as to read:

Territories and Insular Affairs—clerk, $3,900; assistant clerk, $2,580; assistant clerk, $2,220; assistant clerk, $2,000; additional clerk, $1,800.

The amendment was agreed to.

The next amendment was, on page 7, at the end of line 2, to change the total appropriation for committee employees of the Senate from $433,170 to $440,100.

The amendment was agreed to.

The next amendment was, under the subhead "Office of Sergeant at Arms and Doorkeeper", on page 7, line 21, after the figures "$2,640", to insert "one at $1,800 from April 1, 1934, to June 30, 1935, both dates inclusive, $2,250."

Deputy Sergeant at Arms and storekeeper, $4,440; clerks—one, $2,640; one at $1,800 from April 1, 1934, to June 30, 1935, both dates inclusive, $2,250; three at $1,800 each.

The amendment was agreed to.

The next amendment was, on page 8, line 6, to reduce the number of skilled laborers at $1,680 each under the Office of Sergeant at Arms and Doorkeeper, from six to five.

The amendment was agreed to.

The next amendment was, on page 8, at the end of line 19, to change the total appropriation for the office of Sergeant at Arms and Doorkeeper from $212,259 to $212,772.

The amendment was agreed to.

The next amendment was, under the subhead "Folding Room", on page 9, after line 4, to insert:

The provisions of the Legislative Pay Act of 1929 are hereby amended so as to correspond with the changes made by this act in the designations and rates of salary of certain positions under the Senate.

The amendment was agreed to.

The next amendment was, under the subhead "Contingent expenses of the Senate", on page 9, line 10, after the word "For", to insert "purchase, exchange,"; and in line

11, after the name "Vice President", to strike out "$4,000" and insert "$9,000, of which $5,000 shall be immediately available", so as to read:

For purchase, exchange, driving, maintenance, and operation of an automobile for the Vice President, $9,000, of which $5,000 shall be immediately available.

The amendment was agreed to.

The next amendment was, on page 9, at the end of line 14, to change the appropriation for reporting the debates and proceedings of the Senate from $55,312 to $57,323.

The amendment was agreed to.

The next amendment was, on page 9, line 23, after the words "per hundred words", to strike out "$144,455" and insert "$268,955, of which $150,000 shall be for the fiscal year 1934", so as to read:

For expenses of inquiries and investigations ordered by the Senate, including compensation to stenographers of committees, at such rate as may be fixed by the Committee to Audit and Control the Contingent Expenses of the Senate, but not exceeding 25 cents per hundred words, $268,955, of which $150,000 shall be for the fiscal year 1934.

The amendment was agreed to.

The next amendment was, on page 9, line 24, after the word "That", to strike out "except in the case of the Joint Committee on Internal Revenue Taxation", so as to make the proviso read:

Provided, That no part of this appropriation shall be expended for services, personal, professional, or otherwise, in excess of the rate of $3,600 per annum.

The amendment was agreed to.

The next amendment was, on page 10, after line 7, to insert:

For payment of one half of the salaries and other expenses of the Joint Committee on Internal Revenue Taxation as authorized by law, $25,500.

The amendment was agreed to.

The next amendment was, on page 10, after line 14, to insert:

For repairs, improvements, equipment, and supplies for Senate kitchens and restaurants, Capitol Building and Senate Office Building, including personal and other services, to be expended from the contingent fund of the Senate, under the supervision of the Committee on Rules, United States Senate, fiscal year 1934, $35,000.

The amendment was agreed to.

The next amendment was, on page 10, line 22, after the word "act" and the comma, to insert "except the appropriation made herein for the Senate kitchens and restaurants for the fiscal year 1934, and except the appropriations available for heated and lighted space and janitor service for restaurants and kitchens", so as to read:

No part of any appropriation contained in this act, except the appropriation made herein for the Senate kitchens and restaurants for the fiscal year 1934, and except the appropriations available for heated and lighted space and janitor service for restaurants and kitchens, shall be used for the operation of any restaurant.

The amendment was agreed to.

The next amendment was, on page 11, line 5, after the word "labor", to strike out "$97,345" and insert "$176,650.35, of which $14,305.35 shall be for the fiscal year 1933 and $65,000 for the fiscal year 1934", so as to read:

For miscellaneous items, exclusive of labor, $176,650.35, of which $14,305.35 shall be for the fiscal year 1933 and $65,000 for the fiscal year 1934.

Mr. TYDINGS. Mr. President, in the committee amendment on page 11, line 6, I move to strike out "$176,650.35" and to insert in lieu thereof "$201,650.35", and, in line 7, to strike out "$65,000" and to insert in lieu thereof "$90,000." These amendments are to take care of a deficiency.

The amendments to the amendment were agreed to.

The amendment as amended was agreed to.

The next amendment was, under the subhead "Contingent expenses of the House", on page 20, line 15, after the word "act", to insert "except the appropriation made herein for the Senate kitchens and restaurants for the fiscal year 1934, and except the appropriations available for heated and lighted space and janitor service for restaurants and kitchens", so as to read:

For miscellaneous items, exclusive of salaries unless specifically ordered by the House of Representatives, including reimbursement to the official stenographers to committees for the amounts actually paid out by them for transcribing hearings, and including materials for folding, $43,000: *Provided*, That no part of any appropriation contained in this act, except the appropriation made herein for the Senate kitchens and restaurants for the fiscal year 1934, and except the appropriations available for heated and lighted space and janitor service for restaurants and kitchens, shall be used for the operation of any restaurants.

The amendment was agreed to.

The next amendment was, at the top of page 22, to strike out:

That the present incumbent as attending physician be advanced two grades as an extra number, provided that this shall not be considered as affecting the opportunity for advancement of any other person.

And in lieu thereof to insert:

During such time as the present incumbent serves in the capacity of attending physician with the permanent rank of commander he shall have the temporary rank and the pay and allowances of a captain, Medical Corps, United States Navy.

The amendment was agreed to.

The next amendment was, under the heading "Architect of the Capitol—Capitol Buildings and Grounds", on page 27, line 11, after the word "agent", to strike out "$217,680" and insert:

Including replacing roof, to be immediately available, $60,400; for additional painting, including exterior window frames, to be immediately available, $12,000; for completing pointing the exterior stonework, to be immediately available, $10,000; for electrical equipment for old heating room, $500; for repairs to electrical circuit in subway, $200; in all, $300,780.

So as to read:

Senate Office Building: For maintenance, miscellaneous items and supplies, including furniture, furnishings, and equipment and for labor and material incident thereto and repairs thereof; and for personal and other services for the care and operation of the Senate Office Building, under the direction and supervision of the Senate Committee on Rules, acting through the Architect of the Capitol, who shall be its executive agent, including replacing roof, to be immediately available, $60,400; for additional painting, including exterior window frames, to be immediately available, $12,000; for completing pointing the exterior stonework, to be immediately available, $10,000; for electrical equipment for old heating room, $500; for repairs to electrical circuit in subway, $200; in all, $300,780.

The amendment was agreed to.

The next amendment was, under the heading "Botanic Garden", on page 29, line 7, after the name "Joint Committee on the Library", to insert a colon and the following proviso:

Provided, That the quarters, heat, light, fuel, and telephone service heretofore furnished for the director's use in the Botanic Garden shall not be regarded as a part of his salary or compensation, and such allowances may continue to be so furnished without deduction from his salary or compensation notwithstanding the provisions of section 3 of the act of March 5, 1928 (U.S.C., supp. VI, title 5, sec. 75a), or any other law.

So as to read:

Salaries: For the director and other personal services, $82,870; all under the direction of the Joint Committee on the Library: *Provided*, That the quarters, heat, light, fuel, and telephone service heretofore furnished for the director's use in the Botanic Garden shall not be regarded as a part of his salary or compensation, and such allowances may continue to be so furnished without deduction from his salary or compensation notwithstanding the provisions of section 3 of the act of March 5, 1928 (U.S.C., supp. VI, title 5, sec. 75a), or any other law.

The amendment was agreed to.

The next amendment was, under the heading "Library of Congress—Salaries", on page 30, line 23, after the word "services", to strike out "$774,341" and insert "$786,510", so as to read:

For the Librarian, Chief Assistant Librarian, and other personal services, $786,510, of which amount $1,670, or so much thereof as may be necessary, shall be immediately available for the salaries of additional assistants in the rare-book room.

The amendment was agreed to.

The next amendment was, under the subhead "Union Catalogues", on page 33, line 10, after the word "incidentals", to strike out "$18,100" and insert "$21,700", so as to read:

To continue the development and maintenance of the Union Catalogues, including personal services within and without the District of Columbia (and not to exceed $1,400 for special and temporary service, including extra special services of regular employees, at rates to be fixed by the Librarian), travel, necessary material and apparatus, stationery, photostat supplies, and incidentals, $21,700.

The amendment was agreed to.

The next amendment was, under the subhead "Increase of the Library", on page 33, at the end of line 24, to strike out "$100,000" and insert "$130,000", so as to read:

For purchase of books, miscellaneous periodicals and newspapers, and all other material for the increase of the Library, including payment in advance for subscription books and society publications, and for freight, commissions, and traveling expenses, including expenses of attendance at meetings when incurred on the written authority and direction of the Librarian in the interest of collections, and all other expenses incidental to the acquisition of books, miscellaneous periodicals and newspapers, and all other material for the increase of the Library, by purchase, gift, bequest, or exchange, to continue available during the fiscal year 1936, $130,000.

The amendment was agreed to.

The next amendment was, under the heading "Government Printing Office", on page 36, line 21, after the word "pay", to insert a comma and "said pay to be at the rate for their regular positions at the time leave is granted", so as to read:

To provide the Public Printer with a working capital for the following purposes for the execution of printing, binding, lithographing, mapping, engraving, and other authorized work of the Government Printing Office for the various branches of the Government: For salaries of Public Printer and Deputy Public Printer; for salaries, compensation, or wages of all necessary officers and employees additional to those herein appropriated for, including employees necessary to handle waste paper and condemned material for sale; to enable the Public Printer to comply with the provisions of law granting holidays and half holidays and Executive orders granting holidays and half holidays with pay to employees; to enable the Public Printer to comply with the provisions of law granting annual leave to employees with pay, said pay to be at the rate for their regular positions at the time leave is granted.

The amendment was agreed to.

The next amendment was, on page 38, line 13, after the word "sum", to insert a colon and the following proviso:

Provided, That $500,000 of the unexpended balance of the appropriation for public printing and binding, Government Printing Office, fiscal year 1933, shall be credited to the appropriation for public printing and binding, Government Printing Office, fiscal year 1934, and be immediately available for the purposes of the working capital for the fiscal year 1934 and be subjected to obligation for printing and binding for Congress and to enable the Public Printer to comply with the provision of law granting annual leave of absence to employees, with pay, in fiscal year 1934, in addition to the sum authorized by Public Law No. 26, approved May 29, 1933

The amendment was agreed to.

The next amendment was, on page 43, after line 16, to insert the following additional section:

SEC. 4. For the purpose of carrying out the provisions of Public Act No. 125, entitled "An act to provide for the appointment of a commission to establish the boundary line between the District of Columbia and the Commonwealth of Virginia", approved March 21, 1934, including salaries, travel and subsistence expenses as authorized by law, to be immediately available, $10,000.

The amendment was agreed to.

The PRESIDING OFFICER. That completes the committee amendments.

Mr. TYDINGS. Mr. President, I send to the desk an amendment, to be numbered section 5 of the bill, which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. It is proposed to insert a new section, as follows:

SEC 5. For the purpose of carrying into effect the provisions of the act entitled "An act to authorize annual appropriations to meet losses sustained by officers and employees of the United States in foreign countries due to appreciation of foreign currencies in their relation to the American dollar, and for other purposes", approved March 26, 1934, and for each and every object and purpose specified therein, to be immediately available, $7,438,000."

The amendment was agreed to.

Mr. TYDINGS. I send to the desk another amendment, which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 6, line 25, it is proposed to strike out the word "Possessions" and insert in lieu thereof "Affairs."

The amendment was agreed to.

Mr. TYDINGS. I also ask that the duplicated language which results from the amendments of the Senator from Georgia on pages 2 and 3 be stricken out.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. Mr. President, on page 7, line 10, I move to strike out the word "seventy" and in lieu thereof to insert "one hundred and forty", and on page 7, line 11, at the beginning of the line, I move to strike out the word "one" and to insert in lieu thereof the word "two."

Mr. TYDINGS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Maryland?

Mr. LONG. I yield.

Mr. TYDINGS. Is it the purpose of the Senator's amendment to make the extra clerks for whom we provide permanent or temporary?

Mr. LONG. It is my purpose to make them permanent. The Senate adopted a resolution that these clerks should be hired only during the remainder of the session of Congress.

The facts are, Mr. President, that our mail and our work do not lighten up a bit during the recess of Congress. On the contrary, our mail and the work connected with answering it become more involved and heavier.

I am only a very ordinary Senator, having been here less than 3 years, but I now have around 9,000 letters in my office that my force, with two extra stenographers, working night and day, has been unable to answer. I shall be glad to have any Member of the Senate who wishes to do so look at the unanswered letters I have stacked up in my office.

I have 9,000 letters which have accumulated in my office, which I have not been able to answer, and I cannot answer them now. I am paying out of my salary for two extra stenographers over and above the regular number provided for me, and they are working an average of 12 hours a day in the office.

Mr. TYDINGS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Maryland?

Mr. LONG. I yield.

Mr. TYDINGS. The committee went very carefully into that matter. There is rarely a Senator who does not have in his office a larger force than is authorized under existing law, that additional force being paid for, for the most part, by the Senator himself. In order to meet that situation the committee put in an appropriation of $25,000 for extra clerks for the remainder of this session, believing that when the session is over a great deal of mail having to do with legislative matters will cease to come in, and that it will not then be necessary to have the extra clerk.

We gave this subject every consideration, and we felt that we had provided extra help for the remainder of the session in order to supply the Senators with needed assistance, but that we should not go further and put additional clerks in the offices when the Congress will not actually be in session.

Mr. LONG. Of course, the Senator from Maryland has a committee clerk who takes care of certain committee business. On the other hand, those of us who do not have committee clerks have scarcely less mail. I venture the assertion that those of us who do not have committee clerks have just as much work to do as those who do have committee clerks.

As an example, the Senator from Maryland has a committee clerk. The Senator from North Carolina has no

such committee clerk. The Senator from Louisiana has no such committee clerk; yet he has as much work as has the Senator from Maryland, or perhaps more than he has. If we have already paid out of our pockets, as all of us have here for many, many months, two and three thousand dollars of our salary for extra clerk hire, and still are unable to catch up with our correspondence, it does not stand to reason that another clerk will enable us to catch up entirely. Furthermore, my mail did not fall off any, and my work did not lessen during the time Congress was not in session.

This is a very small item. It is chinche and penurious and poor economy to deny sufficient help for carrying on senatorial work. Without additional help, there must be delay in answering letters and delay in giving information which people are writing in and asking for—a delay which now amounts to as much as 3 and 4 months.

I have in my office now thousands of letters which are 4 months old. That may sound like an extravagant expression, but I wish Senators would come over to my office so that I could let them see my unanswered mail. I have several thousand letters that I have not been able to answer since this session of Congress met, because I did not have sufficient help, nor did I have sufficient time. They are letters which I felt I could afford to delay answering, as the answers were not as pressing in the case of those letters as in the case of other letters, and I am now working my full force and two extra stenographers all day in my office in order to try to catch up.

Mr. BARKLEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Kentucky?

Mr. LONG. I yield.

Mr. BARKLEY. As a matter of fact, the resolution we adopted the other day should have been adopted at the beginning of this session.

Mr. LONG. Yes.

Mr. BARKLEY. We hope we are nearly through with this session; and the resolution we have adopted giving each of us another clerk for the remainder of the session may not be effective for more than 6 weeks or 2 months. It may be of very little value. I do not know that I shall support the Senator's amendment to make the extra clerks' positions permanent, but I do regret that we did not have the foresight to provide for the extra help at the beginning of the present session. I think all of us have letters in our offices from people of importance, who write us on official matters, which letters should at least be acknowledged. I know I have hundreds, if not thousands, in my office which I have not even been able to acknowledge, and I have been paying an extra clerk out of my own pocket in addition to the regular help which is allowed.

Mr. LONG. We are not only doing that, but in my office we have had to mimeograph forms for replies to most of the letters. We have 10 to 15 mimeograph forms to cover the various letters which come into the office. Even with the use of mimeographed forms, we are obliged to have in my office today three extra employees. The young man who is employed there as my secretary is not drawing the $3,900 a year provided by the Senate, but we are obliged to pay him additional compensation in order to get a man who can handle the work.

We shall be back here, Mr. President, soon after January 1; and I am willing to have the amendment provide that the employment of the extra clerks shall not continue longer than the convening of the next Congress, in order that we may take a look ahead.

I wonder if the Senator from Maryland will accept the amendment if I stipulate that the positions shall continue only until the convening of the next regular Congress.

Mr. TYDINGS. Mr. President, there is no doubt at all that there is a great deal of merit in the contention of the Senator from Louisiana. However, the committee viewed the question from every angle; and, speaking for the committee, we felt that if we should provide the extra help for the remainder of this session Senators thereafter would not need the additional help.

I may say that a great deal of the extra work which is now accumulating in senatorial offices is not only due to a lack of help, but it is also due to the fact that Senators do not have sufficient time to go to their offices to dictate letters, even if they did have additional help. We felt, therefore, that having provided the extra clerk for the remainder of the session, with the Treasury in its present condition, we should be the last to ask for additional help during the recess.

Mr. LONG. But, Mr. President, this is not a favor to the Senators. This is a favor to the people who are asking for service from the Senators. It is going to be worse when Congress adjourns, because then the Senators will have to divide their forces. Some of the clerks will be taken home with the Senators and some of them will have to be left in Washington, D.C. Providing an additional clerk will not cure the trouble. On the contrary, if we have four or five employees, we have to leave at least two of them here and take two or three of them with us; so it divides our forces. That, however, has to be done.

Mr. REYNOLDS. Will the Senator yield to me for the purpose of presenting an amendment to his amendment to the effect that Senators shall be provided with an extra clerk to cover the period from now to the first of September? That would give us an opportunity to catch up with the mail in the summer season. I should like to know if that would be satisfactory to the Senator from Maryland.

Mr. TYDINGS. Mr. President, will the Senator again state his amendment?

Mr. REYNOLDS. I suggested to the Senator from Louisiana, because of the emergency which he has described to the Members of this body, that instead of providing for an extra clerk from now until January 1 we make provision for one from now until the 1st of September, which would help make it possible for the Members of this body to answer the unanswered mail during the summer season.

Mr. TYDINGS. I shall be glad to take that to conference.

Mr. REYNOLDS. I shall be glad if the Senator will be good enough to take it to conference.

Mr. TYDINGS. There are some other amendments, and I suggest that the Senator from Louisiana perfect his amendment.

Mr. LONG. Very well; I shall do so.

Mr. REYNOLDS. I offer an amendment, which I send to the desk and ask to have read.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 3, line 8, after "$2,400" it is proposed to add:

And $1,000 additional so long as the position is held by the present incumbent.

Mr. REYNOLDS. That, Mr. President, relates to the clerk to the Secretary of the Senate.

Mr. BARKLEY. Mr. President, to what does that refer?

Mr. NORRIS. Before that amendment is agreed to, I should like to be heard.

Mr. REYNOLDS. That refers to the clerk to the Secretary of the Senate, Colonel Halsey.

Mr. BARKLEY. It seems to me that that is the section which has reference to senatorial clerk hire.

Mr. REYNOLDS. My amendment has reference to the clerk to the Secretary of the Senate.

Mr. BARKLEY. I think the Senator's amendment is offered for insertion at the wrong place. The $2,400 on line 8, page 3, has reference to one of the clerks in the office of the Secretary.

Mr. REYNOLDS. Yes; that is true.

Mr. BARKLEY. Is that the place the Senator has in mind?

Mr. REYNOLDS. No; I have inserted it in the wrong place.

The PRESIDING OFFICER. Does the Senator ask to withdraw his amendment?

Mr. REYNOLDS. I withdraw my amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

Mr. ROBINSON of Arkansas. Mr. President, I move the following amendment:

On page 2, line 22, to strike out "$4,500", and to insert in lieu thereof, "$5,000."

Mr. TYDINGS. That amendment is agreeable to me.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. NORRIS. Mr. President, I have been unable to be here all the time. I do not understand what that amendment is.

Mr. ROBINSON of Arkansas. This amendment proposes to increase to $5,000 the allowance to the journal clerk and parliamentarian. There is no official of the Senate who does as much work, I think, as he does, and I think it is a just amendment, in view of the other amendments which have been agreed to.

Mr. LOGAN. Mr. President, I desire to offer an amendment.

Mr. ROBINSON of Arkansas. I inquire what disposition was made of the amendment offered by me?

The PRESIDING OFFICER. The amendment was agreed to.

Mr. LOGAN. Mr. President, I desire to offer an amendment on page 6, line 2, to strike out the words "one additional clerk at $1,800", and insert "two additional clerks at $1,800 each."

The amendment, if adopted, will provide an additional clerk for the Committee on Mines and Mining. It is not intended to have anything to do with the temporary clerks that have been allowed.

The Committee on Mines and Mining deals with matters in almost every State in the Union, and, while its work may not be as heavy as that of some other committees, although I think it is as heavy as the work of a number of other committees that have additional clerks, the Committee on Mines and Mining has no additional clerk now and never has had.

Any bill that is introduced which is referred to the Committee on Mines and Mining attracts the attention of Senators and of the Members of the House, they begin to call up about it, and from all over the country inquiries come in about it. Moreover, there are a lot of data that come into the office. A clerk ought to be looking after the affairs of the Committee on Mines and Mining all the time. It takes one of my clerks to do that; I have never been allowed an extra one, and I do not think any other chairman of the committee has. In the event that we are allowed a permanent clerk—I do not know whether we are going to be or not—I suppose this amendment could be dealt with in conference. I ask the Senator from Maryland if he will not agree that the Committee on Mines and Mining may have one additional clerk at $1,800?

Mr. TYDINGS. Mr. President, I may say to the Senator from Kentucky that we considered this matter when we were acting on the bill. I cannot agree to the amendment, but in view of the statement he has made, I shall not oppose it; and I shall be glad, if the Senate agrees to it to take it to conference.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 6, line 2, it is proposed to strike out "additional clerk $1,800" and insert "two additional clerks $1,800 each."

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. McCARRAN. Mr. President, I offer an amendment.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 8, line 15, it is proposed to strike out "$1,740" and insert "$1,920."

Mr. McCARRAN. Mr. President, this amendment applies to the messengers for the press correspondents and we are merely asking for the same salary as is paid the incumbent of a similar position in the House of Representatives. I think in this instance the present rate is due to a mistake and that it was never intended to reduce the salary paid to the employee in the press gallery of the Senate. I trust that the amendment may be allowed at least to go to conference.

Mr. TYDINGS. Mr. President, I shall not object to the amendment of the Senator from Nevada, and, in fact, I can object only personally, as chairman of the subcommittee, to other amendments; but may I respectfully and with all due deference call attention to the fact that if we make any more increases to this bill we might as well rewrite it? The committee went over the bill and tried to be fair and to keep the amount appropriated down to the lowest possible figure. It is not pleasant for me to refuse the requests of Senators who perhaps need extra clerks, but I hope there will be no more amendments offered for additional clerk hire, in view of the fact that there has been given to each Senator a temporary clerk for the remainder of this session; and this bill ought to be kept down to a reasonable limitation. I hope, therefore, that Senators will not rise and ask the chairman of the subcommittee to acquiesce in more amendments of the character we have just been acting on.

Mr. REYNOLDS. Mr. President, I should like to inquire of the Senator from Maryland whether or not my amendment in the nature of the substitute for the amendment of the Senator from Louisiana [Mr. LONG] was accepted; that is, the amendment in regard to clerk hire until the 1st of September, which was a compromise with the proposed date of January 1?

Mr. TYDINGS. It was not accepted, according to my recollection; but the Senator from Louisiana was perfecting the amendment. Inasmuch as we expect to adjourn sometime before the 1st of June, I hope the Senator from Louisiana will only ask that the extra clerk be extended for an additional month. That will give all Senators a chance to catch up with their work.

Mr. REYNOLDS. The Senator means a month after the adjournment of Congress?

Mr. TYDINGS. Yes; a month after the adjournment of Congress.

Mr. REYNOLDS. That is perfectly agreeable to me, and I hope it will be agreeable to the Senator from Louisiana.

Mr. LONG. No; we will just pay it.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Nevada [Mr. McCARRAN].

Mr. BARKLEY. Mr. President, may we have the amendment again stated?

The PRESIDING OFFICER. The amendment will be again stated.

The CHIEF CLERK. On page 8, line 15, it is proposed to strike out "$1,740" and insert "$1,920."

Mr. NORRIS. Mr. President, on account of the confusion here, I do not know where that amendment applies nor to whom it applies, but, as nearly as I can gather, what we are doing is to increase the number of clerks to Senators and increase the salaries of those whom they have. I want to protest against that.

Mr. TYDINGS. Mr. President, may I interrupt the Senator?

Mr. NORRIS. I should like to say that it seems to me in these times the Senate ought to give to the country an example of the economy we are exacting of everybody else. I doubt very much whether Senators will, from extra clerks, get the results they are now anticipating. I think I have as much routine work as almost any Member of this body, but if I had a hundred clerks, I do not see how it would save me anything. In that event, the only thing I would be able to do would be to give jobs to more people. A Senator cannot dictate to more than one stenographer at a time, and I think we are going to find that instead of getting relief we are going to get additional trouble, if anything.

Furthermore, Mr. President, we have cut down the salaries of almost everybody, and, while we have an extra amount of work, without any doubt—the condition of the times is bringing it upon us—I do not believe we can get

relief in the way now proposed, and I do not believe we ought to give to the country the example of trying to do it in that way. If we do anything, it ought to be in the other direction. I do not know what this particular amendment means; I do not know where it applies; I do not know to what clerk it applies; but it proposes an increase in the salary of someone, and a man in these times ought to feel pretty good if he has a job, even without getting an increase, when so many people are suffering because they have not anything.

Mr. TYDINGS. Mr. President——

Mr. NORRIS. I yield to the Senator from Maryland.

Mr. TYDINGS. Mr. President, I will be forced to announce that from now on the chairman of the subcommittee will feel called upon to make a point of order against these amendments. There are no authorizations in the law for these increases, and I do not believe we ought to raise salaries above the authorization of the existing statute.

Mr. NORRIS. I do not, either; I fully agree with the chairman of the subcommittee.

Mr. HARRISON. Mr. President, I hope the Senator will not make that announcement. I have been waiting here to offer an amendment, which the Senator knows I presented sometime ago. I could not appear before the committee because I was engaged elsewhere, but I hope that he will not make so quickly an announcement of his intention.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. LONG. I want to say to my friend from Maryland and to my friend from Nebraska, who do not agree so often on matters of economy or on economy bills, but who seem to agree better today, that it looks like we ought to put in this bill at least an appropriation for uniforms for Senators. I believe Senators ought at least to have uniforms out of their salaries. Here is what I get out of mine: I want to speak about myself and my own case, which I take as an example that is typical, I believe. My salary as a United States Senator is about $9,000 a year. I have to pay Mr. Earle J. Christenberry, in order to get someone who can answer my mail, $1,000 out of that $9,000, and that is in addition to the salary allowed him by the Senate. I have to pay some of his expenses. Maybe I could have gotten someone for less. I tried to get someone who could handle the job. I had to get some one who could do it. So out of my salary there goes about $1,600 or $1,700 a year.

In addition to that I have at this time 3 extra stenographers working in the office, seldom less than 3, at a cost of at least $1,200 or $1,400. That makes $3,000 more.

I pay $150 to $200 a month for a little apartment in the city of Washington, D.C., which is another $2,500 a year. That is less than some of the splendid men in the wide open spaces pay for the space they use as a kennel for their dogs. I have one little room where they can roll in a platter of grub, and I have one little room where I can sleep. That brings the amount up to $5,500. If I eat two times a day, and that is not too much, that brings it up to about $6,250 for myself.

Then if I go home a couple of times during the session of Congress, at $150 for the trip, that brings it up to about $6,600. That is $6,600 gone out of my salary and I have not bought a necktie and I have not bought a pair of socks—in fact, I have not bought anything at all—and I have left the magnificent sum of $2,400 a year for clothes and washing, for the support of my family, for the payment of insurance and taxes and everything else.

What the Congress ought to do is to standardize this thing.

Mr. NEELY. Mr. President, will the Senator yield?

Mr. LONG. Certainly.

Mr. NEELY. The Senator is wholly overlooking the fact that he receives at least $1,000,000 worth of honor and at least $2,500,000 worth of advertising a year because of his Membership in the Senate. [Laughter.]

Mr. LONG. Sure; and I got a whole lot of that yesterday. [Laughter.]

Mr. NEELY. No; yesterday's advertising was a dead loss, because the Senator from Missouri [Mr. CLARK] and the Senator from Louisiana purged the RECORD of all that they said.

Mr. LONG. That leaves $2,400 a year to me. That does not provide for any refreshments; it does not include anything on the side, no picture shows or anything of that kind. That also contemplates that I can put the family in some asylum or some place to live until I can get back down to Louisiana to live on the bank of the creek with them.

At least, Mr. President, we ought to standardize the thing. When we came to consider the situation in the Louisiana State University and I saw that the students of that college could not live in the ordinary environment of life, I prescribed a uniform for every student so that no one could look any better than the others. I prescribed a daily menu for them. I prescribed exactly the size of bed each student should have. I let him change sheets twice a week, and no more.

Now the time has come when we ought to do one of two things: We ought either to recognize the fact that Senators are not expected to have anything here, to recognize that we have to have an income to come here to a millionaire's club on the one side, or else go back to some penurious squalor on the other side, or else give Senators enough to enable them to live decently.

The other alternative is to standardize things. Let us have a uniform for Senators. [Laughter.] Let us prescribe a standard uniform. We could have a uniform for $8.17 like I bought for the inmates of the State penitentiary. When I let a man out of the pen down in Louisiana I bought him a suit of clothes for $8.17. I gave the inmates two suits a year.

So I suggest that we standardize the thing here. Let us do that so we will not have to have our Senators spending the last copper cent they have, and some of them spending what they have not got, to pay stenographers and clerks to answer letters. Maybe some Senators can get by without answering letters. I cannot. I cannot get by without answering letters. I have pretty well kept up with them. I have to have a mimeograph, and by having my letters mimeographed I have to fill in only one little paragraph. I have it pretty well systematized, and yet we are 'way behind.

Talk about spending money! We are spending money by the billions and billions of dollars to bring back prosperity. The N.R.A. and every other governmental agency is spending money, and yet a United States Senator has to work his help 12 and 14 hours a day, and sometimes maybe even longer than that, sometimes Saturday and sometimes Sunday, and yet we talk about this little old two-bit chinchy economy when we are spending billions and billions of dollars.

Mr. REYNOLDS. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. REYNOLDS. I desire to offer an amendment to the effect that each Senator who shall make certificate to the effect that he is desirous of employing and needs the services of an extra clerk shall be provided with one at a maximum salary of $150 per month from now until the 1st day of next January.

The PRESIDING OFFICER. The Chair will state that there is an amendment pending now offered by the Senator from Nevada [Mr. MCCARRAN]. Let the amendment be stated again.

The CHIEF CLERK. It is proposed, on page 8, line 15, to strike out "$1,740" and insert "$1,920."

Mr. REYNOLDS. What is the meaning of the amendment? To whom does it apply?

Mr. MCCARRAN. Mr. President, it relates to a messenger in the press gallery. We are trying to get for him the same salary that is paid for the same service in the House press gallery.

Mr. REYNOLDS. Insofar as I am concerned, I am agreeable. I thought it related to the question I had in mind.

Mr. LONG. No; we will vote on that later.

Mr. KING. Mr. President, I make inquiry of the Senator in charge of the bill [Mr. TYDINGS] whether the increases which are proposed have been estimated for pursuant to the

rule of the Senate and the law, and whether or not they are subject to a point of order.

Mr. TYDINGS. Mr. President, the increases which the committee made were made pursuant to law. The increases which have been made and proposed on the floor are in addition to those made by the committee and are not authorized by law.

Mr. KING. Then it seems to me the Senator in charge of the bill—and I say this with utmost respect——

Mr. TYDINGS. The Senator in charge of the bill has been too generous, but I had no idea the amendments would reach the number they have.

Mr. KING. I make the point of order against the amendment that it has not been estimated for pursuant to law.

Mr. BARKLEY. Mr. President, I desire to invite attention to a situation which I think Senators here will appreciate. I have no desire at all to increase the expenses involved in clerical assistance to Members of the Senate or to anyone else.

When I became Chairman of the Committee on the Library I was amazed to discover that the committee had no clerk. I had to transfer my regular office clerical force, under some ruling of the financial clerk or under some provision in an appropriation bill, to the Library Committee. The bill now before us provides a clerk for the committee, at $3,900 a year; an assistant clerk, $2,400; another at $2,220; and one at $1,800; but those are the same clerks I had before I became Chairman of the Library Committee.

The Committee on the Library now is engaged in supervision of the construction of an addition to the Congressional Library to cost more than $6,000,000. As Chairman of the Committee on the Library, I am also Chairman of the Joint Committee on the Library of the two Houses, and Chairman of the Joint Commission on the Library in charge of the construction of the addition to the Congressional Library costing more than $6,000,000. Yet as chairman of those three committees I have no clerical assistance whatever except the regular clerks I have had in my own office.

It does seem to me, under such circumstances, that the Committee on the Library, engaged in this important work, ought to have a clerk whose sole duty it would be to look after the affairs of the Committee on the Library.

Mr. FESS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from Ohio?

Mr. BARKLEY. I yield.

Mr. FESS. I sincerely hope the Senator in charge of the bill will regard this suggestion with sympathy. I was Chairman of the Committee on the Library for many years. I have recognized all along the necessity for a permanent clerk for that committee. We had a room in the Capitol which is designated as the room of the Joint Committee on the Library. There is no permanent clerk of the committee to keep its records. As the Senator from Kentucky has said, he is not only Chairman of the Senate Committee on the Library but he is Chairman of the Joint Committee on the Library of the two Houses, and Chairman of the Joint Commission on the Library having charge of the construction of the addition to the Congressional Library.

Not only that, but during the recesses of Congress the chairman of the joint committee is not only the head of the committee but he is the whole committee, because the rules provide that the Senate members of the joint committee are to officiate during the recesses of Congress. That is the law. We have not any permanent place for the records, and it is one of the most important committees we have so far as records go. It does seem to me that we ought to have a permanent clerk for that committee.

Mr. BARKLEY. In addition to what I said awhile ago and what the Senator from Ohio has said, I will say that the chairman of this committee has to inspect every contract. He has to inspect every advertisement for bids. Together with the Architect of the Capitol, he has to inspect all the contracts, all the bids, and the work that is being done in the construction of the addition to the Congressional Library. Under these circumstances, there ought to be somebody in the committee room to keep a record of these transactions.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. NORRIS. I think the Senator has made a very good showing that this committee ought to be provided with a clerk. Where we have a case like that, we ought to provide for it. However, that has not anything to do with the motion which is pending, or with the other matters that have been brought up.

Mr. BARKLEY. No; I realize that.

Mr. NORRIS. From what the Senator has said, it seems to me the Committee on the Library ought to have a clerk. I supposed they had one.

Mr. BARKLEY. No, sir.

Mr. NORRIS. That is news to me.

Mr. KING. Mr. President, I shall withdraw the point of order, not knowing to just what it would apply, and let the point of order be raised with respect to specific cases.

The PRESIDING OFFICER. The point of order is withdrawn.

Mr. TYDINGS. Mr. President, I do not wish to surrender the committee's position, but I do feel that facts have been adduced by the Senator from Kentucky with which the committee was not familiar. While I shall not make the point of order, if the Senate feels, under the circumstances, as I feel individually, that the Senator from Kentucky is entitled to another clerk while these extraordinary duties are devolving on him, I shall not object.

Mr. BARKLEY. Mr. President, on page 5——

The PRESIDING OFFICER (Mr. McKELLAR in the chair). The Chair will state to the Senator from Kentucky that there is an amendment pending which should first be disposed of.

Mr. BARKLEY. Very well.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Nevada [Mr. McCARRAN].

The amendment was agreed to.

The PRESIDING OFFICER. Now, the amendment of the Senator from Kentucky will be in order.

Mr. BARKLEY. On page 5, line 20, I move to strike out "assistant clerk" and to insert in lieu thereof "two assistant clerks", so that there will be two at $2,400 each.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Kentucky, which will be stated.

The CHIEF CLERK. On page 5, line 20, it is proposed to strike out "assistant clerk, $2,400", and insert "two assistant clerks at $2,400 each."

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Kentucky.

The amendment was agreed to.

Mr. TYDINGS. Mr. President, I hope Members of the Senate will not offer additional amendments at this time unless they have a very strong case, such as the Senator from Kentucky had, because I shall feel called upon to make the point of order against any further amendments.

Mr. LONG. Mr. President, since we have granted one additional clerk to the Senator from Kentucky, which I was willing to do and voted for, and since we have granted one to another Senator, I move that we add in the bill the following line:

And a clerk for the senior Senator from Louisiana.

The only difference between this amendment and the others is that we just let it be known that I am getting my clerk. There is no other difference.

I understood that the Senator from Maryland would consent to my offering my amendment. I see no reason why I cannot move to strike out in line 7, page 7, the word "seventy" and insert the words "one hundred and forty."

The PRESIDING OFFICER. The Senator from Louisiana offers an amendment, which will be stated.

Mr. TYDINGS. Mr. President, a point of order.

The PRESIDING OFFICER. Does the Senator make the point of order against the amendment?

Mr. TYDINGS. I do.

The PRESIDING OFFICER. The point of order is sustained.

Mr. REYNOLDS. Mr. President, I think I have the floor. As I understood, the Senator from Louisiana offered an amendment, and therefore his amendment is out of order.

The PRESIDING OFFICER. A point of order was made to it. The amendment is not authorized by law or reported by a standing committee, and therefore it is not in order. A point of order has been made, and the Chair has sustained it.

Mr. NEELY obtained the floor.

Mr. LONG. Mr. President, I make a point of order. I had already offered this amendment, and it was pending.

The PRESIDING OFFICER. Does the Senator from West Virginia yield to the Senator from Louisiana?

Mr. NEELY. I do.

Mr. LONG. I had already offered this amendment when the Senator from North Carolina [Mr. REYNOLDS] rose and asked if, as a compromise, we could not agree on letting these clerks stay until September 1; and the Senator from Maryland said he would be glad to take that to conference, as I understood. I think the RECORD will bear me out. I do not think the Senator from Maryland ought to interpose the point of order now. If he will take it to conference, if there is any trouble in the conference, I shall not object.

Mr. TYDINGS. Mr. President, I will take the amendment to conference, but I will not agree to keep it in the bill in conference.

The PRESIDING OFFICER. What is the amendment?

Mr. LONG. The amendment is as follows:

On line 13, page 7, after the word "chairman", insert the following:

Seventy additional clerks at $1,800 each, one for each Senator having no more than 1 clerk and 2 assistant clerks for himself or for the committee of which he is chairman, not, however, beyond the 1st day of September 1934.

Mr. TYDINGS. Mr. President, I ask that the question be put to ascertain the temper of the Senate. If the Senate feels that we ought to have extra clerks here during the recess, of course, it can so determine.

The PRESIDING OFFICER. The Senator from Maryland withdraws his point of order. The question is upon the amendment offered by the Senator from Louisiana.

Mr. LA FOLLETTE. Let it be stated, Mr. President.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 7, line 10, it is proposed to strike out "70" and insert "140."

Mr. LONG. No, Mr. President. Add the following lines. Just start at the word "seventy", in line 10, and read through to "chairman", in line 13; repeat that language, and then add "not, however, beyond the 1st day of September 1934", so that the additional 70 will not take the same status as the other 70, but will go off the roll on the 1st day of September, while the regular ones go on.

Mr. BYRNES. Mr. President, I merely desire to call the attention of the Senate to the fact that yesterday the Senate agreed to a resolution authorizing any Senator who stated that he needed an additional clerk to appoint such a clerk for the remainder of the session.

The statements made to me as Chairman of the Committee to Audit and Control the Contingent Expenses of the Senate by a number of Senators were to the effect that during the session they were unable to keep up with their correspondence with the clerical assistance now in their offices; but I think every Senator who talked to me on the subject admitted that when Congress adjourned there would be no justification for having the additional clerks. I think the resolution heretofore agreed to has provided all the assistance that Senators can reasonably expect to receive at this time, and that we should not now provide additional clerks.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Louisiana.

Mr. LONG. I understand that the Senator from South Carolina has a committee, however, so that he has one of these clerks.

Mr. BYRNES. Yes.

Mr. LONG. So the Senator from South Carolina is not affected by it.

Mr. BYRNES. Yes. I say to the Senate that the resolution as it passed provided that any Senator could secure a clerk in the way I have stated. As originally introduced and reported the resolution provided that as to those Senators who had only four clerks that might be done. At the request of the Senator from Arizona [Mr. ASHURST] the resolution was amended so that any Senator who made a statement in writing that he needed an additional clerk could have one. So far as the Senator from South Carolina is concerned, he does not intend to make such a statement, so that the resolution does not affect him.

Mr. LONG. I know; but the Senator from South Carolina has a committee clerk.

Mr. BYRNES. Yes.

Mr. LONG. And I have not. That is the difference. The Senator from South Carolina has got his food and I have not got mine.

Mr. BYRNES. No; but when the Senator files a statement that he needs an additional clerk he will then have five clerks, just as I have.

Mr. LONG. Until Congress adjourns.

Mr. BYRNES. Yes.

Mr. LONG. But the Senator's committee clerk continues on when a session of Congress ends.

Mr. BYRNES. That is true. He stays here and looks after the work of the committee.

Mr. LONG. Yes; that is the difference.

Mr. REYNOLDS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from North Carolina?

Mr. LONG. Yes, sir.

Mr. REYNOLDS. As I understand, I have before the Senate at the present time a motion to the effect that each Senator who makes a statement to the effect that he is desirous and needful of assistance shall have an additional clerk whose employment shall continue until September 1, and not be discontinued with the adjournment of the present session of Congress.

Mr. LONG. That is my amendment.

The PRESIDING OFFICER. As the Chair understands, that is the amendment offered by the Senator from Louisiana.

Mr. REYNOLDS. No; I offered that amendment.

Mr. LONG. No; I offered it.

The PRESIDING OFFICER. It will be regarded as offered jointly by the Senator from North Carolina and the Senator from Louisiana.

Mr. REYNOLDS. The Senator from Louisiana offered the amendment after I offered it.

Mr. LONG. Let it be regarded as the amendment of the Senator from North Carolina.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 7, line 13, after the word "chairman", it is proposed to insert:

Seventy additional clerks at $1,800 each, 1 for each Senator having no more than 1 clerk and 2 assistant clerks for himself or for the committee of which he is chairman, not beyond the 1st day of September 1934.

Mr. LONG. Mr. President, I just want to say that I do not think Senators who have a committee clerk and who have not any more work to do than we have to do ought to take the position that they are going to vote down our having a clerk who will not be paid anything like the amount their committee clerk is paid, and will be employed for only half the time. Their committee clerks draw salaries——

Mr. REYNOLDS. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. REYNOLDS. I have an amendment before the Senate.

Mr. LONG. I am speaking on it. I am making a speech.

The PRESIDING OFFICER. The point of order is not sustained. The Senator from Louisiana has the floor.

Mr. LONG. For instance, the clerk of the Committee on Mines and Mining gets $3,900 a year. Look at the Appropriations Committee clerk. He gets something like that, I guess. I have not the exact amount here. The Banking and Currency Committee clerk gets $3,900. They close up the Committee on Banking and Currency when Congress is not in session.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. LONG. Yes.

Mr. TYDINGS. I think the Senator unknowingly is making an inaccurate statement. Three thousand nine hundred dollars is the salary of a Senator's secretary, whether he be a committee chairman or a Senator without a committee. The committee clerks receive, I think, $75 more than the second clerk in every Senator's office.

Mr. LONG. What does that make the salary?

Mr. TYDINGS. Most of the committees have no clerks, so that a Senator who is a committee chairman has all his own work to do and all the committee work to do in addition, with no extra force whatsoever.

Mr. LONG. That applies to some few committees, Mr. President; but at least these that I am now reading have clerks. Here they are.

Mr. TYDINGS. They are for every Senator, whether he is a committee chairman or not.

Mr. LONG. To be sure; there they are. They have them. There is the Committee on Immigration. There is a list of them as long as from Dan to Beersheba.

Mr. TYDINGS. The Committee on Immigration, I think, only has four clerks, and they are the regular Senator's clerks. That committee has no clerk whatever; so that if the Chairman of the Committee on Immigration were to resign from his chairmanship tomorrow he would have exactly the same force in his office that he now has as chairman of the committee.

Mr. LONG. Mr. President, I am not disputing that.

Mr. TYDINGS. The Senator said awhile ago that committee clerks got $3,900. That statement is absolutely incorrect.

Mr. LONG. What do they get, as shown here on page 3, line 19?

Agriculture and Forestry—clerk, $3,900; assistant clerk, $2,880.

Mr. TYDINGS. That is what I am trying to tell the Senator, but he will not listen. I say to the Senator that each Senator has four clerks. The top clerk gets $3,900; the lowest, $1,800. Then, if he happens to be a committee chairman in addition, he gets no extra clerk, but has to make the regular force do the committee work as well as his regular work, except in the cases of two or three or four of the important committees.

Mr. LONG. And in these two or three or four cases they get how much? I believe it is $3,975. We are not asking for that much. We are asking for only $1,800. We are asking for less than the others are getting.

Mr. TYDINGS. Mr. President, I make a point of order against this amendment.

The PRESIDING OFFICER. The point of order must be sustained.

Mr. NEELY. Mr. President, I send to the desk an amendment which I offer.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 3, line 8, after "$2,400", it is proposed to add the following, "and $1,000 additional so long as the position is held by the present incumbent."

Mr. TYDINGS. Mr. President, I make a point of order against that amendment. It is not authorized by law.

The PRESIDING OFFICER. The point of order is sustained.

Mr. LONG. Mr. President, on page 32, line 2, I move to strike out the word "and." I desire to be heard on this amendment.

The PRESIDING OFFICER. The Senator from Louisiana is recognized.

Mr. LONG. I again appeal to the good judgment of the Senator from Maryland. Unless my ears do not hear things aright, and my mind does not remember them aright, the RECORD will show that twice the Senator from Maryland and myself were together on this matter and agreed that we were going to let this amendment be adopted and go to conference. I have believed that if I could have the opportunity of taking the Senator from Maryland to my office he would not hesitate to stand for my having an extra clerk.

Mr. President, as I view the matter, no harm would be done. If there is an objection by the House, I will not insist on it, and I will not complain.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. COUZENS. The Senator from Maryland is not the only Senator who has a right to raise a point of order, and if these amendments are to be continually made to increase the patronage for the Democrats or for the Republicans I am going to exercise my right to my point of order, and I shall do so as to the amendment to which the Senator from Maryland objected, whether he withdraws his point of order or not.

Mr. TYDINGS. Mr. President, I ask unanimous consent that the clerk be authorized to correct the totals in the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question now is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE REPORTS OF COMMITTEES

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

Mr. PITTMAN, from the Committee on Foreign Relations, to which was referred an international telecommunication convention, the general radio regulations annexed thereto, and a separate radio protocol, all signed by the delegates of the United States to the International Radio Convention at Madrid on December 9, 1932, reported them favorably without amendment and submitted a report (Ex. Rept. No. 2, 73d Cong., 2d sess.) thereon.

The PRESIDING OFFICER (Mr. McKELLAR in the chair). The reports will be placed on the calendar.

If there be no further reports of committees, the calendar is in order.

THE JUDICIARY

The Chief Clerk read the nomination of Austin D. Smith to be United States marshal, district of Delaware.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POSTMASTERS

The Chief Clerk proceeded to read sundry nominations of postmasters.

Mr. ROBINSON of Arkansas. I ask that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc.

RECESS

Mr. ROBINSON of Arkansas. I move that the Senate take a recess until 12 o'clock noon on Monday.

The motion was agreed to; and (at 4 o'clock and 40 minutes p.m.) the Senate took a recess until Monday, April 9, 1934, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate April 6 (legislative day of Mar. 28), 1934

UNITED STATES MARSHAL

Austin D. Smith to be United States marshal for the district of Delaware.

POSTMASTERS

CALIFORNIA

George J. Nevin, Huntington Park.

OKLAHOMA

Berry M. Crosby, Bixby.

SOUTH CAROLINA

Robert Redus Martin, Belton.
Ray E. Young, Due West.
Mary Ellen Seibert, Edgewold.
Pretto H. White, Ehrhardt.
John Albert Howell, St. George.
Errett Zimmerman, Trenton.
Loring Terry, Yemassee.

WEST VIRGINIA

Maurice L. Richmond, Barboursville.

SENATE

MONDAY, APRIL 9, 1934

(Legislative day of Wednesday, Mar. 28, 1934)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had passed without amendment the bill (S. 1983) to authorize the revision of the boundaries of the Fremont National Forest in the State of Oregon.

The message also announced that the House had passed the bill (S. 2675) creating the Cairo Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the Ohio River at or near Cairo, Ill., with an amendment, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the bill (S. 2571) authorizing the Secretary of the Interior to arrange with States or Territories for the education, medical attention, relief of distress, and social welfare of Indians, and for other purposes, with amendments, in which it requested the concurrence of the Senate.

The message also announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H.R. 5369. An act providing for the issuance of patents upon certain conditions to lands and accretions thereto determined to be within the State of New Mexico in accordance with the decree of the Supreme Court of the United States entered April 9, 1928; and

H.R. 8834. An act authorizing the owners of Cut-Off Island, Posey County, Ind., to construct, maintain, and operate a free highway bridge or causeway across the old channel of the Wabash River.

CLAIM OF MOFFAT COAL CO.

The VICE PRESIDENT laid before the Senate a letter from the Comptroller General of the United States, transmitting, pursuant to law, his report and recommendation concerning the claim of the Moffat Coal Co. against the United States, which, with the accompanying report, was referred to the Committee on Claims.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a letter from Hon. L. L. MCCANDLESS, Delegate from Hawaii, transmitting copy of a wireless message from Samuel K. Dias, deputy county clerk of Kauai County, Hawaii, embodying a resolution adopted by the Kauai County Board of Supervisors, protesting against provisions of the so-called "Jones-Costigan sugar bill", which are regarded as discriminatory against the sugar industry in the Territory of Hawaii, which, with the accompanying paper, was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by Local Lodge No. 249, International Association of Machinists, of Ironton, Ohio, favoring the prompt passage of the so-called "Fletcher-Rayburn stock exchange bill", which was referred to the Committee on Banking and Currency.

He also laid before the Senate a resolution adopted by a Woman's Home Missionary Society (no address given), favoring the passage of the so-called "Patman motion picture bill", being House bill 6097, providing higher moral standards for films entering interstate or foreign commerce, which was referred to the Committee on Interstate Commerce.

He also laid before the Senate a letter from C. William Kinsman, chairman of the City Fusion Sixth A.D. Taxes Committee of the Bronx, New York City, N.Y., relative to the pending revenue bill, taxes, and so forth, which was ordered to lie on the table.

Mr. KEYES presented a resolution adopted by the Concord (N.H.) Rifle Club, protesting against the passage of legislation proposing to restrict the possession of firearms in the United States, which was referred to the Committee on Commerce.

Mr. CAPPER presented petitions, numerously signed, of sundry citizens of Atchison, Cummings, and Kansas City, all in the State of Kansas, praying for the passage of the so-called "Patman bill", providing for the payment of adjusted-service certificates of ex-service men in new currency, which were referred to the Committee on Finance.

Mr. HEBERT presented the following resolutions of the General Assembly of the State of Rhode Island, which were referred to the Committee on Finance:

STATE OF RHODE ISLAND, ETC.,
IN GENERAL ASSEMBLY,
January Session, A.D. 1934.

Resolution requesting Congress to investigate through a specially designated committee thereof certain activities of the Administrator of Veterans' Affairs

(Approved Mar. 14, 1934)

Whereas the Administrator of Veterans' Affairs has from time to time submitted estimates to the Congress of the United States, and to certain committees thereof, of the probable costs to the Government of measures advocated in behalf of disabled veterans and their dependents; and

Whereas the American Legion, Department of Rhode Island, believes that such estimates have been consistently misleading to the Congress and to the public and have been grossly unfair to veterans and their dependents in that the people of the United States have received an erroneous impression concerning the probable cost to the taxpayer, and have been apathetic toward these measures as a result thereof: Now, therefore, be it

Resolved, That the Congress of the United States be requested to investigate, through a specially designated committee thereof, the activities of said Administrator of Veterans' Affairs in connection with the above matters, with a view to ascertaining true estimates of the so-called "four-point program of rehabilitation" advocated by the American Legion; and, further, to inquire into the source of information upon which the estimates submitted by the Administrator were based, and the influence, if any, which prompted the issuance of such misleading statements; and be it further

Resolved, That the general assembly respectfully requests the Senators and Representatives of Rhode Island in the Congress of the United States to give their sincere efforts to secure the passage of such legislation as will enable the Senate or the House of Representatives of the United States to conduct such investigation; and be it further

Resolved, That copies of this resolution be transmitted by the secretary of state to the Senators and Representatives of Rhode Island in the Congress of the United States.

Mr. HEBERT also presented the following resolutions of the General Assembly of the State of Rhode Island, which were referred to the Committee on Foreign Relations:

STATE OF RHODE ISLAND, ETC.,
IN GENERAL ASSEMBLY,
January Session, A.D. 1934.

Resolution recommending to Congress passage of a resolution expressing the earnest hope that the German Reich will speedily alter its policy toward its minority groups

(Approved Mar. 15, 1934)

Whereas there are now pending in the files of the Committees on Foreign Relations in the Senate and in the House of Representatives of the United States resolutions regarding the discrimination of the German Reich toward its minority groups; and

Whereas the treatment of these minority groups has shocked the conscience of mankind and violated the principles of humanity; and

Whereas on many historic occasions from 1840 to 1919, intercessions have been made by the United States on behalf of citizens of states other than the United States, oppressed or persecuted by their governments or peoples, indicating that for nearly 100 years the traditional policy of the United States has been to take cognizance of such invasion of human rights; and

Whereas the German Reich stands pledged to the United States to accord to its "nationals who belong to racial, religious, or linguistic minorities * * * the same treatment and security in law and in fact as other nationals"; Now, therefore, be it

Resolved, That the General Assembly of the State of Rhode Island expresses its profound feelings of surprise and pain upon learning of the discriminations and oppression imposed by the Reich upon its minority groups; and be it further

Resolved, That the General Assembly of the State of Rhode Island expresses its earnest hope that the German Reich will speedily alter its policy and restore to its minority groups the civil and political rights of which they have recently been deprived; and be it further

Resolved, That the secretary of state transmit a copy of this resolution to each Senator and Representative of the State of Rhode Island in the Congress of the United States and that they be urged to use their influence toward the passage of a similar resolution by the Congress of the United States.

Mr. HEBERT also presented the following resolutions of the General Assembly of the State of Rhode Island, which were referred to the Committee on Naval Affairs:

STATE OF RHODE ISLAND, ETC.,
IN GENERAL ASSEMBLY,
January Session, A.D. 1934.

Resolution urging the President of the United States, as Commander in Chief of the armed forces, to order the training of naval recruits at the United States naval station at Newport

(Passed Jan. 26, 1934)

Whereas the State of Rhode Island ceded and conveyed to the United States of America Coasters Harbor Island, in the waters of Narragansett Bay, for the purpose of establishing a training station thereon; and

Whereas the first naval-training station in America was established thereon June 4, 1883; and

Whereas the United States Government has erected on Coasters Harbor Island buildings and improvements valued at over $10,000,000; and

Whereas since 1883 up until July 1, 1933, the United States Navy efficiently and at low cost has trained thousands of recruits at said station; and

Whereas the New England recruiting area for the Navy is one of the most fertile in the United States; and

Whereas statistics show that the cost of recruiting and transporting men to be trained on the Atlantic coast is less if trained at Newport than elsewhere; and

Whereas reports of the United States Navy show that conditions for the training of recruits at Newport, R.I., are healthy; that the environment is clean; that the plant is adequate; and that costs are low; and

Whereas the United States Navy has now commenced a program of recruiting and training additional men for the naval service; and

Whereas not only are the citizens of the city of Newport and all the State of Rhode Island interested in having recruits for the United States Navy trained at Newport, but it is more economical and advantageous for the United States Navy to do so and for the benefit of all the taxpayers of the United States: Now, therefore, be it, and it is hereby,

Resolved, That the General Assembly of the State of Rhode Island and Providence Plantations in January session assembled urge the President of the United States of America, as Commander in Chief of the armed forces of the United States, because of the advantages to the United States, to order the training of naval recruits at the United States Naval Station at Newport, R.I.; be it further

Resolved, That the secretary of state be, and he hereby is, directed to forward copies of this resolution, certified under the seal of this State, to the President of the United States, the Secretary of the Navy, and to the Members of the United States Congress from the State of Rhode Island.

Mr. HEBERT also presented the following resolutions of the General Assembly of the State of Rhode Island, which were ordered to lie on the table:

STATE OF RHODE ISLAND, ETC.,
IN GENERAL ASSEMBLY,
January Session, A.D. 1934.

Resolution expressing to Congress the approval of the State of Rhode Island of the measure included in the revenue bill now pending before Congress providing for a tax of 5 percent per pound upon coconut and sesame oils; also endorsing the amendment to include all other foreign competing fats and oils

(Approved Apr. 3, 1934)

Whereas there is now pending before Congress a revenue bill in which is included a tax of 5 percent per pound upon coconut and sesame oils; and

Whereas the members of this general assembly feel that, since the importation of these oils is very heavy, the import of coconut oil in 1933 amounting to something like 250,000,000 pounds, and comes into direct competition with fish oils, in order to protect the citizens of this country, it is imperative that this tax should be supported: Now, therefore, be it

Resolved, That the members of the general assembly of the State of Rhode Island respectfully and earnestly pray the Senators and Representatives from Rhode Island in Congress to support vigorously this measure intending to tax coconut and sesame oils and the amendment to include all other foreign competing fats and oils; and be it further

Resolved, That the secretary of state is authorized and directed to transmit duly certified copies of this resolution to the Senators and Representatives in Congress from Rhode Island.

REPORTS OF COMMITTEES

Mr. BARBOUR, from the Committee on Military Affairs, to which was referred the bill (S. 417) for the relief of Marino Ambrogi, reported it without amendment and submitted a report (No. 664) thereon.

Mr. CAREY, from the Committee on Military Affairs, to which was referred the bill (S. 2909) for the relief of Augustus C. Hensley, reported it without amendment and submitted a report (No. 687) thereon.

Mr. SHEPPARD, from the Committee on Commerce, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 3211. An act to extend the times for commencing and completing the construction of a bridge across the Chesapeake Bay between Baltimore and Kent Counties, Md. (Rept. No. 665);

S. 3230. An act creating the Florence Bridge Commission and authorizing said commission and its successors and assigns to construct, maintain, and operate a bridge across the Missouri River at or near Florence, Nebr. (Rept. No. 666);

H. R. 8429. An act to revive and reenact the act entitled "An act authorizing D. S. Prentiss, R. A. Salladay, Syl F. Histed, William M. Turner, and John H. Rahilly, their heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across the Mississippi River at or near the town of New Boston, Ill.", approved March 3, 1931 (Rept. No. 668);

H.R. 8438. An act to legalize a bridge across St. Francis River at or near Lake City, Ark. (Rept. No. 669);

H.R. 8516. An act granting the consent of Congress to the Board of Supenvisors of Leake County, Miss., to construct, maintain, and operate a free highway bridge across the Pearl River in the State of Mississippi (Rept. No. 670); and

H.R. 8853. An act to extend the time for the construction of a bridge across the Wabash River at a point in Sullivan County, Ind., to a point opposite on the Illinois shore (Rept. No. 671).

Mr. SHEPPARD also, from the Committee on Commerce, to which was referred the bill (S. 3269) relating to the construction, maintenance, and operation by the city of Davenport, Iowa, of a bridge across the Mississippi River at or near Tenth Street in Bettendorf, State of Iowa, reported it with an amendment and submitted a report (No. 667) thereon.

Mr. CAPPER, from the Committee on the District of Columbia, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 450. An act to empower the health officer of the District of Columbia to authorize the opening of graves, and the disinterment and reinterment of dead bodies in cases where death has been caused by certain contagious diseases (Rept. No. 672);

S. 3257. An act to change the designation of Four-and-a-half Street SW. to Fourth Street (Rept. No. 673); and

S. 3290. An act to amend an act entitled "An act to establish a Board of Indeterminate Sentence and Parole for the District of Columbia and to determine its functions, and for other purposes", approved July 15, 1932 (Rept. No. 674).

Mr. KING, from the Committee on the District of Columbia, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 2623. An act to amend the act entitled "An act to require the erection of fire escapes in certain buildings in the District of Columbia, and for other purposes", approved March 19, 1906, as amended (Rept. No. 688);

S. 2714. An act to amend section 895 of the Code of Law of the District of Columbia (Rept. No. 689);

S. 3013. An act to amend sections 416 and 417 of the Revised Statutes relating to the District of Columbia (Rept. No. 690); and

S. 3289. An act to transfer the powers of the Board of Public Welfare to the Commissioners of the District of Columbia, and for other purposes (Rept. No. 691).

Mr. KING, also from the Committee on the District of Columbia, to which was referred the bill (S. 2641) to provide fees to be charged by the recorder of deeds of the District of Columbia, and for other purposes, reported it with an amendment and submitted a report (No. 692).

Mr. GIBSON, from the Committee on Claims, to which was referred the bill (S. 2553) for the relief of the Brewer Paint & Wall Paper Co., Inc., reported it with an amendment and submitted a report (No. 675) thereon.

Mr. BAILEY, from the Committee on Claims, to which was referred the bill (H.R. 6862) for the relief of Martha Edwards, reported it with an amendment and submitted a report (No. 676) thereon.

He also, from the same committee, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

H.R. 1301. An act for the relief of M. Aileen Offerman (Rept. No. 677);

H.R. 1398. An act for the relief of Lewis E. Green (Rept. No. 678);

H.R. 4609. An act for the relief of Augustus Thompson (Rept. No. 679);

H.R. 4784. An act to reimburse Gottleib Stock for losses of real and personal property by fire caused by the negligence of two prohibition agents (Rept. No. 680);

H.R. 4792. An act to authorize and direct the Comptroller General to settle and allow the claim of Harden F. Taylor for services rendered to the Bureau of Fisheries (Rept. No. 681); and

H.R. 5936. An act for the relief of Gale A. Lee (Rept. No. 682).

Mr. LOGAN, from the Committee on the Judiciary, to which was referred the bill (H.R. 7356) to provide, in case of the disability of senior circuit judges, for the exercise of their powers and the performance of their duties by the other circuit judges, reported it with an amendment and submitted a report (No. 683) thereon.

He also, from the Committee on Military Affairs, to which was referred the bill (H.R. 2439) for the relief of William G. Burress, deceased, reported it with an amendment and submitted a report (No. 684) thereon.

Mr. WAGNER, from the Committee on Foreign Relations, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 1198. An act for the relief of Louise Fox (Rept. No. 685); and

S. 1199. An act for the relief of Anne B. Slocum (Rept. No. 686).

Mr. HATCH, from the Committee on Public Lands and Surveys, to which was referred the bill (H.R. 5397) to authorize the exchange of the use of certain Government land within the Carlsbad Caverns National Park for certain privately owned land therein, reported it without amendment and submitted a report (No. 693) thereon.

ENROLLED BILLS PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on the 6th instant that committee presented to the President of the United States the following enrolled bills:

S. 2324. An act for the relief of the Noank Shipyard, Inc.; and

S. 2689. An act to authorize the Department of Labor to make special statistical studies upon payment of the cost thereof, and for other purposes.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. WAGNER:

A bill (S. 3317) for the relief of Sarah Smolen; to the Committee on Claims.

By Mr. McNARY:

A bill (S. 3318) to authorize the periodic construction of channels for fishing purposes in the Siltcoos and Takenitch Rivers, in the State of Oregon; to the Committee on Commerce.

By Mr. BARBOUR:

A bill (S. 3319) to amend section 233 of the Criminal Code, as amended; to the Committee on the Judiciary.

By Mr. BAILEY:

A bill (S. 3320) for the relief of Robert J. Enochs (with accompanying papers); to the Committee on Claims.

By Mr. NEELY:

A bill (S. 3321) for the relief of David J. Pritchard; to the Committee on Claims.

By Mr. WALSH:

A bill (S. 3322) to carry out the findings of the Court of Claims in the case of the Union Iron Works; to the Committee on Claims.

By Mr. REED:

A bill (S. 3323) for the relief of George G. Slonaker; to the Committee on Claims;

A bill (S. 3324) granting a pension to Minnie G. Jones; to the Committee on Pensions; and

A bill (S. 3325) granting 30 days' sick leave to employees of the Government Printing Office; to the Committee on Printing.

By Mr. SMITH (by request):

A bill (S. 3326) to amend the Agricultural Adjustment Act, and for other purposes; to the Committee on Agriculture and Forestry.

By Mr. BLACK:

A bill (S. 3327) to amend section 2, subsection (c), of the Home Owners' Loan Act of 1933; to the Committee on Banking and Currency.

By Mr. SCHALL:

A bill (S.3328) to amend the Air Commerce Act of 1926, so as to provide further encouragement for civilian flying; to the Committee on Commerce.

By Mr. REED:

A bill (S. 3329) to amend section 17 of title I of the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933, with respect to suits on claims for yearly renewable term insurance; to the Committee on Finance.

By Mr. SMITH:

A joint resolution (S.J.Res. 100) authorizing suitable memorials in honor of James Wilson and Seaman A. Knapp; to the Committee on Agriculture and Forestry.

REREFERENCE OF BILL

Mr. WAGNER. Mr. President, I desire to ask that Calendar No. 626, the bill (S. 2735) to amend sections 5136 and

5153 of the Revised Statutes, as respectively amended, being a bill which I introduced and which was reported favorably by the Committee on the Judiciary and is now on the calendar, may be referred to the Committee on Banking and Currency. It involves an amendment to the so-called "Glass-Steagall Act", and the Committee on Banking and Currency have expressed a desire to consider the bill before the Senate acts upon it. I have consented to that course, with the approval of the Senate.

There being no objection, the bill was taken from the calendar and referred to the Committee on Banking and Currency.

HOUSE BILLS REFERRED

The following bills were each read twice by title and referred as indicated below:

H.R. 5369. An act providing for the issuance of patents upon certain conditions to lands and accretions thereto determined to be within the State of New Mexico in accordance with the decree of the Supreme Court of the United States entered April 9, 1928; to the Committee on Public Lands and Surveys.

H.R. 8834. An act authorizing the owners of Cut-Off Island, Posey County, Ind., to construct, maintain, and operate a free highway bridge or causeway across the old channel of the Wabash River; to the Committee on Commerce.

CARRIAGE OF MAIL BY AIR—AMENDMENT

Mr. AUSTIN. Mr. President, I ask unanimous consent to submit, have printed, printed in the RECORD, and to lie upon the table an amendment in the nature of a substitute for Senate bill 3170, to revise air mail laws, proposed to be offered by the Senator from Pennsylvania [Mr. DAVIS], the Senator from New Jersey [Mr. BARBOUR], and myself, together with an accompanying statement explanatory of the amendment.

There being no objection, the amendment intended to be proposed by Mr. AUSTIN, Mr. DAVIS, and Mr. BARBOUR was ordered to lie on the table, to be printed, and, with the accompanying statement, to be printed in the RECORD, as follows:

Amendment in the nature of a substitute intended to be proposed by Mr. AUSTIN, Mr. DAVIS, and Mr. BARBOUR to the bill (S. 3170) to revise air-mail laws, viz: Strike out all after the enacting clause and insert in lieu thereof the following:

"That section 3 of the Air Mail Act, approved February 2, 1925, as amended (U.S.C., supp. VII, title 39, sec. 463), is amended to read as follows:

"'SEC. 3. The rate of postage on air-mail letters shall be 5 cents for each ounce or fraction thereof. The rate of postage on air-mail postal cards, which the Post Office Department is hereby authorized to furnish in distinctive design, shall be 2 cents each.'

"SEC. 2. Section 4 of the Air Mail Act, as amended (U.S.C., supp. VII, title 39, sec. 464), is amended to read as follows:

"'SEC. 4. The Postmaster General is authorized to provide for the transportation of air mail over an air-mail route by any carrier operating aircraft over such route, under authority of the Department of Commerce, on a fixed daily schedule. The Postmaster General shall pay compensation for such transportation at the fixed rate of 2 mills per pound-mile, except that the average compensation paid to any carrier for transportation over any route shall not exceed 50 cents per airplane-mile in any calendar year.'

"SEC. 3. Section 6 of the Air Mail Act, as amended (U.S.C., supp. VII, title 39, sec. 465c), is amended to read as follows:

"'SEC. 6. (a) The Postmaster General shall, upon the application of any carrier who held a route certificate on February 9, 1934, issue to the holder in substitution therefor a route warrant, unless the applicant has been adjudged, as hereinafter provided, to be disqualified under section 3950 of the Revised Statutes (U.S.C., title 39, sec. 432). Such route warrant shall be for a period of not exceeding 10 years from said date, and shall provide that the holder thereof shall have the right—so long as he complies with all rules, regulations, and orders that may be issued by the Postmaster General for meeting the needs of the Postal Service and adjusting mail operations to the advances in the art of flying, passenger and express transportation, and advances in national defense—to carry air mail over the route set out in such warrant, or any modification thereof, at the rates fixed under the terms of this act as amended. Nothing in this section shall be construed to invalidate any route certificate.

"'No person shall be denied such a route warrant for the reason that he, or his predecessor, is asserting or has a claim against the United States because of a prior annulment of any contract or route certificate by the Postmaster General.

"'Every person whose contract has been annulled by the Postmaster General shall be entitled to sue the United States to recover such sum as will justly remedy the damages caused to him by such annulment, in the manner provided by paragraph 20 of section 24 or by section 145 of the Judicial Code, as amended, notwithstanding the amount in controversy. Any appropriation out of which payments upon the said contracts were authorized to be made is hereby made available for payment of such damages.

"'No person shall be presumed by the Postmaster General to be disqualified to contract for carrying the mail, or to exercise such route warrant, by virtue of the provisions of section 3950 of the Revised Statutes (U.S.C., title 39, sec. 432); but every such person who may be accused thereof shall be tried and adjudged disqualified in a district court of the United States in the judicial district wherein is the residence of such person sought to be disqualified under said section 3950 of the Revised Statutes (U.S.C., title 39, sec. 432), before the Postmaster General shall deny such route warrant to him for such cause.

"'Whenever the status of ineligibility is intended by the Postmaster General to be asserted against one who held a contract or certificate February 9, 1934, the Postmaster General shall invoke the jurisdiction of said court by a complaint setting forth the essential facts constituting the alleged offense presented to a district judge of said district. Said judge shall immediately call to his assistance, to hear and determine the complaint, two other district judges. Said complaint shall not be heard or determined until at least 10 days after notice of hearing and copy of complaint have been served upon the accused.

"'No person shall be disqualified because of combinations to prevent competitive bidding, or agreements respecting air-mail routes established under the act of April 29, 1930 (U.S.C., supp. VII, title 39, secs. 464, 465c, 465d, 465e, and 465f), unless a majority of judges shall determine after hearing, by three judges, according to the usual procedure in district courts of the United States, that said combinations or agreements were made fraudulently and collusively and illegally by such person.

"'Any such warrant may be canceled by the Postmaster General at any time for willful neglect on the part of the holder to carry out any rule, regulation, or order, or for any violation of this act as amended. Notice of such intended cancelation shall be given in writing by the Postmaster General, and 45 days from the date of service of the notice shall be allowed the holder in which to show cause why the warrant should not be canceled.

"'(b) It shall be unlawful for any person holding a route warrant under this act to have any financial interest in or to participate in the management of any other air-mail line or part thereof which is competitive in transcontinental service, or to control, be controlled by, or be under the common control with another person holding a route warrant issued under this act or a route certificate, for another competitive transcontinental line or part thereof. The term "person", when used in this subsection, includes individual, partnership, association, and corporation. For the purposes of this subsection a person having the power (whether or not legally enforceable, and whether exercisable directly or indirectly) to manage the affairs or direct the policies of another person shall be deemed to have control of such other person.'

"SEC. 4. Section 7 of the Air Mail Act, as amended (U.S.C., supp. VII, title 39, sec. 465d), is amended to read as follows:

"'SEC. 7. (a) The Postmaster General, when in his judgment the public interest will be promoted thereby, may extend or consolidate routes which existed on February 9, 1934, or which may be established after such date under this act, as amended, and may modify accordingly the warrants for the routes thus extended or consolidated, and may establish a new air-mail route and issue a route warrant therefor, in any case where such route or extension of a route does not duplicate any route set out in a route warrant issued and in force under this act, as amended, the holder of which has a letter of authority from the Department of Commerce for the carrying of passengers over the route set out in such warrant. No route warrant shall be issued for any contemplated route or be modified for any extension of a route under this section to or for any carrier which has not owned and operated an air transportation service over such route or extension, as the case may be, for a period of 6 months or more prior to the issuance of such warrant. Route warrants issued under this section shall have the same force and effect and be subject to the same conditions and limitations as in the case of route warrants issued under section 6 of this act, as amended.

"'(b) Any extension in effect on the date of enactment of this amendatory section or any route or extension established after such date under this section over which an air-mail service has been operated for a period of 12 consecutive months, shall be canceled by the Postmaster General whenever the average plane load of mail carried between stations over the entire distance of the route or extension does not exceed 25 pounds per day for any consecutive 3 months of operation after the expiration of such 12-month period, except that any extension forming the whole or part of the main-line route of the holder of a route warrant may, in the discretion of the Postmaster General, be exempted from cancelation under this subsection."

"SEC. 5. The Air Mail Act, as amended, is further amended by adding, after section 9, the following additional sections:

"'SEC. 10. The Postmaster General, if in his judgment the public interest will be promoted thereby, upon application of any carrier which has exchanged its route certificate for a route warrant on or before July 1, 1934, may pay such carrier for transportation of air mail an amount in addition to the fixed pound-mile rate provided in section 4 of this act, as amended. Such amount shall be determined by the Postmaster General upon a formula, standardized for all operators and calculated to create a financial inducement and incentive to competitively develop the aeronautical industry, to improve its efficiency to the end of making it self-supporting, to encourage the development of safety, speed, additional space for carriage of passengers and express, and to promote the national defense.

"'SEC. 11. (a) When used in this act the term "pound-mile" shall mean the transportation of 1 pound of air mail 1 mile.

"'(b) For the purpose of computing compensation for transportation of air mail under this act the mileage for transportation between any points having more than one connecting route shall be the mileage of the shortest route between such points.

"'SEC. 12. The Postmaster General shall promulgate forthwith the formula, referred to in section 10 hereof, for determining the rates of payment in addition to the fixed pound-mile rate to be made to route warrant holders transporting air mail under this act. He shall publish in his annual report said formula, the payments made thereunder, and the improvements in the standard of efficiency, economy, safety, speed, space for the transportation of passengers and express, and contribution to the national defense upon which said additional payments were based.

"'SEC. 13. The Postmaster General shall provide in the rules, regulations, and orders made by him under section 5 of this act standards of qualification of pilots, including experience in operating aircraft on night schedules, standards of working conditions for pilots, copilots, mechanics, and laborers, which shall not be less safe and efficient than working conditions in effect in 1933, and standards of compensation to be paid by the holder of such warrant to such employees, which shall be not less than the rate of compensation paid by air-mail carriers during 1933, unless the same be changed from time to time through the medium of collective bargaining through representatives of their own choosing, or other bargaining, standards for landing fields, lighthouses, radio stations, and other means of communication and aids to navigation, as well as standards of planes and their equipment.'"

The statement above referred to was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR AUSTIN, OF VERMONT, SENATOR DAVIS, OF PENNSYLVANIA, AND SENATOR BARBOUR, OF NEW JERSEY, IN EXPLANATION OF AN AMENDMENT IN THE NATURE OF A SUBSTITUTE TO BE PROPOSED BY THEM TO S. 3170

The existing law relating to contracts for carrying air mail was framed for the objectives of developing the volume of mail and fostering commercial aviation, for the purpose of promoting the national defense, improving our national position in industry and commerce, and making air transportation self-supporting.

Before the adoption of the McNary-Watres Act the scheme of air-mail routes, which had grown a little at a time, was illogical. There were short lines and there were long lines, which the McNary-Watres Act authorized the Postmaster General to extend or to consolidate, to develop the aeronautical industry. As administered, the effect of the law was to consolidate the short, detached, and failing lines into well-financed and well-managed systems, providing three independent transcontinental operations, with appropriate north and south intersecting services, which competed evenly with each other in service at all important terminals. Cross-ownership of stock and interlocking directorates were discontinued, effecting complete independence. Neither complete monopoly nor pure competition were accomplished. Sufficient competition was created to produce transport airplanes under competitive conditions in the passenger and express transportation industry which attracted public patronage, reduced operating costs, and reduced the cost to the Government of carriage of the mail from $1.09 per mile in 1929 to $0.42 per mile in 1933. A further reduction of 32 percent has since been made. This latter reduction cannot be attributed to development of the industry but must be credited to curtailment of the service. Notwithstanding an extraordinary development of the air transport industry throughout the period of the depression which has resulted in such progress that America leads the world in the art, the Air Mail Service is not yet earning enough to pay its way without any subsidy.

It is beyond question that commercial aviation, as fostered and supervised by governmental authority, is vital to our national security and has already become an essential service for the business of this country.

The policy of the proposed amendment is:

To preserve the benefits obtained for the public under the McNary-Watres Act and to prevent the setting back of the industry to conditions of 5 years ago.

To assure the people of the United States that their Government is honest and honorable as a contractor with citizens.

To reestablish justice and reaffirm that no person shall be deprived of property without due process of law.

To prevent the passage of a bill of attainder of citizens whose contracts with their Government have been canceled by their Government.

To prevent the passage of a law impairing the obligation of contracts.

To maintain the control of the Postmaster General over the operation of airships with due regard to safety, efficiency, labor relations, service standards, economical management, and the amount of compensation.

To preserve the control of the Government over combinations for the purpose of preventing reduction or elimination of competition on the one hand and ruinous competition on the other hand.

To enable the Postmaster General to place air mail for transportation on any air-mail route by any carrier operating aircraft thereon on a fixed daily schedule and under the authority of the Department of Commerce.

To fix the compensation upon a pound-mile basis at a rate which is not speculative but is based on official statements indicating that the stamp revenue for air mail currently amounts to between $1\frac{5}{10}$ mills and 2 mills per pound-mile for the country as a whole. Said compensation is fixed by the bill at the rate of 2 mills per pound-mile, except that the average compensation shall not exceed 50 cents per airplane-mile.

To frankly provide a subsidy by way of additional pay based upon improvement of efficiency, development of safety, additional space for carriage of passengers and express, and promotion of the national defense;

To continue the practice of employing a formula for ascertaining said subsidy, standardized for all operators and calculated to create the financial inducement and incentive to competitively develop the aeronautical industry as aforesaid.

The amendment recognizes that competitive bidding is not adaptable to the situation. In the words of Captain Rickenbacker, "To ask any one of these companies to bid on another route is as impracticable as asking the New York Central Railroad to bid to carry mail over a route such as the Santa Fe system."

The amendment attempts to assure the future status of the air-mail operators and remove uncertainty and insecurity in order to encourage long-time planning and the making of decisions with respect to new capital expenditures having for their objective decrease of operating expenses and ultimate ability of the industry to support itself. This is done by empowering the Postmaster General to issue route warrants for a period of not exceeding 10 years from date.

The amendment provides for such care of human life as may be obtained through the control of the Postmaster General by rules, regulations, and orders establishing standards of qualification, experience, working conditions of pilots and mechanics, of landing fields, lighthouses, radio stations, means of communications, aids to navigation, and of planes and their equipment.

INTERNAL-REVENUE TAXATION—AMENDMENTS

Mr. MURPHY and Mr. NORRIS each submitted an amendment intended to be proposed by them, respectively, to House bill 7835, the revenue bill, which was ordered to lie on the table and to be printed.

INCREASE OF NET INCOME TAXES BY 10 PERCENT

Mr. COUZENS. Mr. President, there has been considerable discussion in the press with respect to my proposal for increasing the net income taxes 10 percent. I ask unanimous consent to offer the amendment now so that it may be printed and lie on the table, and at the same time be printed in the RECORD, together with some tables bearing on the matter, for the information of Senators and to show the exact effect the proposal will have upon individual income taxpayers.

Mr. McKELLAR. Mr. President, may I ask the Senator from Michigan if his amendment means that each taxpayer's income tax will be increased by 10 percent?

Mr. COUZENS. That is correct. In other words, the man getting $3,000 would have to pay 80 cents extra income tax under my proposal.

There being no objection, the amendment was ordered to be printed and to lie on the table, and to be printed in the RECORD, as follows:

Amendment proposed by Mr. COUZENS to House bill 7835, the revenue bill, viz: On page 13, after line 24, insert a new section to read as follows:

"SEC. 14. Increase of tax for 1934: In the case of an individual the amount of tax payable for any taxable year beginning after December 31, 1933, and prior to January 1, 1935, shall be 10 percent greater than the amount of tax which would be payable if computed without regard to this section, but after the application of the credit for foreign taxes provided in section 131, and the credit for taxes withheld at the source provided in section 32."

The accompanying tables were ordered to be printed in the RECORD, as follows:

Married man, no dependents

ALL EARNED INCOME

Net income	Present law	House bill	Senate bill (Harrison rates)	Senate bill (Couzens 10 percent added)	Increase over or decrease from present law: House bill	Increase over or decrease from present law: Senate bill (Harrison rates)	Increase over or decrease from present law: Senate bill (Couzens 10 percent added)
$3,000	$20	$8	$8	$8.80	−$12	−$12	−$11.20
$3,500	40	26	26	28.60	−14	−14	−11.40
$4,000	60	44	44	48.40	−16	−16	−11.60
$4,500	80	62	62	68.20	−18	−18	−11.80
$5,000	100	80	80	88.00	−20	−20	−12.00
$6,000	140	116	116	127.60	−24	−24	−12.40
$7,000	210	172	177	194.70	−38	−33	−15.30
$8,000	300	248	263	289.30	−52	−37	−10.70
$9,000	390	328	359	394.90	−62	−31	4.90
$10,000	480	408	465	511.50	−72	−15	31.50
$12,000	680	583	692	761.20	−97	12	81.20
$14,000	900	778	939	1,032.90	−122	39	132.90
$16,000	1,140	993	1,206	1,326.60	−147	66	186.60
$18,000	1,400	1,228	1,493	1,642.30	−172	93	242.30
$20,000	1,680	1,498	1,800	1,980.00	−182	120	300.00
$25,000	2,520	2,348	2,705	2,975.50	−172	185	455.50
$30,000	3,480	3,378	3,785	4,163.50	−102	305	683.50
$40,000	5,800	5,743	6,195	6,814.50	−57	395	1,014.50
$50,000	8,600	8,633	9,085	9,993.50	33	485	1,393.50
$60,000	11,900	12,003	12,455	13,700.50	103	555	1,800.50
$70,000	15,700	15,868	16,320	17,952.00	168	620	2,252.00
$80,000	20,000	20,258	20,710	22,781.00	258	710	2,781.00
$100,000	30,100	30,358	30,810	33,891.00	258	710	3,791.00
$200,000	86,600	86,783	87,235	95,958.50	183	635	9,358.50
$500,000	263,600	263,708	264,160	296,576.00	108	560	26,976.00
$1,000,000	571,100	571,158	571,610	628,771.00	58	510	57,671.00

ONE HALF EARNED AND ONE HALF DIVIDEND INCOME

$3,000	0	0	0	0	0	0	0
$3,500	0	0	0	0	0	0	0
$4,000	0	0	0	0	0	0	0
$4,500	0	0	0	0	0	0	0
$5,000	0	0	0	0	0	0	0
$6,000	$20	$8	$8	$8.80	−$12	−$12	−$11.20
$7,000	50	46	51	56.10	−4	1	6.10
$8,000	80	104	119	130.90	24	39	50.90
$9,000	110	162	197	216.70	52	87	106.70
$10,000	140	220	285	313.50	80	145	173.50
$12,000	220	351	476	523.60	131	256	303.60
$14,000	340	502	687	755.70	162	347	415.70
$16,000	500	673	918	1,009.80	173	418	509.80
$18,000	680	868	1,169	1,285.90	188	489	605.90
$20,000	880	1,098	1,440	1,584.00	218	560	704.00
$25,000	1,520	1,848	2,235	2,458.50	328	715	938.50
$30,000	2,280	2,778	3,205	3,525.50	498	925	1,243.50
$40,000	4,200	4,943	5,395	5,934.50	743	1,195	1,734.50
$50,000	6,600	7,633	8,085	8,893.50	1,033	1,485	2,293.50
$60,000	9,500	10,803	11,255	12,380.50	1,303	1,755	2,880.50
$70,000	12,900	14,468	14,920	16,412.00	1,568	2,020	3,512.00
$80,000	16,800	18,658	19,110	21,021.00	1,858	2,310	4,221.00
$100,000	26,100	28,358	28,810	31,691.00	2,258	2,710	5,591.00
$200,000	78,600	82,783	83,235	91,558.50	4,183	4,635	12,958.50
$500,000	243,600	253,708	254,160	279,576.00	10,108	10,560	35,976.00
$1,000,000	531,100	551,158	551,610	606,771.00	20,058	20,510	75,671.00

ALL DIVIDENDS

$3,000	0	0	0	0	0	0	0
$3,500	0	0	0	0	0	0	0
$4,000	0	0	0	0	0	0	0
$4,500	0	0	0	0	0	0	0
$5,000	0	0	0	0	0	0	0
$6,000	0	0	0	0	0	0	0
$7,000	$10	$20	$25	$27.50	$10	$15	$17.50
$8,000	20	60	75	82.50	40	55	62.50
$9,000	30	100	135	148.50	70	105	118.50
$10,000	40	140	205	225.50	100	165	185.50
$12,000	80	235	360	396.00	155	280	316.00
$14,000	140	350	535	588.50	210	395	448.50
$16,000	220	485	730	803.00	265	510	583.00
$18,000	320	640	945	1,039.50	320	625	719.50
$20,000	440	830	1,180	1,298.00	390	740	858.00
$25,000	880	1,480	1,885	2,073.50	600	1,005	1,193.50
$30,000	1,440	2,310	2,765	3,041.50	870	1,325	1,601.50
$40,000	2,960	4,275	4,775	5,252.50	1,315	1,815	2,292.50
$50,000	4,960	6,765	7,265	7,991.50	1,805	2,305	3,031.50
$60,000	7,460	9,735	10,235	11,258.50	2,275	2,775	3,798.50
$70,000	10,460	13,200	13,700	15,070.00	2,740	3,240	4,610.00
$80,000	13,960	17,190	17,690	19,459.00	3,230	3,730	5,499.00
$100,000	22,460	26,490	26,990	29,689.00	4,030	4,530	7,229.00
$200,000	70,960	78,915	79,415	87,356.50	7,955	8,455	16,396.50
$500,000	223,960	243,840	244,340	268,774.00	19,880	20,380	44,814.00
$1,000,000	491,460	531,290	531,790	584,969.00	39,830	40,330	93,509.00

Single man

ALL EARNED INCOME

Net income	Present law	House bill	Senate bill (Harrison rates)	Senate bill (Couzens 10 percent added)	Increase over or decrease from present law: House bill	Increase over or decrease from present law: Senate bill (Harrison rates)	Increase over or decrease from present law: Senate bill (Couzens 10 percent added)
$2,000	$40	$32	$32	$35.20	$−8	$−8	$−4.80
$3,000	80	68	68	74.80	−12	−12	−5.20
$3,500	100	86	86	94.60	−14	−14	−5.40
$4,000	120	104	104	114.40	−16	−16	−5.60
$4,500	140	122	122	134.20	−18	−18	−5.80
$5,000	160	140	140	154.00	−20	−20	−6.00
$6,000	240	216	226	248.60	−24	−14	8.60
$7,000	330	292	312	343.20	−38	−18	13.20
$8,000	420	368	418	459.80	−52	−2	39.80
$9,000	510	448	524	576.40	−62	14	66.40
$10,000	600	538	640	704.00	−62	40	104.00
$12,000	800	728	882	970.20	−62	82	170.20
$14,000	1,020	938	1,144	1,258.40	−82	124	238.40
$16,000	1,260	1,168	1,426	1,568.60	−92	166	308.60
$18,000	1,520	1,428	1,728	1,900.80	−92	208	380.80
$20,000	1,800	1,728	2,050	2,255.00	−72	250	455.00
$25,000	2,640	2,648	3,020	3,322.00	8	380	682.00
$30,000	3,600	3,708	4,130	4,543.00	108	530	943.00
$40,000	5,920	6,148	6,600	7,260.00	228	680	1,340.00
$50,000	8,720	9,098	9,550	10,505.00	378	830	1,785.00
$60,000	12,020	12,558	13,010	14,311.00	538	990	2,291.00
$70,000	15,820	16,498	16,950	18,645.00	678	1,130	2,825.00
$80,000	20,120	20,948	21,400	23,540.00	828	1,280	3,420.00
$100,000	30,220	31,168	31,620	34,782.00	948	1,400	4,562.00
$200,000	86,720	87,638	88,090	96,899.00	918	1,370	10,179.00
$500,000	263,720	264,608	265,060	291,566.00	888	1,340	27,846.00
$1,000,000	571,220	572,088	572,540	629,794.00	868	1,320	58,574.00

Single man, no dependents

ONE HALF EARNED AND ONE HALF DIVIDEND INCOME

Net income	Present law	House bill	Senate bill (Harrison rates)	Senate bill (Couzens 10 percent added)	Increase over or decrease from present law: House bill	Increase over or decrease from present law: Senate bill (Harrison rates)	Increase over or decrease from present law: Senate bill (Couzens 10 percent added)
$2,000	0	0	0	0	0	0	0
$3,000	$20	$8	$8	$8.80	−$12	−$12	−$11.20
$3,500	30	18	18	19.80	−12	−12	−10.20
$4,000	40	28	28	30.80	−12	−12	−9.20
$4,500	50	38	38	41.80	−12	−12	−8.20
$5,000	60	48	48	52.80	−12	−12	−7.20
$6,000	80	108	118	129.80	28	38	49.80
$7,000	110	166	186	204.60	56	76	94.60
$8,000	140	224	274	301.40	84	134	161.40
$9,000	170	282	362	398.20	112	192	228.20
$10,000	200	350	460	506.00	150	260	306.00
$12,000	320	496	666	732.60	176	346	412.60
$14,000	460	662	892	981.20	202	432	521.20
$16,000	620	848	1,138	1,251.80	228	518	631.80
$18,000	800	1,068	1,404	1,544.40	268	604	744.40
$20,000	1,000	1,328	1,690	1,859.00	328	690	859.00
$25,000	1,640	2,148	2,550	2,805.00	508	910	1,165.00
$30,000	2,400	3,108	3,550	3,905.00	708	1,150	1,505.00
$40,000	4,320	5,348	5,800	6,380.00	1,028	1,480	2,060.00
$50,000	6,720	8,098	8,550	9,405.00	1,378	1,830	2,685.00
$60,000	9,620	11,358	11,810	12,991.00	1,738	2,190	3,371.00
$70,000	13,020	15,098	15,550	17,105.00	2,078	2,530	4,085.00
$80,000	16,920	19,348	19,800	21,780.00	2,428	2,880	4,860.00
$100,000	26,220	29,168	29,620	32,582.00	2,948	3,400	6,362.00
$200,000	78,720	83,638	84,090	92,499.00	4,918	5,370	13,779.00
$500,000	243,720	254,608	255,060	280,566.00	10,888	11,340	36,846.00
$1,000,000	531,220	552,088	552,540	607,794.00	20,868	21,320	76,574.00

ALL DIVIDENDS

$2,000	0	0	0	0	0	0	0
$3,000	0	0	0	0	0	0	0
$3,500	0	0	0	0	0	0	0
$4,000	0	0	0	0	0	0	0
$4,500	0	0	0	0	0	0	0
$5,000	0	0	0	0	0	0	0
$6,000	0	$40	$50	$55	$40	$50	$55
$7,000	$10	80	100	110	70	90	100
$8,000	20	120	170	187	100	150	167
$9,000	30	160	240	264	130	210	234
$10,000	40	210	320	352	170	280	312
$12,000	80	320	490	539	240	410	459
$14,000	140	450	680	748	310	540	608
$16,000	220	600	890	979	380	670	759
$18,000	320	780	1,120	1,232	460	800	912
$20,000	440	1,000	1,370	1,507	560	930	1,067

Single man, no dependents—Continued

ALL DIVIDENDS—continued

Net income	Present law	House bill	Senate bill (Harrison rates)	Senate bill (Couzens 10 percent added)	Increase over or decrease from present law		
					House bill	Senate bill (Harrison rates)	Senate bill (Couzens 10 percent added)
$25,000	$880	$1,720	$2,140	$2,354	$840	$1,260	$1,474
$30,000	1,440	2,580	3,050	3,355	1,140	1,610	1,915
$40,000	2,960	4,620	5,120	5,632	1,660	2,160	2,672
$50,000	4,960	7,170	7,670	8,437	2,210	2,710	3,477
$60,000	7,460	10,230	10,730	11,803	2,770	3,270	4,343
$70,000	10,460	13,770	14,270	15,697	3,310	3,810	5,237
$80,000	13,960	17,820	18,320	20,152	3,860	4,360	6,192
$100,000	22,460	27,240	27,740	30,514	4,780	5,280	8,054
$200,000	70,960	79,710	80,210	88,231	8,750	9,250	17,271
$500,000	223,960	244,680	245,180	269,698	20,720	21,220	45,738
$1,000,000	491,460	532,160	532,660	585,926	40,700	41,200	94,466

RECIPROCAL TARIFF AGREEMENTS—AMENDMENTS

Mr. REED and Mr. COPELAND each submitted an amendment intended to be proposed by them, respectively, to the bill (H.R. 8687) to amend the Tariff Act of 1930, which were referred to the Committee on Finance and ordered to be printed.

INCLUSION OF SUGAR BEETS AND SUGAR CANE AS BASIC COMMODITIES—AMENDMENT

Mr. FLETCHER submitted an amendment intended to be proposed by him to the bill (H.R. 8861) to include sugar beets and sugar cane as basic agricultural commodities under the Agricultural Adjustment Act, and for other purposes, which was referred to the Committee on Finance and ordered to be printed.

VETERANS' REGULATIONS

The VICE PRESIDENT laid before the Senate a message from the President of the United States, which was read, and, with the accompanying papers, ordered to lie on the table, as follows:

To the Congress of the United States:

Pursuant to the provisions of section 20, title I, of the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933, I am transmitting herewith copies of Executive Orders No. 6668, Veterans' Regulation No. 1 (e), and No. 6669, Veterans' Regulation No. 12 (b), approved by me April 6, 1934.

These veterans' regulations have been issued in accordance with the terms of title 1, Public, No. 2, Seventy-third Congress. Executive Order No. 6661, Veterans' Regulation No. 1 (d), and Executive Order No. 6662, Veterans' Regulation No. 12 (a), contained provisions carrying out the purpose as expressed in my message of March 27, 1934, to the House of Representatives, returning without my approval H.R. 6663, entitled "An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1935, and for other purposes." The provisions of Public, No. 141, Seventy-third Congress, March 28, 1934, have gone far beyond the intent of these regulations. The regulations transmitted herewith are, therefore, for the purpose of canceling them.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *April 6, 1934.*

REPORT OF INTERNATIONAL PASSAMAQUODDY FISHERIES COMMISSION

The VICE PRESIDENT laid before the Senate a message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Foreign Relations, as follows:

To the Congress of the United States:

I transmit herewith the report made by the International Passamaquoddy Fisheries Commission, the American members of which were appointed according to an act of Congress approved June 9, 1930. The act authorized appropriations for an investigation jointly by the United States and Canada of the probable effects of proposed international developments to generate electric power from the movement of the tides in Passamaquoddy and Cobscook Bays on the fiisheries of that region.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *April 7, 1934.*

[Enclosure: Report.]

TRANSFER OF VETERANS' ADMINISTRATION FUNCTIONS PERTAINING TO CIVIL-SERVICE RETIREMENT TO CIVIL SERVICE COMMISSION

The VICE PRESIDENT laid before the Senate a message from the President of the United States, which was read, and, with the accompanying paper, ordered to lie on the table, as follows:

To the Congress:

Pursuant to the provisions of section 16 of the act of March 3, 1933 (ch. 212, 47 Stat. 1517), as amended by title III of the act of March 20, 1933 (ch. 3, 48 Stat. 16), I am herewith transmitting an Executive order transferring to the the United States Civil Service Commission the duties, powers, and functions now vested in the Veterans' Administration pertaining to the administration of the Civil Service Retirement Act and the Canal Zone Retirement Act.

The administration of laws governing the retirement of civil employees of the Government is logically and properly a function of the Civil Service Commission, and the transfer effected by this order will permit a more efficient administration of the activities involved. The Director of the Bureau of the Budget has informed me that the transfer will result in an annual saving of approximately $45,000.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *April 7, 1934.*

JOHN MARSHALL

Mr. REED. Mr. President, recently Ira Jewell Williams, Esq., of the Philadelphia bar, before the Philadelphia Bar Association February 6, 1934, delivered a magnificent address upon the subject of Chief Justice John Marshall. I ask that the address may be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

CHRONOLOGY

September 24, 1755: John Marshall, born at Germantown, Fauquier County, Va.

1773: Attends Campbell's Academy.

May 1775: Drills militia.

1776–80: Serves under Washington; lieutenant, deputy judge advocate, captain; Brandywine, Iron Hill, Germantown, Valley Forge.

May–August 1780: William and Mary College (law lectures for 6 weeks).

August 28, 1780: Admitted to bar.

Fall 1782: Elected Virginia Legislature.

January 3, 1783: Married Mary Willis Ambler.

January 1788: Virginia Convention for Ratification of Constitution.

1793: Serves in Pennsylvania whisky riots.

May 1797: Envoy Extraordinary France (X Y Z).

June 1798: Triumphant return. "Millions for defense."

May 1799: Election to Congress.

Spring 1800: Secretary of State under Adams.

January 20, 1801: Appointed Chief Justice.

February 4, 1801: Becomes Chief Justice.

1801–35: Directing spirit and principal mouthpiece of Supreme Court in long line of celebrated decisions: 1803, *Marbury* v. *Madison;* 1807, trial of Aaron Burr; 1809, *Fletcher* v. *Peck;* 1819, Dartmouth College case; 1819, *McCullough* v. *Maryland;* 1821, *Cohens* v. *Virginia;* 1824, *Gibbons* v. *Ogden.*

July 6, 1835: Died at boarding house of Mrs. Krimn, 424 Walnut Street, Philadelphia.

JOHN MARSHALL AND PHILADELPHIA

It is fitting that this bar should observe the one hundred and thirty-third anniversary of the Chief Justiceship of John Marshall. The great name of Marshall is linked with Philadelphia in many ways. He was born at a little town in Fauquier County, Va., then called Germantown. Under the command of his father's friend, George Washington, young Marshall fought at our own Germantown, at Iron Hill, and at Brandywine, and later endured the

winter at Valley Forge. Young Marshall made two pilgrimages on foot to Philadelphia, the first to be inoculated with smallpox, and, during the later years of the war, to return to service under Washington. From Philadelphia he went, under President Adams, as Envoy Extraordinary to France, and, by his blunt honesty in the X Y Z episode, returned in triumph to Philadelphia to receive the plaudits of all. In Philadelphia he argued the case of *Ware* v. *Hylton* (British debts), which gave a national setting to his fame as a lawyer. Urged by his friend and leader, George Washington, he reluctantly accepted a nomination for Congress, and, winning his seat after a close fight, he sat here in the last Congress which convened in Philadelphia. It was here that he announced in Congress the death of George Washington, and presented the resolutions drawn by Richard Henry Lee, which included the words, "First in war, first in peace, and first in the hearts of his countrymen." Marshall showed his independence here by opposing the sedition law. He came to Philadelphia in his old age for treatment by Dr. Physic, and in 1835 died at the boarding house of Mrs. Krimn, in Walnut Street, within sight of Independence Hall

The initiative of the Philadelphia bar resulted in the great statue in Washington by William Wetmore Story, which was dedicated in a speech by William Henry Rawle, Esq., of this bar, in 1885, just 50 years after Horace Binney made his memorable eulogy on the one hundredth anniversary of the birth of Marshall.

In 1901 the Philadelphia bar observed the centenary of Marshall's service as Chief Justice. The principal address was by Mr. Justice Mitchell, of our Supreme Court.

In 1930, through the generosity of JAMES M. BECK, Esq., of this bar, a reproduction of the Story statue was presented and dedicated under the auspices of this association, with addresses by Judge Buffington, Chief Justice Von Moschzisker, and the late John Frederick Lewis, Esq.

This meeting is held at the suggestion of the committee on citizenship of the American Bar Association, of which Mr. BECK is chairman.

JOHN MARSHALL "FOUNTAIN OF HIS NATION'S HONOR"

Patriot, soldier, advocate, legislator, member of the Virginia Convention, Congressman, diplomat, Secretary of State—in all these Marshall gave eminent and distinguished service. At 19 he began to drill troops as lieutenant. He became captain and acting judge advocate. His courage and resourcefulness marked him out among the many vigorous, sturdy, and brave men of that desperate struggle.

As a lawyer he soon attained front rank. There is one volume of Virginia Reports in which he was of counsel on one side or the other in practically every case.

The War of the Revolution taught him the deep need of a more perfect union of the States, and he became an enthusiastic supporter of Federalistic policies, and with Madison led the debates in the Virginia Convention against Patrick Henry, George Mason, and others.

In the Virginia Legislature his parts and power were so obvious that he was almost at once appointed a member of the council of State, and was reelected even against his preference and notwithstanding his Federalistic principles.

Lord Craigmyle, one of the law lords, who as Shaw of Dunfermline sat in the Privy Council, has said of Marshall:

"* * * the great American * * * was so constituted that corruption made no appeal to him whatsoever * * * therein was his greatness and the secret of his dignity. He stood for his country at that most critical juncture of its early manhood, and in representing it he became the fountain of his Nation's honor."

HONOR VERSUS OPPORTUNISM

Honor or opportunism: That is the issue in government today, and will be tomorrow and to the end of time.

John Marshall was no servile camp follower of "mass psychology." He believed in the existence of right and wrong, and stood for the right, regardless of public clamor and error. He held to that continuity with the past whereby we live. He did not believe in discarding its lessons. He believed in the teachings of experience, and did not hold with experimenting against its truths.

He declared that the temporary "spirit of the people" was not infallible, and that the Supreme Court would declare void an unconstitutional act of Congress.

Lord Craigmyle says of *Marbury* v. *Madison:*

"This decision * * * broke through in one swift movement a great bulwark of English tradition and drove the English doctrine of the omnipotence of Parliament from the American field. Congress, the Federal Parliament of the States, was not omnipotent: It stood within constitutional limits. Those limits standing—and until changed by the constitutional machinery of amendment—every court in the land must respect them, and this though Congress itself and all the political parties and wire-pullers should get the shock of their lives. The respect for the Supreme Court was not now unmingled with fear, public security was enhanced, and the power of self-determination of this infant State was by the stern majesty of law made manifest to the world."

And Lord Craigmyle points out how Marshall's decisions were for the healing of the Nation.

"Without John Marshall's interpretations of the Constitution's test, in what predicament would America have been placed? I think, after much consideration, that it would have found flourishing everywhere the seeds of interstate discord, and that the resulting collisions might have worked on to political anarchy and to the national enfeeblement which anarchy brings. From the Atlantic to the Pacific there would have been a welter of rivalries, misunderstandings and cross-purposes, which would have wrecked even social development and made the words 'United States' a derisory term. From these calamities America was saved by John Marshall."

How was Marshall endowed for his great part in the war between honor and opportunism? Francis Gilmer said:

"The characteristic of his eloquence is an irresistible cogency, and a luminous simplicity in the order of his reasoning. His arguments are remarkable for their separate and independent strength, and for the solid, compact, impenetrable order in which they are arrayed."

The only true keystone, the only safe anchorage, is the bedrock of principle.

"This apostle of integrity (Marshall) was the missioner of a straight deal on every issue. No one who discerns true greatness can ever fail to find in it this man who in the midst of national upheaval, and defiant of unpopularity, could dare to put passion, public or private, to the proof of reason, and to obey the call of truth."—(Lord Craigmyle.)

Though it might bring upon him a hurricane of wrath, in any crisis however tragic, such as that of today, he would stand like a rock for national honor against every assault no matter how plausible or "noble in motive."

NATIONAL HONOR MEANS SECURITY

There was ingrained in John Marshall a love of honesty, and a hatred of dishonesty in every form, public or private. He saw governmental repudiation as dishonesty. He believed in a literal and absolute compliance with "Thou shalt not steal." To many it seems that common honesty is as unpopular today as it was in the time of John Marshall. Dishonesty by the Government, no matter by what "high prerogative", was hateful to Marshall. And he helped to win in the Virginia convention the 3 weeks' fight to ratify the Constitution, which contained the simple rule of common honesty, "No State shall * * * pass any * * * law impairing the obligation of contracts. * * *"

It may be added that Marshall believed in honesty not only because it was right, but because it meant security. Where any government, under stress of popular clamor or emergency or for any other reason or excuse, yields in a matter of principle and violates the plain dictates of common honesty, it not only sins against righteousness, but it commits a grave error of policy. The last end of that State is worse than the first. These vital questions of the preeminence of public security and confidence in governmental obligations and dealings between men and men, were threshed out in titanic conflict a century and a half ago. Then, if ever, there were excuses for public and private breaches of faith, when all the colonies were engulfed in a common chaos of financial emergency. But righteousness and the common sense policy prevailed. Read the judgment of the House of Lords in the gold clause cases. (Société Intercommunale Belge d'Électricité), and you will see that the principles that John Marshall labored for have not in 1934 perished from the earth. The Eighth Commandment still has vitality in Great Britain.

MARSHALL'S MORAL GRANDEUR AND STEADFAST MIND

Above and beyond John Marshall's great intellectual gifts tower the moral greatness of his soul and spirit. He did not what he thought expedient but only what he thought was right.

There are timid souls today who voice the view that the true rule to govern legislator, executive, and judge is the rule of expediency. And by that, unconsciously, they mean the rule of imagined or temporary expediency. I have even heard the shocking suggestion that the Supreme Court dare not interpret the Constitution as it is written lest court and government be swept away. Such a suggestion should arouse resentment in every mind. Almost every landmark decision of the Supreme Court under John Marshall was visited with bitter opprobrium. Many of the anti-Federalists hated the centralization of power and hated any interference with the exercise of power by the States. Any difference of opinion today or any possible difference of opinion would seem mild and tolerant compared with the violence and hatred and criticism aroused by the earlier decisions of the Supreme Court of the United States. Yet John Marshall, unaffected by clamor, and with a steadfast mind, wrote those miracles of clarity, each of which seems a mathematical demonstration leading inevitably to its Q.E.D. What if Marshall and his Court had wavered? Indeed, what if our courts should waver today? A single step aside from the path of enforcing the Constitution may become a precedent permitting of further deviations, with the result that the true limitations of the instrument are recognized only in the letter.

"It is the duty of courts to be watchful for the constitutional rights of the citizen and against any stealthy encroachment thereon. Their motto should be obsta principiis * * *.

"'It is the loftiest function and the most sacred duty of the judiciary * * * unique in the history of the world * * * to support, maintain, and give full effect to the Constitution against every act of the legislature or the Executive in violation of it. This is the great jewel of our liberties * * *. This is the final breakwater against the haste and passions of the people, against the tumultuous ocean of democracy. It must at all costs be maintained.'"

CENTRIPETAL TENDENCIES ALMOST UNCHECKED

Recent developments

Speaking at the dedication of the monument of John Marshall in 1930, our distinguished fellow member, the late John Frederick Lewis, Esq., mentioned some 40 activities of the Government not expressly authorized by the Constitution. These were not expressly mentioned in the Constitution, but many of them could be regarded as "necessary and proper" to carry out the express powers granted. There is, however, under the decision of the Supreme Court in *Massachusetts* v. *Mellon*, and kindred cases, no way in which the constitutionality of many of these measures can be tested unless the United States Comptroller should decline to give his approval. Otherwise the power of appropriation by Congress is practically absolute.

Contrast this with our own wise system in Pennsylvania, of taxpayers' bills, permitting any taxpayer to challenge any unconstitutional appropriation.

Within the last year there have been added 57 varieties of instrumentalities of the Federal Government, from A.A.A. to T.V.A. They are collected in a brilliant brochure by John C. Bell, Jr., Esq., of this bar. Roughly speaking, these activities may be grouped under agricultural relief, financial relief, general relief, industrial control and so-called currency reform.

Under agricultural relief we have a bonus of hundreds of millions to the cotton growers, a right to borrow without recourse at 10 cents, and a right to call on the Government at 6 cents, all in order to decrease production. The result has been a net increase of production of 117,000 bales. We have $150,000,000 bonus to the wheat farmers and $150,000,000 bonus to the hog growers.

Under financial relief we have loans right and left, including twenty millions to China to buy cotton, and projected loans of taxpayers' money to Soviet Russia; also loans to duplicate and put out of business existing public utilities; also loans to build private enterprises such as furniture factories, further to compete with an existing excess productive capacity. Also loans to build labor union centers, as in Philadelphia.

Under general relief we have vast disbursements and rates of wages paid in excess of local wages, so that in some places workmen have left private employment in order to get higher wages under C.W.A. Chairman Buchanan, of the Committee on Appropriations, warns, "There is a great danger of public relief becoming a rapacious maw to devour everything." His remark recalls Lord Macaulay's "You will act like people who in a year of scarcity devour all the seed corn."

Under currency reform we have the repudiation of Government covenants to pay gold, the seizure of all gold, the reduction of the gold content of the dollar, and a paper profit of two billions and upwards by the seizure of the gold in the Federal Reserve banks. Also the purchase of silver at 20 cents per ounce above market price. Further, an attempt rigidly to limit the right of American citizens to make investments abroad. The stated objective is to turn back the hands of time and restore the price level of 1926.

The numerous blank checks given by Congress to the President are not without precedent. In Mexico the legislative phrase is: "Se conceden facultades extraordinarias el Ejecutivo para legislar en los ramos de Hacienda y Credito Publico" ("The Executive is granted special power to legislate in the departments of the Treasury and Public Credit"). In this way there is complete concert between the legislative and executive branches. I recall my feelings on being told in 1919 that the law prohibited taking any Mexican gold out of Mexico. I would have regarded with scorn the prediction that within 15 years the United States, under its high prerogative of plunder, would forbid the ownership of gold and the free foreign exchange of any United States money for the purpose of investment. You are aware that when a New York lawyer tried to raise the question of his right under the Constitution to retain the ownership of bars of gold which he had lawfully acquired, he could not do it as to the whole amount of $200,000, because that would have resulted in a fine of $400,000. He retained a single $5,000 bar, but the Treasury ordered the Chase National Bank to turn over that bar, and the bank did. This recalls the fact that the administration has repeatedly refused to allow any industry to include in its code a provision that the members of the industry reserved their constitutional rights.

It will do us no good to blink the fact of the steady tendency toward one-man-power strong-arm governments such as those now existing in Italy, Germany, and elsewhere. Absolutism means despotism. In theory the British Parliament is omnipotent, but it never abdicated to a prime minister or king, and but once to the Protector Cromwell. There is a great gulf and an irreconcilable conflict between absolutism and liberty. We may pay too much for a hoped-for security; and it will prove illusory under any despotism.

Under industrial control we have legislation decreeing, under hundreds of codes and hundreds to be enacted, minimum pay and maximum hours and limitation of production in industry, whether interstate or intrastate, together with the attempt to enact into law a stimulus to collective bargaining, which has already resulted in doubling the membership in the American Federation of Labor.

The old order has been suddenly and violently changed under threat of boycott and by means of Government-paid propaganda. If an administration has the right to employ the taxpayers' money to pay for publicity agents and publicity to tout the administration's policies, where is the line to be drawn? The total expense to the taxpayers of Federal publicity is not known, but it is charged that the Commonwealth of Pennsylvania alone is paying tens of thousands a year inter alia to confirm the loyalty of those who have signed pledges to be "loyal to the policies approved by the people at the 1930 election." Then there is the Federal propaganda in favor of the so-called "child-labor amendment" (advocated by Secretary Perkins and the Chief of the Children's Bureau) and in favor of unemployment insurance (advocated by Secretary Perkins). And, we are told by her, not of a temporary experiment to restore prosperity, but of a new epoch under a planned equilibrium of production and consumption. This is the end of liberty.

"Drastic changes in the methods and forms of government." These are the words of the present Federal administration. Now in Germany the "Nazi doctrine holds that members of a unified nation should all think and act in the same way." That is also the doctrine of Mussolini and Stalin. Shall we imitate them?

Everyone will agree that the changes are revolutionary, and that they have come with incredible swiftness and in kaleidoscopic variety, accompanied by unbridled propaganda. Most of us believe that they are all steps toward the left.

Are they consistent with honor and the Constitution, or are they dictated by opportunism?

WHAT WOULD JOHN MARSHALL THINK?

What would John Marshall think of the ninety and nine years since 1835, and especially of these years of grace, 1933 and 1934? Is there not a duty on our part to appraise the acts and tendencies of government and to aid in forming a sound opinion as to their constitutionality and wisdom, as well as their effect upon our freedom and security?

Judges in California and in the District of Columbia have sustained the constitutionality of certain provisions of N.I.R.A. and N.R.A. on the ground of emergency. When did the emergency begin? In 1929? Four Justices of the Supreme Court, in the Minnesota Mortgage Moratorium case voted that the statute impaired the obligation of contract, and the majority opinion clearly states that emergency cannot create a power (though it may be the occasion for the exercise of a power already existing). So the Supreme Court is unanimously on record against emergency as creating power, and the Federal Government being a government of limited and delegated powers we must find some provision in the Constitution itself to sustain recent legislation. Federal Judge Akerman, of Florida, has twice held N.R.A. unconstitutional as applied to codes fixing prices in intrastate industries—cleaners and dyers, and citrus growers. Judge Lambertson, of our own court of common pleas, has ruled that a code, though approved by the President, cannot overrule the public policy of Pennsylvania. Several States in a scramble to endorse N.I.R.A. and N.R.A. have adopted statutes attempting to make all codes binding as State laws. The court of common pleas no. 3 has refused a charter to the retail code authority of Philadelphia.

The recovery program contemplates an additional deficit of ten billions, making our Federal debt twenty-nine billions, in addition to local debts of nineteen billions, or a total of nearly fifty billions.

Let us briefly point out the obvious dangers:

1. These billions furnish an enormous fund tending to bribe and debauch the political support of those disbursing and receiving them. The cotton vote, the farmer vote, the silver vote, the labor-union vote, the unemployed vote, the minimum-wage vote—all are being paid for, if not bought, and almost all out of the pockets of the taxpayers.

2. The obvious, if not the announced, objective is the redistribution of property (or poverty), largely away from the East and the North.

3. To Pennsylvania there is one poignant fact in the program to peg perpetual prosperity. Pennsylvania and Pennsylvanians are being bled white in the process. Pennsylvania pays $114,000,000 of Federal taxes, an average per person of $11.73 a year, and has received in gratuities under P.W.A. $1 for every $100 paid. Mississippi, the home of the Chairman of the Senate Finance Committee, gets back $11 for every $1 paid, or 1,100 times what Pennsylvania receives. Arkansas, the home of the Democratic leader of the Senate, gets $5.77 for every $1 of taxes paid, or 577 times what Pennsylvania receives. Of each $1 contributed by Pennsylvania to the processing tax under A.A.A. Pennsylvanians receive back 1 cent. For each $1 contributed by Arkansas, Arkansans get back $26.57. For each $1 contributed by Mississippi, Mississippians get back $23.20. Some of the individual checks are as high as $10,000 each. New York, New Jersey, and other States are similarly victimized. Is this the redistribution of property or the redistribution of poverty; the enrichment of a few large agriculturists at the expense of the plain people of Pennsylvania? Does taking out of their pockets and putting it into the pockets of others increase purchasing power? The figures for C.W.A. are not available but would merely show the continuance of the direct relief previously granted.

4. This not only saps the self-reliance of the individual but discourages sound recovery by imposing a crushing burden of taxation, or by threatening repudiation which may bring down the pillars of civilization itself.

5. The program is carried on with such swiftness and confidence and with such plausible and abundant propaganda and threats of reprisal against dissenters as to muzzle comment or criticism. As in the Nazi State, I repeat, we are all expected to think and act as a unit.

6. There is no adequate machinery with which to test the constitutionality of most of the program; and those who attempt to challenge it must risk opprobrium and popular passion.

The foregoing indicates but in bare outline some of the high spots of the present crisis in our constitutional history and national life.

Yet probably 85 percent of our entire citizenry are still employed or in business and still have a vital stake, as indeed we all have, in averting a final catastrophe. If these can be awakened to the real nature and extent of the danger that threatens, the situation may be saved.

The letter and the spirit of the Constitution, as well as natural justice and common honesty, forbid confiscation, and the impoverishment of those who have, to enrich others. Government is among the least successful of human efforts. Government means politicians. Politicians are eager for power. Despite their ill success with government, they seek to control all business. That way danger lies.

Many of you have received a New Year's card saying:

"Liberty is not merely the absence of restraint. It is active and positive, the human spirit realizing its powers, destiny, and duty.

"And therefore, when for a time the freedom of the individual has been laid aside for a common purpose the citizen when mustered out at the conclusion of the draft, must be alert to resume at once his freedom unimpaired."

"Constitutions must be supported by the wisdom and fortitude of man." They must be supported also by our love and enthusiasm and our high resolve to transmit unimpaired and undiminished the heritage of our forefathers.

What in Marshall's view would be the sum of the whole matter? "Independence, the Nation, the Constitution.

"A Nation whose precepts of justice and righteousness are enshrined in a supreme law ordained by the people; these are unique American concepts of wisdom and safety in government.

"A people, withholding ultimate political power, and limiting the functions and power of the temporary servants of the people; and establishing a great court to whose arbitrament any person, however humble, may appeal against the aggressions of his servants: This was of the essence of the faith of the fathers.

"A supreme court of the people, composed of men of preeminent goodness and wisdom, fearless and upright judges, marking out the respective orbits of the Nation and the States, and safeguarding the sanctuaries of human right; a supreme court owing no duty except to their oaths to the people to support the people's law: This is the proud tradition of five generations of American free men.

"A monument of constitutional jurisprudence, a temple of the people's justice, builded by patriot lawgivers, its noble columns buttresses of our rights, embellished by more than two score precedents in restraint of attempted excesses by the people's servants in Congress: This is our greatest national edifice.

"We, the people, of old time did ordain and establish this Constitution; we confided to our Supreme Court the duty of deciding as between one of the people and our servants, whenever he might be injured by a servant's act; this duty has been performed with rare fidelity and wisdom; our liberties are safe in the hands of the great court of the people; and as to our servants in Congress and elsewhere, we intend that they shall be our servants, not our masters." This should be the answer of the people to any attempt to pull down their temple of justice.

It was Washington who said:

"The preservation of the sacred fire of liberty and the destiny of the republican model of government are justly considered, perhaps, as finally staked on the experiment entrusted to the hands of the American people."

As for America, she has chosen the better part. There is now on permanent view in the Library of Congress the original Declaration of Independence and the original Constitution of the United States. On a background of gray marble, in letters of gold, are the words "Declaration of Independence and the Constitution of the United States." Below can be seen these precious scrolls of American independence and American freedom, the whole a new national shrine. And as for the support of the "wisdom and fortitude of man", let there be deep in every mind and heart the steady purpose that these memorable sayings of the fathers shall not become proverbs of ashes.

John Marshall lives today and will live to the end of time as America's embodiment of the inextinguishable will to be free. Let us highly resolve that the "free Constitution which is the work of his hands be sacredly maintained."

Let us recall the words of Horace Binney a century ago:

"Of all the constitutions of government known to man, none are so favorable to the development of judicial virtue as that of America. None else confide to the judges the sacred deposit of the fundamental laws and make them the exalted arbiters between the Constitution and those who have established it. None else give them so lofty a seat, or invite them to dwell so much above the impure air of the world, the tainted atmosphere of party and of passion. None else could have raised for the perpetual example of the country, and for the crown of undying praise, so truly great a judge as John Marshall."

Of Marshall we can say:

"And thus this man died leaving * * *
An example of noble courage * * *
And a memorial of virtue
Unto all his Nation."

REGULATION OF SECURITIES EXCHANGES

Mr. METCALF. Mr. President, I ask unanimous consent to have printed in the RECORD a very interesting article by President Henry D. Sharpe, of the New England Council, relative to the pending bill for the regulation of securities exchanges.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New England News Letter]

PRESIDENT SHARPE WARNS OF EFFECTS OF EXCHANGE BILL ON BUSINESS

That the Fletcher-Rayburn bill for regulating securities exchanges, now pending in Congress, will have the effect of depressing values and jeopardizing the market for New England corporate securities is the conclusion communicated in a letter to members of the New England Council, and to corporation executives and commercial and industrial assocations of New England, by Henry D. Sharke, of Providence, president of the council.

Too little has been said concerning the effect of this bill on business itself, Mr. Sharpe declared, pointing out that the council is not concerned in the details or procedures of reasonable regulation of securities exchanges, but is "seriously concerned at the prospect of the enactment of a law which would place the hand of the Federal Government on the management of practically all business in New England."

Quoting the resolution on the subject passed by the council at its Hartford meeting, President Sharpe wrote:

"To date, most of the discussion of this bill has been dominated by the considerations important to those directly associated with the stock exchanges. There has been too little discussion from the standpoint of New England business enterprises and investors.

"We doubt if business executives in New England yet realize the extent to which this measure requires the furnishing, and makes possible the publication of information about the affairs of business corporations of every sort. We do not believe it is generally appreciated that this measure creates authority to make rules governing trading in unlisted as well as listed securities.

"It is doubtful that those who hold securities of New England enterprises not listed on stock exchanges appreciate the restrictions which the bill allows the Federal Trade Commission to impose on trading in unlisted securities. There are also certain restrictions on the use of unlisted securities for collateral.

"The revised Fletcher-Rayburn bill still contains provisions vesting in agencies of the Government powers of control over business corporations not essential to the declared purposes of such regulation of securities exchanges.

"It may be that the power and the determination exist in Washington to enact this measure without substantial change," Mr. Sharpe said. "If such be the case, that does not make it any the less incumbent upon the business corporations of New England, individually and through their associations, to make known their views to both the administrative and legislative authorities."

REGULATION OF SECURITIES EXCHANGES

Mr. HASTINGS. Mr. President, I ask unanimous consent to have inserted in the RECORD some opinions relative to the pending securities bill collected by the Washington Post.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Apr. 4, 1934]

VIEWS OF BUSINESS LEADERS ON EFFECT OF SECURITIES ACT

(Following are some of the replies received by the Washington Post in answer to telegrams asking the opinion of prominent and responsible individuals on Chairman RAYBURN's statement Monday that it was not the Securities Act but the lack of a market which was preventing the sale of securities.)

Morgan B. Brainard, president Aetna Life Insurance Co., Aetna Casualty & Surety Co., Automobile Insurance Co., and Standard Fire Insurance Co.:

"In reply to your telegram our companies have large sums awaiting investment and we believe that the onerous requirements of the Securities Act prevent opportunities which would ordinarily be presented to us in times where there was a decided increase in business activity such as is now evident."

Henry S. Kingman, treasurer Farmers & Mechanics Savings Bank of Minneapolis, and member of the board of directors of the American Bankers Association:

"In reply to your telegram, in my opinion governmental stimulation of business and general recovery program must be gradually turned over to private enterprise in order to carry through for permanent recovery. Liberalization of the Federal Securities Act, in my opinion, is necessary step to permit private capital to further finance such recovery. Ample funds appear to be awaiting investment and strong market available for sound corporate financing."

Darwin R. James, president East River Savings Bank, New York City:

"Chairman RAYBURN has reversed the facts. Bonds are selling today at yields lower in many instances than have been obtained since 1901, notwithstanding the fact that the country has just emerged from a protracted depression. The reason for this is not increased earnings, but the fact that new issues are not coming

out because of the Securities Act. There is an excellent market for all high-grade bonds. The Securities Act should be amended promptly."

J. T. Sharp, president Mill Owners Mutual Fire Insurance Co. of Iowa:

"In our opinion the Securities Act is a greater factor in preventing issuance and sale of securities than the lack of a market."

George P. Hardgrove, director American Investment Bankers Association:

"I would take issue with Chairman RAYBURN'S statement that it is lack of a market and not the Securities Act that is today preventing the sale of securities. First, let me state that I am decidedly in favor of regulation of the sale of securities, but it should be fair and sane regulation under which there could be a free flow of capital. We have not lacked a market for securities for months past; and were it not for this act, which puts undue burden not only on the directors of borrowing corporations but also on bankers who know how and can distribute investment securities, there would have been many millions of new securities for refunding purposes and otherwise offered to and subscribed by the public all to the advantage of national recovery.

"There are hundreds of corporations that were it not for these burdens could take advantage of this market in securing funds not only to their own advantage but also to the advantage of national recovery. If there is one thing today that is retarding that progress of recovery it is the drastic provisions of that act which is preventing not only the sale of new issues, but also many reorganizations which would be not only to the advantage of the corporations but even in many cases far more advantageous to the small investors throughout the country who are today holding defaulted securities that could be put in better shape.

"The prices at which high grade corporation and municipal bonds are selling today evidence the fact that we have a market right now that would take many new issues of bonds if it were not overregulated in an unworkable manner. What we need now and what would be a greater help than anything else to combat unemployment and along with that to help the small investor is a free flow of capital which the present market would give us without this insane regulation."

Walton L. Crocker, president John Hancock Mutual Life Insurance Co., of Boston:

"Responding to your inquiry as to the effect of the Federal Securities Act as proposed, I will state that, in my opinion, there is an ample market for new or refunding issues of sound securities which will be made manifest as soon as the way is cleared."

Robert M. Hanes, director American Bankers Association.

"I believe it will be impossible to get any responsible board of directors to vote for the issuance of securities under the Securities Act. They cannot afford to take the chance if they are at all responsible."

John R. Longmire, director American Investment Bankers Association:

"Feel definitely that Securities Act is preventing the sale of new securities and refunding of a number of situations that seriously hamper recovery program. Believe that real progress cannot be made unless capital market is permitted to function freely, and legitimate financing is allowed, as there is no other available source of investment capital that is satisfactorily serving. My opinion is the only way out is to modify the Securities Act to open economic channels."

Arthur F. Hall, president Lincoln National Life Insurance Co., Fort Wayne, Ind.:

"Of course, present Securities Act and proposed Fletcher-Rayburn Act are interfering with sale of securities. Under them industries do not dare offer securities. We need an understandable law, not subject to arbitrary rulings of Federal Trade Commission, a law preventing unfair underwriting profits and operations of pool-price manipulators; a law to encourage durable goods industries to borrow and capital to invest. Such legislation, together with death of Wagner labor bill, would result in honest prosperity such as we have never known. Our citizens have billions of frightened money awaiting investment. My own little company has 5 millions in unprofitable bank balances."

J. Augustus Barnard, director, American Investment Bankers Association:

"Having had 40 years' experience in bond business, I distinctly disagree with Chairman RAYBURN. I believe if it were not for fear engendered by the Securities Act, there would be many new issues put out and that there would be an excellent market for high-grade bonds. Insurance companies, banks, estates, and private individuals are constantly asking for recommendations, and I firmly believe that the Securities Act is one of the chief reasons for the stagnation of private-capital markets with consequent obstruction to recovery."

Daniel W. Myers, director, American Investment Bankers Association:

"In practical effect Securities Act amounts to a prohibition of borrowing by industry on long-term credit. While highly deflationary, that kind of a prohibition may not be altogether bad. We can stand it. The only question is whether the country as a whole can stand it."

Charles B. Crouse, director, American Investment Bankers Association:

"Re RAYBURN statement, there is a strong capital market for prime securities. However, directors and officers of corporations will not accept direct liability under present Securities Act in the issuance of new securities by their companies. The increase in bond prices the past 6 months is definite proof of a capital market."

J. M. Scribner, director, American Investment Bankers Association:

"Regardless of alleged statement of Chairman RAYBURN, have knowledge of situations where directors recently refused to permit reorganization and negotiations for long-term financing owing to liability provisions and uncertain interpretation of Securities Act. Volume of corporation financing from January 1, 1933, to July 27, 1933, although small, practically ceased on the latter date and has not been resumed, although market conditions for the past several months have been more receptive than at any time in past 18 months. This fact appears to contradict RAYBURN'S statement beyond further argument. Believe greatest single deterrent to recovery is stoppage of capital markets by reason of Securities Act and uncertainty of future monetary policy."

George Leib, director, American Investment Bankers Association:

"Securities Act of 1933, definitely preventing sale of high-grade corporate securities, as witness fact that municipal bonds are being bought and sold daily by bondholders throughout the country at prices approximating highest prices of a decade. Also, at least two issues of railroad bonds have been successfully sold. Both these classes are exempted securities under the act. The quoted prices for other classes of securities are now sufficiently high so that were it not for the liabilities and cumbersome registration requirements of the Securities Act we would at least have a reasonable flow of capital through corporate financing."

T. Stockton Matthews, director, American Investment Bankers Association:

"Referring to statement, Associated Press, quoting Chairman RAYBURN, of House committee, as saying, 'It is not true that Securities Act is preventing the sale of securities. It is the lack of market', I respectfully desire to differ. The excellent current public demand and firm prices for well-secured issues not subject to provisions of the Securities Act is concrete evidence of their marketability. Our firm, engaged in conservative investment business since 1840, is eager to participate in the underwriting of sound new issues of securities and the distribution thereof among investors, but the unjust liabilities imposed by the Securities Act are such that we are not able to undertake new financing which would so materially contribute to the progress of general business recovery, until there is a reasonable modification of the act in these respects."

J. W. Brislawn, president State Secretaries' Association of the American Bankers Association:

"Local securities houses confining activities almost exclusively to municipals because drastic provisions of the Securities Act of 1933 impose such severe liabilities upon borrower and house of issue that not even strong potential market for good, sound, new issues can overcome fear of innocent violation of some of the penal provisions of the Securities Act."

[From the Washington Post, Apr. 5, 1934]

MORE BUSINESS HEADS TELL VIEWS ON EFFECT OF SECURITIES ACT

(Printed below are additional replies received by the Washington Post in answer to telegrams asking prominent leaders in business, banking, and industry to comment on the statement of Chairman RAYBURN that it is not the Securities Act but lack of a market which is preventing the sale of securities:)

William L. De Bost, president Union Dime Savings Bank, New York City:

"Telegram of April 3 received. Cannot agree with Chairman RAYBURN'S statement. Do not believe there is any lack of an investment market as there is much money awaiting safe investment, but Securities Act has made it so difficult for those wishing to borrow that offerings at this time are not being made.

"Also as chairman of bondholders' committee for bonds of State of Arkansas, after months of work we were able with the cooperation of the Governor and his associates to devise a refunding plan which has been voted by the Legislature of Arkansas and are prepared to recommend to all bondholders that they exchange for these new bonds. After doing this we could not proceed due to the complexity of the National Securities Act. The members of the Arkansas bondholders' committee are volunteers serving without compensation in an effort to protect the interest of holders of bonds of the State of Arkansas. The Securities Act, however, imposes upon us what we consider unreasonable liabilities which we do not feel we should be called upon to assume. I am confident that this act needs considerable revision."

Benjamin Rush, president Insurance Co. of North America, Philadelphia:

"Replying to your telegram of the third in regard to statement of Chairman RAYBURN of House committee that it was untrue that the Securities Act is preventing the sale of securities I beg to state that while I have every confidence in Representative RAYBURN'S sincerity in making this statement I am obliged to differ with his conclusions. In my opinion, the Securities Act has prevented, is preventing, and will continue to prevent the sale of securities until the unjust and impossible burdens laid upon the shoulders of those seeking to market securities are removed. It is true that this condition is aggravated by lack of market but that lack of market in turn is caused by lack of confidence on the part of investors in much of the legislation enacted and proposed to be enacted by the administration.

"The Securities Act tends to prevent the issue and sale of new securities. The proposed bill for the regulation of national se-

curity exchanges as now drawn will greatly curtail and probably in some instances prevent the dealing in securities already existing. Therefore these two acts taken separately or together will tend to reduce employment, to lower wages, and to slow up the process of industrial recovery."

A. P. Everts, director American Investment Bankers' Association, Boston:

"The experience of our organization with investment departments in 17 leading cities makes it very clear that there is an active demand for well-secured obligations of seasoned and successful corporations. The interest in investment securities is evidenced by figures in this morning's New York Times, which show that total sales for this year to date of domestic bonds on the New York Stock Exchange are over 100 percent greater than for the same period last year and at substantially higher prices. While institutions are heavy buyers of Government obligations, we find that private investors have an active interest in corporate securities.

"It is my opinion, that given an opportunity, investors of this country, both private and institutional, would purchase new issues put out by sound corporations."

R. W. Huntington, president Connecticut General Life Insurance Co., Hartford:

"Feel that provision of 1933 Securities Act relating to liability of directors should be materially modified.

"There is no lack of market for securities of well-managed companies, but stringent liability imposed on directors of issuing corporations, accountants, and venders is preventing needed refinancing and new issues."

Homer L. Boyd, president Marine National Co.; director, American Investment Bankers' Association, Seattle, Wash.:

"In my opinion the drastic provisions of the Securities Act have effectively stopped the sale of new security issues in this country.

"I believe sane modification of the act would release flow of capital funds immediately, which would result in material aid to recovery program."

Ernest Sturm, chairman, the Continental Insurance Co., and the Fidelity Phoenix Fire Insurance Co., New York:

"With the improvement that has prevailed during the last 9 months in the fire-insurance business large sums for investment have accumulated. The lack of new offerings due to the drastic provisions of the Securities Act is preventing the safe and steady flow of investment money into industries that are sound and need capital funds to carry on to increase employment and further speed recovery, which all current reports show is now well under way.

"In my opinion, the Securities Act should be immediately amended so as to release investment funds that are now available."

Harry F. Stix, director, American Investment Bankers Association, St. Louis:

"Chairman RAYBURN's remarks anent the Securities Act, as quoted by the Associated Press, are open to serious exception because present very high prices for high-grade utility railroad equipment and industrial bonds clearly indicate that new issues could easily be marketed were it not for the deterrent of the drastic features of the Security Act."

William A. Law, president Penn Mutual Life Insurance Co., Philadelphia:

"In our judgment the bond market is hungry for new offerings of prime quality hallmarked by first-class issuing houses.

"The best evidence of this is the extremely high prices at which old issues of such character are being purchased."

G. S. Nollen, president Bankers Life Insurance Co., Des Moines, Iowa:

"Almost total absence of offerings to us of corporation securities since passage of Securities Act taken by us as substantiating accuracy of repeated assertions that issuers and underwriters consider personal liability hazard involved too great to justify public offerings of such securities.

"Consider proper amendment of act necessary to restore free security market."

Wilmot R. Evans, president Boston Five Cents Savings Bank, Boston:

"The Boston Five Cents Savings Bank is investing funds for over 198,000 depositors. It is getting increasingly difficult to invest in prime securities at a reasonable yield. It is undoubtedly true that the threat of the Securities Act prevents the offering of many desirable securities which we should like to buy.

"My belief is the Securities Act does far more harm than good."

Francis Moulton, director, American Investment Bankers Association, Los Angeles:

"For the last 20 years we have confined our activities entirely to underwriting and distributing municipal bonds that are not included in Securities Act. Under these circumstances do not feel qualified to answer your query covering operation of Securities Act. Believe opinion dealers in general corporation underwriting business would be of more value. Might say we have found municipal market very active for last 90 days and continued distribution at advanced prices. This would indicate ample funds for investment in municipals."

George L. Burnham, treasurer Ætna Fire Insurance Co., Hartford:

"Securities Act has prevented issue of good securities for which would be good market.

"This accounts in a measure for the high prices of old issues which are selling on a scarcity value basis."

George Willard Smith, president New England Mutual Life Insurance Co., Boston:

"We have accumulated funds which we would be glad to invest in high-grade securities.

"We know that some borrowers are having difficulty in extending their maturities owing to the pending Securities Act, and we have been told that the act is preventing the issuance of new bonds for much-needed permanent financing of business.

"The natural flow of insurance money into income-bearing securities has been materially checked, a condition which causes us concern."

Lewis Gawtry, president the Bank for Savings in the city of New York:

"Referring to your telegram April 3, when I read remarks attributed to Chairman RAYBURN of House committee I was much surprised that he was under impression that a market for good securities was lacking, because there can be no question that a large and unsatisfied demand now exists for high-grade investments. That this is so is proved by present low yield on Government, State, and municipal bonds."

Robert A. Barbour, president Berkshire Mutual Fire Insurance Co., Pittsfield, Mass.:

"It is my opinion that the Securities Act does prevent the issuance and marketing of securities. I do not feel that there is any lack of capital for investment in good securities."

Orrin G. Wood, director, American Investment Bankers Association, Boston:

"Regret to disagree with Mr. RAYBURN. My opinion is that civil liability provisions of the Securities Act have been the most important cause of preventing new security issues. Believe further that present form of registration statement is onerous on issuing companies and a confusing method of presenting facts to the investors."

A. D. Baker, president, Michigan Millers Mutual Fire Insurance Co., Lansing, Mich.:

"In reply to your telegram, I believe Chairman RAYBURN has been incorrectly informed. The demand for high-grade securities is in excess of the supply. In my opinion removal of the uncertainties involved in the Securities Act and governmental attitude toward business would render desirable many securities which at present we do not dare purchase.

"Removal of the uncertainties above referred to would also justify many corporations in making definite plans for the future and issuing bonds for carrying out those plans. Money is at present piling up in banks for lack of really high-grade securities.

"The uncertainties above referred to are holding back both business and investments. What business needs now is something stable upon which it will be justified in making plans for the future, and the present situation in my opinion lacks the necessary stability."

C. G. Rives, Jr., director, American Investment Bankers Association, New Orleans:

"In this section, Securities Act is seriously interfering with reorganization of outstanding bond issues. At present, dealers principally handling municipal bonds, but believe public would purchase high-grade corporate and utility investments if offered."

P. M. Fraser, vice president, Connecticut Mutual Life Insurance Co., Hartford:

"The remarks of Mr. RAYBURN may best be answered by referring to the prices at which many corporate issues are selling. Among such issues are many which would probably be retired and refunded at lower interest rates were it not for the liability features of the Securities Act.

"Such refunding operations would be of financial benefit to the corporations involved. That the market is in position to also absorb other corporate financing is evidenced by manner in which municipal obligations are being rapidly absorbed daily. The Pennsylvania Railroad has also been successful in selling some of its treasury holdings, such subject, of course, to approval of I.C.C.

"The liability provisions of the Securities Act appear contrary to the wishes of President Roosevelt to create credit expansion."

J. Stewart Baker, chairman Bank of the Manhattan Co., New York City; director, American Bankers Association:

"In answer to your question regarding Representative RAYBURN's statement that 'It is not true that the Securities Act is preventing the sale of securities; it is the lack of a market', it is my opinion that a market for new securities has not had an opportunity, because of the stringencies of the Securities Act, to appear.

"To me it is very much the same thing as prohibiting by legislation the sale of, let's say, a Ford car, and, with the product off the market, justifying the legislation by saying, 'There is no market for such an automobile.'"

[From the Washington Post of Friday, Apr. 6, 1934]

FORTY-ONE MORE LEADERS JOIN ATTACK ON SECURITIES ACT IN POST SURVEY—UNANIMOUS IN CALLING LAW RECOVERY SNAG—PROTESTS REPRESENT ALL LINES OF TRADE

(Printed below are additional replies received by the Washington Post in answer to telegrams asking prominent leaders in business, banking, and industry to comment on the statement of Chairman RAYBURN that it is not the Securities Act, but lack of a market, which is preventing the sale of securities:)

SAM REYBURN *v.* SAM RAYBURN

Samuel W. Reyburn, president Associated Dry Goods Corporation of New York City:

"Congressman SAM RAYBURN honestly believes Securities Act has not prevented sale of securities, but long experience in business convinces me he is mistaken. If he could find time, believe I could persuade him he is in error in his claim. Reasoning as follows, I believe in governmental regulation and supervision of commercial and investment banks and bankers, security exchanges, and other large dealers in public credit, but am sincerely opposed to Government control or imposing duties and responsibilities of business management on political agencies.

"Securities law of 1933 and stock exchange bill of 1934 go far beyond safe and sound regulation and supervision and have destroyed faith and confidence of many people in the value of corporate securities. For nearly a century capital for large undertakings in economic life has been largely raised through use of credit of private corporations and their management.

"The securities of a corporation are its promises. Its promises are salable at fair prices only when many people have faith and confidence in themselves, in other men, in the corporation, its management, and in the stability and efficiency of a government that gives assurance that life, liberty, and property will be protected, lawful contracts enforced, and justice administered. The prosperity of 1926 and 1927 produced a wild optimism that ran into expansion and expansion in turn ran into inflation, during which time men and women in economic, political, and social activities ceased to use forethought and judgment. They were lured by high hopes for the future and acted on rumors and hunches.

"In this wild mass mood most of the leaders in business and politics and in educational affairs were infected with the contagion. Inflation ran its course and, as always, ended in panic followed by depression, the most distressing in our history. All of us were and most of us still are greatly demoralized. The great pressure from unhappy sufferers on our officeholders and lawmakers for relief has caused that group to become frantic and make all kinds of endeavors to correct our distressing condition. With best intentions, legislation has been enacted, regulations enforced have had the effect of adding to rather than correcting many of our difficulties.

"The Securities Act of 1933 and stock exchange bill of 1934 are examples of this misguided zeal. The first should be repealed and a new constructive law passed; the second should not be passed in its present form. If they stand, both will do serious injury to industry, commerce, and trade, cause harm to both labor and the consumer and impede the President's national recovery program."

David F. Houston, former Secretary of the Treasury and Secretary of Agriculture in the Wilson administration; president Mutual Life Insurance Co., New York:

"There undoubtedly has been for several months and is now a good market for sound, new, or refunding issues of well-managed basic industries. This is evidenced in part by the rapid absorption of prime investment issues such as Federal and municipal bonds. To what extent in the present situation, with its uncertainties, sound businesses would sell new bonds or engage in refunding operations if it were not for the unreasonable liability provisions of the securities act I have no means of ascertaining. My opinion, however, is that the volume of their offerings would be substantial.

"It seems clear, in any event, that directors of such businesses will not assume the unusual risks which they would incur under the present liability provisions of the act and will not vote for new or refunding issues. I believe in regulation of security issues, but I think that those responsible for the act as it stands got more out of our past experience than there was in it, and that prompt modification of the measure would greatly contribute toward economic recovery."

Frank D'Olier, vice president, the Prudential Insurance Co., Newark:

"Replying to your telegram, we do not believe that lack of market is preventing the sale of securities. Based on our own experience we believe that life-insurance companies and other like institutions offer a substantial market for new issues of high-grade securities."

Lammot du Pont, president E. I. du Pont de Nemours & Co., Wilmington:

"Telegram received. If statement refers to new issues, feel confident chairman is mistaken. Know positively of cases where Securities Act has prevented issue of new securities. Lack of market may be contributing cause, but I have no information to so indicate."

Henry D. Sharpe, president Brown & Sharpe Manufacturing Co., machine tools, Providence:

"Replying to your inquiry, Chairman RAYBURN'S statement is ingeniously worded to obscure real happenings. Realities of situation are all against implications of his statement. Fault of Securities Act is discouragement of issue of new securities potentially of enormous volume leading to lack of supply of prime securities in present market. Buying and selling in prime securities now generally confined to selected issues of period before Securities Act resulting in selected issues being priced too high. Securities Act, without reasonable doubt, has actually prevented issuance of healthy new securities because of intrinsic difficulties prescribed and refusal of directors to submit themselves to unreckoned liabilities. Securities Act in present form was monumental blunder."

R. H. Whitehead, president New Haven Clock Co., Hartford:

"The Securities Act has prevented the sale of securities. In many cases financing has been done through banks on short-term basis, which should have been through permanent long-term financing. The market is willing and anxious for good securities at present. The matter has now become a vicious circle. Manufacturing corporations looking ahead fear planning for new financing because of fear of penalties under Securities Act. Bankers fear handling for same reason. Buyers fear to purchase because proper action is hampered under the act. If a dam can be broken, manufacturing corporations will plan ahead, sell securities, buy new machinery and materials, put men to work, thus reversing the circle. Even if Mr. RAYBURN'S statements as to last year were correct, we should be looking ahead in regard to this act rather than estimating its effect on past years' financing."

C. M. Chester, president General Foods Corporation, New York:

"Your wire third. As our corporation is not now, nor likely to be in need of financing, our interest in the securities bill is solely what bearing it has on retarding recovery. It is the unanimous opinion of my friends, whom I consider most competent to judge, that the drastic provisions of the National Securities Act are unquestionably holding back new financing which, if permitted to take place, would have beneficial effects of the greatest importance and would definitely stimulate employment."

C. D. Sturtevant, president Bartlett-Frazier Co., grain dealers, Chicago:

"The uncertainty as to extent to which powers granted under the Securities Act might be used to control general investment in securities has tendency to make capital hesitate about immediate investment in corporate securities. I feel, however, that the present noticeable lack of market for new private securities is rather the result of uncertainty of the general-future attitude of Government toward private industry. Constant repetition by public officials of the theory that the profit motive can be officially ignored in industrial reorganization, public press discussion to the same effect, and the enforcement of short hours and high pay, with consequent increased cost of production, coincident with a cracking down upon consumer prices, is probably the strongest deterrent to new investment of private capital in recapitalization of industry. With present belief that the N.R.A. program is directly dissipating industrial capital, there is naturally small enthusiasm in furnishing additional capital to be handled the same way."

P. W. Litchfield, president Goodyear Tire & Rubber Co., Akron, Ohio:

"I believe both the Securities Act and the pending stock exchange bill are still too severe and go beyond the needs of regulation to a degree calculated to retard recovery. In my opinion the Securities Act is tending to dam necessary new and refunding securities which must be sold if particularly the capital goods industries are to share in the upward swing. I am particularly opposed to those sections of the stock exchange bill which unnecessarily involve corporations and propose to subject them to additional burdensome control merely because their securities are dealt in on the stock exchanges. It should not be necessary for our Government to hamper business with additional regulation because some corporations may have been charged with improper financial transactions. There are ample existing laws. Better enforcement of them would prevent recurrence."

F. C. Rand, chairman International Shoe Co., St. Louis:

"In attempting to fix responsibility under Securities Act, contingent liabilities, uncertain and far-reaching, are established. This uncertainty is not only adding another burden to industry but is retarding the sale of securities of many healthy corporations which are conducted on the highest plane of integrity and service. The drastic provisions of the Securities Act have put an end to the sound principle of distributing stock to employees. Industry is not asking the Government for help, but it is making an earnest plea that Government desist from unnecessary regulations and restrictions which interfere with the orderly processes so essential to permanent success in business."

G. C. Miller, president Dodge Manufacturing Corporation, machinery and elevators, Mishawaka, Ind.:

"If RAYBURN is honestly quoted, he is unaware of actual facts. There is ample money seeking investment. Numerous worthy industries need the capital. Underwriters willing and anxious to underwrite securities. Neither underwriters nor industry's sponsors dare risk the penalties of the Security Act or the spirit of vengeance against industry by Congress. Fear of this spirit is defeating the President's avowed plan for reemployment."

Randolph Catlin, president Gold Dust Corporation, New York:

"Think present form Securities Act undoubtedly hindering flow new capital into industry. Reasonable modification liability provisions should be made promptly."

J. Lichtenstein, president Consolidated Cigar Corporation, New York:

"It is my judgment and experience that the Securities Act is impeding the issuance of all character of securities except, perhaps, those of a highly speculative nature. Legitimate houses of issue and legitimate accountants are unwilling to assume the burdens which the act places on them, because the risks inherent therein are entirely out of line with any possible compensation paid to them or possible profit they may enjoy. I believe this has resulted in many corporations accumulating substantial sums to meet maturing obligations over the period of the next few years because they are convinced they cannot refinance their requirements in the ordinary channels. Such a course nec-

essarily tends to restrict what otherwise might prove expansion programs to the benefit of business generally."

John A. Bush, president Brown Shoe Co., Inc., St. Louis:

"Purchasing power of public enormous as demonstrated by large purchases Government and high-grade bonds. Who would think of issuing securities under the present act? Bring forth good securities, and the public will buy and start the wheels of capital industries."

F. A. Seiberling, president Seiberling Rubber Co., Akron, Ohio:

"The Securities Act is preventing issue of new securities. Sale of existing securities seriously retarded by lack of confidence and fear on part of investors."

Carleton H. Palmer, E. R. Squibb & Sons, drugs and chemicals, New York:

"Answering your telegram today, while this company is not directly interested in marketing securities I personally know that the Securities Act in its present form is a direct barrier to the issuance of new securities by companies needing new capital for proper business purposes, and it is a powerful, if not the most powerful, influence against the flow of available capital. This is especially true when this act is considered in conjunction with the proposed stock exchange bill in its present form."

George M. Brown, president Certain-teed Products Corporation, roofing materials, linoleum, paints, etc., New York:

"Answering your inquiry for any comment from us regarding the position of Chairman RAYBURN, of House committee, will say we entirely disagree with his position. We believe business will improve throughout the world if allowed to proceed in a normal way. We further believe that all this experimenting and tinkering is already being harmful and will become extremely dangerous if continued."

C. F. Burroughs, president F. S. Royster Guano Co., Norfolk, Va.:

"Answering your wire, it is my opinion that the very rigid and minute restrictions in the present Securities Act will restrict the issuance of even the best new securities to a minimum. There is evident a strong and wide-spread demand for choice securities, this being held in check, however, by the general feeling of uncertainty."

L. S. Zacher, president the Travelers Life Insurance Co., Hartford:

"Conditions under which financing must be undertaken for emergencies, developments, and new enterprises which are all helpful to business recovery are made difficult by the restrictions and liabilities on directors, shareholders, and employees of borrowing corporations imposed by the Securities Act of 1933, in consequence of which there are few new issues of securities being listed on leading exchanges or enjoying a free market in which financial institutions have been accustomed to invest and for which funds have accumulated and are now awaiting employment in substantial amounts."

John S. Sensenbrenner, vice president Kimberly Clark Corporation, paper and pulp, Chicago:

"In my opinion, the great expense involved and the unlimited liability imposed on every person connected with the issue of securities is chief cause preventing sale of new securities."

Edgar M. Queeny, president Monsanto Chemical Co., St. Louis:

"The theory of the Securities Act meets with almost universal approval, but some of its terms, particularly those which impose unreasonable liabilities upon officers and directors for actions they may take on behalf of and in the interest of thousands of investors, are unjust. Only in the direst need will a man of responsibility submit to such a continuing liability and to the possibility of defending many unjustified nuisance lawsuits. A modification of the act, which would bring it into parallel with the British, which has satisfactorily stood the test of time, would, with a returning confidence in the stability of our currency, greatly increase the volume of securities available and stimulate employment in the lagging, heavy industries."

E. M. Allen, president the Mathieson Alkali Works, New York:

"Any statement that the Securities Act is not preventing the sale of securities, with the attendant loss of millions for construction and the keeping of thousands of men out of work is so far from the actual facts that a statement contradicting such misleading views hardly seems necessary. The Mathieson Alkali Works undoubtedly is consulted by many people contemplating putting out stock, due to the fact that we went through the filing of a certificate of registration when we put out over six million of stock."

P. D. Block, president Inland Steel Co., Chicago:

"Replying your telegram, difficult to make categorical assertion, but if Chairman RAYBURN is correctly quoted he is apparently mistaken about the lack of a market, since quotations for high-grade bonds demonstrate excellent market demand and large New York State issue just sold at very low yield, all indicating substantial capital seeking investment. Registration and other features of Securities Act undoubtedly deterring much necessary financing and to that extent impeding economic recovery and throwing extra burden on Federal Government."

Richard R. Deupree, president Procter & Gamble, soap manufacturers, Cincinnati:

"In my opinion, the penalties and liabilities imposed by the Securities Act not only prevent but practically prohibit the issue and sale of new securities. We are in sympathy with properly regulated procedure but believe act as it stands detrimental to public interest."

Ralph E. Flanders, vice president and director, Jones & Lamson Machine Co., Springfield, Vt.:

"Chairman RAYBURN of the House committee is quoted as saying that the poor demand for securities is not due to the Securities Act, but to the lack of a market. This is a meaningless statement. There are considerable funds available for investment which are not attracted by private enterprise under present conditions and so drift into the support of Government financing as the least of the many available evils. We are thus being edged further and further into doubtful governmental enterprise at a time when private enterprise should be rapidly increasing. The conditions which discourage the market for private investment are primarily due to governmental policies which are well meant but destructive in some elements. Both the Securities Act and the Stock Exchange Act carry proper provisions for correcting abuses but they also carry unnecessary extreme and harmful provisions which discourage the flow of private funds into private enterprise. Much improvement has taken place recently in governmental policy but more needs to be done. The Government must actively foster private enterprise while guarding the investor. Only so can that volume of safe private employment be built up which will put the maximum of pay roll dollars into the hands of the workers of the country."

B. B. Gossett, president Chadwick Hoskins Co., cotton-goods manufacturers, Charlotte, N.C.:

"Replying it is my opinion that liberal investment of private capital is one of the prerequisites to the restoration of business, and I strongly feel that one of the greatest obstacles now in the path of recovery is lack of confidence and fear due to Securities Act. Therefore, unless prompt and definite action is speedily taken to remove causes for this lack of confidence, inevitable effect will be to prolong the depression."

Frank Munson, president Munson Steamship Co., New York:

"Your wire fourth. I have heard of present Securities Act preventing number of issues of new securities and materially interfering with or delaying reorganization plans."

Hal Y. Lemon, vice president National Bank of Detroit; director American Bankers' Association:

"In reply your telegram asking my opinion whether Securities Act is preventing sale of new securities, believe that it is certainly one of many factors which are retarding same. Would hesitate to guess its magnitude among these factors, but believe that it is important. Best indication of this is large number of high-coupon bonds of first-rate corporations selling at substantial premiums over call price. Only Securities Act, seems to me, to explain failure to refund these at lower coupon. If act is thus influencing refunding it must have corresponding effect on new financing."

J. B. Levison, president Firemen's Fund Insurance Co., San Francisco:

"It is my firm conviction that while the proposed Securities Act does not actually prevent the sale of securities, the information required under its terms, much of which is in my judgment irrelevant and without value to a prospective investor, to say nothing of the time and expense required, will deter corporations from entering the open market for their requirements. I believe the provisions of the act are altogether too burdensome in its present form and that drastic changes are vital to the success of future corporate financing. I cannot agree with the statement that the present difficulty is lack of market, as there appears to be an active demand for high-grade corporation bonds provided terms are attractive to borrowers."

Albert H. Morrill, president Kroger Grocery & Baking Co., Cincinnati:

"Have no personal experience on which to base accurate opinion as to the effect of the Securities Act preventing sale of securities. Kroger Grocery & Baking Co. does not need additional capital, but if it does its necessities would have to be pressing for me as president to take the responsibility of issuing statements on which a sale might be based, for I would hesitate to undertake the indefinite liability which might be involved."

B. C. Heacock, president Caterpillar Tractor Co., Peoria, Ill.:

"Chairman RAYBURN's statement probably possesses the doubtful virtue of being only part of the truth. Question is, What will be the effect of our legislation when sound enterprise again needs credit? During periods of business curtailment adequately financed concerns accumulate surplus cash, and as business expands disburse this cash and use credit. Present and contemplated legislation surely will retard business in seeking credit; therefore delay business recovery and in many instances delay action until the business is in desperation, with nothing more to risk, seeks credit and finds it no longer available to it, and if available, only through less sound securities than if same securities had been issued sooner. Believe it largely true that recently little except doubtful liquor and mining issues have appeared, possibly because businesses of sound standing have not needed credit and possibly because sound enterprise could ill afford to risk legislative penalties until law or practices have clarified obligations of issuers of securities."

Silas H. Strawn, past president United States Chamber of Commerce, New York:

"I believe there is abundant market for securities if the Securities Act did not prevent their issue and distribution. Confidence can only be restored by modification of this law."

Benjamin F. Affleck, president Universal Atlas Cement Co., Chicago:

"Replying telegram do not feel competent to express original opinion on Securities Act, but I accept judgment of experts in whom I have confidence and whose opinion it is the Security Act is making it extremely difficult for capital-goods industries and others to sell bonds and stocks and therefore raise money to carry on."

Bernard F. Gimbel, president Gimbel Bros., department store, New York:

"Replying to your telegram which has just reached me: My business does not enable me to be a judge of the volume of business in the sale of securities. The serious aspect of existing and proposed legislation concerning both the issue and sale of securities on exchanges seems to me to be as follows: In accordance with the habits of our people and the evolution of American business half our National wealth is represented by securities. The stock exchange is a complex mechanism constituting a great auction mart. On the whole I think it enjoys the confidence of the American investing public. Many ills seem attributed to it which have their cause elsewhere. In my personal relations with members of the New York Stock Exchange I have found their dealings efficient, honorable, and satisfactory. Frankly, I am fearful of the effect of any attempt by law to readjust the machinery of the exchange. Of course from a selfish standpoint any serious interference with the freedom of this great securities market will have a disastrous effect on the economic life of New York City and I believe will impair the value of the savings of the people as represented by securities which profit by the existence of a free, open, and honorably conducted market."

George W. White, president National Metropolitan Bank, Washington:

"Reference to your letter of this date. It would be interesting to know just how many corporations have applied for and/or received registration of proposed new investment securities. There is at least a rather widespread feeling that the drastic penalties imposed by the securities act upon officers and directors of corporations so applying have operated as a deterrent. The investing public should, of course, be protected from wildcat and speculative securities and operations. If perfectly responsible concerns are unwilling to put out new issues under the proposed regulations, the general business of the country will undoubtedly suffer, or else the proposed regulations should be so amended as to encourage new business and the use of credit."

J. S. Crutchfield, president American Fruit Growers, Inc., Pittsburgh:

"There is no lack of market for good new securities, but existing restrictive laws and fear of further similar legislation are interfering with normal volume of offerings. Congress should seize present unprecedented opportunity not only to eliminate manipulator, gambler, and crook but also to promote and insure maximum national prosperity for years to come by affording legitimate financing and business every reasonable facility and encouragement rather than hampering and restricting same. A free, open security market protected against manipulation would then reflect true status of Nation's business and finance and afford a dependable guide to investors and the public."

Justin Peters, president Pennsylvania Lumbermen's Mutual Fire Insurance Co., Philadelphia:

"Replying to your telegram of today, there is no doubt that Securities Act is very much retarding business recovery and is a grave mistake in its present shape."

F. B. Wells, vice president F. H. Peavey & Co., grain merchants, Minneapolis:

"Your telegram of even date has been referred to me in the absence of Mr. Heffelfinger. The nature of our business is such that we do not feel qualified to express an opinion upon the effect of the Securities Act. We have a distinct impression that the financing of new issues and the refinancing of maturing obligations is being seriously retarded by the proposed legislation."

Virgil Jordan, president National Industrial Conference Board, New York:

"The simplest way to test the correctness of Mr. RAYBURN's interpretation of the situation in the private-capital market is to moderate the primitive provisions of the Securities Act for a year and see what happens. In my opinion, the Securities Act as it stands will force Government financing of industry and cause enormous loss both to holders of outstanding securities and purchasers of new issues, because the act makes it improbable that executives of responsible corporations and security marketing concerns with substantial resources will assume the unlimited liabilities involved in new issues even of a sound character necessary for essential needs of industrial expansion, while new flotations of dubious and highly speculative securities by irresponsible persons are not only possible but definitely favored by the act. The record of security flotations under the act suggests clearly that the market will absorb all the securities offered, even bad ones, which are preferred under that act. Why not let investors have some good ones, too?"

O. J. Arnold, president Northwestern National Life Insurance Co., Minneapolis:

"Replying your wire: While I do not believe Securities Act is sole contributing factor to lack of new securities issues, there appears, nevertheless, to be evidence new issues of merit for which ready market exists have been withheld or have been offered with attractive features as exchanges for outstanding maturing issues in preference to cash sale because of provisions of act. This company is actively seeking appropriate investments for accumulating funds at reasonable yields, but finds field for investments extremely limited with really good securities selling at very high prices, probably due to lack of new emissions. While favoring reasonable measures governing securities offered for public sale, I feel it likely unfavorable effect of any too stringent provisions in Securities Act will be in more pronounced evidence from now on than at any time since its passage."

EXHIBIT SPEAKS LOUDER THAN WORDS

Charles R. Hook, president the American Rolling Mill Co., Middletown, Ohio:

"My opinion is diametrically opposed to that of Chairman RAYBURN of the House committee. Industry generally is opposed to the 1933 securities bill in its present form and also to the securities exchange bill now pending, not because they are opposed to the proper regulations covering securities issues and the stock exchanges, but because these acts place unnecessary and unfair regulations upon industry and prevent the issue or underwriting of securities which would find a ready market at the present time were it not for the fear of unscrupulous persons looking for technical openings to bring suits against bankers and industrialists.

"I am in possession of facts with respect to a sound industrial corporation which is anxious and desirous of making expenditures for capital goods to the extent of over $1,000,000. Like most all corporations in the durable-goods field, its working capital has been depleted by the depression and it would not be good business to use these funds for capital expenditures. The directors, because of the conditions imposed by the Securities Act and the personal liability that would hang over their heads, are unwilling to attempt a sale of the corporation's securities. This is a specific illustration of men in a durable-goods industry being denied employment because of restraint on the flow of new capital into private enterprise.

"I am sending herewith a copy of the employment record of the four major plants of our own company. You will note that in plant A the number of men on the pay roll in April 1934 over April 1933 was increased by 76.6 percent. At plant B the increase was 87 percent, at plant M 66.7 percent, and at plant Z only 2.1 percent. In plants A, B, and M a major proportion of the production goes into industries manufacturing semidurable products, while in plant Z the character of the equipment is such that the entire production of that plant is for the capital-goods industry only. It seems to me that this exhibit made up from the actual figures of our own company speak louder than any words that I might utter with respect to what has happened to the durable-goods industries and the need for sane consideration of industry's plight as a result of the oppression of the restrictive measures now in existence and proposed. Nine tenths of our unemployment is in capital-goods industries."

The American Rolling Mill Co., record of employment Apr. 1, 1933, to Apr. 1, 1934

	April 1933	May 1933	June 1933	July 1933	August 1933	September 1933	October 1933	November 1933	December 1933	January 1934	February 1934	March 1934	April 1934	Percent increase, Apr. 19, 1934, over Apr. 19, 1933
Ashland	1,666	1,704	1,972	2,462	3,015	3,148	3,132	2,934	2,467	2,466	2,558	2,764	2,942	76.6
Butler	1,155	1,168	1,322	1,604	2,236	2,378	2,504	2,465	2,293	2,251	2,168	2,161	2,152	87.0
Middletown	2,106	2,145	2,304	2,664	3,259	2,537	3,661	3,706	3,492	3,382	3,225	3,427	3,489	65.7
Zanesville	747	749	751	755	760	765	825	826	784	778	748	754	763	2.1

TAX ON BUTTER SUBSTITUTES—OPINION OF SUPREME COURT

Mr. BANKHEAD. Mr. President, on April 2, 1934, the Supreme Court delivered an opinion on the validity of a statute of the State of Washington which levies an excise tax of 15 cents per pound on all butter substitutes sold within the State. The tax was attacked on the ground that it was excessive and destructive of the business of appellant.

The Court held that a tax within the lawful power of a State may not be judicially stricken down under the due process clause simply because its enforcement may or will result in restricting or even destroying particular occupations or businesses. This decision, it seems to me, completely disposes of the arguments that have been made to the effect that the tax in the cotton bill, recently passed by the Senate, is unconstitutional. I ask unanimous consent to have the decision printed in the RECORD.

There being no objection, the opinion of the Supreme Court was ordered to be printed in the RECORD as follows:

SUPREME COURT OF THE UNITED STATES

No. 589.—October term, 1933

A. MAGNANO CO., APPELLANT, AGAINST G. W. HAMILTON, AS ATTORNEY GENERAL OF THE STATE OF WASHINGTON, ET AL., ETC. APPEAL FROM THE DISTRICT COURT OF THE UNITED STATES FOR THE WESTERN DISTRICT OF WASHINGTON

(Apr. 2, 1934)

Mr. Justice Sutherland delivered the opinion of the Court.

Appellant assails as invalid a statute of the State of Washington which levies an excise tax of 15 cents per pound on all butter substitutes sold within the State. Every distributor of such butter substitutes is required to file a duly acknowledged certificate with the director of agriculture, containing the name under which the distributor is transacting business within the State and other specified information. Sale of any butter substitute is forbidden until such certificate is furnished. The distributor must render to the director of agriculture on the 15th day of each month a sworn statement of the number of pounds of butter substitutes sold during the preceding calendar month. Section 10 of the act provides that the tax shall not be imposed on butter substitutes when sold for exportation to any other State, Territory, or nation; and any payment or the doing of any act which would constitute an unlawful burden upon the sale or distribution of butter substitutes in violation of the Constitution or laws of the United States is by section 13 excluded from the operation of the act. Violation of any provision of the act is denounced as a gross misdemeanor.

Appellant is a Washington corporation, and has for many years been engaged in importing and selling "Nucoa", a form of oleomargarine. Prior to the passage of the act it had derived a large annual net profit from sales made within the State. Since then, claiming the tax to be prohibitive, it has made no intrastate sales and no effort to do so. "Nucoa" is a nutritious and pure article of food, with a well-established place in the dietary.

Suit was brought to enjoin the enforcement of the act on the ground that it violates the Federal Constitution in the following particulars: (1) That the imposition of the tax has the effect of depriving complainant of its property without due process of law and of denying to it the equal protection of the laws in violation of the fourteenth amendment; (2) that the tax is not levied for a public purpose, but for the sole purpose of burdening or prohibiting the manufacture, importation, and sale of oleomargarine in aid of the dairy industry; (3) that the act imposes an unjust and discriminatory burden upon interstate commerce; and (4) that it interferes with the power of Congress to levy and collect taxes, imposts, and excises in violation of article I, section 8.

The case came before a statutory court of three judges, under section 266 of the Judicial Code, as amended, Twenty-eighth United States Code, section 380, first upon an application for an interlocutory injunction, which was denied, 2 Federal Supplement, page 414, and subsequently for final hearing, at the conclusion of which that court made written findings of fact and conclusions of law, as required by equity rule 70½, and entered a final decree dismissing the bill. Second Federal Supplement, page 417.

First. We put aside at once all of the foregoing contentions, except the one relating to due process of law, as being plainly without merit. 1. In respect of the equal-protection clause it is obvious that the differences between butter and oleomargarine are sufficient to justify their separate classification for purposes of taxation. 2. That the tax is for a public purpose is equally clear, since that requirement has regard to the use which is to be made of the revenue derived from the tax, and not to any ulterior motive or purpose which may have influenced the legislature in passing the act. And a tax designed to be expended for a public purpose does not cease to be one levied for that purpose because it has the effect of imposing a burden upon one class of business enterprises in such a way as to benefit another class. 3. The act, considered as a whole, clearly negatives the idea that a burden is imposed upon interstate commerce as the court below held. The tax is confined to sales within the State, and (secs. 10 and 13, supra) has no application to sales of oleomargarine to be either imported or exported in interstate commerce. 4. The contention that the act interferes with the taxing power of the United States seems to be based upon the supposition that the State tax is so great that it will put an end to the sale of oleomargarine within the State of Washington and thereby destroy a potential subject of Federal taxation. Assuming such a consequence and putting other questions aside, the effect of it upon appellant would be so remote, speculative, and indirect as to afford appellant no basis for invoking the powers of a court of equity. Compare *Massachusetts* v. *Mellon* (262 U.S. 447, 487); *Florida* v. *Mellon* (273 U.S. 12, 17–18).

Second. Except in rare and special instances,[1] the due process of law clause contained in the fifth amendment is not a limitation upon the taxing power conferred upon Congress by the Constitution. *Brushaber* v. *Union Pac. R.R.* (240 U.S. 1, 24). And no reason exists for applying a different rule against a State in the case of the fourteenth amendment. *French* v. *Barber Asphalt Paving Co.* (181 U.S. 324, 329); *Heiner* v. *Donnan* (285 U.S. 312, 326). That clause is applicable to a taxing statute such as the one here assailed only if the act be so arbitrary as to compel the conclusion that it does not involve an exertion of the taxing power, but constitutes, in substance and effect, the direct exertion of a different and forbidden power, as, for example, the confiscation of property. Compare *M'Culloch* v. *Maryland* (4 Wheat. 316, 423); *Child Labor Tax Case* (259 U.S. 20, 37, et seq.); *McCray* v. *United States*, (195 U.S. 27, 60); *Brushaber* v. *Union Pac. R.R.*, supra, 24–25); *Henderson Bridge Co.* v. *Henderson City* (173 U.S. 592, 614–615); *Nichols* v. *Coolidge* (274 U.S. 531, 542). Collateral purposes or motives of a legislature in levying a tax of a kind within the reach of its lawful power are matters beyond the scope of judicial inquiry. *McCray* v. *United States*, supra, 56–59). Nor may a tax within the lawful power of a State be judicially stricken down under the due process clause simply because its enforcement may or will result in restricting or even destroying particular occupations or businesses; *Loan Association* v. *Topeka* (20 Wall. 655, 663–664); *McCray* v. *United States*, supra, 56–58), and authorities cited; *Alaska Fish Co.* v. *Smith* (255 U.S. 44, 48–49); *Child Labor Tax Case*, supra, 38, 40–43), unless, indeed, as already indicated, its necessary interpretation and effect be such as plainly to demonstrate that the form of taxation was adopted as a mere disguise, under which there was exercised, in reality, another and different power denied by the Federal Constitution to the State. The present case does not furnish such a demonstration.

The point may be conceded that the tax is so excessive that it may or will result in destroying the intrastate business of appellant; but that is precisely the point which was made in the attack upon the validity of the 10-percent tax imposed upon the notes of State banks involved in *Veazie Bank* v. *Fenno* (8 Wall. 533, 548). This Court there disposed of it by saying that the courts are without authority to prescribe limitations upon the exercise of the acknowledged powers of the legislative departments. "The power to tax may be exercised oppressively upon persons, but the responsibility of the legislature is not to the courts, but to the people by whom its members are elected." Again, in the *McCray case*, supra, answering a like contention, this Court said (p. 59) that the argument rested upon the proposition "that, although the tax be within the power, as enforcing it will destroy or restrict the manufacture of artificially colored oleomargarine, therefore the power to levy the tax did not obtain. This, however, is but to say that the question of power depends, not upon the authority conferred by the Constitution, but upon what may be the consequence arising from the exercise of the lawful authority." And it was held that if a tax be within the lawful power of the legislature, the exertion of the power may not be restrained because of the results to arise from its exercise.

In *Alaska Fish Co.* v. *Smith*, (supra, 48–49), a statute of Alaska levying a heavy license tax upon persons manufacturing fish oil, etc., was upheld as constitutional against the contention that it would prohibit and confiscate plaintiff's business. "Even if the tax," the court said, "should destroy a business it would not be made invalid or require compensation upon that ground alone. Those who enter upon a business take that risk. * * * The acts must be judged by their contents not by the allegations as to their purpose in the complaint. We know of no objection to exacting a discouraging rate as the alternative to giving up a business, when the legislature has the full power of taxation."

In the *Child Labor Tax Case*, supra, this court, in holding unconstitutional the provisions of the Revenue Act of February 24, 1919, imposing a tax upon the employment of child labor, fully recognized the foregoing limitations upon the judicial authority; but declared that the act constituted an attempt to regulate a matter exclusively within the control of the State, and that although the exaction was called a tax it was, in fact, not a tax but a penalty exacted for the violation of the regulation. "Taxes are occasionally imposed", it was said (p. 38), "In the discretion of the legislature on proper subjects with the primary motive of obtaining revenue from them and with the incidental motive of discouraging them by making their continuance onerous. They do not lose their character as taxes because of the incidental motive. But there comes a time in the extension of the penalizing features of the so-called 'tax' when it loses its character as such and becomes a mere penalty with the characteristics of regulation and punishment. Such is the case in the law before us."

The statute here under review is in form plainly a taxing act, with nothing in its terms to suggest that it was intended to be anything else. It must be construed, and the intent and meaning of the legislature ascertained, from the language of the act, and the words used therein are to be given their ordinary meaning unless the context shows that they are differently used (*Child Labor Tax case*, supra, 36). If the tax imposed had been 5 cents instead of 15 cents per pound, no one, probably, would have thought of challenging its constitutionality or of suggesting that under the guise of imposing a tax another and different power had in fact been exercised. If a contrary conclusion were reached in the present case, it could rest upon nothing more than the single premise that the amount of the tax is so excessive that it will bring about the destruction of appellant's business, a premise which, standing alone, this court heretofore has uniformly rejected as furnishing no juridical ground for striking down a taxing act. As we have already seen, it was definitely rejected in the Veazie Bank case, where it was urged that the tax was "so excessive as to indicate a purpose on the part of Congress to destroy the franchise of the bank"; in the McCray case, where it was said that the discretion of Congress could not be controlled or limited by the Courts because the latter might deem the incidence of the tax oppressive or even destructive; in the Alaska Fish case, from which we have just quoted; and in the Child Labor Tax case, where it was held that the intent of Congress must be derived

[1] See *Brushaber* v. *Union Pacific R.R.* (240 U.S. 1, 24–25); *Nichols* v. *Coolidge* (274 U.S. 531, 542–543); *Heiner* v. *Donnan* (285 U.S. 312, 325–328). Compare *Schlesinger* v. *Wisconsin* (270 U.S. 230, 239–240).

from the lanugage of the act and that a prohibition instead of a tax was intended might not be inferred solely from its heavy burden.

From the beginning of our Government the courts have sustained taxes, although imposed with the collateral intent of effecting ulterior ends which, considered apart, were beyond the constitutional power of the lawmakers to realize by legislation directly addressed to their accomplishments. Those decisions, as the foregoing discussion discloses, rule the present case.

Decree affirmed.

TAX ON OILS AND FATS AND JAPANESE TRADE WITH PHILIPPINES

Mr. DICKINSON. Mr. President, I ask unanimous consent to insert in the RECORD without reading a joint statement made by the National Grange, the American Farm Bureau Federation, the American Fisheries, the National Dairy Union, the Texas and Oklahoma Cottonseed Crushers' Association, the National Cooperative Milk Producers' Association, and the Association of Domestic Producers of Inedible Fats, and also a short statement from the Associated Press concerning sales of Japanese goods in the Philippine Islands and Philippine trade to be printed in the RECORD.

There being no objection, the joint statement and the Associated Press article were ordered to be printed in the RECORD, as follows:

WASHINGTON, D. C., *April 7, 1934.*

MY DEAR SENATOR: The domestic groups which produce animal, vegetable, and marine fats and oils, signing this letter support without qualification, and without exemptions, excise taxes on the commodities named in paragraph (A) section 602 of the pending revenue bill, known usually as the Connally amendment.

Three major plans to secure exemption from these taxes are now being discussed, all of which plans we oppose:

1. To exempt certain amounts of coconut oil from the Philippine Islands, with an exemption of flóor stocks included. The Philippine product has an advantage in our markets of 2 cents per pound over coconut oil imported from other regions owing to the rate of duty not operating on the insular product. If the floor stocks should be exempted together with exemption of Philippine coconut oil practically all benefits would be denied the domestic producers.

2. To exempt all oils and fats which go into inedible products like soap. The American producers of oils and fats will never surrender either the edible or inedible uses to which these products can be put. No one urges a manufacturer to confine himself wholly to making and selling an edible product when as a natural output of his enterprise he has an inedible commodity to offer.

3. To exempt all oils and fats which are "denatured"—made unfit for edible uses. This exemption, if adopted, would be equivalent to forcing the domestic producers out of the edible uses to which their products could be applied.

If the Federal Government is to secure considerable revenue from these taxes; if the price level is to be raised so as to benefit both domestic and imported products; and if additional employment is to be given to American citizens, all exemptions and amendments like those above described must be defeated.

Very respectfully,

TEXAS AND OKLAHOMA COTTONSEED CRUSHERS ASSOCIATION,
A. L. WARD.
NATIONAL COOPERATIVE MILK PRODUCERS' ASSOCIATION,
CHARLES W. HOLMAN, *Secretary.*
ASSOCIATION OF DOMESTIC PRODUCERS OF INEDIBLE FATS,
A. L. BUXTON.
THE NATIONAL GRANGE,
FRED BRENCKMAN.
THE AMERICAN FARM BUREAU FEDERATION,
CHESTER H. GRAY.
AMERICAN FISHERIES,
THOMAS H. HAYES.
NATIONAL DAIRY UNION,
A. M. LOOMIS.

JAPAN GAINING FILIPINO TRADE AS UNITED STATES LOSES—NIPPONESE SALES UP 50 PERCENT, AMERICAN DOWN 12 PERCENT IN YEAR, SURVEY INDICATES—GREAT SHIFT IN TEXTILES—COTTON PRODUCTS' MARKET PASSING TO NEW CONTROL

(By the Associated Press)

MANILA, P.I., February 17.—Sales of Japanese goods in the Philippines increased about 50 percent last year as compared with 1933, while American sales declined 12 percent, preliminary estimates by E. D. Hester, American trade commissioner, reveal.

The principal Japanese gain was in the sale of cotton textiles, and the view that this market is definitely lost to the United States unless a new tariff is imposed was expressed by officials. In 7 months of 1933 Japan's share of the textile trade, normally amounting to only $10,000,000 a year, increased from 8 to 56 percent.

Because of the free-trade relations between the United States and the Philippines, Japan's total trade with the islands remained only a little more than a tenth of that of the United States, however.

TOTAL TRADE INCREASES

The total Philippine trade for 1933 was approximately $176,000,000, slightly larger than the year before. Shipments to the United States amounted to $90,500,000 as compared with $83,000,000 the year before, but imports were only $43,500,000 as compared with $51,500,000. Total trade with Japan was $12,000,000, imports increasing from $6,150,000 to $9,000,000 and exports from $250,500 to $3,000,000.

The Philippines' favorable trade balance for the year was approximately $30,000,000, the third largest on record and nearly twice the $16,000,000 of 1932. The United States duty-free market was the economic savior of the islands again, as the favorable balance with the United States alone was $45,000,000.

SUGAR LEADING EXPORT

Sugar accounted for about 70 percent of the value of Philippine exports, as compared with 63 percent the year before, all going to the United States. The American share of the textile market was 85 percent last May and Japan's only 8 percent, but in November Japanese sales of cotton goods had grown to 56 percent and the American had shrunk to 32 percent.

The end of the Chinese boycott of Japan in May was believed to be the chief reason, but higher American costs under the N.R.A. formed another factor. The boycott was effective in the Philippines because retail trade is largely in the hands of Chinese merchants.

The insular legislature rejected proposals for an increase in the tariff on textiles in 1932.

CALL OF THE ROLL

Mr. LEWIS. I note the absence of a quorum and ask for a roll call.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	King	Robinson, Ark.
Ashurst	Davis	La Follette	Robinson, Ind.
Austin	Dickinson	Lewis	Russell
Bachman	Dill	Logan	Schall
Bailey	Duffy	Lonergan	Sheppard
Bankhead	Erickson	Long	Shipstead
Barbour	Fess	McAdoo	Smith
Barkley	Fletcher	McCarran	Steiwer
Black	Frazier	McGill	Stephens
Borah	George	McKellar	Thomas, Okla.
Brown	Gibson	McNary	Thomas, Utah
Bulkley	Glass	Metcalf	Thompson
Bulow	Goldsborough	Murphy	Townsend
Byrd	Gore	Neely	Tydings
Byrnes	Hale	Norris	Vandenberg
Capper	Harrison	Nye	Van Nuys
Caraway	Hastings	O'Mahoney	Wagner
Carey	Hatch	Overton	Walcott
Clark	Hayden	Patterson	Walsh
Connally	Hebert	Pittman	White
Coolidge	Johnson	Pope	
Copeland	Kean	Reed	
Costigan	Keyes	Reynolds	

Mr. LEWIS. I desire to announce the absence at his home of the Senator from Florida [Mr. TRAMMELL], occasioned by public necessity.

I also announce the absence of the Senator from Montana [Mr. WHEELER], occasioned by illness, and the absence of my colleague the junior Senator from Illinois [Mr. DIETERICH], who has been called to his home by important litigation.

I desire further to announce that the Senator from Washington [Mr. BONE] is necessarily detained from the Senate.

Mr. HEBERT. I wish to announce that the Senator from West Virginia [Mr. HATFIELD] is necessarily absent.

The PRESIDING OFFICER (Mr. ROBINSON of Arkansas in the chair). Eighty-nine Senators have answered to their names. A quorum is present.

INTERNAL-REVENUE TAXATION

The Senate resumed the consideration of the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes.

Mr. HARRISON. Mr. President, the Senator from Oklahoma [Mr. GORE] had the floor when the Senate recessed last Friday. I do not mean to take the Senator off the floor, but I am wondering if we may now reach some understanding either as to a limitation of debate on the pending amendment or as to a vote on the amendment at a certain time?

Mr. BORAH. Mr. President, if the Senator will pardon me, I could not hear the first portion of his remarks.

Mr. HARRISON. I was suggesting whether, following the speech of the Senator from Oklahoma, who desisted on Fri-

day because of my request, we might get a unanimous-consent agreement that debate on the pending amendment be limited.

Mr. BORAH. Mr. President, does the Senator from Tennessee intend to leave the amendment in the same form in which it was proposed on Friday last?

Mr. McKELLAR. Yes.

Mr. BORAH. Mr. President, if the amendment remains in that form and proposes to cut out all allowances for depletion, there will be considerable discussion of it.

Mr. McKELLAR. Oh, no; it cuts out all special allowances for the oil companies, but it gives them the same rights that all other companies have for depreciation or depletion. If the Senator will look at the first section, at the top of page 81, he will see that paragraph (1) is left unchanged. The amendment does not take the oil companies out of that paragraph.

Mr. BORAH. Will the Senator from Mississippi permit the request to go over until the Senator from Oklahoma shall have concluded?

Mr. HARRISON. Very well. I merely express the desire that we might at least close this bill and get through with it by tomorrow. Of course, if we take up all day on this amendment, there will be no chance in the world to do it.

Mr. McKELLAR. I want to say to the Senator that I shall be glad to expedite the passage of the bill in every way in the world, and shall take very little time.

The PRESIDING OFFICER. The Senator from Oklahoma [Mr. GORE] is entitled to the floor.

Mr. GORE. Mr. President, I am sorry to take so much time of the Senate in discussing so tedious and so tiresome a topic as this. The fact that the subject is more or less statistical is no fault of mine. The fact that the discussion is so tedious is but partly a fault of mine. It was said that President McKinley had the faculty of crystallizing statistics into poetry. That would be a great gift on the part of anyone. I do not have it.

When I yielded the floor last Friday I was sketching the history of our legislation with respect to depletion allowances as applied to oil and gas wells in particular and to mines in general. I shall try to summarize in a sentence so the Senate will have the background.

The sixteenth amendment was adopted in 1913. The first income tax law was passed in October of that year. It provided the first depletion allowance, which was a maximum of 5 percent on the gross sales of oil and gas or minerals at the mouth of the well or mine. This measure was passed by a Democratic Congress, approved by a Democratic President, and administered by a Democratic Secretary of the Treasury, now a distinguished Member of this body—Senator McADOO.

Another law was enacted in 1916 which was carried over into the act of 1917, providing a new basis for depletion, which I shall not detail—passed by a Democratic Congress and approved by a Democratic President. In 1918 another measure was passed and became a law, adopting a new system insofar as discovery properties were concerned. It made special provision where a discovery well was brought in on an oil property or any other discovery of mineral deposits was made. That is the discovery provision which has provoked so much hostility on the part of the Senator from Tennessee [Mr. McKELLAR]. It was passed by a Democratic House, passed by a Democratic Senate, approved by a Democratic President, and was administered in the first instance by a Democratic Secretary of the Treasury, now a distinguished Member of this body, the senior Senator from Virginia [Mr. GLASS].

In 1926 the discovery provision, insofar as it applied to oil and gas properties, was discontinued. It was abandoned. What is known as the percentage basis was substituted in its stead, which permitted depletion in respect of oil and gas properties of not more than 27½ percent of the gross income derived by the operator from the property, the particular property from which the income was derived, and with a further provision that in no case should the depletion allowance exceed 50 percent of the net income from the property.

To make the history complete, discovery value was continued with respect to other mineral resources until the act of 1932, when it was discontinued as to coal, sulphur, and metal mines, which were at that time placed on a percentage basis, the limitation with respect to coal being 5 percent of the net income, with respect to metals, 15 percent, and with respect to sulphur, 23 percent. Why that indulgence in favor of brimstone I do not know unless the supply was not equal to the demand. The discovery provision still continues with respect to other natural deposits excepting those which I have just enumerated.

Mr. President, if there had happened what the Senator from Tennessee [Mr. McKELLAR] charges has happened under this legislation, it would be extremely unwise legislation; I may say it would be reckless legislation; I think I shall go so far as to say it would be reprehensible legislation. But what the Senator said has happened under that measure not only did not happen, but it could not have happened, as I shall undertake to demonstrate.

The Senator from Tennessee said that under the various acts mentioned the owner of an oil property was in the first instance allowed to deplete up to the full amount of cost or value of the property; then that he was allowed to deplete up to the full discovery value of the property; and that then, under the act of 1926, the percentage basis, he was allowed to deplete 50 percent each year on his capital.

To use his illustration, in 1926 and 1927, on the basis of 50 percent, he was allowed to deplete up to 100 percent of the value of the property; again in 1928 and 1929 another 100 percent; and again in 1930 and 1931 another 100 percent. So the Senator said that under the various measures the owner of an oil property would have been allowed to deplete his capital cost seven times. His own computation shows only six times, but I should think that one full depletion more or less would make no particular difference in a wonderland of this sort.

The Senator from Tennessee, beginning with the first act back in 1913 and taking the first 5 years under our depletion policy, stated a hypothetical case which he said he used as an illustration. Unfortunately, it is not an illustration, because it could not have happened. It simply could not have happened. He assumed a party who bought an oil property in 1913 costing $10,000. The Senator said the purchaser would be allowed to deplete $2,000 a year for 5 years until he had depleted the full 100 percent value or cost of the property.

Mr. President, that illustration proceeds upon four false assumptions—and when I use the word "false" I mean no reflection, of course, upon the Senator from Tennessee. His illustration proceeds upon four different assumptions which do not accord with the law or the facts.

In the first place he assumes that under our first depletion act the basis for depletion allowance is the full value or cost. That was not true at all. It had no reference either to value or cost. It was limited to 5 percent of the sale value of the oil and gas at the mouth of the well—not to exceed 5 percent of such value. The Senator proceeds on the theory that a 20-percent deduction could have been made each year for return of capital—20 percent a year, according to his illustration. According to the law it could not have been more than 5 percent; not 5 percent of the capital, but 5 percent of the gross income from the sale of oil. It could not have exceeded 5 percent in any year.

The Senator's illustration proceeds upon the assumption that the Secretary of the Treasury, in rules and regulations prescribed by him, had fixed the life of an oil well as 5 years. No such rule or regulation was ever adopted. Each particular oil well and oil property was treated as a distinct entity, and its expectancy was computed according to the circumstances and conditions of the particular case.

The Senator goes on the further assumption that the production of an oil and gas well would have been uniform for 5 years, yielding a basis upon which 20-percent depletion would have returned the full capital in 5 years. I presume the Senator fell into that error because, generally speaking, oil producers do estimate the productive period of

an oil well at approximately 5 years. It varies in different fields and with different wells; but the trade generally assumes that 60 percent of the full production of the well will be realized during the first year, 20 percent during the second year, 10 percent during the third, 6 percent the fourth, 4 percent the fifth year; but, as Senators all know, these wells generally settle down at about that period and may for years produce 1 or 2 or 3 barrels a day, as illustrated by the 275,000 wells now producing an average of 1 barrel a day.

That is the Senator's illustration, Mr. President; and much of his criticism is based upon the assumption that that illustration is true, or that it could have been true.

I have shown that it is not founded upon the facts or the law; that it is not true; and of course I mean no reflection, as the Senator understands.

Mr. President, that thing did not happen. It could not have happened under the law of 1913. It was a sheer impossibility. Let us see what did happen. Let us see what did happen out in the oil fields where the struggle for existence is a stern reality, and not a mere theatrical performance.

I have here the Two Hundred and Eighty-third United States Reports. I refer to the case of Thompson Oil Co. against the Commissioner of Internal Revenue. If this case had been improvised for the occasion, it could not have more perfectly fitted the facts and the law, or more perfectly refuted the conclusion which the Senator would have us draw from his illustration.

Now, let us see. The case came up from Oklahoma. The Thompson Oil Co. owned a producing oil lease on March 1, 1913, the basic date upon which calculations are made to determine fair market value with reference to our income-tax laws. As already stated, the first measure was passed in October of that year. The oil lease in this case on March 1, 1913, had a fair market value of $156,000; and this case, let me say, involves the law of 1913, the law of 1916, the law of 1917, and the law known as the act of 1918, but which was passed in February 1919. It involves each and every one of those measures.

As I say, the property had a fair market value on March 1, 1913, of $156,000. The oil company depleted for the first 3 years under the act of 1913. That act was in effect during 1913, 1914, and 1915. Under that measure this company was allowed to deplete $6,322. That was the return of capital to this company from that oil property—about $2,000 a year. That was the depletion allowed under the 5 percent act of 1913. But, sir, the actual depletion sustained by the oil company—and this is admitted in the record—was $91,686. Ninety-one thousand dollars was the actual depletion sustained by that company on that property during the 3 years mentioned. Thirty thousand dollars each year would have been allowed to the company, according to the Senator's illustration, but instead of that it was limited to $6,300 in the aggregate for the 3 years, so that as a matter of fact the oil company was compelled to pay taxes on $85,000 worth of its capital extracted from the well.

So you see how unsuited the Senator's illustration is to the law and to the facts at that time.

During the years 1916 and 1917 the company depleted under the new act of 1916. During those 2 years the allowed and the sustained depletion were the same—about $20,000. Then the act of 1918 was passed. When the Government came to apply the act of 1918—the question of discovery value was not involved—when it came to apply that act to this company and to ascertain its depletable reserves, of course, the oil company wanted to establish as broad a base of depletable capital as possible so as to minimize its taxes in the future. So it insisted that $6,000, and only $6,000, the amount which the Government had allowed for 1913, 1914, and 1915, should be charged against its depletable reserves for those 3 years in making the new appraisal.

The Government said, "No." It said, "While we have allowed you only $6,000 return of capital untaxed for those 3 years, when we come to lay the basis of your taxation in the future we are going to subtract the $91,000, notwithstanding $85,000 of it was disallowed, so as to narrow your capital value or reserve in the ground, and thus increase your taxes for the future." So the company was allowed only $6,000 depletion free from tax under the law of 1913; but under the act of 1918, when it came to lay the basis for future taxation, the Government subtracted $91,000 for the same period from the estimated reserves in the ground.

That is what happened, Mr. President. That is the company's experience under the law.

I might say in this connection that on the basis of value the oil in this lease had a depletable unit of 56 cents a barrel on March 1, 1913; but when the Government recomputed the unit of depletion under the act of 1918 it was reduced to 22 cents per barrel. Another element of value had entered into the question in the meantime which I shall not detail. It does not affect the principle.

Mr. President, that is what happened. What the Senator from Tennessee says about depleting once, depleting again, and depleting still again, could not happen under the law.

I ask Senators now to turn to page 23 of the pending bill, go to line 21, and read the sentence beginning on that line. They probably will not understand it. Senators from other than oil and gas States would prove themselves geniuses if they did understand it. I am afraid even some from mining States would not understand it. But what does it provide? It provides:

> In any case in which it is ascertained as a result of operations or of development work that the recoverable units are greater or less than the prior estimate thereof, then such prior estimate (but not the basis for depletion) shall be revised.

And so forth. That when it becomes evident from development and operation that the estimated depletion reserve was erroneous, there shall be a revised estimate. Notice that not the basis—not the value of the remaining reserve—shall not be changed, but only the estimate as to the number of recoverable units.

What does that mean? I will give an illustration in round numbers.

Suppose an oil property cost $100,000. That was the cost. Then its depletable value would, of course, be $100,000. Suppose the Treasury Department estimated that it would yield a million barrels. Then the depletion unit would be 10 cents a barrel. The owner would be entitled to subtract that amount on each barrel from his net income-tax return. You divide the value, of course, by the total recoverable units.

Suppose in that case 500,000 barrels were produced the first 2 years, and depletion was made on that basis, which would mean a return of capital of $50,000, which would still leave $50,000 undepleted in the ground, which would be the base referred to in the section to which I have just called your attention. That base of $50,000 cannot be changed. But suppose the Treasury Department decides that its first estimate was too low, and that the property would still yield a million barrels. Then the $50,000 of remaining value, still undepleted, would be divided by 1,000,000, thus getting a new depletion unit of 5 cents a barrel. Suppose the next year the well yields 100,000 barrels. The owner would get $5,000 as his depletion allowance for that year. The contingency which seemed to frighten the Senator from Tennessee has been hedged against by the Congress itself. So far as cost depletion is concerned, the thing could not happen.

Under the act of 1918, for reasons which I recited the other day, discovery valuation was adopted with reference to oil and gas and other natural deposits in cases where there was actual discovery and where the discovery value was out of proportion to the cost. I shall not rehearse the reasons which gave rise to that legislation.

It proves extremely difficult to administer. Under that law the Treasury, through its engineers, and the company, through its engineers, had to make elaborate computations and investigations to determine what the probable life of the well would be and what its annual production would be during its probable life. It was unsatisfactory from every standpoint; and I do not hestitate to say that, in my judgment, in some instances it led to unex-

pected consequences which were not desirable from the standpoint of the Public Treasury. As a result the law was amended by the act of 1921, so that the depletion in discovery cases could not exceed 100 percent of the net income from the property.

Mr. President, that was a restriction upon the depletion allowance and not an extension of it. It ought to commend itself to the Senator from Tennessee.

Again, in the act of 1924, the 100-percent allowance was reduced to 50 percent, the law providing that the depletion allowance should not exceed 50 percent of the net income from the discovery property. That would be a still further limitation, a still further restriction, upon the depletion allowance, not an extension of it. It ought to commend itself to the Senator from Tennessee.

In the act of 1926, because this discovery-value provision had proven so unsatisfactory and so difficult to administer, the Congress abandoned discovery value, insofar as oil properties were concerned, and provided that the depletion allowance should not exceed 27½ percent of the gross income from the particular property, but in no case to exceed 50 percent of the net income from the particular property.

Mr. COUZENS. Mr. President, will the Senator from Oklahoma yield?

Mr. GORE. I yield.

Mr. COUZENS. Has not the Senator's experience indicated that 27½ was perhaps too much?

Mr. GORE. I will say to the Senator that, as a matter of history, the question is academic. I know of only one case where 50 percent of the net income amounted to as much as 27½ percent of the gross income. That was in the case of the Vinton Oil Co., which I believe came to the Supreme Court. So, so far as the operating company is concerned, so far as those who own the working interests are concerned, that question is largely academic. It does have application to the royalty owner, as I shall show in a moment. I was not a Member of the Senate at the time that law was passed, and I do not know what motives or reasons led to the enactment of that measure.

Mr. COUZENS. Mr. President, will the Senator yield further?

Mr. GORE. Certainly.

Mr. COUZENS. I think I perhaps could refer the Senator to a report made by the select committee of the Senate which investigated the Bureau of Internal Revenue.

Mr. GORE. I have examined the report.

Mr. COUZENS. I think that shows the reason for the change to the 27½ percent instead of using the analytical method of arriving at values.

Mr. GORE. Could the Senator quote the sentence?

Mr. COUZENS. The report which the committee made was the result of a great diversity of opinion among engineers, and a great possibility of fraud and favoritism in using the analytical method of arriving at valuation and, from the valuation, deducting a depletion and depreciation credit.

As an outcome of its study, the committee arrived at 27½ percent of the gross earnings as the proper basis, and experience has demonstrated that the Senator is correct in his position with respect to using this method rather than the analytical method. The only question that arose in my mind was whether or not, in arriving at the 27½ percent, Congress has not been too liberal in its allowance.

Mr. GORE. Mr. President, as I was observing, the law provides that the depletion allowance shall be 27½ percent of the gross income, but that in no case shall it exceed 50 percent of the net income. As a matter of fact, the 27½-percent allowance is seldom allowed, seldom invoked, seldom applicable, because there is a limitation to 50 percent of the net income, and that point is arrived at before the 27½ percent is reached.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. McKELLAR. Both figures should be reduced at the same time, it seems clearly apparent. For instance, if we are to stand by this system, then the reduction certainly ought to be not to exceed 15 percent of gross income, and, say, 30 percent net. These subsidies should not be paid this one class of corporations in the United States.

Mr. REED. Mr. President, will the Senator yield to me?

Mr. GORE. I yield.

Mr. REED. When the figure of 27½ percent was arrived at, as the Senator from Michigan will recall, it was on the basis of specific statements from a great group of oil companies which were charging their depletion on the analytical basis. We found extreme irregularity among them. With some of them the depletion was as low as 20 percent of their gross, with others as high as 50 percent. It seemed to us to indicate great favoritism in the administration of that part of the law, and we took the average, which was shown by the analytical method, of all those companies, and it figured out 27 and a fraction percent. Then, when we got the bill on the floor, an effort was made here by some of the Senators from the oil States to increase it to 30 percent. We beat that by a margin of only one vote. That is how the 27½-percent provision was arrived at, and that is how it was kept in the bill.

Mr. GORE. Mr. President, as the Senator suggests, the discovery valuation provision was extremely difficult to administer, assuming absence of favoritism, and assuming its presence, it did open wide the door for abuses, I might almost say scandals, although I have no particular cases in mind.

I do not know exactly what the Senator from Tennessee indicates when he says that no greater depletion allowance should be extended to oil and mining companies than is extended to other corporations.

Mr. McKELLAR. Mr. President, does the Senator want to know what I mean?

Mr. GORE. Yes; I do not know exactly what thought the Senator has in mind.

Mr. McKELLAR. The bill uses depreciation and depletion as one thing. What is called depletion in section 113 seems to be what is referred to as depreciation in the case of other corporations. They all ought to be put on the same basis. Oil companies have depreciation. In addition, they have depletion of 50 percent of their net, which is nothing in the world but a subsidy paid by the Government to oil companies. That is all it is.

Mr. GORE. Mr. President, of course all other concerns have depreciation, and I might say that the table read by the Senator the other day showed that depreciation in the aggregate is 10 times as large as depletion.

Mr. McKELLAR. Yes; if the Senator will permit further, but the depletion is in addition to depreciation. Other companies have depreciation, and these particular companies have depletion in addition.

Mr. GORE. Not at all. Oil companies have both depletion and depreciation. They have depreciation like other companies. Insofar as their machinery, tools, pumps, and other equipment are concerned, they have depreciation like other companies. In addition to that they have depletion, to meet an entirely different situation and characteristic of this business. Depletion is limited to the return of capital as invested in natural deposits.

The Senator's analogy fails. As illustrated the other day, a flour merchant who expended $300,000 for flour and sold it for $400,000 would be allowed to deduct the $300,000 which he paid for the flour before arriving at his gross income. We should not call that depletion, but the thing happens, the deduction is made as a matter of course. With respect to mining concerns, we call it depletion, because it is a return of capital represented by the deposit removed from the ground, and it is done as a matter of public policy in order to enable these concerns to continue in business.

I had supposed that the 27½-percent provision was enacted with special reference to the royalty owners, because, as I understand, they have, technically speaking, no net income. Their net income and gross income are one and the same. Yet their capital is depleted or exhausted,

and they deplete, of course, on the basis of 27½ percent of gross income. They do not deplete on a basis of 50 percent net. They have no net income in a technical sense. Percentage depletion is therefore a matter of vital concern to all owners of royalty, to those who own the land, but who have no share and own no stock in any oil trust or monopoly. It is the only protection provided for that large and important group in the oil States and mining States. Of course, Senators know that this percentage depletion applies only to producing companies where there is a net income from a particular oil property. In this respect there is a distinction between the producing company and the royalty owner.

Books are kept with each separate oil property, a lease generally constituting what is known as "a property."

Mr. President, I come to another part of the Senator's illustration which ought to remove some of the objections which he stated just a moment ago. The Senator spoke of what occurred after depleting in full on the basis of cost, after depleting in full on the basis of discovery value. In that connection let me say this: When a concern claimed discovery depletion after the act of 1918, if it had been operating as far back as 1913, as had the Thompson Oil Co., when the Department came to ascertain its basis for depletion under the act of 1918, all the sustained depletion under each of the preceding acts was deducted from the discovery value in order to ascertain the remaining discovery value subject to depletion under the discovery provision of the act of 1918.

It was not a duplication of depletion, as the Senator from Tennessee seems to fancy. The depletion allowed under the Discovery Act of 1918 was limited to the capital reserve still remaining in the ground. All previous depletion, whether allowed or not—all actual depletion was subtracted in arriving at the new value under the discovery enactment as a basis for future depletion.

But now the Senator from Tennessee says that under the percentage basis provided for in the act of 1926 an oil company which had depleted 100 percent of cost or value, had depleted 100 percent of discovery value, could still deplete again, over and over again. I hope the Senators will note the language.

Mr. McKELLAR. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Tennessee?

Mr. GORE. I yield.

Mr. McKELLAR. Can the Senator give us any information as to whether the oil companies pay any taxes at all to the Federal Government?

Mr. GORE. Yes, sir; Mr. President.

Mr. McKELLAR. I should like to see such a statement, if the Senator knows of any. Of course we cannot get it from the Treasury, because the Treasury does not permit tax returns to be made public.

Mr. GORE. Mr. President, I will insert in the RECORD a schedule showing the taxes paid by oil companies during the 12 years from 1921 to 1933. That schedule will show that for the year 1932, including the gasoline tax, which is a burden upon the oil producer, the oil industry of this country paid $747,000,000 in taxes; not to the Federal Government alone, but to the Federal Government, the State governments, and our various local governments.

Mr. McKELLAR. How much did it pay to the Federal Government?

Mr. GORE. That year it paid to the Federal Government only $12,000,000.

Mr. McKELLAR. Twelve million dollars to the Federal Government, and the oil industry one of the biggest in the country!

Mr. GORE. The oil industry is one of the biggest in the country, yes.

Mr. McKELLAR. That industry paid to the Federal Government the pitiful sum, comparatively speaking, of $12,000,000. I do not see how the Senator can uphold his contention.

Mr. GORE. That would be characteristic of every other concern which has not been making profits during the depression. One year I remember the Federal taxes ran as high as $81,000,000. The payment of $12,000,000 to the Federal Government was made at the depth of the depression, and while that is true, and while the Federal tax was about the lowest that year of any year, their aggregate taxes, including gasoline taxes, were the highest in the history of the oil industry, the highest in the history of the United States.

Mr. President, the oil and gasoline taxes finally concentrate and react upon the oil producers. They bear the burden either directly or indirectly. Let the Senator mark this: Of all the taxes laid by our National, State, and local Governments combined, aggregating $14,000,000,000 a year, one twentieth of that vast aggregate is paid by the oil industry at one time or another, or in one form or another.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. McKELLAR. The Senator's figures are very interesting. The oil industry, as I understood the Senator, paid seven hundred and some million dollars.

Mr. GORE. Seven hundred and forty-seven million dollars; that is, including the gasoline tax.

Mr. McKELLAR. Yes. The industry paid $747,000,000 to the various State and other governments?

Mr. GORE. Yes.

Mr. McKELLAR. It paid to the Federal Government during that year $12,000,000?

Mr. GORE. Yes.

Mr. McKELLAR. How much of that $12,000,000 was due to the gasoline tax?

Mr. GORE. I do not think any of it was due to the gasoline tax. There is no way to estimate that. Does the Senator mean the profits from gasoline?

Mr. McKELLAR. Then it paid only $12,000,000 in income taxes?

Mr. GORE. To the Federal Government; that is true.

Mr. McKELLAR. To the Federal Government?

Mr. GORE. In that year.

Mr. McKELLAR. Does the Senator think the Federal Government should yield its taxes, and allow the oil business to be a taxable entity solely for the State and county governments?

Mr. GORE. Oh, no; not at all. The oil industry paid in income taxes to the Federal Government $81,000,000, I believe, in the year 1926. Hard as times are, bad as business is, the oil industry paid into the Federal Treasury last year $185,000,000 on gasoline—$185,000,000 paid at the refinery. In addition, the oil business pays the States and counties directly or indirectly, ad valorem taxes, gross-production taxes, excise taxes, as well as income taxes amounting to more than $700,000,000 a year. And excepting the last tax mentioned, the oil industry pays these ad valorem taxes, these gross production taxes and these excise taxes whether it has any net income or not. Is that welching?

I will put in the RECORD at the close of my remarks the schedule showing the record of tax payments for 12 years.

Mr. President, coming back to the Senator's illustration about these repeated deductions of 100 percent of capital, Senators will mark where the Senator from Tennessee said that in 1926 and 1927 they depleted 100 percent; in 1928 and 1929, 100 percent; in 1930 and 1931, 100 percent; 1932 and 1933, 100 percent. It counted up four different depletions of 100 percent.

Mr. President, the fundamental error in the Senator's computation is that he mistook invested capital for net income. Now, let me illustrate.

Mr. McKELLAR. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Tennessee?

Mr. GORE. I yield for a question; yes.

Mr. McKELLAR. Technically speaking, or speaking from the standpoint of the use of words, the Senator may be correct; but when we come to the actual fact we will find that

each year at present every oil company is entitled to go scot-free of taxes on one half of its net income. The Senator says that an oil well's period of life is, on the average, 5 years. It is easy enough to find what the facts are. The oil companies are escaping taxation.

The Senator makes a bugaboo about dry wells and wildcat wells. They are not the wells that are paying the taxes. They will not pay the taxes under any law; but the real corporations are the Standard Oil Co., the Gulf Refining Co., Doherty's company, and Sinclair's company. Those are the concerns that are virtually escaping taxation under the present law, and it ought to be stopped.

Mr. GORE. Those big concerns realize the bulk of their income not from production, but from pipe lines, refineries, and the marketing end of the business, which incomes are unaffected by depletion of any sort.

Mr. President, in 1920 there were 16,000 oil producers in the United States. But 32 concerns out of that large number produced 58 percent of the total output. Sixteen thousand other individuals and companies produced 42 percent. This number is now much reduced. The mortality rate has been high. The small ones have perished. Perhaps a thousand or so survive. At a more recent date five of the former Standard Oil group produced one fourth of all the oil. Six large independent concerns also produced one fourth of the output, and the remaining independent concerns produced one half of the output.

Mr. President, the big concerns of which the Senator speaks are known in the trade as integrated concerns. They have producing wells or properties; they have refineries; they have pipe lines; they have tank cars and tank ships; they have retail wagons; they have filling stations. These big concerns, however, are not primarily producers, because they make a profit from the pipe lines, they make a profit from the refineries, they make a profit from the marketing of the refined products. It is to their interest for oil at the well to be cheap, and they do not object to a cheap price on their oil at their own wells, because it enables them to purchase oil from the independent producers at a cheapened price. They drive the price down, even though it reacts on their own oil at the well, and even though they take a loss on it as compared with the lifting cost. But when they refine and market the products of the oil, that is when they make their profits, when they do realize a profit, particularly on the pipe lines, which are more or less monopolized by the big companies.

But the independent producer, the little fellow, has no other market than the big companies which own refineries. Crude oil has a limited market. No one has any use for it except those who have refineries. The independent producer is perfectly helpless. He must sell to the big concerns which own refineries, and he has to take the price they pay. It is in his behalf that I stand here pleading today as against the big concerns which can throttle and destroy him, reducing the price of his output so low that he has to sell out to them, and he often does and goes his way and seeks again as a pioneer, or a wildcatter, for another well.

Mr. McKELLAR. Mr. President, the Senator's figures awhile ago struck me with some force. He said that the oil companies of the United States paid $747,000,000——

Mr. GORE. No; I did not say the oil companies.

Mr. McKELLAR. The oil industry.

Mr. GORE. Yes; I said that the entire gasoline tax, wherever imposed, pressed back upon the oil producers. Of course, he does not pay it out of pocket.

Mr. McKELLAR. I am accepting those figures. There are 48 States in the Union, and, according to the Senator's own figures, if the oil taxes were divided ratably by States, each State would get about $17,500,000 out of the oil industry, while the United States, under the law as it exists now and as the Senator is in favor of retaining it, would get only $12,000,000.

Mr. GORE. Mr. President, it is not the fault of the oil companies if they did not pay more than $12,000,000 on their net income in 1932. The Senator knows that in 1932 oil was selling at the well in east Texas for 8 and 10 cents a barrel, whereas I believe the Tariff Board estimated that it cost $1.18 in Oklahoma to produce a barrel of oil. With oil selling for 8 cents a barrel, there was no net income. I presume the oil companies would have been glad to pay on a net income. That was the darkest hour in the oil industry; that was the "Valley Forge"; that was at the bottom of the depression; and some of the big concerns, even the larger companies, found themselves in serious danger. I do not mean the big standard companies or the big independents, but in former years they paid as high as $77,000,000 when the rate was low; they paid what was assessed against them.

Mr. President, the Senator from Tennessee says that these concerns have been allowed to deplete five times over, to realize their capital five times over, in addition to former depletion on cost and former depletion on discovery value, making some seven times full depletion. Here is what actually happened: Take an oil company having properties worth $100,000, we will say. We will take an extraordinary case and assume that such company earns—the record of the business shows that the oil industry, taken as a whole, never has netted as much as 5 percent—but let us assume that this was an exceptionally rich property and an exceptionally fortunate owner, and that the property, which cost $100,000, had a net income of $20,000, which is a high maximum, taking the history of the business into account; but let us say its net income was $20,000. What would its depletion allowance be? It would be 50 percent of $20,000, or $10,000. It would not be $50,000 a year for 2 years, as the Senator from Tennessee estimates, but in 2 years it would be $20,000. The next year, with an income of $20,000, the depletion allowance would be $10,000, and the next year $10,000; so that it would complete its depletion in about 10 years—not 500 percent in 10 years, as the Senator says, but 100 percent in 10 years.

Mr. McKELLAR. Mr. President, let me ask the Senator a question.

The PRESIDING OFFICER (Mr. LEWIS in the chair). Does the Senator from Oklahoma yield to the Senator from Tennessee?

Mr. GORE. I yield for a question; yes, sir.

Mr. McKELLAR. Here is an oil company with an income of $100,000.

Mr. GORE. Oh, no; the Senator is departing from the illustration.

Mr. McKELLAR. Wait a moment; I just want to complete the illustration.

Mr. GORE. But in the illustration the Senator used he assumed the value of the property as $100,000, not the net income.

Mr. McKELLAR. I will now take a company with an income of $100,000.

Mr. GORE. Very well.

Mr. McKELLAR. Suppose the discovery value of the well is $100,000 and it has an income of $100,000.

Mr. GORE. The discovery feature is all past history.

Mr. McKELLAR. Yes; it is past history; but here is what I want to ask the Senator: There is taken off $50,000 of its income for depletion, and that is 50 percent of its capital cost. That is taken off this year.

Mr. GORE. Yes.

Mr. McKELLAR. And next year there is taken off 50 percent on the income, which is $100,000 for capital depletion, solely and alone for capital depletion; and when the two are added together that takes off the discovery value of the well, as I understand.

Mr. GORE. That is the very point I was making. The Senator confuses invested capital with net income. In the case he used on Friday the value of the property was $100,000, and the Senator depleted its value 100 percent each 2 years by taking 50 percent a year. In the case which the Senator has just stated the income was $100,000 a year, and not the capital. That is to say, he assumed a case on Friday where there was $100,000 capital invested, and this morning he assumes a case where the net income is $100,000.

Mr. McKELLAR. Oh, no; on Friday I assumed that the discovery value was fixed at $100,000.

Mr. GORE. Very well.

Mr. McKELLAR. That the income was $100,000 and that there was a depletion allowance permitted of $50,000 because there was a net income of $100,000. and 50 percent was charged up to depletion. Under the law in 2 years the net income would do away with the discovery value.

Mr. GORE. The Senator has now assumed and stated the only conceivable case in which his illustration could apply—a case which is indeed conceivable, but which would never happen—and that is a case where the net income year after year was 100 percent of the invested capital. Of course that would not happen in one case in a thousand, and probably never would happen.

Mr. McKELLAR. The Senator evidently has never read the propaganda that used to be sent out for the sale of stocks of oil companies.

Mr. GORE. I wish I could say I had not. [Laughter.] I put some money in an oil well once and it is still there.

Mr. President, as I have said, the case cited by the Senator on Friday last assumed an oil property worth $100,000, which cost a hundred thousand dollars. Then only if it be assumed that its net profit would be $100,000 a year would his illustration apply and his conclusion follow. The whole history of the oil business shows a net income ranging from the "red" up to about 5 percent or a little less than 5 percent. Of course, there are a few instances——

Mr. McKELLAR. In that case there would not be any tax charged to anybody, because the allowance would be so much greater than 5 percent that there would not be any tax at all paid.

Mr. GORE. That is where the Senator gets confused again.

Mr. McKELLAR. Yes, perhaps.

Mr. GORE. The tax applies to the income, and if they have any net income, and if the depletion applies to the income, whenever they have a net income, of course, the depletion allowance applies. As I have previously stated, where there is no net income, of course, the percentage depletion allowance does not apply, and it is only in a case where the net income was equal to the entire capital invested that the Senator's illustration would be apt. I think, generally speaking, it is assumed that the net profits are something like 6 to 10 percent of the gross—I may be far afield on that—and the history of the industry shows that around 2½ to 3 percent is the net income on the investment.

So, by no conceivable case that would ever happen would the oil company deplete its full valuation in 2 years and again in 2 years and again 2 years, because that assumes that the production would keep up, but, as a rule, it rapidly declines. So the Senator's illustration does not fit the facts as they are.

Mr. President, the Senator suggested the other day that I was speaking for home consumption. I do not profess to be indifferent to the wishes or to the welfare of the people of my State. It happens that Oklahoma has from time to time been the leading oil-producing State in the Union. It is now one of the three largest. It is one of the largest producers of zinc and lead in the United States or in the world and a larger producer of coal. I think I am justified not only in feeling but in expressing interest in the welfare of the thousands of small concerns in my State which are struggling for existence and for the thousands of royalty owners as well.

Of course, it happens that the State of Tennessee is not so largely interested in mining as is the State of Oklahoma, although I may say, in passing, that the mining output of the State of Tennessee is not inconsiderable. During many years the output of the mines of Tennessee exceeded in value the entire output of the cotton crop marketed in the State, and frequently, year after year, the aggregate value of the mineral output of the State of Tennessee exceeded and, indeed, on some occasions has been twice as much not merely as the corn marketed within that State but twice as much as the corn produced in that State. Of course, I do not know why the Senator concentrates on oil and gas unless it be because no oil is produced in Tennessee.

Mr. McKELLAR. Oh, yes; oil is produced in Tennessee.

Mr. GORE. I beg the Senator's pardon. There is a small oil field in Tennessee.

Mr. McKELLAR. There are some oil wells in Tennessee; but I am not asking for a subsidy for the people of my State or of the United States anywhere.

Mr. GORE. I appreciate the fight the Senator has made in the past against subsidies. I sometimes think he sees them where they do not exist.

Mr. McKELLAR. It could not be so in this case because we have the testimony of the Secretary of the Treasury, who is certainly a fair and impartial man. In his testimony before the Ways and Means Committee of the House of Representatives, referring to the allowances for which the Senator from Oklahoma is fighting, he calls those depletion allowances in direct words a plain subsidy.

Mr. GORE. I know he used that language, and it may be very apt as a figure of speech. I believe figures of speech are designed to appeal to the imagination, and they certainly appeal to the imagination of the Senator from Tennessee.

Mr. McKELLAR. The Senator has given the figures showing that the oil industry has paid $747,000,000 of taxes to the various States and counties thereof and only the pitifully small sum of $12,000,000 to the United States Government; there is no indulgence in fancy about the matter. It is a matter of dollars and cents. The oil industry ought to pay its just share of the burden of taxation to the Federal Government as well as to the State and county governments.

Mr. GORE. It pays on its income; and, as I have shown, it pays directly or indirectly more than $700,000,000 a year.

Mr. President, there are one or two other statements I wish to insert in the RECORD in connection with my remarks.

The PRESIDING OFFICER. Without objection, permission is granted.

(See exhibits A and B.)

Mr. GORE. Mr. President, the Senator from Tennessee has greatly overestimated the importance of depletion legislation and depletion allowances in our system of income taxation. He submitted a table the other day showing that for the 10 years, from 1921 to 1930, the aggregate of all deductions claimed by all corporations for all purposes, salaries among other things, amounted to $419,218,847,229. The table also showed that all depletion allowances claimed and received by all corporations entitled to such deductions for the entire 10 years amounted to only $5,031,847,450. That was but a trifle more than 1 percent of the total.

The table showed that for the year 1930 the aggregate for all deductions for all corporations for all purposes amounted to $50,751,112,292. The table showed that the total depletion allowances for that year amounted to only $463,015.786. That was less than 1 percent of the aggregate for the year.

Strange to say, the table showed that the total depletion allowances were less at the end of the 10 years than they were at the beginning of the 10 years. And, Mr. President, this includes and represents all the depletion allowances claimed and received by all the oil companies in the United States, with an aggregate invested capital of more than $12,000,000,000; and all the depletion allowances claimed and received by all the mining companies in the United States, including coal, copper, iron, sulphur, zinc, lead, gold, silver, and every other description of mining property or business.

The total depletion allowances for the year 1930 was less than one half of 1 percent upon the capital invested in the oil and mining business—the third largest business in the United States. It was hardly more than the dust in the balances. Of course, it would not do to say "much ado about nothing."

Mr. President, I think what I have said demonstrates conclusively that the oil concerns cannot deplete once, twice, thrice, and seven times over, as the Senator from Tennessee alleged. The depletion legislation was not designed and has not operated as a subsidy. It was enacted as a sort of insurance against the unavoidable risk and inevitable losses which are inseparable from the oil industry. If the flour merchants, taken as a class, should find from experience that 1 out of every 3 carloads of flour which they order was wrecked or lost in transit and was uninsured, they would have to take that fact into account in the conduct of their business, and the Government would have to take it into account and make allowance for it in the taxation of their business and the fixing of their prices; call it depletion or not.

Let me take the case of a small concern that spends $25,000 in 1 year exploring and drilling a well and gets a dry hole, with no income against which to charge the expense.

Again, the second year another $25,000 is spent, with similar results. Similar expenditure is made in the third year, and again in the fourth year, and thus the small concern has a total loss of $100,000. Such cases are not unknown. In the fifth year the concern invests another $25,000 and gets oil production.

It has been the object of this legislation to reimburse that concern to some extent for the losses which have been sustained and the losses taken in an effort to explore for and discover oil. That has been the design of the legislation. It has not been abused, according to the history and according to the statistics of the industry.

Mr. President, I hope the amendment of the Senator from Tennessee will not prevail.

EXHIBIT A

EXTRACT FROM REMARKS OF JOHN CULLEN, REPRESENTATIVE OF MID-CONTINENT OIL & GAS ASSOCIATION, TULSA, OKLA.

For purposes of comparison it is assumed that the taxpayer invested the same $200,000 in a manufacturing industry and realizes the same net profit of $17,000 cash over the same 5-year period and assumes that he realizes it all in the fifth year. He will pay income taxes in the following amount:

Net profit	$17,000
Less personal exemption	2,500
Net income subject to tax	14,500
Tax 4 percent on first $4,000 of income	$160
Tax on 8 percent on balance over $4,000	840
Surtax	270
Total tax	1,270
Net cash profit remaining	15,730

In this case, the manufacturer pays a total tax of only $1,270 on a true net profit of $17,000 and has left an actual cash balance of $215,730 while the oil producer pays a total income tax of $39,630 without allowance for percentage depletion and a tax of $27,219 after allowance for percentage depletion as provided for in the present law.

Assume that the oil producer is not entitled to consider the $150,000 lost in dry holes in previous years as deductible from the income from the profitable venture, then he realized a net taxable profit after percentage depletion from the profitable venture of $139,100 over the 5-year period.

Had the investment been made in a manufacturing industry where the income was more stabilized and the profit was returned equally each year over the 5-year period, the income tax paid would be as follows:

Total net profit over the period	$139,100.00
Or a net profit per year of	27,820.00
Net taxable income per year	27,820.00
Less personal exemption	2,500.00
Income subject to tax	25,320.00
Tax at 4 percent on first $4,000 of income	160.00
Tax at 8 percent on balance of income	1,605.60
Surtax	1,180.20
Total tax per year	2,945.80
Total tax for 5 years	14,729.00

In this case the manufacturer pays an income tax of $14,729 over the 5-year period on a total profit of $139,100, while the oil operator pays an income tax on the same amount of net profit over the same period of years of $27,219 after allowance for the present percentage depletion, or will pay a tax of $39,630 if percentage depletion is denied.

In both cases the taxpayers invested $200,000 of original capital and the taxpayer in the manufacturing industry has left after all taxes a cash balance of $324,371, while the oil producer has left a cash balance of only $189,781 if percentage depletion is allowed and $177,370 if percentage depletion is denied.

The above examples and comparisons show conclusively the inequities of an income tax law on the oil producer as compared to other industries. They also show the vital importance of percentage depletion or some other reasonable allowance to partially eliminate these inequities. If this deduction is denied capital will not be available to the oil-producing industry and subsidies will then be necessary in order to assure the country of a supply of crude oil.

EXHIBIT B

American petroleum industry investment, earnings and taxes, from 1921 to 1932, inclusive

Year	Estimated investment	Petroleum industry net earnings	Percent earned on investment	Income and profits tax	Other taxes	Gasoline sales tax	Total taxes
1921	$6,550,000,000	−$1,841,457	−0.03	$41,255,601	$62,135,919	$5,382,111	$108,773,631
1922	7,877,375,000	221,615,211	2.81	39,881,349	77,673,174	12,703,088	130,257,611
1923	8,000,000,000	76,355,904	.95	27,525,849	66,460,994	38,566,338	132,553,181
1924	9,150,871,000	227,938,411	2.49	41,791,402	76,079,793	80,442,995	198,314,190
1925	9,500,000,000	471,106,534	4.96	73,366,894	[1]87,668,285	148,358,087	309,393,266
1926	10,000,000,000	475,393,629	4.75	81,503,304	99,256,037	187,603,231	368,368,572
1927	10,500,000,000	104,324,161	.99	32,319,256	107,764,735	258,838,813	398,922,804
1928	11,000,000,000	386,516,430	3.51	64,909,723	[1]117,764,735	304,871,766	487,546,224
1929	11,500,000,000	456,495,196	4.54	66,604,616	[1]127,764,735	431,311,519	625,680,870
1930	12,000,000,000	92,439,088	1.38	38,976,816	[1]137,764,735	493,865,117	670,606,668
1931	12,100,000,000	−333,903,133	−[1]2.76	5,615,514	[1]142,764,735	536,397,438	684,777,687
1932	12,200,000,000	−[1]182,400,000	−[1]1.50	[1]13,800,000	[1]157,410,059	575,887,066	747,097,125
Average of total for 12 years	10,031,521,000	1,994,039,974	1.66	527,556,324	1,260,507,936	3,074,227,569	4,862,291,829

[1] Estimated.

Estimated investment of the oil industry based on best available information. In 1930 American Petroleum Institute estimated the investment of $12,000,000,000.

Petroleum industry net earnings for the years 1921-31, inclusive, from publications of the U.S. Treasury Department. Earnings for the year 1932, estimated, based on published report of 30 major oil companies.

Income and profits tax arrived at in same manner.

Other taxes partially estimated.

Gasoline sales taxes from actual published figures.

It will be noted that the highest earnings on the industry's investment was 4.96 percent in 1925; 4.75 percent in 1926; 4.54 percent in 1929; and that the earnings in other years ranged downward to a loss of 2.76 percent in 1931, giving a weighted average earning on the investment for the 12-year period of 1.66 percent.

It will be noted that out of total net earnings by the industry for the 12-year period of $1,994,039,974, the industry paid in income and profits tax $527,556,324 and in other taxes $1,260,507,936, making a total of $1,788,064,260, which together with the gasoline sales taxes of $3,074,227,569 brought the total tax bill of the industry to the sum of $4,862,291,829.

RECIPROCAL TARIFF AGREEMENTS

Mr. HEBERT. Mr. President, I realize that the subject which I am about to discuss may be said to be not entirely germane to the measure now under consideration, but it is of such tremendous import to many of my fellow citizens in the State of Rhode Island that I feel justified in asking the indulgence of my fellow Senators while I sound a note of warning to them that they may know what impends in the way of legislation in the Congress.

At the hearings before the Committee on Ways and Means of the House of Representatives on a bill to amend the Tariff Act of 1930, held on Thursday, March 8, 1934, the Secretary of Agriculture, Mr. Wallace, speaking of what he termed "inefficient industries", was asked to designate

which ones in his judgment should be displaced. In answer to a question by Mr. TREADWAY, of Massachusetts, he is reported as saying:

It would seem to me—and this is speaking, I may say, quite personally—that it would be necessary for the Executive and his advisers, in administering these powers, to use them with the same consideration for the industries and the wage earners employed in those industries, the inefficient industries, to use the powers with the same consideration for those industries as is being shown with respect to the humanity involved in these export industries which have been crippled by high tariffs. In other words, the procedure should be slow, should be careful, taking into account the fact, we will say, for instance, that here are certain workers who have spent their whole lifetime working in a factory of this type, and if there is a rapid loss in markets for the goods produced through that factory, an injustice might be done, and that fair warning should be given. It would seem to me that special efforts should be made to discover the kinds of goods that could be imported that would be noncompetitive. There are vast amounts of goods in Europe and the Orient produced by handwork methods of the nature of luxuries that could be imported here to the great delight of our women folks. They are the finer types of textiles, of which we produce very little, and in this direction should be our first efforts.

And the following colloquy occurred, as reported in the printed hearings at page 51:

Mr. TREADWAY. Let me get a little more of your views on that textile work. [Laughter.] When you speak of the Orient and India and around in there, I perhaps have in mind hand-woven rugs and that sort of thing, which I admit we do not make; but you used the word "textiles." Will you please give us a little insight into that, because there you are getting pretty near to Massachusetts? [Laughter.] In other words, instead of joking, let us talk seriously.

Mr. WALLACE. I qualified textiles by the adjective "finer."

Mr. TREADWAY. All right. I am glad you used that adjective "finer" textiles. Now will you please distinguish as between finer textiles that can be imported into this country under such trade agreements as you are asking Congress to set up for the administration, and that cannot be manufactured sufficiently and satisfactorily to the purchasing public of this country? Now, if you can answer questions of that kind, we may be able to do some business. [Laughter.]

Mr. WALLACE. Well, sir, it would seem to me to be altogether out of place to go into any great details——

Mr. TREADWAY. No; it is not. We want details; at least, I do. I tried to get them from the Secretary of State this morning without success; but I did do what I could to make the effort, at least.

Mr. WALLACE. I think there are certain grades of lace that Massachusetts does not make.

Mr. TREADWAY. I realize there is a little lace; that is true; but that is not a textile, is it? Would you define fine imported laces as corresponding to cloth?

Mr. WALLACE. Laces carry all the way from 100 to 120 percent; I suppose they must have intended——

Mr. TREADWAY. Yes; but New Jersey produces laces; they can be produced in New Jersey. We went all through that in the Tariff Act.

Mr. WALLACE. If you cannot produce them, why did you put on the tariff?

Mr. TREADWAY. Suppose you put every lace and curtain factory of the States of New Jersey and Pennsylvania out of business by this reciprocal method, how big an impression on the exportation of our goods will that make, by bringing those few lace curtains into this country? Now, if that is the reciprocal trade you men want to get, let us understand it.

The PRESIDING OFFICER (Mr. LEWIS in the chair). Will the Senator from Rhode Island allow the present occupant of the Chair to ask, for information, before what committee that testimony was given? It interests the Chair very much.

Mr. HEBERT. The testimony was given before the Committee on Ways and Means of the House of Representatives on the 8th of March 1934, the committee at that time having under consideration what is commonly known as the "reciprocal agreements bill", which would authorize the President to enter into agreements to change the tariffs to a certain extent upon importance coming into this country.

The PRESIDING OFFICER. The Chair thanks the Senator, and apologizes for interrupting him.

Mr. HEBERT. From these statements by the Secretary of Agriculture, I feel justified in drawing the conclusion that in the administration of the provisions of the so-called "reciprocal trade agreements bill", one of the industries marked for early death is the manufacture of laces, and before I discuss the lace industry, as I propose to do, I want first to correct the misstatements appearing in the testimony given by the Secretary of Agriculture.

It is clear to me that the Secretary of Agriculture is not informed—at any rate, not to any considerable extent—of the domicile of the lace industry, that he does not know the volume of production in this country, that he is not familiar with the number of operatives engaged in our lace mills, and clearly he is not correctly informed as to the duties which laces carry under the existing law.

The Secretary of Agriculture states in his testimony, which I have quoted, that laces are subject to a duty all the way from 100 to 120 percent. Under the Tariff Act of 1930, paragraph 1529–a, wherein are listed all of the laces that are subject to a tariff charge when imported into this country, a duty of 90 percent ad valorem is imposed. Then follows a provision affecting some specific lace articles which carry a duty of 75 percent. In paragraph (b), articles made in whole or in part of lace carry a duty of 70 cents per dozen, 3 cents each, and 40 percent ad valorem, with some modifications for different grades. And it is to be observed that nowhere in this provision of the tariff law is there a duty of 100 or 120 percent provided.

Under date of April 4, 1934, I received a letter from the treasurer of the Richmond Lace Works, Inc., whose mills are located at Alton, R.I. He says with reference to these proposed reciprocal tariff agreements:

As Secretary Wallace has publicly cited the lace industry as one of the inefficient industries, and seems willing to sacrifice the entire industry in order to endeavor to develop export trade, I beg to call attention to a few facts with regard to this industry.

With an experience of 25 years in an important position in the cotton textile industry, plus 17 years in the lace industry, I feel perfectly competent to state that in my opinion the lace industry in America has become a very efficient industry. It is the most intricate, complicated branch of the entire textile industry.

In 1909–10, for a period of some months, the United States Government invited investment in this industry by placing the complicated and expensive lace-making machinery on the free list, and many investors in this country responded, with the result that more than $20,000,000 of invested capital was put into the industry, followed by further amounts in recent years, and probably more than 8,000 people are employed, many of them highly skilled workers, who look upon their occupation as a life trade.

I believe that today the industry is more efficient in the United States than in Europe, but due to the very high wages paid here in comparison with those paid in France and other European countries, probably three to four times as great, the lace industry certainly needs a high rate of tariff protection in order to survive. The present rate was never intended to shut off foreign competition, as it is most desirable to have European goods coming into this country freely as they always have, but we do need an adequate rate in order to exist, and the present rate has been found over a period of years to be not too high.

It seems to us that the lace industry is a very desirable one for the United States, providing lucrative and agreeable employment to many people.

The industry was one of the first to respond under the National Industrial Recovery Act, and is operating under the sixth code signed by the President. Naturally our operating costs have been increased materially, but the industry is operating in a very efficient manner, and we greatly resent Secretary Wallace's characterization of the industry as inefficient.

Especially in view of the manner in which investment in this industry was encouraged by the Government, we feel that it would be a great injustice to wipe out the invested capital and throw out of employment thousands of people in order that some foreign trade in other commodities might perhaps be obtained.

It is our hope that you will make every possible effort to oppose the passage of this bill, at least in its present form.

The writer of this letter, I believe, is absolutely correct in the conclusions which he sets forth in his letter.

Now let me give you a little bit of the history of the lace industry as it has been developed in the United States. It was first established here in 1909, shortly after the passage of the tariff act of that year. That tariff act exempted lace machinery from any import duties, the idea being that it would encourage the establishment of that type of manufacture in this country, to supplement the cotton-textile industry, and to take up the excess labor which had previously been employed in cotton-cloth manufacturing. As a result of this legislation a number of plants were established at that time, and it is estimated that approximately 95 percent of the machinery for the manufacture of laces now operating in the United States was imported during that period. I may add that all lace machinery now in use here is imported from abroad.

The lace industry of the United States had its inception in the State of Rhode Island, where at the present time nearly half of the total productive capacity is to be found. Some mills are located in the States of New Jersey, Pennsylvania, New York, Connecticut, Ohio, and Illinois. The number of lace machines, as the looms upon which laces are manufactured are known, and the States where they are located, are as follows:

Rhode Island	258
New Jersey	70
Pennsylvania	78
New York	80
Connecticut	70
Ohio	31
Illinois	29
Total	616

CAPITAL INVESTED

At the time the tariff bill was under consideration here in 1929, it was estimated that approximately $25,000,000 had been invested in the lace mills in the United States. There were at that time some 8,000 operatives actually employed in the industry, though it was estimated that at full capacity they could provide employment for not less than 15,000 people. While actual production for the year 1927, which was the last then available, had a value of approximately $12,000,000, yet the potential annual output was estimated to be in the neighborhood of $35,000,000.

As compared with this total output of the industry in the United States, the then average annual importations had a value of something in excess of $26,000,000.

In other words, while the output of our mills at that time had a value of approximately $12,000,000 the importations from abroad competing with those products of our mills had a value of approximately $26,000,000.

COMPARISON OF AMERICAN AND FOREIGN METHODS OF MANUFACTURE

The lace machines operated in America are identical with those in use in France and England, our principal competitors, though our machines are, in the main, more modern. The fact is that all of our machines are imported from abroad, none of them being produced in the United States. It is safe to say, too, that American plants are operated more efficiently than those in Europe. For the most part, the individual units are much larger. The average American plant consists of from 18 to 20 lace machines, whereas European plants, particularly those in France, operate from 2 to 6 machines per unit. It is to be noted that every process of manufacture, both here and abroad, is identical, so that the only essential difference in costs is found in the items of labor and yarns.

COMPARATIVE WAGES IN UNITED STATES AND EUROPE

Ninety percent of the lace-machine operatives in this country have been trained abroad. The training of these operatives is a slow process and so far as the operation of machines in the industry is concerned, it follows that there is no difference in point of efficiency between the United States and France and England.

There is a difference, however, in the salaries and wages paid to the operatives. For example, in 1929, lace weavers in this country were paid a weekly wage of approximately $55, whereas the same workmen, trained in the same way, though working longer hours generally, but having the same efficiency and operating machines identical with those in the United States, received $14 per week in France. The workers other than weavers in the mills in the United States received a weekly wage of $42, while like operatives in France were paid $9. The average wage in the lace mills of this country at the time to which I refer was $39.88 per week per worker; and the average wage in the lace mills in France at that time was $9.38 per week.

Practically all of our lace machine operatives were trained in France and England, and if we assume they are inefficient, then we must assume that similar operatives in France and England are likewise inefficient.

It cannot be said that there is inefficiency in the lace industry in the United States, so far as the machinery is concerned, since that, too, is manufactured abroad and imported here and is just like that in use abroad.

It is true, and I have admitted the fact many times, because we had this subject under discussion for a considerable period of time when the tariff bill was before the Senate in 1929, that unless the lace manufacturers in the United States can secure a sufficient degree of protection so as to equalize the labor cost, they cannot compete with importations from abroad. That is likewise true of many of our American industries which have to meet foreign competition and which could not be classed as inefficient by any stretch of the imagination. Given the same conditions of manufacture, the same costs of material, the same rate of wage as obtain in the countries of Europe, my contention is that American manufacturers could compete with the world. I believe that is true of the lace industry, but it is not hard to understand how difficult is the problem of the American manufacturer whose wage rate is 400 percent greater than that of his competitors abroad. It might be that in some industries, because of mass production and of conditions which obtain there and are nonexistent elsewhere, our manufacturers can, in a large measure, overcome this difference in the wage scale, but it is not true of the lace industry since the processes are the same here and abroad, the machinery is the same, the quantity of production is about the same, and therefore the cost to the manufacturer is about equal with the exception of the item of labor.

It happens that the lace industry in the United States was first established in the State which I have the honor to represent in part in this body. It gives employment in normal times to several thousand people. It employs skilled labor, and it has paid high wages, on the average. Notwithstanding lace is protected to the extent of a 90-percent duty, it has come to my attention only recently that our mills are unable to compete with foreign importations. In fact, within a month, the representatives of lace factory operatives in my State wrote me and asked me to endeavor to obtain a sufficient degree of protection so that they might secure employment.

Mr. DAVIS. Mr. President, I might say to the Senator that the same condition exists in Pennsylvania.

Mr. HEBERT. I am quite sure that that must be so, because the conditions in the lace mills in Pennsylvania are very much the same as those in the lace mills in the State of Rhode Island, and in every other State where that industry is domiciled.

It will be observed that the Secretary of Agriculture proposes that those who are to be charged with the enforcement of the reciprocal provisions of the tariff bill shall have due regard to the humanity involved. Those officials of the new deal who propose to set themselves up as the final arbiters of what, in our country, is to survive, and what shall pass away, intend to be merciful so far as the exigencies will permit. In other words, it is not proposed that the lace industry, among others which the Secretary has marked for extinction, shall be summarily put out of existence, but rather that it shall be permitted to die a slow, lingering death. For, he says in the course of his testimony, to which I have already referred:

> It would seem to me, and this is speaking, I may say, quite personally, that it would be necessary for the Executive and his advisers in administering these powers, to use them with the same consideration for the industries and the wage earners employed in those industries—the inefficient industries—to use the powers with the same consideration for those industries, as is being shown with respect to the humanity involved in those export industries which have been crippled by high tariffs. In other words, the procedure should be slow, should be careful, taking into account the fact, we will say, for instance, that here are certain workers who have spent their whole lifetime working in a factory of this type; and if there is a rapid loss in markets for the goods produced through that factory, an injustice might be done, and that fair warning should be given.

Thus we see that, according to the views of the Secretary of Agriculture, an industry the death of which shall have been decreed is to be notified of the fact beforehand. It is to be told when it should prepare itself for the final stroke. Those engaged in that industry—the workers, the men hav-

ing families to support, men who in many instances have been able to save something out of their earnings to purchase their little homes—will be notified in advance so that they may prepare themselves to engage in other lines of work. I assume what the Secretary of Agriculture has in mind is that a lace worker, for example, may in the space of a few months prepare himself to become a cultivator of the soil; or perhaps he might soon learn the manufacture of automobiles and fine tools; all of this during his spare time, so that when his industry passes out of existence he can step right into some other line of work. It does not appear that any consideration has been given to the capital needs of the business that is to die. It is assumed that the decrees are to be issued in advance of their execution, but no thought is to be had for those whose capital is invested, and, of course, all hope of recovering it must be abandoned. This will mean the loss of the savings of many of the working people—in Rhode Island at any rate, since much of the capital of the lace industry there comes from that source.

So far as the manufacture of lace is concerned, then, not long after the passage of the reciprocal tariff law the workers are to be told, with due consideration and with regard to the humanity involved—slowly, carefully—since they have spent their whole lifetime in a factory of this type—lest an injustice might be done and that fair warning may be given:

"Your industry is inefficient; at any rate, it is not as efficient here in the United States as it is in England and France. Therefore we have decreed that your jobs must be given to workmen in those countries. It is true that they work for about one fourth what is paid you. Their machines are no better than yours, but you cannot compete successfully with them. We are going to take away your protection and remove the duties on laces from other countries. We shall enter into trade negotiations with them to the end that someone here will be benefited, but you must make the sacrifice. Efforts will be made to find employment for you elsewhere, and it is hoped they will succeed."

Mr. President, the case I have cited is but an example of what may eventuate if the reciprocal tariff bill passes and its provisions are to be enforced by theorists who, for the most part, have no business of their own or have never been able to succeed in business if they have ever had one or have no experience in any industry. The manufacture of lace, started here at the instance of and with the encouragement of our Government, may be the first to pay the penalty of failing to live up to the standards of efficiency of a group of bureaucrats. What are the others that are to be marked for extinction? I have heard beet sugar mentioned. There must be many others. If, as in the case of lace, they need protection because of the high wages they pay, then may the wage earners be admonished as to what is impending.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. HEBERT. I yield.

Mr. VANDENBERG. I have the greatest sympathy with the Senator's sturdy pro-American thesis. It may be some consolation to him, in respect to the lace industry in his State, to know that we in the Middle West have had experience of this same unhappy sort with these prospective tariff-bargaining bureaucrats, and we know what an amazing percentage of error they can reach in their conclusions. So much error may ultimately give pause even to our Democratic leaders ere they persist in this menacing program.

We of the West have been told, for example, that our domestic sugar-beet industry, like the Senator's lace industry, is inefficient, this being the word of the Secretary of Agriculture, and that it is expensive, this being the word ominously used by the President in his sugar message. We are told that, because it is inefficient and expensive, in the view of these philosophers, sooner or later it should progressively disappear from our economy. Yet the fact is that, thanks to this inefficient and expensive industry, sugar sells in the United States at retail cheaper than anywhere else in the world, with two possible exceptions. Not only is it prominent and useful in our agriculture and industry but it is a boon to our ultimate consumers. If that shows inefficiency and if that shows expensive production, heaven give us more of them in this country rather than less.

But the point is, as was well submitted by the able Senator from Rhode Island, who commendably steps promptly to the defense of his own menaced people; the point is that it is nothing less than contemptuous impudence for any academic bureaucrat in Washington to undertake to classify and regiment and hobble and ultimately to decree the destruction of any industry in the United States. This is not freedom. It is feudalism.

Mr. HEBERT. Mr. President, I thank the Senator for his observation. I should have no fault with the judgment of men qualified to pass upon those things. If men in the industry itself, who have spent a life of endeavor in acquiring knowledge of it, were to pass upon the efficiency or inefficiency of a particular plant, that would be something with which we might have some sympathy; but to leave it to bureaucrats, to theorists, to men who probably never have been inside a lace factory, to decide that any factory is inefficient, is, to my mind, reducing the problem to the point of absurdity.

Mr. VANDENBERG. Mr. President, may I interrupt the Senator once more on the same point, again carrying my analogy into his thoroughly pertinent observation?

Mr. HEBERT. I yield.

Mr. VANDENBERG. The particular commissar of the Department of Agriculture who is in charge of our sugar industry is a rice expert. He never was remotely related to sugar until within the last few months.

Mr. HEBERT. Mr. President, I assume that because both rice and sugar come from the soil, therefore he is qualified to pass upon both, and the efficiency of the production of each.

Mr. FESS. Mr. President, I think I can give a better illustration. In order to be assured that you are not prejudiced in what you do, you ought to have somebody who does not know anything about it pass on it. Then there can be no charge of prejudice.

It seems to me that the Senator from Rhode Island has been making a very remarkable statement about an industry which is new in the United States. I have been impressed by what he has said. The industry is very young, yet there is invested in it in the neighborhood of $29,000,000, more than is invested in either of the old countries where the industry had its beginnings; and as I understood the Senator, all the machinery used by the American manufacturers is purchased abroad.

Mr. HEBERT. That is true.

Mr. FESS. There is no reason why, under American stimulation, we may not also produce the machinery that is needed. The difficulty with respect to this theory is that we must take into consideration the European producer, in the hope that he will buy from us something that he is not buying at the present time. If that hope—which is a faint one, it seems to me—shall not be realized, it will give him employment that would otherwise come to America.

It seems to me the Senator from Rhode Island has castigated fairly the unfair situation which results from holding that, on the mere basis of inefficiency, we are not going to permit the lace industry at home to continue; and if that is to be the judgment with respect to industry generally, then, as the Senator from Michigan said, God help American industry.

Mr. HEBERT. Mr. President, following along the lines of the observations made by the Senator from Ohio, these lace machines have never been produced in the United States, because they are most intricate and are very expensive; and our manufacturers here have never felt justified in entering upon their production, because they have never felt they could secure the protection they need against importations from abroad.

I have already said in my statement here this morning that the labor cost in the lace mills in the United States is just 400 percent more than that in France. Incidentally, during the tariff debate in 1929, I endeavored to secure further protection for American-made laces, and the item

was contained in the bill as it passed the Senate but was eliminated in conference, and the inadequate provision for protection theretofore afforded was restored.

Let me state as a matter of interest, that when it was learned in Calais, France, which is the center of the lace industry of France, that the duties had been increased in the tariff bill, the French lacemakers paraded the streets, and it is said that as many as 5,000 people walked the streets of Calais protesting against what the Senate of the United States was attempting to do in order to find employment for its own people at remunerative wages. Whether or not the demonstration in Calais had any effect upon the Congress at that time I am not prepared to say, but I repeat that the item which I succeeded in having embodied into the tariff bill at that time was taken out in conference.

Mr. FESS. Mr. President, will the Senator further yield?

Mr. HEBERT. I yield.

Mr. FESS. I think what we should primarily ask of the administration which is requesting this legislation, is a bill of particulars. What industry in the United States is to be exchanged for some alternative one over in Europe? There must be something sacrificed by us if we are to get something we are asking for, and it seems to me the administration ought to be frank with us and give us that information. The Ways and Means Committee of the House tried to get the information from the administration officials as to what particular industries we are going to sacrifice in order to get some special advantage from Europe which will enable us to increase our exports to Europe.

Mr. HEBERT. Mr. President, the members of the committee who heard the Secretary of Agriculture, tried repeatedly to have the Secretary enumerate the industries that were going to pass out and be exchanged for industries abroad, in order that we might in this country make some advantageous agreements, but so far as I have been able to learn from a reading of the proceedings of that hearing they were not successful in having the Secretary of Agriculture name one, unless it be the lace industry, which I am discussing at this time.

Mr. FESS. That seems to me to be the serious danger of this blanket authority, because we are asked to give to the Executive authority without any specification as to what particular items will be acted upon, and it seems to me that not a Senator here would be willing to grant that sort of blanket authority.

Mr. HEBERT. Mr. President, so far as the State which I in part represent is concerned, it is a very serious question. In that State we are essentially industrial, and unless our industries can have the necessary protection they are going to be wiped out. Many of our industrialists are most apprehensive, if I can read aright their views as expressed to me in the letters they are writing me constantly as to what is going to happen to them if the bill shall be enacted into law.

To such an extent is that true that in many instances the necessary capital is not forthcoming because of the uncertainty of the future. That, I again submit, may have much to do with preventing the recovery which we all hope to see.

Mr. VANDENBERG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Rhode Island yield to the Senator from Michigan?

Mr. HEBERT. I yield.

Mr. VANDENBERG. The Senator was referring a moment ago to the reaction in France 2 or 3 years ago when we temporarily increased the tariff on laces. I should like to call his attention to the more immediate reaction in Italy when the House passed the reciprocal tariff bill which the Senator is attacking. I read an Associated Press dispatch of March 29, 1934, from Rome:

> Approval by the United States House of Representatives of a bill conferring tariff bargaining powers upon President Roosevelt was welcomed prominently here tonight in the Italian press.

This is the Italian press applauding the action of the American House of Representatives. Continuing reading:

> Although the news arrived too late for official comment, the Fascist attitude toward the action was easily predictable, since Fascism always has considered tariff commercial conventions a particular prerogative of the Chief Executive.

In other words, Mr. President, with the Senator's permission I observe that the pending legislation, which the Senator so correctly and justly castigates, is a direct and specific step in the direction of American fascism.

Mr. HEBERT. Mr. President, I have mentioned what may happen to the lace industry if the bill should become a law. I am led to ask, What other industries are to be marked for extinction? The Senator from Michigan has referred to the item of beet sugar. I assume that there are many other items. If, as in the case of lace, they need protection because of the high wages that are paid, then may the wage earners be admonished as to what is impending.

Mr. President, this proposal of the Secretary of Agriculture, may or may not be a beautiful theory, but whether it be good or bad, it is pure theory nevertheless. It is in no sense new. Something of the kind has been tried through the years, indeed, through the centuries, and has always been set aside because it would not work out in practice.

If the passage of the pending reciprocal tariff bill contemplates any such action on the part of any administration, whether Democratic or Republican, then I am opposed to it, and I shall continue to oppose it while I am a Member of this body. After all, this is a government of laws and not of men.

Mr. FESS. Until recently.

Mr. HEBERT. And the Senator from Ohio remarks, "Until recently", and to some extent I am inclined to agree with the observation. It seems to me the tendency has been to change its form, notwithstanding it has been successful now for 150 years.

We are told that reciprocal tariff agreements will encourage foreign nations to purchase our goods. What are their means for doing so? They are unable, at any rate, that is their contention, to pay us the money which they now owe us. Would it be wise under those circumstances to make further advances to them upon their credit? They have not bought our goods for the simple reason that they have not thought it was advantageous for them to do so.

It must be borne in mind that other nations do not purchase our goods out of sentiment. They make purchases of us when they find it to their advantage to do so, just as we buy from them when we are convinced that it will be to our advantage.

I should prefer to protect our American markets, give employment to our people, maintain our standard of living—and, after all, they consume 92 percent of everything we produce—than to take the chance of destroying those markets for the sake of some business from abroad.

Mr. President, I realize that a more opportune time to discuss this particular question might present itself when the reciprocal tariff bill reaches the Senate for consideration, but I have been unwilling to defer until then this discussion of the recent statement of the Secretary of Agriculture in relation to an industry which means so much to the people of my State, and which in its implications, means the survival of the industrial system of our country.

This question rises above partisan politics, Mr. President, because it involves our whole people and their destiny. But if it must become involved in politics, I am encouraged that the party to which I have the honor to belong is a unit against this new threat and will resist it to the end. We are for protection. We are for America.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, returned to the Senate, in compliance with its request, the bill (S. 1135) to amend section 1 of the act entitled "An act to provide for determining the heirs of deceased Indians, for the disposition and sale of allotments of deceased Indians, for the leasing of allotments, and for other purposes", approved June 25, 1910, as amended.

The message announced that the House had passed without amendment the following bills of the Senate:

S. 193. An act to amend section 586 (c) of the act entitled "An act to amend subchapter 1 of chapter 18 of the Code of Laws for the District of Columbia relating to degree-conferring institutions", approved March 2, 1929;

S. 194. An act to change the name of B Street SW., in the District of Columbia;

S. 1820. An act to amend the Code of Law for the District of Columbia;

S. 2057. An act authorizing the sale of certain property no longer required for public purposes in the District of Columbia; and

S. 2509. An act to readjust the boundaries of Whitehaven Parkway at Huidekoper Place, in the District of Columbia, provide for an exchange of land, and for other purposes.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 8471) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1935, and for other purposes, requested a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. COLLINS of Mississippi, Mr. PARKS, Mr. BLANTON, Mr. BOLTON, and Mr. POWERS were appointed managers on the part of the House at the conference.

ENROLLED BILL SIGNED

The message further announced that the Speaker had affixed his signature to the enrolled bill (S. 2729) to repeal an Act of Congress entitled "An Act to prohibit the manufacture or sale of alcoholic liquors in the Territory of Alaska, and for other purposes", approved February 14, 1917, and for other purposes, and it was signed by the Vice President.

WAR DEPARTMENT APPROPRIATIONS

The PRESIDING OFFICER (Mr. WHITE in the chair) laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H.R. 8471) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1935, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. COPELAND. I move that the Senate insist upon its amendments, agree to the conference asked by the House, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. COPELAND, Mr. HAYDEN, Mr. SHEPPARD, Mr. STEPHENS, Mr. TOWNSEND, and Mr. CAREY conferees on the part of the Senate.

CHARGES OF DR. WIRT—CANCELATION OF AIR-MAIL CONTRACTS

Mr. ROBINSON of Indiana. Mr. President——

The PRESIDING OFFICER. Does the Senator from Rhode Island yield to the Senator from Indiana?

Mr. HEBERT. I yield the floor.

Mr. ROBINSON of Indiana. Mr. President, I send to the desk a copy of a resolution adopted by the Dunes Federated Club, of Gary, Ind., and ask that it be read.

The PRESIDING OFFICER. At the request of the Senator from Indiana, the resolution will be read.

The Chief Clerk read as follows:

DUNES FEDERATED CLUB,
Gary, Ind., April 5, 1934.

Senator ARTHUR R. ROBINSON,
Senate Office Building, Washington, D.C.

DEAR SENATOR ROBINSON: At a regular meeting of the Dunes Federated Club the following resolution was endorsed unanimously:

"Whereas the extensive publication of recent statements of William A. Wirt, superintendent of Gary schools, charging unnamed Government officials with engaging in certain subversive and revolutionary movements designed to overthrow our present constitutional Government has created Nation-wide interest in the subject; and

"Whereas Dr. Wirt is known to members of the Dunes Federated Club, of Gary, as a man of serious thought and unimpeachable integrity: Therefore be it

"*Resolved*, That the Dunes Federated Club, of Gary, considers the above-mentioned charges of such grave importance as to require a full, searching, and complete investigation by a competent congressional committee into the truth or falsity of the charges, and that if the charges be sustained appropriate action should be taken by the Government; and be it further

"*Resolved*, That copies of the foregoing resolution be sent to United States Senators FRED VAN NUYS and ARTHUR ROBINSON and Congressman WILLIAM T. SCHULTE."

We are asking your aid of Dr. Wirt in his preparation for and his appearance during any hearings before the House committee. We will greatly appreciate your influence in bringing about a complete investigation for the purpose of safeguarding the inherent rights of the American people.

Very respectfully yours,

L. LU ELLA COX,
Corresponding Secretary.

Mr. ROBINSON of Indiana. Mr. President, a few days ago Dr. William A. Wirt, a very prominent educator, superintendent of the Gary schools since 1907, made his statement with reference to the trend of this Government toward Russian communism or toward communistic methods under the direction of the so-called "brain trust." Tremendous publicity was given to the utterance of Dr. Wirt. I suppose the country was stirred by that statement as probably by nothing else in recent weeks, unless, indeed, by the ruthless cancelation of the mail contracts, which was itself originally a tragic blunder, to be followed by blunder after blunder, until we have now reached the point where the aviation industry in America is practically destroyed, and a method for reestablishing the mail routes has been proposed by the Postmaster General that seems to have in it neither method nor reason.

However, I wanted to say a word about Dr. Wirt and his charges. No sooner had his statement been given publicity than prominent members of the Democratic Party, all over the United States, sprang to their feet attempting to indict Dr. Wirt. Prominent members of Congress of both Houses have pounced upon him as if he were a criminal, and, since there was no real answer to the charges he had made, they have sought to poison public opinion against Dr. Wirt himself by attempting to laugh off the charges, as if he were a common clown. Mr. President, that just simply cannot be done. The reason there has been the tremendous interest in the charges made by Dr. Wirt is because the American people—I think a majority of them—have been thinking along the same lines and Dr. Wirt has expressed in concrete terms the fears of the country. Because of that fact, his charges have had wide attention, and will continue to have wide attention, regardless of whether or not tomorrow the House committee may give him an opportunity to develop those charges. Many people here and throughout the country believe that the attempt tomorrow will be to convict Dr. Wirt, when, as a matter of fact, it is the "brain trust" and their wild idiosyncrasies of government that are under fire. It is not Dr. Wirt who is under fire; it is the "brain trust." Let no one ever forget that for a moment.

Dr. Wirt is a public-spirited, patriotic American citizen, who has a tremendous audience every time he speaks, who is known to every educator in the country, and who has done valuable constructive work in the educational world. But the "brain trust"—that is different.

There was this morning brought to my attention an article by David Lawrence in the United States News of the issue of April 9 of this year. I shall not read it all, but I certainly want it to go into the RECORD, because this whole question is well covered by Mr. Lawrence. It is under the caption—

THANK YOU, DR. WIRT

Midwestern educator has performed a public service in asking for an inquiry into the operations of the "brain trust." It is a species of invisible government that should be brought into the open. All influences that motivate legislation should be revealed.

Then the article reads at the outset as follows:

Out of the Middle West—from Hoosier land—comes a cry for truth.

The man who seeks it is not of Wall Street.

Dr. Wirt was not a broker or a New York banker or a high-powered salesman.

Dr. Wirt was not one of those oft-condemned classes who are supposed to be responsible for the crash of 1929 and the misery of our fellow citizens.

Dr. Wirt is just a superintendent of schools—one of those charged with the duty of telling the youth of America that this is the land of the free and the home of the brave; that the Con-

stitution is a living document of human as well as property rights; that the system of government established by George Washington and Thomas Jefferson was a broad charter of principles, as fair today as it was 150 or more years ago, and that the people can add to or subtract from it at will by proper methods.

So Dr. Wirt has a right to speak and to ask questions. His position entitles him obviously to the right to petition Congress and ask what governmental policies mean. Nobody can deny him that privilege.

We can dismiss as lightly as we please the comment that somebody told Dr. Wirt that Mr. Roosevelt was just the Kerensky of the revolutionary movement and that a Stalin would succeed him. This is not really the important question—what someone remarked to someone else. The query raised by Dr. Wirt is a broader one and Congress would do well not to brush it aside carelessly.

There should be no whitewashing of the "brain trust" tomorrow when the House committee meets. It should give Dr. Wirt an opportunity to make his statement first of all, and then interrogate him, as other witnesses are interrogated when they come here.

Dr. Wirt is an American citizen entitled to the respect of the Congress. If the "brain trust" respects nobody, it does not mean necessarily that the "brain trust" controls the Congress, and that therefore Congress will respect nobody.

The country expects the House to go into this matter, and if it is not done right over there, then a committee should be appointed by the Senate for a real investigation. There should be no whitewashing of the "brain trust."

Dr. Wirt is not on trial. Let that be understood. It is the "brain trust" that is on trial.

I quote a little further from the David Lawrence article:

Who is back of new-deal legislation? For many years we have been condemning invisible government. We assume that hidden influences are corrupt. But often they are by no means corrupt because they hide from public view. In the present instance the "brain trust" works invisibly because that is tactful technique as long as we have the National Legislature.

Of course, if the National Legislature is abolished and we have a dictatorship, either a Kerensky or a Stalin in charge of the Nation, then the "brain trust" can be as bold as it desires. But it is necessary, so long as we seem to have a form of constitutional government, a form of parliamentary deliberation, a legislative system, to use tactful technique.

The article proceeds:

But it would be interesting to know the authorship of the new-deal legislation, just who sponsored some of the provisions in existing law and what were the reasons back of such sections of law as are today causing confusion and litigation.

There will be no difficulty about securing an admission that certain phrases were inserted in the preamble of existing law as a subterfuge—

This is Mr. Lawrence himself making the charge. This is not Dr. Wirt speaking:

Certain phrases were inserted in the preambles of existing law as a subterfuge, namely, to give lower courts—

This is a serious charge, Mr. President—

to give lower courts a chance to uphold the alleged constitutionality of measures which were sought as a means of regimenting the American people under a system that is entirely alien to American tradition.

There will be no difficulty, too, about discovering that the now famous consent-in-advance theory was written into law and is inserted in the codes and is to be found in pending bills. It is as unfair a method of forcing the citizen to forfeit his constitutional rights as has ever been devised.

Then, skipping some more of the article, I read further:

What conferences are held by members of the "brain trust" with the Members of Congress? By whose authority are they sent to Capitol Hill to lobby for legislation?

Mr. Lawrence is speaking of the "brain trusters":

By whose authority are they sent to Capitol Hill to lobby for legislation? And what interests do they consult when they draft legislation?

Yes; whom do they consult? Is this just a closed corporation? Is this indeed the invisible government?

We cannot for either the good of the left wing or the right wing point of view afford to have secrecy in government.

Members of Congress, driven by the party whip, have been inclined to accept administration proposals as being the work of the President or at least of having his sanction and approval. But he cannot possibly know the hidden meanings that lurk in the clever and adroit phrases written into legislation by a group of "brain trusters" who have in the back of their minds a complete alteration of our system of government.

For years lawyers of big business have very cleverly used loopholes in the law and vague phrases to save their clients from going to jail. There can be little question about that. But does that justify the legal brain trusters in resorting to the same tactics of intellectual dishonesty? Do two wrongs make a right? And is this the fair way to deal with the rights of millions of people? Would it not be desirable to debate these questions so that if the people wish to surrender their rights they may do so with their eyes open and with full knowledge of the facts?

Did the American people in the 1932 election vote for Mr. Roosevelt or for a tricky group of lawyer "brain trusters"? Did the American people have the slightest inkling that the Cabinet would be relegated to a secondary position and that behind the scenes a group of new-fangled thinkers with economic doctrines and experiments suited to other lands and other environs would reign supreme in the making of a legislative program?

Who made this program? Who are the "brain trusters"? Who runs this Government?

Then I pass over a few more paragraphs, and read further:

We shall have to consider whether the classification of Mr. Roosevelt as Kerensky is not metaphorical after all. Do the men who have dominated new-deal legislation think they can mold Mr. Roosevelt to their views and gradually lead him on to a more and more extreme change in our system of Government and in our whole economic set-up? Doubtless they do. That is the true purpose of the "brain trust."

There is a direct charge, not by Dr. Wirt but by Mr. Lawrence in the United States News:

That is the true purpose of the "brain trust."

Further on in the article Mr. Lawrence says:

The House committee may ask Dr. Wirt a few questions, give him his day in court—

Mr. President, Dr. Wirt is not in court. Dr. Wirt makes the charges. I think the vast majority of the American people believe there is a great deal to these charges. They cannot be laughed off.

The House committee may ask Dr. Wirt a few questions, give him his day in court, and try to forget the episode. But it will not be squelched. It will rise again to plague everybody who tries now to minimize its importance or significance.

The way to meet charges of this kind is by public debate and exposure.

Nothing is so wholesome as the exposure of such controversies and doubts to the fresh air of public opinion.

Dr. Wirt indeed may naively inquire of Congress: "What shall I say to the youth of my city?

"Shall I tell them that the government of the people and for the people and by the people is just a myth?

"Shall I teach them that the Constitution is nineteenth century liberalism and is out of date?

"Or, shall I teach them that the invisible influences which seek to alter our form of government by adroitly worded statutes and demagoguery are merely passing phantoms in a world of too many ghosts?"

At the conclusion of my remarks on this subject, I ask that the entire article by David Lawrence be printed in the RECORD.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Indiana? The Chair hears none, and it is so ordered.

Mr. ROBINSON of Indiana. Before I resume my seat, Mr. President, I should like to invite the attention of the Senate and the country to an editorial appearing in the Lynchburg News, which I understand is a paper published by the very distinguished and very able Senator from Virginia [Mr. GLASS]. It has to do with the injustice of the cancelation of the air-mail contracts. I send this copy of the editorial to the desk and ask that it be read.

The PRESIDING OFFICER. Without objection, the article will be read.

The legislative clerk read as follows:

[From the Lynchburg News]

AIR-MAIL CONTRACTS—SENATOR GLASS' NEWSPAPER ON THE INJUSTICE OF THE CANCELATIONS

Little by little, step by step, the Federal Government is getting back to where it started from.

Incensed by evidence that there had been fraud and collusion in the award of air-mail contracts, the administration abruptly canceled all contracts. It could not wait for completion of the evidence to discover the identity of the guilty and the degree of

guilt, and even today nothing has been done, so far as announcements show, to punish further the individuals who were guilty.

Then the administration turned the work of carrying the mails over to the Army, with the result that 11 Army flyers lost their lives and the mails were not carried on schedule or with anything approaching efficiency. The death of 11 men aroused the country more than an act of wholesale injustice and the Army was ordered to discontinue its work.

Then the administration, after making preparations that should have been made in the beginning and which would have saved lives, put the Army flyers back to work on a limited schedule, announcement being made that the arrangement was temporary.

Now it is proposed to return the air mail to private companies on contract, with provisions to prevent fraud and collusion, or with that purpose in view, and with the further provision that companies formerly holding contracts will be ineligible unless and until they have reorganized and gotten rid of officials in control when the former contracts were awarded.

One more step is in order and then the great harm done by hasty and ill-considered action in the beginning will be partly undone. That step is to permit all air companies to bid on contracts and award contracts to the lowest bidder. That would permit bidding by companies suspected of having practiced fraud and collusion, but to bar all, except under impracticable conditions, would be to deny contracts to the innocent unless they discharge valued and innocent officials. It would be another case of punishing the innocent along with the guilty and not punishing the guilty enough. Then the administration through investigations, through Department of Justice activities, could undertake to ferret out the suspected individuals and bring them to the bar of justice there to answer the charges against them.

That, of course, is what should have been done in the first place. Instead of ruthlessly canceling all contracts—and there are two parties to every contract, and one party can't honestly cancel it—the facts should have been established, the guilty companies deprived of their contracts and the guilty individuals sent to prison. But that wasn't done and it is too late now. What can be done is to do justice as best possible—and justice still requires that the innocent have their rights restored. They cannot have their rights restored unless the clause requiring them to fire experienced officers whose guilt has not been established, some of whom at least are innocent and all of whom have the right of presumed innocence until guilt is established.

The entire article by David Lawrence, appearing in the United States News for April 9, 1934, is as follows:

[From the United States News, Apr. 9, 1934]

THANK YOU, DR. WIRT—MIDWESTERN EDUCATOR HAS PERFORMED A PUBLIC SERVICE IN ASKING FOR AN INQUIRY INTO THE OPERATIONS OF THE "BRAIN TRUST"—IT IS A SPECIES OF INVISIBLE GOVERNMENT THAT SHOULD BE BROUGHT INTO THE OPEN—ALL INFLUENCES THAT MOTIVATE LEGISLATION SHOULD BE REVEALED

By David Lawrence

Out of the Middle West—from Hoosier land—comes a cry for truth.

The man who seeks it is not of Wall Street.

Dr. Wirt was not a broker or a New York banker or a high-powered salesman.

Dr. Wirt was not one of those oft-condemned classes who are supposed to be responsible for the crash of 1929 and the misery of our fellow citizens.

Dr. Wirt is just a superintendent of schools—one of those charged with the duty of telling the youth of America that this is the land of the free and the home of the brave, that the Constitution is a living document of human as well as property rights, that the system of government established by George Washington and Thomas Jefferson was a broad charter of principles as fair today as it was 150 or more years ago, and that the people can add to or subtract from it at will by proper methods.

So Dr. Wirt has a right to speak and to ask questions. His position entitles him obviously to the right to petition Congress and ask what governmental policies mean. Nobody can deny him that privilege.

We can dismiss as lightly as we please the comment that somebody told Dr. Wirt that Mr. Roosevelt was just the Kerensky of the revolutionary movement and that a Stalin would succeed him. This is not really the important question—what someone remarked to someone else. The query raised by Dr. Wirt is a broader one and Congress would do well not to brush it aside carelessly.

REVOLUTION A WORD BROAD IN MEANING

Dr. Wirt, in common with millions of other citizens, has been watching the passing scene. He has had more nerve than the rest. He has risked ridicule and abuse by stating openly that he wanted to know whether a revolution was being planned in America.

But the word "revolution" is broad in its meaning and application. Donald Richberg, general counsel of the National Recovery Administration, uses it in one sense and President Roosevelt in another. Political leaders call the election of 1932 a revolution. The President in the foreword to his new book takes a middle position. If it's a revolution, he says somewhat doubtfully, then it's a "peaceful revolution."

Let us examine what Mr. Richberg, as sincere a gentleman as ever accepted Government office, said in a speech over a national network of radio stations:

"Sometimes on hearing well-fed, jovial men and well-dressed, cheerful women chatting in their comfortable homes I wonder how many of the fortunate people of this country understand that the long-discussed revolution is actually under way in the United States.

"There is no need to prophesy. It is here. It is in process. In many other countries there have been revolutions since the World War—each one with surprisingly little bloodshed, but with a tremendous exercise of force and oppressive power.

"In this favored land of ours we are attempting possibly the greatest experiment of history.

"Revolution by the sword and bayonet is nothing new. Revolution by the pen and voice is different. The violent overthrow of Parliaments and rulers is nothing new, but the peaceful transition of all departments of government from one fundamental concept of a political economic system to another is different."

FUNDAMENTAL CONCEPTS CHANGING

"It is a revolution, not in purpose but in method; yet so profound a change in method that our purposes may seem changed. That is not so. The ideals that are written into the Declaration of Independence and the Constitution of the United States still guide this Government.

"It is the freedom of the individual, his right to pursue happiness, the security of his home, of his life, and of his thought, that our Government has been established to maintain—and will maintain."

Now, that is probably as fair a statement of what the left wing or so-called "intellectual group" would say they meant by revolution. Certainly it is a definition that argues for profound change and seeks to justify itself as coming within the spirit, if not the letter, of the Constitution.

But, as has too often been proved, there is a sharp distinction between the statement of a principle and the detailed application of it. Mr. Richberg's whole speech might be reduced to a single sentence declaring that he favored the principle of constitutional government. The every-day experience of the people, however, with their Government will show whether the rights granted under the Constitution are actually being transgressed.

Mr. Richberg is not the only administration official who has discussed revolution frankly. In these pages it will be recalled that considerable space was devoted a few weeks ago to a summary of the pamphlet by Secretary Wallace of the Department of Agriculture, in which he outlined the revolutionary changes that he foresaw.

"Force", said Dr. Tugwell, Assistant Secretary of Agriculture and one of the leaders of the "brain trust", "never settles anything", so he prefers "a process of gradual substitution."

But we need not deal with these abstract principles to find that Mr. Richberg is right when he says a revolution of some kind is in progress in America. Small wonder that Dr. Wirt is bewildered.

WHO IS BACK OF NEW-DEAL LEGISLATION

For many years we have been condemning invisible government. We assume that hidden influences are corrupt. But often they are by no means corrupt because they hide from public view. In the present instance the "brain trust" works invisibly because that is tactful technique as long as we have a National Legislature.

But it would be interesting to know the authorship of the new-deal legislation, just who sponsored some of the provisions in existing low, and what were the reasons back of such sections of law as are today causing confusion and litigation.

There will be no difficulty about securing an admission that certain phrases were inserted in the preambles of existing law as a subterfuge, namely, to give lower courts a chance to uphold the alleged constitutionality of measures which were sought as a means of regimenting the American people under a system that is entirely alien to American tradition.

There will be no difficulty, too, about discovering that the now famous consent-in-advance theory was written into law and is inserted in the codes and is to be found in pending bills. It is as unfair a method of forcing the citizen to forfeit his constitutional rights as has ever been devised.

There will be no difficulty in developing that in the Securities Act and in the Tugwell food and drug bill and in the Wagner labor bill there have been provisions which would make the findings of fact of a commission or Government agency final and not subject to review by the courts.

There will be no difficulty in establishing that in the proposed air-mail legislation, a penalty was inserted against any company which sought to exercise its constitutional right to seek redress in the Court of Claims.

NO AUTHORITY FOR SOME ACTS OF GOVERNMENT

There will be no difficulty in discovering that the Blue Eagle was originally set up as a Government boycott without warrant of law; indeed the words of the National Industrial Recovery Act specifically stated that there must be no discrimination of any kind. The fact that the Government encourages the discrimination does not make it lawful.

And by what authority of law were the President's reemployment agreements continued? The ordinary concept of fair play is that it takes two to make a contract and that when it is extended both parties must sign the extension. Yet the Government has declared all these reemployment agreements extended by proclaiming that anybody who displayed the Blue Eagle after January 1, 1934, agreed in fact to an extension of his contract.

Why these plain efforts to circumscribe the constitutional rights of the individual?

These are questions Dr. Wirt probably wants to know, but there are millions of citizens who have an even deeper yearning for information than that which has been given them.

What conferences are held by members of the "brain trust" with the Members of Congress? By whose authority are they sent to Capitol Hill to lobby for legislation? And what interests do they consult when they draft legislation? We cannot for either the good of the left wing or the right wing point of view afford to have secrecy in government.

MORE LIGHT NEEDED ON ACTIVITIES

Members of Congress, driven by the party whip, have been inclined to accept administration proposals as being the work of the President or at least as having his sanction and approval. But he cannot possibly know the hidden meanings that lurk in the clever and adroit phrases written into legislation by a group of brain trusters who have in the back of their minds a complete alteration of our system of government.

For years lawyers of big business have very cleverly used loopholes in the law and vague phrases to save their clients from going to jail. There can be little question about that. But does that justify the legal "brain trusters" in resorting to the same tactics of intellectual dishonesty? Do two wrongs make a right? And is this the fair way to deal with the rights of millions of people? Would it not be desirable to debate these questions so that if the people wish to surrender their rights they may do so with their eyes open and with full knowledge of the facts?

Did the American people in the 1932 election vote for Mr. Roosevelt or for a tricky group of lawyer "brain trusters"? Did the American people have the slightest inkling that the Cabinet would be relegated to a secondary position and that behind the scenes a group of new-fangled thinkers with economic doctrines and experiments suited to other lands and other environs would reign supreme in the making of a legislative program?

A NEW ORDER TRUE PURPOSE OF "BRAIN TRUST"

Unquestionably the people elected Mr. Roosevelt because they had faith in his aggressiveness, his liberalism, his honesty, his broad humanitarianism, his simplicity, and, above all, his promise of a new deal as compared with their luck under Mr. Hoover. They can still retain their faith in Mr. Roosevelt's leadership and in his ultimate capacity to discard the wrong and retain the right out of the multiplicity of proposals and schemes put before him in the last year or so. But they are beginning to wonder if he has been imposed upon by men who think he is putty in their hands.

We shall have to consider whether the classification of Mr. Roosevelt as Kerensky is not metaphorical after all. Do the men who have dominated new-deal legislation think they can mold Mr. Roosevelt to their views and gradually lead him on to a more and more extreme change in our system of government and in our whole economic setup? Doubtless they do. That is the true purpose of the "brain trust."

The first principle in the "brain trust" philosophy is that everything that happened prior to March 4, 1933, is wrong and can be discarded as the old deal. The second is that collectivism or socialization of our whole system of agricultural and industrial production is absolutely essential and that if the idea of capital and investment is retained at all it should be limited, regulated, and controlled by the central government.

No such power exists in the Constitution, but it does exist in the people. They retain sovereignty. They still have the right of rebellion at the polls or by force of arms. Nobody can deprive them of that privilege. We have had riots and strikes and farm holidays and violence here and there, but on the whole the Nation has been peaceable in the midst of a great emergency.

WILL PEOPLE READILY YIELD THEIR RIGHTS?

But what will be the temper of a people who discover rights torn from them? Will they submit to the edict of the Government at Washington which will tell them how much they shall plant and what they shall receive for their products? The Bankhead bill of compulsory control of cotton production is as serious for the farmer as is the proposed governmental control of all businesses which list their securities for public sale. Will American business accept the right of the Government to say whether a machine shall be replaced when obsolete, whether new typewriters can be bought for old, whether new capital can be introduced to develop mineral resources?

It requires no great amount of research to learn that in the bills proposed and those now actually on the statute books there is a revolutionary change in the rights of the individual and that we are preparing to put in the hands of a few men—a few political overlords—the full power to issue money and to restrict at will the opportunity of the individual in all walks of life.

The House committee may ask Dr. Wirt a few questions, give him his day in court, and try to forget the episode. But it will not be squelched. It will rise again to plague everybody who tries now to minimize its importance or significance.

The way to meet charges of this kind is by public debate and exposure.

Nothing is so wholesome as the exposure of such controversies and doubts to the fresh air of public opinion.

Dr. Wirt, indeed, may naively inquire of Congress: "What shall I say to the youth of my city?

"Shall I tell them that the government of the people and for the people and by the people is just a myth?

"Shall I teach them that the Constitution is nineteenth century liberalism and is out of date?

"Or shall I teach them that the invisible influences which seek to alter our form of government by adroitly worded statutes and demagoguery are merely passing phantoms in a world of too many ghosts?"

And if the asking of these questions results only in making Congress itself understand the full implications of its acquiescence in this new crop of "noble experiments" then Dr. Wirt's plea for light and truth will not have been in vain.

OHIO RIVER BRIDGE NEAR CAIRO, ILL.

The PRESIDING OFFICER (Mr. THOMAS of Utah in the chair) laid before the Senate the amendment of the House of Representatives to the bill (S. 2675) creating the Cairo Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the Ohio River at or near Cairo, Ill., which was, on page 9, after line 23, to insert:

(a) Notwithstanding any restriction or limitation imposed by the act entitled "An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes", approved July 11, 1916, or by the Federal Highway Act, or by any act amendatory of or supplemental to either thereof, the Secretary of Agriculture may extend Federal aid under such acts, for the construction of said bridge, out of any moneys allocated to the State of Illinois with the consent of the Department of Public Works and Buildings of said State, and out of any moneys allocated to the State of Kentucky with the consent of the State Highway Commission of said State.

Mr. LEWIS. Mr. President, the bill which is the subject of the amendment just laid before the Senate is merely for the building of a bridge over the Ohio River near Cairo, Ill., to take the place of an old one that is said to be in danger. I move that the Senate concur in the amendment of the House.

The amendment was agreed to.

THE TAX BILL AND THE FOREIGN DEBTS

Mr. LEWIS. Mr. President, I address myself to what I feel are proper considerations relative to the pending tax bill. It is in this connection I desire to enter into some observations as to the foreign debts due to the United States from the debtor countries. I allude to the latter in view of information which reaches this Government this morning, known to our State Department, and which in some respects is made public property today.

The bill pending before this honorable body is designated as the tax bill. It has for its purpose creating a fund or establishing quantity of revenue to meet the expenses of the Government. It is very difficult to find any new subject of taxation. It is exceedingly severe to place upon the already accepted subjects and objects of taxation the necessary increased burden which they will have to bear unless we can reduce that aggregated amount to be levied upon our own people, by turning with hope and enjoying with confidence the prospect of some payments from the foreign debtors, the countries indebted to the United States in the sum of several billions of dollars.

Mr. President, as I stated but a second ago, this Government is advised, and its State Department is now informed, that there is already set afoot something of a concurrent action on the part of the principal debtors looking to threatening the United States with complete ignoring of the debts unless we shall adopt some plan that will conform the debts to the contentment of the debtor, or to cancel them at the instance of the debtors who demand that disposition.

We pause for a moment to note that Britain last week presented to the world an interesting disclosure of how, with her home debts provided for, there was a residue in the treasury of what would amount to hundreds of millions of dollars in America. For this excess there is no immediate demand in the English budget. The amount of excess is said to be reserved for such future uses as England itself shall find proper for uses in Britain.

At this point I am bold enough to intimate that one of the expenditures most proper for our renowned friend, sublime England, is a contribution by way of payment upon the debt due the United States of America. I invite the honorable Senate, and those kind enough to pay heed to this particular proposition, to that which is now known to our Government in specious detail but voiced in a general man-

ner by public cable which I read. Referring to England, the statement is:

Nobody here would give a brass farthing for Britain's chances of making any further collections on its war-time loans to its former Allies. The suggestion therefore that Britain should be stigmatized as being in default unless this country resumes payments to the United States on the full Baldwin-Mellon scale seems to Englishmen particularly unfair.

Mr. President, we who know the splendid record of England in ever maintaining faith in financial obligations marvel at the further disclosure revealed in the cabled information. The recital continues in saying: For instance, it will be remembered that—

Within less than 2 years events have so transpired that virtually every argument used by the British Government in 1932 to justify token payments—

Meaning payments to her—

can now in strict logic be reapplied to prove that resumption of full payments would be justifiable. For instance, at that time British governmental finance was in a shaky state; today Britain alone among the world's great nations has a budgetary surplus. Then the treasury's problem was to keep the value of the pound up; today it is to keep it down.

Yet, says the information:

Anyone in touch with the realities of the situation must know that this Government—

Meaning England—

has not the slightest intention again of turning over $180,000,000 annually to the United States.

No statement that the amount is not due for money loaned nor that it has not been due by a long-time agreement of compromise.

The agreement, says this information, made and signed 12 years ago, has "ceased to command that respect which usually attaches to contracts here", meaning England.

It is pointed out, for instance, that one agreement after another with regard to German reparations has been torn up.

This to intimate that the agreement with the United States might now be but "a scrap of paper."

In England, sir, in Britain, sir, let it be said this is the further information as recited:

Moreover, it is still firmly believed by 99 percent of Britons—who have ever given thought to the matter—that Britain immediately passed on to her allies the loans received from the United States; alternatively that the United States made such enormous profits on the supply of munitions and war materials that the debt total could be held to be an extortionate one—a gracious accusation—and again alternatively that since the United States finally came into the war, all other arguments are inconsequential besides the one that our (England's) financial outlay, meaning indebtedness to the United States, should have been considered as a contribution to the common victory.

Mr. President, this assertion from Britain has never been made in these exact words before. Such utterances of misstatement were the stock of the torturing politicians who were of the parties of France, and no honor to that deserving people. It is not until now that we observe this text of a partial France has been completely partaken by Britain and announced as a new credo of England defining the debt it holds of the United States.

Mr. President, we continue to note something of the information brought to us, to our United States:

The recital is but some of these submissions are demonstrably inaccurate. None would commend itself to a diplomat having to justify the omission of a full payment, and the American suggestions that the British budgetary surplus should be devoted to a resumption of the debt service seems simply in bad taste.

Therefore, says Britain, through its principal organ of government, the Morning Post, as follows:

That the Government should offer—

To America, Mr. President—

a lump sum of reasonable dimensions to the United States in full and final settlement.

There is nothing said as to what is a reasonable dimension. The dimension is not uttered, nor what is reasonable suggested. But we have this from the organ of the present Government of Britain, which, let us know, would never have this expression had it not been previously endorsed by the officials of power of Great Britain. The expression is that the debtor shall submit to us—the United States; the creditor—an offer of "a lump sum of reasonable dimensions to the United States in full and final settlement."

Then the organ of the Liberal Party, the Evening Star, proceeds to declare:

Not a penny should be sent.

Mr. President, this has not been previously the attitude of Britain—Britain ever distinguished for impeccable honor. That was an expression of those who, defined as "cannaille", surrounded the Chambre des Députés of France in Paris, and in an all day of turbulence, howled expressions against "le paiement—pas un sou." Now comes forth the liberal organ representing one of the democratic parties of Britain opposed to the party represented by the Morning Post—the Conservative—and likewise echoes, as to any payment to the United States of debt due, "Not a cent."

The Evening Star says:

If cancelation is not obtainable, then Britain should do as France has done—default.

I submit to my colleagues of this honorable body that this is probably the first time they have heard that expression as coming from the statesmen of England. She may have in the past complained that it was not convenient to make an installment payment, and that plea has been considered and accommodated by our country from time to time. Britain found it agreeable to send her special envoys to our Capital here in Washington, where they presented such attitudes of thought or action as they felt to the advantage of their country. These envoys of Parliament were of exalted standards. They have seen their petition yielded to by the officers of our own Government assenting from time to time. But not now is the course one of petition. A new policy seems to have possessed Britain. No longer will they make an offer or plead for privilege nor ask for favor. They demand of us as a creditor to understand that as to any payment due they are now ready to assert the doctrine of "not a cent."

Mr. President, we then turn to note, as is said by the paper of the opposite party to the present Government, that England will adopt the plan of France and "default." Says the commentator on this particular cable:

The word "default" has a sinister sound to business men and bankers, who feel that the acceptance of this stigma might encourage their debtors to go and do likewise.

By a process of elimination, the Government seems to be driven back to take its stand upon the intangibles. In the next debt communication to the United States various specific arguments for nonpayment will be touched upon.

Therefore I invite the attention of my colleagues to the fact that heretofore the positions of our debtor have always been either for delay or for diminution of the amount due, but now it is that they will end all payments of their own election. This drastic and ungenerous attitude has not been suggested before from Britain.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER (Mr. McCARRAN in the chair). Does the Senator from Illinois yield to the Senator from Idaho?

Mr. LEWIS. I yield.

Mr. BORAH. The paragraphs read by the able Senator from Illinois are simply recording what has been apparent for some time. It seems to me that our Government has rather encouraged the debtor countries to reach the conclusion which they have now reached. I do not know of any action which our Government has taken to bring those people to realize that we expect them to pay the debts. They have drawn the inference that we are willing that the matter shall slide into oblivion and be forgotten.

Mr. LEWIS. Mr. President, I regret that conditions compel me to concede the position taken by the able Senator from Idaho. I deplore that the administrations of both Presidents in which I have lately served here have not found it convenient to be more absolute in the assertion of our rights. This should have been done in a manner seeking

no conflict, urging no unnecessary contests, and, under all circumstances, striving to avoid any disruption of friendship. Nevertheless, sir, we should ever and constantly have insisted upon the right of the United States to enjoy the collection of its just debts, coupled with assertion ever expressed to these eminent countries that we expect to have faith fulfilled.

I conclude some observations touching this question. After referring to the fact that the next communication is to be one of complete nonpayment of anything further, it is said:

The whole war debt and reparation structure has broken down. Any effort—

Meaning any effort on the part of the United States.

Any effort to reconstitute it would now endanger world recovery.

Mr. President, I invite my able friend the Senator from Idaho, very learned and very distinguished on this subject, to note that already it is to be proclaimed that any attempt on our part to press the collection of these debts is to interfere with world recovery. The eminent statesmen of Britain are now returning to an ancient shibboleth of which we have endured such a superfluous repetition in different parts of the country. It was ever the demand that America sacrifice her rights in order, first, to aid in world recovery; next, we are to refuse to assert our rights of recovery lest to do so would disturb the recovery of some other land. Therefore our position must be to suffer all form of wrong and loss that other countries may enjoy all form of right and gain. I do not subscribe to that creed, and so far as my impotent voice, and possibly less capacity, shall be invoked, I must oppose such a doctrine, whether it comes from the source of that which is called my party, or from the demand of foreign lands. For myself I insist that America shall remain American, and press her rights as American, and let us meet any opposition upon such basis as shall appear to be just, within the meaning of obligation—with the spirit of true friendship, but true, sirs, of a greater justice between the nations of equal standing before the bar of honor.

We turn, then, for a moment to call attention that these animadversions against the United States are the observations of the British statesmen. But it may interest the Senate to know that on the same day the expressions are voiced on the part of these eminent statesmen representing Great Britain there is a meeting called at Paris, and, Mr. Chairman, it is to be noted that at the same hour of the day when the observations are being echoed by Great Britain, to let us know that at last they have reached the point where there is to be an assertion by Britain of "not a cent", there is at the same time an assertion by France of "pas un sou"—not a cent. At the same time France makes a declaration which the American Chamber of Commerce of Paris is compelled to heed by proceeding to make a report at once, and we turn to the report from Paris, where the committee of the American Chamber of Commerce of Paris, referring to the action of France in announcing no recognition of the obligation to the United States in any form whatever, says:

The committee fears the present policy of the French Government may tend toward further limitations of imports, and that the time may not be distant when the importation of many American products by France will be impossible.

Therefore the Chamber of Commerce of France called attention to this action at Paris on the part of the Government officials, and notes that France has a purpose, in pursuit of what she feels her own interest, of course, in withholding any privileges or trade to the United States; and this as a penalty for the United States seeking to enforce the debts due us, the collection of those due to us from France. We shudder at the chill that once warm and affectionate France now ices upon us. We wish we could thaw it all out into a once again running rill of a happy stream.

Sirs, I summon you to recall that this administration has not in the last month taken any steps toward renewing the demands for payment. It is interesting for us to consider what information has been sent to either Britain or to France by which either Government should assume that just at this time we have entered secretly into some new design to press a collection upon these countries. Whoever communicates the information that has aroused retaliation and defiance we cannot prophesy. I am sure that they who have initiated the demand must have done so without any direction on the part of our Government. The officials of this Government would not have taken any step along such line without informing this, its correlative body, the United States Senate.

It therefore invites us to very serious reflection as to why these countries at the same time find themselves concurring to the same objection, to the same view, and expression of the same purpose, to wit, to say to the United States, "We are in default. Get your money if you can."

In the meantime, Mr. President, we turn to behold Italy. The government of Italy sends a message by the way of England to announce that it is unjust on the part of the United States to assume to collect money due from Italy while in the meantime we are by a form of government, as is asserted, doing an injustice to her people in the immigration laws, and likewise, sirs, a discrimination against her commerce by our existing export tariffs. We are the admirers of the noble stand for peace, for order, for advance Italy takes before all the world. Her people have done marvels in finance, industry, and government.

Mr. President, I still am greatly invited, not so much out of curiosity, but largely from the education that has been borne in on me from my experience as a lawyer, to ask why these three governments, through their very eminent and able statesmen, should have found it agreeable, though many miles apart, to have acted almost within the same hour, with the same declaration and the same purpose of a complete defiance of the United States as against the collection on her part of $1 of the debt wholly due her, much of which we have through charity and generosity—a list of which the eminent Senator from Ohio [Mr. FESS] gave some time ago, released them from paying. But instead of receiving any thanks, or the expression of appreciation, we find this combined undertaking now to defy us in any hope we may have to recover a dollar.

Someone might ask, "Why is this so suddenly done, and what is the spirit that brings it forth? Why this new ghost at our banquet of brotherhood?"

Mr. President, I would deduce that these governments, gathering the proposition from our legislation as reported in the public press, as being on the eve of seeking some reciprocity of mutual dealing as respecting trade and the reduction of tariff barriers, the melting of obstructions, are serving notice upon us—and, Senators, we might as well face the proposition and cease playing plush and velvet and know that it is a stand of steel and iron. The notice is an announcement, though saying, "Gentlemen of America, before you can hope to carry on any of your reciprocity treaties which secure from us a recognition of or favor to your trade, you first will please banish these debts; and keep in mind, America, that it is our purpose to inform you now that you can hope for nothing in your proposed plan of reciprocity of treaties for the exchange of trade lest you first remove from us the obligation of these debts which you are now seeking to enforce upon us."

Mr. KING. Mr. President——

The PRESIDING OFFICER. Does the Senator from Illinois yield to the Senator from Utah?

Mr. LEWIS. I yield.

Mr. KING. I ask the Senator whether he believes that if it were advantageous for the agriculturists of the United States, and our manufacturers, and the people generally, to find markets in Great Britain, or France, or Italy, we ought to refuse to deal with them, notwithstanding the advantages received, because, forsooth, they are indebted to the United States?

Mr. LEWIS. No; I take it, I say to my able friend from Utah, that it is not we who should refuse. It is quite evident to me that they, our debtors, have conceived the thought that if they will let us know that we can only deal

by first removing these debts, that that will be a compulsion to us to do so, and, to substantiate that hope, they make the bold announcement that they will go in default rather than pay us anything. It is assumed that if we willingly cancel the debt as, says the spokesman for Britain, we can, having canceled them, look forward to some form of reciprocity in some of these dealings suggested by that which appears to be our legislation as passed. I say to my able friend from Utah that it is the reverse of his kind suggestion in their behalf. It is not that we would not trade with them, they being in debt to us as a reason, but it is that they, conscious of this debt, are informing us that "until you remove it, gentlemen, we will not deal with you."

Mr. KING. Mr. President, will the Senator further yield?

Mr. LEWIS. I yield.

Mr. KING. I think the suggestion which I made, if the interrogatory may be construed as a suggestion, was rather in our own interest than in theirs. The proposition I mildly suggested was whether we should refuse to export our surplus commodities to defaulting nations, even though it would be advantageous to our producers and agriculturists, because those nations were still indebted to the United States.

Mr. LEWIS. I should have to say, in reply to that, that much would depend on the exporter. He would have to be governed by whether he felt he would get his money, and whether those to whom he was exporting seemed able to pay their obligation. Much would be determined by the feeling that the exporter would have to the buyer. I answer, as far as our Government is concerned, I trust it would not intrude itself to prevent these exploitations between the tradesmen of America and the receivers of the foreign countries merely because that foreign country is indebted to the United States.

Mr. KING. Mr. President, will the Senator from Illinois yield for another question?

Mr. LEWIS. I do.

Mr. KING. It is not pertinent to the interrogatory which I just propounded. I understood the Senator to state, as I was coming into the Chamber, that France and Great Britain and Italy and perhaps other nations indebted to the United States had defied us, or were assuming a defiant attitude. I was wondering if the Senator believed that Italy and France and Poland and other nations to whom money was loaned by Great Britain during the war, in an aggregate amount greater than that which Great Britain owes us, have defied or are now defying Great Britain because they have not paid Great Britain the several amounts which were loaned to them.

Mr. LEWIS. I am compelled to say that, busy as I have been in many quarters with the duties resting upon me, I have not noted the attitude of Poland and the lesser debtors to Britain, as to their position toward Britain. I am compelled to answer my able friend that I could not offer an opinion as to the attitude of these debtors to Great Britain, not having observed any expression from them. I sincerely trust, however, that they may be found in a spirit that may reconcile their indebtedness and continue the friendships between themselves and their creditor, as we would hope to continue that between ourselves and our debtors.

But, Mr. President, these nations that have now subtly joined together with a single object of letting us know that not a dollar will they pay, and that they will cry default, presume that by so asserting they will make more certain the result. I think the classic scholars around me recall that from one of the very ancient Latins we have an expression—

Possunt quia posse videntur—

Which, literally translated, means, "They can because they think they can."

This Virgilian maxim may be the inspiration that inflames the spirit of these eminent statesmen of our debtor lands. Here, sir, one thing must be asserted by America, namely, that she is willing to yield to generosity and to any inducement humanity may suggest, but America is not in the spirit to endure to be told by any nation that the United States has to yield either from the threat of that nation not to grant business favor to us or because of the fear on the part of our country that some debtor land would enforce a loss of any trade we expect to obtain in behalf of our people. This threatened condition again, sir, brings us back to where this Nation must assert itself and state very freely that it stands on its rights, that it expects to wrong no people, but it will not endure complacently a wrong from any people. That as to such attempt it will protest in the proper direction.

Mr. President, I then come to the question my able friend from Utah brings to me for consideration and which my eminent friend from Idaho suggests. What is the avail of our Government's proceeding to have these treaties which the eminent Senator from Rhode Island this morning in an address referred to and the Senator from Ohio [Mr. FESS] and the Senator from Michigan [Mr. VANDENBERG] have alluded to by their interrogatories appropriately addressed, if already these nations with whom we expect reciprocity have proceeded to inform us that their attitude is one now of such combined antagonism that they will not pay a dollar of their debts—nations which announce the opposition to payment before we urge the collection? What spirit existing is there from which we may expect an agreement in such harmony of reciprocity that we may enjoy the fruits thereof? Will a character of this antagonistic nature be the kind that we must confront? When we tender a proposition looking to an exchange between them, will we meet the confronted combined opposition looking to the destruction of any rights that we have at the beginning, and refusal, sir, of any form of accommodation at the end?

What position will these United States be in to tender a proposition of reciprocity touching the matter of the tariff against American goods and reductions of import duties from nations which heretofore have let us know that they recognize no rights on our part to collect the debts they owe us? Shall we still propose to present to such spirit a proposition which we know must at that time be promptly opposed, argument instantly refuted, our demands and equities promptly ignored—all done in the same spirit of defiance tinctured by that enmity which I have brought to the attention of the Senate? How, then, shall we stand if this condition of discouragement shall continue? The result would leave us as a nation standing in a ridiculous aspect before humanity. We will make of ourselves a laughingstock of the international intelligence. We will become, sir, the writhing, squirming theme of humor on the part of world statesmen.

Therefore, before there should be an attempt on the part of this Government to carry out the policy of these mutual reciprocities to be tendered, let us find where we stand between ourselves and these honorable countries as to the indebtedness, not for money's sake, brother Senators, but that we may ascertain the spirit of the people, that we may know to whom we go, to what form and manner of nature we appeal, and what are the prospects of success in this mutual exchange of fraternity, of welfare between nations. Sirs, if we are to be flouted, if we are to endure the abasement of being humiliated, pray God we stand silent upon our rights and rest there content to enjoy the confidence of our own American people.

Mr. President, wherefore I would suggest these countries need not fear that we expect to drain their treasuries. England announces that Britain has a treasury now overflowing, bulging with the surplus which could be well applied to the debt due to the United States, and in the statement of the Morning Post, the organ of one of her parties and in a cable statement in the Evening Star, the organ of the other party concurrently, that not a dollar will be paid. Senators, our ancient and present friend France holds billions of gold in her treasury equally amenable to our debt, if she should care to pay upon it, all without loss to herself. Britain has this effulgence of a surplus of money likewise, sirs, appropriate to the payment of our debt if she were but inclined, in spirit, to contribute it. But the announcement from Britain'e statesmen is that the $180,000,000 now due

will never be paid, and we might as well understand it. While France continues to chorus, "Pas un sou", and cut us out of equal treatment in French taxation.

Mr. President, I would suggest that the time has now come when we should make a proposition as the creditor. It seems to me to be appropriate to call these debtors together to suggest to them that, "Instead of taking your cash, that you may have uses for, you gentlemen of the debtors assemble and issue bonds to the amount of the full debt due the United States. Let interest on the bonds be suspended for the 2 years, the bonds to be in a small amount, that is, their denomination small of sum." These bonds in the hands of the United States may then, sirs, be transferred by the United States to its own people for consideration. These bonds would be held either for the enjoyment of heirs to the estates if these debtors are solvent, or, sirs, for the transmission as further security to the large business interests that may be interested in maintaining a financial future. This, sirs, you will observe drains nothing of their immediate cash and places the obligation on the other generation who are to enjoy the further beneficence and generosity of this, our very indulgent Nation.

If these nations cannot consider such a proposition as that, then, it were well, it seems to me, to ask them directly now, "What do you suggest?" For, Senators, we cannot continue this present drama, which is already taking on a farcical aspect. As the Senator from Idaho observed, it does not seem that we have made an effort lately to press upon these debtors the necessity of considering this situation as a business, one between honorable nations to be complied with as do honorable men in their obligation one with the other.

Now is the time when we should make the proposition to them, "If you will not take one that we tender you, that releases you from an immediate burden, what do you suggest? What will be that which you will tender us that will place you in the position of honor and righteousness with the righteousness and honor we extend to you?"

Mr. FESS. Mr. President——

Mr. LEWIS. I yield to the Senator from Ohio.

Mr. FESS. I am interested in the suggestion of the Senator that the debtor nations give their bonds representing their debt to us without interest; that the Government of the United States should accept such bonds and then place the bonds, I understood the Senator to say, among the people of our own country. My query is, Who would want the bond of a foreign government without interest, even though it should be guaranteed by our own Government? How would it be put in the hands of the individual citizen?

Mr. LEWIS. There is a great deal to be said in concession of the doubt that the able Senator from Ohio intimates. I answer that it would only be accepted by the relationship of these countries being disclosed, indicating their willingness to pay these bonds and their intention to do so, for, if they have not a future that could pay the bonds to our people, I would say to my able friend that they have no future that would pay the cash to our Government. If they cannot pay the cash to us at all at any time, they may not pay the bonds at any time but, upon the theory of giving them extension, we could take their bonds, pass them only to those people who, understanding the situation, were willing to take the bonds and trust the future of the debtor nations. That is all I can answer my able friend, for it must be plain if we look forward to these governments paying us in money on the theory they will be able to do so, we likewise may concede that at the same time they would pay the bonds upon the theory of their willingness to do so. I must say to my friend that it is only upon the acceptance of our own people with the knowledge of the situation that we could transfer these bonds.

Mr. FESS. Mr. President——

Mr. LEWIS. I yield again to the Senator from Ohio.

Mr. FESS. I recognize there is merit in what the Senator has said, in that such bonds would represent a recognition on the part of the debtor nations that they do owe the debt. That I think would be a real contribution. On the other hand, the practicability of it, as to whether it would work, is, in my mind, somewhat doubtful. I do think it would have a value in reviving the recognition that it is a debt which they owe us. That is the thing I have always resented, namely, their effort to avoid the obligation to pay. If they say, "we cannot pay", that would be one thing, but when they say, "we do not owe it", that is an offensive statement to any Member of the Congress who was in Congress when these debts were originally contracted.

Mr. McKELLAR. Mr. President——

Mr. LEWIS. I yield to the Senator from Tennessee and thank the Senator from Ohio for his observation.

Mr. McKELLAR. Our Government has that kind of a bond now.

Mr. LEWIS. The bonds, may I say to my able friend from Tennessee, that we have now are held as security but not in ownership; and that makes a difference, for we cannot transfer those bonds.

Mr. McKELLAR. We cannot transfer them, but we own them; and if they are just to be mementos, why would it not be better to keep those mementos in the Treasury rather than distribute them among private individuals?

Mr. LEWIS. I reply that considerations of international friendship prevent me from making the observation as to these very valiant and responsible countries conceding their bonds as only mementos. I must conceive the debtor bonds as responsible.

Mr. McKELLAR. Very responsible.

Mr. LEWIS. I may say, however, I would hold that the bonds we have now as they are held as security, we have no right, of course, to foreclose on them; we have no method of doing so; and we cannot appropriate them, for we have no right to do so. The other bonds, such as I suggest, could be turned over to us as property, and the able Senator is quite correct that they would remain as mementos unless the countries issuing them were behind them and had a spirit of honor intending to pay them and a capacity of credit capable of doing so.

Mr. President, I rose because I am strangely affected this morning, seriously affected, by the observations on this concurring action on the part of these governments, each of them reaching the very same text, in exactly the same words; of their readiness to defy us as against any attempt on our part to collect, and bringing it out just on the eve when it is asserted that we expect to approach them touching some matter of reciprocity in trade arrangements between our President and the heads of their governments who have the right and the authority lately conferred upon them to make such arrangements in place of legislation by their parliaments.

Mr. TYDINGS. The amount of those bonds in toto is around $11,500,000,000.

Mr. LEWIS. I mentioned the amount as $12,000,000,000, having in contemplation a portion of interest yet to be due.

Mr. TYDINGS. I understand those bonds are payable in gold.

Mr. LEWIS. On that point I must yield to the Senator's memory.

Mr. TYDINGS. There is only about $11,500,000,000 of gold in all the world, and we have about $5,000,000,000 of that. Has the Senator any suggestion to make as to how those countries might pay their debts in gold?

Mr. LEWIS. I do not go so far as to say they must load their ships with coin of gold or money of gold and transfer to us at the end of the voyage, but I concur with the Senator in his suggestion that it is an impossibility. But I feel that their securities, if they shall so fail in the payment of the debts, would pass in this country on the theory that those countries are stable and that they can secure the payment by their assets.

But I must say also that my able friend must not overlook that some of those countries have changed their standard in gold since the time they made the bonds, and I am not aware that since some of them returned to gold they have revived their contracts with gold as the medium.

Mr. TYDINGS. Mr. President, will the Senator further yield?

Mr. LEWIS. I am glad to yield to my able friend from Maryland.

Mr. TYDINGS. The Senator, of course, will concede, I am sure, that there are only two ways in which the countries which owe us money can pay their debts, one being in gold and the other in goods. We start on the premise that they have not sufficient gold to pay the debts at least in full. Therefore the only other means left open is payment in goods. Of course, we will not accept the goods. Therefore if we will not accept payment in the only two mediums with which they have ability to pay, how in the world are we ever going to collect the debts?

Mr. LEWIS. My answer is that I myself could not consent to accepting goods for the payment of these debts, for they in quantity would be so many and so much that would close the factories of America for serving the uses of our country. Our manufactories would have no inducement to continue in action, and we would practically bankrupt all of our industrial undertakings.

I will say that since the debtors cannot pay that money at once—and that is conceded—the payments could proceed in the same form that our business men, our banking houses, will pay our Government money they have lately borrowed through the R.F.C., by slight degrees and continuously until the complete payments are made, not urging upon them the necessity of paying the whole sum in one complete payment.

Mr. TYDINGS. Mr. President, will the Senator yield further?

The PRESIDING OFFICER. Does the Senator from Illinois yield further to the Senator from Maryland?

Mr. LEWIS. I am delighted to yield to my able friend from Maryland.

Mr. TYDINGS. I think the question can be solved in the last analysis only by applying to it the practical rules of business. It so happens we are selling to each one of those countries more goods than they are selling to us. Of course the balance of trade is in our favor. Against that, certain invisible exchanges may keep the trade more or less in balance. I do not want to cancel the entire debt; but I have reached the conclusion, in view of the physical factors which are present, that the only way we can make the best of the bargain is to take a lump-sum settlement, end the question of the debts once and for all, and get out of Europe and stay out of Europe.

Mr. LEWIS. I may say to my able friend from Maryland that I have read the proposition directly made to the officers of Britain that they tender now what they call some reasonable sum to wipe out the whole transaction, and if we do not accept it, to say that they default. I greatly deprecate it should be received in such spirit.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Illinois yield to the Senator from Idaho?

Mr. LEWIS. I am glad to yield to the able Senator.

Mr. BORAH. I simply wish to say that we all know the debts have been settled once. They were adjusted at about 50 cents on the dollar, and adjusted upon a basis satisfactory to the debtors. So far as any adjustment is concerned, that is a matter of history. It has been made. There is no question about the validity of the debts, the equity of the debts, the justice of the debts. That has all been settled by an adjustment made long after the war was over.

We are not asking those people to pay $11,500,000,000 at once. We are asking them to pay according to the terms of the settlement, which is a very small amount year by year. They have sufficient and ample money in gold with which to make payments according to the terms of the settlement.

Mr. TYDINGS. Mr. President, will the Senator from Illinois yield to enable me to reply to the Senator from Idaho?

Mr. LEWIS. I yield to the Senator from Maryland for the purpose of taking up the conference on the subject matter with my able friend from Idaho, but I trust that I shall not be taken from the floor.

Mr. TYDINGS. It is quite true, as the Senator from Idaho said, that they do not have to make all the payments now. It is equally true that the balance of trade is in our favor, which draws from those countries large sums of gold each year in settlement. It is equally true that their own financial conditions are such that some of them are threatened with civil war. There is no reason, therefore, to believe, although the debt is just—I do not concede that it is equitable—that it will ever be paid, though we accept it in driblets. Certainly accepting it in that way would not change the basic factor that there is not gold in all the rest of the world with which to pay the debt, even in driblets. If they keep on sending these driblets from year to year, we will eventually draw out of those countries all the gold they have. They being our customers and buying more from us than they sell to us, we will loce more than we will gain.

Mr. BORAH. Mr. President——

Mr. LEWIS. I yield to the able Senator from Idaho.

Mr. BORAH. Those nations which owe us do a vast amount of business with other countries than the United States and have their interchange and exchange with other countries. Therefore it is not necessary that the balance be limited to that between the United States and those countries.

Mr. TYDINGS. Of course not. That is true; but it so happens that the United States has a favorable trade balance with all the world, with the exception of three small countries, so that the net fact is that gold is coming to this country and not going from this country, and they cannot increase the stock of gold outside of the United States.

If the Senator from Illinois will yield further——

Mr. LEWIS. I am glad to yield to my able friend from Maryland.

Mr. TYDINGS. What I wanted to say—and I want to say it in a little detail, though it will take not over 2 or 3 minutes—is that basically this debt is not an equitable debt. After we went into the war on April 6, 1917, for the first year we had practically no troops on the battle front. It was our war from the time we went into it. The English and French and Italians and other Allies poured out hundreds of thousands of lives on the battlefield while we were getting ready. If the war had been lost, it would have been bad for us as well as for them. Therefore, all we did at this time was to furnish supplies through the medium of credit.

I do not think the debt is equitable, because if the circumstances were reversed, and we were fighting a war in this country, with our men dying along the banks of the Mississippi by the hundreds of thousands, yea, by the millions, and if during that time France and England and Italy were our allies, but did not send us anything other than supplies, we would think they were very Shylockian indeed if, after that trouble, in the face of the unequal burden, they came in and demanded 100 cents on the dollar.

Mr. BORAH. Mr. President——

Mr. LEWIS. I yield to the Senator from Idaho.

Mr. BORAH. I take it that the able Senator from Maryland is of the opinion that this was our war from the beginning.

Mr. TYDINGS. From April 6, 1917, when we declared war. That is the period to which I refer.

Mr. BORAH. Mr. President, we loaned money prior to that time.

Mr. TYDINGS. No.

Mr. BORAH. We contracted to loan it prior to that time.

Mr. TYDINGS. I am talking about the loans that were made subsequently to our declaration of war.

Mr. BORAH. Does the Senator from Maryland know that the amount which France owes us now is less than the amount which we loaned France after the war was over?

Mr. TYDINGS. Yes; but I still go back to the original contention that the debts I am talking about are all debts which were contracted after April 6, 1917, and none of them were contracted before that.

Mr. BORAH. Exactly; but we have settled with France now for 49 cents on the dollar, and that leaves France owing us a lesser amount than the amount of money which we loaned France after the war was closed. That amount was loaned to France for the purpose of building up her internal affairs, and building up her manufactures, and taking care of her domestic concerns.

Mr. TYDINGS. Yes; that is true, but I say that France owes us more money than she has in her entire country in the way of monetary stocks. A nation cannot pay a debt larger than she has monetary stocks with which to pay, and it is silly to say that she can.

Mr. BORAH. Then, as has been suggested, we ought to repudiate the Liberty Bonds, for they aggregate a larger amount than our monetary stock.

Mr. TYDINGS. Our present policy is not bringing us in a dollar. My contention is that we ought to make a lump-sum settlement now, once and for all, get what we can, square the debt, and give the world a chance to recover from the effects of the war, and not drag this question back and forth through all these years of chaos and depression.

Mr. BORAH. If they do not owe us anything, if this is an inequitable debt, if it was really our debt by reason of the fact that we ought to have been in the war with soldiers instead of loaning the money, no lump sum is possible of determination that will settle it upon an equitable basis.

Mr. TYDINGS. If I had the say of the thing, I would cancel the debt. I would consider it a debt of honor, and cancel the entire debt, and gladly do so; but I know that Congress does not agree with me on that viewpoint. I am one of a very small minority. Even conceding that the other viewpoint is right, however, we are not getting anything now. We are not getting any payments. We have not gotten any for several years, and we are never going to get any, whereas under another policy we could get something.

Mr. BORAH. I agree with the Senator that it seems we are not going to get anything. [Laughter.]

Mr. CLARK. Mr. President, will the Senator yield?

Mr. LEWIS. Yes; I yield to the Senator from Missouri.

Mr. CLARK. I desire to say to my friend from Maryland that the first statement I have ever heard him make on the subject of the debt settlements with which I was in wholehearted accord is the one he made just a while ago, in which he admitted that he was one of a very small minority in this country that holds to his views. [Laughter.]

Mr. TYDINGS. That is right. I always feel that the minority is right, and I am one of a very small minority.

Mr. LEWIS. Mr. President, I feel that the eminent Senator from Idaho and the equally eminent Senator from Maryland have contributed much illumination to my position and have done a great deal to contribute to my address that will reflect upon it something of distinction. I concede that the contributions made by both Senators have been in the form of valued information, but I am sure it will not be pleasant to my friend from Maryland to realize that the speech he has just made on the theory that this war was the war of the United States and the debts the debts of the United States is the very logic and argument made day before yesterday in the British Parliament as the reason for not paying our debt.

Mr. TYDINGS. Will the Senator allow me to punctuate with a short observation his remark?

Mr. LEWIS. I am glad to yield to my friend for so pungent a punctuation as it will surely be.

Mr. TYDINGS. During the last four or five sessions of Congress almost all the speeches made on the floor have been in favor of collecting the war debts. In spite of almost complete unanimity of opinion that we should collect the debts we have not been collecting them, so I do not think that any words of mine will change the already unpleasant picture.

Mr. LEWIS. I read to my able friend part of the cable to which I referred, where the eminent British statesman says that—

> Since the United States finally came into the war, all other arguments are inconsequential beside the one that our financial outlay—

To wit, that of the United States—

> should have been considered as a contribution to the common victory.

And then proceeding in the words of the Morning Post, supporting the gentlemen of the cabinet, it suggests that the Government—to wit, Britain—

> Should offer "a lump sum of reasonable dimensions" to the United States "in full and final settlement."

To which the Evening Star, the organ of the opposite party, roundly declares—

> Not a penny should be sent. If cancelation is not obtainable, then Britain should do as France has done—default.

I invite the attention of my able friend from Maryland, however, to a thought. I take it he assumes that if we should cancel this debt—wipe it out as it were, leave no obligation at all—it would bring these nations to a friendly attitude, one something of gratitude and appreciation, from which we should profit. I remind him, however, as the able Senator from Idaho has remarked, that we have cut down most of the debt as to one country. We have divided it in half as to another. We have relinquished all interest as to the third; and do we get any gratitude? Do we get any appreciation? We obtain only the curses of their eminent statesment in one form or the other, and their attitude toward us is one of antagonism, little less than enmity.

I am unable to see the profit, I answer again. If we were to cancel the debts, there would never be another obligation the United States could make with any country on earth, from that time on, whatever it might be, any other land becoming our debtor would claim the right to demand equal cancelation, or charge us with favoritism to the few, that is, to the large countries, while we denied it to them. To begin the policy of cancelation is the beginning of the loans that would lead in the demand for cancelation to a bankruptcy of our own Treasury.

Mr. FESS. Mr. President——

Mr. LEWIS. I yield to the Senator from Ohio.

Mr. FESS. I am somewhat shocked to hear the statement of the Senator from Maryland [Mr. TYDINGS]. If he had been in Congress, either in this body or in the other, at the time we authorized the loans to these countries, and had heard the interrogatory, "What assurance have we, if these loans are authorized, that they will ever be paid?" and had heard the rebuke that came from the administration leaders that anyone should suggest that any sovereign government would take a loan and then repudiate it, he certainly would not have made the statement he has made here at the present hour.

Mr. TYDINGS. Mr. President, will the Senator from Illinois yield?

Mr. LEWIS. I yield to the Senator from Maryland.

Mr. TYDINGS. With all due respect to my good friend from Ohio, I have read those debates; and the one thing I cannot understand is that those who said that the loans would be paid, and those who believed those who said they would be paid, could have been so guillible as to believe that that would be an accomplished fact in the future.

Mr. FESS. Mr. President, if the Senator from Illinois will yield further——

Mr. LEWIS. I yield to the Senator from Ohio.

Mr. FESS. I think anyone who believed that the loans never would be paid never would have voted to authorize them; and they were authorized by almost an overwhelming vote. I think only 52 votes in the House of Representatives were against them.

Mr. TYDINGS. Mr. President, will the Senator yield further?

Mr. LEWIS. Yes; I yield.

Mr. TYDINGS. I think perhaps the Senator's observation is accurate, that the Congress would not have voted the money unless they had had an understanding that it would be repaid; but may I say to the Senator that I still believe Congress would have voted the money eventually whether that premise is true or not, because I have not forgotten that after we declared war, when the Germans were driving

toward Paris, and the Battle of the Marne was on, and we were actually in the war, there was practically no price which the American people would not have paid to stop the common enemy.

Mr. FESS. That is true.

Mr. TYDINGS. The situation then and the situation now are two very different situations.

Mr. REED. Mr. President, will the Senator permit an interruption?

Mr. LEWIS. Yes; I yield.

Mr. REED. The First Battle of the Marne was fought two years and a half before we got into the war.

Mr. TYDINGS. I did not say "the first Battle of the Marne." I spoke of the drive on Paris after we were in the war, when the Battle of Chateau Thierry took place, when the combined French and American troops stopped the German drive. At that time it looked as if the Germans might actually take Paris, and it was at that time that the American soldier demonstrated that he was the superior—or I should say, at least the equal, not wishing to detract from the sacrifices made by our comrades—of any soldier in Europe; and in my judgment at that time he changed certain defeat into victory. I do make the observation, however, that at that time the American people were in a humor where money was secondary to winning the war and bringing it to an end.

Mr. HARRISON. Mr. President——

Mr. LEWIS. I yield to the Senator from Mississippi.

Mr. HARRISON. I merely desire to make one observation. The Senator from Illinois is so courteous and so generous in allowing so many interruptions that of course nothing I might say could be interpreted as any criticism of him; but I desire to state to the Senate—not to the Senator from Illinois, because he has not occupied any time in the debate—that we have this important bill here. We have another important bill to follow it. The Committee on Finance has not yet had time to consider and report out what it is hopeful of reporting out, the sugar bill; and if the sugar farmers are to get any benefit from it, that bill must be passed at an early date.

I hope this foreign-debt matter may be settled in debate, at least, within a short time, and that we may proceed with the revenue bill.

Mr. LEWIS. Mr. President, I may say that I was presenting a thought that I felt, if carried out to realization, would give us complete revenue; and I may go further and say that nothing can I conceive that could give us more sugar. [Laughter.]

I, however, respond and will conclude by saying that the attitude of these debtors in the communications to which I have alluded clearly evidences that the United States must take a stand demanding her rights, but doing so with courtesy and with firmness, and recall to the attention of these governments that in the hour of peril described by the Senator from Maryland, and here may I say many of us, were as soldiers present on the same ground at the same time. We recall all that he describes as of sacrifice and glory, to be accurate—it was this country, in such an hour, which came to the rescue of these countries called "Allies"; and without our aid just such unhappy circumstances and harrowing finality might have attended them all in such result as the able Senator from Maryland prophesies as could have been the desperate end.

Mr. President, I deplore that they, our debtor nations, cannot now remember all that, and will not remember our kindnesses, the generosity of our people, who not merely opened their treasury, sustained them by avoiding the consumption of our own foodstuffs and turning them over to these nations at their demand, we sent our children to die upon distant hills, buried them in forlorn places, while in their American homes were the mothers, as Niobe, all tears, and our Nation in deep sorrow for the loss of the sons. Yet still sacrificing our all for the fulfillment of the other's call.

We gave the illustration of the text of the holy law proclaiming, "That greater love hath no man, than that he giveth his life for his friend."

Sirs, America has earned the right to stand erect upon our Nation's rights. We only ask these of our debtor nations to remember the spirit in which we advanced to them, and ask them to return some spirit of justice to us, and not erect for display on that other eminence of defiance that defies us our rights, refuses to recognize our privileges, and would hold us up to the world as being a nation lacking in intelligence to know our privileges—or being too weak to enforce justice.

Sir, we recall the expression of Cicero on a famous occasion, alluding to a similar situation in a far-off land, when he quoted his lines:

> What so kingly, so liberal, so munificent as to give assistance to the suppliant, to raise the afflicted, to bestow security, and to deliver from danger?

Such is what we contributed to these nations, our debtors. I pray Heaven that a new spirit may invest them, one that shall be of friendship, some appreciation if not gratitude, that they may return to the conceding and yielding American rights, that we may again revive the friendships of the past, and secure for the future a mutual justice between the nations of the world.

I thank the Senate.

FRAUDULENT HOME FINANCING

Mr. LONG. Mr. President, I want to ask the Senate to give me a few minutes of time so that I may put into the RECORD certain data to assist the Home Owners' Loan Corporation of the United States in the work they should be doing, and prevent a series of practices which I fear may be spread out of my home State into other States.

The practice which I am about to reveal is such an easy one to conduct, and is fraught with such fraud, and results in such gain, and is being carried on with such tremendous success in my home city that I fear that unless there is almost a universal warning given it will spread to some of the other States.

In order to assist the Home Loan authorities, I wish to put into the RECORD a statement of the details of what is being practiced down in my State, which has been testified to and is verified, and is not second hand. I do this at the present time in order to assist home owners, and the Home Owners' Loan Corporation, and in order that they may have data which will enable them to avert fraud in the other States.

We are very valiantly undertaking to break up the practice in Louisiana against tremendous odds, but because it has received such a tremendous impetus, and so much has already occurred to give it a start, we are at a disadvantage, but if other States may have notice of the practice in its incipiency in their respective Commonwealths, I am sure they can avoid the calamity with which we have been afflicted.

I hold in my hand the data relating to this matter, which can be explained in a very few words, so that the situation may be understood by Senators. I invite the Nation to take cognizance of this thing, and to take steps to prevent its spread in the various communities of the United States.

There are certain building-and-loan companies throughout this country. We have them in Louisiana. These building-and-loan companies originally sold their stocks to the public in the several communities. It was of course originally sold at par, a hundred cents on the dollar. Depressions came and that building-and-loan stock went down in some instances to as low as 60 cents on the dollar, and in some cases even to as low as 20 cents on the dollar we may say.

The building-and-loan companies in my State had loaned money to various enterprises. They had not restricted their loans entirely to home owners, but I will concern myself only with a discussion of those cases at this time, as much as I may. They loaned their money, and I will give a typical, concrete example, so that it may be understood by the world at large, and by the honorable Senate.

There would be, we will say, a concern known as the "No. 1 building-and-loan corporation." The building-and-loan company would sell its stock at par, and today it would be worth 50 cents on the dollar.

This building-and-loan company would lend to a home owner by the name of "A" $10,000 for a home; in other words, this company, in order to assist a prospective home owner, in its regular course of business would lend $10,000 in order to finance a home owner in securing a home.

Along would come the time when this company's stock had gone down to 50 cents on the dollar. Then we passed the home owners' loan bill. They set up in New Orleans a Home Owners' Loan Corporation, and similar institutions were set up throughout the country. There are put into these concerns, so far as concerns Louisiana, persons who have a pecuniary interest in exploiting the funds of the Government, in ransacking the Federal Treasury, not for the sole benefit of home owners, but for the benefit of nefarious interests which wish to draw part of the money that has been appropriated to alleviate human misery.

Mr. President, we created this corporation for the purpose of relieving human misery, and we find this coming to pass. There is a man with a $10,000 mortgage on his home. Some bright man comes to him and says that he will be able to assist him in negotiating a loan with the Home Owners' Loan Corporation. Very well. This interposing party says, "I will take your $10,000 mortgage that is in the building-and-loan association, and I will get the Home Owners' Loan Corporation to take up that mortgage, and I will get the consent of the 'Homestead' that it may be so handled." I will explain presently what the Homestead is.

Now, I will state what has been done down in my State, the spread of which through the other States I am taking steps to prevent, as well as to help stamp it out in my State.

The interposing party goes out and buys stock of this particular building-and-loan company. He buys $10,000 worth of stock, the exact amount, in dollars and cents, that has been loaned to a home owner. He pays for the $10,000 of stock $5,000, the market value at 50 cents on the dollar. Thereupon, with the $10,000 worth of stock of the building-and-loan company, for which he pays $5,000, having made his previous arrangements with the Homestead, and having already secured an appraisement by certain interests affiliated in the Home Owners' Loan Corporation, he gets an appraisement of $10,000 on the home, he takes the $10,000 worth of stock of the building-and-loan company, which cost him $5,000, and he has the home owner to deed back to the Homestead the $10,000 home for the $10,000 debt. Then he gives the $10,000 worth of stock which he acquired for $5,000 to the building-and-loan company in payment for the home which the building-and-loan company had just accepted back.

He then turns that in to the Home Owners' Loan Corporation, for and on behalf of the original home owner, for $10,000, and the home owner signs a bond for the $10,000. Whereupon the $10,000 becomes the property of the interposing third party, who has acquired $10,000 worth of building-and-loan stock for $5,000. Thereupon the racketeer pockets $5,000 of money and the $5,000 besides that is used to pay for what it cost him to get the $10,000 of building-and-loan stock.

In order to have that practice succeed, in order that the racket may be completely carried out, it is necessary that everybody be in on the transaction, and help in perpetrating the fraud. That is, it is necessary, first, that the building-and-loan company protect the racket. It is necessary, second, that the interposing party protect the racket. It is necessary, third, that those in charge of the Home Owners' Loan Corporation assist in the transaction.

In order that I may warn various and sundry communities, I am explaining just how the thing has been done in my State. There is, for example, a Hibernia Homestead Association in the city of New Orleans. The Hibernia Homestead's main officers are Mr. John P. Sullivan and Mr. Frank B. Sullivan. Mr. John P. Sullivan and Mr. Frank B. Sullivan constitute in the main the Hibernia Homestead Corporation. The same two parties, Mr. John P. Sullivan and Mr. Frank B. Sullivan, are the chief officers in what is known as the "Navillus Realty Corporation".

According to the data which have been compiled for me, and which have been verified under oath, the first thing they have done, for a number of years, has been to buy property with the funds of the Hibernia Homestead, which they organized by selling their stock to the public. They have gone out and marketed their stock to the public at a hundred cents on the dollar. Then they have used the funds which the public contributed to the Hibernia Building and Loan Co. in making loans to what they called their Navillus Corporation, and with the funds loaned by the Hibernia to the Navillus Corporation they have acquired certain properties. So they wind up with having assumed an indebtedness for the Navillus Corporation to the Hibernia Homestead Corporation of some $55,000.

They desired to reduce that indebtedness, which they did on July 15, 1931, by refinancing the proposition, and in the refinancing the Navillus Realty Co. turned in to the Hibernia Homestead Association $14,500 worth of the stock of the Hibernia Homestead Association which at that time was selling at 60 cents on the dollar, for the full sum of $14,500.

Therefore, Mr. President, they did what amounted to wiping off an indebtedness of $5,800, representing the difference between the value of the stock on the market and the value at which they turned it in to the Hibernia Homestead Corporation.

They thereupon, Mr. President, in turning in $14,500 worth of their stock for 100 cents on the dollar the same as took $6,000 off of that loan and put it in their pockets.

But, did that end the fraud? Not on your life! There was, Mr. President, in that transaction, in this surrender back to the Hibernia Homestead Association, a piece of property that had been purchased for $10,000, that had been mortgaged for $10,000, but instead of having that piece of property that had been bought with $10,000 of Hibernia Homestead funds turned into the general mortgage it was covering, or instead of having that piece that had been bought for $10,000 secured by the same mortgage of $10,000, that piece of property, Mr. President, was turned in in such shape that it lay there mortgaged only for the sum of $2,600, or thereby leaving the property mortgaged for $2,600 instead of being mortgaged for the $10,000, or $7,400 diminishing item in that transaction.

Mr. President, they wound up by taking out $6,000 in the one item and $7,400 in another item, meaning that they took out $13,400. And then in order to add to the matter, I do not say unjustly, in addition to that immense sum of $7,400 and $6,000 or $13,400, they charged a further sum of $1,798 against that item as attorneys' fees and for other services of the attorney, Mr. John P. Sullivan, who ran both corporations, running that item up from $13,400 to $15,100 taken out of that.

So, Mr. President, after having run that item up to $15,100, through the exchanges of stock of these corporations that the public had contributed, and attorneys' fees, was that all? Oh, no! It was found that the remaining property was not sufficient to discharge the mortgage, so thereupon the Navillus Corporation, composed of John P. Sullivan and Frank B. Sullivan, turned back the property that was left to the Hibernia Homestead Corporation, and discharged themselves from all indebtedness altogether, retaining $15,100 that they had taken out of the property in the meantime.

But that was not all. The end was only the beginning. So, then, along about this time, Mr. President, having their organization set up for this kind of business—and I will offer the document that has been given to me by the banking department of the State of Louisiana explaining these items in detail to be printed in the RECORD in just a moment—and this is a similar means and method as the handling of many other associations affiliated in the matters that I am now trying to detail to the Senate—so that, Mr. President, coincident with this along came the Home Owners' Loan Corporation to relieve the people from their misery. I can-

not give a range of all of these concerns; I must confine myself to the ones that seemed most experienced in the lines. There came along the Home Owners' Loan Corporation.

We read in the newspapers that there has been named a gentleman as the general manager for the Home Owners' Loan Corporation in Louisiana who, the newspapers said, had been designated by Col. John P. Sullivan. We are told on the witness stand that this splendid citizen that they recommend him to be was recommended by Col. John P. Sullivan and two other persons, one of whom has his nephew as the main attorney in charge of making a lot of these loans, as the lawyer in the Home Owners' Loan Corporation in New Orleans.

Then we come along with this governmental concern. What did they do? They took out of this Hibernia Homestead and out of the Navillus Co., owned by the same two parties, and out of the law office of Mr. John P. Sullivan, himself, certain persons. They put a gentleman by the name of Ford, who was a lawyer practicing law in the office of Mr. Sullivan, and they made him the chief abstracter in the Home Owners' Loan Corporation. They took a gentleman by the name of Leon Verges, who was one of the directors of the Hibernia Homestead, wherein they fomented this kind of transactions, and they made him the chief appraiser of the Home Owners' Loan Corporation. And then they took a gentleman by the name of Hayman, I believe his name is, from the race track that Mr. Sullivan has been running, and they put him in the Internal Revenue Department, and after some months of sacrifice and service that Mr. Hayman had given in that job, he was transferred over to the Home Owners' Loan Corporation, where he could do better work, and then they started the whole thing on a broad and expansive scale.

What did they do, Mr. President? Why, they became what probably others will become, unless we warn the public throughout the United States and clip this kind of fraud in the budding; they began, Mr. President, a series of things. As I told you, Mr. Paul B. Habans, according to the testimony of Mr. John M. Parker and of Mr. E. R. Rightor—Mr. Paul B. Habans, the Home Owners' Loan Corporation manager, was appointed on the recommendation of John P. Sullivan, Mr. Edward Rightor, and Ex-Governor John M. Parker. Ex-Governor Parker's secretary, as he testified on the stand, or someone testified for him, was Mr. Stanley W. Ray.

As was testified on the stand this morning, the chief counsel placed in the Home Owners' Loan Corporation was a nephew of Mr. Rightor, by the name of Ed. Showalter, and the chief appraiser and the chief abstracter placed in the Home Owners' Loan Corporation was first a lawyer named Ford, who came out of the Sullivan office, and a man named Leon Verges for chief appraiser, who came out of the Hibernia Homestead office.

So, with that set-up, Mr. President, they set up this practice in the State of Louisiana, and I have here only a very small amount of the cases.

I have, Mr. President, only 65 cases here for proof. I hope that I will not be criticized by the Senate for the lack of proof that I am furnishing on this occasion. I had stated that there were hundreds of cases, but it was difficult, Mr. President, to trace down, with the limited amount of time we had and the limited finances and the help at our disposal, having to go from the mortgage office in the one case and to the Home Loan in the other case and to the building and loan company in another case and the private place again, perhaps in another case, and in many of those instances I was told by the members of the banking department that they found the offices shut down; they would tell them the record had disappeared; they would say it was over here, and they would have no index for it, and they tell me that it was the most difficult task they had ever tried to do to trace these things from one place to the other.

But it will be shown, as I have shown, Mr. President, here that it was all one transaction. When the man turns over the stock for the $10,000, that he has bought for $5,000, and gets $10,000 of Home Owners' Loan Corporation stock, it is all done at the same time. They sign the instrument by which the home owner deeds back the home to the building and loan company for the deed, and they sign the other instrument by which the building-and-loan company turns the home over to the man who bought the $10,000 worth of stock for $5,000, and they sign the instrument by which it is turned into the building and loan company, so that the home owner gets the place and assumes $10,000 worth of debt, and the man that bought the $10,000 of stock for $5,000 gets the $10,000 of Home Owners' Loan Corporation stock at the same hour. So that all that it amounts to, Mr. President, is that a man takes $5,000 and buys $10,000 worth of building and loan stock, and turns right around and gets $10,000 of Home Owners' Loan Corporation stock, and puts it on the market and gets 97 cents on the dollar for it, or 98 cents, and so that on the $10,000 transaction $4,700 to $5,000 of the Government's money goes into the pocket of the racket. And it might be all right if the racket were not one, Mr. President, which is so closely identified with the Government.

I am not going to take the time to explain who these people are at this time, because we have a very important bill under consideration, and I am anxious that no delay shall occur, but I will take up the case of Governor Parker's secretary, Mr. Stanley W. Ray, and give you his first, because this is a patriotic undertaking of my friend Governor Parker.

The governor and I have not been the kind of friends that I would like us to have been. But that is not his fault, Mr. President. He is not only a good man, but a public-spirited man. He gave up his time, Mr. President, to the assistance of the public, and I want to state that there was not any question on his part so far as his own testimony can be judged, that is, if you take what he says to be true—and I would not ask anything else—that he is trying to do a service to the public in this work. I have had some of these gentlemen paraded as the high-minded aristocracy of my State, while I have been described as coming from the lower ranks, and I want to see that they are placed in their proper, high place in the sun.

Here is the transaction of Stanley W. Ray. Mrs. M. D. Salazer, in which he bought the stock of the home loan for 39½ and took the Home Owners Loan Corporation bonds that sold at 81¾.

And take the case of Claude St. Amant, in which he turned in the homestead stock at 42¾ a share, with handling of the appraisement through the appraisers and the attorney's opinion and their machinations, and got the Home Owners stock for 83½ that he received. That is he sold the home owners own stock. You will note that where 39½ cents went to the home owners, that more than that amount went into the pockets of this interposing party.

In the third case, the case of J. P. Albeanease, he got a total amount of $3,300. The market quotation of the building and loan stock that was turned in for it was 39 cents, for which an equal amount of Home Owners stock that was sold that day for 84 cents was received.

The next case is that of Walter J. Wolfe. I could go on down the list, but I will skip and get to the bottom of it. Finally we come to the case of Mr. M. B. Lamarie. The stock that was turned in for his home had been bought for 41 cents for which an equal amount of Home Owners' Loan Corporation stock was sold that day, for 98⅛.

The next case is that of Mr. Joseph E. Mercier, the transaction occurring on the 22d day of March last. They gave building and loan stock which was quoted on the market at 41¾ cents, for which they received an equal amount of Home Owners' stock that sold on the same day for 98⅛ cents.

I give another case, that of Mr. H. F. W. Rasmussen, whose property was purchased with stock of a market value of 41 cents, which was on the same day given in exchange for Home Owners' Corporation stock at 98⅛.

In deference to the friendship which I hope I feel for my friend Governor Parker, who represents this corporation

and in the kindness of my heart, I send to the desk, in order that it may be copied into the RECORD, the entire transactions that are shown there under the account of Mr. Stanley W. Ray, and ask that they may be marked exhibit 1.

The PRESIDING OFFICER (Mr. RUSSELL in the chair). Without objection, it is so ordered.

(See exhibit 1.)

Mr. LONG. In order that I may be fair about the matter—it is not fair to give Mr. Parker and Mr. Ray publicity in this matter without showing that they have others who are with them—I send to the desk in order that it may be incorporated in the RECORD another one. Before sending it, however, I will make a slight explanation. Here are the names of other purchasers. They interposed a man by the name of Briant; they interposed a man by the name of Prieto; they interposed Mrs. Virginia P. Leaman; and they interposed the Dumaine Realty Co. It will be found that these concerns are affiliated in many instances with the appraisers and lawyers who have been placed there in charge of making loans for the Home Owners' Loan Corporation or as appraisers. Mr. President, as to the Dumaine Realty Co., I cite the case on the 23d day of March 1934, when they negotiated a transaction that shows on its face as much fraud as you can find in any other place. The Dumaine Realty Co. is the concern of Mr. Meyer Eiseman, I understand, who has been made one of the appraisers of the United States Government's Home Owners' Loan Corporation. I send this document to the desk and ask that it may be printed as exhibit 2, in order that similar frauds of this kind may be prevented throughout the balance of the United States.

Mr. WALSH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Massachusetts?

Mr. LONG. I yield to the Senator.

Mr. WALSH. I have followed with a good deal of interest and approval the operations of the Home Owners' Loan Corporation in my State. I should like to inquire from the Senator whether or not he is pointing out any violations of the law which limit loans to be made upon homesteads to not more than $20,000?

Mr. LONG. I hope the Senator will not ask me to comment on it. I only want to state facts; I do not want to make personal comment.

Mr. WALSH. The limitations on the Home Owners' Loan Corporation in making loans are, first, that there is a distressed financial condition on the part of the home owner, and, secondly, that the amount shall not exceed $20,000. Is the Senator alleging that they have loaned money in Louisiana where there is not a distressed condition upon the part of the home owner and where the amount of the loan is in excess of $20,000?

Mr. LONG. Let me inquire, Was the Senator here when I began my address?

Mr. WALSH. I was not, but I heard the Senator in the committee this morning, in part.

Mr. LONG. I want to state again, so that the Senator will understand what I am speaking of. They have started out down in Louisiana to do this: They will have a man go and buy stock of a building-and-loan company that is selling at, say 50 cents or less on the dollar. That man will buy, we will say, $10,000 worth of the building and loan stock on the market for $4,100; then he will take that $4,100 for his homestead—perhaps he is interested in this particular building-and-loan company—and he will go out to a home owner by the name of A who has a mortgage for $10,000 which the building and loan company sold and have him turn the place over to the building and loan company for the $10,000 as a payment of the debt. Then he will take the $10,000 worth of stock that he has bought for $4,100 and exchange that with the building-and-loan company, that he is either owning or controlling or has an understanding with, for the home that was originally mortgaged for $10,000. So he paid $4,100 for the $10,000. Then he turns the home over to the Home Owners' Loan Corporation for the original owner and gets $10,000 worth of H.O.L.C. bonds, which have cost him $4,100. Therefore, he gets $5,900 of the $10,000 that the Government put out and $4,100 goes to the Home Owners' Loan Corporation.

Mr. WALSH. I think I understand the Senator.

Mr. LONG. That is all done as one transaction; it is all signed up at one sitting. There is some lawyer there, we will say——

Mr. WALSH. The Home Owners' Loan Corporation must know two things: That there is a home owner in distress and that he has a mortgage that may be transferred to that Corporation.

Mr. LONG. That is all they ought to know.

Mr. WALSH. That is all the Home Owners' Loan Corporation knows.

Mr. LONG. That is all they ought to know; but in this case, as I have illustrated to the Senator, the party who was practically in charge of the Home Owners' Loan Corporation in New Orleans, one of them, has put his chief appraiser and his lawyer in there, one as chief appraiser for the Home Owners' Loan Corporation and the other as chief abstracter for them, and the other one has put an employee in there as attorney, and the other one's secretary becomes the man on the outside operating the connection to bring in the stock that is to be transferred for 41 cents and get a dollar. As a result of that, fraud has developed the like of which I know if it were existing in the State of Massachusetts the Senator from Massachusetts would not have been as negligent as I have been, but he would have informed the country of it long before this information reached me.

Mr. WALSH. I may say to the Senator in conclusion that the Chairman of the Home Owners' Loan Corporation Board is Mr. John H. Fahey, who is a highly esteemed citizen of my State, and a very honest, conscientious, and efficient public servant. If the Senator has any evidence that the Home Owners' Loan Corporation has been imposed upon by home owners and that they have violated the law, I want to say that I am sure he will find that Mr. Fahey will take prompt steps to rectify such conditions.

Mr. LONG. I am glad to concur with the Senator in that statement, and for that reason I am sending to the desk the evidence that has been prepared for me. I have already offered two voluminous sheets, and now I am going to send to the desk, Mr. President, and ask to have put in the RECORD as part of my remarks sheet no. 3, showing the estimated profits and the various and sundry items of transfer, and showing that they bought stock for 48 that they cashed for 84 with the Government and stock for 51 that they cashed at the hands of the Government for 98, realizing a profit of $213 in one case and $478 in another; but it was getting a little bit low, apparently; this man was not one of the best.

The PRESIDING OFFICER. Without objection, the exhibit will be printed in the RECORD.

(See exhibit 3.)

Mr. WALSH. If what the Senator says is true, of course, he is making a serious charge against the employees of the Home Owners' Loan Corporation in Louisiana.

Mr. LONG. Not against the employees. I would not limit it to the poor employees. I am one of the men who understands the capacity of a poor employee who is taken out of the Sullivan office and placed in the Home Owners' Loan Corporation or out of some other lawyer's office. I know in my heart and from my experience that those men are doing what they are told to do. I would not punish the employees.

Mr. WALSH. It takes the connivance of the managers, of the chief conveyancer, of the appraiser——

Mr. LONG. And of the building-and-loan company.

Mr. WALSH. And of the heads of the departments of the Home Owners' Loan Corporation office.

Mr. LONG. Yes, sir; it takes the connivance of them all. I do not want to pick out some little men who are drawing $175 a month; I am not making my charges against them, because they are the least culpable. I send to the desk——

Mr. McKELLAR. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Tennessee?

Mr. LONG. I yield to my friend from Tennessee.

Mr. McKELLAR. I am wondering if the Senator is limiting his charges against the Home Owners' Loan Corporation to Louisiana?

Mr. LONG. Yes, sir; I am.

Mr. McKELLAR. My own experience with that Commission is that it is composed of men of perfectly splendid character and attainments; they are trying their best to perform a great work, and, in my humble judgment, they are performing a most beneficent work in a most businesslike way—a work that means more to the people of this country perhaps than that undertaken by any other Commission connected with the Government. I want to say further that, in my judgment, if the Commission is a failure in Louisiana it is the only State where it is a failure. From all parts of the country we find being paid the most glowing tribute to the Home Owners' Loan Corporation and the magnificent work which that corporation is doing.

Mr. LONG. I want to say to my friend from Tennessee that I am encouraged and inspired to have his advice. I do not believe that there is any such thing as this happening in any other State except Louisiana, and in New Orleans, so far as I know, in that State. I do not believe from what my friend from Massachusetts told me that it is in any respect knowingly consented to in his State, and I would be the last to charge it was consented to by any one here.

I ask that I be sent back that sheet, so that I may show my friend from Tennessee an example and so that he may see just how this thing is being done.

Mr. President, they take building and loan stock that is bought in at 58 cents on the curb, and get an equal amount of stock of the Home Owners' Loan Corporation at 98¼.

In other words, as the Senator from Tennessee knows—and he is my good friend—if he had known of a thing like this occurring in Tennessee he would never have been so lacking in his diligence to have it corrected as I have been. I apologize to the Senate that I have not brought this information here before. I say to my friends that I have brought it here in time, I hope, so that the good and worthy means that were intended to surround the workings of this corporation may be perpetuated in other States which this practice has not yet reached.

I have previously sent to the desk several of these sheets, and I now send the fourth one, asking that they may be inserted in the RECORD at the end of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 4.)

Mr. LONG. Mr. President, I wish we could have a committee appointed, with someone like my friend from Tennessee [Mr. McKELLAR] on it, to go down to Louisiana and investigate this matter, to see that it shall be forbidden in the future. I voted for the measure creating the Home Owners' Loan Corporation. I was one of the first men in the Senate to support this kind of legislation. Even when the former President, under whom I first served in the Senate, had some kind of a bill looking to this end, I supported it, though with some misgivings.

Here is what they have done—and I want my friend from Tennessee to pay attention to this, because he is a southerner like I am, and an honest man, and he would not stand for this kind of business if he could possibly prevent it. It has got so bad down in my section of the country that they even mimeograph the letter.

In other words, it is going so fast that they cannot take time to write a letter to each person. In order to make the difference between 40 cents and 98 cents and take it out of the Government, they do not even go to the trouble to write letters. If I was making a fee like that I would not call in a stenographer and dictate a letter, nor would I even go to the trouble and expense of having the letter mimeographed. I would be willing to write a letter by hand if I could make that kind of a fee.

Here is the letter:

GREATER N. O. HOMESTEAD ASSOCIATION,
740 Poydras Street, New Orleans, La.

MR. SAMUEL A. COCHRAN,
Special Representative, Home Owners' Loan Corporation, New Orleans, La.

In re: File No._____
Application of_____
Address_____

They leave all of that blank so all they have to do is to stick in the number and name and address and go out and get the money and spend it.

DEAR SIR: This is to advise you that this association has entered into an agreement with Mr. Irwin S. Gautier to sell him the above premises and will convey title to him thereunder in due course.

This property was, will be—

They fix it that way so they can strike out "was" or "will be" according to the circumstances of the case.

This property was, will be, acquired by this association by foreclosure, assignment, under date of _____.

They have it so they can strike out "foreclosure" or "assignment", as the case may be, and then fill in the date.

We understand that the owner of this property is desirous of having the Home Owners' Loan Corporation redeem this property under section 4 (g) of the Home Owners' Loan Act, and we are writing this to you to certify to you that Mr. Irwin S. Gautier has a contingent interest in the above premises—

They have to put that in there because they have had him deed the property back for the amount of his debt, and they have to put in the statement that they have a contingent interest because under the law of Louisiana we do not recognize a claim to property unless it is evidenced in writing—

has a contingent interest in the above premises and that it will be in order for you to accept mortgagee's consent form from him.

Yours very truly,

_____,
Secretary.

Mr. President, I send to the desk the original document from which I was quoting, entitled "Hibernia Homestead Association, New Orleans, La. History of loans granted by Hibernia Homestead Association to Navillus Company, Inc.", and ask that it may be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection it is so ordered.

(See exhibit 5.)

Mr. LONG. Mr. President, in order to take up as little time of the Senate as is necessary, I shall not add a single word to what has been said nor shall I make a charge against anyone other than as has been shown in the sworn affidavits and exhibits handed to me under authority of the bank examining officials of the State who are here ready to testify.

Mr. President, it is a horrible thing to inflict our State with the menace which we are told does not exist in other States. I am sure that those understanding the situation will exculpate the two Members sitting in this body from Louisiana from any participation in the selection of the persons who are in any respect connected with these transactions. I am sure that those who have sat with the Senate Finance Committee will do me the honor and the credit to exonerate me and to exonerate my colleague in this body [Mr. OVERTON] from having had a chance to be a party to the selection of those conducting this kind of an enterprise or carrying out the transactions in any of their detail.

Mr. President, none the less I apologize for having to bring this matter before the Senate. I do not bring it for Louisiana alone, because I am sure that having explained these matters here the effect will be such as to get a proper recognition of them—perhaps not so quickly as other mat-

ters are recognized, but probably in some course. But at least I hope the publication of these matters in the RECORD will be such as to place all on notice that this practice cannot spread to the other States.

Mr. President, I am not going to protect fraud in my own party, and I am not going to protect fraud outside of my party. If, under the administration of our own party, these sacred funds, intended to put the bone and marrow and sinew of the helpless man, who needs a home, in a position that will give him shelter, if these sacred funds are being diverted from the uses for which they are contributed by this Government and those uses are being perverted, it should be known. If this money is going into the pockets of those who have such little feeling for destitute and needy humanity that they would take for themselves these sacred funds which are intended to relieve the misery and suffering of the weak and fallen and helpless, then what could we expect to happen in the future and what respect could we expect to be given to this sacred body and other institutions of the Government even by those who, of necessity, have to depend upon the Government at this time? God save our fair State of Louisiana! God save America!

EXHIBIT 1.—*Liberty Homestead Association, transactions with Home Owners' Loan Corporation handled through Stanley W. Ray*

Date of sale	Name of borrower	Total amount due	Cash received	Stock received	Home Owners' Loan Corporation bonds and cash received	Market quotation stocks	Market quotation Home Owners' Loan Corporation bonds	Profit to Ray
Nov. 18, 1933	Salazar, Mrs. M. D	$8,266.95		$7,600	$4,265.00	39½	82¾	$527.29
Dec. 7, 1933	St. Amant, Claude	2,000.00		2,400	1,347.90	42¾	83½	98.75
Dec. 18, 1933	Albeanese, J. D	3,300.00		3,300	1,912.75	39	84	319.08
Dec. 23, 1933	Wolfe, Walter J	1,701.88		2,600	1,492.47	50	83¾	[1] 51.45
Dec. 14, 1933	Davis, Ida G	7,195.43	$1,500.00	8,000	6,341.09	38⅞	84⅜	769.85
Dec. 9, 1933	Meunier, Jules	6,368.27		7,900	4,419.03	42¾	84	354.71
Dec. 23, 1933	ExKano, Paul	1,010.24		1,800	1,000.00	50	83¾	[1] 62.50
Jan. 9, 1934	Cook, Mrs. Walter	9,080.49	2,284.54	10,000	7,889.09	39	92½	1,112.79
Jan. 12, 1934	Acosta, J. P	1,112.19	344.00	1,500	1,158.19	38	92	151.36
Jan. 15, 1934	Landry, E. J	2,066.10	919.88	2,000	2,141.04	37½	92	49.84
Jan. 20, 1934	Cooper, Thos. B	3,992.83	1,521.00	3,000	3,308.24	39½	92¾	345.63
Feb. 1, 1934	Valenti, Mrs. C	5,697.76	1,182.00	5,000	3,813.00	39	96	528.48
Jan. 27, 1934	Thomas, Mrs. M. S	4,868.75	1,100.00	4,000	3,234.26	40	95	372.30
Jan. 30, 1934	Walther, F. L	7,099.46	475.00	6,500	3,787.08	39½	95	555.15
Feb. 6, 1934	Bianca, Mrs. Louis	3,927.40	250.00	4,000	2,233.86	40⅛	97⅜	330.54
Feb. 23, 1934	Weinmann, Mrs. J. M	3,457.72	1,250.04	2,200	2,388.93	40¼	95¼	139.03
Mar. 1, 1934	Waguespack, Mrs. F	4,991.64	1,685.76	3,500	3,623.07	40¼	94⅜	324.69
Mar. 2, 1934	Sheldon, Ernest	1,642.44		1,900	931.12	40¼	97¼	140.64
Mar. 9, 1934	Buffet, A. J	4,291.18	2,346.00	2,000	3,551.09	40¼	97⅛	297.90
Mar. 15, 1934	Brown, et al., Mrs. Paul	3,000.00		3,250	1,625.39	40¼	97¼	273.19
Mar. 23, 1934	Christophe, F. J	3,172.31	968.00	2,200	2,138.38	41	98⅜	227.51
Do	Horang, Rosine	5,210.39	3,300.00	2,000	4,549.20	41	98⅜	343.70
Do	Lamarie, M. B	6,019.57	2,620.00	3,500	4,549.20	41	98⅜	408.70
Mar. 22, 1934	Mercier, Jos. E	1,428.36		2,000	997.77	41¾	98⅛	143.30
Do	Rasmussen, H. F. W	5,751.66	1,048.00	5,000	3,617.33	41	98⅛	451.18
Feb. 21, 1934	Catamia, S	3,500.00	1,618.33	2,000	2,840.59	40¾	96½	307.27
	Total	110,153.02	24,412.55	99,150	79,155.07			8,458.93

[1] Loss.

EXHIBIT 2.—*Transactions in the Acme Homestead Association, New Orleans, La., sales for stock manipulated through the Home Owners' Loan Corporation*

Date of sale	Name of purchaser	Book value	Cash received	Stock received	Commissions paid	Bond quotations	Attorney's fees	Estimated profit	Estimated bond proceeds	Other expenses	Bonds issued	Name of original owner
Dec. 18, 1933	Briant, H. A. (P.J.L.)	$6,443.31		$7,100	$284.00	84	$334	$1,058.49	$4,040.49	$500	$4,810.11	H. A. Briant.
Jan. 27, 1934	Prieto, Virginia M. (P.J.L.)	3,402.53	$500.00	3,500	160.00	95		450.09	2,420.09		2,558.52	George Huet.
Do	do	2,963.66	192.00	4,500	187.68	95		841.81	2,923.81		3,077.70	Mr. and Mrs. A. Berthelot.
Feb. 23, 1934	do	1,615.67	102.40	2,000	84.10	95¼		621.66	1,564.06		1,642.06	Luke Francis.
Mar. 5, 1934	Thrift Realty Co., Inc. (Sigeler)	9,105.23	560.00	11,440		96¾		1,285.83	6,089.63		6,873.66	Mrs. H. K. Elmer.
Do	do	3,812.86	250.00	3,950	168.00	96¾		413.00	2,322.00		2,400.00	E. J. Colgas.
Do	Leaman, Mrs. Virginia P. (P.J.L.)	5,209.81	360.00	6,100	258.40	96¾		1,287.60	4,209.63		4,351.04	Mrs. Eva Beelman.
Mar. 7, 1934	do	6,365.25	900.00	6,200	355.00	96¾		1,247.93	4,809.93		4,971.51	Frank Di George.
Do	do	1,303.87	250.00	1,500	70.00	96¾		543.51	1,443.51		1,492.27	Jonas Wormser.
Mar. 23, 1934	Dumaine Realty Co. (Moyor)	6,229.79		6,600	264.00	98⅛		593.70	3,365.70		3,429.61	A. A. Antoine.
Do	Dumaine Realty Co. (Eiseman)	6,171.78	300.00	6,700	280.00	98⅛		406.16	3,580.16		3,648.58	Clarence L. Smith.
	Total							8,899.78				

Amount of bonds issued obtained from Home Owners' Loan Corporation.
Stock quotations actual.
All transactions calculated on basis of stock valued at 42.

EXHIBIT 3.—*Transactions handled by Meyer Eiseman for Union Homestead Association, New Orleans, La.*

Date	Name of borrower	Total due	Cash received	Stock received	Bonds approved	Stock quotations	Bond quotations	Brokers' estimated profit	
Dec. 27, 1933	Builtman, O. C	$2,271.78	$700.00	$1,600	$1,940.00	48	84	$161.68	
Jan. 16, 1934	Gomez, Mrs. A. P	1,942.49		2,000	1,500.28	48	92	420.00	
Dec. 12, 1933	Jones, J. O	20,484.59		20,500	10,947.83	48	84	870.00	$12,750
Jan. 12, 1934	Fenassci, E. J	1,675.41		1,750	1,102.80	48	92	321.00	1,262
Feb. 1, 1934	Dieck, H. T	3,993.37	300.00	3,650	1,900.00	48	96	371.04	2,524
Feb. 17, 1934	Eiserloh, N. W	3,093.24	800.00	2,500	2,427.74	48	95¼	499.00	2,624
Mar. 21, 1934	Brown, Y. E	7,309.07	553.41	7,000	4,690.91	51	98⅛	478.63	
Mar. 27, 1934	Braquet, T. V	1,931.35	447.90	1,700	1,560.24	51	98	213.90	

EXHIBIT 4.—*Eureka Homestead Society, New Orleans, La., loans negotiated through Home Owners' Loan Corporation by Stanley W. Ray*

Name	Apparent profit figured from bid prices	Date sold by association	Book value	Payment in cash	Payment in stock of association	Home Owners' Loan Corporation net amount of par value bonds issued after deductions	Bonds		Stock		Home Owners' Loan Corporation folio no.
							Bid	Offered	Bid	Offered	
Peter Yuratich	$133.96	Mar. 21, 1934	$5,299.90		$5,299.90	$3,265.04	98¼	98⅝	58		A-502
Frank Sullivan	1,449.38	Feb. 28, 1934	10,012.27	$4,500.00	5,512.27	9,504.49	94¾	95¼	57¼		A-321
H. C. Bocage	954.14	Mar. 2, 1934	2,699.15		2,699.15	2,570.08	97¼	98	57¼		A-330
Mrs. Katherine K. Oertling	357.20	Feb. 23, 1934	7,690.60	6,000.00	1,690.60	7,690.60	95¼	95¾	57¼		A-279
Mrs. Laura Mersch	1,639.89	Dec. 26, 1933	5,333.29		5,333.29	5,333.29	83¾	84½	53		A-80
Mrs. C. Eustes	2,053.66	Jan. 16, 1934	17,663.85		17,663.85	13,019.44	91¾	92½	56	60	A-144
J. R. Nagle	687.98	Dec. 20, 1933	2,619.93		2,619.93	2,604.28	84	84½	57¼		A-61
Mrs. T. Puneky	1,077.18	Jan. 15, 1934	4,823.96		4,823.96	4,106.58	92	92¾	56	60	A-138
L. T. Schrer	1,005.61	Mar. 7, 1934	4,798.05	800.00	3,998.05	4,232.36	96¾	97¼	57¼		A-375
Mrs. L. McDonald	826.52	Jan. 15, 1934	2,530.84		2,530.84	2,471.88	92	92¾	56	60	A-114
Uncas Tureaud	452.25	Dec. 28, 1933	1,675.39		1,675.39	1,675.39	84	84½	57	58½	A-84
Mrs. Myrtle Schwartz	1,654.58	Nov. 15, 1933	16,500.00		16,500.00	13,126.52	83	84	56		A-8
B. S. Boree	263.93	Dec. 29, 1933	5,000.00		5,000.00	3,702.64	84¼	84¾	57		A-48
Charles Goulon	320.11	Jan. 6, 1934	4,052.09		4,052.09	2,872.23	90½	92½	56	59	A-112
Mrs. Athene Harvey	1,191.97	do	4,908.41		4,908.41	4,709.72	90½	92½	56		A-115
Frank Albert	382.76	do	1,259.11		1,259.11	1,208.35	90½	92½	56		A-116
Felix Simms	574.52	Jan. 4, 1934	2,768.45		2,768.45	2,403.23	86¾	87½	56		A-107
Joseph Brown	861.08	Feb. 27, 1934	2,281.43		2,281.43	2,281.43	95	95½	57¼	60	A-291
Jean and A. Perret	721.19	Jan. 6, 1934	2,156.33		2,156.33	2,131.59	90½	92½	56	59	A-118
George C. Muhs	1,160.65	Mar. 15, 1934	3,979.81	700.00	3,279.81	3,852.94	97¼	97⅜	57½		A-434
Total	17,768.56		108,052.86	12,000.00	96,052.86	92,762.08					

EXHIBIT 5

HIBERNIA HOMESTEAD ASSOCIATION,
New Orleans, La.

HISTORY OF LOANS GRANTED BY HIBERNIA HOMESTEAD ASSOCIATION TO NAVILLUS CO., INC.

On July 5, 1918, loans granted to Navillus Realty Co., Inc., in the amount of $20,400, secured by property purchased from Mercier Realty & Investment Co., described as follows:

Lot and building with all improvements in the first district, city of New Orleans, in square no. 218, bounded by Julia, Girod, St. Charles, and Carondelet Streets, property known as 743 and 745 Julia Street.

Also lot and buildings with all improvements, first district, city of New Orleans, in square no. 235, bounded by Julia, Carondelet, Baronne, and St. Joseph Streets, which property begins at a distance of 54 feet 2 inches from Julia Street and measures 28 feet on front of Carondelet Street by 120 feet in depth, same being property purchased from Mrs. Mary Hosmer, wife of Charles F. Buck, Jr.

The loan on the above properties of $20,400 paid out in full on May 31, 1921.

On June 24, 1921, loan was granted to the Navillus Realty Co., Inc., on the two above properties and a lot and building with all improvements in the first district, city of New Orleans, bounded by Julia, St. Charles, Girod, and Carondelet Streets, designated at lot no. 8, in the amount of $25,000.

On June 30, 1922, a loan was granted to the Navillus Realty Co., Inc., for $25,000 on two lots and buildings with all improvements in the first district, city of New Orleans, in square bounded by Julia, Girod, Carondelet, and Baronne Streets, said lots adjoining each other, which lots are a portion of lots designated by no. 102 on a plan of Joseph Pilie, city surveyor, dated December 31, 1821; also lot and building, first district, in square bounded by St. Joseph, Baronne, Julia, and Carondelet Streets, also lot and building with all improvements in the first district, in square bounded by Carondelet, Julia, Girod, and Baronne Streets.

On September 26, 1923, a loan was granted to the Navillus Realty Co., Inc., in the amount of $10,000, being secured by the following property:

A lot and building with all improvements designated by the letter "B" square bounded by St. Charles, Julia, Carondelet, and Girod Streets, known as 739 Julia Street.

RECAPITULATION OF LOANS

Loan of $25,000, dated June 24, 1921, reduced to	$20,000
Loan of $25,000, dated January 30, 1922	25,000
Loan of $10,000, dated September 26, 1923	10,000
60,000	55,000

On July 15, 1931, the above loans refinanced, showing following credits:

July 15, 1931, foreclosure fees and costs due John P. Sullivan	$1,798.50
July 15, 1931, full-paid shares (name of Mrs. C. Sullivan)	14,500.00
July 15, 1931, installment stock credits (pledged)	530.61
July 15, 1931, new loan, Navillus Realty Co. no. 773, note dated July 15, 1931, book no. 2710 for 400 shares	40,000.00
July 15, 1931, loan no. 774, book no. 2711 for 26 shares	2,600.00
Cash-installment payment	83.65
	55,000.00

LOANS RESULTING AFTER REFINANCING

July 15, 1931, loan of $40,000 granted to Navillus Realty Co., Inc., on the following property:

Two lots of ground together with all buildings and improvements thereon, situated in the first district of the city of New Orleans in square bounded by Julia, Girod, Carondelet, and Baronne Streets. Said lots adjoin each other and measure each 30-foot front on Julia Street (French measure) by depth of 100 feet (American measure), which two lots are a portion of lot designated by no. 102 on a plan of Joseph Pilie, city surveyor.

Also a certain portion of ground together with all the buildings and improvements situated in the first district of the city of New Orleans in square bounded by Carondelet, Julia, Girod, and Baronne Streets.

Also lot and building with all improvements in the first district, city of New Orleans, in square bounded by St. Joseph, Baronne, Julia, and Carondelet Streets, lot designated by the letter "A" on sketch made by L. H. Pilie.

On July 15, 1931, a loan was granted to the Navillus Realty Co., Inc., in the amount of $2,600, secured by lot and buildings with all improvements in the first district, city of New Orleans, in square bounded by Julia, St. Charles, Girod, and Carondelet Streets, designated as lot 8 on plan of Joseph Pilie.

NOTE.—In the refinance of the two loans of $40,000 and $2,600, respectively, it is seen that the property secured under the old loan of $10,000 now secures the $2,600 note, which was paid in full and the security released, whereby the $40,000 note only, was deeded back to the association.

The loan of $40,000 granted to the Navillus Realty Co., Inc., on July 15, 1931, was deeded back to the association on a dation en paiement on December 23, 1932, property being described as 7161–65 Carondelet Street, 711–13–15 Julia Street and a vacant lot "A" on Julia Street (act passed by David Sessler).

Record shows no payment in interest or principal from the date of loan through the date of repossession.

The loan made in the amount of $2,600, as above described, was repaid in cash by installment payments, closing out October 21, 1932.

[NOTE.—Letter in files of association showing appraisement as of June 29, 1931, on these properties of $50,000, by Latter & Blum.]

Supplemental letter states property has sold for $1,000 per front foot on Carondelet Street and $500 per front foot on Julia Street.

Schedule showing fee payment due and credited J. P. Sullivan on loan as of July 15, 1931

(Journal entries)

Sundries	$1,798.50
To Navillus Realty Co., Inc., foreclosure on G. B. Black due J. P. Sullivan, legal cost and foreclosure fees	350.00
Same on L. L. Bailey	25.00
Foreclosure on Mr. and Mrs. McGuire to J. P. Sullivan, legal cost and foreclosure fees	515.50
Foreclosure on F. L. Manthey to J. P. Sullivan, legal cost and foreclosure fees	520.50
Foreclosure on Sam Crolino to J. P. Sullivan, legal cost and foreclosure fees	362.50
Foreclosure on J. P. Fitzgerald to J. P. Sullivan, legal cost and foreclosure fees	25.00
Total	1,798.50

INTERNAL-REVENUE TAXATION

The Senate resumed the consideration of the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes.

Mr. McKELLAR. Mr. President, I think we have almost forgotten the amendment I have offered, known as the "depletion amendment." It has not been before the Senate at least for 3 hours. We are now ready to continue its consideration, and I hope we may have a vote on it very shortly. I am going to take only a few moments to explain the amendment a little more fully.

Mr. President, we have in this country the remarkable spectacle of nearly 500,000 corporations, 221,000 of them making tax returns and paying some income taxes, while 241,000 corporations are earning dividends and paying dividends and making returns, but paying no income taxes to the General Government.

Our system of income taxation is such that we grant such large allowances to certain of our corporations that while they have ample money to declare dividends, yet they have no money with which to pay the Federal Government an income tax.

I find there are 241,000 of these corporations making returns. They paid out, in the year for which we have the record, $1,500,000,000 in dividends to their stockholders, but not one cent of income tax to their Government. One billion two hundred million dollars of these dividends were paid in cash, and three hundred millions in stock dividends. Among these companies are the oil companies; and that brings us to the immediate amendment.

The Senator from Oklahoma [Mr. GORE] earlier today stated that the oil industry paid to the Federal Government $12,000,000 in income taxes. I find that the Senator is wholly mistaken. In the year 1931 the last estimate we have shows that coal, copper, iron, silver, gold, lead, zinc, gas, and oil paid altogether $7,300,000—altogether! I find, from a break-down of that amount, that the oil and gas people together paid a little more than $2,000,000 to the Federal Government in income taxes. Why? Because they not only get all the deductions that other corporations get, but they get these depletion allowances, which are one half their annual income, whatever it may be.

Why should we virtually exempt oil and gas corporations from taxation? That is what we do.

I desire to call attention to the testimony of the Secretary of the Treasury before the Ways and Means Committee of the House of Representatives, and what he recommended, and how he characterized this situation. Listen to Mr. Morgenthau:

> The discovery depletion provisions enable a taxpayer who had paid $10,000 for a piece of property, and has later discovered a mine (other than a metal, coal, or sulphur mine) upon it worth $1,000,000, to deduct depletion on the mine as if he had paid $1,000,000 therefor. The taxpayer is thereby permitted to receive tax free $990,000 of income on which, by any equitable standards, he should pay the tax. To exempt the income of mine owners or of any other class, necessitates simply that the amount be made up by other taxpayers. The Treasury knows of no reason why a limited class of mine owners should be granted a subsidy as compared to other taxpayers. It is therefore recommended that the provisions for discovery depletion be eliminated.
>
> Our experience shows that the percentage depletion rates set up in the law do not represent reasonable depletion rates in the case of the designated properties, but are much higher than the true depletion to which the taxpayer is fairly entitled. Moreover, these provisions enable a taxpayer to obtain annual depletion deductions, notwithstanding the fact that he has already recovered the full cost of the property. The deduction is, therefore, a pure subsidy to a special class of taxpayers. For this reason the Treasury recommends that these provisions be eliminated in order to put all taxpayers upon the same footing.

Mr. GORE. Mr. President——

Mr. McKELLAR. I will yield to my friend in just a moment.

Senators, why should we give this subsidy from the Treasury? After that unqualified endorsement of a change in the depletion law by our own Secretary of the Treasury, when he calls this depletion a mere matter of subsidy, I desire to ask the chairman of the committee, how it is that the committee did not report in favor of at least reducing the subsidy to this class of corporations.

Mr. HARRISON. Mr. President, I will say to the Senator from Tennessee that the question of depletion has been before the committee in the drafting of every revenue bill in the form of percentage, and so forth.

Mr. McKELLAR. Of course.

Mr. HARRISON. It is a matter that the committee considered very carefully. The experts were at variance about it. Senators on the committee were at variance as to the exact amount; and of course, the Senator understands that the gentlemen who came from the mining sections of the country, and from States where oil is found, wanted what they thought was reasonable. They contended that this was reasonable, and that is why it is in the bill.

Mr. McKELLAR. Mr. President, the Treasury Department certainly knows what the tax returns are. Congress does not know. Senators are not permitted to know. Senators are not permitted to look at the tax returns; but the tax returns are in the possession of the Secretary of the Treasury and his experts, and naturally he knows whether or not these companies are paying taxes as other citizens are paying them. He comes before the committee and makes the statement that these particular corporations are not paying taxes like other corporations. He makes the statement in this evidence that what we are paying is a subsidy to this favored class of corporations. I think it is indefensible unless there is some proof that we are not paying them a subsidy.

The Secretary of the Treasury knows what the facts are. We find that these corporations are paying just a trifle over $2,000,000 in taxes. This is perhaps the fifth greatest industry in our country. The companies engaged in it claim that it is the fifth greatest industry in the country. They are paying about $2,000,000 of Federal taxes.

My good friend, the Senator from Oklahoma, today gave as a reason why we ought not to tax these corporations any more the fact that they paid $747,000,000 of taxes to State, county, and city governments. If they pay a tax of that amount to the State, county, and city governments, surely they might pay at least a ratable tax to the Federal Government. It ought not to be all given back to them.

Now, I yield to the Senator from Oklahoma.

Mr. GORE. Mr. President, the Senator understands, of course, that the comments of the Secretary in regard to discovery depletion do not apply to oil and gas, nor to coal, nor to sulphur, nor to metal mines. Discovery depletion has been abrogated with respect to those mines years since. It applies only to such mines as salt, asphaltum, building stone, gravel, and mining products of that sort. The Senators representing those States may have reason to know why the discovery depletion should not be abolished with reference to those mines as it has been with reference to oil and the other classes of mines I have mentioned.

Mr. McKELLAR. All I know is what the Secretary says. He says that the depletion allowance carried in this bill is a subsidy to these concerns. The fact is, they pay almost nothing. When we look at the facts regarding the $12,000,000 for 1931 that the Senator spoke about, we find that the actual figure is $7,306,390; but when we break it down—to use an expression that has come into vogue in late years—we find that oil and gas pay just about $2,000,000 instead of $12,000,000, as the Senator stated earlier in the day. About $2,000,000 is all the tax that the Federal Government gets.

It is unfair and unjust that this depletion allowance should be made. The Secretary of the Treasury, in my judgment, ought to be upheld by the Congress when he wants to have taxes fairly and justly imposed upon the people.

Mr. GORE. Mr. President, I desire to say in this connection that I was mistaken earlier today both as to the highest and as to the lowest figures. The lowest figure, I believe, has just been stated by the Senator from Tennessee. The highest figure I suggested today was $77,000,000. I

believe it was actually $81,000,000. I had only glanced over those figures several years ago, and they slipped my memory.

Mr. McKELLAR. It is quite immaterial. As a matter of fact, here is the fifth largest industry in this country, as it claims, paying only $2,000,000 in taxes to the American Government. Here is our Secretary of the Treasury; and while I have not the honor of knowing the present Secretary of the Treasury—I think I met him once, but he does not know me from Adam's off ox, and I am not absolutely sure that I would know him—he has the tax returns. His Department has them. He knows them; and when he comes and says that it is unfair and unjust to let these concerns out of taxes as we are doing, giving them a pure subsidy, as he says, it seems to me we might follow the Secretary of the Treasury in equalizing the burdens of taxation.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Tennessee [Mr. McKELLAR].

The amendment was rejected.

Mr. HARRISON. Mr. President, I really intended to have the Senate take up the coconut-oil proposition next, but some Senators have requested that I do not make that request. The Senator from Pennsylvania has a couple of amendments he desires to offer, and is anxious to get away.

Mr. REED. Mr. President, I send an amendment to the desk, and ask that it be read.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 212, after line 15, it is proposed to insert a new section, as follows:

SEC. 517. Liability of fiduciary: (a) Section 3467 of the Revised Statutes (U.S.C., title 31, ch. 6, sec. 192) is amended to read as follows:

"SEC. 3467. Every executor, administrator, or assignee, or other person, who pays, in whole or in part, any debt due by the person or estate for whom or for which he acts before he satisfies and pays the debts due to the United States from such person or estate, shall become answerable in his own person and estate to the extent of such payments for the debts so due to the United States, or for so much thereof as may remain due and unpaid."

(b) The amendment made by subsection (a) shall be applicable in the case of payments made after June 6, 1932.

Mr. HARRISON. Mr. President, this was agreed to by the committee.

Mr. REED. And agreed to by the Treasury Department.

Mr. McNARY. Did the committee unanimously recommend this proposal?

Mr. REED. The committee was unanimous, and the Treasury Department is satisfied.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. REED. I have another amendment to offer, to come in on page 190.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. In the committee amendment, on page 190, in line 21, after the word "company" and within the parentheses, it is proposed to insert the words "or surety company."

Mr. HARRISON. That relates to the surety companies in the personal holding company provision?

Mr. REED. Yes.

Mr. HARRISON. I have no objection to that amendment going to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

Mr. REED. I have another amendment, which I send to the desk.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 193, after line 3, it is proposed to insert the following:

(e) Payment of surtax on distributive shares: The tax imposed by this section, and by section 102 of this act, shall not apply if all the shareholders of the corporation include (at the time of filing their returns) in their gross income their entire distributive shares, whether distributed or not, of the adjusted net income of the corporation for such year. Any amount so included in the gross income of a shareholder shall be treated as a dividend received. Any subsequent distribution made by the corporation out of earnings or profits for such taxable year shall, if distributed to any shareholder who has so included in his gross income his distributive share, be exempt from tax in the amount of the share so included.

Mr. HARRISON. Mr. President, is the Senator going to insist upon that amendment?

Mr. REED. I will make just a brief explanation. This provision is already in the law, I believe.

The purpose of these proposed sections is to prevent the escape of surtaxes by incorporations. This amendment provides that if the individual shareholder shall account for his proportion of the earnings and pay surtaxes on it, he may do so. The Senator understands that this amendment would subject the earnings to surtaxes and not exempt them. It would allow an individual in one of these small holding companies to report his full share of the earnings.

Mr. HARRISON. I may say to the Senator that I am advised by the experts that it might operate just the other way, and I hope the Senator will withhold his amendment at least until we may look into it.

Mr. REED. I am very glad to do that. If the Senate will permit, then I withdraw the amendment at this time until we shall have had a chance to discuss it.

The PRESIDING OFFICER. The amendment is temporarily withdrawn.

Mr. HARRISON. The Senator from Utah has an amendment to offer to the personal holding company provision that we should like to clear up now, if he will offer it.

Mr. KING. Mr. President, on page 191, line 22, I move to strike out "10" and to insert in lieu thereof "20."

Mr. COUZENS. Mr. President, I should like to have the Senator from Utah explain the amendment. When we agreed in the committee, we thought we were very liberal in this matter.

Mr. KING. Mr. President, I did not happen to be present when this provision was agreed upon. I do not agree with the Senator that it is liberal. I think it is very illiberal.

Many of the small businesses in a number of the States, particularly in the Western States, are conducted by personal holding companies, family corporations. Those organizations have been effected, not for the purpose of evading taxes, but quite the reverse, for the purpose of conserving the incomes, and making proper utilization of them in industries small in character, which are highly advantageous not only to the stockholders, but to the people generally. It seemed to me that 10 percent was entirely too low to allow them by way of exemption. I hope the Senator will allow the amendment to be agreed to and go to conference.

Mr. COUZENS. Very well.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Utah to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. McKELLAR. Mr. President, I send an amendment to the desk, which I ask to have read.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 19, line 15, after the word "rendered", it is proposed to insert the following:

but no allowance for salary or compensation in excess of $25,000 per annum shall be considered reasonable or allowed, and allowances for other salaries or compensation of said corporation shall be credited in accordance with this maximum in fixing the amount of deductions on account of salaries or compensation.

Mr. HARRISON. Mr. President, I hope the Senator will withhold that amendment. The Senator from Oklahoma is very much interested in another amendment, and I told him that I would notify him when we took it up. I hope the Senator will withhold this amendment and offer it later on.

Mr. McKELLAR. Mr. President, I see the Senator from Oklahoma in the Chamber at this time, and I should like to have my amendment laid before the Senate.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Tennessee, on page 19, line 15.

The amendment was rejected.

Mr. HARRISON. I do not think the committee amendment relating to personal holding companies has been agreed to as amended.

The PRESIDING OFFICER. The Chair is informed that the committee amendment, as amended, has not as yet been agreed to.

Mr. HARRISON. I desire to offer an amendment on page 190, merely perfecting the committee amendment. I ask that the amendment to the amendment be adopted, and thereafter that the amendment as amended be adopted.

The PRESIDING OFFICER. The perfecting amendment will be stated.

The CHIEF CLERK. On page 190, line 25, after the word "dealers", it is proposed to strike out "its" and to insert in lieu thereof the word "in".

The PRESIDING OFFICER. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

Mr. COPELAND. Mr. President, I have a request to make of the Senator from Mississippi.

Mr. CONNALLY. Mr. President——

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Texas?

Mr. COPELAND. I yield.

Mr. CONNALLY. I offer an amendment, which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. It is proposed to add to section 44 a new paragraph, to be numbered (3), and to read as follows:

(3) Any taxpayer holding on December 31, 1933, installment obligations on capital transactions reported under section 44 (b) originally maturing in the years prior to January 1, 1934, but which were extended or renewed so that they thereafter matured in 1934 or subsequent years, shall have the option of paying a tax on such installments when paid or otherwise disposed of at the capital gain rate in effect in the year of original maturity.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Texas.

The amendment was rejected.

Mr. CONNALLY. Mr. President, I ask unanimous consent that the vote by which the amendment proposed by me was rejected be reconsidered, so that I may say a word about the amendment.

The PRESIDING OFFICER. Is there objection? The Chair hears none and the vote is reconsidered.

Mr. CONNALLY. Mr. President, I very much hope this amendment may go to conference. I desire very briefly to outline its purpose.

Under section 44 of the revenue act, as heretofore enacted, individuals who sold any kind of capital assets, not for cash but on installments, were required to pay on those installments in the year in which they were due, according to the regular schedule of rates. What I have in mind is a few isolated cases of persons who, during the depression, when such installments became due, did not insist on pressing their debtors and making them pay at that time, because to have done so would probably have wrecked their business, and they deferred the payments until this year or next year.

The purpose of this amendment is to permit such persons to pay their taxes at the same rate, as to the deferred installments, that they would have paid had collection been forced. That seems to me fair and just. In other words, if we do not adopt this amendment, we penalize a man for being tolerant with his debtor. We are putting an added burden upon him because he did not play the Shylock and grind the blood out of the poor, helpless devil who could not pay at the time the payment was due. The Government would receive the same amount of revenue it would have gotten had he forced collection, and been paid the rate provided when the installments were due. The amendment would not exempt a single installment that has not yet become due, and which was not deferred. It would simply permit the taxpayer to pay just as he would have paid had he squeezed the last drop of blood out of some industry or some business, and probably in doing so have wrecked it. That is all this amendment would do.

I have submitted the amendment to the experts. They say that it would not materially affect the revenue, but unless it shall be adopted there will be a great injustice and a great hardship to a few people who occupy the position which I have detailed in these remarks.

I hope the Senate will adopt the amendment and let it go to conference. I hope the committee will accept the amendment.

Mr. HARRISON. I will say to the Senator that I personally have no objection to the amendment going to conference, if the Senator wants to send it there.

Mr. CONNALLY. I thank the Senator from Mississippi.

Mr. GORE. Mr. President, this amendment is not in the exact form of the amendment which was considered and rejected by the Senate Committee on Finance. I certainly hope that the Senate will adopt this amendment. It is humane, and not to adopt it, it seems to me, would be inhuman.

Take the instance cited by the Senator from Texas. An installment payment fell due last year. If the creditor played the Shylock, refused to grant an exception, took the pound of flesh nearest the heart, collected his debt, he escapes with a 12½-percent tax, or may do so. But take the creditor who was lenient, who had the milk of human kindness in his heart, who granted an extension in this storm to his distressed debtor, and the installment comes over to the current year. He will be penalized for his leniency, he will be punished not because he was a Shylock, he will be punished because he was not a Shylock.

Mr. President, the Senate has twice passed amendments which I had the honor to offer to create boards of conciliation to bring about an adjustment of debts between creditors and debtors. It is to the credit of the Senate that we passed those amendments. They died in that omnivorous cemetery known as the "conference committee", situated somewhere between the House and the Senate, but the Senate has expressed its views and its convictions on those amendments, and those amendments were in harmony with the pending amendment. It is in the interest of humanity, of leniency, and of reasonable attitude toward benevolent creditors, who "temper the wind to the shorn lamb." I hope it will pass.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Texas [Mr. CONNALLY].

The amendment was agreed to.

Mr. KING. Mr. President——

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Utah?

Mr. COPELAND. I yield.

Mr. KING. I offer the amendment which I send to the desk, and ask that it be read and that its consideration may go over until tomorrow.

The Chief Clerk proceeded to read the amendment.

Mr. KING. Mr. President, I ask unanimous consent to dispense with the reading of the amendment, and that it be printed in the RECORD for the information of the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KING's amendment is as follows:

On page 8, line 5, strike out "4 percent" and insert "5 percent".

On page 8, strike out beginning in line 17 down through line 3 on page 13, and insert in lieu thereof the following:

"Upon a surtax net income of $4,000 there shall be no surtax; upon surtax net incomes of $4,000 and not in excess of $6,000, 4 percent in addition of such excess.

"$80 upon surtax net incomes of $6,000; and upon surtax net incomes in excess of $6,000 and not in excess of $8,000, 5 percent in addition of such excess.

"$180 upon surtax net incomes of $8,000; and upon surtax net incomes in excess of $8,000 and not in excess of $10,000, 6 percent in addition of such excess.

"$300 upon surtax net incomes of $10,000; and upon surtax net incomes in excess of $10,000 and not in excess of $12,000, 7 percent in addition of such excess.

"$440 upon surtax net incomes of $12,000; and upon surtax net incomes in excess of $12,000 and not in excess of $14,000, 8 percent in addition of such excess.

"$600 upon surtax net incomes of $14,000; and upon surtax net incomes in excess of $14,000 and not in excess of $16,000, 9 percent in addition of such excess.

"$780 upon surtax net incomes of $16,000; and upon surtax net incomes in excess of $16,000 and not in excess of $18,000, 11 percent in addition of such excess.

"$1,000 upon surtax net incomes of $18,000; and upon surtax net incomes in excess of $18,000 and not in excess of $20,000, 13 percent in addition of such excess.

"$1,260 upon surtax net incomes of $20,000; and upon surtax net incomes in excess of $20,000 and not in excess of $22,000, 15 percent in addition of such excess.

"$1,560 upon surtax net incomes of $22,000; and upon surtax net incomes in excess of $22,000 and not in excess of $26,000, 17 percent in addition of such excess.

"$2,240 upon surtax net incomes of $26,000; and upon surtax net incomes in excess of $26,000 and not in excess of $32,000, 19 percent in addition of such excess.

"$3,380 upon surtax net incomes of $32,000; and upon surtax net incomes in excess of $32,000 and not in excess of $38,000, 22 percent in addition of such excess.

"$4,700 upon surtax net incomes of $38,000; and upon surtax net incomes in excess of $38,000 and not in excess of $44,000, 25 percent in addition of such excess.

"$6,200 upon surtax net incomes of $44,000; and upon surtax net incomes in excess of $44,000 and not in excess of $50,000, 28 percent in addition of such excess.

"$7,880 upon surtax net incomes of $50,000; and upon surtax net incomes in excess of $50,000 and not in excess of $56,000, 31 percent in addition of such excess.

"$9,740 upon surtax net incomes of $56,000; and upon surtax net incomes in excess of $56,000 and not in excess of $62,000, 35 percent in addition of such excess.

"$11,840 upon surtax net incomes of $62,000; and upon surtax net incomes in excess of $62,000 and not in excess of $70,000, 40 percent in addition of such excess.

"$15,040 upon surtax net incomes of $70,000; and upon surtax net incomes in excess of $70,000 and not in excess of $80,000, 45 percent in addition of such excess.

"$19,540 upon surtax net incomes of $80,000; and upon surtax net incomes in excess of $80,000 and not in excess of $90,000, 50 percent in addition of such excess.

"$24,540 upon surtax net incomes of $90,000; and upon surtax net incomes in excess of $90,000 and not in excess of $100,000, 55 percent in addition of such excess.

"$30,040 upon surtax net incomes of $100,000; and upon surtax net incomes in excess of $100,000 and not in excess of $500,000, 60 percent in addition of such excess.

"$270,040 upon surtax net incomes of $500,000; and upon surtax net incomes in excess of $500,000, 65 percent in addition of such excess."

Mr. KING. Mr. President, the amendment seeks to increase the normal tax from 4 percent to 5 percent and the surtaxes in most of the brackets. If the amendment is agreed to it will raise between forty and fifty million dollars. I shall be very glad if Senators during the recess and before tomorrow morning will examine the proposed amendment so that when the Senate convenes action may be promptly taken on the same.

Mr. NORRIS. Mr. President, is my understanding correct that the Senator from Utah does not expect a vote on his amendment today?

Mr. KING. No, Mr. President; I do not expect a vote on my amendment today.

Mr. NORRIS. Will the Senator from Utah point out where the amendment comes in the bill?

Mr. ROBINSON of Arkansas. I should like to have the Senator from Utah explain the difference between the taxes proposed by his amendment and those recommended by the committee.

Mr. KING. Mr. President, at this late hour I should trespass upon the patience of the Senate if I should attempt to make a detailed explanation of the amendment and the differences between it and the text of the pending bill.

The House bill provides a normal tax of 4 percent on net incomes, but does not continue the 8-percent normal tax found in the 1932 act upon incomes in excess of $8,000. My amendment fixes the normal tax at 5 percent upon net incomes. It contains fewer brackets for surtax purposes than the 1932 act or the House bill now before us. As stated, it increases the surtaxes in most of the brackets; and the increased normal tax, together with the increases in the surtax brackets, will yield more than $40,000,000 over the House bill. My amendment provides for 4-percent surtax upon incomes between four and five thousand dollars, and the bill before us provides a surtax of 5 percent. The pending bill fixes the surtax on incomes between eight and ten thousand dollars at 8 percent, whereas my amendment calls for but 6 percent.

If Senators will pardon me, I shall mention but a few more of the brackets and the changes between the pending bill and my amendment. For instance, on net incomes between thirty-two and thirty-eight thousand dollars the surtaxes imposed in the pending bill are 21 percent, and in my amendment 22 percent. Between forty-four and fifty thousand dollars net income the pending bill imposes 27-percent surtax and the amendment 28 percent. The surtax upon net incomes between eighty and ninety thousand dollars is 45 percent in the pending bill and 50 percent in my amendment. The surtaxes in the pending bill from the bracket last mentioned increase by 1 percent in each bracket until the bracket is reached where the net income amounts to more than $1,000,000, at which point the surtax is 59 percent, and in my amendment it is 65 percent. With a 5-percent normal tax and a 65-percent surtax my amendment would impose a tax of 70 percent upon incomes over $1,000,000.

I believe that the amendment provides a gradual, and, if I may use the expression, a uniform rise in the surtax rates. The upward curve representing the increases in the surtaxes is substantially uniform. It does not present the irregularities not infrequently found in income-tax measures.

Mr. President, I have a statement showing the surtax rates appearing in the pending bill and in my amendment. I ask that it be inserted in the RECORD without reading.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

Comparison of income-tax rates

(2) SURTAX RATES

Surtax net incomes	Pending House bill revision	King amendment
	Percent	*Percent*
$4,000 to $6,000	5	4
$6,000 to $8,000	7	5
$8,000 to $10,000	8	6
$10,000 to $12,000	9	7
$12,000 to $14,000	10	8
$14,000 to $16,000	11	9
$16,000 to $18,000	12	11
$18,000 to $20,000	13	13
$20,000 to $22,000	15	15
$22,000 to $26,000	17	17
$26,000 to $32,000	19	19
$32,000 to $38,000	21	22
$38,000 to $44,000	24	25
$44,000 to $50,000	27	28
$50,000 to $56,000	30	31
$56,000 to $62,000	33	35
$62,000 to $68,000	36	40
$68,000 to $70,000	39	40
$70,000 to $74,000	39	45
$74,000 to $80,000	42	45
$80,000 to $90,000	45	50
$90,000 to $100,000	50	55
$100,000 to $150,000	52	60
$150,000 to $200,000	53	60
$200,000 to $300,000	54	60
$300,000 to $400,000	55	60
$400,000 to $500,000	56	60
$500,000 to $750,000	57	65
$750,000 to $1,000,000	58	65
Over $1,000,000	59	65

The PRESIDING OFFICER. As the Chair understands the amendment proposed by the Senator from Utah is to go over until tomorrow.

Mr. KING. That is correct.

The PRESIDING OFFICER. The amendment will be passed over.

Mr. HARRISON. Mr. President, has the depletion section now been finished so far as agreeing to amendments is concerned?

The PRESIDING OFFICER. It has not.

Mr. HARRISON. May I ask that the committee amendment in that section may be stated?

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. It is proposed on page 83 to strike out lines 11 to 22, both inclusive, as follows:

A taxpayer making his first return under this title in respect of a property shall state whether he elects to have the depletion allowance for such property for the taxable year for which the return is made computed with or without regard to percentage depletion, and the depletion allowance in respect of such property for such year and all succeeding taxable years shall be computed according to the election thus made. If the taxpayer fails to make such statement in the return, the depletion allowance for such property for all taxable years shall be computed without reference to percentage depletion.

And to insert in lieu thereof the following:

A taxpayer making his first return under this title in respect of a property shall state whether he elects to have the depletion allowance for such property for the taxable year for which the return is made computed with or without regard to percentage depletion, and the depletion allowance in respect of such property for such year shall be computed according to the election thus made. If the taxpayer fails to make such statement in the return, the depletion allowance for such property for such year shall be computed without reference to percentage depletion. The method, determined as above, of computing the depletion allowance shall be applied in the case of the property for all taxable years in which it is in the hands of such taxpayer, or of any other person if the basis of the property (for determining gain) in his hands is, under section 113, determined by reference to the basis in the hands of such taxpayer, either directly or through one or more substituted bases, as defined in that section.

So as to make the paragraph read:

(4) Percentage depletion for coal and metal mines and sulphur: The allowance for depletion under section 23 (m) shall be, in the case of coal mines, 5 percent, in the case of metal mines, 15 percent, and in the case of sulphur mines or deposits, 23 percent, of the gross income from the property during the taxable year, excluding from such gross income an amount equal to any rents or royalties paid or incurred by the taxpayer in respect of the property. Such allowance shall not exceed 50 percent of the net income of the taxpayer (computed without allowance for depletion) from the property. A taxpayer making his first return under this title in respect of a property shall state whether he elects to have the depletion allowance for such property for the taxable year for which the return is made computed with or without regard to percentage depletion, and the depletion allowance in respect of such property for such year shall be computed according to the election thus made. If the taxpayer fails to make such statement in the return, the depletion allowance for such property for such year shall be computed without reference to percentage depletion. The method, determined as above, of computing the depletion allowance shall be applied in the case of the property for all taxable years in which it is in the hands of such taxpayer, or of any other person if the basis of the property (for determining gain) in his hands is, under section 113, determined by reference to the basis in the hands of such taxpayer, either directly or through one or more substituted bases, as defined in that section.

The amendment was agreed to.

Mr. COPELAND. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. It is proposed to insert at the proper place in the bill the following:

In the case of any person regularly engaged in the business of buying at reduced rates admissions for the purpose of resale, the tax shall be 1 cent for every 10 cents or fraction thereof of the amount actually paid by such person for such admissions; and if such admission be resold at a price in excess of that previously paid therefor, there shall in addition be collected by the seller and paid a tax equivalent to 10 percent of the amount of such excess.

Mr. COPELAND. Mr. President, under the tax law as interpreted by the Internal Revenue Bureau, all theater tickets are taxed in accordance with the admission price printed on the ticket. As a matter of fact, a great many theaters are kept open by placing through various agencies tickets which are sold at reduced prices. Many a theater in New York has failed to popularize a play. In order to give it vogue, an audience has been sought by selling tickets at reduced rates; for example, a $3 ticket is sold for $1. Concerns or agencies are operating which take thousands of tickets, or from one theater, for example, hundreds of tickets, in order that the audiences may be attracted.

It is hardly fair that such tickets should be taxed on the basis of the price printed on the face of the tickets. A $3 ticket, for example, would be taxed 30 cents. Where a ticket is sold for the price of $1 the seller absorbs the tax, but where as much as 20 or 30 cents tax is added, it means that the ticket is not sold.

I think it is unfair. I think it was intended that the interpretation should be placed upon the law as I have indicated. That was not our thought when we debated it at considerable length during the discussion of the revenue bill which eventually became the law of 1932. I hope the Senator from Mississippi [Mr. HARRISON] will be willing to take the amendment to conference and see if it will be acceptable to the House.

Mr. HARRISON. Mr. President, the matter was presented very forcefully to the committee by one of the gentlemen who himself is engaged in the business and also by an attorney of some repute, but the committee acted unfavorably upon it. I do not feel that I can accept it in view of those circumstances.

Mr. COPELAND. Then may I say, Mr. President, that the acceptance of the amendment would mean that many theaters would be lighted and used which now will be darkened? It will mean employment for actors, stage hands, and all concerned, if we permit this amendment to be adopted. I hope that the Senate may see fit to accept it.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New York.

The amendment was rejected.

Mr. McKELLAR. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. It is proposed, on page 19, line 15, after the word "rendered" to insert the following:

But no allowance for salary or compensation in excess of $50,000 per annum shall be considered reasonable or allowed, and allowances for other salaries or compensation of said corporation shall be credited in accordance with this maximum in fixing the amount of deductions on account of salaries or compensation.

Mr. McKELLAR. Mr. President, this is the same amendment that was offered and voted on awhile ago, with the exception that I have increased the amount of the allowance to $50,000.

We know that there have been innumerable scandals about the high salaries paid corporation officers. Some of them have been paid as much as a million dollars while others were given bonuses in excess of a million dollars. Here we are allowing corporations to manipulate their funds in that way so as to escape taxation entirely.

I invite the attention of the chairman of the committee to the fact that in the year 1930 the enormous sum of $3,138,000,000 was paid out by the corporations of the country in salaries. Salaries of $1,000,000, salaries of $500,000, salaries of $125,000, all kinds of big salaries were paid. Take a corporation that was formed for the purpose of avoiding the individual income tax: Enormous salaries are paid to its officers for the purpose of escaping taxation. Surely there ought to be a limit put on the allowances for that purpose. What is proposed in this amendment is that an allowance to the extent of $50,000 may be asked. If a corporation desires to pay its officers more there is no reason why it cannot pay more, but it will have to pay a tax.

Mr. BAILEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from North Carolina?

Mr. McKELLAR. I am glad to yield.

Mr. BAILEY. Is the Senator seriously contending that the Congress of the United States can regulate salaries by way of the taxing power?

Mr. McKELLAR. Not at all. If the Senator had listened to the amendment he would know that it does not undertake to regulate salaries in any way.

Mr. BAILEY. I was listening to the Senator's argument. I was not reading the amendment, but I was listening to his argument.

Mr. McKELLAR. The Senator cannot have listened to it, because, under this amendment, a corporation can pay its officers any salary it pleases to pay, but the allowance for taxation purposes of money paid officers shall be limited to $50,000.

Mr. BAILEY. Is not that precisely the same thing? It is proposed to use the taxing power to determine the salary.

Mr. McKELLAR. No; the corporations can pay what they please, but when they pay more than $50,000 they must pay a tax on the excess. Here we are giving them exemption from taxes to a certain extent.

Mr. BAILEY. Again the Senator tells me indirectly what he might tell me directly—that the object of the amendment is so to use the taxing power of the Congress as either to put a penalty upon certain high salaries or to put a reward upon low ones.

Mr. McKELLAR. Not at all. Incomes are taxed by this bill. Certain allowances are made for salaries paid. We find that in 1933, $1,138,000,000 were allowed for salaries. The very purpose of those allowances is to avoid the income-tax laws. This amendment does not fix any limit upon salaries. A corporation can pay its officials any salaries it pleases; but if it pays one of them over $50,000, it must pay a tax on the excess. Now, surely if we are granting exemptions——

Mr. BAILEY. Take the words just uttered by the Senator. If the corporation pays over $50,000 in salary to one of its officers, then there is an additional tax.

Mr. McKELLAR. There is an additional tax.

Mr. BAILEY. So the Senator proposes to use the taxing power of the Congress to limit or to put a penalty upon salaries.

Mr. HARRISON. Mr. President, if the Senator will permit me, I think the Senators misunderstand each other. If the salary is over $50,000, under the amendment there is not an additional tax, but in that case the corporation is prevented from taking a deduction.

Mr. McKELLAR. It is prevented from taking a deduction. That is all the amendment does. That is what I have tried to explain. The corporation cannot take a deduction of more than $50,000 under those circumstances. At present we allow every corporation to deduct any salaries that it sees fit to pay its officers. We are not now dealing with taxes. We are dealing with deductions. We are dealing with allowances. We are dealing with gifts back to the corporation, exempting them from taxation. So while we are making these exemptions, all that this amendment proposes is to say to a corporation, "You cannot deduct more than $50,000 for any one salary."

Mr. BAILEY. Then the effect of the amendment is to use the taxing power to compel or induce a corporation not to pay any salary in excess of $50,000.

Mr. McKELLAR. We do not say that.

Mr. BAILEY. I know we do not say it, but what difference does it make what we say? If we do not say it, but that is what we intend, I want the statement to appear in the RECORD that that is what is intended.

Mr. McKELLAR. That is not what I intend. What I intend, and what will happen if the amendment shall be adopted, is that the deduction allowed for salaries shall be limited to a certain sum.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. McKELLAR. Yes.

Mr. ROBINSON of Arkansas. It is notorious that some combinations have sought methods of increasing their expenditures in order to avoid the payment of fair income taxes. It seems to me it is perfectly proper to define the amount of salary that may be used as a deduction in the ascertainment of income taxes.

Suppose, for instance, that in order to avoid the payment of a tax a corporation should pay a salary of half a million dollars, or a salary of a million dollars, and thus defeat the Government's collection of a tax. I think manifestly that would be unfair. It does not seem to me it is a wrongful exercise of jurisdiction for the Congress to say what is a fair deduction; and certainly it is liberal to say that a salary of $50,000 may be deducted.

Mr. McKELLAR. The Senator from Arkansas is entirely right. In my judgment, he has expressed the matter absolutely accurately. It is not a case of using the taxing power, but merely of saying what shall be a reasonable compensation. Here is what the bill says, on page 19, may be deducted:

Including a reasonable allowance for salaries.

That is the wording of this bill, "including a reasonable allowance for salaries." The tax authorities—the Secretary of the Treasury, or those under him—fix what is a reasonable allowance for salaries. Surely the Congress, in passing the law, can fix what shall be a reasonable allowance for salaries; and this amendment says that $50,000 shall be a maximum reasonable allowance for salaries.

Mr. BAILEY. And the amendment permits deductions for salaries up to that point. It will not permit the deduction of more. Is that the point?

Mr. McKELLAR. That is the point.

Mr. BAILEY. And the amendment determines, by way of a revenue measure, what the Congress conceives to be a fair salary for a corporate officer, and places a penalty upon the payment of more by the corporation. Is not that the fact?

Mr. McKELLAR. No; the amendment does not place a penalty upon the payment of more.

Mr. BAILEY. The intention is to induce the corporation to limit its salaries to $50,000?

Mr. McKELLAR. The purpose of the amendment is to show that the Congress believes that a reasonable allowance for salary is $50,000.

Mr. BAILEY. Not only to show that it believes it, but to put a penalty upon the payment of more.

Mr. McKELLAR. No; it puts a limitation on the deduction that is to be allowed.

Mr. BAILEY. And a tax upon anything over and above $50,000.

Mr. McKELLAR. Suppose that provision were not put in the bill at all. The corporations would be obliged to pay the tax on the entire $3,138,000,000, because that would be included in their returns, and they would have no allowance for salaries. This amendment limits the allowance for salaries, and nothing else.

Mr. BAILEY. I understand that. I think the Senator has sufficiently informed the Senate that the purpose, after all, is to limit salaries by way of imposing a penalty in the form of taxation upon the corporation—that is, by way of not giving it credit for salaries beyond $50,000, and taxing the difference between $50,000 and more than $50,000 at the rate of 13¾ percent. That answers my question.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. COUZENS. I think the Senator from Tennessee has a perfectly legitimate object in mind, but I think the adoption of this amendment would defeat its purpose so far as revenue to the Government is concerned. In other words, the Senator from Tennessee does not like to have these high salaries deducted from corporate incomes and whatever is paid in excess of $50,000, as the Senator from North Carolina says, would be taxed at 13¾ percent. Assuming that the corporation, in order not to have to pay 13¾ percent on the excess, cuts the salaries down to $50,000, then the Government loses the surtaxes on the high salaries.

Mr. ROBINSON of Arkansas. The surtaxes that the individuals would pay?

Mr. COUZENS. Yes; and the Government would lose.

Mr. ROBINSON of Arkansas. Yes. As a matter of fact, if an enormous salary were paid to an individual by a corporation, while the corporation would escape tax through the deduction, the individual to whom it was paid would pay still more.

Mr. McKELLAR. Provided the Government collected it. My recollection is that the most famous, or infamous, of all the salary allowances was to one Mitchell. I do not remember his first name. I will call him Mr. Mitchell, as

the jury acquitted him. The Government has a suit against Mr. Mitchell in which I understand he has offered 10 percent of the amount claimed as his just income tax.

I believe that if we limit the amount of salaries, we will thwart efforts to get around the income tax law. I hope the chairman of the committee will take the amendment to conference and work it out.

Mr. COUZENS. Mr. President, the opportunity for evasion in a case like the Mitchell case has been taken away by the provisions of the pending bill.

Mr. McKELLAR. In what way?

Mr. COUZENS. In the Mitchell case, his large salary was offset by deducting capital losses. We have eliminated the right of deduction for capital losses.

Mr. McKELLAR. Most of it.

Mr. COUZENS. So that they cannot deduct capital losses from normal income. Let me illustrate. If the Senator's amendment should bring a corporation to the view that it must cut a million-dollar salary down to $50,000, then the corporation itself would pay a 13¾-percent tax on the difference, but if we permit them to go ahead and pay the million-dollar salary, the individual recipient pays $570,000 to the Government. So the Senator would be defeating his object of getting revenue for the Government if his amendment should be agreed to.

Mr. ROBINSON of Arkansas. Mr. President, the Senator from Michigan means that if the provision eliminating the privilege of deducting capital losses as it has been incorporated in the bill should be enacted and go into effect, the evil would be cured?

Mr. COUZENS. Yes.

Mr. ROBINSON of Arkansas. But under the old conditions there was much evasion?

Mr. COUZENS. Yes.

Mr. McKELLAR. I think there is much evasion now. I hope the Senator from Mississippi will accept the amendment and let it go to conference.

Mr. MURPHY. Mr. President, if the individual officer does not receive his $1,000,000 salary by reason of the reduction to $50,000, is it not a fair assumption that the difference will be declared in dividends, and that taxes will be paid on those dividends in the hands of the individual recipients?

Mr. COUZENS. The point as to that is that it would depend upon the individual recipient's bracket. If he were in the lower bracket, the Government would get a small return, but if he were in the larger bracket it would receive a larger amount.

Mr. MURPHY. A tax would be paid?

Mr. COUZENS. Oh, yes.

Mr. McKELLAR. It would depend on how small the dividend was. If the dividends were divided among a great number there might be no return at all. It would depend on whether or not the recipient had enough of an income to be taxable.

Mr. MURPHY. Mr. President, does the Senator's amendment contemplate any tax on bonuses?

Mr. McKELLAR. On any bonus payment or compensation of any kind.

Mr. MURPHY. The amendment provides that bonuses and salaries shall not exceed $50,000?

Mr. McKELLAR. That is correct.

Mr. HARRISON. Mr. President, this matter received consideration in the committee, and so that Senators may be informed that it received consideration at the hands of the subcommittee of the Committee on Ways and Means, I desire to read from the report of the Committee on Ways and Means of the House of Representatives, as follows:

> Your subcommittee debated at length the advisability of limiting the amount of the deduction allowed to a corporation on account of salary or other compensation received by any officer of the corporation. The numerous examples of excessive officers' salaries brought to light during the past year were not overlooked.
>
> It appears that, while some desirable purpose might be accomplished from the limitation mentioned, no gain in revenue could be expected. On the contrary, if lower officers' salaries were actually paid, a loss in revenue would result. This comes about because high salaries bear not only the normal tax but heavy surtaxes, while distributions in dividends would bear no normal tax and on account of the spread of the amount distributed among all the stockholders would bear less surtax in the aggregate.
>
> In view of the above, your subcommittee refrains from making a recommendation on this subject.

This carries out the suggestion just made by the Senator from Michigan.

Mr. McKELLAR. Mr. President, it seems to me that the trouble about that is that money would be divided up in the hands of individuals and we would not get the taxes. All we have to do is to look at the individual income-tax returns in order to see that the Government does not get these individual taxes.

Mr. MURPHY. As I understand, the Senator is seeking to accomplish a social end through an amendment to a tax measure.

Mr. McKELLAR. No; I am undertaking to prevent men from evading income-tax payments.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Tennessee.

The amendment was rejected.

Mr. COPELAND. Mr. President, I know just how the Senator from Tennessee feels, but we always have a sense of righteousness when we have done the best we can to accomplish an end.

Mr. McKELLAR. I do not think the Senate wants the Government to obtain any really substantial return from income taxes.

Mr. COPELAND. We have to bear in mind that virtue is its own reward.

I desire to ask the chairman of the committee whether he will accept with any degree of kindliness an amendment to strike from the tax on jewelry the particular charge made against marine glasses, field glasses, and binoculars.

Mr. HARRISON. Mr. President, I hope the Senator will not offer the amendment now because there are some other important committee amendments to be acted on. While there are one or two cases in the jewelry section which appeal to me greatly, of which this is one, I hope the Senator's amendment will not be offered at this particular time.

Mr. COPELAND. Let me say, Mr. President, that if there is the slightest hope that this amendment may ultimately be favorably acted upon, I shall refrain from offering it now.

Mr. HARRISON. I hope that we may take a recess at this time.

DISPOSITION OF INDIAN LANDS

The PRESIDING OFFICER (Mr. RUSSELL in the chair) laid before the Senate a message of the House of Representatives returning to the Senate, in compliance with its request, the bill (S. 1135) to amend section 1 of the act entitled "An act to provide for determining the heirs of deceased Indians, for the disposition and sale of allotments of deceased Indians, for the leasing of allotments, and for other purposes", approved June 25, 1910, as amended.

Mr. FRAZIER. Mr. President, a few days ago I asked unanimous consent to have returned from the House, Senate bill 1135. The Senate bill had passed the Senate and was sent to the House. In the meantime an identical House bill had been passed by the House and was later passed by the Senate. The Senate bill has been returned to the Senate, in compliance with my request. I now ask unanimous consent to reconsider the vote by which Senate bill 1135 was ordered to be engrossed for a third reading, read the third time, and passed.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the votes are reconsidered.

Mr. FRAZIER. I now move that the Senate bill be indefinitely postponed.

The motion was agreed to.

RELIEF AND WELFARE OF INDIANS

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 2571) authorizing the Secretary of the Interior to arrange with States or Territories for the education, medical attention, relief of distress, and social welfare of Indians, and for other purposes, which were, on page 2, line 3, after

" State ", to insert " or Territory ", and on page 2, after line 20, to insert, "Sec. 5. That the provisions of this act shall not apply to the State of Oklahoma."

Mr. JOHNSON. Mr. President, while I do not understand the reason for the last amendment, and while I should prefer that it should not have been inserted in the bill, nevertheless, I move that the Senate concur in the amendments of the House of Representatives.

The motion was agreed to.

BENEFITS EXTENDED TO THE WHALING INDUSTRY

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the joint resolution (S.J.Res. 15) extending to the whaling industry certain benefits granted under section 11 of the Merchant Marine Act, 1920, which were to strike out all after the enacting clause and to insert:

That in the administration of section 11 of the Merchant Marine Act, 1920, as amended (U.S.C., supp. VII, title 46, sec. 870), the Secretary of Commerce is authorized to extend to citizens of the United States engaged in the whaling and/or fishing industries the same benefits that are authorized by such section, as amended, to be extended to persons citizens of the United States for the construction, outfitting, equipment, reconditioning, remodeling, and improvement of certain vessels. All loans made under authority of this resolution from the construction loan fund created by such section, as amended, shall be on the same terms and subject to the same conditions, limitations, and restrictions as are provided therein, except that such loans shall bear interest at the rate of not less than 5¼ percent per annum, payable annually.

SEC. 2. Any construction, outfitting, equipment, reconditioning, remodeling, or improvement of vessels under authority of this resolution shall be only of vessels of a type and kind suitable for use as naval auxiliaries, and shall be in accordance with plans and specifications first approved by the Secretary of the Navy with particular reference to the economical conversion of such vessels into auxiliary naval vessels.

SEC. 3. The term " citizens of the United States ", as used in this resolution, includes a corporation, partnership, or association only if it is a citizen of the United States within the meaning of section 2 of the Shpping Act, 1916, as amended (U.S.C., title 46, sec. 802).

And to amend the title so as to read: "Joint resolution extending to the whaling and fishing industries certain benefits granted under section 11 of the Merchant Marine Act, 1920, as amended."

Mr. McNARY. I move that the Senate concur in the amendments of the House.

The motion was agreed to.

COLUMBIA RIVER BRIDGE NEAR ASTORIA, OREG.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 2545) to extend the times for commencing and completing the construction of a bridge across the Columbia River at or near Astoria, Oreg., which was, on page 1, line 9, after " 1934 ", to insert ", and said act is hereby amended by striking out the words 'J. C. Tenbrook, as mayor of Astoria, Oreg.', wherever they appear in said act and by inserting in lieu thereof the following: 'The County Court of Clatsop County, Oreg.': *Provided*, That the Rivers Improvement Corporation (an Oregon corporation), assignee of the right to build such bridge under such act, and organized solely to construct such bridge for the public, shall contract to transfer such bridge upon the liquidation of all costs or obligations with respect to the construction thereof to the county of Clatsop (Oreg.), city of Astoria (Oreg.), and/or Pacific County (Wash.) as may be agreed among them, without profit to said Rivers Improvement Corporation and without cost to such public bodies, in such manner as will not involve such public bodies as the holder or owner of any stock in any association, joint-stock company, or corporation."

Mr. McNARY. I move that the Senate concur in the amendment of the House.

The motion was agreed to.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. Mr. President, I understand that the Senator from Mississippi, in charge of the tax bill, is ready to discontinue proceedings on the bill for the day. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. RUSSELL in the chair) laid before the Senate messages from the President of the United States submitting nominations and an international convention, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. KING, from the Committee on the District of Columbia, reported favorably the nomination of William J. Thompkins, of Kansas City, Mo., to be recorder of deeds, District of Columbia, to succeed Jefferson S. Coage.

Mr. WALSH (for Mr. TRAMMELL), from the Committee on Naval Affairs, reported favorably the nominations of sundry officers in the Marine Corps.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The PRESIDING OFFICER. The reports will be placed on the calendar.

TREATY

The legislative clerk proceeded to read Executive B, Seventy-third Congress, second session, an international telecommunication convention, the general radio regulations annexed thereto, and a separate radio protocol, all signed by the delegates of the United States to the International Radio Conference at Madrid on December 9, 1932.

Mr. ROBINSON of Arkansas. Mr. President, the Chairman of the Committee on Foreign Relations, the Senator from Nevada [Mr. PITTMAN], is not present, and I think we had better not take up the treaty today.

The PRESIDING OFFICER. The treaty will be passed over.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. ROBINSON of Arkansas. I ask that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc.

RECESS

The Senate resumed legislative session.

Mr. ROBINSON of Arkansas. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 30 minutes p.m.) the Senate took a recess until tomorrow, Tuesday, April 10, 1934, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate April 9 (legislative day of Mar. 28), 1934

DIPLOMATIC AND CONSULAR SERVICE

The following-named Foreign Service officers to be diplomatic and consular officers of the grades indicated, as follows:

SECRETARIES IN THE DIPLOMATIC SERVICE

George M. Abbott, of Ohio.

Cecil Wayne Gray, of Tennessee.

CONSUL

Waldemar J. Gallman, of New York.

PROMOTIONS IN THE NAVY

Lt. Comdr. Chapman C. Todd, Jr., to be a commander in the Navy from the 1st day of December 1933.

Lt. Comdr. Paul Cassard to be a commander in the Navy from the 4th day of January 1934.

Lt. Alexander B. Holman to be a lieutenant commander in the Navy from the 1st day of September 1932.

Lt. Fred A. Hardesty to be a lieutenant commander in the Navy from the 1st day of October 1933.

Lt. (Jr. Gr.) John H. Morrill to be a lieutenant in the Navy from the 12th day of November 1933.

Lt. (Jr. Gr.) John E. Spahn to be a lieutenant in the Navy from the 1st day of December 1933.

The following-named lieutenants (junior grade) to be lieutenants in the Navy from the 1st day of January 1934:

John B. Rooney.
William A. Evans, Jr.
Frederick J. Bell.

Lieutenant (junior grade) Charles A. Ferriter to be a lieutenant in the Navy from the 1st day of March 1934.

The following-named ensigns to be lieutenants (junior grade) in the Navy from the 5th day of June 1933:

George N. Butterfield — Edwin G. Kelly
Lance E. Massey — Joseph E. Dodson

The following-named medical inspectors to be medical directors in the Navy, with the rank of captain, from the 1st day of February 1932:

Alfred J. Toulon.
Glenmore F. Clark.
John B. Pollard.

Carpenter John Bryan to be a chief carpenter in the Navy, to rank with but after ensign, from the 2d day of January 1934.

Lieutenant (junior grade) Chester E. Carroll to be a lieutenant in the Navy from the 1st day of December 1933.

Commander John S. Barleon to be a captain in the Navy from the 16th day of January 1934.

CONFIRMATIONS

Executive nominations confirmed by the Senate April 9 (legislative day of Mar. 28), 1934

POSTMASTERS

COLORADO

Harry M. Katherman, Aurora.
Walton T. Day, Byers.
John H. Duncan, Crook.
John R. Hunter, New Raymer.
Ralph E. Vincent, Otis.

GEORGIA

Annie H. Thomas, Dawson.

SOUTH CAROLINA

Jesse C. Williams, Inman.
Inez C. Wilson, Williamston.

HOUSE OF REPRESENTATIVES

MONDAY, APRIL 9, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Eternal and ever-merciful God, we are not safe in our own wisdom, in our own virtues, nor in any power in us but in Thy guardianship and in the plenitude of Thy love and mercy. We confess Thy sovereignty and invoke Thy presence. Heavenly Father, open the doors of our understanding and give light and direction to the highest forms of our moral sense. Help us to see the luster of those graces that will bring us into fellowship with Thee. Hear us, gracious God; discharge any malign elements that may be in our thought, subdue the old nature, and bring into ascendancy the new man. O mold our characters by the invisible touches. Holy Spirit, incite us, equip us, and make us eager to go forward and to follow on to know Thy will and serve our country. In quiet submission to Thee, let there come to each of us a sweet calm, which bears in its bosom a new life, a new hope, and a new strength for this day. In the holy name of our Savior. Amen.

The Journal of the proceedings of Thursday, April 5, 1934, was read and approved.

MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following date the President approved and signed bills of the House of the following titles:

On April 7, 1934:

H.R. 7478. An act to amend the Agricultural Adjustment Act so as to include cattle and other products as basic agricultural commodities, and for other purposes; and

H.R. 7513. An act making appropriations for the Departments of State and Justice and for the judiciary, and for the Departments of Commerce and Labor, for the fiscal year ending June 30, 1935, and for other purposes.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate disagrees to the amendment of the House to the bill (S. 326) entitled "An act referring the claims of the Turtle Mountain Band or Bands of Chippewa Indians of North Dakota to the Court of Claims for adjudication and settlement", requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. ASHURST, Mr. THOMAS of Oklahoma, and Mr. FRAZIER to be the conferees on the part of the Senate.

The message also announced that the Senate disagrees to the amendments of the House to the bill (S. 2999) entitled "An act to guarantee the bonds of the Home Owners' Corporation, to amend the Home Owners' Loan Act, and for other purposes", requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. BULKLEY, Mr. BARKLEY, and Mr. TOWNSEND to be the conferees on the part of the Senate.

The message also announced that the Senate had passed with amendments, in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 8617. An act making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1935, and for other purposes.

OGEECHEE RIVER FLOOD CONTROL

Mr. ELTSE of California. Mr. Speaker, I ask unanimous consent that the bill introduced by the gentleman from Georgia [Mr. PARKER], H.R. 7793, authorizing a preliminary examination of the Ogeechee River in the State of Georgia, with a view to controlling of floods, which was no. 94 on the Consent Calendar on April 5 last, and to which three objections were interposed on that day, be restored to the Consent Calendar as of date April 5, 1934, with but one objection interposed thereto, made on March 5, 1934.

The SPEAKER. Is there objection to the request of the gentleman from California?

Mr. BLANTON. Mr. Speaker, this sets a new precedent in the House, and I shall be forced to object. This is the first time that has ever been requested to be done.

H.R. 6533

Mr. SWANK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the bill H.R. 6533, and to insert recommendations that have been made in connection therewith.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. SWANK. Mr. Speaker, on January 8, 1934, I introduced H.R. 6533, a bill to promote education, relieve unemployment and economic distress, and for other purposes. I also spoke in support of the bill in the House and before the Committee on Education. Briefly, this bill provides that the public schools are a proper subject for Federal aid and that the Government should protect its public-school system and the teachers thereof by providing appropriations to assist such schools to maintain their regular school terms.

The bill also provides that all teachers' salary warrants regularly issued, between July 1, 1932, and July 1, 1934, for services actually rendered by teachers in teaching in the public schools, shall be eligible for loans by the Government at their full face value at not to exceed 1-percent interest per annum.

Since the introduction of this and similar bills the amount of Federal funds allocated to Oklahoma for public-school

work has been increased, and we are going to keep up the work for the assistance of public education.

RECOMMENDATIONS IN SUPPORT OF BILL H.R. 6533

C. M. Howell, secretary, Oklahoma Education Association: "I feel that it remedies some of the very serious conditions confronting our schools, especially would it assist with the salary schedule."

Dr. M. A. Beeson, president Central State Teachers College, Edmond, Okla.: "I appreciate very much your sending me a copy of your bill in the interest of schools and teachers' salaries. The school people appreciate your friendship."

Dr. Eugene M. Antrim, president Oklahoma City University, Oklahoma City: "I have read this over carefully and find much to commend in it; in fact, I believe it will be a lifesaver for many of our rural schools."

John Vaughn, State superintendent of public instruction, Oklahoma City: "You are certainly to be commended on this bill, and I know that the people who are interested in education will rally to your support."

Dr. A. Lincheid, president East Central State Teachers College, Ada: "It appears to be meritorious. I sincerely hope that you succeed in passing this measure through the Congress, and in securing its approval by the President."

Dr. W. B. Bizzel, president University of Oklahoma, Norman: "I think the policy is sound, and certainly the necessity is very great."

J. C. Hickman, superintendent Cushing (Okla.) public schools: "We appreciate your interest in this matter and believe you will do everything you can to help the interests of the public schools."

Fred Reynolds, president board of education, and J. B. Stout, superintendent of schools, Norman, Okla.: "Your bill H.R. 6533, has our hearty approval. We are sure your provision for a loan to teachers who are holding warrants would bring much-needed relief to many deserving teachers."

W. C. LaGrone, principal, Putnam City school, Oklahoma City: "After reading the bill through, I wish to inform you that it meets my approval very highly. May I, as an instructor in the public schools, commend you in your good work."

Leon C. Nance, principal Putnam High School, Oklahoma City: "I read the contents of your bill. It may please you to know that the people of this community are nearly 100 percent for it. The teaching profession is indeed indebted to you for your efforts."

E. W. Hamburg, superintendent Putnam City schools, Oklahoma City: "We appreciate the interest you have shown in the public-school problem."

Miss Hilda Singletary, teacher, Putnam City schools, Oklahoma City: "I have read your new education bill and, as a teacher and an American citizen, I commend you and your work."

Teachers and others connected with Putnam City schools, Oklahoma City: "We, the undersigned citizens of Putnam City, wish to show our appreciation to you, our Congressman, for your interest and work in behalf of our public schools."

W. A. Greene, superintendent public schools, Guthrie, Okla.: "It seems to me that it is certainly a step in the right direction."

Jay F. Smith, county superintendent of public institution, Walters, Okla.: "I commend you for your efforts in fostering what I think is a splendid piece of legislation."

Glenn Smith, county superintendent of schools, Shawnee, Okla.: "I am gratified at your interest in education. Your experience as a teacher and as a schoolman has no doubt given you an insight and an interest in education which not all men have."

Herbert D. Flowers, county superintendent of public instruction, Idabel, Okla.: "You are to be commended for your interest in education. I think you have struck a note which will bring music to the ears of thousands of teachers and many school people."

Mrs. Neva Wilson, county superintendent of schools, Cherokee, Okla.: "I was very much pleased to read the bill (H.R. 6533) on education."

Miss Alice Stringer, county superintendent of public instruction, Sayre, Okla.: "I heartily endorse the bill which you introduced on January 8."

Floyd L. Coates, county superintendent of public instruction, Newkirk, Okla.: "I am sure that this bill will be of help, especially where the district is not able to provide necessary funds for a full term."

W. H. Taylor, principal junior-senior high school, Britton, Okla.: "I wish to assure you that the teachers of our school deeply appreciate the interest in public education you have shown, and we wish you to feel that we are ready to support you in these undertakings."

Russel C. Browe, Capitol Hill Junior High School, Oklahoma City: "I have read this bill rather carefully and wish to say that I am in hearty accord with its contents."

R. L. Spradlin, Jr., principal, Elmore City, Okla., schools: "Have carefully studied your bill, H.R. 6533, and hereby state that we think it to be the best thing for the educational departments all over the country."

F. A. Ramsey, superintendent public schools, Pauls Valley, Okla.: "Federal assistance at this time meets the hearty approval of our teachers."

W. H. Hunnicutt, superintendent, and teachers city schools, Elmore City, Okla.: "We have this day passed resolutions approving your plan of using this fund for the purpose of aiding the public schools by paying teachers' salaries. We furthermore resolve to express our thanks to you for your efforts you are making to aid the public schools of our State."

School board, Davis, Okla.: "We heartily approve of your plan."

Max G. Starry, superintendent public schools, Blanchard, Okla.: "Your efforts along the line of such a measure as you have introduced should be appreciated by those interested in public-school education in Oklahoma."

C. K. Reiff, superintendent public schools, Oklahoma City: "After rereading this bill for the third time, I have but this comment to make: In general, I am sure that I, with the other school men of this Nation, will favor the bill."

Mrs. Ida M. Hale, county superintendent of public instruction, Oklahoma City: "I think we are getting to the point where that will be needed; and I am sure that if it is accomplished, a great deal of credit will be due you."

Raymond Gary, county superintendent of public instruction, Madill, Okla.: "I certainly appreciate your interest in the public schools of our Nation, and I am hoping that there will be enough school-minded Congressmen and Senators to pass your bill."

Lee Boecher, county superintendent of schools, Kingfisher, Okla.: "I wish to commend you for your stand on this important subject."

Howard N. Scott, county superintendent of public instruction, Miami, Okla.: "I should like to state without further detail that I am fully in accord with the provisions of such bill."

J. O. Rich, county superintendent of public instruction, Wilburton, Okla.: "I fully endorse the proposed H.R. 6533, introduced by you in the House of Representatives."

George D. Hann, superintendent city schools, Clinton, Okla.: "Please accept my sincere thanks for the interest which you have in education and the efforts which you are making to correct some of the immediate evils."

John W. Cushman, principal Cleveland School, Oklahoma City: "It seems to me a very hopeful sign that education is being given such thoughtful consideration."

Miss Tommie Floyd, principal Clayton School, Ripley, Okla.: "Personally, I think bill H.R. 6533 should pass by a unanimous vote."

S. H. Freeman, clerk board of education, Stratford, Okla.: "I am highly in favor of its passage."

Mrs. M. A. Jones, clerk district 65, Garvin County, Okla.: "This bill seems to meet the requirement as well as it is possible to foresee conditions. Please add my commendation to the many others I know you will receive."

Joyce P. Johnson, clerk district 88, Oklahoma County, Okla.: "I read your bill to the school board here. We are all for it and are behind you. Our teachers need help."

E. D. Price, superintendent, and teachers, city schools, Stillwater, Okla.: "We, the undersigned teachers, of Stillwater, Okla., which include all teachers of the school, hereby express our appreciation for your attempts to save the schools of the Nation."

Teachers of Ripley, Okla., Consolidated Schools: "We, the teachers of Ripley Consolidated Schools, are heartily in favor of your bill."

Miss Bethel Plunkett, teacher, Ripley, Okla.: "I think it a good idea to try to get relief to the public schools of our land."

Miss Sarah E. Palmer, teacher, route 8, box 201, Oklahoma City: "I heartily approve the contents of this bill and hope you are successful in getting it passed."

Mrs. Ruby Berry Stallings, Ripley, Okla.: "The Ripley Parent-Teacher Association will be very happy to learn that you are working on a plan for a general appropriation for our school funds."

Putnam City Parent-Teacher Association, Oklahoma City: "We wish to extend our hearty endorsement of your educational bill. It is through efforts of such men as you that will cause, eventually, the teaching profession to be put on the high standard that it so much deserves. We wish to send to you our appreciation of your efforts. May you be ever successful."

Mrs. A. A. Arnold, president Jefferson Parent-Teacher Association, Stillwater, Okla.: "I had the bill read to our Parent-Teacher Association, and it was discussed afterward. The organization moved and passed the resolution commending you for the efforts in behalf of the schools of the United States and promised its whole-hearted support."

Mrs. Ellis D. Claude, president Parent-Teacher Council, Cushing, Okla.: "At our regular meeting of Parent-Teacher Council last week Mr. John Hickman made motion that we go on record favoring your educational bill. The motion was unanimously adopted."

Mrs. John Keefer, president Lynch Parent-Teachers Association, Yukon, Okla.: "Our P.T.A. heartily endorses such a bill."

Mrs. O. W. Smith, secretary North School Parent-Teachers Association Unit, Purcell, Okla.: "At a recent meeting of our North School P.T.A. the patrons were unanimous in their approval of the bill H.R. 6533, in aid of public schools."

Altha Graves, president Busy Workers Club, Foster, Okla.: "We beg to say that the women of Foster and surrounding country are 100 percent for your bill, and we will do everything to help put it over."

Mrs. Charles T. Forrester, Stratford, Okla.: "I read with deep interest and enthusiasm the copy of H.R. 6533, bill as introduced by you in the House, and I want to congratulate you on this bill and to add my whole-hearted endorsement."

J. L. Parker, Wynnewood, Okla.: "Concerning your H.R. 6533 bill, am glad to say that I am 100 percent for it."

Mrs. Buena Searcy, Ripley, Okla.: "I am very much in favor of the bill and hope you can get it through at this session of Congress."

Frankie M. Beall, Guthrie, Okla.: "I am very much in favor of the bill and want to register my hearty approval of the same."

Lida Lohr, Guthrie, Okla.: "Allow me to express my appreciation for your efforts to maintain our former standards of education as provided in your H.R. 6533."

J. A. Cole, Foster, Okla.: "I think it is O.K. and am delighted to know that someone in the national lawmaking body is interested in the lowly pedagogue."

Mrs. Adelle Speer, Guthrie, Okla.: "I hope our Representatives and Senators will get behind this bill."

Wayne Thomas, Perkins, Okla.: "I feel that the bill as proposed by you will be a great benefit to both the teachers and schools."

Mrs. S. A. Rogers, president high school, P.T.A., Sulphur, Okla.: "Have read your bill and think it fills a great need."

Miss Martha Daves, Oklahoma City: "I feel very grateful to you as our Representative for taking the initiative in our so much needed educational relief."

Mrs. Mabel Collins, Stillwater, Okla.: "I am for the bill as a present relief of the distress."

O. W. Morgan, Blanchard, Oklahoma City marshal: "I talked to a number of our citizens who are leaders in educational interests in this city. All were favorably impressed with your plan and are hopeful you may be able to effect such a plan."

Mrs. Dovie Hyden, teacher Putnam City School, Oklahoma City: "You struck one of the keynotes to the hearts of not only the teachers but the people of every class and profession when you introduced that bill in Congress to secure Federal aid for schools."

Mrs. J. C. Tharp, Yale, Okla.: "We have read the copy of the bill H.R. 6533, and believe it is the right bill at the right time, and wish you success."

Miss Gertrude Finley, Davis, Okla.: "I wish to say I am heartily in favor of same."

Miss Fern Rosengren, route 2, Norman, Okla.: "I appreciate what you are trying to do for the schools and the teachers and hope your bill passes."

Mrs. Glenn McCleery, Coyle, Okla.: "I consider the bill which you have introduced one most worthy of consideration of the people of this country today."

Mrs. Elizabeth M. Taylor, Cushing, Okla.: "I congratulate you upon your fine work and earnest service to the people."

H. W. Gasaway, Coyle, Okla.: "We surely hope you get this through. We talked to some of the P.T.A. and they are highly in favor of this bill."

Miss Pearl Bradfield, Wynnewood, Okla.: "I am indeed glad to know you are working on such a plan, for surely our schools need some one to work in their interests."

Mrs. A. W. Johnson, Glencoe, Okla.: "I surely appreciate the fact that you are interested in the promotion of our public-school system and that you are working out a plan for further aid."

THE WAY OF TRUTH, THE WAY OF INDEPENDENCE

Mr. GUEVARA. Mr. Speaker, I ask unanimous consent to insert in the RECORD a statement issued by my colleague the Resident Commissioner from the Philippine Islands, Mr. OSIAS.

The SPEAKER. Is there objection to the request of the gentleman from the Philippine Islands?

There was no objection.

Mr. GUEVARA. Mr. Speaker, under permission granted to me to extend my remarks in the RECORD, I include the statement issued by my colleague, the Resident Commissioner from the Philippines [Mr. OSIAS] upon his arrival in Manila on March 5 of this year.

To the Filipino people to whom I owe my first loyalty and have pledged my best service, I, as your public servant, hereby express my greetings at once respectful and cordial.

As the supreme arbiters in a matter affecting our national fate and liberty, the sovereign people are entitled to know the truth regarding the status of our struggle for independence at the Washington sector. It is my purpose to present the facts and the truth.

The American Government and people are informed of our passionate desire and substantial unity as a people on the fundamental issue that the early grant of independence to the Philippines is the proper solution of American-Filipino relations. They are likewise informed that on the Hare-Hawes-Cutting law there are two camps of thought in our country: one, composed of those who decided to decline to accept the law and work for amendments to the congressional enactment or for a new independence legislation; the other, consisting of those who favor the acceptance of the independence act without thereby relinquishing the people's right subsequently to petition for desirable modification or improvement.

It is my duty to report to the people that in Washington the temper of Congress and of the administration is not favorable to new independence legislation at this present session of Congress, but it is favorable to the extension of time by 9 months or a revival of the Hare-Hawes-Cutting law.

Let the following facts suffice for the present to prove this statement.

On January 23, 1934, the Senate Committee on Territories and Insular Affairs met and after discussion and deliberation announced their decision plainly and unequivocally in the following terms:

"1. That there will be no new Philippine legislation in reference to ultimate independence at this session of Congress. However, it was the sense of the committee that the Hawes-Cutting bill would be amended in one particular only, and that is to extend the time of the bill, which was January 17, 1934, when the Philippine Legislature must move to carry out its provisions to October 17, 1934, and that no other changes in the Hawes-Cutting bill will be considered.

"2. Under the Hawes-Cutting bill passed last year the Philippine Legislature was required if it desired independence to take action prior to January 17, 1934. This the legislature refused to do one way or the other, and consequently the Philippine people have had no opportunity to accept or reject the Hawes-Cutting bill.

"3. As the elections to the Philippine Legislature are to be held this coming June, and as the last legislature did not act on the Hawes-Cutting bill at all, it was the sense of the committee that an extension of time to give the new legislature a chance on it was fair and the only action the committee would take to alter or consider alterations to the general subject matter.

"4. Therefore, it is the committee's desire to give the Filipinos one more chance to accept or reject the Hawes-Cutting bill; if after the new elections the legislature again fails to take action or acts adversely upon the provisions of the Hawes-Cutting bill, it will be notice to Congress that the people of the Philippines do not desire independence and desire to continue with their present status.

"5. It is the overwhelming opinion of Congress that the Hawes-Cutting bill is the fairest bill to both nations which can be passed; and if the Filipino people do not want it, no better bill can be written and passed.

"6. It should be recalled that President Roosevelt in his last campaign, on two occasions, stated he favored the Hawes-Cutting bill and that this statement of the President makes the above observations complete as far as the two branches of Congress dealing with it have to do."

Senator TYDINGS said the committee's action was final, and that it placed determination of their destiny squarely before the Philippine people.

"Congress retains an open mind about modification of the Hawes-Cutting bill at some future period."

He declared:

"However, we must first know if the Filipinos want independence. Perhaps in a few years it will be found some of the provisions of the bill are unfair either to the Philippines or to the United States; in that case Congress would have no objection to consider the objections, with a possibility of modifying the measure if it be deemed advisable."

Mr. TYDINGS, in announcing the committee's action, said it emphatically represented his personal views as well.

This committee decision bears repeating because certain comments previously made on it were obviously based upon a lack of full knowledge of the entire statement and the really friendly sentiment that prompted its issuance.

I say the decision was reached out of friendliness to the Philippine people both from my personal knowledge of and contact with members of the committee and from the nature of the decision itself. The people will please note that in this decision the Senate committee seeks to give the Filipino people another opportunity to decide for themselves their independence and destiny and the assurance once the law is accepted that Congress would be open-minded for the consideration of such objections as may appear reasonable and just.

It is well to bear in mind that in the Senate Committee on Territories and Insular Affairs under the chairmanship of Senator MILLARD E. TYDINGS, of Maryland, there are Senators well known to Filipinos, including the minority leader, Senator CHARLES L. MCNARY, of Oregon, the Senate President pro tempore, Senator KEY PATMAN, of Nevada, and the majority leader, Senator JOSEPH T. ROBINSON, of Arkansas. Senators like those in the committee now and in the future have to be reckoned with in all important Philippine legislation.

So much for the Senate attitude. In the House of Representatives I can testify that the sentiment is favorable to the extension of the time limit and unfavorable to the consideration of new independence legislation. Representative MCDUFFIE, Chairman of the House Committee on Insular Affairs, favors time extension of the law deeming it perfectly reasonable for the Filipino people to have a referendum on the law.

Another extremely weighty consideration is that the executive branch of the American Government itself is not favorable to new legislation, but sympathetically disposed to reviving the Hare-Hawes-Cutting Law. Of course, I cannot and will not quote what the President of the United States told me at our conference, but it is perfectly proper for me to quote a public statement of Secretary of War Dern following the conference which was held at the White House on February 1, 1934, among President Roosevelt, Secretary Dern, and myself. Secretary Dern said, "I don't think the President is disposed to press any new legislation", adding that "the President would be willing to have the Hawes-Cutting Law revived."

Other evidences as to the temper of Congress and in Washington with respect to new Philippine independence legislation could be adduced, but just one more, the following self-explanatory letter of Speaker RAINEY, should be all that is necessary.

THE SPEAKER'S ROOMS,
HOUSE OF REPRESENTATIVES UNITED STATES,
Washington, D. C. February 5, 1934.

Hon. CAMILO OSIAS,
Washington, D.C.

MY DEAR COMMISSIONER: I am sorry you are leaving, but I wish you every success.

Personally I was in favor of a shorter period, but as a practical proposition tell your people they better take the Hare-Hawes-Cutting law or they will not get another one. There will be no new independence legislation at this session of Congress.

After you have accepted the law passed by Congress you can come with a delegation for amendments and be assured of sympathetic consideration.

Very truly yours,

HENRY T. RAINEY.

The foregoing evidence should be more than sufficient not only to show the present temper of the Congress and the administration but to convince the Filipino people of the critical seriousness of our struggle for independence at Washington. That the revival of the Hare-Hawes-Cutting law or the extension of time is the way out of the present dilemma ought to be perfectly clear to all.

I present the truth and the facts in obedience to my consciousness of duty and my sense of responsibility. It must be the desire of every one that we as a people shall not in this crucial hour be led to take a step that shall alienate valued support in the Government at Washington and antagonize proven friends of independence in America who at present do and, for several years to come, will exercise not only a great influence but a determining influence on Philippine independence legislation.

It was in the face of the situation herein depicted that, with full knowledge of the consequences, I advocated extending the time limit by 9 months in the Congress of the United States. This I did on January 15, January 23, and again on January 31, 1934. I assume full responsibility for what I have said and done. I appear before the people to submit an account of my stewardship.

My solemn appeal to the Filipino people in the crucial day of decision is: Face the truth serenely and, with knowledge of the facts, act wisely and with decision.

I have faith in the people. I believe independence will yet be ours. But let us never forget: The way of deception is the way to slavery. The way of truth is the way to liberty.

REMOVAL OF FLEET FROM PACIFIC TO ATLANTIC WATERS

Mr. DOCKWEILER. Mr. Speaker, I ask unanimous consent to proceed for 1 minute to discuss the removal of the fleet from the Pacific waters to the Atlantic waters at this time and its portent upon the history of this country.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. DOCKWEILER. Mr. Speaker, April 9 in the year of grace 1934 marks a date that may have great significance to the naturally peace-loving people of America. On this date both the combined Battle and Scouting Forces of our Navy will weigh anchor from the ports of San Diego, Los Angeles, the Golden Gate, Bremerton, Wash., and wherever any portion of that fleet is now located in the Pacific, and, joining together in one great fleet, will sail southward to the Panama Canal, through it, and into the Atlantic to spend, so we are told, the spring, summer, and early fall months on the Atlantic coast. If this were the end of the story, I might not protest what on the surface of things appears to be not only a pleasant but no doubt an instructive maneuver of our great fleet and its personnel. But there lurks in my mind, not the fear of immediate warfare, but a more than possible chance that, if not all, at least a great portion of this fleet might remain in the Atlantic waters, say, for the sake of argument, that segment of the fleet known as the "Scouting Force", or perhaps the Battle Force, in which event I have great misgivings for the present cordial relations of our country with Japan.

On January 23 of this year, during the consideration of the naval appropriation bill, I spoke briefly in protest of the removal at that time of our fleet from the Pacific waters.

Frequently there appear in the press statements emanating from Japan and her spokesmen that the peaceful Japanese resent the presence of our entire fleet in Pacific waters and that this situation is a source of great irritation to them. Of course, we should know at the outset that whatever sentiment has been built up in this regard is inspired by those in complete power and control in the Japanese body politic, because, as in most foreign countries, the press of Japan is carefully censored and supervised by its Government. Among the many compelling reasons why we should not undertake to remove our fleet at this time is the untoward state of international affairs confronting the diplomatic world. I pause for a moment to recount some of these recent events: Witness the invasion of Manchuria by Japanese forces; and even before the setting up of the puppet state of Manchukuo on February 24, 1933, the League of Nations Assembly adopted the report of the Committee of Nineteen, commonly known as the "Lytton report", which, of course, condemned the Japanese conflict in Manchuria, and thereupon the Japanese Imperial Government formally withdrew its membership from the League of Nations. If the nations of the world, particularly members of the League of Nations, are consistent in their attitude to the Sino-Japanese War and are guided by the Lytton report, we cannot hope for international friendly relationships with this new puppet state, and only after some face-saving formula will it be begrudgingly accepted in the family of nations.

It appears to me that the diplomatic tangle created by the Japanese invasion of Manchuria presents one of the world's most difficult international problems to solve. We must note besides that Japan gave notice of retirement from membership in the League of Nations, but at the same time retained those islands in the Pacific waters over which she was given a mandate by the League of Nations, and as the result of the treaty which parceled out to the various allied powers the German possessions in China and the Pacific Ocean.

It seems to me that while other countries possess some tangible international policy, the United States does not seem to have any such definite policy, with the exception of the Monroe Doctrine. Our policy is one of destiny, and we attempt to cope with international situations from time to time as they appear on the scene of action. It seems as though America, through the years since Admiral Perry first invited the Japanese to participate in friendly interchanges, and in exchanges of commerce as a member of the family of nations, has persistently done those things which by the Japanese mind are regarded as adverse to Japan's interests. The Japanese have not forgotten that President Theodore Roosevelt intervened during the Japanese-Russian War, resulting at Portsmouth in a treaty which they feel deprived them of some of the fruits which should have accrued to them as the result of their victory over Russia.

Again, at the time the Hawaiian group was annexed to the United States, the Japanese Government protested this move, and again we appeared to stand in opposition to their interests. When along the Pacific slopes of our country the States of the Pacific coast variously passed exclusion acts preventing the immigration of Japanese and forbidding such immigrants to possess the lands of those States, the Japanese were again offended by us. Even in recent years the Japanese have, through their diplomatic agencies, requested the State Department to lift the ban on Japanese immigrants to at least a quota basis. The circumstances surrounding these events and our course of conduct were clear and above reproach or condemnation, and underneath our actions in these matters that I refer to was the compelling motive of permanent peace.

It is very strange that the Washington Treaty, the Treaty of London, the so-called "10-power pact", the Kellogg-Briand agreement, all designed for fashioning a peaceful way of the Nation, should, so far as our policy in the Pacific waters is concerned, have proved quite otherwise. All these things seem to me to place us in opposition to Japanese political and economic thought. It will be more than difficult for us to understand the reasons for the Japanese invasion of Manchuria, now Manchukuo, bringing under Japanese control a country as vast and perhaps as rich as the 48 States in these United States. We will never understand the Japanese landing their forces at the port of Shanghai and by dint of superior armies massacring tens of thousands of Chinese people, partly because China boycotted Japanese products.

At the time of my protest in the House of the removal of our fleet from Pacific waters, the House and Senate had not as yet passed the Philippine independence bill, which has now become a law, and so in the course of years we shall relinquish the Philippine Islands, as well as our naval and Army bases there, and return to the Philippine people their entire independence. Of course, there is no certainty of such independence, because these people, to my way of thinking, will fall naturally under the spell of influence of a great power and more particularly for commercial reasons. We have already begun in Congress to discriminate against the Philippine Islands in the matter of tariff quotas and excise taxes against their particular products, which naturally must be offensive to a people that we have nurtured so long; and as a consequence we must expect them to seek their markets in other quarters of the hemisphere, and the natural market for their products must be Japan.

What I have said so far must demonstrate beyond a reasonable doubt that inherently it will be difficult for Japan from her point of view to ever look complacently upon any move, no matter how well intended, the United States might make in the Pacific Ocean. The presence of our entire fleet has irked her. Our recognition of Russia has given her people some disquietude. Our recent passage of the Vinson Navy program bill has disappointed her. Our continual refusal to lift the immigration laws in her respect has chagrined her Government. We are certainly living in very ticklish times, and yet who would agree that we are not perfectly within our rights on the score of all these points that seem to be irritable to Japan? We certainly should be permitted to build our fleet up to treaty strength, as she has. We certainly have a right to see who should enter our confines as immigrants, as she has. We certainly have a right to permit any part of or all our fleet to ride upon the waves on the Pacific coast, as she has.

But unfortunately, destiny seems determined that all these things work against the friendly diplomatic relationship of Japan with us. How much better it would have been to have permitted our fleet to remain in status quo on the Pacific coast, as many of these other problems I have mentioned will remain in status quo, say until after the London Naval Conference, scheduled for December 1936, in which conference it will be expected that Japan will make additional demands of parity in tonnage, because, of course, she has now additional territory in Manchuria that must be defended and its integrity must be maintained, and then a fresh and new friendly understanding may be hoped for.

Approaching the nub of the situation, once our fleet is in Atlantic waters, the Japanese diplomat would be unmindful of his duty if he did not make overtures to our State Department, requesting that the entire fleet should not be returned to the Pacific waters; and, if not the entire fleet, that it should be divided, and perhaps the scouting force should remain in Atlantic waters, returning only the battle force to the Pacific coast, or vice versa.

Let us continue to lead the way to international peace and harmony; and I am certain that the best agent for this international peace and harmony is the maintenance of a treaty strength navy, and that such a navy should be located at the sensitive points on this globe, where all writers agree that destiny is directing toward a possible conflict, which God forbid; for if an adequate navy is the medicine for sustained peace, the doctor would advise to spread the salve at the sore place. [Applause.]

Mr. BLANTON. Mr. Speaker, I make the point of order that there is not a quorum present.

Mr. BYRNS. Will the gentleman withhold that until I make a request?

Mr. BLANTON. I will withhold the point of order.

PRIVATE CALENDAR

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that at the close of the session on Wednesday it may be in order for the House to take a recess until 7:30 p.m. for the purpose of considering bills on the Private Calendar unobjected to, beginning, of course, at the star.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee [Mr. BYRNS]?

Mr. TRUAX. Reserving the right to object, the last night session we had to consider the Private Calendar, there were some twenty-odd Members on the floor when we started. There are some of us who should like to attend the night session and we cannot be present on Wednesday night. I ask our distinguished leader, the gentleman from Tennessee, that he make his request for either Tuesday or Thursday night.

Mr. BYRNS. There is objection to Tuesday night because there are a number of Members who, I understand, will probably not be here until Wednesday. Those with whom I have talked seemed to think that Wednesday night would probably be most suitable. I was hoping possibly, that, if we proceeded with some dispatch on Wednesday night, we could meet on Thursday night also. I think we ought to get rid of that Private Calendar.

Mr. BLANTON. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. BLANTON. I do not see why we should not meet on both Wednesday and Thursday nights. I hope the gentleman will modify his request to ask that we first take up bills on the calendar unobjected to, which there is a chance to pass finally.

Mr. COCHRAN of Missouri. How are we going to segregate them?

Mr. BLANTON. Bridge bills, for instance, and bills to refer matters to the Court of Claims.

Mr. BYRNS. The gentleman from Texas understood my request applied to the Private Calendar and not to the Consent Calendar?

Mr. BLANTON. I thought with two night sessions we could take them both up.

Mr. BYRNS. I trust the gentleman from Ohio [Mr. TRUAX] will permit this request to be granted, because I agree with the gentleman from Texas that if the House is willing we ought to have a session on Thursday night also, because we are drawing near the close of this session.

Mr. BLANTON. There are a number of jurisdictional bills on the calendar, which seek to send matters to the Court of Claims for hearing and adjudication.

There has never been much objection to that procedure, giving parties a chance to be heard in court. Unless a bill contained some outrageous proposal, I have never objected to a bill permitting people to go to the Court of Claims. Why could we not take up those bills first and dispose of them?

Mr. BYRNS. I am perfectly willing to do that, but there are gentlemen who have bills on this Private Calendar who do not like to have their bills dislodged.

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, will the gentleman tell us whether he has a full program for each day of this week?

Mr. BYRNS. Yes; it is expected that today will probably be consumed by the District Committee; that on tomorrow we will take up the rule making in order the bill relative to the use of public lands in the West for grazing purposes. Then it is expected that the District of Columbia appropriation bill will be reported tomorrow; and the hope is to take that bill up as soon as this other bill is disposed of. That will probably consume most of the week, depending entirely, of course, upon the amount of general debate there may be.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

Mr. TRUAX. Mr. Speaker, I withdraw my reservation of objection.

There was no objection.

HEIRS OF DECEASED INDIANS

The SPEAKER laid before the House the following request from the Senate:

Resolved, That the Secretary be directed to request the House of Representatives to return to the Senate the bill (S. 1135) to amend section 1 of the act entitled 'An act to provide for determining the

heirs of deceased Indians, for the disposition and sale of allotments of deceased Indians, for the leasing of allotments, and for other purposes', approved June 25, 1910, as amended."

The SPEAKER. Without objection, the request will be granted.

There was no objection.

Mr. BLANTON. Mr. Speaker, there was one bill on the District Calendar today about which there was a good deal of controversy. An agreement has been reached about this bill and the time it is to come up; so I withdraw the point of no quorum.

Mr. GOSS. Mr. Speaker, reserving the right to object, what was the bill; will the gentleman tell the House?

Mr. BLANTON. The matter has been disposed of by amicable agreement with the committee.

Mr. MARTIN of Massachusetts. The matter has not been disposed of; nobody has made a request yet.

Mr. BLANTON. Mr. Speaker, everything in which I was interested has been disposed of by an understanding with the committee.

The SPEAKER. Under the special order of the House, the gentleman from Missouri [Mr. WOOD] is recognized for 30 minutes.

NATIONAL RECOVERY ACT

Mr. WOOD of Missouri. Mr. Speaker, as we are now nearing the first anniversary of the National Recovery Act, I think it is well for us to take stock of the happenings and the attitude of various groups and organizations with respect to cooperating with the President and the administration in the attempt to carry out successfully the purpose and intent of the National Recovery Act and of the recovery program in general.

It is well remembered by the Members of this House that when the National Recovery Act was before this Congress the Manufacturers' Association, who represent the 1 percent of the population which owns 60 percent of the wealth of this Nation, exerted their every influence to defeat that legislation. So concerned were they about the defeat of the National Recovery Act that they called a convention, or a conference, which was held in Washington a few weeks prior to the time the bill came back from the Senate after it had passed the House.

There has never been a measure presented to this House that received more combined opposition from the organized employers than the National Recovery Act, but when the act was finally adopted and made effective these groups were the first to take advantage of sections 3, 4, 5, and 6, having to do with codes of fair competition and the protection of the trade associations. Section 3 (c) directs and empowers the United States Attorney General to proceed against any group or any individual member of an industry which seeks to violate the codes of fair competition as set up by the National Recovery Act, to prevent them through restraint from violating the provisions of sections 3, 4, 5, and 6.

Section 7 (a) of title I of the act has to do with the right of men and women to join organizations of their own choosing. This provision was embodied in the act to insure that the workers of this Nation would be protected in their right to join organizations of their own choosing.

Since the operation of the law—and I am sure since its very inception—there has been a deep-laid plot to forestall the success of the National Recovery Act, especially with respect to section 7 (a) of title I, by these organized employers, who have protection under the law in sections 3, 4, 5, and 6, which relax the Sherman antitrust law and make it possible for them to enter into agreements and codes of fair competition. They have, indeed, been protected from ruinous competition, from the sweatshop competition with which they were beset for the past 4 or 5 years.

When it comes to the protection of the wage earner in the way of an organization of their own choosing, the law has not been enforced as it should have been. There has been some insidious propaganda widely circulated in past months by certain vested interests which not only seek to prevent the successful operation of the National Recovery Act but seek also to leave a vicious impression with the general public as to the make-up of the great labor movement of this Nation. The steel barons and automotive barons have come to this Capitol by the hundreds. They and their sharp, keen, astute corporation lawyers are seeking to brand the labor movement as disloyal, as a group of radical, un-American citizens, and as a group of Reds. In a hearing the other day before the Senate Labor Committee, when that committee had up for consideration the Wagner-Connery bill, there appeared representatives of the United States Steel Corporation and their subsidiary, the Weirton Steel Co. Along with them came one of their pets, one of these upstanding free-born American citizens, who said he represented the company union of the Weirton Steel Co. In his testimony before the Labor Committee, he sought to leave the impression that all representatives sent by the National Labor Board to adjudicate the difficulty or attempt to adjudicate it were Reds and radicals. The metropolitan press were quick to headline this in the following manner: "Labor Board radicalism charged." I do not think anyone will ever charge the Code Authority of the National Recovery Act or the Labor Board with redicalism.

In an issue of the Washington Herald of April 7 there is carried a reprint from the Saturday Evening Post which attacks not only the National Recovery Act but almost every act of the present administration and of the President himself in the attempt that has been made toward national recovery. They are pleading and crying for free press. They are complaining that the press is being hampered.

These same journals and periodicals, as we all know, have been the recipients of from sixty to eighty million dollars annually from the Postal Department in the form of subsidies. Yes; I say they are in favor of free speech as long as the Government gives their periodicals free transportation upon the railroads. In other words, this Government has carried the newspapers and periodicals of this Nation for sixty to eighty million dollars less annually than the cost of transportation.

Recent statements made by Members on the floor of this House would naturally lead some to believe, if the people were to believe what the gentlemen have said, that labor is unappreciative, that it is unpatriotic, and that it has no concern for anyone else but itself. We would be led to believe by the assertions of some gentlemen that labor is a selfish group, concerned with no one except itself. A great deal has been said upon the floor of this House about communism. A great many Members of the House are very much exercised about communism. It was charged the other day by a "Moses" of Gary, Ind., Dr. Wirt, that there were radicals in the so-called "brain trust", the men who are the advisers of President Roosevelt. Dr. Wirt would lead us to believe that they are fomenting the red fires of revolution, that it was their design to turn this Government over to a soviet system of government.

Mr. RICH. Will the gentleman yield?

Mr. WOOD of Missouri. Just for a moment.

Mr. RICH. We are having an investigation of that matter tomorrow. Probably it might throw a little light on the subject to which the gentleman is referring.

Mr. WOOD of Missouri. This Congress has appointed a committee, and I voted for the appointment of the committee, to investigate these charges. I, as one Member of the Congress, want to run down all such irresponsible statements that might be made by anyone, and I hope that the committee will sift this thing to its very depths. I believe that when they do, they will find that such utterances as have been made by Dr. Wirt are fostered by the 1 percent of the population of this Nation who own 60 percent of the wealth. [Applause.] They want to lead the people to believe that this present administration is honeycombed with radicalism. They are the first ones to accept any benefits that may flow from the deliberations of this Congress, and they have always been the first to oppose any type of substantial legislation which had for its purpose the benefit and protection of the great mass of the people. They are now

opposing the Wagner-Connery amendment to the National Recovery Act. They are opposing the stock-exchange bill, the so-called "Fletcher-Rayburn bill." They have their bloodhounds in the Senate opposing any raise in income taxes, excess-profits taxes, or inheritance taxes.

There are two ways that the people of this Nation must be fed. One way is through the pay envelop, and the other is through taxation. I have a prepared speech which I do not think I will have time to make. I want to hurry on just as rapidly as I can, because of the fact that some assertions on the floor of the House, not many, have been misleading, and it would seem as though some would lay the failure in wage settlements or the adjustment of the codes with references to wages, hours, and working conditions at the door, absolutely, of the organized labor movement.

Mr. Speaker, the gentleman from Texas [Mr. BLANTON] made certain unfounded charges against the American Federation of Labor on the floor of this House, March 20. I was not present at the time; but in a perusal of his remarks in the CONGRESSIONAL RECORD, I find that he accused the American Federation of Labor of a deliberate attempt to involve the Nation in a strike by criminally attempting to persuade and influence 250,000 auto workers to leave their jobs and stir up strife and animosity, and branded the American Federation of Labor as a selfish group which seeks to ignore and disregard the Nation's welfare.

For the past 15 years the gentleman from Texas has made similar unfounded assertions in the onslaughts he has made upon the American Federation of Labor from time to time upon the floor of this House whenever he felt so inspired or ordained. His unwarranted attacks have had little, if any, effect upon the regular, normal progress of the labor movement.

The great threatened strike which the gentleman from Texas was so exercised about is now a matter of history, as the settlement has been made, and this settlement was largely due to the fine spirit of cooperation and patriotism of the American Federation of Labor and the intelligent, calm, and deliberate judgment of Mr. William Green, president of the American Federation of Labor, and the committee of 15 loyal American citizens who represented the auto workers' union, which made that settlement possible.

Mr. BLANTON. Will the gentleman yield, since he has mentioned me by name?

Mr. WOOD of Missouri. Yes; I yield for a moment.

Mr. BLANTON. The gentleman spoke of the gentleman from Texas having been here 15 years. He is here by the grace of the votes of workers. If I did not get a large percent of the vote of the workers in my district, I could not be here; and if the American Federation of Labor had pulled off this strike just now, does not the gentleman think they would have been guilty of disloyalty to the country?

Mr. WOOD of Missouri. If the gentleman can lead the people in his district to think it is best to send him to Congress, that is all right.

Mr. BLANTON. Well, they are pretty intelligent people. The district is full of colleges and universities.

Mr. WOOD of Missouri. In view of the unprecedented crisis through which our Nation is passing, it is well to pause for a few moments and partially analyze just what part the American Federation of Labor has taken, since its inception, in every crisis through which our Nation has passed. Of course, time will not permit a thorough analyzation of all of its patriotic acts in the various stages of stress through which our Nation has passed. I desire, however, to touch a few high points in passing.

No better test can be shown which revealed the patriotism of the membership of the American labor movement and their undying devotion to the cause of American institutions than when our country entered the great world conflagration in 1917. The great labor movement of this Nation responded to a man. Woodrow Wilson, then President of the United States, called into conference for council and advice Samuel Gompers, then president of the American Federation of Labor, and William Green, who was then secretary of the United Mine Workers of America, and other leaders of the labor movement.

So well did the leaders of the American labor movement and its members perform their duty as patriotic citizens that when the war closed President Wilson appeared in person before the convention of the American Federation of Labor and expressed his personal and the Nation's gratitude to the delegates for their splendid and patriotic cooperation and devotion to the cause of the Nation.

In 1915, when the American Federation of Labor Building, which stands upon Ninth Street and Massachusetts Avenue N.W., was dedicated, President Woodrow Wilson personally participated in the dedication ceremonies of this magnificent structure.

There stands a monument in Triangular Park, Massachusetts Avenue and Tenth Street NW., in the very shadows of the dome of this Capitol Building, which was erected to the memory of that great statesman, Samuel Gompers, founder of the American Federation of Labor, and who as its president guided the destinies of that organization for nearly a half century. In the unveiling ceremonies of this memorial monument, which occurred on October 7, 1933, the President of the United States, the Honorable Franklin D. Roosevelt, appeared in person and delivered a glowing tribute to the lifetime of patriotic service to the cause of humanity, to the statesmanship and patriotism of the immortal Samuel Gompers.

I challenge any Member of this House to visit the beautiful memorial on Massachusetts Avenue and Tenth Street NW., erected by the friends and citizens of this Nation to the memory of Samuel Gompers, and after reading the inscriptions thereon—words spoken by this great leader and statesman—return to the floor of this House and say that the American Federation of Labor desires to drive this Nation with a mailed fist. Those words of Gompers were selected from his many utterances of wisdom as exemplifying the spirit of the great American labor movement.

This is the man whose patriotism and motives have on so many occasions been questioned by the gentleman from Texas [Mr. BLANTON].

The gentleman from Texas still seems to be seeing things as he did some 14 years ago—in 1920—when our Nation was yet in the throes of war hysteria and the great corporate interests, which he is trying to protect, were trying to destroy the labor movement by taking advantage of a condition where many people were easily moved to believe there was a hidden enemy within our midst that was awaiting an opportunity, through seditious acts, to destroy our American institutions.

These same corporate interests, who are today waging a desperate battle to deprive the workers of their right to organize into a union of their own choosing, caused to be introduced into the Congress a dozen or more antisedition bills which, if they had been enacted into law, would have declared the participation in a strike, which was termed an uprising, as an act of disloyalty and sedition.

Samuel Gompers, the former president of the American Federation of Labor, whom he persistently attacked from the floor of this House, has passed to his reward, and the gentleman from Texas still seems to be in the best of health, and it is my fervent hope that the Almighty, in His infinite wisdom, will decree that he will live long enough to clear the cobwebs from his vision that he may fully realize what a great, unselfish, humanitarian movement is the American Federation of Labor, headed by that fearless leader and statesman, President William Green.

While the many thousands of our boys were across the waters making the supreme sacrifice, some of these selfsame powerful motor and steel corporations were on this side of the briny deep safely protected by the American flag and were nervously engaged in garnering millions and billions in profits and dividends at the expense of the energy, toil, and sacrifice of the families of the wage earners who were enrolled in service in the great World War and at the

expense of the very lifeblood of the flower of the manhood of the Nation who were left under the sod of France.

When the war was over the several million wage earners came back home with nothing of the world's goods, carrying the scars of battle and the devastating effects of poison gas and the empty promises of a job given them by many of these greedy corporation dollar-a-year patriots. Many thousands of these very veterans and their children who are employed by the automotive and steel corporations were a party to the recent controversy which emanated solely from a flat refusal by the executives of these powerful automotive corporations to allow their employees to join an organization of their own choosing, and their flat refusal to deal with their employees in collective bargaining through their chosen representatives, in accordance with the provisions of section 7a of the National Recovery Act—the law of the land.

It is certain that whatever of strike or turmoil that might have emanated from a failure to reach an agreement in the automotive controversy, the burden of blame for its consequences would be upon the shoulders of the managers of these great automotive corporations whose policies have always been a dictatorial refusal to allow their employees any vestige of the right of organization.

The gentleman from Texas says he believes that workers who do not want to join a union have the inherent right not to join. There is no disagreement between us on this sound principle of free government. These powerful automotive corporations, against whom the gentleman has no criticism, have been compelling their workers to join company unions whether they wanted to or not, by penalizing them with the loss of their job if they refused to join these company-owned and company-managed unions, which are nothing more or less than mutual admiration societies and a pawn in the hand of the employer to prevent freedom of action among the workers and their right to join a union of their own choosing.

Among the more than 300 codes of fair competition that have been approved, there have been thousands of violations on the part of employers, both large and small.

An army of code authority officials are now busily engaged from morning until night each and every day hearing the grievances of many thousands of wage earners who are covered by a permanent code in their industry and who are being deprived of their right of organization through the violation by their employers of section 7 (a) of the National Recovery Act. There are incidents in my own State where certain industries who have been dealing through collective bargaining with a number of their employees for 25 or more years, and who are now refusing to deal in any manner through collective bargaining with other of their employees who have recently formed bona fide labor organizations. Also hundreds of incidents can be cited where representatives of the employer and employee were called in to Washington and after a hearing of their difficulties, have agreed with the National Labor Board, over their signatures, to go back home and enter into negotiations through collective bargaining, when it was found that after arriving home the employers have immediately violated their agreement which was signed under direction of the National Labor Board.

Betrayal after betrayal on the part of the employers has piled up to a staggering figure, and it is indeed remarkable that the continuance of betrayals and antagonism to the provisions of section 7 (a) of the National Recovery Act has not elicited thousands of strikes throughout the United States, and it is an everlasting tribute to the intelligent leadership of the American labor movement and the splendid discipline, loyalty, and devotion of the wage earners to the President of the United States in his heroic effort to bring about order and peace out of chaos through the administration of the National Recovery Act that the number of strikes has been vastly below normal.

During the crisis of 1931 and 1932, when our country was smoldering with unrest, with 15,000,000 of wage earners permanently unemployed, 30,000,000 people—men, women, and defenseless little children—were without the means of a livelihood, except from the hand of charity, and when 30,000,000 farmers were in bankruptcy, due to the fact that they were unable to secure a sufficient price for their products to cover even the bare cost of production, and when intense misery, suffering, starvation, and despair were stalking the Nation, it was the American Federation of Labor that kept the old Ship of State in a steady, normal course, and by their organization activities and fine discipline were largely responsible for the unorganized of the Nation standing up under the terrific strain. How far, oh, how far, does the gentleman from Texas want us to go?

The gentleman from Texas seems to want to leave the erroneous impression that the American Federation of Labor is attempting to force wage earners to join a union of the American Federation of Labor. The principle involved, upon which all of the labor controversies and threatened strikes are now based is whether men will be accorded the free and unhampered right to join a labor union of their own choosing and not be compelled, through threats, intimidation, or coercion to remain a member of a company union.

The best evidence of the truthfulness of this statement is a copy of a letter I hold in my hand that was sent to every member of the company union of the Missouri Pacific Railroad, known as the "Missouri Pacific Mechanical Department Association", by the accredited system representatives of this company union, which has been in existence since the loss of the strike of the railway shopmen's organizations upon that system in 1922, which I now desire the privilege of reading, as follows:

[From the Labor Herald, Kansas City, Mo., Friday, Mar. 23, 1934]

THEY SEE THEIR MISTAKE—THE MISSOURI PACIFIC SHOPMEN PART COMPANY WITH THE COMPANY UNION—THIS FORM OF ORGANIZATION CONDEMNED AS BEING INIMICABLE TO HARMONIOUS RELATIONS BETWEEN THE EMPLOYER AND EMPLOYEE

The officers of the Missouri Pacific Mechanical Department Association, with headquarters at St. Louis—more familiarly known as "company union"—have sent out the following letter to the mechanical department employees of the Missouri Pacific system:

For many months great numbers of employees in the mechanical department of the Missouri Pacific Railroad have evidenced a desire to merge the Missouri Pacific Mechanical Department Association into standard labor unions affiliated with the American Federation of Labor, and since the trustees in bankruptcy, Mr. Baldwin and Mr. Thompson, issued the order that employees were free to do as they please, there has been a virtual stampede of mechanical department employees into the standard labor organizations.

The law gives employees the right to join the labor organization of their choice. During the past 10 days we have covered the system and our check-up discloses that a vast majority of shopcraft employees are now members of the standard American Federation of Labor organizations and on every hand we have been asked for advice and urged to cooperate in changing the form of our organization into A. F. of L. standard labor organizations.

At most of the main shops more than 95 percent of the employees who were members of the Missouri Pacific Mechanical Department Association are now members of the A. F. of L. organization. Under these circumstances the Missouri Pacific Mechanical Department Association is wholly impotent to represent or to protect the rights of the individual employee.

We believe that the day of the company union of American railroads has passed. The President of the United States, the Congress of the United States, the Federal Coordinator of Transportation, the Director of National Industrial Recovery, and many other right-thinking men and women have condemned the company union as being inimicable to harmonious relations between employer and employee.

Bills now pending in the Congress of the United States will, if enacted into law, completely destroy the last vestige of company unions. You can no longer maintain the Missouri Pacific Mechanical Department Association in the face of such opposition. We have given careful study to the entire situation and must take our stand on the side of labor.

We therefore recommend that all members and former members of the Missouri Pacific Mechanical Department Association immediately file their application for membership in their respective shop-craft standard American Federation of Labor labor unions. This is your legal right and under present conditions your moral duty. It is the essential step to the maintenance of peace and harmony on the system—the protection of our contractual arrangements with our employer, the orderly transfer of our activities to the Nation-wide labor organizations, and to promote and maintain proper relations between the employers and employees, as well as to promote the best interest of the Missouri Pacific Railroad Co.

With these matters in mind, we have joined with the great majority of the mechanical department employees and are now members of our standard craft of American Federation of Labor organizations.

We feel that this was the proper step for us to take as complying with the expressed desire of the vast majority of the membership and we are promulgating this statement in order that all mechanical department employees may be fully advised.

Sincerely yours,

A. B. JORDAN,
General Chairman System Board.
R. E. CLINE,
General Secretary-Treasurer.
J. H. SMITH,
General Chairman Boilermakers.
J. C. DAMRILL,
General Chairman Sheet Metal Workers,
Acting General Chairman Blacksmiths.
J. J. BYRNE,
General Chairman Carmen.

[Here the gavel fell.]

Mr. DICKINSON. Mr. Speaker, I ask unanimous consent that the gentleman may proceed for 10 additional minutes.

Mr. BLANTON. Mr. Speaker, I shall not object, but since the gentleman has mentioned me I shall ask for 5 minutes, when the gentleman concludes, in order to reply to him.

Mr. WOOD of Missouri. I shall be glad for the gentleman to have the time.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. MARTIN of Colorado. If the gentleman will permit, I should like to ask him if the letter the gentleman just read is signed by Mr. Baldwin.

Mr. WOOD of Missouri. It is not signed by Mr. Baldwin. He signed the order which was posted on the property and which permitted the men to join the union of their choice, and this letter is signed by the system representatives of this company union, A. B. Jordan, general chairman system board; R. E. Cline, general secretary-treasurer, and so forth.

Mr. MARTIN of Colorado. I may say for the benefit of Members who do not know him that Mr. Baldwin is considered one of the ablest railway executives in the United States.

Mr. WOOD of Missouri. He certainly is. The gentleman is quite right.

Mr. MARTIN of Colorado. And he has certainly written a most remarkable letter in favor of the right of the employees of that system to select an organization of their own choosing, and every Member of Congress ought to read this letter written by such a railway executive as Mr. Baldwin.

Mr. WOOD of Missouri. The letter was not signed by Mr. Baldwin. It emanated from an order issued by Mr. Baldwin and Mr. Thompson, receivers. It is evident that Mr. Baldwin is one of the many railway executives who seem to be inclined to follow the law of the land, and he has notified his employees that they have the right to join a labor organization.

There is contained in this letter a real and frank admission on the part of the officials of this company union on the Missouri Pacific Railway system that company unions are not only impotent to represent the best interests of its members but it also reveals the fact that at the very first inkling the wage earners who are members of company unions had that they could transfer their membership from the company union to a bona fide labor organization under the American Federation of Labor without fear of the loss of their jobs, there was a veritable stampede into the bona fide recognized organizations of the American Federation of Labor, even before the officials of the organization realized that there was such a wholesale pulling away from the company union.

The prompt action of these members of the Missouri Pacific company union to join a bona fide labor union at the first opportunity is symbolic of what will happen to every other company-owned and company-managed union when the members thereof are sure that they will be protected in freedom of action to join a union of their own choosing, free of intimidation and coercion on the part of their employer.

The bank moratorium, one of the first official acts of President Franklin D. Roosevelt, was nothing more nor less in its effect than a strike, which caused the complete closing down of an entire Nation-wide industry and paralyzed for the moment the medium of exchange of the Nation in order that a new and more permanent and substantial financial structure could be established.

The gentleman from Texas or any other right-thinking man surely does not criticize the President and the Congress for this move, which was so essential to the revamping of our financial structure. Our Nation was faced with an emergency, and drastic action was absolutely necessary, and we were indeed fortunate to have a man in the White House who had the courage to assume the responsibility of the bank moratorium, although it was a shock to the Nation which never before has been experienced in our history.

No one can question the high motives or wisdom of the people of the great State of Texas for striking against Mexico and joining up with a more progressive and democratic Nation after they had become organized and were dissatisfied and rebelled against the despotic rule.

The splendid settlement of the automotive controversy was secured because the people of our Nation cherished freedom of the right to quit their jobs either singly or in concert.

I grant to the gentleman from Texas that he knows something about what the cotton growers want because he comes from that section. I voted with the gentleman for the Bankhead bill, although I questioned seriously its advisability. But if the farmers in Texas desire a law that will compel them to serve a prison sentence for working and raising more cotton than the acreage they are allotted, that is the business of the cotton growers and I am willing for them to have exactly what they want, or at least what they think they want, that will best protect them.

There is now a petition upon the Speaker's desk which provides for discharge of the committee from consideration of the Frazier-Lemke bill. I signed that petition early in the session because the farmers' organizations throughout the Nation want this legislation, and if given the opportunity I will vote for the Frazier-Lemke bill not only because I believe it is right and will give the farmers real farm relief, but because the farmers of the Nation are demanding it, and they, better than any other, know what is best for them, and I am willing to do my part to see that they get it at the hands of this Congress.

While I grant that the gentleman from Texas [Mr. BLANTON] probably knows what the cotton growers want, as I also grant that the farmers of this Nation likewise know what they want in the way of real farm relief, in view of my 30 years' active service in the labor movement, which has afforded me intimate knowledge of the problems, loyalty, and patriotism of not only the organized but the unorganized, I hope the gentleman will also grant that I know something about the trials, tribulations, and struggles of the great labor movement as represented by the American Federation of Labor, and its hopes, desires, and aspirations.

Never has there been a more unselfish, humane, and Christian movement than that represented by William Green, president of the American Federation of Labor.

The amicable settlement of the automotive controversy and threatened strike again reveals the loyalty, patriotism, and devotion of the 5,000,000 members of the American Federation of Labor and the peerless leadership of William Green, its president.

The American Federation of Labor is not at all alarmed or concerned about the periodic mouthings of the gentleman from Texas, but it will continue onward and upward in the even tenor of its own way, spreading whatever light, enjoyment, and freedom that is within its power to the toiling millions of this Nation, and it will continue to give its undivided cooperation and loyal and patriotic support to the greatest statesman and humanitarian in all history, the Honorable Franklin D. Roosevelt, President of the United States, in his courageous and heroic effort for national recovery. [Applause.]

Mr. BLANTON. Mr. Speaker, I ask unanimous consent to proceed for 5 minutes to reply to the gentleman from Missouri.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BLANTON. Mr. Speaker, the speech we have just listened to clearly exemplifies the fact that labor leaders do become intolerant and full of bias and prejudice, and are absolutely unable to view public problems from the standpoint of the whole people. For 20 years our good friend from Missouri served as President of the Missouri State Federation of Labor, during which time he attended every session of the Missouri General Assembly, sponsoring labor legislation. He has been the national legislative representative of the United Brotherhood of Maintenance of Way Employees and sponsored legislation in the interest of railway employees during the World War. His mind has been specially trained in certain grooves to protect the interests of a certain class. He speaks for the organized worker. I speak not only for the worker who is organized, but also for the worker who is unorganized, and in the interest of the whole 120,000,000 American people.

I am as old as our friend from Missouri in fighting for the rights of men who toil for their daily bread. But I fight for them only when they are right. Be they right or wrong our friend from Missouri fights for them. I am for them only when their cause is just. Our friend from Missouri is for them regardless.

Because I have had the courage to stand on this floor and criticize certain improper demands of certain autocratic labor leaders during my service in this House, my friend from Missouri is so intolerant as to refer to same as "periodic mouthings" and then make the unfounded charge that same was in the interest of organized capital.

I have never in my whole life represented organized capital in any capacity. As a lawyer I did not represent corporation. I always represented the "under dog." I represented the citizen. My life's fight has been against combines and monopolies. I have never had any patience with domineering, dictatorial, autocratic, strong-arm combines that attempt to control business, or legislatures, or the Government. And when professional labor leaders indulge in their periodic mouthings, I have never hesitated to answer them.

So that what I said may not be misinterpreted, I quote it verbatim from the RECORD, page 4931, of March 20, 1934, to wit:

Mr. BLANTON. Mr. Speaker, I feel that somebody should denounce the deliberate attempt on the part of the American Federation of Labor to involve this Nation in a strike that is inexcusable, is unpatriotic, and is unthinkable. It is almost criminal to persuade and influence 250,000 well-paid, well-cared-for, satisfied heads of families to leave their jobs, stir up strife and animosity, and bring suffering on their wives and little children.

This is no time for strikes. This is no time for trouble makers. This is no time for agitators and walking delegates. This is no time for selfish groups to ignore and disregard the Nation's welfare and the best interests of the American people as a whole.

The President of the United States has done much for labor. In the interest of men who work, our President has disorganized every business in the United States and taken same from the private conduct and control of owners and reorganized same along national lines to benefit labor. Every business in the United States has made sacrifices. These sacrifices were to benefit labor. It was a costly change for business. Labor was the beneficiary. Has it no gratitude? Does not labor appreciate what the President has done for it? Does it now want to harass the President? Is the American Federation of Labor willing to throw monkey wrenches into the Nation's machinery? Is it willing to clog everything up? Is it willing to be disloyal?

This Congress has appropriated billions of dollars to help labor. It has fed the unemployed. Congress has housed millions of laborers without jobs. Congress has clothed the wives and children of laborers who could not find work. Congress has created work that laborers should not be idle.

Is not the American Federation of Labor grateful? Has not it any appreciation? Does it not realize that it owes something to society? Is it altogether selfish? Just why is it not willing to go along with the President and lend him a helping hand?

The press this morning brings us the almost unbelievable information that all of these 250,000 workers are well paid, with their wages increased more than 50 percent during the last year, and in many cases higher than they were in 1929; that their hours have been shortened to an annual average of 36 hours per week; and that practically all of these 250,000 workers are well satisfied, yet that the American Federation of Labor is seeking to make a card from one of its unions the sole condition of employment and insisting that it shall receive about $6,000,000 in union dues taken out of the employees' salaries and paid direct to unions by employers.

I believe in organization. I believe that every worker has the right to join a union. I believe that union workers have the right of collective bargaining. I am sympathetic with all of the trials and troubles of men who labor. I want to see their conditions bettered in every possible way.

At the same time, I believe that workers who do not want to join a union have the inherent right not to join. And I believe that an American business man has the right to run his business ununionized if he wants to, and to employ men who are not unionized, if he can find them, and if they are satisfied to work for him. And I do not believe that the American Federation of Labor has any right whatever to interfere and to break up a friendly business relation existing between employer and employees, when all are perfectly satisfied and content.

Stirring up strife and trouble now is disloyal to the President. It is disloyal to the Nation. It is putting the selfishness of a group above the interest of the Nation. It is letting the tail wag the dog. It is saying that less than 5,000,000 organized into a group are more important than the unorganized 115,000,000 people of the United States.

It is the duty of the American Federation of Labor to work in harmony with the President. It is its duty to show some gratitude. It is its duty to show some appreciation. It is its duty to put country above group. It is its duty to abandon greed and selfishness. It is its duty to go along with the Government in its efforts to bring about a recovery and bring about better conditions, and I am not in sympathy with this selfish stand taken by the American Federation of Labor.

The American Federation of Labor ought to call off this strike. They ought to admonish these men that this is no time to strike; that this is no time to take men out of good employment and put them on the streets. This is a time to uplift rather than break down; this is a time to back the President; this is a time to back the Congress; this is a time to stand firm for the Government and show loyalty to the Commander in Chief of this Nation. [Applause.]

Our friend from Missouri calls the above "mouthings." I will leave it to the American people if what I said does not constitute good American philosophy and good Democratic doctrine. I want the American people to point out any sentence in what I said that is un-American. I repeat that this is no time for strikes. This is no time for trouble makers. This is no time for agitators and walking delegates. This is no time for selfish groups to ignore and disregard the Nation's welfare and the best interests of the American people as a whole.

Following my speech on March 20, 1934, as quoted above, I received several hundred letters from workers in motor plants endorsing every word I said, and asserting that they were well paid, and were perfectly satisfied, but that the American Federation of Labor was trying to force them and their employers to agree to its dictation against their will, and to require dues to the extent of about $6,000,000 to be taken out of their wages and paid by their employers direct to the unions affiliated with the said American Federation of Labor.

Of course, every professional labor leader firmly believes that the American Federation of Labor has the right to make the demands that it has been making, and that all employers who will not bow down and accept its will are void of conscience and should be compelled to allow the American Federation of Labor to run their businesses.

No man in this Congress is more sympathetic than I am toward organized labor, when it is right, or more appreciative of the splendid work accomplished for labor by Samuel Gompers during his lifetime. I have fought for decent wages. I have fought for decent hours. I have fought for decent working conditions. I have fought for decent living conditions. I have fought for American standard of living. But when organized labor has made unjust demands I have not hesitated to oppose same.

The gentleman from Missouri spoke of some of the fights I have made from this floor on labor matters, and called them "periodic mouthings." Let me mention some of them. When John B. Densmore was Director General of Employment, and was spending money like water out in California trying to manufacture testimony for the noted anarchist and bomb thrower, Tom Mooney, and burglarized the office of District Attorney Fickert, and criminally installed in it a secret dictaphone, and tried to frame court officials in the interests of said murderous anarchist, and then tried to get from this Congress an additional $10,000,000 to use in such

nefarious undertaking, I stopped him. By making proper points of order, and waging a fight from this floor against his $10,000,000 proposed appropriation, I defeated same on three different occasions, and kept him from wasting this $10,000,000. Was my action un-American? Was not I acting for the best interests of the American people? By passing a resolution of inquiry I forced the Secretary of Labor to furnish the secret report made to him by John B. Densmore, and caused the same to be published in a House document, copies of which are still available in the House document room, if the supply there has not been exhausted. I have my copy in my office and will show it to any colleague interested.

I did wage an uncompromising fight here to get the American Federation of Labor to rid itself of such anarchists as William Z. Foster, whose infamous red book on syndicalism I read from this floor, and I showed conclusively that William Z. Foster was not only trying to undermine the Government but was also boring from within, and was trying to undermine and destroy the American Federation of Labor. At that time William Z. Foster was an honored official of the American Federation of Labor and high up in its councils, and because I denounced his methods I was then designated as unfriendly to labor, and put on labor's blacklist, when just the opposite was true, and history which has since transpired has proven that I was a loyal friend to labor when I denounced William Z. Foster, for within a few years thereafter the American Federation of Labor expelled him from its membership, and has at all times since refused to affiliate with or to have anything to do with William Z. Foster.

Mr. DINGELL. Will the gentleman yield?

Mr. BLANTON. I am sorry that I cannot. I regret that I have not the time. Otherwise I would gladly yield. I must reply fully to the speech made by our good friend from Missouri.

Mr. Speaker, although I differed with him on some occasions, and did not hesitate to oppose him when he was wrong, though in doing so I knew that I was taking my political life in my hands, I had great admiration for the many fine qualities possessed by Samuel Gompers. He was a great labor leader. He had a wonderful insight in human nature. He was absolutely fearless. He was a magnificent organizer. There will never be another Samuel Gompers.

Once, Mr. Speaker, when he came to my office and demanded that I change my position on a bill and threatened me with defeat if I did not, I told him to "go to h—", and in the succeeding primary he demonstrated his political influence, for he almost defeated me. He published whole-page advertisements over his own signature against me in the newspapers of my district. And I always will believe that after he failed in his efforts to defeat me he had much greater respect for me thereafter, for he seemed more friendly than ever. To dislike him was impossible. His nature and personality commanded the esteem of everyone who knew him well.

During the World War there were 6,000 strikes by organized labor against the Government. Men who were getting $30 a day in shipyards struck against the Government. Railroad employees forced Director McAdoo to give them increases of $764,000,000 and date it back 6 months. I warned them then that the time would come when they would see train after train without a passenger on it, with railroad business wrecked, and no demand for their services, and there would be thousands of them losing their jobs. That day has come.

It is true that when President Wilson sent for some of us and said, "Strikes are ruining the Government; they are giving comfort and aid to the German Kaiser; I cannot carry on this war with these strikes", he asked us to pass what he then designated as the "work-or-fight" amendment.

Mr. WOOD of Missouri. Will the gentleman yield?

Mr. BLANTON. In just a moment. I shall be glad to yield.

When they had exempted many thousands of workers from the draft and had granted to the worker the right not to fight, but to stay here at home and work and had exempted him from the draft, they refused to work, and strike after strike occurred, until some workers were receiving $30 per day. There were 6,000 strikes against the Government. The work-or-fight amendment provided that if he did not work, they could take his exemption away from him and make him fight. At the instance of the President, our Commander in Chief of the Army and Navy, I took this floor one day and made a speech against these repeated strikes and in behalf of his work-or-fight amendment. I spoke for it, and I helped to pass it in this House, but it was finally killed.

Was not that a proper amendment to the Draft Act? When our country was engaged in deadly conflict across the seas, and there was an act drafting every able-bodied man between certain ages to don uniforms and fight, and certain workers, aided and backed by the American Federation of Labor, got exempted and excused from the draft in order to work, and notwithstanding they were receiving many times what the soldiers in France received, they engaged in strike after strike against the Government, was it not right and proper that their exemptions should be taken away from them and they should be made to fight?

Yet, after said "work-or-fight amendment" had been passed by this House, organized labor, backed by the American Federation of Labor, threatened to march on this Capitol and on the White House, and through such threats finally prevented such amendment from being passed into law. And in the succeeding election Senator Thomas, who introduced such amendment, was defeated by organized labor, the American Federation of Labor waging a special fight against him.

Is my friend from Missouri in favor of that amendment—men who have been exempted from fighting in order to work, and who will not work, make them fight? Is the gentleman in favor of it? President Wilson asked for it, and I helped him to pass it here in this House.

Mr. WOOD of Missouri. Will the gentleman yield?

Mr. BLANTON. I will yield in a few minutes. Then during the war when the international telegraphers threatened to strike and to tie up every means of communication, President Wilson sent word to us here that it would absolutely ruin him in winning the war. They threatened to tie up every cable, every telegraph, every telephone, and every radio, and the President said if that strike came off he could not win the war.

I took the floor and I said that if the telegraphers pulled off that international strike that they would be traitors to their country, for they would be lending aid and comfort to our foreign enemies, and I received through the mails every kind of threat imaginable.

Mr. WOOD of Missouri. Will the gentleman yield now?

Mr. BLANTON. I yield.

Mr. WOOD of Missouri. Does the gentleman believe that President Wilson would have appeared after the war before the American Federation of Labor and thanked them for their loyalty and devotion during the war if there had been anything done by the labor movement to prevent the winning of the war?

Mr. BLANTON. That was in behalf of the great labor movement nationally. Many members of organized labor refused to strike.

[Here the gavel fell.]

Mr. FITZPATRICK. Mr. Speaker, I ask unanimous consent that the gentleman have 1 minute more in order that I may ask him a question.

The SPEAKER. Is there objection?

There was no objection.

Mr. FITZPATRICK. Does the gentleman realize that during the war employers and corporations charged the Government 300- and 400-percent profit on their contracts?

Mr. BLANTON. Yes; and I fought them then, and have been fighting them every since trying to drive them out of the country into the deep blue sea for all of such practices.

Mr. WOOD of Missouri. I should like to ask the gentleman from Texas what men were getting $30 a day?

Mr. BLANTON. Experts and skilled mechanics in shipyards and other works. I know a few men from my district, who had never gotten more than $2.50 a day theretofore, were getting $30 a day when some of these strikes were pulled off.

Mr. WOOD of Missouri. Not members of the American Federation of Labor.

Mr. BLANTON. Oh, yes; they were forced to be unionized whether they liked it or not; and when the strike order came they had to obey it. They told me all about it after the war and said they did not want to strike and were perfectly satisfied, but they were forced to strike.

In conclusion, in order to keep the record straight and to let the American people know just what this strike is all about, I want to quote from what United States Senator LOGAN, of Kentucky, published in the CONGRESSIONAL RECORD on March 24, 1934; and I quote same from page 5300, as follows, to wit:

The process of recovery has so far taken place because of the cooperation of both capital and labor to that end. So long as a balance was kept by give-and-take, mutual sacrifice, and mutual cooperation, this has continued.

Now the American Federation of Labor attempts to leap into the saddle forcibly with a demand for complete union control of the Nation's busiest industry. The alternative is a strike of vast proportions that would tie up the one business that has led the way toward recovery in the last 4 months.

Hundreds of thousands of satisfied workmen, who desire only to be left alone to support their families, do their work, and enjoy life, would thus be thrown out of employment. The effects of the strike would be felt by millions of people employed in dozens of industries. This includes steel, the continued production of which is so vital to recovery here in Ashland.

The point at issue is not one of hours, nor of wages, but of ultimate control of the industry itself. The American Federation of Labor insists upon complete unionization of the automobile business, with a general strike as the alternative. The automobile manufacturers refuse to yield control of the business which they have built and developed to paid union executives who did not build nor develop it.

On the top of this danger is the threat of the Wagner bill in the Senate, which would make unionization imperative in all American industry. This would be done by legislative mandate and would force the country's 40,000,000 workers into union membership whether they desired it or not.

Just at a time when recovery seemed to be an accomplished fact the leaders of the American Federation of Labor decide to get all the workers of the Nation into their paying membership, or to tear down the whole fabric of recovery with general strikes if their demands are not met. Further to cinch their absolute rule over the Nation's industry, they seek to force through Congress the Wagner bill, which would legalize and perpetuate their control.

The Nation has gone along with the new deal and accepted and adopted with zeal many principles and formulas emanating from the halls of Columbia University and totally foreign to American ideals of freedom without question or quibble. But unless the swing to communism is halted somewhere within the range of reasonable ideas of justice and liberty the Nation itself will balk. We are not ready for a dictatorship or radical and self-seeking walking delegates any more than we were willing to stand for a dictatorship of the power of wealth and entrenched privilege, such as brought us to our fall 4 years ago.

Fair hours to admit a maximum of employment, fair compensation for labor to give all a living wage with something over, the right of workers to bargain collectively, the elimination of cutthroat competition, all these are worthy ends, at least partially achieved. Complete dictatorship over privately owned industry by the American Federation of Labor is another thing entirely. Its leaders did not build it and are not equipped to rule it, either by training or by ability.

I have just received the information that the Hudson Motor Co. has been forced to shut down its plant because of strikes, letting 18,000 employees out of work, and that 5,600 employees of the Motor Products Co. had been called out on strike. And here is what has just come over the wire:

The fuse burned short on the motor industry's explosive labor situation today as the two major unions of automobile workers both repudiated President Roosevelt's automotive arbitration board.

The mutually hostile unions—the American Federation of Labor and the Mechanics Educational Society—joined in denouncing the arbitration board appointed by President Roosevelt when he averted a strike 2 weeks ago.

It will be a sad day for the American Federation of Labor if it permits these strikes at this time and cripples industry and takes these heads of families from gainful employment and put them on the streets. The American people are patient and long-suffering. But they will not have any sympathy for any strike in this crisis. William Green and his American Federation of Labor must not undo all that was accomplished for labor by Samuel Gompers.

WAR DEPARTMENT APPROPRIATION BILL

Mr. COLLINS of Mississippi. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill H.R. 8471, the War Department appropriation bill for 1935, disagree to the Senate amendments, and ask for a conference.

The SPEAKER. Is there objection?

Mr. MARTIN of Massachusetts. Is that agreeable to the other members of the committee?

Mr. COLLINS of Mississippi. Entirely.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

The SPEAKER appointed as conferees on the part of the House Mr. COLLINS of Mississippi, Mr. PARKS, Mr. BLANTON, Mr. BOLTON, and Mr. POWERS.

VETERANS' REGULATIONS (H.DOC. NO. 299)

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Expenditures in the Executive Departments, and ordered printed.

To the Congress of the United States:

Pursuant to the provisions of section 20, title I, of the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933, I am transmitting herewith copies of Executive Orders No. 6668, Veterans' Regulation No. 1 (e), and No. 6669, Veterans' Regulation No. 12 (b), approved by me April 6, 1934.

These veterans' regulations have been issued in accordance with the terms of title 1, Public, No. 2, Seventy-third Congress. Executive Order No. 6661, Veterans' Regulation No. 1 (d), and Executive Order No. 6662, Veterans' Regulation No. 12 (a), contained provisions carrying out the purpose as expressed in my message of March 27, 1934, to the House of Representatives, returning without my approval H.R. 6663, entitled "An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1935, and for other purposes." The provisions of Public, No. 141, Seventy-third Congress, March 28, 1934, have gone far beyond the intent of these regulations. The regulations transmitted herewith are, therefore, for the purpose of canceling them.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *April 6, 1934.*

CIVIL-SERVICE RETIREMENT ACT (H.DOC. NO. 298)

The SPEAKER also laid before the House the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Expenditures in the Executive Departments and ordered printed:

To the Congress:

Pursuant to the provisions of section 16 of the act of March 3, 1933 (ch. 212, 47 Stat. 1517), as amended by title III of the act of March 20, 1933 (ch. 3, 48 Stat. 16), I am herewith transmitting an Executive order transferring to the United States Civil Service Commission the duties, powers, and functions now vested in the Veterans' Administration pertaining to the administration of the Civil Service Retirement Act and the Canal Zone Retirement Act.

The administration of laws governing the retirement of civil employees of the Government is logically and properly a function of the Civil Service Commission, and the transfer

effected by this order will permit a more efficient administration of the activities involved. The Director of the Bureau of the Budget has informed me that the transfer will result in an annual saving of approximately $45,000.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *April 7, 1934.*

PASSAMAQUODDY FISHERIES COMMISSION (H.DOC. NO. 300)

The SPEAKER also laid before the House the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Foreign Affairs and ordered printed:

To the Congress of the United States:

I transmit herewith the report made by the International Passamaquoddy Fisheries Commission, the American members of which were appointed according to an act of Congress approved June 9, 1930. The act authorized appropriations for an investigation jointly by the United States and Canada of the probable effects of proposed international developments to generate electric power from the movement of the tides in Passamaquoddy and Cobscook Bays on the fisheries of that region.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *April 7, 1934.*

CALL OF THE HOUSE

Mr. WOLCOTT. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. The gentleman from Michigan makes the point of order that there is no quorum present. Evidently there is not.

Mr. BYRNS. Mr. Speaker, I move a call of the House.

The motion was agreed to.

The doors were closed.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 123]

Adair	Darrow	Johnson, Okla.	Peavey
Allen	De Priest	Johnson, W.Va.	Peyser
Allgood	DeRouen	Kelly, Ill.	Ramspeck
Auf der Heide	Dickinson	Kelly, Pa.	Rayburn
Ayers, Mont.	Dickstein	Kennedy, Md.	Reed, N.Y.
Bacharach	Dobbins	Kennedy, N.Y.	Reid, Ill.
Bankhead	Douglass	Kenney	Rudd
Beam	Doutrich	Kerr	Sabath
Beck	Doxey	Knutson	Schaefer
Boileau	Drewry	Kocialkowski	Scrugham
Boylan	Eaton	Kramer	Shannon
Britten	Eicher	Kurtz	Simpson
Brooks	Fitzgibbons	Kvale	Sirovich
Browning	Ford	Lanzetta	Sisson
Brumm	Foulkes	Lee, Mo.	Smith, Va.
Buckbee	Frey	Lehlbach	Snell
Caldwell	Fulmer	Lewis, Md.	Somers, N.Y.
Carley, N.Y.	Gasque	Lindsay	Stalker
Carpenter, Nebr.	Gavagan	McCormack	Stokes
Cavicchia	Gillespie	McDuffie	Strong, Tex.
Celler	Glover	McSwain	Sullivan
Chavez	Granfield	May	Taylor, Colo.
Christianson	Griffin	Milligan	Taylor, Tenn.
Clark, N.C.	Hancock, N.C.	Montague	Turpin
Condon	Healey	Moynihan, Ill.	Underwood
Connery	Hess	Muldowney	Weaver
Corning	Hollister	Murdock	Withrow
Crowther	Hughes	Musselwhite	Wolfenden
Culkin	James	Nesbit	Wolverton
Cullen	Jenkins, Ohio	O'Brien	Zioncheck
Darden	Johnson, Minn.	Oliver, Ala.	

The SPEAKER. Three hundred and seven Members present, a quorum.

Mr. BYRNS. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

The doors were opened.

DISTRICT OF COLUMBIA BUSINESS

SALE OF POTOMAC SCHOOL PROPERTY

Mrs. NORTON. Mr. Speaker, I call up the bill (S. 2057) authorizing the sale of certain property no longer required for public purposes in the District of Columbia.

The SPEAKER. The Clerk will report the bill.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Commissioners of the District of Columbia be, and they are hereby, authorized and empowered to sell and convey to the highest bidder, at public or private sale and at such time as in their opinion may be most advantageous to the District of Columbia, the old Potomac School property, known as lot 802 in square 327, containing 5,837 square feet of land, more or less, and the proceeds from such sale shall be deposited in the United States Treasury to the credit of the District of Columbia.

Mrs. NORTON. Mr. Speaker, I ask unanimous consent that the bill be considered in the House as in the Committee of the Whole House on the state of the Union.

The SPEAKER. Is there objection?

There was no objection.

Mrs. NORTON. Mr. Speaker, the purpose of this bill is to give the District Commissioners authority to sell what is known as the old Potomac School property, situated in the wholesale market area of southwest Washington, which is no longer needed for school purposes. An identical bill was introduced in the Seventy-second Congress and passed the House and was favorably reported by the Senate District Committee. At that time hearings were held. There appeared to be no opposition to the bill.

I move the previous question on the bill to final passage.

The previous question was ordered.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

BOUNDARIES OF WHITEHAVEN PARKWAY, DISTRICT OF COLUMBIA

Mrs. NORTON. Mr. Speaker, I call up the bill (S. 2509) to readjust the boundaries of Whitehaven Parkway at Huidekoper Place in the District of Columbia, provide for an exchange of land, and for other purposes.

The SPEAKER. The gentlewoman from New Jersey calls up the bill S. 2509, which the Clerk will report.

The Clerk read the title of the bill.

Mrs. NORTON. Mr. Speaker, I ask unanimous consent that the bill be considered in the House as in the Committee of the Whole House on the state of the Union.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That in order to readjust the boundaries of Whitehaven Parkway at Huidekoper Place and preserve the trees and other natural park values, the Commissioners of the District of Columbia be, and they are hereby, authorized to close, vacate, and abandon for highway and alley purposes the area contained in parcels designated "A", as shown on map filed in the office of the surveyor of the District of Columbia and numbered as map 1817, and to transfer said area so closed, vacated, and abandoned to the United States to be under the jurisdiction of the Director of National Parks, Buildings, and Reservations for park purposes.

SEC. 2. That the Commissioners of the District of Columbia are authorized to use for street and alley purposes the area comprised within the parcels designated "B", as shown on map filed in the office of the surveyor of the District of Columbia and numbered as map 1817; and the Director of National Parks, Buildings, and Reservations is authorized to make the necessary transfer of said land to the District of Columbia, same to be under the jurisdiction of the said Commissioners for street and alley purposes.

SEC. 3. That upon the dedication by the lawful owner or owners of the land contained in the parcel designated "C" and the transfer by plat as provided herein and/or the conveyance by deed of the land contained in the parcel designated "D", in accordance with map showing said parcels filed in the office of the surveyor of the District of Columbia, numbered as map 1817, the said parcel "C" to be dedicated to the District of Columbia for street purposes and the said parcel "D" transferred by plat and/or conveyed by deed to the United States, to be under the jurisdiction of the Director of National Parks, Buildings, and Reservations, then the said Director of National Parks, Buildings, and Reservations, with the approval of the Secretary of the Interior, acting for and in behalf of the United States of America, is authorized and directed to transfer by plat as provided herein and/or convey by deed all the land comprised in the parcel designated "E" as shown on said map filed in the office of the surveyor of the District of Columbia and numbered as map 1817, said transfer and/or conveyance to be made to the owner or owners making the transfer and/or conveyance of said parcel designated "D" to the United States, such transfers and/or deeds of conveyance to pass title in fee simple to the said land, and any and all of such transfers when duly executed and consummated shall constitute legal conveyances of the parcels herein described to the parties in interest: *Provided, however*, That good and sufficient title, satisfactory to the Commissioners of the District of Columbia and the Director of National Parks, Buildings, and Reservations shall be given with respect to the land contained in said parcels "C" and "D", respectively: *And provided further*, That upon the transfer by plat and/or the conveyance by deed of the said parcel designated "E",

as provided herein, the land contained in said parcel shall be subject to assessment and taxation the same in all respects as other private property in the District of Columbia.

SEC. 4. That the surveyor of the District of Columbia is hereby authorized to prepare the necessary plat or plats showing the parcels of land to be transferred and dedicated in accordance with the provisions of this act, with certificates affixed thereon to be signed by the parties in interest making the necessary transfers and dedication, which plat or plats, after being signed by the various interested parties and officials, and approved by the Commissioners of the District of Columbia, upon recommendation of the National Capital Park and Planning Commission, shall be recorded upon order of said Commissioners in the office of the surveyor of the District of Columbia, and said plat or plats and certificates when so recorded shall constitute a legal dedication and legal transfers of the property described for the purposes designated according to the provisions of this act.

Mrs. NORTON. Mr. Speaker, the purpose of this bill is to make an exchange of lands between the National Capital parks and private individuals at Huidekoper Place and Whitehaven Parkway, to close a portion of this particular place and dedicate certain areas. This has the unanimous support of the District Commissioners and the Capital Park and Planning Commission.

I move the previous question on the bill.

The previous question was ordered.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

ALCOHOLIC BEVERAGE CONTROL ACT

Mrs. NORTON. Mr. Speaker, I call up the bill (H.R. 8854) to amend the District of Columbia Alcoholic Beverage Control Act by amending sections 11, 22, 23, and 24.

The SPEAKER. The gentlewoman from New Jersey calls up the bill H.R. 8854, which the Clerk will report.

The Clerk read the title of the bill.

Mrs. NORTON. Mr. Speaker, I ask unanimous consent that the bill be considered in the House as in Committee of the Whole House on the state of the Union.

The SPEAKER. Is there objection?

Mr. BLANTON. Mr. Speaker, I reserve the right to object for the purpose of asking the gentlewoman a question. This bill was sent to the committee by the District Commissioners?

Mrs. NORTON. Yes.

Mr. BLANTON. And is approved by the District Commissioners?

Mrs. NORTON. Yes.

Mr. BLANTON. And by the corporation counsel's office?

Mrs. NORTON. Yes.

Mr. PALMISANO. The only change in the law in this case is that it requires the placing of a stamp to make sure that the Commissioners will get the revenue.

Mr. BLANTON. Does this have the unanimous report of the Committee on the District of Columbia?

Mrs. NORTON. Yes.

Mr. BLANTON. And the gentleman from Texas [Mr. PATMAN] does not raise any objection to this bill?

Mr. PATMAN. No.

Mr. BLANTON. I withdraw the reservation of objection.

The SPEAKER. Is there objection to the request of the gentlewoman from New Jersey?

There was no objection.

The Clerk read the bill as follows:

Be it enacted, etc., That section 11, subsection (c), of the District of Columbia Alcoholic Beverage Control Act is amended by adding at the end of the first paragraph thereof the following: "It shall not authorize the sale of beverages to any other person except as may be provided by regulations promulgated by the Commissioners under this act."

SEC. 2. That section 22 of the said Alcoholic Beverage Control Act be amended by adding at the end thereof a new paragraph, to read as follows:

"(c) The Commissioners may at any time suspend or revoke in whole or in part the requirements of this section."

SEC. 3. That section 23 of the said Alcoholic Beverage Control Act is amended so as to read as follows:

"SEC. 23. (a) There shall be levied, collected, and paid on all of the following-named beverages manufactured by a holder of a manufacturer's license, and on all of the said beverages imported or brought into the District of Columbia by a holder of a wholesaler's or retailer's license, a tax at the following rates, to be paid by the licensee in the manner hereinafter provided:

"(1) A tax of 35 cents on every wine-gallon of wine containing more than 14 percent of alcohol by volume, except champagne, or any wine artificially carbonated and a proportionate tax at a like rate on all fractional parts of such gallon; (2) a tax of 50 cents on every wine-gallon of champagne or any wine artificially carbonated, and a proportionate tax at a like rate on all fractional parts of such gallon; (3) a tax of 50 cents on every wine-gallon of spirits, and a proportionate tax at a like rate on all fractional parts of such gallon; (4) and a tax of $1.10 on every wine-gallon of alcohol, and a proportionate tax at a like rate on all fractional parts of such gallon.

"(b) Said taxes shall be collected by and paid to the Collector of Taxes of the District of Columbia and shall be deposited in the Treasury of the United States to the credit of the District of Columbia.

"(c) Said taxes shall be collected and paid by the affixture of a stamp or stamps secured from the Collector of Taxes of the District of Columbia, denoting the payment of the amount of the tax imposed by this act, upon such beverage, such affixture to be upon the immediate container of the beverage, unless the Commissioners shall by regulation permit otherwise.

"(d) The Collector of Taxes of the District of Columbia shall furnish suitable stamps, to be prescribed by the Commissioners, denoting the payment of the taxes imposed by this act, and shall by the sale of such stamps at the amounts indicated on the faces thereof cause the said taxes to be collected.

"(e) Upon beverages manufactured in the District of Columbia by a manufacturer licensed under this act, the stamps required by this act shall be affixed before the removal of the beverage from the place of business or warehouse of the said manufacturer for delivery to a purchaser. Upon beverages except taxable light wines, imported or brought into the District of Columbia by any wholesaler licensed under this act, the stamps required by this act shall be affixed before the removal of the beverage from the place of business or warehouse of the said wholesaler for delivery to a purchaser; upon taxable light wines imported or brought into the District of Columbia by any wholesaler licensed under this act, the said stamps shall be affixed within 24 hours (excluding Sunday from the count) after the wines are received at the licensed premises of the wholesaler. Upon beverages purchased outside the District of Columbia by any retailer licensed under this act, the stamps required by this act shall be affixed within 24 hours (excluding Sunday from the count) after the beverage is received at the licensed premises of said retailer.

"(f) No person shall use or cause to be used for the payment of any tax imposed by this act a stamp or stamps already theretofore used for the payment of any such tax.

"(g) No tax shall be levied and collected on any alcohol exempt from tax under the laws of the United States, or on any alcohol sold for nonbeverage purposes by the holder of a manufacturer's or wholesaler's license, in accordance with the regulations promulgated by the Commissioners.

"(h) If any act of Congress shall hereafter prescribe for a Federal volume tax on alcoholic beverages under which a portion of said tax shall be returned to the District of Columbia, the taxes levied under this section shall not be collected after the effective date of said act.

"(i) The possession by any licensee of any beverage after its removal from the licensed premises of a manufacturer or wholesaler within the District of Columbia or after 24 hours (Sundays being excluded from the count) after its receipt from outside the District of Columbia, upon which the tax required has not been paid, shall render such beverage liable to seizure wherever found, and to forfeiture by the District of Columbia. And the absence of the proper stamps from any container (or wrapper if such be permitted) after the time at which the affixture of the stamp is required by this act shall be notice to all persons that the tax has not been paid thereon and shall be prima facie evidence of the nonpayment thereof. Such beverage so liable to forfeiture shall be proceeded against in the Supreme Court of the District of Columbia by the corporation counsel of the District of Columbia, and, if condemned, the said beverage shall be disposed of by destruction or delivered for medicinal, mechanical, or scientific uses to any department or agency of the United States Government or the District of Columbia government or any hospital or other charitable institution in the District of Columbia, or sold at public auction, as the court may direct. The proceedings of such libel cases shall conform, as near as may be, to the proceedings in admiralty, and all such proceedings shall be at the suit of and in the name of the District of Columbia.

"(j) Any person who shall counterfeit or forge any stamp required by this act shall, upon conviction, be subject to a fine not exceeding $5,000 or to imprisonment for a period of not more than 2 years, or to both such fine and imprisonment."

SEC. 4. That section 24 of said Alcoholic Beverage Control Act is amended so as to read as follows:

"SEC. 24. (a) Every licensed manufacturer, wholesaler, and retailer under this act shall furnish the collector of taxes of the District of Columbia on the day this act becomes effective a statement under oath, on a form to be prescribed by the Commissioners, showing the amount and kind of taxable beverages held and possessed by him on the day this act becomes effective, and shall state the number and denomination of stamps necessary for the stamping of such beverages so held and possessed on said date, as required by this act.

"(b) All beverages held or possessed by any licensed manufacturer, wholesaler, and retailer under this act on the effective date of this act shall have the stamps affixed thereto as required by

this act, but such stamps shall be furnished free and without cost to such licensee by the collector of taxes of the District of Columbia upon receipt by him of the statement under oath required by paragraph (a) of this section: *Provided, however,* That such licensee shall on or before the 10th day of the calendar month first occurring after the effective date of this act, file with the Board the statement under oath required under section 22, paragraphs (a) and (b) of the Alcoholic Beverage Control Act for the District of Columbia as originally enacted and approved, and shall on or before the 15th day of the calendar month first occurring after the effective date of this act pay to the collector of taxes of the District of Columbia all taxes imposed by section 23 of said act, as originally enacted and approved, on the beverages so reported as herein required."

SEC. 5. This act shall become effective on the 1st day of the calendar month first occurring after 30 days from the approval thereof.

With the following committee amendments:

Page 4, line 10, after the word "wholesaler", insert "and before said wines are sold by such wholesaler."

Page 4, line 15, after the word "retailer", insert "and before said beverage is sold by such retailer."

The committee amendments were agreed to; and the bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

DISTRICT OF COLUMBIA ALCOHOLIC BEVERAGE CONTROL ACT

Mrs. NORTON. Mr. Speaker, I call up the bill (H.R. 8525) to amend the District of Columbia Alcoholic Beverage Control Act to permit the issuance of retailers' licenses of classes A and B in residential districts, and I ask unanimous consent that the same be considered in the House as in the Committee of the Whole.

The SPEAKER. Is there objection to the request of the lady from New Jersey?

There was no objection.

The Clerk read as follows:

Be it enacted, etc., That the first paragraph of section 15 of the District of Columbia Alcoholic Beverage Control Act is amended to read as follows:

"SEC. 15. No retailer's licenses except of classes A, B, or E shall be issued for any business conducted in a residential-use district as defined in the zoning regulations and shown in the official atlases of the Zoning Commission, except for a restaurant or tavern conducted in a hotel, apartment house, or club, and then only when the entrance to such restaurant or tavern is entirely inside of the hotel, apartment house, or club and no sign or display is visible from the outside of the building."

Mr. O'CONNOR. Will the lady yield?

Mrs. NORTON. I yield.

Mr. O'CONNOR. I understand this bill permits drug stores license E?

Mrs. NORTON. No. This is the residential zone bill.

Mr. O'CONNOR. There was some question in the opinion of the District Commissioners whether or not there could be drug-store license E, retailer's license E, in these residential districts. I had some correspondence with the Commissioners. This bill clears up any question as to that. I have been in favor of drug stores, organized in residential districts, which have existed for some time, having retail license E, which permits them to sell liquor on prescriptions. This bill clears up any question about that matter?

Mrs. NORTON. The gentleman is quite right.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

DISTRICT OF COLUMBIA ALCOHOLIC BEVERAGE CONTROL ACT

Mrs. NORTON. Mr. Speaker, I call up the bill (H.R. 8519) to amend sections 5, 9, and 12 and repeal section 36 of the District of Columbia Alcoholic Beverage Control Act, and I ask unanimous consent that the same be considered in the House as in Committee of the Whole.

The SPEAKER. Is there objection to the request of the lady from New Jersey?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 5 of the District of Columbia Alcoholic Beverage Control Act is amended by striking out the words "dealing, manufacturing, transporting, or storing" and inserting in lieu thereof the words "dealing in or manufacturing."

SEC. 2. Section 9 of such act is amended by striking out the word "individual" and inserting in lieu thereof the word "solicitor."

SEC. 3. Section 12 of such act is amended to read as follows:

"SEC. 12. The holder of a manufacturer's or wholesaler's license issued hereunder shall not be entitled to hold any other class of license. No retailer's license class A or class B shall be issued or remain in force in respect of any premises for which a retailer's license class C or class D has been issued. A person, not licensed hereunder, owning an establishment for the manufacture of beverages located outside of the District of Columbia may hold one wholesale license and shall not be entitled to hold any other license."

With the following committee amendment:

Page 2, line 12, insert "*Provided,* That this section shall become effective 90 days after the approval of this act."

The committee amendment was agreed to.

Mr. O'CONNOR. Mr. Speaker, I move to strike out the last word.

Mr. Speaker, this bill does two things which should not be permitted to be done. In the first place, it permits drug stores to sell liquor not only on prescription—which this House determined as the extent of their privilege, as it thought it did—in accordance of the formula of the United States Pharmacopœia, but this bill would permit them also to have another license, which would permit them to sell liquor for consumption off the premises. In other words, that is, they could sell any kind of liquor, and not only bonded liquor or liquor aged in wood. The bill permits them to sell any kind of liquor, whether it is good for public consumption or not.

It is with some reluctance that I discuss these liquor bills, but I assure you I do it in a noninterested sense, my only purpose being to protect the people of the District of Columbia, the consumers of the liquor. I never represented and never shall represent the makers or sellers of the stuff.

When the bill was passed, if you will recall, I offered an amendment on the floor that drug stores could sell only liquors which answered the prescription of the United States Pharmacopœia. That meant liquors aged in wood at least 4 years, because the doctors say any of this blended liquor is not fit for human consumption, especially when it is fed to infants or to people of advanced age; that it might even cause death.

It was found out, after the District bill passed, that the drug stores could have both a drug store's license and a retailer's license to sell liquor, whisky, and so forth, for consumption off the premises. I took up the matter with the Commissioners of the District of Columbia and pointed out to them that I believed that it was the intent of Congress that drug stores should be confined to selling liquor only on prescription, and the corporation counsel replied to me that we had overlooked one provision of the law, which permitted druggists to get both kinds of licenses.

This being the case, I should like an opportunity to offer an amendment on page 2, in line 7, in the sentence which reads:

No retailer's license class A or class B shall be issued or remain in force in respect of any premises for which a retailer's license class C or class D has been issued.

I should like to add the words "or class E", which is the drug-store license. I do not believe Congress wants drug stores selling all kinds of liquor for consumption off the premises. I do not believe you want to make rum shops out of drug stores.

I do not believe you want someone to go in with a prescription to a drug store and have the "doctor" say, "Why don't you buy this blended stuff"—rotten—"at half the price at which you could get the bonded stuff?" I do not believe you want that done in the District. I wish I could be permitted to offer an amendment on page 2, line 7, after the words "class D" to insert the words "or class E." The effect of that would be that the drug stores could only have one kind of a license, namely, to sell liquor on prescription within the definition of "liquor", under the United States Pharmacopœia.

Mr. BLANCHARD. Will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. BLANCHARD. Does this bill provide that liquor can be sold on the premises, and that it may be blended whisky?

Mr. O'CONNOR. Yes.

Mr. BLANTON. Will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. BLANTON. This is the camel's nose getting under the tent for further enlargement?

Mr. O'CONNOR. Surely.

Mr. BLANTON. My friend from New York knows that there is a certain effort being made in the District now to issue licenses to sell liquors in chain stores and in various other kind of stores.

Mr. O'CONNOR. Well, I am for that. I will tell the gentleman why I am for the chain stores selling liquor, because they will help to break the Whisky Trust. The only way you will break the Whisky Trust is to have the A. & P. stores and the other chain stores establish their own distilleries and sell the products, either at a loss or a profit.

[Here the gavel fell.]

Mr. BLANTON. Mr. Speaker, I ask unanimous consent that the gentleman may proceed for 5 additional minutes.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BLANTON. I am thinking particularly of the family that goes to the chain store on Saturday night with only $3 to spend. Instead of buying potatoes, rice, bread, butter, and milk, might they not spend that money some other way?

Mr. O'CONNOR. I hope they do not, and I hope nobody lets them spend it for the things they do not need.

Mrs. NORTON. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. Certainly.

Mrs. NORTON. The gentleman said he was in favor of chain stores selling liquor. Why discriminate against drug stores?

Mr. O'CONNOR. A drug store should be a drug store and not a rum shop.

Mr. SEARS. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. SEARS. A druggist took it up with me because I worked for 7 years in a drug store. They are now required to pay a druggist's license; they are required to pay a District license which permits them to sell any kind of liquor and display it. Am I to understand they are possibly to be called upon to pay another license? I am not clear on the matter.

Mr. O'CONNOR. It was never intended that they should have any license except a druggist's license.

Mr. SEARS. I agree with the gentleman that the drug stores should be exempt and that they should sell it for medicinal purposes only on a doctor's prescription, which they do now.

Mr. O'CONNOR. They do not have to do that now. This bill should be amended by inserting the clause "class E." This will confine the druggists to the sale of liquor on prescription, liquor which meets the standards of the United States Pharmacopœia.

Mr. O'MALLEY. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. O'MALLEY. The gentleman said that a drug store should be a drug store. The gentleman must realize that the modern drug store sells everything from lawn mowers to baseball bats.

Mr. O'CONNOR. That may be, but they have not yet been turned into rum shops.

Mr. TRUAX. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. TRUAX. Does the gentleman mean to say—and I am asking this for information—that the drug stores are the only stores that are selling blended liquor today?

Mr. O'CONNOR. Oh, no. Another thing, this bill would permit the selling of blended liquor without stating the contents on the label.

Mr. TRUAX. But I should like to have my question answered.

Mr. O'CONNOR. Oh, no; most stores are selling blended liquor, I am sorry to say. I would prohibit it altogether.

Mr. TRUAX. All of them?

Mr. O'CONNOR. Yes. The drug stores are selling blended liquor on prescription in violation of law. The matter to which the gentleman refers will be taken care of in a later bill introduced by the gentleman from Peoria, Ill. [Mr. DIRKSEN], the representative of the greatest blended distilleries in America, who want the drug-store people to sell blended whisky on prescription, whisky that may kill infants and old people. We should defeat that bill.

Mr. TRUAX. Then is it the purpose of the gentleman by his amendment merely to eliminate the sale of blended liquor by drug stores?

Mr. O'CONNOR. Yes; but that comes up more specifically in a later bill.

I should like to see this bill amended so that a drug store can sell liquor only on prescription and that that liquor must conform to United States Pharmacopœia standards. That is what we thought we were doing when we passed the District of Columbia liquor control bill.

Mr. TRUAX. Does the gentleman mean to infer that the Peoria district produces nothing but blended whisky?

Mr. O'CONNOR. They produce nothing but blended whisky. They bring in wonderful bonded whisky from Canada, but they cut it 10, 12, or 20 times. They will not sell it bonded or aged in the wood. It is too precious to sell, so they cut it, as the bootleggers did.

Mr. TRUAX. Then, they must be counterfeiting their labels, because I saw a fifth the other night which was labeled "Straight bourbon whisky. Bottled in Peoria." Notice, if you please, I said, "I saw it."

Mr. O'CONNOR. But I would advise the gentleman against drinking it.

Mr. FITZPATRICK. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. FITZPATRICK. The gentleman spoke of the Whisky Trust. Does not the gentleman think the best way to break the Whisky Trust would be to admit liquor from foreign countries free of duty?

Mr. O'CONNOR. I am for that, and have consistently fought for it. I hope our Ways and Means Committee speedily brings in a bill repealing the tariff on whiskies.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. BLANTON. If the gentleman will permit, I may say that I think the gentleman from New York is becoming a most valuable watchman on the tower.

Mr. O'CONNOR. I have been fighting a long time as hard as lies within my power to protect the public against rotten liquor, and against the breweries and the Whisky Trust. The gentleman from Texas and I do not differ much when it comes down to brass tacks. We are faced with the situation where the prohibition amendment has been repealed and we must protect the American people against the possible bad results of repeal.

Now, there are two things I should like to see done in this bill. I have talked about the first. The first is whether the committee will accept an amendment in line 7 adding the words "or class E." This would restrict drug stores to selling liquor on prescription.

I should like to know whether the committee feels so inclined. I do not think it was the intent of Congress to give to drug stores the right to sell all kinds of liquor promiscuously, and display it on their shelves. Here is what will happen: They will have blended liquors on their shelves; a person will come in with a prescription; by reason of the difference in price between bonded whisky and blended whisky they will try to influence that person to buy the blended whisky instead of the whisky they should get under the prescription. It is not right.

Mr. DIRKSEN. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. DIRKSEN. With respect to this influence of which he speaks, may I ask the gentleman how many times he has been influenced by persuasive salesmen of drug stores to change from spiritous frumenti to blended whisky?

Mr. O'CONNOR. None, because I have never bought whisky, blended or straight, in a drug store. I think that's sneaky.

Mr. DIRKSEN. And how many instances are there like that?

[Here the gavel fell.]

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent to proceed for 5 additional minutes.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. O'CONNOR. If the committee will not accept this amendment I think they will be acting contrary to the intent and purpose of Congress when it passed the District of Columbia liquor-control bill.

When I learned that drug stores were to get a license in addition to the ordinary druggists' license, I wrote the Commissioners on January 30 of this year as follows:

JANUARY 30, 1934.

COMMISSIONERS OF THE DISTRICT OF COLUMBIA,
District Building, Washington, D.C.

DEAR SIRS: It has been brought to my attention that some druggists in the District are proceeding on what they call an "interpretation" by someone allegedly representing your board, that druggists are eligible to receive retailer's licenses, class "A" and/or "B", under subsections (2) and (f) of section 11 of the District of Columbia Liquor Bill in addition to retailer's license, class "E" under subsection (i) of that section. In other words, their understanding is that not only may they receive a license to sell "beverages for medicinal purposes", and under the conditions prescribed in subsection (i) but they may also sell the beverages "for consumption off the premises" without prescription.

Permit me to point out respectfully to you that such was never the intent of Congress as evidenced by the debate in the House of Representatives during the consideration of the bill. By reason of the amendment offered by me to the effect that druggists could fill prescriptions for liquors only under the definitions of the U.S.P., and by the other debates, it was the clear understanding that druggists would be restricted to filling prescriptions within the limit of subsection (i). It was never intended that a drug store be turned into a liquor store where liquors might be sold for beverage purposes in addition to medicinal purposes—nor is there any need for the issuance of such licenses. The public will be able to get all the liquor it needs for beverage purposes from the liquor stores.

If you or your Board feel there is any doubt about the question which might compel you to issue these additional licenses to druggists, permit me to suggest that you propose certain amendments to clarify the act in addition to the amendments suggested in the report of the Attorney General under date of January 22, 1934.

Incidentally, if it be true that section 15 of the bill excludes all stores, including drug stores, from obtaining any retail licenses in any residential district, it should be changed so that drug stores in such a district may obtain a license under subsection (i), and possibly established grocery stores should be permitted to obtain a license under subsections (e) and (f).

Respectfully yours,

The acting corporation counsel answered me, and he agreed that what I said appeared to be the intent of Congress; but he pointed out that Congress overlooked a little provision in the law that licensees under sections (a), (b), (e), or (i) could also get licenses under another section. There was so much confusion about the numbers of the sections that we never noticed it at the time.

Mrs. NORTON. Will the gentleman yield?

Mr. O'CONNOR. I yield to the gentlewoman from New Jersey.

Mrs. NORTON. May I say to the gentleman that we had the corporation counsel present when this bill was reported out of the committee, and it was entirely with his approval.

Mr. O'CONNOR. This particular bill?

Mrs. NORTON. Yes.

Mr. O'CONNOR. That does not influence me at all. I am sorry the committee will not accept this amendment.

Here is the other vicious thing about the bill. This House by deliberate action and after thorough consideration practically unanimously compelled the labeling of all blended liquors. The amendment was introduced by the gentleman from Michigan [Mr. WEIDEMAN]. This present bill in its last provision now repeals section 36 of that act, the labeling provision. May I say, and I say this advisedly, that there is less law enforcement in the District of Columbia than in any community of the same proportions in the United States of America? We passed that law, and the authorities have never enforced it, and they do not intend to enforce the law. You cannot get Mr. Campbell, of the Pure Food and Drug Administration to enforce anything. For 6 months I have been trying to get him to enforce this law. Here is a provision, unanimously adopted by the House, that the bottle shall be labeled as to what is in it, and yet the last line of this bill repeals section 36 of that act. What can we do? If we cannot amend the bill, the only thing to do is to vote down the bill.

Mr. BLANTON. But the gentleman may offer an amendment.

Mr. O'CONNOR. I cannot offer an amendment without the permission of the chairman of the committee.

Mr. BLANTON. The gentleman can do that now. He has the floor.

Mr. O'CONNOR. I did not get the floor for the purpose of offering an amendment, and I do not propose to take advantage of the courtesy of the lady.

Mr. BLANTON. Any Member here can offer an amendment to the bill. I am sure the gentlewoman from New Jersey would not have her bill wrecked by preventing the gentleman from New York offering these two salutary amendments, and I think they are salutary. I believe the House will back the gentleman from New York in this matter.

Mrs. NORTON. Does the gentleman know that section 36 was repealed at the express wish of the Attorney General? That such recommendation was contained in a communication from the President to the Congress?

Mr. O'CONNOR. No. I know what the gentlewoman means. Mr. Joseph H. Choate recommended it, not the President or the Attorney General.

[Here the gavel fell.]

Mr. GOSS. Mr. Speaker, I ask unanimous consent that the gentleman's time be extended 5 minutes.

Mrs. NORTON. Mr. Speaker, reserving the right to object. While I do not like to object, it is a fact that we have lost a considerable part of our day. We have a great many bills on the calendar and while I shall not object to this particular 5 minutes, I may protest against granting extensions of time during the rest of the afternoon.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. O'CONNOR. Mr. Speaker, Mr. Joseph H. Choate, head of the Federal Alcohol Board, now extinct, stated to the President that he was going to adopt some sort of a uniform label law. This has not been done, but will have to be done in each jurisdiction, State, or district of the United States. Striking out the labeling provision, in my opinion, permits the sale of blended liquor to people who are sick. One-year-old children are prescribed whisky in pneumonia cases. Ninety-nine-year-old people, I am told by doctors, will be killed if the whisky prescribed them is not aged in wood 4 years. There is no request from the Attorney General against the labeling provision. The President of the United States merely transmitted to Congress what Mr. Choate, a lawyer in New York, said, but Mr. Choate does not know one tenth as much about the whisky business as the gentleman from Illinois, who represents the greatest whisky district in the world.

Mr. O'MALLEY. Will the gentleman yield?

Mr. O'CONNOR. I yield to the gentleman from Wisconsin.

Mr. O'MALLEY. The gentleman is an expert on liquor?

Mr. O'CONNOR. In some respects, I know about it, but in no respect am I an expert.

Mr. O'MALLEY. Would the gentleman consider a concoction composed of 45 percent alcohol and 55 percent distilled water a blended whisky?

Mr. O'CONNOR. I know nothing about the manufacture of whisky.

Mr. O'MALLEY. They are still selling that in the District without a label.

Mr. BLANTON. The gentleman from New York has an erroneous impression about his rights in connection with such a bill as this. This is a bill considered in the House as in Committee of the Whole. The gentleman has a right to move to strike out the last word, the last two words, the last paragraph, or the enacting clause and to offer any amendment he desires to offer. The Chairman or no one else can keep him from doing that.

Mr. O'CONNOR. I thank the gentleman for his parliamentary advice.

Mr. BLANTON. We want to vote with the gentleman on both of his amendments.

Mr. O'CONNOR. I realize I can defeat a committee amendment, but I do not think I can secure the enactment of either of these two amendments except by permission of the committee or by filibuster methods, which I would not indulge in and have never indulged in.

I think the committee should permit these two amendments in order to keep the drug stores as they should be and to make them label bottles in a manner that we will know what is in them.

Mr. BLACK. Will the gentleman yield?

Mr. O'CONNOR. I yield to the gentleman from New York.

Mr. BLACK. What is the gentleman's understanding as to the exact situation in regard to the uniform labeling idea?

Mr. O'CONNOR. It is just a lot of talk. It has not been put into effect.

Mr. BLACK. Nothing going on at all?

Mr. O'CONNOR. Nothing. Mr. Choate's board is not in existence. If you want to protect the people of the District of Columbia from false labels, section 36 of the act should not be repealed.

Mr. TRUAX. It is not only the effect on the people of the District of Columbia, but also our constituents who come in here from all over the country.

Mr. O'CONNOR. They need more protection than the people living in the District.

Mr. TRUAX. The gentleman spoke about the effect of blended whisky on babies and old people. What about those in between?

Mr. O'CONNOR. After a period of 60 years it may be harmful.

Mr. TRUAX. Does not the gentleman think he ought to waive some of this past procedure and offer his amendment?

Mr. O'CONNOR. I hope the committee will accept these amendments.

Mr. BLACK. I think the committee might be inclined to accept the second amendment, but we cannot accept the first one.

Mr. O'CONNOR. Why not restrict the drug store to selling liquor on prescription?

Mr. BLACK. I will tell the gentleman why. This bill comes in as a result of the President's message when he announced his signature to the District of Columbia liquor bill.

Mr. O'CONNOR. The President's message does not say anything about drug stores being rum shops. I have his message before me now.

Mr. BLACK. This bill was drawn primarily as a result of the President's message, and I am far from being a Presidential spokesman. As between the gentleman who now has the floor and myself, I have no standing as a Presidential spokesman.

Mr. GOSS. I understand the committee has accepted one amendment?

Mr. BLACK. We will accept the amendment as to labeling, but we cannot accept the other amendment or we will have no bill.

Mr. O'CONNOR. Of course, you will have a bill, and you will have just as good a bill. The primary purpose of this bill is expressed by section 2 to take care of the solicitor, and the next purpose is to provide that no distiller and no brewer can hold a retail license. All I ask you to do is to go one step further and say that no drug store can hold a retail license in order to prevent the sale of this blended stuff. What could be the objection to this? I have not heard any objection to it.

Mr. BLACK. There is no good reason why he should not sell it.

Mr. O'CONNOR. Yes; I have pointed out the danger. A person goes into one of these drug stores with a prescription from a doctor and he tries to sell this blended stuff that he has on his shelf under his retail license, out of which he gets more money. He should not be in the liquor business.

[Here the gavel fell.]

Mr. BLANTON. Mr. Speaker, I insist that the bill be read under the 5-minute rule for amendment.

Mrs. NORTON. Mr. Speaker, the committee will accept the amendment.

Mr. BLACK. The committee will accept both amendments. [Applause.]

The SPEAKER. The question is on the committee amendment.

The committee amendment was agreed to.

Mr. O'CONNOR. Mr. Speaker, I offer an amendment. Page 2, line 7, add the words "or class E."

The Clerk read as follows:

Amendment offered by Mr. O'CONNOR: On page 2, line 7, at the end of the line, insert "or class E."

Mr. DIRKSEN. Mr. Speaker, I rise in opposition to the amendment.

Let me say that it is not necessary to be unduly disturbed about the eloquence of the gentleman from New York on this matter, for, after all, the essence of the thing is simply this: This does not make it mandatory upon any drug store to sell blended liquor to anybody. It does not make it mandatory to sell blended liquor upon a prescription. It simply says, in effect, that they shall have the same privilege that is being exercised by a liquor store. Under existing law, a prescription calling for blended liquor cannot be filled at a drug store.

Now, the fact is that if a prescription calling for blended liquor got into the hands of anyone——

Mr. PALMISANO. If the gentleman will yield, I think the gentleman is in error. I believe the gentleman is discussing now his own bill.

Mr. DIRKSEN. I am alluding to the general danger pointed out by the gentleman from New York [Mr. O'CONNOR].

Mr. BLACK. The gentleman is laying the foundation for his attack.

Mr. DIRKSEN. Exactly. Where can there be any danger in conferring upon them the same privileges that are now exercised by the liquor stores? You go to a doctor to get a prescription and if he writes on that prescription "blended liquor" you can go to a liquor store, under the present bill, but you cannot go to a drug store and get that prescription for blended liquor filled.

Mr. O'CONNOR. Will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. O'CONNOR. Can the gentleman imagine that any physician of repute would violate the formula in the United States Pharmacopœia and prescribe a blended liquor?

Mr. DIRKSEN. The gentleman from New York proceeds on the theory that blended liquor is poisonous and harmful. I venture to say that 90 percent of all the liquor that is being consumed now is blended liquor and that it is not harmful except that it will cause intoxication. Have you heard of any deaths from poison liquor since we have had blended liquor on the market?

Mr. KRAMER. How does the gentleman from Illinois know it is not poison? Does the gentleman ever drink any of it?

Mr. DIRKSEN. Do I drink any of it?

Mr. KRAMER. Yes.

Mr. DIRKSEN. That is a very personal question, but I may say to the gentleman from California that I have tasted it. You see it is no longer felonious to take a drink.

Mr. KRAMER. Then how does the gentleman know it is blended, outside of the label?

Mr. BLACK. The gentleman is still alive.

Mr. DIRKSEN. I admit the impeachment.

Mr. KRAMER. In other words, the gentleman is a good judge of good liquor.

Mr. FITZPATRICK. Is the gentleman in favor of having the Liquor Trust that sold a case of liquor formerly for $35 now charging $70 for the same liquor?

Mr. DIRKSEN. You can still get liquor for $30 per case. I do not know a thing about the Liquor Trust, although I have heard these allegations about a whisky trust quite often. Maybe there is a whisky trust, but if there is it has not come to my attention.

Before my time expires I want to get back to the statement of the gentleman from New York [Mr. O'CONNOR] and simply say with respect to this bill that drug stores have a heavy capital investment and are you going to let these mushroom liquor stores in the District come along and take away a good share of the business that is so necessary at the present time to sustain the heavy investment that these men have made? So far as the danger is concerned that is mere talk. The druggist can have blended liquor or he can have spiritus fermenti on the shelf to meet the purse and the requirements of all. I doubt if there is ever going to be any insidious persuasion on the part of a drug clerk to make somebody accept blended liquor in place of spiritus fermenti. You are simply conferring upon the drug stores the same rights that are being enjoyed now by all the liquor stores in the District of Columbia, and in view of the fact they have such an investment, why not give them a chance to make out on their investment, the same as anybody else? I think this emphatically disposes of the danger that has been brought up by the gentleman from New York.

Mr. FITZPATRICK. Do any of the business establishments receive doctors' prescriptions except the drug stores?

Mr. DIRKSEN. The gentleman means, do they take prescriptions to some other place?

Mr. FITZPATRICK. I mean do they go into some other kind of liquor store? As I understand it, people do not go with prescriptions to a liquor store.

Mr. DIRKSEN. Perhaps not, and yet the difference in price between blended liquor and spiritus frumenti may persuade the man of slender means to purchase liquor at a liquor store when he should go to a drug store, and under existing law he cannot do so now.

Mr. FITZPATRICK. Would it not be safer if they could not have any of the blended liquor?

Mr. DIRKSEN. The discussion on this matter has been a most futile business. We bring in a bill amending the District liquor law to permit drug stores to sell blended liquor on a physician's prescription where the prescription calls for liquor. It simply confers a right. It enjoins no physician to do so. It empowers no druggist to substitute blend for spiritus frumenti, or aged whisky. Yet for sentimental and unsubstantial reasons you are afraid that a sick person may be poisoned if this authority is conferred upon a druggist. I should rather see a druggist, who is presumed to know something about the composition of liquor, have this right than to permit it to be exercised by a liquor store.

Mr. PALMISANO. Mr. Speaker and fellow Members, this is the first time since I have been a Member of the House and a member of the District Committee that I have taken the floor to ask the House to reject the committee's report.

For the last month or so I have been acting chairman of the committee, because Mrs. NORTON, unfortunately, has had sickness in her family.

On Wednesday last we had a regular hearing. On Thursday, in order to draw some bills, I called a special session of the committee. The gentleman who represented chain drug stores requested me particularly on Wednesday not to bring the bill up before the committee on Thursday.

On Thursday, unfortunately, I was 15 seconds late and missed the train. On that day the House met at 11 o'clock a.m. Mrs. NORTON came back that day, having been absent about a month, as I say, on account of sickness in her family, and, to my surprise, when I got here I found that the bill had been reported out that morning. In other words, the Representative who asked me not to report the bill took advantage of my absence and had it reported out. I want to say that Mrs. NORTON knew nothing about it.

Mrs. NORTON. What bill is the gentleman discussing? This is not the bill he objects to.

Mr. PALMISANO. Yes. Under the present law no concern except a bona fide hotel, in existence at the time when the liquor bill was passed, can have more than one license. Now, the chain stores in the District of Columbia can obtain only one license. What they want is to have a license in every store so that they may monopolize all liquor business in the District. Now, you want to take this in connection with the bill that will follow this.

Mr. O'CONNOR. The bill that will follow this should stand or fall by this bill, because that permits drug stores to fill prescriptions with blended liquor.

Mr. PALMISANO. I call attention to the two bills. The law provides that the drug stores today can sell straight liquor on prescription with a $25 license. If they do not prefer that license, they can obtain a regular liquor license to sell blended liquor or anything they please. Now, the bill that will follow this will permit them to fill prescriptions of blended liquor on a $25 license.

I want to call attention to the testimony of a gentleman who appeared before our committee. His name was Hege. I quote from the hearings:

Mr. WEIDEMAN. Don't you think that some of these blends they are selling are terrible?

Mr. HEGE. I do; I heard Dr. Linder testify in effect at a hearing at the Mayflower Hotel that some of the blended whiskies consisted of the dumping into a 50-gallon barrel of 24 gallons of water, 24 gallons of alcohol, 1 gallon of straight rye whisky, coloring, and flavoring substances.

I say with all due respect that any drug store or any doctor who prescribes liquor of that kind should be put out of business. For years we have had a chain drug store proposition.

Now, the so-called "independent grocers", and the chain drug stores are getting together and want to freeze out the poor little fellow who is not tied up with either of them.

In Baltimore city the Read's Drug Stores have 27 licenses. It is like a gasoline station. They grab up all of the prominent corners of the city and then sell their wares at cut-rate prices. In Baltimore they are putting everyone out of business by selling liquor that the individual dealer must buy at $1.10 per pint for $1.12, which necessarily brings on a violation of the law by the little fellow, who wants to do the right thing and abide by the law. We should let every man who obtains a license, and who will abide by the law, have a chance to make a living, and we should not permit a chain combination to undersell him in any respect. When they put the little fellow out of business, you will find that they will go back to the price and get the profit.

Mr. TRUAX. Mr. Speaker, I move to strike out the last two words. I think a great many people thought as I did when we originally passed the liquor bill for the District of Columbia, that the gentleman from New York [Mr. O'CONNOR] was somewhat visionary when he advocated a tax of $5 a gallon on whisky. I for one have begun to believe that the gentleman from New York was right.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield?

Mr. TRUAX. Yes.

Mr. O'CONNOR. If the gentleman will permit, the net result of the defeat of my amendment has been that the Government has lost some money and the distillers have it in their pockets.

Mr. TRUAX. Quite true, and today you have to pay $3 and $3.50, $4 and $4.50 for a pint of good bonded whisky, which means $8 and $9 a quart, or $32 and $36 a gallon. You could buy this same brand of goods before we repealed prohibition on a prescription from a drug store for from $2.50 to $3 and $3.50 a pint. There is one thing clearly evident, and that is there is a Whisky Trust in this country, that is receiving millions and millions of dollars every week that we sell liquor.

Mrs. NORTON. Mr. Speaker, will the gentleman yield?

Mr. TRUAX. Yes.

Mrs. NORTON. Does the gentleman not think that by allowing whisky to be sold freely as in the chain stores and drug stores, the competition that would ensue would naturally bring down the price of liquor? I believe that a great deal of what the gentleman says is true. I think the American people have been put in a very strange position by the Whisky Trust in this country, but does the gentleman not think that allowing it to be sold in chain stores and drug stores will help that situation?

Mr. TRUAX. In my judgment it would not, because of the fact that the food chains today, the A. & P. and Kroger stores, of which we have 7,000 in Ohio and Indiana, operate without any competition between them at all. They have agreements, they have fixed price schedules, and when you consider the short weights and the short measures that they use in many instances the price of their food is no lower than that which is retailed by the home merchants. It would only fortify and make stronger the trust that is now handling the liquor of this country.

Mr. FITZPATRICK. Mr. Speaker, will the gentleman yield?

Mr. TRUAX. Yes.

Mr. FITZPATRICK. The bootleggers before the repeal of prohibition were mere pikers as compared with the Whisky Trust today.

Mr. TRUAX. That is true. We all said that we were going to free this country from the bootlegger, that we were going to bring down the price of liquor and make it easy and possible for every one who wanted a drink to buy good liquor cheaply. I repeat the statement I made when we passed that bill, that our New Straitsville moonshine liquor in Ohio is better liquor today than you can obtain for twice the price here.

Mr. O'MALLEY. Mr. Speaker, will the gentleman yield?

Mr. TRUAX. Yes.

Mr. O'MALLEY. It has been suggested that perhaps by letting this liquor into chain stores it would bring down the price by competition. A price war is illegal under the N.R.A. How, then, could that be accomplished?

Mr. TRUAX. It would only make it possible to maintain these present high prices, and to send all the money derived from liquor sales into Wall Street. Your A. & P. stores are owned by Wall Street capital, and the Kroger stores are owned by Lehman Bros., Wall Street bankers in New York.

Mr. O'CONNOR. And the headquarters of the Whisky Trust is at no. 52 Williams Street, in Kuhn-Loeb's building.

Mr. TRUAX. I thank the gentleman for that information. These are some of the rich income-tax evaders that ought to be strung up and 90 percent of their wealth taken away from them.

Now, there is no competition in the liquor trade. Let us not be fooled by anyone on that. Whether you buy blended liquor in the drug store or the liquor store, the price is the same. Whether you buy bonded whisky in the drug store or the liquor store, the price is the same. When you go to get liquor you pay the same price no matter where you go. I speak not from my own experience, but from what I have learned from listening to the gentleman from New York on the floor of this House. Really good imported liquors, such as Haig & Haig and Johnny Walker are beyond the reach of the average man's purse. It is a most distressing situation today, Mr. Speaker, that the great American people, who were led into repealing prohibition by their votes, first, cannot buy liquor at a reasonable price. The American people were the first to repeal prohibition and then Congress came to see the light, and repealed it. Now we have given the American people what? We have given them a sham and a fraud, and we are giving the real benefits and the real revenues to the giants of finance down in New York, who have grabbed off everything we eat, who have grabbed off everything we wear, and who are now grabbing off everything that we drink.

I am heartily in accord with the amendment offered by the gentleman from New York [Mr. O'CONNOR] and I want to praise the gentlewoman from New Jersey [Mrs. NORTON] for accepting the amendment. I hope it will be passed by the Members of this House without a dissenting vote.

I want to say a word for my friend from Illinois [Mr. DIRKSEN]. From my personal knowledge I will say to the gentleman from New York that they do sell down here what is known as straight 100-percent proof Bourbon, distilled in Peoria, Ill., and it is not bad, and you can buy a fifth for $1.75.

Mr. KRAMER. Will the gentleman yield?

Mr. TRUAX. I yield.

Mr. KRAMER. The gentleman means the label reads "100 percent"?

Mr. TRUAX. The label reads "100 percent."

Mr. KRAMER. But the liquor is not 100 percent?

Mr. TRUAX. I would not be too sure about that.

Mr. DIRKSEN. Will the gentleman yield?

Mr. TRUAX. I yield.

Mr. DIRKSEN. The gentleman speaks constantly of the Whisky Trust. Is the gentleman familiar with the fact that the code for the distillers makes it impossible to enlarge the distilling capacity of this country beyond what it was on the 5th day of December 1933? You stopped them from making whisky so that the price would go up. Your administration, the Democratic administration, has brought that about, and has placed the stamp of approval upon a code that seeks to keep intact only those distillery properties that were in operation or under the process of construction on the 5th of December 1933.

Mr. TRUAX. Oh, we might stop them from distilling it, but we did not stop them from blending this rotten stuff that they are racketeering with. [Applause.]

The SPEAKER. The time of the gentleman from Ohio [Mr. TRUAX] has expired.

The pro forma amendments were withdrawn.

The SPEAKER. The question is on the amendment offered by the gentleman from New York [Mr. O'CONNOR].

The amendment was agreed to.

The Clerk read as follows:

SEC. 4. Section 36 of such act is hereby repealed.

Mr. O'CONNOR. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. O'CONNOR: Page 2, line 14, strike out section 4.

The amendment was agreed to.

Mr. DIRKSEN. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DIRKSEN: Page 2, line 13, after the word "act" add: "Except that insofar as said section affects retailer's license, class B, it shall become effective upon the approval of this act."

Mr. O'CONNOR. Mr. Speaker, I rise in opposition to the amendment to ask an explanation of it.

Mr. DIRKSEN. Simply that it makes the provision effective, insofar as beer is concerned, immediately, and as far as the other licenses are concerned, it does not become effective.

Mr. BLANTON. When the gentleman refers to "we", to whom does he refer?

Mr. DIRKSEN. I must have been speaking editorially. I am sorry.

Mr. BLANTON. The gentleman said "as far as we are concerned."

Mr. DIRKSEN. I said "as far as beer is concerned."

Mr. O'CONNOR. The proviso is that section 12 shall become effective 90 days after the approval of the act. What is the gentleman from Illinois trying to do?

Mr. DIRKSEN. The gentleman from Illinois is not trying to put anything over. He is simply trying to make this effective, as far as beer is concerned, at once, because it will give the brewers a chance to sell their wares during the summer season. Otherwise it would not become effective for 90

days, and the good beer season at that time would be at an end.

Mr. O'CONNOR. Well, I do not know about the reason for this great interest in the brewers. I would call the gentleman's attention to the history of the patriotism of the Brewers during the World War.

Mr. DIRKSEN. I presume next I will be hearing of a Brewers Trust in my district.

Mr. KRAMER. I do not believe it will have any effect in California, because we have warm weather there all the year round.

Mr. BLACK. This bill is not for California.

The SPEAKER. The question is on the amendment offered by the gentleman from Illinois [Mr. DIRKSEN].

The question was taken; and on a division (demanded by Mr. DIRKSEN) there were ayes 3 and noes 23.

So the amendment was rejected.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Horne, its enrolling clerk, announced that the Senate insists upon its amendments to the bill (H.R. 8471) entitled "An act making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1935, and for other purposes", disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. COPELAND, Mr. HAYDEN, Mr. SHEPPARD, Mr. STEPHENS, Mr. TOWNSEND, and Mr. CAREY to be the conferees on the part of the Senate.

B STREET SW., DISTRICT OF COLUMBIA

Mrs. NORTON. Mr. Speaker, I call up the bill (S. 194) to change the name of B Street SW. in the District of Columbia, and ask its immediate consideration.

The SPEAKER. Is there objection to the request of the gentlewoman from New Jersey?

There was no objection.

The Clerk read the bill as follows:

Be it enacted, etc., That in honor of the Declaration of Independence of the United States of America, the thoroughfare now known as "B Street southwest", running west from South Capitol Street in the District of Columbia, and as it may at any time be extended, widened, or otherwise changed, shall hereafter bear the name "Independence Avenue."

Passed the Senate February 6, 1934.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EMPLOYERS' LIABILITY INSURANCE

Mrs. NORTON. Mr. Speaker, I call up the bill (S. 1820) to amend the Code of Law for the District of Columbia, and ask its immediate consideration.

The SPEAKER. Is there objection to the request of the gentlewoman from New Jersey?

There was no objection.

The Clerk read the bill as follows:

Be it enacted, etc., That subchapter 5 of chapter XVIII of the Code of Law for the District of Columbia be amended by adding thereto a new paragraph reading as follows:

"Every insurance corporation or association authorized to transact business in the District of Columbia, which insures employers against liability for compensation under the Employees' Compensation Act, shall file with the Superintendent of Insurance its manual of classifications and underwriting rules, together with basic rates for each class, and also merit rating plans designed to modify the class rates, none of which shall take effect until the Superintendent of Insurance shall have approved the same as adequate and reasonable for the group of risks to which they respectively apply. The Superintendent of Insurance may withdraw his approval of any premium rate or schedule made by any insurance corporation or association, if, in his judgment, such premium rate or schedule is inadequate or unreasonable: *Provided*, That upon petition of the company or association or any other party aggrieved the opinion of the Superintendent of Insurance shall be subject to review by the Supreme Court of the District of Columbia: *Provided further*, That any petition for review shall be filed with said court within 30 days after the rendition of opinion by the Superintendent of Insurance."

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

DEGREE-CONFERRING INSTITUTIONS

Mrs. NORTON. Mr. Speaker, I call up the bill (S. 193) to amend section 586c of the act entitled "An act to amend subchapter 1 of chapter 18 of the Code of Laws for the District of Columbia relating to degree-conferring institutions", approved March 2, 1929, and ask its immediate consideration.

The SPEAKER. Is there objection to the request of the gentlewoman from New Jersey?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 586c of the act entitled "An act to amend subchapter 1 of chapter 18 of the Code of Laws for the District of Columbia relating to degree-conferring institutions", approved March 2, 1929, be, and the same is hereby, amended by adding at the end of such section the following: "*Provided*, That no institution heretofore incorporated under the provisions of this act, and carrying on its work exclusively in any foreign country with the consent and approval of the government thereof, shall if otherwise entitled to be licensed by the board of education, be denied the same solely because of the inclusion in its name and as descriptive of its origin of any of the specific words the use of which is by this section forbidden to incorporations under the provisions of this act."

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MUTUAL FIRE INSURANCE CO. OF THE DISTRICT OF COLUMBIA

Mrs. NORTON. Mr. Speaker, I call up the bill (H.R. 7090) to amend an act to incorporate the Mutual Fire Insurance Co. of the District of Columbia, as amended, and ask unanimous consent that it be considered in the House as in Committee of the Whole.

The SPEAKER. Is there objection to the request of the gentlewoman from New Jersey?

There was no objection.

Mrs. NORTON. Mr. Speaker, I ask unanimous consent to substitute for the House bill, Senate bill S. 2857, to amend an act entitled "An act to incorporate the Mutual Fire Insurance Co. of the District of Columbia", as amended.

The SPEAKER. Is there objection to the request of the gentlewoman from New Jersey?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That sections 2 to 9 of the act entitled "An act to incorporate the Mutual Fire Insurance Co. of the District of Columbia", approved January 10, 1855 (10 Stat. 836), as amended April 12, 1866 (14 Stat. 32, ch. 41), March 25, 1870 (16 Stat. 80, ch. 35), June 14, 1878 (20 Stat. 132, ch. 195), and July 5, 1884 (23 Stat. 155, ch. 233), are hereby amended to read as follows:

"SEC. 2. The purpose and designs of this corporation shall be to insure the property of the members thereof against loss or damage by fire, lightning, sprinkler leakage, cyclone, tornado, windstorm, and hail; to insure glass against breakage; to insure the loss of use and occupancy and rents of buildings when such loss is caused by fire, lightning, cyclone, tornado, windstorm, and hail; to insure automobiles and other vehicles, and other property, against loss or damage by fire, theft, transportation, explosion, and collision; to insure against the loss of property by burglary, theft, robbery, larceny, and forgery; to insure against loss or damage by any other hazard upon any risk which is not prohibited by statute or at common law from being the subject of insurance by a fire-insurance company but not including loss or damage by reason of bodily injury to the person, nor shall such corporation do a life-insurance or fidelity or surety business; and to cede and accept reinsurance upon the whole or any part of any risk; and to have and exercise all the general powers of corporations organized under the laws of the District of Columbia, insofar as they relate to mutual fire-insurance companies: *Provided, however*, That said corporation shall forever be conducted for the mutual benefit of its members, and not for profit; and, as to its business transacted in the District of Columbia or in any State or other jurisdiction in which it is licensed, shall be subject to all laws of such District, State, or other jurisdiction governing mutual fire-insurance companies.

"SEC. 3. The policies hereafter issued by said corporation shall provide for a premium or premium deposit payable in cash with-

out premium note, and, except as herein provided, for a contingent premium at least equal to the premium or premium deposit: *Provided*, That said corporation may issue policies without additional contingent liability of its members whenever it has a surplus of assets over all its liabilities of $100,000, or more.

"SEC. 4. All persons who shall hereafter insure with said corporation; and their heirs, executors, administrators, and assigns continuing to be insured by said corporation, shall thereby become members thereof during the period they shall remain insured by said corporation and no longer. Any public or private corporation, board, association, or estate may hold policies in the corporation. Any officer, director, trustee, or legal representative of such corporation, board, association, or estate may be recognized as acting for or on its behalf for the purpose of membership in this corporation, but shall not be personally liable upon such contract of insurance by reason of acting in such representative capacity. The right of any corporation, board, association, or estate to participate as a member of this corporation is hereby declared to be incidental to the purpose for which such corporation, board, association, or estate is organized and as much granted as the rights and powers expressly conferred.

"SEC. 5. The annual meeting of the members of said corporation shall be held at such time and place as provided in the bylaws. It shall be the duty of the president to call a special meeting of the corporation upon the written request of 20 members. Each member shall have 1 vote for each risk held by him on all matters properly before any meeting of the members.

"SEC. 6. The affairs of said corporation shall be conducted by a board consisting of seven directors or such greater number as may be authorized by the bylaws, selected from the members, to be elected by ballot at annual meetings of the members, for terms not exceeding 3 years, as fixed by the bylaws, and to continue in office until their successors are chosen. The board of directors shall have full power to make and prescribe such bylaws, rules, and regulations as they shall deem needful and proper for the elections herein provided and for the conduct and management of the business, funds, property, and effects of the company, not contrary to this act or to the laws of the United States, and they shall have power to alter or amend the same as the interests of the company, in their opinion, may require. Not less than a majority of the directors shall be a quorum to do business, but a less number may adjourn from time to time. Vacancies happening in the board may be filled by the remaining directors for the remainder of the term for which they were elected. The board shall choose one of their number as president, and appoint a secretary and treasurer and such other officers as may be necessary for conducting the affairs of said corporation. The persons now acting as managers shall continue as the board of directors until the next annual meeting after the passage of this act, and thereafter until their successors are duly chosen.

"SEC. 7. It shall be lawful for said company to invest and reinvest all moneys received by it in such manner, consistent with the laws of the District of Columbia relating to mutual fire-insurance companies, as the directors deem best for the interests of the company, and to acquire, hold, and sell real estate necessary or convenient for the transaction of its corporate business.

"SEC. 8. Nothing herein contained shall be construed to affect or impair in any manner whatsoever any vested right or interest in or under any existing contract of the company.

"SEC. 9. The right to alter, amend, or repeal this act is hereby expressly reserved."

SEC. 2. Sections 10 to 16, inclusive, of the said act of January 10, 1855 (10 Stat. 836), as amended April 12, 1866 (14 Stat. 32), March 25, 1870 (16 Stat. 80), June 14, 1878 (20 Stat. 132), and July 5, 1884 (23 Stat. 155), and said Act of July 5, 1884 (23 Stat. 155), are hereby repealed.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill was laid on the table.

DELLA D. LEDENDECKER

Mrs. NORTON. Mr. Speaker, I call up the bill (S. 2006) for the relief of Della D. Ledendecker and ask unanimous consent that it be considered in the House as in Committee of the Whole.

The SPEAKER. Is there objection to the request of the gentlewoman from New Jersey?

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That the Commission on Licensure to Practice the Healing Art in the District of Columbia is hereby authorized to license Della D. Ledendecker to practice chiropractic in said District under the provisions of the act entitled "An act to regulate the practice of the healing art to protect the public health in the District of Columbia", approved February 27, 1929, notwithstanding the provision therein requiring applications from candidates for licenses to practice chiropractic to be filed within 90 days from the date of the approval of said act, and on condition that said Della D. Ledendecker shall otherwise be found by said commission to be qualified to practice under the provisions of said act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMATEUR BOXING

Mrs. NORTON. Mr. Speaker, I call up the bill (S. 328) to prevent professional prize fighting and to authorize amateur boxing in the District of Columbia, and for other purposes, and an amendment will be offered striking out all after the enacting clause and inserting the provisions of the bill H.R. 1607, as amended.

Mr. BLANTON. Mr. Speaker, reserving the right to object, does not this bill create another expensive commission in the District of Columbia?

Mr. BLACK. It is a self-sustaining commission.

Mr. BLANTON. Does it not provide for three high-salaried commissioners and does it not provide for a lot of paid employees?

Mrs. NORTON. I believe the gentleman must be in error, because the bill does not provide for any salaried commission.

Mr. BLANTON. Is not this the bill which provides for a salaried boxing commission?

Mrs. NORTON. This is the bill, H.R. 1607, to permit amateur boxing.

Mr. BLANTON. It is not the one that creates a salaried boxing commission?

Mrs. NORTON. Absolutely not a salaried commission.

Mr. BLANTON. And it creates no salaried offices of any kind?

Mrs. NORTON. None. It creates a boxing commission, but the commissioners serve without salary.

Mr. BLANTON. There is no salary connected with the bill?

Mr. HARTLEY. No salary whatsoever.

Mr. BLANTON. Then the commissioners who are to be appointed under the terms of this bill are to serve without salary?

Mr. HARTLEY. That is right.

The SPEAKER. The Clerk will report the Senate bill.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That whoever shall, in the District of Columbia, voluntarily engage in a pugilistic encounter shall be imprisoned for not more than 5 years. By the term "pugilistic encounter", as herein used, is meant any voluntary fight by blows by means of fists or otherwise, whether with or without gloves, between two or more men for money or anything of value except a suitably inscribed wreath, diploma, banner, badge, medal, or timepiece, not exceeding the value of $35 or upon the result of which any money or anything of value is bet or wagered, or to see which an admission fee of more than $2 is directly or indirectly charged.

SEC. 2. (a) There is hereby created for the District of Columbia a boxing commission, to be composed of three members appointed by the Commissioners of the District of Columbia, one of whom shall be a member of the police department of the District of Columbia. No person shall be eligible for appointment to membership on the commission unless such person at the time of appointment is and for at least 3 years prior thereto has been a resident of the District of Columbia. The terms of office of the members of the commission first taking office after the approval of this act shall expire at the end of 2 years from the date of the approval of this act. A successor to a member of the commission shall be appointed in the same manner as the original members and shall have a term of office expiring 2 years from the date of the expiration of the term for which his predecessor was appointed, except that any person appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term. The members of the commission shall receive no compensation for their services. The Commissioners of the District of Columbia shall furnish to the boxing commission such office space and clerical and other assistance as may be necessary.

(b) Subject to the approval of the Commissioners of the District of Columbia, the commission shall have power (1) to cooperate with organizations engaged in the promotion and control of amateur boxing; (2) to supervise and regulate amateur boxing within the District of Columbia; and (3) to make such orders, rules, and regulations as the commission deems necessary for carrying out the powers herein conferred upon it.

(c) No person shall hold a boxing exhibition in the District of Columbia without a permit from the commission, but the commission shall not issue any such permit except to a club, university, college, school, or other organization or institution which the commission finds is interested in the promotion of amateur ath-

letics. Each such permit shall be limited to a period of 1 day, except that in case of any interscholastic boxing meet or similar contest a permit may be issued for the duration of such meet or contest. No such permit shall be issued to any person unless such person agrees to accord to the commission the right to examine the books of accounts and other records of such person relating to the boxing exhibition for which such permit is issued, and such permit shall so state on its face. A permit may be revoked at any time in the discretion of the commission.

(d) No individual shall engage in any boxing exhibition in the District of Columbia without a license from the commission. Such license shall entitle the licensee to engage in amateur boxing exhibitions in the District of Columbia for the period specified therein, but the commission shall not issue any such license to any individual if the commission finds that such individual has at any time or place engaged in any professional prize fight or in any boxing exhibition for which he received money as compensation or reward, and the commission shall revoke any such license if at any time, after notice and hearing, it makes such finding in respect of the licensee, and may revoke any such license at any time for violation by the licensee of any order, rule, or regulation of the commission, or for other cause.

(e) Any permit or license issued by the board shall not be valid for the purpose of holding or engaging in, respectively, any boxing exhibition which does not conform to the following conditions: (1) Such exhibition may consist of one or more bouts, but no such bout shall continue for more than four rounds; (2) no round shall exceed 3 minutes; (3) there shall be an interval of 1 minute between each round and the succeeding round; and (4) each contestant shall use gloves of not less than 8 ounces each in weight.

(f) The commission may charge for permits and for licenses such fees as will, in its opinion, defray the cost of issuance thereof and other necessary expenses of the commission.

(g) Any person who (1) holds any boxing exhibition in the District of Columbia without a permit valid and effective at the time, or (2) engages in any boxing exhibition in the District of Columbia without a license valid and effective at the time, or (3) violates any lawful order, rule, or regulation of the commission shall, upon conviction thereof, be fined not more than $1,000 or imprisoned not more than 1 year, or both.

(h) The term "person" as used in this act, includes individuals, partnerships, corporations, and associations.

Mr. BLACK. Mr. Speaker, I offer an amendment striking out all after the enacting clause and inserting the House bill, as amended.

The Clerk read as follows:

Amendment offered by Mr. BLACK: Strike out all after the enacting clause and insert the following:

(a) That there is hereby created for the District of Columbia a boxing commission to be composed of three members appointed by the Commissioners of the District of Columbia, one of whom shall be a member of the police department of the District of Columbia. No person shall be eligible for appointment to membership on the commission unless such person at the time of appointment is and for at least 3 years prior thereto has been a resident of the District of Columbia. The terms of office of the members of the commission first taking office after the approval of this act shall expire at the end of 2 years from the date of the approval of this act. A successor to a member of the commission shall be appointed in the same manner as the original members and shall have a term of office expiring 2 years from the date of the expiration of the term for which his predecessor was appointed, except that any person appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term. The members of the commission shall receive no compensation for their services. The Commissioners of the District of Columbia shall furnish to the boxing commission such office space and clerical and other assistance as may be necessary.

(b) Subject to the approval of the Commissioners of the District of Columbia, the commission shall have power (1) to cooperate with organizations engaged in the promotion and control of amateur boxing; (2) to supervise and regulate boxing within the District of Columbia; and (3) to make such orders, rules, and regulations as the commission deems necessary for carrying out the powers herein conferred upon it.

(c) No person shall hold a boxing exhibition in the District of Columbia without a permit from the commission. Each such permit shall be limited to a period of 1 day, except that in case of any interscholastic boxing meet or similar contest a permit may be issued for the duration of such meet or contest. No such permit shall be issued to any person unless such person agrees to accord to the commission the right to examine the books of accounts and other records of such person relating to the boxing exhibition for which such permit is issued, and such permit shall so state on its face. A permit may be revoked at any time in the discretion of the commission.

(d) No individual shall engage in any boxing exhibition in the District of Columbia without a license from the commission. Such license shall entitle the licensee to engage in amateur boxing exhibitions in the District of Columbia for the period specified therein, and the commission may revoke any such license at any time for violation by the licensee of any order, rule, or regulation of the commission, or for other cause.

(e) Any permit or license issued by the board shall not be valid for the purpose of holding or engaging in, respectively, any boxing exhibition which does not conform to the following conditions: (1) Such exhibition may consist of one or more bouts; (2) no round shall exceed 3 minutes; (3) there shall be an interval of 1 minute between each round and the succeeding round; and (4) each contestant shall use gloves of not less than 8 ounces each in weight.

(f) The commission may charge for permits and for licenses such fees as will, in its opinion, defray the cost of issuance thereof and other necessary expenses of the commission.

(g) Any person who (1) holds any boxing exhibition in the District of Columbia without a permit, valid and effective at the time, or (2) engages in any boxing exhibition in the District of Columbia without a license, valid and effective at the time, or (3) violates any lawful order, rule, or regulation of the commission shall, upon conviction thereof, be fined not more than $1,000 or imprisoned not more than 1 year, or both.

(h) The term "person", as used in this act, includes individuals, partnerships, corporations, and associations.

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

The title was amended to read as follows: "A bill to authorize boxing in the District of Columbia, and for other purposes."

JENNIE BRUCE GALLAHAN

Mrs. NORTON. Mr. Speaker, I call up the bill (H.R. 2035) for the relief of Jennie Bruce Gallahan and ask that it be considered in the House as in Committee of the Whole.

The Clerk read the title of the bill.

Mr. GOSS. Mr. Speaker, reserving the right to object, may I call the gentlewoman's attention to line 4, where it says that the Secretary of the Treasury is authorized and directed to pay out of any money in the Treasury not otherwise appropriated the sum of $5,000. May I say that the Appropriations Committee are quite jealous.

Mrs. NORTON. This says "authorized."

Mr. GOSS. It says "authorized to pay out any money in the Treasury." I may say that this is a bill to pay a fireman's widow out of Federal money instead of out of District funds.

Mr. BLANTON. Will the gentleman yield?

Mr. GOSS. I yield to the gentleman from Texas.

Mr. BLANTON. This widow is now drawing a pension of $60 a month, and this bill would give her an additional $5,000.

Mr. GOSS. Out of the Federal Treasury.

Mr. BLANTON. This would establish one of the worst precedents that could be brought before this House.

Mr. GOSS. May I say to the gentlewoman that we have discussed this matter in the Appropriations Committee, especially the subcommittee of which I am a member, this morning. We have no objection to the legislative committees' reporting out bills that do not appropriate money, but we do object to the legislative committees' reporting out bills that do appropriate money, and that is why I call this to the gentlewoman's attention. I will have to object to this, but I would not object to an authorization.

Mr. BLANTON. This sets a bad precedent, and the bill should not be passed.

Mr. GOSS. If this is amended to purely an authorization I would not object.

Mr. BLANTON. I hope the distinguished gentlewoman from New Jersey will not call this bill up, because this is the kind of bill that ought to come through another committee. This is going to establish a bad precedent and will harass us hereafter.

Mr. GOSS. May I ask the gentlewoman if there is any good reason why this amount of money should be paid out of the Federal Treasury? Does not the gentlewoman feel this should be confined to District funds?

Mrs. NORTON. I do feel that way.

Mr. GOSS. I would have no objection if it is authorized and tied up in that way although I have not prepared an amendment. I did not know that this was coming up.

Mr. BLANTON. Does not the gentleman from New York want to protect the jurisdiction of his committee? This is a bill that should come through his committee.

Mr. BLACK. We rather came to the conclusion that the bill belonged to the District Committee.

Mr. BLANTON. It ought to come out of the District funds then. It should not come out of Federal funds.

Mrs. NORTON. There is no objection to that suggestion.

Mr. GOSS. I will prepare an amendment. I have not the amendment in front of me. If the gentlewoman will defer for a moment and call this up later, I will prepare an amendment.

Mr. O'CONNOR. Do claim bills of the District of Columbia go to the District of Columbia Committee?

Mr. BLACK. Some of them do and some of them do not. There does not seem to be any fixed rule. I have seen bills in the District Committee that I have met again in the Claims Committee.

Mr. BLANTON. They ought to go to the Claims Committee always.

Mr. BLACK. There was a bill that was taken up in the District Committee and then went to the Claims Committee.

Mrs. NORTON. This bill has been passed by the House on two different occasions.

Mr. O'CONNOR. As I understand the parliamentary situation, this is a private bill. It should have gone to the Claims Committee, but under our rules a Member may refer this type of bill himself. The Member must have referred this to the District of Columbia Committee.

Mr. PALMISANO. This has been considered by the District Committee.

Mrs. NORTON. This bill has been passed by the House on two different occasions.

Mr. GOSS. The bill appropriates Federal funds and not District funds.

Mr. BLANTON. I hope that the bill will not be called up, for I shall be compelled to oppose its passage.

Mrs. NORTON. Mr. Speaker, I withdraw the bill temporarily while an amendment is being prepared.

RACE TRACKS IN THE DISTRICT OF COLUMBIA

Mrs. NORTON. Mr. Speaker, I call up the bill (H.R. 7906) to license race tracks in the District of Columbia and provide for their regulation.

The Clerk read the title of the bill.

Mr. GOSS. Mr. Speaker, reserving the right to object, may I ask the gentlewoman a question? I notice on page 2, lines 15 to 18, these words: "The cost of any bond given by any member of the racing commission shall be taken to be a part of the necessary expenses of said commission and shall be payable by the District of Columbia."

I have taken the trouble to look up the law, and I find that all employees of the Federal Government as well as the District government are required to pay their own bond premiums except in this case. The payment by the Government of premiums on the bonds of Government employees or District employees is setting a new precedent.

Mr. BLACK. Here is a bond of $50,000. The cost of the bond would be as much as the salary.

Mr. GOSS. The gentleman is talking about a penalty.

Mr. BLACK. No. I am talking about the premium on the bond.

Mr. GOSS. This says "The cost of any bond."

Mr. BLACK. This is the only bond required. This is a $50,000 bond.

Mrs. NORTON. To which bill is the gentleman referring?

Mr. GOSS. H.R. 7906. The Appropriations Committee felt that this was an appropriation, because the cost of a bond given by any member of the racing commission was to be payable out of District funds, whereas in all other cases, as I was trying to point out, Federal and District employees who are bonded pay the premiums themselves. The Appropriations Committee felt this was an appropriation and is desirous again of having this bill limited to an authorization only. We are not opposed to these bills except insofar as they appropriate money.

Mr. BLACK. Is the gentleman opposed to the principle of the bill?

Mr. GOSS. No; but, as a matter of fact, I think this is a bill where the Commissioners are opposed to handling the matter in this way, according to the report.

Mr. BLACK. They were against the bill.

Mr. GOSS. Yes; and they were opposed to the provisions of this bill that allowed this bond money to be paid by the District instead of the individual.

Mr. BLACK. No; the District Commissioners believe that all these bonds should be paid out of the public funds, including the District of Columbia bonds.

Mr. GOSS. I may say to the gentleman that there is not a single one of them paid in the way you are suggesting in this bill.

Mr. BLACK. But they believe they should be paid in this way. This is a case of a $50,000 bond, and the premium would be $1,000. The proposed salary is $2,000; and if you make the individual pay for the premium on his bond, you will be giving him a salary of only $1,000.

Mr. GOSS. I have spoken to the Chairman of the District Committee many times about this bill, and your committee has taken the position heretofore that all the power the committee has is to authorize appropriations, and they have always taken the position that these things should go to the Committee on Appropriations.

Mr. BLANTON. Mr. Speaker, reserving the right to object, when this bill was originally drawn it provided that anyone desiring to have races in the District of Columbia should apply to the District Commissioners for a permit. If horse racing is to be permitted, that is as far as this bill should go; yet it has been amended by the committee and provides for an expensive racing commission with a lot of employees, and should not be passed.

Mr. BLACK. That was my idea exactly.

Mr. BLANTON. That is what the Commissioners are for; to pass on and to grant such permits. They are here to attend to the business of the people of the District. This is why they get a basic salary of $9,000, after they have been in office for the required period of time. We should not provide for the establishment of another expensive commission to handle racing, with the members of the commission and numerous employees paid salaries. When you pass such a bill, you are putting the District and the people of the District of Columbia in the racing business, and that ought not to be done.

Mr. BLACK. I introduced this bill, and I was quite satisfied that the District Commissioners have charge of the entire operation, but, to meet the objections of several members of the committee, I had to agree to these amendments.

Mr. BLANTON. There is always an attempt to enlarge personnel and create new positions with new salaries at the expense of the taxpayers here, because they cannot help themselves.

Mr. BLACK. I agree with the gentleman that the simpler we have the structure of government here the better.

Mr. BLANTON. The gentleman from New York wields great influence with this committee, and is he not willing to go back to his own proposition?

Mr. BLACK. Absolutely.

Mr. BLANTON. Is the chairman of the committee willing to do that?

Mrs. NORTON. Yes.

Mr. GOSS. The gentleman from Texas is a member of the Committee on Appropriations, and I am sure he does not want to appropriate the money in this bill.

Mr. BLANTON. Certainly not; and that is what I have arranged with the committee to avoid. We are going to change that and go back to the original Black bill.

Mrs. NORTON. I may say to the gentleman from Texas that the bill that was to be considered, I thought, was the original bill, H.R. 7906. As the gentleman knows, I have been away from the committee for sometime, owing to serious illness in my family. The original bill did not con-

tain all these amendments that the gentleman objects to, and I am perfectly willing to have the original bill considered.

Mr. BLANTON. Then let us call up that bill.

Mrs. NORTON. That is the bill we have called up, but the bill has been amended in my absence. Of course, we can vote down the committee amendments.

Mr. BLANTON. That will be all right.

Mr. BLACK. Except the one about dog races. We will take out the dog races.

Mr. BLANTON. Very well.

Mr. GOSS. Mr. Speaker, under the circumstances, I withdraw my reservation of objection.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the consideration of the bill in the House as in Committee of the Whole?

Mr. PATMAN. Mr. Speaker, reserving the right to object, I should like to ask the chairman of the committee whether any more bills are to be called up this afternoon.

Mrs. NORTON. Just one more bill, and that is the bill having to do with snow removal.

Mr. PATMAN. Mr. Speaker, I withdraw my reservation of objection.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That any person, persons, association, or corporation desiring to hold horse or dog races at meetings where the pari mutuel or certificate wagering thereon shall be conducted, shall apply to the Commissioners of the District of Columbia for license to do so. Such applications shall be in such form and supply such information and data as the Commissioners shall prescribe.

SEC. 2. The Commissioners may reject any application for any cause which they may deem detrimental to the public interest.

SEC. 3. Any licensee may deduct 8½ percent from the total amount wagered in all pari mutuel pools, which shall include a 2-percent license fee, which shall be payable to the Commissioners after the last race on each and every day of each and every race meeting and shall be made from all contributions to all pari mutuel pools to each and every race of that day.

SEC. 4. There shall also be paid to the Commissioners a sum of 10 percent for each and every person entering the grounds or enclosure of the licensee, on the price on each and every ticket of admission.

SEC. 5. The Commissioners shall have the power to prescribe rules and reguations for race meetings, including the power to fix the amount of the purses to be offered at all contests at such meetings.

Mr. BLACK. Mr. Speaker, I ask unanimous consent to withdraw all committee amendments except the one on page 1, line 4, striking out the words "or dog."

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk reported the committee amendment, as follows:

Page 1, line 4, after the word "horse", strike out the words "or dog."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that at the conclusion of the next bill, which the Chairman of the District Committee is to call up, I may be allowed to address the House for 30 minutes.

The SPEAKER. Is there objection?

Mr. MARTIN of Massachusetts. Will the gentleman inform us upon what subject?

Mr. PATMAN. On the Federal Reserve System and monetary legislation.

The SPEAKER. Is there objection?

There was no objection.

Mr. McFADDEN. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. McFADDEN. Mr. Speaker, I understand that the special committee authorized and empowered to investigate the charges of Dr. Wirt has agreed upon and adopted the following plan of procedure: They will first call Dr. Wirt to the stand, swear him and demand that he give the name or names of the parties to whom he has referred and then state what it was these parties stated, whereupon the committee will adjourn without giving Dr. Wirt the opportunity to make any statement at that time.

I would like to make the following observation. Should any committee of this House pursue such an extraordinary procedure I feel that Dr. Wirt would be rendering a distinctly patriotic service to his country, regardless of whether he is right or wrong, by remaining silent and refusing to answer. There is no justification in authorizing any investigation upon the part of this House and then circumscribing and crushing a man in this manner. He should be given full opportunity to state his position and any facts that he may have to support it. Voltaire once said, "I do not believe in a word that you say but I will defend with my life, if need be, your right to say it."

Mr. O'CONNER. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. O'CONNOR. Mr. Speaker, the gentleman from Pennsylvania is unduly alarmed. I take the liberty of saying, in the absence of two other majority members of the committee, what I believe that committee proposes to do. If the gentleman from Pennsylvania is advising Dr. Wirt to refuse to answer, I assure him that as far as I am concerned, as one member of that committee, that the committee will take care of Dr. Wirt under the powers of this House and compel him to answer.

All that the resolution of the committee as to procedure at the first meeting does is to prescribe what shall be done at that first meeting; that to wit, Dr. Wirt shall name the people who made these alleged statements to him as read by Mr. James H. Rand, Jr., before the House Committee on Interstate and Foreign Commerce; that he shall state what they, those alleged "brain trusters", said to him; that he shall state the occasions on which the said statements were made; and that he shall state who else was present. The resolution as to procedure does not foreclose the committee from going further at that meeting or a meeting called 5 minutes later or any other meeting. But the committee does not propose in the first instance to have Dr. Wirt appear before it and deliver a long academic treatise on some alleged revolutionary movement in the United States.

Dr. Wirt is not called before the committee as a defendant. He is being subpenaed as a witness. He will take the oath, and he will answer questions put to him by the members of the committee, but he will not be permitted to make a speech, unless the committee sees fit to permit him to make certain statements. So the gentleman from Pennsylvania need not be alarmed as to what the committee proposes to do. It is going to find out what truth or falsity exists behind the statements made by Dr. Wirt, who, if anybody, made such statements to him, and if nobody did make any such statements, the committee proposes to call his bluff.

Mr. TRUAX. Will the gentleman yield? I wonder if the fact that Dr. Wirt is a Republican, and has been for years under the influence and environment of the United States Steel Corporation, had anything to do with the statement of our friend from Pennsylvania.

Mr. O'CONNOR. The committee does not care whether he is a Republican, a Democrat, a Communist, or a Socialist. The committee will handle him just the same as they propose to handle him, even if he is a regularly, duly registered organization Democrat.

Mr. McFADDEN. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. For a brief question.

Mr. McFADDEN. I resent the statement made by the gentleman from Ohio [Mr. TRUAX]. I am not playing politics nor do I know Dr. Wirt, nor do I know of any connection between him and the Steel Corporation, but Dr. Wirt is making serious charges that certain people are conniving to break down our form of government.

Mr. TRUAX. And I expect to show that he is connected with the Steel Trust.

Mr. O'CONNOR. The only reason I rose was to assure the gentleman from Pennsylvania [Mr. McFADDEN] that the committee proposes to proceed without partisanship, and to maintain at the same time the right of the House of Representatives to examine the witness as it sees fit, and not to permit stump speeches by some one who may want to gain notoriety or publicity.

REMOVAL OF SNOW AND ICE

Mrs. NORTON. Mr. Speaker, I call up the bill (H.R. 8281) to amend the act entitled "An act providing for the removal of snow and ice from the paved sidewalks of the District of Columbia", which I send to the desk.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 4 of the act entitled "An act providing for the removal of snow and ice from the paved sidewalks of the District of Columbia", approved September 16, 1922, is hereby amended to read as follows:

"In each and every case wherein the occupant of a residence, or the person in charge of a building other than a residence, or in the case that the premises as a whole or in part are vacant, then the owner, agent, or person in charge, and the owner or agent or person in charge of any unimproved lot, shall remove such snow or sleet from such sidewalk within the first 8 hours of daylight after the ceasing to fall of any such snow or sleet."

SEC. 2. Section 5 of such act is hereby amended to read as follows:

"Failure to comply with the provisions of this act shall be punishable by a fine of not more than $5 for each and every offense, and each day of 24 hours after the first 8 hours mentioned that said snow or sleet be not removed shall constitute a distinct and separate offense."

SEC. 3. Section 6 of such act is hereby amended to read as follows:

"All prosecutions under this act shall be on information filed in the police court by the corporation counsel or any of his assistants."

Mr. BLANTON. Mr. Speaker, there should be an amendment offered to this bill providing that where the premises are occupied by a tenant, the tenant shall remove the snow and ice.

Mrs. NORTON. I should be very glad to accept that amendment.

Mr. BLANTON. Because sometimes there might be an owner of a residence who lives in New Jersey who might be renting the property to someone in Washington. He would not know when it snows in Washington.

Mrs. NORTON. I ask the gentleman to submit his amendment.

Mr. FITZPATRICK. Is there anything in this bill to compel the owners and the lessees to clear the sidewalks in front of their houses?

Mrs. NORTON. Yes.

Mr. FITZPATRICK. Such a law should be enforced. It is the only city in the United States where owners and tenants are not compelled to clean the sidewalks in front of their houses.

Mr. BLANTON. There is a regulation here that requires it, but it is not enforced. This bill is to remedy the situation.

Mr. Speaker, I offer the following amendment as a new section at the end of the bill, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. BLANTON: At the end of the bill insert a new section as follows:

SEC. 4. When the premises are occupied by tenants the snow shall be removed by such tenants.

Mr. BLANTON. Mr. Speaker, I do not care to take any time. I happen to know from my experience in Washington that there are many residences here owned by people who live all over the country, in New York, New Jersey, Ohio, Pennsylvania, Maryland, and other States, and unless this amendment be adopted they could be fined.

Mrs. NORTON. The committee will accept the amendment.

Mr. MILLARD. Mr. Speaker, will the gentleman yield?

Mr. BLANTON. Yes.

Mr. MILLARD. Is it a fact that the city of Washington owns the fee to the sidewalks, and, therefore, we cannot compel the tenants and property owners to remove the snow?

Mr. BLANTON. We can compel them if we pass this bill.

Mr. MILLARD. This will remedy that?

Mr. BLANTON. Yes.

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to; and the bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

MEMORIAL EXERCISES

Mr. MOREHEAD. Mr. Speaker, I send to the Clerk's desk a resolution, which I ask to have considered at this time.

The Clerk read as follows:

House Resolution 327

Resolved, That on Friday, April 27, immediately after the approval of the Journal, the House shall stand at recess for the purpose of holding memorial services as arranged by the Committee on Memorials under the provisions of clause 40a of rule XI. The order of exercises and the proceedings of the services shall be printed in the CONGRESSIONAL RECORD, and all persons shall be given the privilege of extending their remarks in the CONGRESSIONAL RECORD.

At the conclusion of the proceedings the Speaker shall call the House to order, and then, as a further mark of respect to the memories of the deceased, he shall declare the House adjourned.

The SPEAKER. The question is on the adoption of the resolution.

Mr. WEIDEMAN. Mr. Speaker, I rise in opposition to the resolution and ask unanimous consent to proceed out of order and ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Without objection, it is so ordered.

Mr. WEIDEMAN. Mr. Speaker, I ask to speak out of order at this time to bring to the attention of the Members of the House the fact that there has been placed upon the Speaker's table today a petition asking to bring the McLeod bill—that is, the bank pay-off bill—out of committee for consideration by the House. I have filed this petition, not only to bring the bill out but due to the fact that if it is not brought out in this way we will not have time at this session, I fear, to consider this bill.

Due to the drive now under way to adjourn the Congress by May 15, we find that regardless of the favorable sentiment which may exist in both the subcommittee holding hearings on the bank depositors' 100 percent pay-off bill and the full Banking and Currency Committee, the remaining time is far from sufficient to permit the passage of the bill through the regular procedure.

If the subcommittee reports the bill on the 12th, it will take 3 days before the report can be written and filed in the House. Sunday being the 15th, it will be the 16th before the report of the subcommittee can be filed in the basket, and it will be the 17th before it can be printed in the RECORD. Then it has to remain in that status until the chairman of the full committee calls a meeting for consideration of this particular bill. Until then this bill cannot be considered by the full committee.

You can count on a week before the full committee is called for consideration of this bill. That brings the date to April 24. If the bill is reported on the 24th or 25th, which is not likely, because the full committee has already stated it will hold hearings which will last at least 2 or 3 days, that makes it the 26th or 27th. If the report of the bill is made on the 26th or 27th, you have got to allow at least 3 days before the report of the full committee can be written and dropped in the basket. That means at least the 29th or 30th, and April being a 30-day month cuts us down to only 15 days remaining before the adjournment date.

After the report of the full committee has been printed, even though this bill is favorably reported, it goes on the calendar in the regular course of procedure and takes its regular place on such calendar and is subject to call only in such regular course of procedure. In other words, not until the next Banking and Currency Committee day is reached on the House Calendar.

If, however, the leadership and administration in Congress can be construed to be in favor of this bill, then the next

step is for the leadership and the chairman of the full committee, Congressman STEAGALL, of Alabama, to ask the Rules Committee for a hearing on obtaining a rule for this bill to come before the House under a special rule. If the Rules Committee and the administration are favorable—and the majority members of the Rules Committee are selected for that committee only because they are strictly administration men—then it is up to the Rules Committee to grant a hearing to the Chairman of the full Banking and Currency Committee.

This procedure should take at least 3 or 4 days. Then, according to the rules of the House, the ordinary procedure is that it would be at least 1 or 2 days before the rule is printed and came before the House for a vote on such rule. This would bring the date somewhere—say, for sake of argument, May 7. Therefore, if the Rules Committee, after the rule is granted on May 7, permits this bill to come before the House for action under a special rule—for instance, on May 9—we have only 6 days remaining in which to pass this bill, not only through the House but through the Senate, and have it signed and enacted into law before May 15, which, as said before, is the date set by the leadership of the House, at least according to all the rumor prevailing here, for adjournment.

The fact that this bill is so vital to hundreds of thousands of substantial, hard-working citizens makes it imperative that this bill pass at this session of Congress.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

Mr. WHITE. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. WHITE. Mr. Speaker, I am in receipt of a communication from Idaho which I think will interest the Members of this House:

Whereas in order to keep thousands of American citizens from starving through the different governmental agencies through the last several months the United States of America has increased its public debt in a staggering amount, it would seem that a point is rapidly approaching where the credit of our Government must necessarily break unless the wisdom of our President and the Congress of the United States are brought into play to the end that a wise monetary policy may be adopted. It must be apparent to all that our monetary base must be broadened. We believe in a sound monetary system. In order to establish this and to curb the present pyramiding of tax-free interest-bearing paper credit issues we urge the restoration of silver to the time-honored position it occupied for thousands of years prior to its ruthless demonetization by this country in 1873 and the assaults made upon it by European nations prior to that time. For thousands of years silver was the money of the people and was sound and would be so today if given an opportunity. It seems to us to longer postpone this matter is the continuation of an almost criminal neglect to an open avenue of relief where an open avenue is so readily available. We urge that a ratio be established between gold and silver conformable to the production ratio between gold and silver throughout all mining history.

EXECUTIVE COMMITTEE IDAHO MINING ASSOCIATION.

The SPEAKER. The gentleman from Texas [Mr. PATMAN] is recognized for 30 minutes.

GET GOVERNMENT OUT OF PRIVATE BUSINESS AND GET PRIVATE CORPORATIONS OUT OF GOVERNMENT BUSINESS

Mr. PATMAN. Mr. Speaker, I asked for this time in order to talk about the monetary situation. I believe that the issuance and distribution of money is a governmental function. I think that the Government should, as quickly as possible, get out of all private business, but on the other hand I think the Government, as quickly as possible, should take over its own business.

The Constitution says that Congress shall coin money and regulate its value. I do not blame the bankers for the present credit and monetary conditions as much as I blame Congress. The banking laws are responsible. Therefore it is not the bankers so much as it is our own Congress, and we are Members of one branch of the Congress. If we fail to do our duty I think the people should blame us.

FEDERAL RESERVE BANKS HAVE FAILED TO HELP PEOPLE

The Federal Reserve banks have not been doing what Congress contemplated that they should do when they were created. They were created for the purpose of giving the country an elastic currency, to help commerce, industry, and agriculture. The country was divided up into 12 regions or divisions. In each area there is a Federal Reserve bank that has a monopoly on the use of the Government credit in that particular area. In the area in which I live is the Federal Reserve Bank of Dallas, Tex. It is district no. 11. That bank has $114,000,000 in cash in its vaults and has actually let industry and agriculture and commerce have this time not over $100,000 out of the $114,000,000. It is just as I heard a Member of Congress, the Hon. MARVIN JONES, describe it the other night. The money set-up that we have is like the power for an automobile. When it goes down hill we have plenty of gas, and we have plenty of power, but as we start up hill on the other side we have no power, no gas. Our financial system is that way. When we have plenty of money, credit, and prosperity, we have plenty offered to us by the Federal Reserve banks, but when we actually need money, and when we actually need credit they are putting on the brakes. They order deflation. We are going up hill. We need that power which the Federal Reserve can supply, and we cannot possibly get it.

MONEY MONOPOLY OF FEDERAL RESERVE

A Federal Reserve bank has a great privilege. It has the right to issue a blanket mortgage on all the property of all the people of this country. It is called a Federal Reserve note. For that privilege section 16 of the act provides that when the Government prints a Federal Reserve note and guarantees to pay that note and delivers it to a Federal Reserve bank, that Federal Reserve bank shall pay—it seems to be mandatory—the rate of interest that is set by the Federal Reserve Board. The law has never been put into effect. The Federal Reserve Board sets the zero rate. Instead of charging an interest rate which the law says they shall charge, they set no rate at all.

Therefore, for the use of this great Government credit, these blanket mortgages that are issued against all the property of all the people of this Nation and against the incomes of all the people of this Nation, they do not pay one penny. Not one penny of the stock of the Federal Reserve banks is owned by the Government or the people, but it is owned by private banks exclusively. They do not pay one penny for the use of that great privilege, to the people or to the Government.

SO-CALLED "PERFECTING AMENDMENTS"

It was contemplated that they should pay for the use of the Government's credit. The Board said, "Well, the law is that when they make so much money all above that is excess profit and will go over into the United States Treasury." When those profits commenced to accumulate they got so-called "perfecting amendments" passed by Congress, providing that until this surplus was up to a certain amount none of the profit should go into the Treasury. Then as the surplus piled up they kept increasing it by other perfecting amendments, and, finally, last session when the Glass-Steagall bill was passed there was a provision that all profits, instead of going into the Treasury as contemplated by the Federal Reserve Act, should go into the surplus fund of each Federal Reserve bank. Eventually they expect to distribute these profits. Another perfecting amendment will be proposed for that purpose.

Therefore, not one penny is paid to the Government, to the people, by these private banking institutions for the use of this blanket mortgage upon the property and the income of the people.

Mr. McFADDEN. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. McFADDEN. Will the gentleman inform the House how many Members knew such a provision was in the bill, and was it discussed to any degree whatsoever?

Mr. PATMAN. I may say to the gentleman from Pennsylvania that when the Glass-Steagall Act of 1933 came over from the Senate and came on the floor of the House I offered an amendment to strike out that section. I considered it a joker in the bill, and after full and deliberate consideration the House voted almost unanimously to strike that section

from the bill which would have caused all excess profits to go into the United States Treasury, as contemplated by the original act.

Then when the bill went to conference and the House wanted certain concessions and the Senate wanted certain concessions, the Senate conferees refused to yield on that point and said, "We will not let you have guarantee of bank deposits unless you leave that provision giving the profits to the banks instead of the Government in the bill." In order to get guarantee of bank deposits the House had to agree to that section remaining in the bill. Of course, I did not agree to it, but there was no way of getting guarantee of bank deposits without permitting that provision to remain.

Mr. McFARLANE. Was it not section 3 that was stricken out by the gentleman's amendment?

Mr. PATMAN. I believe it was section 3; I am not sure.

Mr. McFARLANE. Did the conferees of the House call to our attention the matters the gentleman has just mentioned?

Mr. PATMAN. I do not recall. It was at the end of the session and we were all anxious to get some kind of Federal deposit insurance, and the conferees, I think, lost sight of that part of it, but it was very material.

Mr. McFARLANE. They did not call it to our attention.

GOVERNMENT SHOULD OWN FEDERAL RESERVE SYSTEM

Mr. PATMAN. There is one way we can bring back to the people of this country that great privilege and right, and that is to do something about the Federal Reserve banks. The banks of the country have invested $140,000,000 in the Federal Reserve banks. That is all they have invested in these 12 great institutions. With this small, insignificant capital of $140,000,000 they have been doing business aggregating as high as $100,000,000,000 a year. Do you think they can do it on that capital? We know they cannot do it on that capital and are not attempting to do it on that capital. They are doing that enormous business on the credit of this Nation. They are doing it by issuing these blanket mortgages that are liens upon your homes and my home, and upon our incomes until they are paid.

I hold in my hand a Federal Reserve note issued by the Federal Reserve Bank of Philadelphia. The Federal Reserve Bank of Philadelphia does not agree to redeem this note. None of these banks agrees to redeem them. This Federal Reserve note reads:

The United States of America will pay to the bearer on demand $5.

The United States guarantees all the paper money that is issued by the Federal Reserve banks. The Federal Reserve banks do not issue this money upon their financial responsibility. Therefore they are enabled to do $100,000,000,000 a year business on $140,000,000 capital investment.

GOVERNMENT PAYS BONDS AND CONTINUES TO PAY INTEREST ON THEM

I have before me a copy of the report of the Federal Reserve Bulletin for March 1934. I notice that the 12 Federal Reserve banks at the end of February 1934 owned $2,431,951,000 of Government bonds. What did they pay for these Government bonds? Did they pay money; did they pay credit; did they give the member banks credit on their books for them? The credit of this Nation was used by these banks to acquire these Government bonds. Suppose you owed $3,000 on your home, the remainder due on your mortgage, and you gave me $3,000 to pay the holder of that mortgage and I gave the holder of the mortgage the $3,000 and had the mortgage transferred to me, and at the end of 6 months or a year I came to you and said, "Pay me interest on that mortgage"; you would say to me, "Why, I gave you the money to pay that mortgage, to liquidate it! Why, you are foolish to come to me and ask me to continue to pay interest on an obligation I have liquidated with my money." I would not be any more foolish than the Federal Reserve banks that buy Government bonds on Government credit and then continue to call upon the Government for interest on those bonds; and, remember, about 60 percent of the Government bonds that are outstanding today, Government securities, are owned by banking institutions. The banks have plenty of Government bonds; they are in a liquid condition. There is not much incentive to them to lend money out to private industry because the Government has gone into the business of subsidizing the banks and keeping them up. The bankers are no longer restless or uneasy at night because the Government of the United States is behind them subsidizing them, paying them plenty of money to operate, to run no risk; and the banks are ceasing to function as they should function.

EXPENSES OF FEDERAL RESERVE BANKS

Last year the expenses of the Federal Reserve banks were $29,220,000, total current expenses for the year. How much did they collect from the Government? They collected interest on Government securities for that year amounting to $37,529,000.

In other words, they collected $8,000,000 more in interest from the Government during that year 1933 than their total operating expenses for the year by using the credit of this Nation free of charge and charging the Government interest on obligations which they purchased with Government credit.

Mr. McFADDEN. Will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Pennsylvania.

Mr. McFADDEN. Will the gentleman tell us how much profit they made from their transit department in collection charges which they exacted from the banks in addition to the amount the gentleman has mentioned?

Mr. PATMAN. The losses ought to be determined. They had some losses. They have a bookkeeping system in the Federal Reserve banks that I have not been able to follow, and I have not seen any one able to comprehend the bookkeeping system of the Federal Reserve banks. That is no reflection on the system. It would have to be very plain and simple for me to understand it. I do not know how much they had in losses on the transactions to which the gentleman refers.

Mr. McFADDEN. The gentleman is making an interesting statement and is calling attention to matters which I have repeatedly called the attention of the House to and I may say to the gentleman that this matter can be corrected if this side of the House will cooperate and see that the resolution I have before the Judiciary Committee of the House is acted upon. That is an impeachment of the Federal Reserve System.

Mr. PATMAN. We have worked together on this for 3 or 4 years and the gentleman's party was in power when I started. I was not able to get any cooperation from them and I believe the gentleman also appeared before the Rules Committee several times when I appeared. We both appeared for the same purpose, namely, getting an investigation of the United States Treasury and of the Federal Reserve System.

Mr. McFADDEN. This is not a political matter.

GET THE TRUTH TO THE PEOPLE

Mr. PATMAN. This is not a political matter and I think the first thing to do is to give the people the truth about the situation. When you get the truth to the people you will not have to worry about action. They will see that Congress takes action. Congress is responsible, and we as Members of Congress are responsible. We as a body, the House of Representatives, are sitting idly by when we know that the greatest privilege on earth has been farmed out to special interests to issue blanket mortgages on all our property in order to make money for themselves and to charge interest rates to people who obtain this money.

WHAT IS REMEDY?

With regard to the remedy, may I say that the first thing the Government should do is to take over the Federal Reserve banks. Just give the member banks credit on the books of the Federal Reserve for this $140,000,000 and then take them over. When the Government takes over the Federal Reserve banks, the banks can then issue money, extend loans and credit not only to national banks and to the member banks of the Federal Reserve but to State banks as well, to building and loan companies as well, and to

any kind of an organization that needs the credit of this Nation. The profits would go to the Treasury.

Why should a few people have a monopoly on this credit? This is the first step that should be taken by this Government. The Government should take over the Federal Reserve banks and after that there are other steps that should be taken.

FORD-EDISON PLAN

Back in 1922 Henry Ford asked Thomas A. Edison to get up a plan that would help the farmers. Mr. Edison made the following statement, and I will read one short paragraph:

Some months ago Mr. Ford asked me to see if I could not invent some plan for helping the farmers. I have approached the matter in the same way I do with a mechanical or other invention, namely, get all the facts as far as possible and then see what can be done to solve the problem.

After Mr. Edison worked about a year he presented a plan in December 1922, that I feel is up to date now. It received very little consideration then and has received but slight notice or attention since that time. I think this is the proper time to give it some attention. His plan was to let the Government build and operate licensed warehouses where all nonperishable farm products could be stored. I am from a cotton section. Taking cotton for instance, a farmer could take a bale of cotton to the nearest warehouse. This cotton would be graded, weighed, and classed, and placed in the warehouse. If cotton over a period of 25 years has been selling for 12 cents a pound on an average, the Government would advance to the farmer 6 cents a pound, which would be just one half the price of cotton over a 25-year period. The Government would not be running any risk at all, because the price would be based on an average price over 25 years. The amount advanced would be 6 cents a pound or $30 a bale. Mr. Edison said the Government should loan the farmer this credit free of charge and that the Government should issue to him Federal Reserve notes or similar notes that the farmer would not pay one penny's interest on, thereby using free of charge a part of the credit of his Nation that he has helped build. To the extent of that small insignificant amount the farmer will be using the credit of the Nation free. In addition to this $30 the man would be given an equity certificate in the other half of the cotton. He could take the equity certificate to his private banker, merchant, or anyone else and use it as collateral for loans. The man would not be permitted to keep the cotton indefinitely, neither would he be permitted to keep coal which at that time was classed as one of the commodities, neither would he be allowed to keep wheat or anything else except for a period of 6 to 12 months, not long enough to allow him to use it purely for speculation.

If this plan had been adopted, every farmer and many others in the country would have been allowed in a small way to have used the credit of his Nation free of charge up to a reasonable amount.

The same plan could be used to help home owners. Why could there not be some limit placed on security—good security, the best on earth—so that any person could use the credit of his Nation up to a certain amount free of charge, just like the Federal Reserve banks now use the credit of the Nation?

WHAT THOMAS A. EDISON PROPOSED

Construction by the Government of warehouses where certain farm products can be stored.

Immediate loan to the farmer of one half the value of the products stored, value for the purpose to be based on the average price of the products for a 25-year period.

Issuance to the farmer of a certificate for his equity in the stored products, which certificate can be sold or used as bank collateral for an additional loan.

Loans to be made with Federal Reserve notes, the notes to be canceled when the loans are canceled. No interest on the loan.

If the price of the commodity goes up, the farmer will get the benefit. If it goes down, he will stand the loss, through increase or decrease in the value of his equity certificate.

To prevent utilization of the plan for speculative purposes products stored must be withdrawn within 1 year. Unless withdrawn within 1 year, products will be sold at auction, the loan canceled, and the balance delivered to the owner in return for his equity certificate.

Objects: To permit the farmer to sell his product as it is consumed instead of compelling him to glut the market by selling all at once; to permit the farmer immediate cash on his products as the gold miner does; to give the country a nonfluctuating currency.

His plan is entitled "A Proposed Amendment to the Federal Reserve Banking System."

Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the RECORD and to insert certain tables and other information and data in regard to the subject matter I am discussing.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

$8,000,000,000 NEW MONEY CAN BE ISSUED NOW

Mr. PATMAN. We really need an additional circulating medium.

The following letter and table are self-explanatory:

FEDERAL RESERVE BOARD,
Washington, March 31, 1934.

Hon. ROBERT L. OWEN,
Wardman Park Hotel, Washington, D.C.

DEAR MR. OWEN: Pursuant to your request, I am enclosing a table containing available figures of deposits of all banks in the United States. The figures in the first column include total deposits, exclusive of interbank deposits, for all banks as compiled by the Federal Reserve Board from reports received from the Comptroller of the Currency and from the State banking departments in each State. The figures in the three remaining columns were compiled by the savings division of the American Bankers' Association, and apparently exclude not only interbank deposits but also certified and cashiers' checks, cash letters of credit, travelers' checks outstanding, and deposits of States, counties, municipalities, and of the Federal Government.

It is estimated that total deposits, exclusive of interbank deposits, of all banks in the United States were turned over about 22 or 23 times in 1929 and at present they are being turned over at the rate of about 11 times per annum.

Very truly yours,

CARL E. PARRY,
Assistant Director of Research and Statistics.

Enclosure.

Deposits of all banks in the United States

[In millions of dollars]

June 30, or nearest date	Total, exclusive of interbank deposits [2]	Individual deposits [1]		
		Total	Savings deposits	Demand deposits
1920	37,721	32,361	15,189	17,172
1921	35,742	34,233	16,501	17,732
1922	37,615	36,336	17,579	18,757
1923	40,688	40,491	19,727	20,764
1924	43,405	41,064	21,189	19,875
1925	47,612	45,464	23,134	22,330
1926	49,733	47,472	24,696	22,776
1927	51,662	49,062	26,091	22,971
1928	53,398	51,199	28,413	22,786
1929	53,852	50,789	28,218	22,571
1930	54,954	50,554	28,485	22,069
1931	51,782	47,593	28,215	19,378
1932	41,963	39,306	24,281	15,025
1933	38,011	35,513	21,424	14,089

[1] Compiled by savings division, American Banker's Association.
[2] Compiled by the Federal Reserve Board.
NOTE.—Inclusive of mutual savings banks.

You should multiply the amount of deposits for 1929 by 22 to determine the amount of business done by these deposits in that year. Multiply the deposits for 1933 by 11 and you will determine our business for the year 1933 was short by almost $1,000,000,000. There is one way this condition can be remedied, and that is by putting out some real money. Eight billion dollars can be issued right now on the idle, unencumbered, unobligated gold that is in the Treasury, not counting the gold owned by Federal Reserve banks.

Mention has been made of tax-exempt bonds here today. I would not issue any more tax-exempt bonds, not another penny's worth of them, but I would gradually and eventually pay off every dime of tax-exempt bonds we have out today with new currency. You would not have undue inflation in that way if you changed the banking laws at the same time.

MONEY OR CREDIT

The other day before the Senate Committee on Agriculture the distinguished gentleman who was representing the Federal Reserve Board, Dr. Goldenweiser, the economist, was testifying. The chairman of the committee permitted me to ask him a few questions and I asked him if it would be a helpful condition if the banks of this country were to extend $20,000,000,000 of additional credit within the next 12 months or 2 years and his answer was substantially to the effect that it would be a very helpful condition because it would extend more credit and this credit would turn over, and with the turn-over there would be increased business, and this would be helpful. I said, "All right, Dr. Goldenweiser, suppose we just issue $20,000,000,000 of money; would not that be helpful?" In substance, he said, "No; because each dollar issued would go into the banks and the dollar would be used as a basis for the issuance of 10 additional credit dollars. Therefore we could have $200,000,000,000 in credit, wild inflation, and destruction of our monetary system." I answered Dr. Goldenweiser in this way: I said, "Yes; but you are presupposing that we cannot change our banking laws. Suppose, as we issue this money, we change the reserve requirements of banks and instead of their being able to issue 10 credit dollars for every $1 of reserve, they can only issue $5 or $4 or $3 or $2", and the chairman of the committee, Senator SMITH, said, "Yes; or no credit dollars at all; just be permitted to lend out the actual money they have and nothing more."

This is a complete answer to that argument. You can have this country on a currency basis. There is no question on earth about it. Dr. Goldenweiser later admitted it. You can have a currency basis the same as a credit basis. The only difference is that if you have currency nobody is paying interest on this money that is outstanding. If you have credit, somebody is paying interest on it every day that it is outstanding.

PEOPLE SAVED $11,000,000,000 INTEREST ON SO-CALLED "GREENBACKS"

I was reading the other day the hearings on the Goldsborough bill, and I noticed a statement put in there by Mr. Robert Harris, of New York, in regard to the United States notes that are outstanding.

In 1862 there was issued by this Government between three and four hundred million dollars of United States notes. Not a penny of gold was behind these notes. The credit of the Nation was behind the notes. This was during the War between the States, and when General Early, of Southern Confederacy fame, was about to take Washington and the Union was about to fall, these notes depreciated in value down to about 35 cents on the dollar. They only had the credit of the Government behind them; but when the Union was successful, these notes came back 100 cents on the dollar. The Government did put some gold behind them, but that was not the reason they came back 100 percent. It was because the credit of the Nation was restored. They have remained 100 percent ever since. This money is in circulation today—$346,000,000 of it. The people have been saved more than $11,000,000,000 of interest on that money on the basis of 5 percent, as this table discloses. If the people can save $11,000,000,000 in interest from 1862 to now on $346,000,000, how much will the people be able to pay and how much will they be required to pay on this $25,000,000,000 or $30,000,000,000 debt we have? This is a question we must consider.

IDIOTIC MONEY SYSTEM

So the point is that it is not right for the Government to pay interest upon its own credit. It is an idiotic and imbecilic system that we have that this Government, in order to get $1,000,000, will issue a million dollars in tax-exempt, interest-bearing bonds.

These bonds are sold to a banking institution. The banking institution does not pay money for the bonds. The banking institution gives credit for the bonds on the books of the bank and then if it wants money it will bring the million dollars of bonds back to the Treasury where they were purchased and get $1,000,000 in new money that is printed over here at the Bureau of Engraving and Printing. They leave on deposit only 5 percent as a redemption fund, which is never needed and has never been used. This money is issued upon a Government debt. If the Government can issue, as Thomas Edison said, a dollar bond that is tax-exempt and interest-bearing that is good, that same Government can issue a dollar bill that bears no interest that is just as good.

PEOPLE STUDYING MONEY QUESTION

There is no answer to this argument. Nobody attempts to answer it. They will try to confuse you by saying that this money question is too complicated and too intricate for you to understand and do not try to understand it; but the people of this country are studying it today as they have never studied it before and I believe the time is coming, and not in the far distant future, when we will have some very interesting monetary reforms.

Mr. PARSONS. Will the gentleman yield?

Mr. PATMAN. I yield.

Mr. PARSONS. I wonder if the gentleman has compared the operations of the Federal Reserve System with the operations of the Bank of France or the operations of the Bank of England with reference to their policy of handling credit for the government and various banking institutions.

Mr. PATMAN. Take France. Three individuals, in some cases I understand two of proven solvency can take their obligations to the Bank of France and get money. If we had a similar situation over here, you would not have to go to the bank and have the bank go to the Federal Reserve System, but an individual or an industry could go directly to the Federal Reserve bank and get credit.

The time of Mr. PATMAN having expired, he was given 5 minutes more.

Mr. PARSONS. Will the gentleman yield further?

Mr. PATMAN. Yes.

Mr. PARSONS. If the French Government needs $100,000,000 or $200,000,000, it goes immediately to the Bank of France, and the Bank of France issues the currency on the credit of France. The Government takes the currency, uses it, for which it pays the bank one half of 1 percent.

Mr. PATMAN. If you will take the Federal Reserve Bulletin for March, page 86, you will find where the credit has been extended to our Government for as little as 1 cent for a hundred dollars per year. That was last August, when the Government borrowed money for 1 cent for the use of a hundred dollars for 1 year. That was the rate that was paid. It seems small, but do not overlook the fact we were buying our own credit.

FEDERAL RESERVE BANK OF NEW YORK VISITED

The other day a large group of Members of Congress had the privilege of going through the great Federal Reserve Bank of New York. On the tenth floor we were shown the directors' room. I asked the man who was showing us through, "Where is the Federal Reserve agent's room?" He carried us into an adjoining room and said, "Here is the Federal Reserve agent's room. This belongs to the Federal Reserve agent." I said, "Where is the room of the chairman of the board?" He carried me across the hall and said, "Here is the room of the chairman of the board." There was a desk there, and places for two or three assistants. I said, "Why should he have two offices?" There is only one man for both places?" The Federal Reserve agent is the chairman of the board. When he sits across the hall in the Federal Reserve agent's room he is supposed to look out for the protection of the people. When he crosses the hall he becomes chairman of the board of directors, and he is looking out for their interests, the protection of the member banks of the country.

WHAT THE GOOD BOOK SAYS

You know that we are told by the Good Book that no man can serve two masters. The Federal Reserve agent as chairman of the board is serving two masters; he has a dual relationship. He serves two masters, or is supposed to serve two masters.

The point is this: The Federal Reserve agent wants new money—Federal Reserve notes. He wires the Bureau of Engraving and Printing through the United States Treasury

and says, "Print the bank $10,000,000 of new currency." They print it, because he represents the Government. The law says that when this money is printed, which is a blanket mortgage, and is delivered from the Federal Reserve agent to the chairman of the board an interest rate shall be charged, but that interest rate has never been charged. They are using the credit of this Nation free. We would probably not have a deficit today if an interest rate had been charged. There is no reason why the Government should pay a billion dollars a year interest, or even a million dollars a year interest, for that matter, if we will do just what the Constitution of this country says we should do, and that is not to delegate this great authority out to private bankers and to a few individuals for their own profit, to use in any way they choose, but take that power and authority back to ourselves and regulate money as the Constitution says we should regulate it. And I hope that this Congress before it closes will take some long and substantial steps in the direction of bringing us back to the Constitution in that respect. [Applause.]

Mr. FOULKES. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. FOULKES. Mr. Speaker, after all this discussion of the past few days concerning the possibility of a fundamental social change in this country, the Nazi movement, the absurd assertions of Dr. William Wirt, and the habitually emotional and hysterical outbursts of the gentleman from New York [Mr. FISH], I feel that it is entirely in order to make some detailed observations on the whole matter.

As some of you are aware, I received a telegram from Dr. Wirt in which he quoted a statement of Secretary of Agriculture Wallace to the effect that we must "decide which way we want to go" with reference to the economic system. The quotation from Secretary Wallace was made by Dr. Wirt in connection with Dr. Wirt's effort to wriggle out of the debate to which he virtually challenged me in the first place, in which I was willing to participate, and from which he later seemed to shrink. That is not so important. I merely accepted the invitation of the Washington Open Forum to take part in such a debate after Dr. Wirt had issued what amounted to a challenge to me to discuss the whole matter with him. The fact that he later seems to have acquired a case of "cold feet" was, no doubt, fortunate for me. I am busy enough as it is, without engaging in a debate with a school teacher who, as I have pointed out, is really aiding Hitlerism in America, and who, it seems, is so innocent of the implications of his own conduct that he does not realize its consequences.

In quoting Secretary Wallace's statement, however, Dr. Wirt rendered a service, for the Secretary's statement that the American people must decide which way they want to go is entirely correct and very much to the point.

After having lived under a dictatorship of plutocracy that has slowly but steadily grown more cruel, merciless, and intolerable, it is highly proper that we take stock of ourselves and, as Secretary Wallace said, "decide which way we want to go." Millions of people in these United States have already reached the conclusion that we do not want to go further in the old direction. They have had enough of poverty, destitution, and suffering for the many; and luxury, ease, and indolence for the few. They know that we are at the crossroads, the dividing point, the turning of the ways, and that we must soon make the decision as to the future course we shall pursue. [Applause.]

The gentleman from New York [Mr. FISH] has expressed profound concern and wept copious crocodile tears because, in his opinion, the Democratic Party is being used to establish a gradual form of socialism in this country. Although he swears allegiance to the Republican Party and its most reactionary doctrines, he professes deep interest in maintaining the integrity of the Democracy and in keeping it safe from any taint of radicalism. It is too bad about Mr. FISH! I like him personally and I am sorry to see so much time, energy, and talent go to waste, but I suppose his habits are too firmly settled to expect him to reform at this late date.

It has not dawned upon him that the Democratic Party in its origin was a radical party and that the clearest thinkers and finest characters among the founding fathers of this Republic were radicals. It does not occur to him that a courageous radicalism today, instead of being reprehensible, is to be commended and is just what the Nation needs.

As a matter of fact, there is no socialism—much less any communism—in the Roosevelt administration. But if it should, in the course of time, happen that certain members of the official family come to realize that we are on the verge of a vast social change, that we must reorganize our economic structure even if such a reorganization should be considered communistic or socialistic, it would be a very creditable and intelligent attitude. It has frequently been remarked that "wise men change their minds, fools and dead men never." I certainly hope that there are a number of men in the administration who grasp the truth that old things are passing away in the industrial world and that the social structure must be changed from top to bottom. I should dislike to think that our public officials are all so obtuse, blind, and, in ordinary slang, "dumb" as not to realize this. [Applause.]

Instead of being alarmed because several department officials have a social vision and believe that human needs should be supplied even if it is necessary to scrap some of the outworn ideals and statutes of the past, the gentleman from New York should be gratified. So should the gentleman from Texas [Mr. EAGLE], who, in a recent meeting of the dairy bloc, intimated that he was afraid President Roosevelt wanted to sovietize the country. So should the arch defender of protectionism, Dr. CROWTHER, of Schenectady, N.Y. So should the gentleman from New York [Mr. WADSWORTH], the undoubted candidate of reaction for the Presidency in 1936. There has been little enough accomplished in the way of improvement, God knows. Suffering is rampant from coast to coast. The cries of the hungry, the homeless, and the jobless, rise to high heaven in a pitiful chorus of agony. The new deal, after all is said and done, has relieved human suffering in the United States very little. It is well that more attention is being paid to the needs of our people today than was given in the days when heartless Hooverism ruled the land, but the relief rendered has been so slight that any complaint from Mr. FISH and his aristocratic companions is a ghastly joke.

If the Democratic Party should have the wisdom, sagacity, and prophetic vision to espouse the cause of a social order based on cooperation and not on competition and exploitation, it would become the great emancipator of the American people from a slavery as galling and black as that which once held down the Negroes in bitter bondage. [Applause.]

Will the Democratic Party measure up to such an opportunity? Can it meet the occasion? Can it do less? In the light of events of the past few decades it is hard to hope for such a development. When one recalls the prostitution of the Democratic Party to the gold standard, and when one reflects on the vicious Prussianism that prevailed in the name of a pretended "war for democracy", when liberty was throttled from coast to coast and the finest of our citizenship was being jailed, lynched, and tarred and feathered for exposing the mercenary motives back of war, can we hope to see the Democratic Party today become a party of social justice and to free itself from capitalistic control? I am a Democrat, a member of a Democratic family, with a Democratic background, and with deep and strongly established admiration for the Democratic Party. [Applause.]

Yet, fellow Members of the House of Representatives, and fellow Democrats in particular, do we not know that Thomas Jefferson was an uncompromising, unrelenting radical whose fiery statements would, in this corrupt and later day, have caused the gentleman from New York [Mr. FISH], and the

prosperous and astute leader of the minority [Mr. SNELL] to want to lock him in a penitentiary for the rest of his natural life?

Experience—

Said Thomas Jefferson—

declares that man is the only animal which devours his own kind; for I can apply no milder term to the governments of Europe and to the general prey of the rich on the poor.

Now, as I understand it—and in spite of the spasms and tremors of the gentleman from New York and Mr. Ralph Easley, the tiresome gentleman of the National Civic Federation, and Gen. Amos A. Fries, who was so embarrassingly repulsed in a major battle some years ago when he tried to get a Socialist school teacher in Washington fired and failed, and all the others who are either hired tools of Wall Street or fidgety old ladies shivering for fear of "big, bad wolves" and "big red Communists"—as I understand it, intelligent radicals do not advocate armed revolution and never have, but they have a strong suspicion that, if they win elections and get control legally, the profiteers and grafters will precipitate violence by refusing to obey the laws, thereby causing bloodshed. That is, as I am advised, the entire basis of the claim that radicals advocate violence. They do not advocate it at all—none of them have ever done so, except where capitalists have planted stool pigeons and agents in their midst to provoke trouble. They expect trouble, to be sure. They do not intend to start the trouble. They took it for granted that the capitalists will do the starting. If so, they, the radicals, have made it clear that they intend to end the trouble.

For your information, Thomas Jefferson, who in some respects was more radical than the Communists of 1934, made this statement:

The tree of liberty must be refreshed from time to time with the blood of patriots and tyrants.

On one occasion he remarked that a little rebellion, now and then, was a good thing for any people. At another time he declared that no constitution ought to be in effect more than 20 years.

If Foster or Thomas had made such statements in our time, I have no doubt that the gentleman from New York, and others who believe in the inherent virtue of stagnation and dry rot, would have attempted to send them to Fort Leavenworth.

What sickening hypocrisy when the spokesman for reaction talks to us about preserving the integrity of the Democratic Party, utterly unconscious of the splendid assertion of Thomas Jefferson, who said:

And let us reflect that, having banished from our land that religious intolerance under which mankind so long bled and suffered, we have yet gained little if we countenance a political intolerance as despotic, as wicked and capable of as bitter and bloody persecution.

I commend to the thoughtful consideration of my friend Mr. FISH and the minority leader, Mr. SNELL, and the chief champion of the protective tariff, Dr. CROWTHER, this fine statement of the principle of tolerance from the pen of the immortal Jefferson.

And I call to their attention another and even more vigorour statement from this great Democrat—a statement which involves granting to every champion of social change the fullest and freest right to express his opinions even if they should mean the complete overthrow of the present social system and the present system of government. These are the words, and they are the words of Thomas Jefferson, not of William Z. Foster, nor of Norman Thomas, nor of Joseph Stalin, nor of Nicholas Lenin, nor of Karl Marx:

If there be any among us who wish to dissolve this Union or to change its republican form, let them stand undisturbed as monuments of the safety with which error of opinion may be tolerated where reason is left free to combat it.

Such a magnificent expression of the spirit of free speech, freedom of opinion, and freedom of conscience is as contrary to the viciousness of mind that characterizes our red baiters as gorgeous sunlight is contrary to blackest midnight.

So much for freedom of belief, which is guaranteed by the American Constitution and a part of our fundamental law.

Now, for another important point. There is plenty of prevalent nonsense about alien radicalism. Let me disabuse the minds of some good people of the delusion that radicalism is alien. When I use the word "radical" I use it in the correct sense as meaning someone who believes in a change at the base of things, a root change. Those convinced that there must be a root change in the social structure in the United States are by no means altogether aliens—only a minority of them are in this category. Radicalism is as native to American soil as conservatism—more so.

Read the writings of Thomas Jefferson, from whom I have quoted. Read Franklin, Paine, Madison, Henry, and others of the time—many of whom had absorbed the iconoclasm of the Jacobins of the French Revolution. Any public library contains plenty of proof that collectivism was advocated in the United States by able Americans long before Karl Marx and Frederic Engels wrote the Communist Manifesto. The ideal of the social ownership of the means of production and distribution is not confined to thinkers of any one land. Economists, philosophers, and statesmen of all countries have conceived of it. Why not? Did you expect science, truth, and common sense to be limited to one region, one national tract of land, one chunk of soil?

Many men in many lands have reached common conclusions about the multiplication table, the law of gravitation, and the roundness of the earth. Why should they not reach common conclusions about the inefficiency and the injustice of the present social system and the necessity for establishing another? Who cares where an idea originates if it is rational and logical? Who cares whether the Arabs or the Scandinavians or the Fiji Islanders invented the multiplication table? Who cares whether Jews or Gentiles, Protestants or Catholics, or nonchurch members discovered the law of gravitation?

No; radicalism is not alien. It is as much American as it is German or French or Russian or British. And it does not matter what it is, so far as inception is concerned. All that matters is whether it is reasonable, just, and scientific.

The Declaration of Independence was radical and constituted a deliberate defiance of established authority. Obviously, the same was true of the Revolutionary War. Radicalism was the very soul of the Jeffersonianism of 1800 and the years that followed. Andrew Jackson was a radical, and when he was made President of the United States he came into power as the candidate of a Democratic Party backed by primitive labor unions and the angry agrarian elements of the South and West who were desirous of breaking the power of the mercantile and banking interests of the East and North. In a sense, Jackson may be termed the first Farmer-Labor President of the United States. The abolition movement was a radical movement—an assault on the so-called "rights" of private property, a warfare against the legitimate business of owning human beings and peddling them on the auction block. The abolition of slavery, while a step in the right direction, has less value than was expected, since it merely wiped out direct slavery and did not affect the indirect slavery that is inseparable from the capitalist system—the slavery of the man who must work for a capitalist at the capitalist's own terms or starve to death. But the abolition of chattel slavery was unquestionably radical; and I am trying to emphasize that every forward step in human history has been radical in the sense that it meant an important divergence from previous policies.

Let us come to another important point. It is the point that there are many capable and conscientious American Communists and Socialists. The screams and outbursts against alien radicals are without foundation. Truth is international, and it is not required that facts must be

discovered in one's own country in order to gain recognition, but it will probably soothe and relieve certain reactionaries and "Nervous Nellies" if they realize that an American discovered the truth as soon as a native of a foreign land.

These hysterical complainants against the increasing popularity of the idea that government ownership and operation of industries may be a sensible innovation either do not know or pretend that they do not know how natively American is this doctrine of government ownership. If they will consult their American histories, they will find that Horace Greeley, Ralph Waldo Emerson, Albert Brisbane (father of Arthur Brisbane), Nathaniel Hawthorne, James Russell Lowell, and many other brilliant thinkers were interested in Brook Farm, one of the outstanding experiments in American communism, in which the social ownership and management of a community was attempted. I might add that Marx, author of the Communist Manifesto, was foreign correspondent for Horace Greeley's paper, the New York Tribune.

It seems to me a tremendous waste of time and effort to seek to establish the American origin of a fact, a philosophy, or a movement. How much more intelligent to recognize truth wherever it comes from and to realize that merit is what counts, not the color of one's skin or the national label one has attached to him? Yet, since some people are so bothered about the matter of nationality, let us make it clear, once and for all, that the proposal to have the Government own and operate the industries is as natively American as the idea of letting corporations own and operate them. With this point disposed of, perhaps we can consider the question itself. Evidently we cannot do so otherwise. Apparently the gentleman from New York [Mr. FISH] and the rest of the worried defenders of the sacredness of privately owned fortunes, will not permit consideration of any suggestions coming from anybody whose ancestors did not arrive via the *Mayflower*.

Mind you, I am not at this time going into the subject of government ownership. That is sufficiently broad to justify a separate speech. All I wish to do just now is to make it clear to several badly misinformed legislators that communism and socialism are exactly as American as republicanism, democracy, and other political philosophies. Collectivism has had as valiant defenders among native American stock as it ever had among men and women born in other lands. The leaders of the Communist movement in this country—and of the Socialists—are Yankees, with the usual background of American wage workers. Naturally, communism and socialism have their followers in all countries, just as have Christianity, Judaism, and temperance. Why not? What of it?

No more unjust form of prejudice exists than that directed against people because of their complexion, their accent, and their birthplaces.

The Christian religion is international and has followers in all lands. Has anybody suggested prosecuting the followers of Jesus of Nazareth because he was not born on American soil? No doubt Hitler would have recommended his crucifixion because he was a Jew. [Applause.]

Does anybody in his right mind advocate discrimination against musicians whose parentage was not on "the sidewalks of New York" or my own congressional district in Michigan or in the shadow of the General Electric Co. in Schenectady?

Are scientific inventions rejected because the inventor happened to be born in Belgium, Mesopotamia, Turkey, or Madagascar?

Now, if you can eliminate from your mind the objection against new ideas that may not have originated within the bounds of our own realm and proceed to consider these ideas on their merits, you will make a noticeable bit of progress.

This brings us to the question raised by Secretary Wallace in, "America must choose."

In considering it, I hope that we shall not allow extraneous matters to be dragged in.

I have attempted to point out to you that collectivism must be considered per se, free from the prejudice and passion associated with race, creed, color, and nationality. Whatever Dr. Wirt does to focus attention on this matter, is highly commendable. I am glad he has stirred up this discussion of economic problems—of the question whether we can continue along existing lines or must adopt a new program. Such a discussion is bound to prove informing and is to be welcomed. I give Dr. Wirt full credit for starting it. But he is on the wrong side of the fence and he will be disappointed in his hope that the people of the country will be shocked and angry because of progressive tendencies in the administration. What the people want is, not less radicalism, but more. They are not frightened at the prospect of Government interference with business. On the contrary, they are exasperated because the Government did not interfere long before this with the shameful robbery that has impoverished our citizens.

In a country whose Government was established through a revolution, suggestions of change ought not to excite fears. No people should be less reluctant to consider new procedure than the American people. In no spot on the earth should hard-boiled reaction and stubborn attachment to ancient ideas be less liked. The very spirit of America is that of progress, of change, of advancement, "Sail on"—the thought of pioneering into new realms, into uncharted seas, is the very essence of Americanism. [Applause.]

So much is said about things that are "American" and "un-American." Nothing is more un-American than adherence to obsolete opinions and a system that has served its purpose. Instead of shunning innovations and evading the duty of considering reforms, let us look them frankly in the face and give them impartial consideration.

> You cannot salt the eagle's tail,
> Nor limit thought's dominion;
> You cannot put ideas in jail—
> You can't deport opinion.
>
> For though by thumbscrew and by rack,
> By exile and by prison,
> Truth has been crushed and palled in black,
> Yet truth has always risen.

Our beloved Mark Twain in his Connecticut Yankee gave a definition of loyalty that is as far from the Wall Street definition as night from day, and that ought to be an inspiration to all of us:

> You see, my kind of loyalty was loyalty to one's country, not to institutions or its officeholders. The country is the real thing; it is the thing to watch over and care for and be loyal to; institutions are extraneous, they are its mere clothing, and clothing can wear out, become ragged, cease to be comfortable, cease to protect the body from winter, disease, and death. To be loyal to rags, to shout for rags, to worship rags, to die for rags—that is a loyalty of unreason; it is pure animal; it belongs to monarchy; was invented by monarchy; let monarchy keep it. I was from Connecticut, whose constitution declared "That all political power is inherent in the people, and all free governments are founded on their authority and instituted for their benefit, and that they have at all times an undeniable and indefensible right to alter their form of government in such a manner as they think expedient." Under that gospel, the citizen who thinks that the Commonwealth's political clothes are worn out and yet holds his peace and does not agitate for a new suit, is disloyal; he is a traitor. That he may be the only one who thinks he sees this decay does not excuse him; it is his duty to agitate, anyway, and it is the duty of others to vote him down if they do not see the matter as he does.

And if you are not willing to accept the advice and viewpoint of Mark Twain, perhaps you will agree with that of Abraham Lincoln, whose ringing words should have the reverent respect of every lover of liberty throughout all the ages:

> This country, with its institutions, belongs to the people who inhabit it. When they shall grow weary of the existing government, they can exercise their constitutional right of amending it or their revolutionary right to dismember or overthrow it!

[Applause.]

DISCONTINUE ADMINISTRATIVE FURLOUGHS IN THE POSTAL SERVICE

Mr. BEITER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. BEITER. Mr. Speaker—

The postal employee is an anarchist whose sole aim is the crushing of the objects of the National Economy League.

Such is the accusation hurled against the postal employees by special corporate interests which grow fat on the heart's blood of the underpaid. Each side makes its complaints, but the plaints of the postal employees are the saddest of all.

With a long series of developments, culminating in service conditions so serious as to now hamper the efficiency of the Post Office Department, through the infliction of salary cuts, compulsory furloughs, the suspension of promotions, and the filling of vacancies, the wage income of postal workers has been sharply reduced. That life for most of the postal substitutes is a hand-to-mouth existence is acknowledged by the Post Office Department through its official order under date of March 30, 1934, over the signature of the Postmaster General. The order reads as follows:

In any cases where substitute employees are in need of this relief (referring to C.W.A.) and the local agencies refuse to grant proper consideration, the matter should first be taken up personally with the officer in charge of the local agency, and if the employee's efforts are without avail a report thereof should be submitted to the Department.

Charity in any form has always seemed an abhorrent thing, and it must be so especially to the postal substitutes.

The nature of the furlough order throwing 26,000 postal substitutes out of employment and curtailing the income of all others in the Postal Service on the very day when President Roosevelt called upon private employers to employ more at higher wages and shorter hours and "do it now" is increased to the point of irony by this frank admission that the situation of those most severely affected by the order is sufficiently desperate to be the subject of specific orders of the Department. How much better, more logical, and humane, then, to completely revocate orders issued March 2 by the Postmaster General.

Certainly, to my mind, the response given by the postal employees to the announced policy of placing the Post Office Department on a self-sustaining basis has been most gratifying and has been consistently observed. A further application of additional economies during the next 4 months, through the 4-day furlough of all postal officials and employees in the field service and the elimination of substitute employment, as well as the reduction of city deliveries to one a day and other far-reaching service changes would be imposing added pay cuts upon the postal workers.

Mr. Speaker, no one can quarrel with Government economies that reduce waste and curtail needless services. However, the post-office economies lower the employees' living standards, inconvenience the public, and add to the public relief burden. It is interesting to note that the administration itself finds it necessary to deal more realistically with hours and wages of certain groups of its own employees, while General Johnson appeals to employers to shorten working hours, increase wages, and hire more workers—exactly the opposite direction.

But what should be done to remedy existing evils? Some advocate the Golden Rule as a remedy capable of producing an effect. No doubt its application would be of immense benefit. But since the suggestions as to the adoption of the Golden Rule come mostly from the administration, we have good reasons to assume that the postal employee would be the fellow who would be expected to follow it, especially when it comes to dealing with Postmaster General's orders. The latter would scarcely consider himself bound by its precepts. At any rate, as long as such orders are issued as 1-day payless furlough every month and the elimination of substitute employment and other far-reaching service changes, we cannot believe the Post Office Department would be inclined to follow the dictates of the Golden Rule.

Someone once said, "There will be no industrial peace until every industrial worker receives an adequate share of the profits of his labor. It is unjust that the lion's share should be swallowed up by capital, while labor, the equal producer, should content itself with the leavings."

Mr. Speaker, the postal employee must eat, pay house rent, feed and clothe and rear his children just as an industrial worker must do. He must be guaranteed hours of toil that will not impair his health and undermine his strength. He must be given the opportunity to reap the benefits of the new deal just as the industrial worker has been given that opportunity through the National Recovery Administration. Industries and business houses of all classes report conditions are improving because public confidence is improving. The following Good Business News Notes were taken from a recent local publication:

One corporation increases, 2 vote extras, 1 pays initial and 1 accumulated dividends in day. Hard-coal output the past 2 months best for any like period in 8 years. January exports of automobiles highest of any month since August 1931. Atlantic Pacific sales rise 5.2 percent in latest 4-week period. United States Rubber Co. cuts 1933 loss to $606,337, from $10,358,374 in 1932. Class 1 railroads report $30,931,205 net operating earnings in January, comparing with $13,585,010 in like 1932 month. Dun & Bradstreet, Inc., reports long awaited upswing started in heavy industries, with wholesale and retail merchandising lines booming.

Why not elaborate on these flashes of good news by adding: "Post Office Department rescinds order dated March 2, 1934, with reference to payless furlough order"? Why should the regular employees—men and women who have given their life to public service at salaries small enough at any time—be subject to further reductions through the recent "furlough order"?

It inflicts harsh and unwarranted burdens on postal employees, and revocation should be made at once.

AIRCRAFT PROCUREMENT AND INCOME TAXES

Mr. McFARLANE. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes and to revise and extend my remarks by the insertion of certain statistical matter.

The SPEAKER. Is there objection?

There was no objection.

Mr. McFARLANE. Mr. Speaker, I rise to address the House at this time in regard to aircraft procurement, also particularly as it deals with the income-tax phases of the different aircraft companies selling equipment to our Government.

On March 29 I introduced a bill (H.R. 8891) that amends our income-tax laws in certain particulars, as follows:

Be it enacted, etc., That section 13 (a) of the Revenue Act of 1932 is amended to read as follows:

"(a) Rate of tax: There shall be levied, collected, and paid for each taxable year upon the net income of every corporation a tax of 13¾ percent of the amount of the net income: *Provided*, That the tax levied, collected, and paid in the case of a corporation which derives, within the taxable year, income from a Government contract or contracts shall be the sum of (1) 13¾ percent of the net income attributable to such Government contract or contracts, and (2) 13¾ percent of the net income from other sources.

"For the purposes of this section the net income attributable to such Government contract or contracts shall be the gross amount of the income received within the taxable year from such Government contract or contracts less the deductions allowed by section 23 and properly allocable to such Government contract or contracts. The allocation of the deductions with respect to gross income derived from such Government contract or contracts and from other sources, respectively, shall be determined under rules and regulations prescribed by the Commissioner with the approval of the Secretary."

SEC. 2. Section 141 (d) of the Revenue Act of 1932 is amended to read as follows:

"(d) Definition of 'affiliated group': As used in this section an 'affiliated group' means one or more chains of corporations connected through stock ownership with a common parent corporation if—

"(1) At least 90 percent of the stock of each of the corporations (except the common parent corporation) is owned directly by one or more of the other corporations; and

"(2) The common parent corporation owns directly at least 90 percent of the stock of at least one of the other corporations.

"The term 'affiliated group' does not include a corporation which derived, within the taxable year, income from a Government contract or contracts. As used in this subsection the term 'stock' does not include nonvoting stock which is limited and preferred as to dividends."

SEC. 3. Section 1111 (a) of the Revenue Act of 1932 is amended by adding a new paragraph to read as follows:

"(15) The term 'Government contract' means (a) a contract made with the United States, or with any department, bureau, officer, commission, board, or agency, under the United States and acting in its behalf, or with any agency controlled by any of the above if the contract is for the benefit of the United States; or (b) a subcontract made with a contractor performing such a contract if the products or services to be furnished under the subcontract are for the benefit of the United States."

SEC. 4. The provisions of this act shall apply only to taxable years beginning after December 31, 1933.

This bill was introduced as a result of the study that I have made of the income-tax returns of the different companies selling the Navy aircraft equipment. I have in my office at this time a complete take-off of those income-tax figures relating to each company from 1929 to 1932, inclusive. I have in my hand a summary of the information contained in those returns, and it is about that information that I desire to speak to you at this time. There are four large holding companies controlling very largely the air industry today in this country, in all its different ramifications—transportation, manufacture, mail, local, and abroad. It may be of interest to you to know some of the salaries that have been paid by the Air Trust to some of their officers as shown by the income-tax returns filed by them insofar as the information is available at this time, as follows:

EXHIBIT A

	1928	1929	1930	1931	1932
NORTH AMERICAN AVIATION, INC.					
Directors' fees	$2,000	$7,150.00	(1)	(1)	(1)
Vice president		1,458.31	$1,666.64		$15,999.96
Secretary-treasurer		14,416.64	4,999.92	$4,999.92	3,666.64
Assistant secretary-treasurer		3,391.66	2,038.32	6,312.50	4,962.50
Chairman		(1)	(1)	(1)	46,666.65
President		(1)	(1)	(1)	2,333.32
Sperry Gyro Scope Co., Inc.:					
President			20,000.00	9,999.96	14,300.00
Vice president			17,000.00	22,711.55	7,600.00
Treasurer			3,000.00	3,000.00	2,250.00
Secretary			9,000.00	9,000.00	8,580.00
Assistant treasurer			6,000.00	11,700.00	9,084.00
Assistant treasurer and auditor			(1)	(1)	5,595.00
Treasurer and assistant secretary			(1)	(1)	1,500.00
Chairman			(1)	(1)	4,500.00
Eastern Air Transport:					
President			10,000.00	15,000.00	13,000.00
Vice president			10,999.98	15,000.00	13,000.00
Assistant secretary and treasurer			4,660.02	5,500.02	5,600.00
Vice chairman of board			(1)	(1)	1,333.33
Ford Instrument Co.:					
Secretary treasurer			3,000.00	9,000.00	6,500.00
President			94,241.39	75,516.92	37,500.00
Assistant secretary-treasurer			16,898.52	5,200.00	4,435.64
Vice presidents			(1)	21,800.00	16,500.00
B/J Aircraft Co.:					
Vice president			5,555.58	10,187.50	9,546.88
Assistant secretary			(1)	716.62	2,624.98
Secretary-treasurer			(1)	(1)	2,170.46
Assistant secretary-treasurer			(1)	(1)	2,362.50
President			(1)	(1)	9,062.46
Condor Corporation:					
Treasurer					2,666.56
Assistant treasurer					1,600.00
BENDIX AVIATION CORPORATION					
President			50,000.00	50,000.00	45,520.84
Vice president			15,000.00	3,750.00	16,875.00
Treasurer			19,800.00	16,750.00	(1)
Secretary			6,000.00	6,000.00	5,757.50
Assistant treasurer			(1)	4,400.00	4,568.44
Bendix Brake Co.:					
All		17,034.08			
Vice president			21,999.96	25,749.99	4,500.00
Delco Aviation Corporation:					
All		4,227.00			
President			7,500.00	7,500.00	937.50
Assistant secretary			(1)	(1)	786.54
American Propeller Co.:					
All		4,000.00			
Vice president			8,000.00	(1)	(1)
Pioneer Instrument Co.:					
All		19,450.00			
President			24,000.00	24,000.00	(1)

[1] Salary not shown on income-tax return.

EXHIBIT A—Continued

	1928	1929	1930	1931	1932
BENDIX AVIATION CORPORATION—continued					
Pioneer Instrument Co.—Con.					
Vice president			$6,800.00	$8,675.00	$8,958.24
Treasurer			4,900.00	5,099.64	(1)
Secretary			4,272.50	1,976.00	(1)
Secretary-assistant treasurer			(1)	175.00	(1)
Assistant treasurer-secretary			(1)	(1)	5,758.70
Chairmen			(1)	(1)	7,000.00
Scintilla Magneto Co.:					
All		$21,375.23			
Vice president			21,500.00	21,166.64	18,833.28
Secretary-treasurer			6,600.00	6,600.00	5,912.50
Eclipse Machine Co.:					
All		47,399.94			
President			36,999.96	36,999.96	31,604.16
Vice president			31,999.92	31,999.92	27,333.33
Secretary-treasurer			17,916.66	9,999.96	9,999.96
Bendix Cowdrey Brake Tester, Inc.: Vice president			8,617.50	8,220.00	1,270.00
Bendix Stromberg Carburetor Co.:					
President			34,999.92	8,749.98	(1)
Vice president			25,250.00	28,500.00	5,000.00
Secretary			2,187.50	(1)	(1)
Assistant secretary			4,400.00	4,800.00	800.00
Bragg Kliesrath Corporation:					
Vice president			14,454.00	15,600.00	2,600.00
Assistant treasurer			4,820.00	4,680.00	740.00
Chas. Cory Corporation:					
Vice president			4,800.00	(1)	(1)
Treasurer			2,520.00	(1)	(1)
Assistant treasurer			(1)	3,600.00	3,225.00
Aircraft Control Corporation:					
President			4,999.98	9,615.50	833.34
Vice president			4,999.98	9,615.50	(1)
Eclipse Aviation Corporation:					
President			25,000.00	25,000.00	24,635.50
Vice president			15,000.00	15,000.00	14,812.50
Treasurer			6,883.34	6,937.50	7,421.88
Hydrolic Brake Co.:					
President			11,550.00	15,000.00	13,125.00
Vice president			2,465.00	15,000.00	13,125.00
Assistant treasurer			(1)	4,480.00	3,665.00
Julian P. Frieze & Sons, Inc.:					
President			5,000.00	9,589.99	1,812.48
Vice president			5,000.00	10,000.00	9,046.53
Assistant secretary			(1)	(1)	1,436.50
Brandis & Sons, Inc.: President				817.29	
Bendix Service Corporation:					
Secretary				3,192.00	
Assistant treasurer				3,375.00	
Bendix Products Corporation:					
Vice president					32,206.25
Molded Insulation Co.: President					1,817.36
UNITED AIRCRAFT & TRANSPORT CORPORATION					
Chairman		37,500.07	(1)	(1)	(1)
President		35,000.07	216,122.27	98,750.10	80,416.78
Secretary-treasurer		4,375.03	5,000.04	4,937.70	4,750.32
Comptroller		8,200.03	16,500.03	27,250.20	23,583.39
Vice president		14,000.00	9,166.68		
Assistant comptroller		(1)	(1)	7,887.34	8,008.38
United Aircraft & Transport of Connecticut:					
Vice president			14,000.02	24,725.10	49,466.87
President			(1)	146,025.49	47,500.32
Pratt-Whitney Aircraft Co.:					
President		380,668.04	30,000.04	79,080.90	35,333.40
Secretary-treasurer		78,582.74	34,600.00	39,435.36	23,000.00
Vice president		191,081.43	112,230.96	13,500.00	(1)
Assistant secretary-treasurer		7,020.00			
Chairman		(1)	(1)	(1)	50,000.13
Boeing Airplane Co.:					
Chairman		27,000.00	26,000.00	(1)	(1)
President		12,500.00	27,538.42	39,200.44	28,000.00
Vice president		20,000.00	23,657.24	30,263.09	20,000.00
Treasurer		5,000.00	7,785.52	4,695.55	6,000.00
Chief engineer		7,000.00	(1)	(1)	(1)
Assistant to president		7,500.00	(1)	(1)	(1)
Secretary		(1)	900.00	3,750.00	2,100.00
Chance Vaught Corporation:					
President		52,981.12	(1)	12,500.00	33,500.00
Vice president		22,331.45	38,100.00	20,066.72	10,200.00
Secretary		3,500.07	2,000.04	(1)	2,800.00
Assistant secretary		(1)	(1)	4,566.70	(1)
Assistant treasurer		(1)	(1)	5,400.00	5,400.00
Chairman		(1)	(1)	(1)	14,583.38
Sikorsky Aviation Corporation:					
President		6,602.40	16,416.61	14,975.00	9,000.00
Vice president		12,153.65	48,550.00	13,500.00	9,000.00
Secretary-treasurer		(1)	11,500.00	(1)	(1)
Assistant secretary		(1)	(1)	6,390.00	5,400.00
Northrot Aircraft Corporation, Ltd.:					
President		2,234.90	5,100.00	8,000.00	
Vice president		2,234.90	5,100.00	8,000.00	

[1] Salary not shown on income-tax return.

EXHIBIT A—Continued

	1928	1929	1930	1931	1932
UNITED AIR CORPS & TRANSPORT CORPORATION—con.					
Starman Aircraft Co.:					
President		$1,500.00	$6,000.00	$6,000.00	$1,500.00
Vice president		1,500.00	6,000.00	11,499.98	4,200.00
Treasurer		900.00	6,000.00	(1)	4,650.00
Secretary		(1)	5,000.00	(1)	(1)
Hamilton Standard Propeller Corporation:					
President		3,856.00	16,559.27	13,353.75	10,000.00
Vice president		186.00	9,528.56	15,299.96	3,500.00
Chairman		6,500.01	9,999.96	11,853.76	(1)
Secretary		(1)	6,669.94	4,499.94	3,958.30
Treasurer		(1)	4,945.25	4,499.94	2,083.30
Hamilton Manufacturing Co.:					
President		17,470.84			
Secretary		180.00			
Boeing Air Transport Inc.:					
President		12,500.00	12,000.00	19,875.00	19,496.98
Vice president		10,000.00	11,000.00	18,500.00	26,000.04
Secretary		695.19	900.00	3,317.50	225.00
Treasurer		2,500.00	3,000.00	4,624.98	5,625.00
Chairman		27,000.00	2,600.00	(1)	(1)
Assistant treasurer		(1)	(1)	2,962.50	5,171.86
Assistant Secretary		(1)	(1)	(1)	2,250.00
Stout Air Service, Inc.:					
Vice president		5,100.00	6,800.00		
Secretary		250.00	2,675.00		
United Aircraft Exports, Inc.:					
President		14,836.66	34,873.46	25,687.60	21,114.67
Vice president		(1)	(1)	7,400.09	5,700.06
Treasurer		(1)	2,000.04	(1)	(1)
Assistant comptroller		(1)	(1)	2,000.16	1,100.08
Assistant to president		(1)	(1)	(1)	3,229.96
National Air Transport:					
President			16,666.70	7,875.00	19,496.98
Vice president			11,250.00	37,900.00	25,499.99
Secretary-treasurer			(1)	2,625.00	5,950.00
Assistant secretary			(1)	787.50	2,250.00
Assistant treasurer			(1)	7,400.00	5,171.87
Varney Airlines Inc.:					
President			12,500.00	2,625.00	6,498.99
Vice president			4,150.00	35,900.00	13,400.00
Secretary-treasurer			(1)	875.00	1,950.00
Assistant secretary			(1)	262.50	750.00
Assistant treasurer			(1)	850.00	1,723.96
Chairman			(1)	(1)	24,999.95
United Airports of California, Ltd.:					
President			9,999.97	4,999.98	(1)
Vice president			(1)	3,350.00	4,200.00
Secretary			(1)	(1)	2,700.00
United Airports of Connecticut, Inc.: All			4,750.06		
Pacific Air Transport:					
President				8,625.00	6,498.99
Vice president				10,000.00	12,500.00
Secretary-treasurer				3,624.98	1,950.00
Assistant secretary				1,102.50	750.00
Assistant treasurer				3,962.44	1,733.96
Hamilton Standard Propeller Co.:					
Chairman				3,750.00	
President				3,000.00	
Vice president				2,100.00	
Secretary				1,249.98	
Treasurer				1,249.98	
CURTISS-WRIGHT CORPORATION					
Chairman			89,940.00	(1)	(1)
President			10,050.00	(1)	(1)
Vice president and executive secretary			25,613.33	(1)	(1)
Vice president			45,553.35	(1)	(1)
Secretary			7,000.00	(1)	(1)
Treasurer			11,300.00	(1)	(1)
Assistant treasurer			7,349.00	(1)	(1)
Curtiss Airplane & Motor Co., Inc.:					
Vice president			14,750.00	(1)	(1)
Vice president and chief engineer			14,750.00	(1)	(1)
Vice president and treasurer			11,800.00	(1)	(1)
Assistant secretary and treasurer			7,375.00	(1)	(1)
Vice president and secretary			3,750.00	(1)	(1)
Wright Aeronautical Corporation:					
President			18,339.20	(1)	(1)
Vice president			10,416.00	(1)	(1)
Treasurer			8,800.00	(1)	(1)
Assistant treasurer			4,048.00	(1)	(1)
Assistant secretary			1,518.00	(1)	(1)
Keystone Aircraft Corporation:					
President			15,000.00	(1)	(1)
Vice president			15,833.36	(1)	(1)
Treasurer			9,000.00	(1)	(1)
Curtiss-Wright Airplane Co. of Delaware:					
President			2,416.64	(1)	(1)
Vice president			3,425.00	(1)	(1)
Assistant treasurer			5,666.70	(1)	(1)
Factory manager			3,850.00	(1)	(1)

[1] Salary not shown on income-tax return.

EXHIBIT A—Continued

	1928	1929	1930	1931	1932
CURTISS-WRIGHT CORPORATION—con.					
Curtiss-Wright Airplane Co., Missouri:					
President			$7,416.56	(1)	(1)
Vice president			3,425.00	(1)	(1)
Treasurer			6,874.98	(1)	(1)
Moth Aircraft Corporation:					
President			1,000.00	(1)	(1)
Vice president			625.00	(1)	(1)
Curtiss-Wright Airports Corporation:					
Vice president			6,583.28	(1)	(1)
Treasurer			875.00	(1)	(1)
Assistant treasurer			875.00	(1)	(1)
New York Air Terminals, Inc.: Assistant treasurer and manager			3,000.00	(1)	(1)
New York & Suburban Air Lines, Inc.: Vice president			3,333.32	(1)	(1)

[1] Salary not shown on income-tax return.

	Tax assessed consolidated returns	Approximate tax separate returns	Difference	Loss to United States due to consolidated returns
Bendix Aviation Corporation:				
1929	$388,298.43	$429,949.83	$41,645.40	
1930	103,264.18	339,183.00	235,918.82	
1931	None	281,433.30	281,433.30	
1932	None	66,865.97	66,865.97	
Total				$625,863.49
Curtiss-Wright Corporation:				
1930	None	51,815.90	51,815.90	
1931	None	None		
1932	None	49,893.41	49,893.41	
Total				101,709.31
North American Aviation Inc.:				
None consolidated:				
1928	798.90	798.90		
1929	148,074.20	148,074.20		
Consolidated:				
1930	115,119.54	184,949.86	69,830.32	
1931	None	68,330.37	68,330.37	
1932	None	12,820.06	12,820.06	
Total				150,980.75
United Aircraft & Transport Corporation:				
1929	1,027,501.56	1,069,436.39	41,943.83	
1930	378,866.32	678,326.71	299,460.39	
1931	262,282.32	608,212.54	345,930.22	
1932	315,105.84	482,730.69	167,624.85	
Total				854,959.29
Aviation Corporation:				
1929	None	142,645.36	142,645.36	
1930	None	99,144.96	99,144.96	
1931	None	71,664.12	71,664.12	
Total				313,454.44
Total loss of revenue to Government due to companies having Government contracts filing consolidated income-tax returns (the 1918 law required separate return and payment of tax on all Government contracts)				2,046,967.28

Total compensation to officers as shown by the income-tax returns

Bendix Aviation Corporation:	
1929	$115,486.25
1930	466,176.30
1931	543,414.87
1932	322,496.85
North American Aviation, Inc.:	
1928	2,000.00
1929	26,416.61
1930	214,760.35
1931	215,444.99
1932	254,940.83
Curtiss-Wright Corporation:	
1930	289,576.72
1931	(1)
1932	(1)

[1] Not shown.

Total compensation to officers as shown by the income-tax returns—Continued

United Aircraft & Transport Corporation:	
1929	1,042,441.41
1930	879,536.07
1931	906,489.71
1932	725,662.91

It may be especially of interest to some of the new Members to go into this matter just a little bit, to understand how this aircraft racket has worked in this country. The same crowd, very largely, that is in the saddle in the air industry today were in control of this industry during the war, and a study of the set-up of the personnel will convince you that that is true. Col. E. A. Deeds and H. E. Talbott, George B. Smith, Charles F. Kettering, and the others were connected directly or indirectly in the sale of aircraft equipment to the Government during the war, and they sold quite a lot of equipment and experience to the Government for which they and their friends collected more than a billion and a half of dollars, and according to the investigations and the records that have been made by Chief Justice Hughes, who at that time made a personal investigation at the request of the President, there were something like 100 observation planes being used on the front in France at the signing of the Armistice. There were something like 215 or 220 more such planes at the front subject to being used. That is what the United States realized out of an investment of more than a billion and a half dollars.

Studying the air industry from that time down to date, we learn quite a lot of interesting things about the maneuvers and the activities of this group. They have not been interested in developing aircraft equipment and warplane engines to improve the efficiency of our national defense. They have been interested only in one thing, and that is selling the Government equipment for the best price obtainable, and they have gone into this matter with that primarily in view. We find these holding corporations paying their officers large salaries as shown by the above tables.

You will notice that in 1929 the Pratt Whitney Aircraft Co. paid its president, Mr. Fred Rentsler, $380,668.04 and the same year he received $35,000.07 as president of the United Aircraft & Transportation Corporation and quite a few of the officers of the subsidiaries of this and other holding corporations were drawing similar salaries from the subsidiaries and the holding corporations through such manipulations.

AIRPLANE-ENGINE MANUFACTURERS

We find that in 1926 there was but one large airplane-engine manufacturing concern in this country, Wright Aeronautical Co., and during 1926 we find Colonel Deeds, Rentsler, and others organizing the Pratt Whitney Aircraft Corporation to manufacture airplane engines. Testimony before our committee showed the stock of this concern on organization had no value; however, shortly thereafter, when they had secured enormous Government contracts, their stock was placed on the board at $97 per share, and within a short period of time increased to $336 per share. This company and the Wright Aeronautical Corporation comprise the two principal airplane-engine manufacturing concerns in the United States, and, according to the testimony before our committee, there is very little competition between them in the different categories in the sale of their equipment to the Navy Department.

We find them making enormous profits. We find that when the different investigation committees were checking them a little too closely they then organized holding corporations.

The SPEAKER. The time of the gentleman from Texas [Mr. McFARLANE] has expired.

Mr. McFARLANE. I ask unanimous consent, Mr. Speaker, to proceed for 5 additional minutes.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. McFARLANE. Under the law which they and others succeeded in having passed permitting them to file consolidated returns, they have defrauded our Government out of millions of dollars.

Mr. GOSS. Will the gentleman yield?

Mr. McFARLANE. I yield.

Mr. GOSS. Will the gentleman be good enough, having made these accusations, to tell us where they have defrauded the Government?

Mr. McFARLANE. I am going to put these charts in the RECORD.

Mr. GOSS. Will the gentleman tell us now? I am interested. As the gentleman knows, I am a member of a committee which is studying that question now.

Mr. McFARLANE. Very well. I will give the gentleman the information right now.

Mr. GOSS. I say that, because the Government is supposed to audit these concerns.

Mr. McFARLANE. That is true. The hearings before the Naval Affairs Committee show that they wrote letters to these different concerns, telling them they were going to come up there and check their books, and they came up there and they looked over their books, made their examination. They did not call it an audit. They called it an examination of their books. Then they returned to Washington. That is the only audit that we have. We do not have men located in their plants particularly checking the overhead, as to what officials are working on Government contracts and what are working on commercial contracts. We have no one checking the accuracy of their accounts. And according to their own books and figures they are making enormous profits.

Mr. GOSS. Now, I have been over some of the audits personally. I am not particularly taking the floor to defend those, because we are in the midst of our investigation, but I want to say that they have separated out the overheads on what has been spent on Army and Navy contracts versus commercial contracts.

Mr. McFARLANE. Answering the gentleman, I will say that I will furnish the gentleman with a copy of the hearings before the Committee on Naval Affairs. As to the break-down for Army, Navy, and commercial, yes; those three are separated, but the point I am making is that there was not any Government official present at any of their plants making that separation and checking the personnel to see that the division of labor, as to the kind and character of work being performed, the wages paid, and so forth, was fair to the Government, and we simply took their ipse dixit as to what the separation was.

Mr. GOSS. We had an auditor from the War Department testify before the Military Affairs Committee under oath that he did make the separation.

Mr. McFARLANE. If they had that in the Military Affairs Committee, and you check them closely, I imagine you will find they did the same as they did in the Naval Affairs Committee. It is not their fault. It is the fault of Congress, because we have not enacted laws and made appropriations requiring those things. They took their own audit, their own figures.

They have a right to require further information if they want it, but on particular questioning of the gentleman who makes these audits for the Bureau of Supplies and Accounts for the Navy, it was shown that they did not maintain any personnel in any one of these plants for the purpose of checking these things over, as to what part of the personnel is being used in commercial phases, as to what personnel is being used in Army or Navy contracts or in other Government contracts.

Mr. GOSS. I do not want to interrupt the gentleman, but I hope he will confine his remarks to the investigation before the Naval Affairs Committee, because I do not know anything about the Navy. I am on the Military Affairs Committee, and the gentleman has not attended the meetings before that committee. We are going to make a full report, and I do not think the gentleman should confuse the two Departments.

Mr. McFARLANE. We brought out all this information in the Naval Affairs Committee and the complete breakdown as it was furnished by these concerns to the Navy Department are in the record of our hearings. Of course, the gentleman's committee will make their own report.

Mr. DONDERO. Will the gentleman yield?

Mr. McFARLANE. I yield.

Mr. DONDERO. The gentleman made an interesting statement, in that all that the Government got for over a billion dollars was 300 airplanes.

Mr. McFARLANE. That much in use at the front. We got a lot of experience, and some planes that were considered obsolete that were delivered later on, but that is all that we received at the time of the signing of the armistice.

Mr. DONDERO. A rather expensive investment.

Mr. McFARLANE. A rather expensive investment, and we ought to profit by it. We ought to change a system of Government aircraft procurement that allows that to go on and continue, such as we are having today.

NO COMPETITION IN AIRCRAFT PROCUREMENT

It was the clearly expressed intention of the Aircraft Act of 1926 to permit procurement of experimental aircraft without competitive bidding. This act gave to the Secretary of War and the Secretary of the Navy special privileges in this regard not allowed even other branches of the Government in the procurement of their aircraft. Their interpretation of Government contract was to prevail instead of the Comptroller's Department having the final say, as is the case of procurement of aircraft for the other six or seven departments of Government purchasing the same, and in this regard it may be pointed out that these other departments have been able to purchase their aircraft through competition considerably cheaper than have the Army and Navy where little or no competition has been had in such purchases.

It was the expressed intention of the Aircraft Act after the experimental stage had been passed to require open competitive bidding in the procurement of production contract. The negotiation stage had passed. The Government had decided what aircraft it wanted. Then in all fairness the act clearly specifies open competition must be had, but the records of the Comptroller's office show that both departments have continued to disregard the law and purchase a large part of their aircraft without open competitive bidding on production contracts. The law is plain and the legal staffs of both the Army and the Navy have clearly construed it as it is written, that the act requires open competitive bidding on production contracts. A bill to nullify this law was offered by Hon. CARL VINSON in January 1928, H.R. 9359, to permit procurement of production contracts without open competitive bidding, and this measure was not reported out of the Military Affairs Committee. This Congress should not adjourn until this matter is fully and completely gone into and the parties disregarding the clearly expressed intention of Congress dealt with accordingly.

INCOME TAX

Now, with regard to the income-tax phase of this question, I have before me here charts I have inserted in the RECORD, that shows how much these different aircraft concerns have saved for themselves through being allowed to file consolidated returns instead of being required to file separate returns on all Government contracts as required under the law of 1918.

The SPEAKER. The time of the gentleman from Texas [Mr. McFARLANE] has again expired.

Mr. McFARLANE. Mr. Speaker, I ask unanimous consent to proceed for 5 additional minutes.

Mr. TABER. Mr. Speaker, reserving the right to object, it seems to me the gentleman should conclude in less time than that.

Mr. McFARLANE. I think I can conclude before that, but I would like to get as much as possible of this information before you.

Mr. TABER. If the gentleman would make it 3 minutes and then extend it in the RECORD.

Mr. McFARLANE. All right.

The SPEAKER. Without objection, the gentleman from Texas is recognized for 3 additional minutes.

Mr. McFARLANE. We find that the Bendix Aviation Corporation has saved, through the filing of consolidated returns, and in the change of income-tax laws which have been changed since the law of 1918, the sum of $625,863.49 in money they would have been required to pay to the Government had the law not been changed and had they been required to file separate returns rather than consolidated returns.

The Curtiss-Wright Corporation saved $101,709.31 in the same way. The North American, or the General Motors Corporation, has saved $150,980.75. United Aircraft & Transport Corporation has saved $854,959.29. The Aviation Corporation of America has saved $313,454.44. These five holding corporations have saved primarily on Government contracts through the filing of consolidated returns $2,046,967.28.

This should be very significant to Congress as indicative of what is being saved by different corporations throughout the United States. In other words through the filing of consolidated returns they are depriving the Government of this amount of taxes. Reasoning the thing out a little further let us consider a family of 10 children, all of age and making good income. Is there any reason why these 10 separate families should be allowed to file a consolidated return and in this way deprive the Government of the tax it would receive did each of them file a separate return? Under existing law, however, the corporations are depriving this Government of millions of dollars through the filing of consolidated returns. It is not right; it is not fair; it is not just to the Government that this situation be allowed to continue.

We should speedily reenact into law the above measure which is in keeping with the same provision during the World War. If there ever was a time in the history of our country when we were at war it is now. We are in the midst of the greatest of all wars—to end the depression. We need more revenue from those most able to pay. If this measure was right during the World War, it is right now and should be enacted to raise more revenue for our badly depleted Treasury. [Applause.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I make the point of order that a quorum is not present.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. ZIONCHECK, for today, on account of official business.

To Mr. RAMSPECK, for 5 days, on account of death in family.

To Mr. CROSBY, for 5 days, on account of important business.

To Mr. HESS, indefinitely, on account of illness.

PAYMENT OF BONUS

Mr. THOM. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. THOM. Mr. Speaker, in casting my vote against the immediate payment of the soldiers' bonus, I was controlled by the following considerations:

While business is showing remarkable improvement over the black conditions of a year ago, the volume of unemployment is still such that I feel our governmental borrowing and spending power should be chiefly employed until the end of this critical period to accomplish these objects:

First to insure that no person in the whole United States shall lack food; second, to furnish jobs at fair wages to as many able-bodied persons as possible through soundly conceived work programs in lieu of direct money or food grants.

Recognizing that there is a limit to our spending power unless we want to resort to printing-press money that would invite financial chaos such as we have just emerged from, after taking care of the objects enumerated above, I should

be disposed if compatible with preserving the national credit to extend loans to our collapsing school system where such loans are imperative for its continuance and to hospitals in financial straits that minister to those who are in even more distress than the unemployed.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 2729. An act to repeal an act of Congress entitled "An act to prohibit the manufacture or sale of alcoholic liquors in the Territory of Alaska, and for other purposes", approved February 14, 1917, and for other purposes.

BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, bills of the House of the following titles:

H.R. 305. An act for the relief of Ernest B. Butte;

H.R. 469. An act for the relief of Lucy Murphy;

H.R. 881. An act for the relief of Primo Tiburzio;

H.R. 1403. An act for the relief of David I. Brown;

H.R. 2342. An act for the relief of Lota Tidwell, the widow of Chambliss L. Tidwell;

H.R. 2509. An act for the relief of John Newman;

H.R. 2639. An act for the relief of Charles J. Eisenhauer;

H.R. 2990. An act for the relief of George G. Slonaker;

H.R. 3521. An act to reduce certain fees in naturalization proceedings, and for other purposes;

H.R. 3997. An act for the relief of Erney S. Blazer;

H.R. 4056. An act for the relief of Emma F. Taber;

H.R. 4252. An act for the relief of Mary Elizabeth O'Brien;

H.R. 4268. An act for the relief of Joe Setton;

H.R. 5007. An act for the relief of Lissie Maud Green;

H.R. 6084. An act for the relief of Lottie W. McCaskill;

H.R. 6525. An act to amend the act known as the "Perishable Agricultural Commodities Act, 1930", approved June 10, 1930;

H.R. 6822. An act for the relief of Warren F. Avery;

H.R. 7599. An act authorizing the Reconstruction Finance Corporation to make loans to nonprofit corporations for the repair of damages caused by floods or other catastrophes, and for other purposes; and

H.R. 8046. An act to provide a penalty for the knowing or willful presentation of any false written instrument relating to any matter within the jurisdiction of any Department or agency of the Government with intent to defraud the United States.

ADJOURNMENT

Mr. O'CONNOR. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 35 minutes p.m.) the House adjourned until tomorrow, Tuesday, April 10, 1934, at 12 o'clock noon.

COMMITTEE HEARING

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Tuesday, April 10, 10 a.m.)

Hearings on H.R. 8301—communications.

EXECUTIVE COMMUNICATIONS, ETC.

403. Under clause 2 of rule XXIV a letter from the Secretary of War, transmitting draft of a proposed joint resolution providing that the provisions of section 23 of the Independent Offices Appropriation Act for the fiscal year 1935, passed March 28, 1934, shall not be applied to employees of the Panama Canal on the Isthmus of Panama, was taken from the Speaker's table and referred to the Committee on the Civil Service.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. LANHAM: Committee on Public Buildings and Grounds. H.R. 8889. A bill to provide for the custody and maintenance of the United States Supreme Court Building and the equipment and grounds thereof; without amendment (Rept. No. 1150). Referred to the Committee of the Whole House on the state of the Union.

Mr. KELLER: Committee on the Library. Senate Joint Resolution 70. A joint resolution to provide for the reappointment of John C. Merriam as a member of the Board of Regents of the Smithsonian Institution; without amendment (Rept. No. 1151). Referred to the House Calendar.

Mr. KELLER: Committee on the Library. House Joint Resolution 302. A joint resolution authorizing the creation of a Federal Memorial Commission to consider and formulate plans for the construction, on the western bank of the Mississippi River, at or near the site of old St. Louis, Mo., of a permanent memorial to the men who made possible the territorial expansion of the United States, particularly President Thomas Jefferson and his aides, Livingston and Monroe, who negotiated the Louisiana Purchase, and to the great explorers Lewis and Clark, and the hardy hunters, trappers, frontiersmen, and pioneers and others who contributed to the territorial expansion and development of the United States of America; without amendment (Rept. No. 1152). Referred to the House Calendar.

Mr. DIMOND: Committee on the Territories. S. 2811. An act to authorize the incorporated city of Juneau, Alaska, to issue bonds in any sum not exceeding $100,000 for municipal public works, including regrading and paving of streets and sidewalks, installation of sewer and water pipe, construction of bridges, construction of concrete bulkheads, and construction of refuse incinerator; with amendment (Rept. No. 1153). Referred to the House Calendar.

Mr. DIMOND: Committee on the Territories. S. 2812. An act to authorize the incorporated city of Skagway, Alaska, to issue bonds in any sum not exceeding $40,000, to be used for the construction, reconstruction, replacing, and installation of a water-distribution system; with amendment (Rept. No. 1154). Referred to the House Calendar.

Mr. DIMOND: Committee on the Territories. S. 2813. An act to authorize the incorporated town of Wrangell, Alaska, to issue bonds in any sum not exceeding $47,000 for municipal public works, including enlargement, extension, construction, and reconstruction of water-supply system; extension, construction, and reconstruction of retaining wall and filling, and paving streets and sidewalks; and extension, construction, and reconstruction of sewers in said town of Wrangell; with amendment (Rept. No. 1155). Referred to the House Calendar.

Mr. KELLER: Committee on the Library. H.R. 8910. A bill to establish a National Archives of the United States Government, and for other purposes; with amendment (Rept. No. 1156). Referred to the Committee of the Whole House on the state of the Union.

Mr. KELLER: Committee on the Library. House Joint Resolution 19. A joint resolution to make available to Congress the services and data of the Interstate Legislative Reference Bureau; without amendment (Rept. No. 1157). Referred to the Committee of the Whole House on the state of the Union.

Mr. KELLER: Committee on the Library. House Joint Resolution 248. A joint resolution to authorize the erection on public grounds in the District of Columbia of a stone marker designating the zero milestone of the Jefferson Davis National Highway; without amendment (Rept. No. 1158). Referred to the Committee of the Whole House on the state of the Union.

Mr. KELLER: Committee on the Library. Senate Joint Resolution 21—Authorizing the erection in Washington, D.C., of a monument in memory of Col. Robert Ingersoll; without amendment (Rept. No. 1159). Referred to the Committee of the Whole House on the state of the Union.

Mr. DARDEN: Committee on Naval Affairs. H.R. 8865. A bill to amend section 1 of the act approved May 6, 1932 (47 Stat. 149; U.S.C., supp. VII, title 34, sec. 12); without amendment (Rept. No. 1164). Referred to the Committee of the Whole House on the state of the Union.

Mr. JEFFERS: Committee on the Civil Service. H.R. 1613. A bill to amend the act of May 29, 1930, for the

retirement of employees in the classified civil service; without amendment (Rept. No. 1173). Referred to the Committee of the Whole House on the state of the Union.

Mr. SWEENEY: Committee on the Post Office and Post Roads. H.R. 8919. A bill to adjust the salaries of rural letter carriers, and for other purposes; with amendment (Rept. No. 1174). Referred to the Committee of the Whole House on the state of the Union.

Mr. STUDLEY: Committee on the Post Office and Post Roads. H.R. 7340. A bill to authorize the Post Office Department to hold contractors or carriers transporting the mails by air or water on routes extending beyond the borders of the United States responsible in damages for the loss, rifling, damage, wrong delivery, depredations upon, or other mistreatment of mail matter due to fault or negligence of the contractor or carrier, or an agent or employee thereof; without amendment (Rept. No. 1175). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. ELTSE of California: Committee on Naval Affairs. House Joint Resolution 108. A joint resolution authorizing the President of the United States to present the Distinguished Flying Cross to Emory B. Bronte; without amendment (Rept. No. 1160). Referred to the Committee of the Whole House.

Mr. BURNHAM: Committee on Naval Affairs. H.R. 4151. A bill correcting date of enlistment of Elza Bennett in the United States Navy; without amendment (Rept. No. 1161). Referred to the Committee of the Whole House.

Mr. SUTPHIN: Committee on Naval Affairs. H.R. 5057. A bill for the relief of John E. Fondahl; without amendment (Rept. No. 1162). Referred to the Committee of the Whole House.

Mr. KNIFFIN: Committee on Naval Affairs. H.R. 5794. A bill for the relief of Carl A. Butler; without amendment (Rept. No. 1163). Referred to the Committee of the Whole House.

Mr. DUNCAN of Missouri: Committee on Military Affairs. S. 1288. An act for the relief of Otto Christian; without amendment (Rept. No. 1165). Referred to the Committee of the Whole House.

Mr. DUNCAN of Missouri: Committee on Military Affairs. H.R. 6580. A bill for the relief of Joseph J. McMahon; without amendment (Rept. No. 1166). Referred to the Committee of the Whole House.

Mr. DUNCAN of Missouri: Committee on Military Affairs. H.R. 5341. A bill for the relief of Harrison Brainard, alias Harry White; without amendment (Rept. No. 1167). Referred to the Committee of the Whole House.

Mr. DUNCAN of Missouri: Committee on Military Affairs. H.R. 4213. A bill for the relief of George McCourt; without amendment (Rept. No. 1168). Referred to the Committee of the Whole House.

Mr. MAY: Committee on Military Affairs. H.R. 3015. A bill for the relief of Daniel W. Seal; without amendment (Rept. No. 1169). Referred to the Committee of the Whole House.

Mr. MAY: Committee on Military Affairs. S. 1287. An act for the relief of Leonard Theodore Boice; without amendment (Rept. No. 1170). Referred to the Committee of the Whole House.

Mr. MAY: Committee on Military Affairs. H.R. 2030. A bill for the relief of John H. LaFitte; without amendment (Rept. No. 1171). Referred to the Committee of the Whole House.

Mr. MAY: Committee on Military Affairs. H.R. 7365. A bill to correct and complete the military record of Carl Lindow, known also as "Carl Lindo"; without amendment (Rept. No. 1172). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. FERNANDEZ: A bill (H.R. 8997) to provide for the examination and survey of Bayou St. John in the State of Louisiana, and for other purposes; to the Committee on Rivers and Harbors.

By Mr. DISNEY: A bill (H.R. 8998) to regulate the manufacture and sale of stamped envelops; to the Committee on the Post Office and Post Roads.

By Mr. FOSS: A bill (H.R. 8999) to amend the postal laws relating to the appointment of acting postmasters; to the Committee on the Post Office and Post Roads.

By Mr. HAINES: A bill (H.R. 9000) granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a toll bridge across the Susquehanna River at or near Holtwood, Lancaster County; to the Committee on Interstate and Foreign Commerce.

By Mr. KINZER: A bill (H.R. 9001) granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a toll bridge across the Susquehanna River at or near Bainbridge, Lancaster County, and Manchester, York County; to the Committee on Interstate and Foreign Commerce.

By Mr. SUMNERS of Texas: A bill (H.R. 9002) to provide relief to Government contractors whose costs of performance were increased as a result of compliance with the act approved June 16, 1933, and for other purposes; to the Committee on the Judiciary.

By Mr. KELLER: A bill (H.R. 9003) to purchase and erect in the city of Washington the group of statuary known as the "Indian Buffalo Hunt"; to the Committee on the Library.

By Mr. ELLENBOGEN: A bill (H.R. 9004) to increase the fee for jurors, to provide additional fees for lodging and subsistence expenses for those residing outside the city or municipality where the court is sitting, and for other purposes; to the Committee on the Judiciary.

By Mr. CARTER of California: A bill (H.R. 9005) to amend Public Law No. 249, Seventy-first Congress, entitled "An act to authorize the Secretary of the Navy to dispose of material no longer needed by the Navy; to the Committee on Naval Affairs.

By Mr. WHITE: A bill (H.R. 9006) to provide for the development of hydroelectric power at Cabinet Gorge on the Clark Fork of the Columbia River in the proximity of the Montana-Idaho State line and for the rehabilitation of irrigation districts, and for other purposes; to the Committee on Irrigation and Reclamation.

By Mr. PALMISANO: A bill (H.R. 9007) to amend section 11 of the District of Columbia Alcoholic Beverage Control Act; to the Committee on the District of Columbia.

By Mr. PIERCE: A bill (H.R. 9008) providing for a reimbursable loan to the Klamath and Modoc Tribe of Indians and the Yahooskin Band of Snake Indians, State of Oregon; to the Committee on Indian Affairs.

By Mr. DONDERO: A bill (H.R. 9009) to permit the making of loans under the Home Owners' Loan Act of 1933 on homes having a value not exceeding $30,000, and for other purposes; to the Committee on Banking and Currency.

By Mr. GOLDSBOROUGH: A bill (H.R. 9010) to provide for a survey of the waters of the Chesapeake Bay and its tributaries with reference to depletion of the supply of certain fish; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. HILL of Alabama: A bill (H.R. 9011) to facilitate purchases of forest lands under the act approved March 1, 1911; to the Committee on Agriculture.

By Mr. BLAND: A bill (H.R. 9012) providing for preliminary examination and survey of waters connecting Cherrystone Channel with Cape Charles, Va., with a view to establishing a harbor of refuge at Cape Charles, Va., with a minimum depth of 10 feet; to the Committee on Rivers and Harbors.

By Mr. McFARLANE: A bill (H.R. 9013) to adjust the interest rate of loans secured by adjusted-service certificates; to the Committee on Ways and Means.

By Mr. COFFIN: A bill (H.R. 9014) for the relief of the owners of lots in the unflooded portion of the old town site at American Falls, Idaho; to the Committee on the Public Lands.

By Mr. BLAND: A bill (H.R. 9015) for the relief of persons engaged in the fishing industry; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. SUMNERS of Texas: A bill (H.R. 9016) to provide for the expeditious condemnation and taking of possession of land by officers, agencies, or corporations of the United States authorized to acquire real estate by condemnation in the name of or for the use of the United States for the construction of public works now or hereafter authorized by Congress; to the Committee on the Judiciary.

Also, a bill (H.R. 9017) providing for the appointment and meeting of the electors of President and Vice President, for the regulation of the counting of the votes for President and Vice President, for the Presidential succession, and for other purposes; to the Committee on Election of President, Vice President, and Representatives in Congress.

By Mr. GREEN: A bill (H.R. 9018) to promote resumption of industrial activity, increase employment, and restore confidence by fulfillment of the implied guaranty by the United States Government of deposit safety in national banks and State banks, to the Committee on Banking and Currency.

By Mr. DIRKSEN: Resolution (H.Res. 325) to create a select committee to conduct an investigation of the administration of the Home Owners' Loan Act of 1933 in the State of Illinois; to the Committee on Rules.

Also, a resolution (H.Res. 326) to provide for the expenses of House Resolution 325; to the Committee on Accounts.

By Mr. PARKER: Resolution (H.Res. 328) to create a select committee to investigate the manner in which the Crop Production Loan Act is being administered; to the Committee on Rules.

By Mr. LUCE: Joint Resolution (H.J.Res. 316) authorizing the erection of a memorial to J. J. Jusserand; to the Committee on the Library.

MEMORIALS

Under clause 3 of rule XXII,

By the SPEAKER: Memorial of the Legislature of the State of New Jersey, memorializing Congress to protect the people against lynch law and mob violence; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BURCH: A bill (H.R. 9019) granting a pension to Keith B. Wilborn; to the Committee on Pensions.

Also, a bill (H.R. 9020) granting a pension to Ozro McKnight; to the Committee on Pensions.

Also, a bill (H.R. 9021) for the relief of the heirs of Reuben Ragland; to the Committee on Claims.

By Mr. CHAPMAN: A bill (H.R. 9022) granting a pension to Mrs. Lou A. Strother; to the Committee on Invalid Pensions.

Also, a bill (H.R. 9023) granting a pension to Jessie Adams; to the Committee on Pensions.

Also, a bill (H.R. 9024) granting a pension to Parish Graham; to the Committee on Pensions.

Also, a bill (H.R. 9025) granting a pension to Frank Raisle; to the Committee on Pensions.

By Mr. CHAVEZ: A bill (H.R. 9026) authorizing the reimbursement of Edward B. Wheeler and the State Investment Co. for the loss of certain lands in the Mora Grant, N.Mex.; to the Committee on Claims.

By Mr. COLLINS of California: A bill (H.R. 9027) for the relief of Oscar J. Rosell; to the Committee on Military Affairs.

By Mr. FERNANDEZ: A bill (H.R. 9028) for the settlement of claim of the heirs of Richard H. Mahan and Eliza J. Mahan, his wife, formerly Eliza J. Nicholls, arising out of the confiscation of cotton during the Civil War, and for other purposes; to the Committee on Claims.

By Mr. JOHNSON of Texas: A bill (H.R. 9029) for the relief of J. Frank Williams; to the Committee on Claims.

By Mr. LARRABEE: A bill (H.R. 9030) granting a pension to Mary A. Hart; to the Committee on Invalid Pensions.

By Mr. McMILLAN: A bill (H.R. 9031) to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of the Hampton & Branchville Railroad Co.; to the Committee on Claims.

By Mr. OWEN: A bill (H.R. 9032) for the relief of Mary F. Crim; to the Committee on Claims.

Also, a bill (H.R. 9033) for the relief of Ralph W. Pennington; to the Committee on Claims.

By Mr. REECE: A bill (H.R. 9034) granting a pension to Herthe L. R. Whitney; to the Committee on Invalid Pensions.

By Mr. SCRUGHAM: A bill (H.R. 9035) for the relief of the Western Bands of the Shoshone Nation of Indians; to the Committee on Indian Affairs.

Also, a bill (H.R. 9036) for the relief of the Crystal Land Co.; to the Committee on Indian Affairs.

By Mr. VINSON of Georgia: A bill (H.R. 9037) for the relief of Abe Wolfe; to the Committee on Military Affairs.

By Mr. WOODRUM: A bill (H.R. 9038) for the relief of C. H. Beasley & Bro., Inc.; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3667. By Mr. BLANCHARD: Petition of 286 residents of Rock County, Wis., in opposition to the so-called "sugar bill"; to the Committee on Agriculture.

3668. By Mr. BLOOM: Petition of New York Typographical Union No. 6, urging the immediate enactment of House bill 7598 into law; to the Committee on Labor.

3669. Also, petition of the Senate of the State of New York, urging Congress to enact such measures as will prohibit all public restaurants under its control and management from discriminating against patrons thereof because of race, creed, or color; to the Committee on the Judiciary.

3670. Also, petition of the Allied Printing Trades Council of Greater New York, representing the members of the 19 trades unions in New York City, urging that favorable consideration be given to the Connery 30-hour work bill; to the Committee on Labor.

3671. By Mr. BOYLAN: Petition signed by residents of New York City, asking an increase of broadcasting time for Station WLWL, New York City, and favoring Father Harney's amendment to section 301 of Senate bill 2910; to the Committee on Interstate and Foreign Commerce.

3672. Also, resolutions adopted at the monthly meeting of the New York Chapter Knights of Columbus, representing 40 individual councils in the Borough of Manhattan and Bronx, New York City, urging an increase of broadcasting time for Station WLWL, and favoring section 301 of Senate bill 2910; to the Committee on Interstate and Foreign Commerce.

3673. Also, letter from the Automobile and Vehicle Workers Local Union, No. 18065, New York City, favoring the Wagner bill and the 30-hour week; to the Committee on Labor.

3674. Also, resolution adopted by the Standard Statistics Chapel, protesting against inclusion in the Fletcher-Rayburn bill of all sections that will result in decreased volume of printing and consequent loss of employment to its members; to the Committee on Interstate and Foreign Commerce.

3675. By Mr. DONDERO: Petition of citizens of Detroit, Mich., and employees of the W. E. Hutton & Co., of that city, protesting against the drastic form of the stock-exchange regulation bill; to the Committee on Interstate and Foreign Commerce.

3676. By Mr. FITZPATRICK: Petition of the Mount Vernon Branch, N.A.A.C.P., advocating the passage of House

resolution introduced by Congressman OSCAR DE PRIEST; to the Committee on Rules.

3677. Also, petition of several hundred citizens of Bronx County, N.Y., favoring the discontinuing immediately, of the payless furlough of postal employees; to the Committee on the Post Office and Post Roads.

3678. By Mr. FORD: Resolution adopted by the Woman's Missionary Council of the Methodist Episcopal Church South, in recent session, urging passage of the Costigan-Wagner antilynching bill; to the Committee on the Judiciary.

3679. By Mr. GOLDSBOROUGH: Petition of G. D. Williams, Jr., and 1,710 other employees of financial institutions of the city of Baltimore, upon whom 3,044 are dependent, requesting such modification of the National Securities Exchange Act of 1934 as will assure the continuation of an orderly and well-regulated security business without involving the hardships which the act as now drawn will unquestionably precipitate; to the Committee on Interstate and Foreign Commerce.

3680. By Mr. GOODWIN: Petition of W. E. McQuade and others, employees of the New York Telephone Co., employed in Ulster and Greene Counties, N.Y., taking exception to paragraph 4, section 5, title I, of the Labor Disputes Act as proposed in the Wagner bill, believing it to be an infringement upon their rights to choose a form of organization for collective bargaining; to the Committee on Labor.

3681. By Mr. HOIDALE: Petition of Fariboult County (Minn.) Farm Bureau Association; to the Committee on Agriculture.

3682. By Mr. LINDSAY: Petition of Associated Industries of Missouri, St. Louis, opposing the passage of the Wagner-Connery bills, Senate bill 2926 and House bill 8423; to the Committee on Labor.

3683. Also, petition of Cushman & Wakefield, Inc., New York City, opposing the Fletcher-Rayburn bill in its present form; to the Committee on Interstate and Foreign Commerce.

3684. Also, petition of National Automobile Chamber of Commerce, Washington, D.C., suggesting certain amendments to sections in the National Securities Exchange Act; to the Committee on Interstate and Foreign Commerce.

3685. Also, petition of the National Rural Letter Carriers Association, Washington, D.C., favoring support of House bill 8919; to the Committee on the Post Office and Post Roads.

3686. Also, petition of Richey, Browne & Donald, Inc., Maspeth, N.Y., opposing the passage of Senate bill 2616 and House bill 6759, the unemployment insurance bills; to the Committee on Ways and Means.

3687. Also, petition of the Brooklyn Chamber of Commerce, Brooklyn, N.Y., opposing Senate bill 2926 and House bill 8423, the Wagner-Connery bills; to the Committee on Labor.

3688. Also, petition of the Associated Highway Fence Builders, Buffalo, N.Y., favoring the Whittington bill for highway work; to the Committee on Roads.

3689. Also, petition of the Aerovox Corporation, Brooklyn, N.Y., opposing the Wagner bill; to the Committee on Labor.

3690. Also, petition of the Chamber of Commerce of the State of New York, New York City, opposing foreign trade zone in the port of New York, House bill 3657; to the Committee on Foreign Affairs.

3691. Also, petition of the Chamber of Commerce of the State of New York, New York City, favoring House bill 6038; to the Committee on Expenditures in the Executive Departments.

3692. Also, petition of the Chamber of Commerce of the State of New York, New York City, favoring modification of the Federal securities bill; to the Committee on Interstate and Foreign Commerce.

3693. Also, petition of the Chamber of Commerce of the State of New York, New York City, endorsing Senate bill 2841; to the Committee on the Judiciary.

3694. Also, petition of the National Retail Lumber Dealers Association, Washington, D.C., concerning home building through the aid of Federal financing for a temporary period; to the Committee on Banking and Currency.

3695. Also, petition of Chester S. Breining, New York City, opposing certain parts of the Fletcher-Rayburn bill; to the Committee on Interstate and Foreign Commerce.

3696. Also, petition of the Athenia Steel Co., New York City, urging modification of the Fletcher-Rayburn bill; to the Committee on Interstate and Foreign Commerce.

3697. Also, petition of Standard Statistics Chapel, New York City, protesting against the Fletcher-Rayburn bill in its present form; to the Committee on Interstate and Foreign Commerce.

3698. Also, petition of the New York State Association of Highway Engineers, Albany, N.Y., favoring increased appropriation for highway construction and maintenance; to the Committee on Banking and Currency.

3699. Also, petition of the Chamber of Commerce of the State of New York, New York City, favoring legislation to promote safety of life at sea; to the Committee on the Merchant Marine, Radio, and Fisheries.

3700. Also, petition of Brooklyn Eastern District Terminal, Brooklyn and Long Island City, N.Y., opposing the Wagner labor dispute bill, the unemployment insurance bill, and the stock-exchange regulation bill, and favoring Coordinator Eastman's proposed bill for the regulation of motor and water carriers; to the Committee on Labor.

3701. Also, petition of the American Agricultural Chemical Co., New York City, opposing the Wagner Labor Disputes Act (S. 2926 and H.R. 8423); to the Committee on Labor.

3702. Also, petition of the Commercial Credit Co., Baltimore, Md., opposing the Wagner, bonus, and stock-exchange bills; to the Committee on Labor.

3703. Also, petition of Bluff City Marine Engineers Beneficial Association, No. 20, Memphis, Tenn., favoring support of House bill 7979; to the Committee on the Merchant Marine, Radio, and Fisheries.

3704. Also, petition of Melville Shoe Corporation, New York City, concerning the national securities exchange bill; to the Committee on Interstate and Foreign Commerce.

3705. Also, petition of the Port Jefferson Chamber of Commerce, Inc., Port Jefferson, N.Y., providing for additional ice breakers to be assigned to Long Island Sound; to the Committee on Merchant Marine, Radio, and Fisheries.

3706. By Mr. O'CONNELL: Resolution of the General Assembly of the State of Rhode Island, expressing approval of the proposed tax of 5 percent per pound upon coconut and sesame oils; to the Committee on Ways and Means.

3707. Also, resolution of the General Assembly of the State of Rhode Island, recommending to Congress passage of a resolution expressing the hope that the German Reich will alter its policy toward its minority groups; to the Committee on Foreign Affairs.

3708. Also, resolution of the General Assembly of the State of Rhode Island, urging the President of the United States, as Commander in Chief of the armed forces, to order the training of naval recruits at the United States Naval Station at Newport, R.I.; to the Committee on Naval Affairs.

3709. Also, resolution of the General Assembly of the State of Rhode Island, requesting Congress to investigate, through a specially designated committee thereof, certain activities of the Administrator of Veterans' Affairs; to the Committee on World War Veterans' Legislation.

3710. By Mr. PERKINS: Petition of the Assembly of the State of New Jersey, memorializing the Congress of the United States to protect the people against lynch law and mob violence; to the Committee on the Judiciary.

3711. By Mr. RUDD: Petition of H. J. Baitinger, New York City, opposing the passage of the Wagner-Connery bills; to the Committee on Labor.

3712. Also, petition of Richey, Browne & Donald, New York City, opposing the passage of Senate bill 2616 and House bill 7659, unemployment insurance; to the Committee on Labor.

3713. Also, petition of Gleason-Tiebout Glass Co., Brooklyn, N.Y., opposing the passage of the Wagner-Lewis bills; to the Committee on Labor.

3714. Also, petition of the Athenia Steel Co., New York City, opposing the passage of the Fletcher-Rayburn bill; to the Committee on Interstate and Foreign Commerce.

3715. Also, petition of Chester G. Breining, 17 Battery Place, New York City, opposing the passage of the Fletcher-Rayburn bill; to the Committee on Interstate and Foreign Commerce.

3716. Also, petition of the National Retail Lumber Dealers' Association, favoring legislation to rehabilitate the home-building industry through the aid of Federal financing for a temporary period; to the Committee on Banking and Currency.

3717. Also, petition of the Chamber of Commerce of the State of New York, favoring the passage of Senate bill 2841, for Federal authority over crimes against banks; to the Committee on the Judiciary.

3718. Also, petition of the Chamber of Commerce of the State of New York, favoring recommendation on Federal Securities Act; to the Committee on Interstate and Foreign Commerce.

3719. Also, petition of the Chamber of Commerce of the State of New York, opposing the foreign trade zone in the Port of New York; to the Committee on Interstate and Foreign Commerce.

3720. Also, petition of the Chamber of Commerce of the State of New York, advocating modern Government cost accounting as contained in House bill 6038; to the Committee on Expenditures in the Executive Departments.

3721. Also, petition of the Standard Statistics Chapel, opposing the passage of the Fletcher-Rayburn bill; to the Committee on Interstate and Foreign Commerce.

3722. Also, petition of the New York State Association of Highway Engineers, favoring the passage of the Whittington bill appropriating additional moneys for the Public Works Administration; to the Committee on Roads.

3723. Also, petition of the Brooklyn Chamber of Commerce, Brooklyn, N.Y., opposing the passage of the Wagner-Connery bills (S. 2926 and H.R. 8423); to the Committee on Labor.

3724. Also, petition of the Aerovox Corporation, Brooklyn, N.Y., opposing the passage of the Wagner bill; to the Committee on Labor.

3725. Also, petition of the Associated Highway Fence Builders of New York State, Buffalo, N.Y., favoring the passage of the Whittington bill; to the Committee on Roads.

3726. Also, petition of the American Agricultural Chemical Co., New York City, opposing the passage of the Wagner-Connery bills; to the Committee on Labor.

3727. Also, petition of the Port Jefferson Chamber of Commerce, Inc., Port Jefferson, Long Island, N.Y., favoring the necessary appropriation for the building of additional new ice breakers to be assigned to Long Island Sound; to the Committee on Appropriations.

3728. By Mr. STRONG of Pennsylvania: Petition of citizens of Shelocta, Pa., and vicinity, opposing any legislation placing a tax on natural gas; to the Committee on Ways and Means.

3729. By the SPEAKER: Petition of J. H. Cyclone Davis and others; to the Committee on Ways and Means.

3730. Also, petition of W. P. Deppe; to the Committee on Patents.

3731. Also, petition of the Medical Round Table of Chicago, Ill.; to the Committee on Banking and Currency.

3732. Also, petition of the citizens of Scotland, La.; to the Committee on Ways and Means.

3733. Also, petition of the municipal government of Looc, Romblon, P.I.; to the Committee on Ways and Means.

3734. Also, petition of C. T. Salisbury and others; to the Committee on Interstate and Foreign Commerce.

3735. Also, petition of the employees of the Chicago & Great Northern Railway Co. in the State of Illinois; to the Committee on Interstate and Foreign Commerce.

3736. Also, petition of the National Live Stock Commission Co., Chicago, Ill.; to the Committee on Agriculture.

SENATE

TUESDAY, APRIL 10, 1934

(Legislative day of Wednesday, Mar. 28, 1934)

The Senate met at 12 o'clock m., on the expiration of the recess.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal for the calendar days of Thursday, April 5, Friday, April 6, and Monday, April 9, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed without amendment the following bills of the Senate:

S. 2006. An act for the relief of Della D. Ledendecker; and

S. 2857. An act to amend an act entitled "An act to incorporate the Mutual Fire Insurance Co. of the District of Columbia", as amended.

The message also announced that the House had passed the bill (S. 828) to prevent professional prize fighting and to authorize amateur boxing in the District of Columbia, and for other purposes, with amendments, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H.R. 7906. An act to license race tracks in the District of Columbia and provide for their regulation;

H.R. 8281. An act to amend the act entitled "An act providing for the removal of snow and ice from the paved sidewalks of the District of Columbia";

H.R. 8519. An act to amend sections 5, 9, and 12 and repeal section 36 of the District of Columbia Alcoholic Beverage Control Act;

H.R. 8525. An act to amend the District of Columbia Alcoholic Beverage Control Act to permit the issuance of retailers' licenses of classes A and B in residential districts; and

H.R. 8854. An act to amend the District of Columbia Alcoholic Beverage Control Act by amending sections 11, 22, 23, and 24.

AMATEUR BOXING IN THE DISTRICT OF COLUMBIA

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the bill (S. 828) to prevent professional prize fighting and to authorize amateur boxing in the District of Columbia, and for other purposes, which were to strike out all after the enacting clause and to insert:

That (a) there is hereby created for the District of Columbia a boxing commission, to be composed of three members appointed by the Commissioners of the District of Columbia, one of whom shall be a member of the police department of the District of Columbia. No person shall be eligible for appointment to membership on the commission unless such person at the time of appointment is, and for at least 3 years prior thereto has been, a resident of the District of Columbia. The terms of office of the members of the commission first taking office after the approval of this act shall expire at the end of 2 years from the date of the approval of this act. A successor to a member of the commission shall be appointed in the same manner as the original members and shall have a term of office expiring 2 years from the date of the expiration of the term for which his predecessor was appointed, except that any person appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term. The members of the commission shall receive no compensation for their services. The Commissioners of the District of Columbia shall furnish to the boxing commission such office space and clerical and other assistance as may be necessary.

(b) Subject to the approval of the Commissioners of the District of Columbia, the commission shall have power (1) to cooperate with organizations engaged in the promotion and control of amateur boxing; (2) to supervise and regulate boxing within the District of Columbia; and (3) to make such orders, rules, and regulations as the commission deems necessary for carrying out the powers herein conferred upon it.

(c) No person shall hold a boxing exhibition in the District of Columbia without a permit from the commission. Each such permit shall be limited to a period of 1 day, except that in case of any interscholastic boxing meet or similar contest a permit may be issued for the duration of such meet or contest. No such permit shall be issued to any person unless such person agrees to accord to the commission the right to examine the books of accounts and other records of such person relating to the boxing exhibition for which such permit is issued, and such permit shall so state on its face. A permit may be revoked at any time in the discretion of the commission.

(d) No individual shall engage in any boxing exhibition in the District of Columbia without a license from the commission. Such license shall entitle the licensee to engage in amateur boxing exhibitions in the District of Columbia for the period specified therein, and the commission may revoke any such license at any time for violation by the licensee of any order, rule, or regulation of the commission, or for other cause.

(e) Any permit or license issued by the board shall not be valid for the purpose of holding or engaging in, respectively, any boxing exhibition which does not conform to the following conditions: (1) Such exhibition may consist of one or more bouts; (2) no round shall exceed 3 minutes; (3) there shall be an interval of 1 minute between each round and the succeeding round; and (4) each contestant shall use gloves of not less than 8 ounces each in weight.

(f) The commission may charge for permits and for licenses such fees as will, in its opinion, defray the cost of issuance thereof and other necessary expenses of the commission.

(g) Any person who (1) holds any boxing exhibition in the District of Columbia without a permit valid and effective at the time, or (2) engages in any boxing exhibition in the District of Columbia without a license valid and effectve at the time, or (3) violates any lawful order, rule, or regulation of the commission shall, upon conviction thereof, be fined not more than $1,000 or imprisoned not more than 1 year, or both.

(h) The term "person", as used in this act, includes individuals, partnerships, corporations, and associations.

And to amend the title so as to read: "A bill to authorize boxing in the District of Columbia, and for other purposes."

Mr. KING. I move that the Senate disagree to the amendments of the House of Representatives, ask a conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. KING, Mr. COPELAND, and Mr. CAPPER conferees on the part of the Senate.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Kean	Pope
Ashurst	Couzens	Keyes	Reed
Austin	Davis	King	Reynolds
Bachman	Dickinson	La Follette	Robinson, Ark.
Bailey	Dill	Lewis	Robinson, Ind.
Bankhead	Duffy	Logan	Russell
Barbour	Erickson	Lonergan	Schall
Barkley	Fess	Long	Sheppard
Black	Fletcher	McAdoo	Shipstead
Bone	Frazier	McCarran	Smith
Borah	George	McGill	Steiwer
Brown	Gibson	McKellar	Stephens
Bulkley	Glass	McNary	Thomas, Okla.
Bulow	Goldsborough	Metcalf	Thomas, Utah
Byrd	Gore	Murphy	Thompson
Byrnes	Hale	Neely	Townsend
Capper	Harrison	Norbeck	Tydings
Caraway	Hastings	Norris	Vandenberg
Carey	Hatch	Nye	Van Nuys
Clark	Hatfield	O'Mahoney	Wagner
Connally	Hayden	Overton	Walsh
Coolidge	Hebert	Patterson	Walcott
Copeland	Johnson	Pittman	White

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from Montana [Mr. WHEELER] is detained from the Senate on account of a severe cold, and that the Senator from Florida [Mr. TRAMMELL] and the Senator from Illinois [Mr. DIETERICH] are necessarily detained from the Senate.

The VICE PRESIDENT. Ninety-two Senators have answered to their names. A quorum is present.

PETITIONS AND MEMORIALS

Mr. ASHURST presented a petition of sundry citizens of Donora, Pa., praying for the passage of the so-called "Costigan-Wagner antilynching bill", which was referred to the Committee on the Judiciary, and the body of the petition was ordered to be printed in the RECORD, without the signatures, as follows:

DONORA, PA., *March 15, 1934.*

Senator ASHURST,
Senate Office Building, Washington, D.C.

HONORABLE SIR: We, the undersigned, as citizens and voters of Donora, Pa., petition your honor to report favorably on the bill now in the hands of your committee, known as the "Costigan-Wagner antilynching bill." We also ask that you use your influence to have it acted on as promptly as possible.

We thank you in advance for whatever you can do for us.

Yours respectfully,

——— ———.

Mr. FESS presented petitions and papers in the nature of petitions of sundry citizens of the State of Ohio, praying for the passage of legislation granting Federal aid to public education, which were referred to the Committee on Education and Labor.

Mr. COPELAND presented the petition of Gilbert A. Chase and other citizens of Brooklyn, and of members of Columbus Council, No. 126, and the Columbus Women's Club, Knights of Columbus, all of Brooklyn, N.Y., praying for amendment of Senate bill 2910, the communications commission bill, so as to secure radio facilities for responsible religious, educational, cultural, etc., agencies, which were referred to the Committee on Interstate Commerce.

Mr. CAPPER presented a petition of sundry citizens of Gueda Springs, Kans., praying for the passage of legislation providing old-age pensions, which was referred to the Committee on Education and Labor.

He also presented petitions, numerously signed, of sundry citizens of Oswego and Larned, in the State of Kansas, praying for the passage of the bill (S. 2926) to equalize the bargaining power of employers and employees, to encourage the amicable settlement of disputes between employers and employees, to create a National Labor Board, and for other purposes, which were referred to the Committee on Education and Labor.

He also presented a petition, numerously signed, of sundry citizens of Atchison, Kans., praying for the prompt passage of legislation providing payment of the so-called "soldiers' bonus", which was referred to the Committee on Finance.

Mr. TYDINGS presented a resolution adopted by the West Baltimore (Md.) Business Men's Association, favoring the passage of legislation providing for the granting of Federal commercial and industrial loans to small industries, which was referred to the Committee on Banking and Currency.

He also presented a memorial of members of the Book Binders Association of Baltimore, Md., protesting against the passage of the bill (S. 2926) to equalize the bargaining power of employers and employees, to encourage the amicable settlement of disputes between employers and employees, to create a National Labor Board, and for other purposes, which was referred to the Committee on Education and Labor.

He also presented memorials of sundry citizens and associations of the State of Maryland, remonstrating against the passage of the so-called "Fletcher-Rayburn bill" providing regulation of stock exchanges, which were referred to the Committee on Banking and Currency.

LOANS TO INDUSTRY BY RECONSTRUCTION FINANCE CORPORATION

Mr. WALSH. Mr. President, I present and ask to have printed in full in the RECORD resolutions of the Massachusetts General Court memorializing Congress in favor of direct loans to industry by the Reconstruction Finance Corporation.

The resolutions were referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

THE COMMONWEALTH OF MASSACHUSETTS,
OFFICE OF THE SECRETARY, *Boston.*

Resolutions memorializing Congress in favor of direct loans to industry by the Reconstruction Finance Corporation

Whereas it is of vital importance that industry be enabled to secure without unnecessary delay the financial benefits provided by the National Industrial Recovery Act; and

Whereas the direct and principal cause of the delay in enabling industry to secure said benefits appears to be the unnecessary requirement that loans to industry by the Reconstruction Finance Corporation be obtained through the agency of mortgage loan companies: Therefore be it

Resolved, That the General Court of Massachusetts hereby records itself in favor of the making of loans by the Reconstruction Finance Corporation directly to industry instead of through the agency of mortgage loan companies; and be it further

Resolved, That the secretary of the Commonwealth forthwith forward copies of these resolutions to the President of the United States, to the Presiding Officers of both branches of Congress, and to the Members thereof from this Commonwealth.

In house of representatives, adopted March 20, 1934.

In senate, adopted, in concurrence, April 4, 1934.

A true copy.

Attest:

[SEAL] F. W. COOK,
Secretary of the Commonwealth.

THE WORLD COURT

Mr. BROWN. Mr. President, I present and ask that there be printed in full in the CONGRESSIONAL RECORD resolutions adopted by the New Hampshire Bar Association calling upon the Senate to complete the adherence of this country to the World Court.

There being no objection, the resolutions were referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

Whereas the Senate of the United States voted in January 1926 by a vote of 76 to 17 for the adherence of the United States to the World Court if five conditions were met; and

Whereas these conditions are now fully met, in the judgment of the Department of State and of such competent bodies as the American Bar Association and many State and local bar associations, by the three protocols now awaiting the Senate's consent to ratification; and

Whereas both the Democratic and Republican national platforms endorsed the completion of our adherence to the Court; and

Whereas the United States might notably aid in world-wide economic recovery by completing its adherence to the Court at an early date, and thus by formally recording its support of the principle of using judicial methods for settling those international disputes to which judicial methods are applicable, increase the sense of international confidence in the possibility of avoiding war: Therefore be it

Resolved, That the New Hampshire Bar Association calls upon the Senate of the United States to complete the adherence of this country to the World Court at the earliest practicable time, through ratification of the pending protocols, without additional conditions or reservations of any kind; and be it further

Resolved, That this resolution be forwarded to Senator HENRY W. KEYES and to Senator FRED H. BROWN with a respectful request that they hasten by their interest and support favorable action on the three World Court treaties; and be it further

Resolved, That Senator BROWN be requested to have this resolution spread on the CONGRESSIONAL RECORD.

CHARGES OF DR. WIRT

Mr. ROBINSON of Indiana. Mr. President, I have just received from the Gary W.C.T.U. a copy of resolutions urging support in securing for Dr. William A. Wirt a full, complete, and impartial public hearing at the investigation now taking place. I ask that the resolutions may be printed in the RECORD and lie on the table.

There being no objection, the resolutions were ordered to lie on the table and to be printed in the RECORD, as follows:

Resolutions

Whereas the widely published statements recently made by Dr. William A. Wirt, superintendent of Gary public schools, charging certain unnamed Government officials with engaging in activities tending to overthrow our constitutional Government, the same to be replaced with a Socialist or Communist form of government, have created Nation-wide interest; and

Whereas Dr. Wirt for many years has been well known to the Woman's Christian Temperance Union of Gary as a man of high honor and a serious student who would not lightly make such serious charges: Therefore be it

Resolved, That the Gary W.C.T.U. beg your support in securing for Dr. Wirt a full, complete, and impartial public hearing at the coming congressional investigation; be it further

Resolved, That copies of these resolutions be sent to Senators ARTHUR R. ROBINSON and FREDERICK VAN NUYS and to Congressman WILLIAM T. SCHULTE and Chairman ALFRED BULWINKLE.

MRS. CHAS. M. SWISHER, *President*,
637 Jefferson Street, Gary, Ind.

Mr. COUZENS. Mr. President, I send to the desk and ask to have inserted in the RECORD an editorial appearing in the Washington News of yesterday entitled "Page Dr. Wirt."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Washington Daily News, Monday, Apr. 9, 1934]

PAGE DR. WIRT

For fear Dr. Wirt and the Bulwinkle committee tomorrow will overlook some of the really dangerous influences in Washington, we propose a thoroughgoing probe into the "brain trusters" not only of this but of past new-deal administrations.

The patrioteers will find less to shock them in the modest reformers of the Roosevelt regime than in the subversive utterances of American revolutionists that have slipped into history books and even now are being read by our youth in schools and libraries. For instance:

"Labor is superior to capital and deserves much higher consideration."—Lincoln.

"None shall rule but the humble, and none but toil shall have."—Emerson.

"Thunder on! Stride on democracy! Strike with vengeful stroke."—Whitman.

"Labor in this country is independent and proud. It has not to ask the patronage of capital."—Webster.

"Is life so dear or peace so sweet as to be purchased at the price of chains and slavery? Forbid it, Almighty God!"—Patrick Henry.

"They are slaves who fear to speak for the fallen and the weak."—Lowell.

"A little rebellion now and then is a good thing. It is a medicine necessary for the sound health of government."—Jefferson.

REPORTS OF COMMITTEES

Mr. SHEPPARD, from the Committee on Commerce, to which was referred the bill (H.R. 8834) authorizing the owners of Cut-Off Island, Posey County, Ind., to construct, maintain, and operate a free highway bridge or causeway across the old channel of the Wabash River, reported it without amendment and submitted a report (No. 694) thereon.

Mr. GEORGE, from the Committee on Foreign Relations, to which was referred the bill (S. 3026) for the relief of Lucy Cobb Stewart, reported it without amendment and submitted a report (No. 695) thereon.

Mr. NORRIS, from the Committee on the Judiciary, to which was referred the bill (S. 3303) to provide for the expeditious condemnation and taking of possession of land by officers, agencies, or corporations of the United States authorized to acquire real estate by condemnation in the name of or for the use of the United States for the construction of public works now or hereafter authorized by Congress, reported it without amendment and submitted a report (No. 696) thereon.

Mr. CAREY, from the Committee on Military Affairs, to which was referred the bill (S. 2130) to authorize an appropriation for the purchase of land in Wyoming for use as rifle ranges for the Army of the United States, reported it with amendments and submitted a report (No. 698) thereon.

Mr. THOMAS of Oklahoma, from the Committee on Agriculture and Forestry, to which was referred the bill (H.R. 7581) to authorize a board composed of the President, the Secretary of the Treasury, the Secretary of Commerce, and the Secretary of Agriculture to negotiate with foreign buyers with the view of selling American agricultural surplus products at the world market price and to accept in payment therefor silver coin or bullion at such value as may be agreed upon which shall not exceed 25 percent above the world market price of silver, and to authorize the Secretary of the Treasury to issue silver certificates based upon the agreed value of such silver bullion or coin in payment for the products sold, and for other purposes, reported it with amendments and submitted a report (No. 697) thereon.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. AUSTIN:

A bill (S. 3330) granting a pension to Ella W. Cleveland; to the Committee on Pensions.

By Mr. WHITE:

A bill (S. 3331) to provide for the creation of the St. Croix Island National Monument, located near the mouth of the St. Croix River, in the State of Maine, and for other purposes; to the Committee on Public Lands and Surveys.

By Mr. KING:

A bill (S. 3332) to amend an act entitled "An act to provide full and fair disclosure of the character of securities sold in interstate and foreign commerce and through the mails, and to prevent frauds in the sale thereof, and for

other purposes", approved May 27, 1933; to the Committee on Banking and Currency.

By Mr. FRAZIER:

A bill (S. 3333) to provide for the purchase and sale of farm products; to the Committee on Agriculture and Forestry; and

A bill (S. 3334) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto; to the Committee on the Judiciary.

By Mr. WALSH:

A bill (S. 3335) for the relief of Joanna A. Sheehan; to the Committee on Claims; and

A bill (S. 3336) to authorize the presentation of the Congressional Medal of Honor to Timothy Sullivan; to the Committee on Naval Affairs.

By Mr. NORBECK:

A bill (S. 3337) for the relief of R. G. Andis (with accompanying papers); to the Committee on Claims.

By Mr. BYRD:

A bill (S. 3338) authorizing the President to appoint Henry Beckwith Taliaferro, formerly an ensign, United States Navy, to his former rank as ensign, United States Navy; to the Committee on Naval Affairs.

By Mr. LEWIS:

A bill (S. 3339) to provide for the payment of compensation to George E. Q. Johnson; to the Committee on the Judiciary.

By Mr. CAPPER:

A joint resolution (S.J.Res. 102) authorizing and directing the Comptroller General of the United States to certify for payment certain claims of grain elevators and grain firms to cover insurance and interest on wheat during the years 1919 and 1920 as per a certain contract authorized by the President; to the Committee on Agriculture and Forestry.

ANALYTICAL REGISTER OF REGULAR ARMY OFFICERS AND SECURITY STATISTICS

Mr. NYE. Mr. President, I introduce a joint resolution for reference to the Committee on Military Affairs. Accompanying the resolution is a brief prepared by Mr. John J. Lenney, which I ask to have referred to the same committee, with the request that if that committee deems it worthy it may be printed later in the RECORD.

The VICE PRESIDENT. The joint resolution and brief will be referred as requested.

The joint resolution (S.J.Res. 101) authorizing the publication as a public document of America Secure—Analytical Register of Regular Army Officers and Security Statistics with graphs, 1775–1934, was read twice by its title, and, with the accompanying paper, referred to the Committee on Military Affairs.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred to the Committee on the District of Columbia:

H.R. 7906. An act to license race tracks in the District of Columbia and provide for their regulation;

H.R. 8281. An act to amend the act entitled "An act providing for the removal of snow and ice from the paved sidewalks of the District of Columbia;

H.R. 8519. An act to amend sections 5, 9, and 12 and repeal section 36 of the District of Columbia Alcoholic Beverage Control Act;

H.R. 8525. An act to amend the District of Columbia Alcoholic Beverage Control Act to permit the issuance of retailers' licenses of classes A and B in residential districts; and

H.R. 8854. An act to amend the District of Columbia Alcoholic Beverage Control Act by amending sections 11, 22, 23, and 24.

INTERNAL REVENUE TAXATION—AMENDMENT RELATIVE TO JEWELRY TAX, ETC.

Mr. BARKLEY submitted an amendment intended to be proposed by him to House bill 7835, the revenue bill, which was ordered to lie on the table and to be printed.

CANCELATION OF CONTRACT WITH BOSTON IRON & METAL CO.

Mr. TYDINGS. Mr. President, I submit a short resolution requesting the Secretary of Commerce to furnish some information with reference to the cancelation of a contract. I ask unanimous consent for immediate consideration of the resolution.

The VICE PRESIDENT. The resolution will be read.

The Chief Clerk read the resolution (S.Res. 221), as follows:

Resolved, That the Secretary of Commerce is requested to furnish to the Senate the reasons for the abrogation of a contract dated November 25, 1932, between the Government of the United States and the Boston Iron & Metal Co., Baltimore, Md., for the sale and scrapping of 124 vessels belonging to the United States Shipping Board, declared by the Shippping Board as obsolete and surplus, of the terms of which contract there appears to be no violation by the Boston Iron & Metal Co.; and to advise the Senate why the rights under this contract should not be immediately restored in accordance with the obligations of the Government of the United States.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr. TYDINGS. Mr. President, I ask to have inserted in the RECORD at this point a short statement explaining the reasons for the adoption of the resolution.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

THE MATTER OF THE CONTRACT BETWEEN THE BOSTON IRON & METAL CO. AND THE UNITED STATES OF AMERICA

1. Contract signed November 5, 1932, for the sale of 124 vessels. Price, $1.51 per ton for metal derived. Contract to be performed by purchaser within 3 years; 39 vessels received; 87 vessels undelivered (2 extra vessels having been purchased under a supplemental agreement, after Nov. 5, 1932).

September 8, 1933, check for four vessels sent to Shipping Board. These vessels undelivered.

October 13, 1933, Secretary Roper sent notice that all vessels remaining undelivered were withdrawn from the contract.

2. These vessels had been declared by the Shipping Board, after a survey of them sometime in the early part of 1932, as obsolete and surplus vessels. Vessels needed by the Army and Navy had been allocated by the Shipping Board and the vessels sold to purchaser were surplus. Bids were invited by the Shipping Board and all people in the country who could possibly bid on these vessels were notified of the contemplated sale. Four or five bids were received, the Boston's bid being the highest. The next highest was the Union Shipbuilding Co. (a Mellon company), who bid $1.06 per ton, to which might be added mothering of the ships, which was considered to be 15 cents per ton additional, would bring their bid to $1.21. Our bid, therefore, 30 cents higher. Our bid accepted.

3. These vessels were constructed for war purposes under the stress of war, and have outlived their usefulness. They were constructed in 1917 and 1918. Some of them have never been used and, as a matter of fact, some never completed. Life of ordinary ship approximately 20 years. These ships are now 16 and 17 years old.

4. When war over, United States had on hand considerable shipping materials of all kinds, including docks, yards, buildings, houses, etc., and about 1,250 steel cargo vessels, in addition to vessels of other variety such as wooden, tankers, and foreign vessels, which probably brought the total fleet up to 2,500 units.

In 1923 the Shipping Board found that of the 1,250 steel cargo vessels on hand, 355 were operated, and 885 were laid up. They determined that the laid-up fleet cost the Government $2,588,000 annually to care for the same, besides what additional work might be necessary to keep them. They determined that of the laid-up fleet there were approximately 400 vessels which were not required in the promotion and maintenance of the American merchant marine. They determined further that they were spending a lot of money on ships that they would never use. That these vessels were actually a menace by their mere existence, in fictitiously accrediting the market with 400 additional ships and thereby affecting the sale of the balance.

Shipping Board then appointed a committee, and this committee determined on the policy of scrapping surplus and obsolete vessels. From that time on the Shipping Board has continuously sold vessels and compelled the purchaser to scrap the same.

In 1926 the Shipping Board entered into a contract with the Ford Motor Co., wherein they sold that company 200 cargo vessels known as "lakers." (They were called this because they were built on the Great Lakes.) The matter was referred to the Attorney General's Office for the purpose of investigating the legality of the contract and to determine the right of the Shipping Board to sell ships for scrapping, and the Honorable John G. Sargeant, who was the Attorney General at that time, after reviewing the entire matter, upheld the Shipping Board in its legal right to make the sale and scrap the vessels.

The Senate of the United States was asked to investigate this matter, and in 1926 passed a resolution referring the matter to the Senate Committee on Commerce, and the committee held a hearing on February 11, 1926, and issued a pamphlet. This happened in the Sixty-ninth Congress, first session, Senate Resolution 135.

Ford bought practically the same kind of vessels which we bought, and the sale sustained by the Attorney General.

Sometime last December, for the purpose of determining the value of these vessels, the Department of Commerce advertised a ship, *Eastern Craig*, for sale without any restrictions, and received four bids, the highest of which, the Secretary informs us, was $7,700. Our price per vessel is approximately $4,500.

On November 5, 1932, the steel market, in accordance with the magazine known as the Iron Age, was around $7 per ton.

We entered into a contract with the Sun Shipbuilding Co., of Chester, Pa., to break up some of these vessels for us, at $5 per metal-ton recovered. We were unable to do it as cheap in our plant. For the sake of the discussion, we will add $1.51 (cost of metal to the Boston Iron), and $5 per ton break-up, makes $6.51, before other expenses can be added. In order to obtain a quantity price, the metal had to be sold less than market price, and contracts, as of the date of the sale—that is, November 5, 1932—were entered into at $6.60 per ton. This covers the nonferrous metals, which are iron and steel, etc. Now, we have figures to prove that three fourths of 1 percent, on the average, of a vessel is ferrous metals, such as copper, brass, etc. The average recoverable metal of a ship is 3,000 tons. Of this approximately 20 tons are nonferrous metals, which, at time of contract, were worth about $60 to $75 per ton. About 400 men were employed on this job in Chester and about the same amount at Baltimore, and, through the action of the Government, these men have become disemployed by us.

Shipping Board removed these vessels from the World's Shipping Registry, and they were no longer ships when we bought them but were just so much scrap. They cannot now be used from a practical standpoint because it would cost too much to repair them, and from the standpoint of their possible future life this would not be a reasonable thing to do, and, furthermore, these ships are, for the most part, 10-knot ships; their engines are obsolete in design and from every standpoint they have no place in the shipping world. Particularly is this true when the Department of Commerce has determined to encourage the building of new vessels and modernize the fleet.

5. United States had the right to withdraw the vessels whenever it desired these ships for operation, or for sale for operation, or in the event of a national emergency, declared by the Secretary of War. This did not mean that they could withdraw these vessels at any time that a whim or a wish moved them but that they must have had, at such notice of withdrawal, a sale for operation of the vessels, or, at least, had a plan for the operation of the same.

Six months have expired since notice of withdrawal received. They do not have any sale for operation of these vessels, and absolutely have no definite plan of what to do with them. Of course, as you know, no national emergency, which has been so declared by the Secretary of War, exists.

6. After notice of withdrawal received, we immediately dispatched a letter of Secretary Roper, requesting him to tell us under what portion of article 3 of our contract the vessels were being withdrawn. To this he has never replied, but simply stated that the matter was being reviewed. We have continuously contacted the Department of Commerce and the Shipping Board, but up to now, as you know, we have never received any word from anybody as to just exactly why these ships were withdrawn from us, which action actually nullified and abrogated our contract.

The matter was placed in the hands of South Trimble, Jr., Esq., Solicitor for the Department of Commerce, and he passed upon the question of whether the Shipping Board had a right to sell the vessels and scrap the same; whether they received an adequate consideration for the sale; what rights the Government had under the contract to withdraw the same, and if they did not have such right, what damages must they respond to. We have requested to be shown this opinion, but, of course, we have never seen it. We, accordingly, filed briefs with the Solicitor for the Commerce Department on the first question; that is, the right of the Shipping Board to sell these vessels and scrap them, and when the matter got into the hands of the Attorney General's Office, we submitted briefs on the other questions, except the question of damages which we did not address ourselves to. The Department of Justice never rendered an opinion. They have told the Secretary of Commerce repeatedly that they would not render an opinion, that he had taken his action without first consulting them and they would not now intervene. They are, however, investigating the matter for the purpose of being in a position to defend any action which we take.

The Army and the Navy have repeatedly been asked if they needed these vessels, and I understand that a committee was appointed, consisting of a representative of the Shipping Board and the Army and Navy, and it was decided that neither of these branches needed the vessels in question.

The VICE PRESIDENT. The question is on agreeing to the resolution.

The resolution was agreed to.

CARRIAGE OF THE AIR MAIL—ADDRESS BY SENATOR AUSTIN

Mr. BARBOUR. Mr. President, I hold in my hand a radio address entitled "The Current Chapter of the Air-Mail Tragedy", delivered last night over the National Broadcasting Co. network by the senior Senator from Vermont [Mr. AUSTIN]. I ask unanimous consent that the address may be printed in full in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

The present status of the defense by the Postmaster General for cancelation of the air-mail contracts, and placing the risk, burden, and tragic penalty of transportation upon Army pilots, can be understood best if the principal facts leading to this new deal are reviewed. Graphically stated, they are as follows:

The Government engaged in flying its own mail until 1925, when this practice was abandoned.

Preceding the adoption of the McNary-Watres Act two substantial through routes were created; but generally over the country there sprang up an illogical, sporadic mushroom-like growth of numerous short, weak, inefficient, disconnected mail and passenger routes. The outstanding exception to the general situation, namely: United Air Lines, which was a through transcontinental route from the Atlantic to the Pacific, had been established. The beneficial operation of this route emphasized the wisdom and economic need for extensions and consolidations of short lines into other independent competitive transcontinental routes for the good of the Air Mail Service, for the encouragement of development of aeronautics, for the invention and use of multimotored planes, for increased number of seats for passengers, for safety devices in flying by night and in storms, and for the promotion of the national defense.

On April 29, 1930, Congress passed the McNary-Watres Act for the purpose of creating a logical air-mail map with great systems of transportation to supplant the scattered and disconnected routes.

In May 1930, Postmaster General Brown exercised the powers vested in him by the McNary-Watres Act. Two different methods for creation of air-mail systems were contained in the act. One was by extensions and consolidations, and the other was by competitive bidding.

The first-mentioned method was tried out and failed. That method involved increasing or diminishing existing routes, taking from one contractor part of a route and transferring it to another, elongating or coupling up disconnected routes, adding feeders thereto, and consolidating the whole into transcontinental trunk lines, from East to West, with suitable North and South laterals. Procedure under this power necessitated meeting with the contractors to obtain the necessary modifications of their contracts for this purpose. The logical scheme of air-mail routes intended by Congress required agreement upon the pioneering equities and rights of operators. These meetings were not clandestine, but were published through releases by the Post Office Department to the newspapers of the country. They were contemplated by law. Similar meetings had been held before then, and similar meetings have been held since by the Democratic administration.

Mr. Crowley, the present Solicitor of the Post Office Department, testifying before the special Senate committee, admitted that a Postmaster General needs the knowledge of operators to determine questions regarding transportation of air mail.

The meetings held by Postmaster General Brown resulted in agreement upon the least controversial routes, but there was a total disagreement regarding routes where several operators claimed the pioneering equities on the same lines.

A law question was raised regarding the authority of the Postmaster General to create these lines by this method of extension and consolidation. The question was submitted to the Comptroller General, and his opinion, rendered July 24, 1930 (as well as the disagreement of operators to which I have referred), terminated the effort to establish these equities in that manner.

Thereupon the second method was adopted, namely: Competitive bidding. Bids were publicly called for, and those qualified by the law were competent to bid. The law limited the class who could bid to those who had a certain specified experience and who were found by the Postmaster General to be responsible bidders. The words of the law made bidding rather futile. The policy of the Government to have these lines independent of each other and evenly competitive excluded bona fide qualified bidders for one line from competing with bona fide bidders for another line. No collusion or agreement or conspiracy could exist under these conditions, because the interest of each bidder impelled him to devote all his energy to obtaining the line he sought. The result of operating under this method was the creation of the midtranscontinental route and the southern transcontinental route.

The fact that there was a joint bid for each of these routes which was not opposed by any other qualified bidder was the result of the disqualification and economic incapacity of any other person to bid thereon.

As a result of the vigorous insistence by Postmaster General Brown that all and every entangling alliance between these three great trunk lines should be discontinued, and of his insistence upon economic responsibility and skilled personnel in operation for each route, there was created in a remarkably short time the most efficient, safe, and progressive system of transportation of mail and passengers in the world.

To illustrate the acceleration thereby of the speed of business transactions, two letters might be dropped in the mail chute of a New York skyscraper at the close of a business day, one addressed to a person in that same building, the other air mailed to Omaha. Both letters would be delivered at the same time.

Immediately after the election in November 1932, those who did not have air-mail contracts formed a society for the purpose of securing cancelations of the contracts and the opening of them to competitive bidding for the purpose of taking away from those who had contracts and letting to those who did not have contracts.

Propaganda and lobbying by the members of this organization and their attorney resulted in the appointing of a special Senate investigating committee and in the enactment of a resolution authorizing the President to cancel contracts upon 60 days' notice, public hearing, and the awarding and payment of damages therefor. It should be noted that these cancelations were not made under this law.

Then began hearings by the special committee. Members of that society participated in the hearings. The meetings of May 1930 were characterized publicly as "spoils conferences" on the theory, of course, that approbrious epithets have an effect of proof with those who are uninformed. They also tend to give bad repute to the subject to which they are applied. A camouflage of the operations of this society consisted in the pretense that their objective was to fly the mail for less money than the Government was paying. This sham is exposed by pointing out that the Postmaster General had arbitrary power given him in the law to fix the price from time to time as he saw fit. The insincerity of it as a defense by the Postmaster General is exposed by the fact that he had used this power. Moreover, he had asked Congress for an appropriation increased by $1,000,000. Not a word of evidence of fraud was introduced. Indeed, there appeared such a lack of agreement, such an utter absence of collusion that the Solicitor of the Post Office Department finally charged that the Postmaster General had blackmailed the contractors into obedience and conformity with the "vision splendid" that he had of a great air transportation system. It is my opinion that the charge of fraud was trumped up as a smoke barrage to conceal operations under the plot of the society referred to and certain members of the Post Office Department to cancel these contracts for the benefit of the members of that society. The character played in this tragedy by politics will undoubtedly later enter upon the stage.

January 30, 1934, Postmaster General Farley admitted on oath before the special Senate committee that he had not discovered anything fundamentally wrong about these contracts, and that his conduct concerning them might be considered as an approval up to that date.

Yet 7 days later—on February 6, 1934—the project to cancel all of the contracts was submitted to the President and the Attorney General by the Postmaster General. In this short time a determination by the Postmaster General had been made to cancel the contracts.

It should be remembered that the transcontinental line of the United Airways and the National Parks Airways were established before the McNary-Watres Act was adopted, and they obtained nothing from the conference. Nevertheless, their contracts were canceled. The significance of this submission of the case to the President and the Attorney General for cancelation before termination of the investigation by the committee is that those who sought cancelation could not afford to wait for the fact to come out, because the facts in possession of the President and of the public would then block the cancelation.

On February 9, 1934, all of the contracts were canceled effective as of February 19.

Then followed the ill-considered use of the Army to fly the mail with its ghastly loss of human life.

Next came retreat from that blunder.

Shortly after, service by the Army on a curtailed basis was resumed, which resulted in further loss of human life.

Thereupon, Congress adopted a temporary air mail bill authorizing the Army to fly mail subject to conditions relating to safety.

The President was misled by representations in writing made by the Solicitor of the Post Office Department and an attorney of the Department of Justice. It is safe to assume that the oral representations made to the President were of like character to the written ones. These written representations give the false impression that certain contracts were extended in time for 6 months without authority of law and without readvertising for bids, whereas the basic law granted authority to do this. They allege that the route certificates were granted without authority of law, whereas the McNary-Watres Act expressly provided for an exchange which was made to the great benefit of the Government in securing complete control by the Government over routes, compensation, and conditions for safety and efficiency which did not exist under the old contracts for which they were exchanged. These lawful and beneficial acts were represented to the President to have been done in conspiracy. If this were true then Congress was a conspirator. A flagrant misrepresentation was made that "the entire system of the United Air Ways was built up by the certificate or extension method." On the contrary, the fact is that it was built up by the competitive bid method. Only two extensions were ever made and they were obvious and logical ones which came too long after the meetings to have been related to them.

These written representations did not inform the President that the transactions at the meetings held were done under provisions of the act and a declared policy of the Government which required such meetings. Ascertaining equities, laying out routes, creating an air-mail map, and such vital matters relating to the terrain of an airway could not be intelligently handled by an official behind a desk, but necessitated conferences with operators whose actual experience was indispensable. The representations gave the false impression that all extensions made were agreed upon at these meetings, whereas some of them were not even mentioned.

The statement was made that the National Parks Airways, Inc., route "was the result of a certificate issued after the 'spoils conference' on July 29, 1930", which carried the innuendo that this was done as a result of a collusive agreement at the meeting, whereas there was no party interested in that route other than National Parks Airways, Inc. The President was not told that this route was established by a contract let by bidding. The presentation of the situation with respect to Eastern Air Transport and American Airways was not frankly stated, but the President was shown only that certificates to these companies were granted after the "spoils conference." A representation was made that carried the implication that every holder of an air-mail contract obtained his contract by virtue of the conference in May. Moreover, this written representation characterized extensions as a "subterfuge", whereas they were the declared policy of the Congress.

These writings also gave the impression that cost to the Government required cancelation of the contracts and letting of new ones by bids, whereas the fact is that the cost not only could be, but must be, fixed arbitrarily by the Postmaster General. Certainly this representation must rebound with great force upon Postmaster General Farley, who not only justified the cost before the Appropriations Committee of the House, but asked for additional funds. The effect of these representations was to condemn the performance, separately and jointly, of every function of Postmaster General Brown under the law, although all of them had been sustained by the Comptroller General in making payments under the contract, all had been carefully considered from time to time by committees of Congress, and had been ratified by Postmaster General Farley up to January 30, 1934, 6 days before.

On March 8, 1934, the President sent a letter to the Chairman of the Committee on Post Offices and Post Roads recommending a law which would reverse every feature of the McNary-Watres Act and make permanent, not only the cancelation of contracts, but the disqualification of the contractors.

Bad faith and conflict with public policy were doubtless predicated on the representations. No provision for testing such questions in a judicial manner and ascertaining qualifications of bidders before the bidding was suggested. If enacted into law this policy would set back the aeronautical industry many years and confirm the fear of the people of these United States that their Government has become arbitrary and unjust.

This was followed on March 9, 1934, by the McKellar-Black bill to revise air mails, which carried out every feature of the recommendation and included the following language:

"* * * and no person shall be eligible to bid for or hold an air-mail contract if it or its predecessor is asserting or has any claim against the United States because of a prior annulment of any contract by the Postmaster General. * * *"

The protests of the people of this country against this ruthless destruction of property, and against this impetuous condemnation, without trial, and attempt at attainder by legislation, as well as the withering criticism of every expert called before the Committee on Post Offices and Post Roads, excited the reporting of a substitute bill phrased to give the impression that the destructive elements of the first bill were eliminated.

But the proponent of the bill stated in the Senate that the inhibitions of the measure were substantially the same as those of the Postmaster General's advertisements for bids, which I now speak of.

On March 28, 1934, the Postmaster General announced that temporary contracts with commercial aviation companies for transporting air mail would be made within the next 3 weeks, and advertised for bids containing the following inhibition:

"No bids shall be considered or received from any company which previously had a contract for the carriage of air mail and whose contract was annulled under Revised Statutes, section 3950, * * *."

All of the cancelations were expressly claimed to have been made under that section.

Other bills have been introduced relating to the subject. The current chapter in the air-mail tragedy to which I invite attention now follows:

Today there was ordered printed a bill, proposed by Senators AUSTIN, of Vermont, DAVIS, of Pennsylvania, and BARBOUR, of New Jersey, as an amendment in the nature of a substitute for the McKellar and Black bill. This measure is designed to preserve the remarkable development of the art of aeronautics to compel the Postmaster General to issue a route warrant to any carrier who held a route certificate which was canceled unless upon fair trial, by a three-judge court, the applicant has been found to be disqualified under section 3950 of the Revised Statutes. This bill prohibits the attainder of any person by refusing him a route warrant on the ground that he has a claim against the United

States because of a prior annulment of contract. This bill prohibits the Postmaster General from presuming disqualification and requires him to raise that question by complaint presented to a district judge of the United States in the district wherein is the residence of such person sought to be disqualified.

This bill makes the Postmaster General the agent of Congress to carry out provisions for extending, consolidating, or creating new air-mail routes, upon such a basis that monopoly will be prevented and balanced competition will be maintained.

This bill does away with the fallacious doctrine of competitive bidding which was exposed in the language of Captain Rickenbacker as follows:

"Asking one of these companies to bid on another route is as impracticable as asking the New York Central Railroad to bid to carry mail over a route such as the Santa Fe system."

On the other hand, it authorized the Postmaster General to place mail for air transportation on any route operating aircraft on a fixed daily schedule under the authority of the Department of Commerce. The bill fixes compensation on a basis where bidding is inapplicable, namely; at the fixed rate of 2 mills per pound mile, except that the average compensation paid to any carrier for transportation over any route shall not exceed 50 cents per airplane mile.

The great underlying stimulus which the McNary-Watres Act furnished for the amazing development of the passenger service is continued in this bill, namely: A frank subsidy determined by the Postmaster General upon a formula standardized for all operators and calculated to create a financial inducement and incentive to competitively develop the aeronautical industry, to improve its efficiency to the end of making it self-supporting, to encourage the development of safety, speed, additional space for carriage of passengers and express, and to promote the national defense.

The effect of such a formula has already been tested, and there is no room for doubt that it tends to keen competition and to the exercise of the highest character of service.

Such a formula as was effective from November 1, 1932, to June 30, 1933, offered additional pay for carrying two-way radio, an increased number of passenger seats, employment of a copilot, and other variables which helped toward the creation of an aeronautical industry that could support itself. Obviously, this is superior to a law requiring competitive bidding without subsidy which would reverse the interest of the operator, because he would be tempted to get his cost back, plus a profit, regardless of efficiency and without encouragement to promotion of the service. Under the formula operators inclined to lag behind in economy and efficiency of operation could only make money by raising their standards to meet competition because all would be established on the same basis.

The proposed act requires the Postmaster General to promulgate and execute rules, regulations, and orders establishing standards of qualification of pilots, involving experience and skill in blind flying and other aspects of navigation, providing for working conditions of all employees, with due regard for safety and efficiency, holding up the standard of compensation to that of 1933 unless changed from time to time through the medium of collective or other bargaining, and maintaining the quality of landing fields, lighthouses, radio stations, and other means of communication and aids to navigation, as well as standards of planes and their equipment.

This bill, if enacted into law, would restore a great institution. It would lend encouragement to industry generally by assuring industry that a contract still has value and binding force in this country; that the old-fashioned American idea of trial by due process of law is a certain bulwark of our safety from sudden impetuosity of our Government; that we really have rights as citizens, whether as contractors with the Government or as beneficiaries of contracts with the Government.

The passage of this bill would benefit business generally because it would prevent the chaos in transacting its affairs which necessarily must follow the setting back of the air-mail transportation business and the passenger-transport enterprise 5 or 6 years.

The passage of this bill would save the air-transport industry, because there is an opportunity for 10-year contracts which would permit planning and financing upon a stable basis. This measure would permit warrants for a period not exceeding 10 years from date by contrast with the McKellar-Black bill, which is limited to periods of not exceeding 3 years.

It is apparent that the hampering uncertainty of operators would be alleviated by this measure. The policy of Congress to adhere to the American right of notice, trial, and judgment in case of an intended cancelation was expressed in the McNary-Watres Act, which required 45 days' notice and an opportunity to show cause why the certificate should not be canceled (sec. 6); and in the act of June 16, 1933 (Public, No. 78), which required 60 days' notice to the parties to any contract with the United States which the President might intend to cancel and an opportunity for public hearing.

These great powers were granted by law. The law for cancelation was plain and simple, but was utterly ignored; on the contrary, the parties and the country were startled by a sudden exercise of the might of official position to ruin this great servant of the people—the air-mail transportation system.

By this bill we try to salvage from the wreckage the great airways, the competitive systems, the principle of incentive to individual effort and progress, the financial encouragement for development of safety and efficiency, and better conditions of work, as well as justice in pay for labor, both skilled and unskilled.

The proposed bill offers to the people of the United States the assurance that their Government is honest and honorable as a contractor with them. Our cause is an institution for which intrepid pilots have given their lives and a principle of civilization for which humanity has battled since the birth of Christ. Let not politics interfere with the progress of this cause.

Let this chapter of the air-mail tragedy strike down government by men and uphold government by laws.

COMMENT ON UPTURN OF CONDITIONS

Mr. THOMAS of Utah. Mr. President, I ask unanimous consent to have printed in the RECORD a cross-section of comment on the upturn of conditions, the reports having been taken by careful newspapermen in interviews with some of the leading citizens of various parts of the West, gathered for a conference in Salt Lake City, Utah, and taken from the Deseret News of April 6. The reports come from men who are leaders in the intermountain country. All are presidents of stakes of the Church of Jesus Christ of Latter-day Saints, and all were present at Salt Lake City for the annual conference of that church.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

[From the Deseret News of April 6, 1934]

PRESIDENTS OF STAKES REPORT BETTER TIMES—CONDITIONS IMPROVE IN DISTRICTS OF CHURCH

A very definite note of optimism regarding improved business and financial conditions and outlook for future improvement in farming, grazing, and mining, is expressed in Salt Lake today by a number of presidents of stakes here attending the one hundred and fourth annual general conference.

Without exception these stake presidents report improvement both in actual conditions and in the attitudes of the people. All report a generally more hopeful feeling prevailing, and many gave definite indications of conditions being much improved.

The stake presidents interviewed are representative of the entire Rocky Mountain region, ranging from Arizona to Colorado, and including Canada and Mexico.

RANGES IMPROVE IN GARFIELD COUNTY

Range conditions in Garfield County are the best they have been for some time, President Thomas A. King, of the Garfield stake, reports. The people are much happier and more settled in mind over the prospects for this year than they have been for a long time. Water conditions are good, and barring a siege of grasshoppers, farming should be much improved this year, he explained.

LYMAN DISTRICT EMPLOYMENT GAINS

President H. Melvin Rollins, of the Lyman stake in Wyoming, can see very definite improvement in several ways. With the water outlook only a very little below normal and grazing conditions of the past winter ideal, the outlook for the farming and cattle-raising industries of Wyoming is excellent.

General conditions, too, are much better, he asserts. In Evanston, he said, there are as many men now employed in the railroad shops as there ever have been; and conditions in the mining towns are also much improved with the providing of more work.

HURRICANE FRUIT ESCAPES FROST

President Claudius Hirschi, of the Zion Park stake, whose home is in Hurricane, said that with the recent danger of frost past without damage, farming prospects, particularly with fruit, are excellent in the southern part of the State. Grazing conditions for the spring are good, although much depends in this industry on later summer rains. Movement of wool in that section is good at a good price, and livestock men are now placing their cattle on the market for fair returns, he said.

President Hirschi stated that the C.W.A. projects greatly aided that section and especially affected the merchants. While things are more or less at a standstill, another boom is expected this year during the fruit season.

UINTAH SELLS WOOL BEFORE PRICES DROP

President Hyrum B. Calder, of the Uintah stake, at Vernal, said business conditions were much better. While the wool prices are now slipping, most of the clips in that section have already been sold at a good price, he said.

The recent storm, he explained, has abated a gloom that was apparent as a result of expected water shortage. It helps conditions. There is plenty of moisture, and although business is quiet, the general outlook is much better, he said.

ARIZONIANS HOPEFUL OF BETTER TIMES

Presidents Harry L. Payne, of the St. Joseph stake, and Levi S. Udall, of the St. Johns stake, can see a definite improvement in Arizona. The State received a great impetus from the C.W.A. and the people are hopeful, they said. President Payne stated the people were more optimistic and improvement was apparent on all hands. He explained that the ideal winter through which they have passed was a great aid to grazing and livestock conditions.

IMPROVED POTATO PRICE AIDS DRIGGS

A fair price for potatoes and considerable road work has been a great factor in improving conditions within the Teton district around Driggs, Idaho, President Albert Choules, of the Teton stake, reports. He said conditions were much better than they have been, and high hopes are held out for the future.

SOUTH SANPETE NEEDS MORE WATER

While financial conditions are somewhat better, crop conditions, owing to a shortage of water, are not as favorable, President Lewis R. Anderson, of the South Sanpete stake, reports. The people there, however, are hopeful and more optimistic than they have been, he said.

GUNNISON HOPEFUL DESPITE REVERSES

Although the water in the Gunnison Reservoir is 3 feet short and prospects on the west side of the valley are rather disappointing, residents of Gunnison are quite optimistic this year, according to Charles S. Hansen, president of the Gunnison stake. Tithing, he said, had increased up to date over last year.

Merchants did better during January and February this year than last, but things were rather quiet in March, President Hansen said. Farmers have been rather worried about beet prospects, but are now preparing to sign up. Wheat acreage will be about the same, he declared, despite the United States reduction, since many of the largest growers did not sign Government contracts.

REDMOND FARMERS TO PLANT MORE BEETS

Farmers of Redmond are preparing to plant more beets this year than for several years past, if present indications prove reliable, Martin Jensen, first counselor in the North Sevier stake presidency, said Friday. Business has picked up a little, so that more tithing is being paid in several of the wards, and the people of Redmond are generally optimistic over the future.

BUSINESS IMPROVES IN SEVIER DISTRICT

The dental profession is much better this year than last, says W. Eugene Poulson, president of Sevier stake. He feels that in general this may be taken as an indication of other business in Sevier County.

Cattlemen are happy over the open winter season on the ranges, and prospects for the sale of marketable livestock seem to be better. Sheepmen are rejoicing over the rise in the price of wool. Those who fed sheep during the past winter were able to make some profit, although not so many tried this form of winter work this year.

CENTRAL COLORADO HAS LITTLE CHANGE

Business in central Colorado is practically the same this year as last, John W. Smith, second counselor of the Colorado Springs branch, Western States mission, said Friday morning. "While there is a slight improvement in the music business—my line of work—it is so slight that we can't continue on this way for very long. Business must improve, or we will have to quit."

CONDITIONS IMPROVE IN KANAB DISTRICT

Things have never been better in and around Kanab, President Charles C. Heaton, of the Kanab stake said. The people are happy, and everyone who wants to work is working.

An unusual amount of road work and forest work, together with improved conditions in livestock, particularly sheep business, are responsible for this healthy condition.

SHELLEY MENACED BY WATER LACK

President Berkley Larson, of the Shelley stake, expressed a fear that a shortage of water might result for the maturing crops, but the people are optimistic through knowledge that crops have frequently been better in dry years than in years of plenty of moisture. The people are more hopeful and conditions are generally much better than for several years.

INCREASES OF VETERANS' COMPENSATION

Mr. COPELAND. Mr. President, in this morning's New York Herald Tribune is a defense of the veterans' increases. It is from the pen of Mr. Anson T. McCook, of Hartford, Conn.

I wish every citizen who is not fully informed on the subject could read this concise, and, I believe, entirely accurate statement. Many who are now unhappy over the veto will have a better understanding of the facts.

Reading the article may not change a conviction, but at least it will make understandable the attitude of those who in all good conscience voted in the majority. I ask that it be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

DEFENDING THE VETERANS' INCREASES

To the New York Herald Tribune:

Accusations have raged around the veto of the independent offices bill. There has been a wide misunderstanding of vital facts. Having made a special study of disabled veterans' relief for several years, perhaps I can help clear the air.

First of all, the bonus has no connection with this matter whatsoever. The bonus was not even mentioned in the bill which was vetoed. And the Legion at Chicago voted down all resolutions which would have called for its present payment.

Next, this bill did not restore any of those numerous disabilities, classified as not connected with the service, which were cut off by the Economy Act last year; nor did the Legion ask to have them restored. Therefore, that large saving remains exactly where it stood.

As to raiding the Treasury or unbalancing the Budget, the bill provides less than $50,000,000 in payments to disabled World War veterans, and most of this the President himself had already approved. David Lawrence, an impartial observer, puts the difference between Congress and the President as to World War veterans at only $20,000,000. It is probably less than that. The largest part of the appropriation was to restore pay cuts to Federal employees and for Spanish War veterans, but even there the total difference between Congress and the President was comparatively small.

Just what did the bill provide for World War veterans? First, it restored to concededly service-connected cases the cuts which had been made in their compensation as a temporary measure of economy last year. The President himself had favored their restoration as soon as practicable. Therefore, the difference was not one of principle, nor of amount, but simply of time. With wages and costs increasing, Congress thought the time had arrived.

Discussion has chiefly centered about the second class, namely, that especially pathetic group known as "presumptives." There are but 29,000 of them and the number is shrinking by death. It is vitally important to note three things about them. First, they must have broken down before 1925. Next, the break-down must have been a very grave one, such as in mind, lungs, or heart. Finally, up to 1933, they were rated as actually service connected, albeit by presumption, and most had held that honorable status for 10 years. Then, when their lives had become adjusted on that basis, they were deprived of it by a stroke of the pen. In my opinion that was most unjust. If I am right, they had an absolute claim to be restored as a matter of national obligation.

My reasons are these: First, my personal observation, confirmed by no less a medical authority than Gen. Sanford H. Wadhams, deputy chief surgeon of the A.E.F., and many other reliable observers, convinces me that the vast majority of these presumptive break-downs were actually service connected in point of fact. And I am more interested in the fact than in any rating on paper. Next, I would ask this question: How could an insane man after the lapse of 15 years produce evidence to prove that the war caused his insanity even though there was no doubt about it? And yet that is exactly what the 1933 law required. And how is a man flat on his back with tuberculosis to get affidavits from doctors who are now dead and buddies who have disappeared? None of this evidence was required when they broke down before 1925. That is why the review boards' decisions were so necessarily restricted. A perfectly normal person would find it hard to prove an automobile case after 10 years during which he had been lulled into a false sense of security.

To bar 3 out of every 4 because 1 out of 4 might not be service connected seems comparable to convicting 3 out of 4 innocent persons in order to catch the 1-out-of-4 malefactor. The Legion's opinion is that the full burden of proof should rest upon the Government rather than upon the veteran who, after all these years, has lost his ability to prove his case. This is what the new law provides at the same time that it excludes any whose cases were established by fraud or misrepresentation.

Three hundred and seventy-three out of four hundred and seventy-two Senators and Representatives, a majority of each party in each House, believed that to restore these men and women to their honorable status and support was an act of simple justice. Believing this, they had no recourse in good conscience except to override the President's veto.

ANSON T. MCCOOK.

HARTFORD, CONN., *April 9, 1934.*

TARIFF ON LACES

Mr. METCALF. Mr. President, I ask unanimous consent to have printed in the RECORD a very interesting letter written by Lilian F. Thompson, of Woodville, R.I., relating to the tariff on laces.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

WOODVILLE, R.I., *April 8, 1934.*

The Honorable JESSE H. METCALF,
Senator from the State of Rhode Island, Washington, D.C.

DEAR SENATOR METCALF: I am a lace worker, employed by the Richmond Lace Works at Alton, R.I., and I am taking your words, that workers and investors in the lace industry should "cry out against this tariff bill", literally; and if this letter of mine to you could do any good, I wish that every word of it could be blazoned across the heavens of this country in letters a mile high so that every lace worker might see and read and be made to realize what will happen when Secretary Wallace eliminates what he terms the "inefficient group of industries" in New England.

I wonder if Secretary Wallace and the other men who advocate the passage of this tariff bill have ever given a thought as to what will become of this vast army of lace workers when they are deprived of a means of livelihood. Evidently they haven't, and it is quite probable that they do not care. I know lots of little children, and grown-ups, too, who, during the past winter, would have often gone cold and hungry if it hadn't been for the work given to the wives and mothers by the lace mills.

It is too bad that Secretary Wallace and the men who think the same as he does and who are doing everything they can to crush out American products and American producers, couldn't visit some of the lace mills in Rhode Island and see the lovely laces made from shimmering silks, gleaming rayons, and fine cottons in patterns as delicate and lovely as those created by nature on our window panes on frosty mornings. It would be an education to them to see a lace loom and watch it in action. When Secretary Wallace brands the finer textiles made in this country as inferior to those made in France and China, he does not know what he is talking about. Some years ago I watched a Belgian peasant woman making lace by hand; and as the roses grew under her skillful fingers, it seemed to me wonderful. Today, except for the value that hand-made goods always command, there is all-over and band lace made at the Richmond Lace Works that is just as beautiful in every way as that made by the Belgian woman. I have an idea that even Secretary Wallace couldn't tell the difference between the hand and machine made. His remark that it is desirable to import laces and finer textiles from France and China to delight our womenfolk is a strange one for an American and a Cabinet officer to make, and is a mighty poor argument in favor of foreign goods. Furthermore, I happen to know that the womenfolk from the world of fashion, where Secretary Wallace moves, take much pleasure in purchasing yards and yards of these American-made finer textiles, and I haven't the least doubt that Secretary Wallace and his colleagues have footed the bills for a good many lace gowns and frills now that they are again in style.

What would any man worthy of the name think of a banker or a group of bankers who would take the savings of their depositors and throw them into the nearest mud pond and then remark that they did it to delight our womenfolk? Secretary Wallace goes even further: He aims to throw away millions of dollars invested in buildings and machinery and to take the bread from the mouths of men, women, and children. Crushing out industry and the workers in industry in New England, or any other part of the country, isn't going to help the farmers in Minnesota or any other place, not in a thousand years despite all that Secretary Wallace may say to the contrary, and while his statesmanship and religion and his ideas on industry may be the extraordinary revelations of the same mind, no one would ever know it.

Thanking you for all your splendid efforts in behalf of the people of the State of Rhode Island, I am, dear sir,

Very truly yours,

LILIAN F. THOMPSON.

SAN JUAN WATERWORKS CONTRACT, PUERTO RICO

Mr. ROBINSON of Indiana. Mr. President, I should like to bring to the attention of the Senate a very interesting situation which has developed in Puerto Rico.

The Reconstruction Finance Corporation authorized a loan of $1,300,000 for the construction of improvements to the waterworks system of San Juan, the capital of Puerto Rico. The Government requested quotations for hydrants under contract 14A and valves under contract 14B. The bids received were opened on January 29, 1934. The awards made by the administrative board of the capital of Puerto Rico on February 24, 1934, were transmitted to the office of the Reconstruction Finance Corporation here under date of March 3, 1934, and received March 7, 1934.

Mr. President, it develops that in this project 17 different concerns were bidders. Sixteen of the bids were identically the same to the penny. Sixteen concerns furnished bids each of $16,516.66 for the work. One concern, the Western Gas Construction Co., of Fort Wayne, Ind., was the lowest bidder, with a bid of $13,752.14. It developed that 1 of the 16 bids was accepted, being the higher bid, and ultimately approved by the Reconstruction Finance Corporation, which was furnishing the money for the work.

Naturally we were very curious to understand how it happened that 16 concerns would all bid in exactly the same amount for the same job of work. If there ever was an instance that seemed to suggest collusion, a meeting of the minds of competitors, that seemed to be such an instance.

We took up the matter with the Reconstruction Finance Corporation. We were informed by Mr. H. E. Whitaker, the acting chief engineer of the Reconstruction Finance Corporation, that this was due to the N.R.A.; that under the N.R.A. there can be no competitive bidding any longer; that is to say, that each and every concern bidding on a job of any kind under the codes must bid precisely the same amount. Thereupon we inquired whether or not that was the reason why the Western Gas Construction Co., at Fort Wayne, Ind., had been penalized, though they were the low bidder and were not permitted to get the job. The answers to our questions in that regard were very indefinite. This is what happened:

The project is for the San Juan waterworks extension. The Reconstruction Finance Corporation is furnishing $1,300,000 for that work. The contracts in question were nos. 14–A and 14–B, contract 14–A being for hydrants and valves and contract 14–B being for valves. The bid of the Western Gas Construction Co. under contract 14–A was $28,372. The bids of the competitors of the Western Gas Construction Co., 16 in number, were identical, each being $34,724. The bid of the Western Gas Construction Co. under contract 14–B was $13,752.14. The bids of the competitors, 16 in number, were identical, each being $16,516.66.

The total bid of the Western Gas Construction Co. was $42,124.14. The total bids of the competitors, 16 in number, each being identical with the others, was $51,240.66. The Western Gas Construction Co.'s total bid was $9,116.52 under the bids of the 16 who had all bid in exactly the same sum.

Naturally, Mr. President, if the N.R.A. fosters this sort of procedure, there can be no competitive bidding any more on Government work under any of the codes of the N.R.A. This is just one instance, showing the utter extravagance in the expenditure of public funds throughout the United States under the system at present in vogue. It shows, too, that the smaller business concerns are being practically driven out of business by the administration of the N.R.A. in this country.

In order that it may all appear in the RECORD, I ask to have printed the entire memorandum report covering this strange procedure as furnished to me by Mr. Whitaker, the acting engineer of the Reconstruction Finance Corporation, together with his letter to me.

There being no objection, the letter and memorandum were ordered to be printed in the RECORD, as follows:

RECONSTRUCTION FINANCE CORPORATION,
Washington, March 28, 1934.

San Juan waterworks, loan docket no. 328.

Hon. ARTHUR R. ROBINSON,
United States Senate, Washington, D.C.

DEAR SENATOR ROBINSON: With further reference to my letter of March 15, there is attached hereto a copy of the memorandum setting forth the facts concerning the award of the hydrant and valve contracts, nos. 14–A and 14–B, by the capital of Puerto Rico and the subsequent approval by this Corporation.

If there is any further information you may desire in connection with this matter, we shall be pleased to furnish it promptly.

Yours very truly,

H. E. WHITAKER,
Acting Chief Engineer.

MEMORANDUM REPORT COVERING APPROVAL OF AWARDS MADE BY THE ADMINISTRATIVE BOARD OF THE CAPITAL OF PUERTO RICO FOR HYDRANTS

CONTRACT 14–A AND VALVES CONTRACT 14–B

The R.F.C. has authorized a loan of $1,300,000 for the construction of improvements to the waterworks system of the capital of Puerto Rico at San Juan. The Government of Puerto Rico requested quotations for hydrants under contract 14–A and valves under contracts 14–B. The bids received being opened on January 29, 1934, and the awards made by the administrative board of the capital of Puerto Rico on February 24, 1934, being transmitted to this office under date of March 3, 1934 and received here March 7, 1934.

CONTRACT 14–B

There were 16 quotations received for $16,516.66, and one low bid of $13,752.14 for the valves under contract 14–B.

The administrative board considered at great length the bids and finally awarded contracts 14–A and 14–B to Sucs de Abarca, representing the Ludlow Valve Co.

On March 9 representatives of the Western Gas Construction Co., the low bidder, made informal complaint relative to the award.

On March 12 the Western Gas Construction Co. made formal complaint as the low bidder and also verbally raised a question as to the legality of the award to Sucs de Abarca.

On March 13 the R.F.C. transmitted the formal complaint to the capital of Pureto Rico requesting consideration of the information supplied in the complaint by the consulting engineer, the director of public works, and the administrative board.

On March 19 the chairman of the administrative board sent the R.F.C. the following cable: "Reconsideration contract 14 hydrants and valves not appropriate after submission matter R.F.C. To again consider matter in opinion officials city it is necessary that awards be disapproved. Recommend this procedure as serving best interests of city. Advise definite action by cable."

In view of the above cable stating that the administrative board could not reconsider and also recommending that we disapprove the award, this office immediately got in contact with members of the Bureau of Insular Affairs here in Washington and at our suggestion a cable was sent to Governor Winship of Puerto Rico and the attorney general of Puerto Rico requesting a legal opinion in the case of the award to Sucs de Abarca. The legal question was raised because a salaried employee of Sucs de Abarca is also a commissioner of the capital, but having nothing to do with the administrative board which made the award, and it was desired to learn from the highest legal authority on the island whether or not this, in any way, affected the legality of the award made to Sucs de Abarca.

On March 26 the following cablegram was received from Governor Winship by the Bureau of Insular Affairs:

"Reference your no. 96, March 24. By formal opinion rendered March 24, copy being transmitted by air mail, Attorney General of Puerto Rico holds contract valid, notwithstanding Pesquera's relations to successful bidder. Municipal commission had nothing to do with granting the award or contract, as this power resides in the administrative board, of which Pesquera is not a member. Furthermore, Pesquera is not a member or official of the contracting firm, but is only an employee thereof, and as such has no such interest in the contract as would render it void, even if he had participated as a municipal official in the awarding of the contract. See case of *Mumma* v. *Town of Brewster*, decided August 1933 by supreme court, State of Washington (24 Pac. (2d) 438)."

WINSHIP.

Upon receipt of the above cable Mr. Whitaker appeared before the executive committee of the Board of Directors of the Reconstruction Finance Corporation and laid the facts before them. He recommended that in order that there might not be any further delay the awards made by the honorable administrative board of the capital of Puerto Rico be approved. First, for contract 14–A, as the hydrants of the low bidder, the Western Gas Construction Co., are a new product and do not have a service record; second, for contract 14–B, because the disapproval of the award by the administrative board would cause delays at least of six weeks and possibly more, which would, in his opinion, more than neutralize any difference in price, and also that the delay is important when considered in connection with the program for relief in San Juan.

The executive committee of the Board of Directors of the Reconstruction Finance Corporation accepted the recommendation of Mr. Whitaker and instructed him to approve the awards made by the administrative board of the capital of Puerto Rico under contracts 14–A and 14–B to Sucs de Abarca.

Thereupon the following cable was dispatched to San Juan under date of March 26, 1934: "To avoid further delay, you are advised that this Corporation has no objection to the awards made by the honorable administrative board on contracts nos. 14–A and 14–B to Sucs de Abarca at an estimated cost of $51,241, in view of opinion of Attorney General received today."

On March 27 the following cable was received from the city manager of Puerto Rico: "Cable March 26, regarding contracts 14–A and 14–B, just received at moment administrative board was to meet for reconsideration matter awards according your letter March 12. Please advise if we should continue reconsideration proceedings or accept your cable as final."

On March 27 the following cable was sent to the city manager of the capital of Puerto Rico: "To avoid further delay you are advised that awards by honorable administrative board, contracts 14–A and 14–B, to Sucs de Abarca, at estimated cost $51,241, is satisfactory to this Corporation. Believe it inadvisable to reconsider in view legal complications which would undoubtedly ensue unless all bids were rejected, necessitating readvertisement, with consequent expensive delay."

On March 27 the following cable was received from the city manager of the capital of Puerto Rico: "In accordance with your cable, I called immediately Sucres de Abarca to sign contracts 14–A and 14–B."

The above is a history of this matter up to the present time.

H. E. WHITAKER,
Acting Chief Engineer, Reconstruction Finance Corporation.

INTERNAL-REVENUE TAXATION

The Senate resumed the consideration of the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes.

Mr. KING. Mr. President, before the Senate took a recess yesterday I offered an amendment to the pending bill, which was read and appears in the proceedings of yesterday.

I am advised that one part of the amendment could be offered only upon a reconsideration of the former action of the Senate under which the House rates upon income taxes and surtaxes, with some modifications, were approved. I ask unanimous consent that I may offer the amendment which I submitted yesterday.

Mr. HARRISON. Mr. President, I do not anticipate that there will be any lengthy discussion of the matter, and, of course, I shall not object to the Senator's request.

The PRESIDING OFFICER (Mr. BACHMAN in the chair). Is there objection? The Chair hears none.

Mr. KING. Mr. President, yesterday I offered an amendment to subtitle (B) of the pending bill which deals with normal tax and surtax on individuals. Section 11 of the bill levies a normal tax of 4 percent on the net income in excess of certain deductions and credits. Section 12 of the pending bill deals with surtaxes on individuals. The rates levied begin with 4 percent upon net incomes and excess of $4,000 and not in excess of $8,000. Progressively the rates increase throughout the various brackets until in the last bracket there is imposed a surtax of $532,740 upon net incomes of $1,000,000, and a 59 percent surtax in addition upon incomes in excess of the amount stated.

I think it must be admitted that the taxes imposed in the title referred to are high, but it must be remembered that the present condition of the Treasury and of the country requires the collection of very large revenues. The expenditures of the Federal Government have greatly increased during the past 15 or 20 years. My recollection is that in 1916 the entire expenses of the Federal Government were approximately $1,000,000,000.

During the World War, of course, the demands for revenue were increasingly great, and following the war it was impossible to return to the pre-war revenue status. During the closing years of Mr. Hoover's administration, notwithstanding the revenues derived from taxation were very large, there were increasingly large deficits. It seems almost incredible, in view of the heavy burden of taxation, that in the closing year of Mr. Hoover's administration a deficit of nearly $3,000,000,000 was created. During this period of depression revenues have diminished and the expenditures of the Government have increased. I think the same is true with respect to the States and their political subdivisions. The demands for relief for the unemployed have been colossal, and both the Federal and State Governments have been compelled to borrow in order to meet current demands.

The States and their municipalities experience difficulty in finding sources of revenue, and it should be the policy of the Federal Government, so far as possible, to leave to the States and their political subdivisions as many fields from which revenue may be derived as conditions will permit. Unfortunately the Federal Government has been compelled to invade fields which ought to have been left exclusively to the States. It is obvious that the Federal Government must rely upon individual and corporate income taxes for the greater part of its revenues.

Aside from income taxes the Federal Government's receipts are derived for the most part from customs duties and taxes upon tobacco, liquor, and a rather limited number of commodities. The present condition of the Treasury and the demands made upon the Federal Government conclusively prove that the revenues of the Federal Government must be increased if the Budget is to be balanced and the credit of the Government is to be unimpaired. No mere juggling of figures will meet the situation and no imagination will supply facts to meet realities. The Federal Government needs money, and more money, in order to meet the enormous appropriations which are being made. Billions of dollars have been appropriated to the Reconstruction Finance Corporation, the Public Works Administration, and for relief purposes; and hundreds of millions of dollars have also been appropriated to meet other expenses of the Government, including the demands made for the maintenance of the Army and the Navy. The Government has been compelled to borrow enormous sums in order to meet appropriations made by Congress, and our Government cannot go on indefinitely borrowing and issuing bonds. The credit of the strongest government may be impaired, and it is obvious that disastrous consequences would result to the entire economic structure if our Budget was not balanced and increased deficits resulted. Many governments have met with disaster because they have destroyed their credit by profligate expenditures.

I call attention to these matters merely for the purpose of justifying the heavy burdens of taxation which are being laid upon the people. It would not be the part of wisdom or statesmanship for Congress to refuse to balance the Budget, or to decline to impose taxes adequate to meet all legitimate demands. A humorist has said that a statesman is one who votes against all tax measures and in favor of all appropriation bills. Undoubtedly persons in public life have been defeated for positions because they voted to maintain the credit of their country and opposed measures calling for increased appropriations.

The bill before us will add to the tax burdens of the people, but it is but a fraction of the aggregate appropriations this Congress has already made; and the additional revenue that the Government will derive from the provisions of this bill, plus all other revenue from various sources, will, in my opinion, still be inadequate to balance the Budget. Indeed, additional sums will be required to meet the expenses of the Government, and they can only be met by the issue of Government securities.

I appreciate the fact that heavy taxes imposed at this time may retard industrial rehabilitation. There are evidences of a revival of business. Many factories and mills and plants that were silent for a number of years are now in operation, and millions of persons who a year ago were without employment now find positions in the industries and activities of our country. It is important that all legitimate measures be adopted to promote industrial revival; and it would be unfortunate if the exactions of the Government made necessary to meet the imperative demands upon the Treasury should constitute impediments to business development. I believe that the representatives of business, and indeed the people generally, will respond to the needs of the Government; and while the burdens of taxation will be grievous and perhaps hard to be borne, there will be a patriotic response to the request for increased Federal revenues.

I think it is conceded that the income tax is the fairest tax that may be placed upon the people. Ability to pay is recognized as a sound and just basis upon which to rest a revenue system. Reactionary forces opposed the income-tax system; and it was a long and hard struggle to secure an amendment to the Constitution authorizing the collection of income taxes from the people. I think opposition to this system of taxation has vanished, and the majority of the people would be unwilling to deny the Government the right to obtain a considerable part of its revenues from the incomes received by individuals and corporations.

Mr. President, the able Senator from Wisconsin [Mr. LA FOLLETTE] delivered a most excellent address a day or two ago in support of his amendment which called for an increase in the income-tax rates. His amendment dealt with surtaxes and materially increased the rates in the higher brackets. If his amendment had prevailed, then my amendment would not have been submitted.

Mr. President, the amendment which I have offered includes a normal tax of 5 percent, an earned-income credit of 10 percent against net income subject to normal tax, and surtax rates graduated from 3 percent on surtax net income in excess of $4,000 to 65 percent on surtax net income in excess of $500,000. This amendment, if adopted, would yield between forty and fifty million dollars more revenue than H.R. 7835, as reported by the Committee on Finance. The greater part of the additional revenue would come from net incomes of $20,000 and over. A small part would come from net incomes under $20,000, in part due to the fact that taxes on these incomes would be reduced less to meet present taxes (1932 act) than under H.R. 7835, as reported by the Committee on Finance.

Under the proposal which I have submitted, surtax rates would be revised so that there would be a gradual increase in the surtax rates over the present law and also over the pending bill. These increases are from 1 percent to more than 6 percent. The amendment submitted would have advantages over the pending bill in that it would raise more revenue and would rest taxes on a broad group of the larger incomes, i. e., net incomes above $25,000, and, of course, would be higher than under the pending bill.

It is obvious that with the proposed increase in the normal tax from 4 to 5 percent there would be a considerable increase over the pending bill.

Under the existing law the normal tax is 4 percent up to $8,000 and 8 percent upon all incomes in excess of that amount. The House did not continue the 8-percent normal tax, and the Committee on Finance of the Senate accepted the view of the House bill upon this matter. I believed that the situation called for an increase of the 4-percent normal tax, and accordingly have incorporated in my amendment a provision calling for 5 percent.

I shall not take the time of the Senate to institute a comparison of the rates in the pending bill and those in the amendments which I have offered. I shall, however, call attention to a few of the brackets and the difference in the rates and in the taxes which would result therefrom. I might add that in this morning's RECORD will be found a table showing the surtax rates in the pending bill and the surtax rates in the amendment which I have offered. For instance, in the pending bill the surtax rates upon net incomes of $32,000 to $38,000 are 21 percent, while in my proposal they are 22 percent. In the next bracket—$38,000 to $44,000—the pending bill levies a surtax of 24 percent, and in my amendment the surtax is 25 percent. In the bill before us the surtax rates increase 1 percent in each bracket until the maximum surtax rate of 59 percent is reached upon all net incomes of over $1,000,000. In my amendment the surtaxes are higher in the upper brackets, the highest surtax being 65 percent upon net incomes. Upon all incomes of $1,000,000 and over my amendment levies a surtax of 65 percent. With the surtax and the normal tax there would be imposed a 70-percent tax upon net incomes from $1,000,000 upwards.

Mr. President, I shall submit a few figures showing the difference in taxes paid under the Act of 1932 and the taxes which will be required under the amendment that I have submitted. These taxes are those that would be paid by a married man having no dependents. Under the 1932 act the total tax upon an income of $25,000 would amount to $2,520, whereas under my amendment the total tax would be $2,670. Upon a $50,000 income the tax under the act of 1932 would be $8,600, and under my amendment it would amount to $9,455. A tax of $30,100 is imposed under the act of 1932 upon an income of $100,000; and upon the same income under my amendment the tax would be $33,440. Upon incomes of $500,000 the 1932 tax would be $263,600, but under my proposal it would be $293,315. The tax upon incomes of $1,000,000, or over, under the 1932 act is $571,100, and under my amendment they would total $643,190.

Mr. President, I concede that these rates are high, but as I have briefly and imperfectly stated, the situation warrants the application of these rates. Surtaxes falling within the lower brackets cannot be regarded as severe, and those provided in the higher brackets are justified under existing conditions. The taxes are graduated as income taxes should be. Under my amendment they are not capriciously laid.

The graduation, I repeat, is uniform and measures up to the standards established by the most scientific method applied in the imposition of income taxes. The Senator from Michigan [Mr. COUZENS], as I am advised, has an amendment pending which imposes a flat 10 percent tax upon all individual taxes paid. If his amendment should be adopted, it would produce an additional fifty or fifty-five million dollars. I submit that the amendment which I have offered is more in harmony with the theory of income taxes; and, as I have stated, follows a fair and scientific graduated system such as is applied in surtax schedules. If my amendment is adopted, I do not believe the amendment offered by the Senator from Michigan would be necessary and probably would not be pressed. If my amendment is rejected, then the Senate undoubtedly will be called upon to vote upon the Senator's amendment.

I appeal to the Senate to give their support to the amendment which I have offered. The needs of the Government for revenue justify increasing the rates submitted in the pending bill, and Congress should respond to this just and necessary demand.

Mr. HARRISON. Mr. President, I do not desire to take up the time of the Senate in discussing the amendment. The committee has made its recommendations as to rates, has passed on that question; it was fully discussed a few days ago, and I hope the pending amendment will be defeated.

The PRESIDING OFFICER (Mr. DUFFY in the chair). The question is on agreeing to the amendment proposed by the Senator from Utah [Mr. KING].

Mr. KING. I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. KING. I ask for a division.

On a division, the amendment was rejected.

The PRESIDING OFFICER. The question now is on agreeing to the amendment which was reconsidered this morning.

The amendment was agreed to.

Mr. HARRISON. Mr. President, I should like now to have the Senate take up one of the most controversial propositions in the bill, because, in my opinion, when we get that out of the way we can see the way to final action on the bill shortly. I refer to the oil provision.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. COUZENS. Does not the Senator think that before we consider that provision we had better finish with the income-tax question?

Mr. HARRISON. If the Senator desires to offer his amendment now in regard to that feature of the bill, I shall raise no objection.

Mr. COUZENS. I think now is the proper time to offer it, inasmuch as we have been discussing the income-tax rates.

Mr. HARRISON. If the Senator wishes to offer the amendment at this time, very well.

Mr. COUZENS. I thank the Senator.

Mr. HARRISON. I should like to have the Senate take up the oil matter next.

Mr. ASHURST. Mr. President, at the appropriate time I shall ask for consideration of my amendment, which proposes a tariff of 10 cents a pound on all copper imported into the United States. I should like to have the Chairman of the Committee on Finance advise me when the appropriate time arrives.

Mr. HARRISON. I wish to have some of the committee amendments cleared up first.

Mr. ASHURST. This would not be an appropriate time?

Mr. HARRISON. I certainly trust the Senator will not offer his amendment now.

Mr. ASHURST. I yield to the Senator from Mississippi in the matter of procedure.

Mr. COUZENS. Mr. President, yesterday I offered a proposed amendment, but I find that it has not been printed; at least, it is not on the desks of Senators. Therefore, I refer Senators to page 6198 of the CONGRESSIONAL RECORD of yesterday, and I now offer the amendment.

On page 13, after line 24, I propose to insert a new section, to read as follows:

SEC. 14. Increase of tax for 1934: In the case of an individual the amount of tax payable for any taxable year beginning after December 31, 1933, and prior to January 1, 1935, shall be 10 percent greater than the amount of tax which would be payable if computed without regard to this section, but after the application of the credit for foreign taxes provided in section 131, and the credit for taxes withheld at the source provided in section 32.

Mr. President, it is estimated by the experts that this amendment would result in raising an additional $55,000,000 of revenue, and the provision would last for only 1 year. It would automatically expire on January 1, 1935.

I desire to make a few comments with respect to the statement made by the Senator from Mississippi [Mr. HARRISON] when he spoke in opposition to the surtax rates offered by the Senator from Wisconsin [Mr. LA FOLLETTE]. On April 5, as appears from page 6083 of the CONGRESSIONAL RECORD, the Senator from Mississippi himself spoke of the fact that the Congress had overridden the President's veto and referred to the need of additional revenue.

I desire to point out that when the President sent his Budget message to the Congress, and when he made his recommendation for taxes, the Senate had not overridden his veto with respect to additional compensation to Federal employees and increased compensation to veterans. The Senator from Mississippi stated on April 5:

The other day Congress overrode the President's veto. I have no quarrel with any Senator who voted to override the President's veto, and I would be the last one in the Senate to try to criticize Senators for their votes on that occasion. I believe that those who so voted voted conscientiously. I voted to sustain the President's veto. But, Mr. President, let us see what excuse there is now, simply because Senators overrode the President's veto, for piling up higher taxes. The facts are, with reference to what was done by the Senate in overriding the veto, that the cost of government has increased. Here are the facts: It will cost $27,000,000 more for the remainder of this fiscal year to pay what we gave to the employees of the Federal Government. It will cost between $62,000,000 and $70,000,000 more during the next fiscal year to take care of the provisions of that law with respect to increased wages to the Government employees. There is an increase by virtue of the change in the Veterans' Administration to $82,000,000.

Mr. President, this proposal is presented after the President has sent his Budget message to the Congress, and after both the Ways and Means Committee of the House of Representatives and the Finance Committee of the Senate have considered the tax bill and presented it to the respective bodies.

The press has in many cases misunderstood what this proposal means, and there is argument in the press that it would result in an unreasonable burden on income-tax payers.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. COUZENS. I yield.

Mr. BORAH. As I understand the Senator's proposal, it is to increase all income taxes by 10 percent.

Mr. COUZENS. A flat increase.

Mr. BORAH. It would apply to the small-income-tax payer the same as to the large one?

Mr. COUZENS. Yes.

Mr. BORAH. Would not that result in raising the larger portion of the taxes from the small-income-tax payer?

Mr. COUZENS. It depends on what definition the Senator would give to the term "small income-tax payer." I shall go into that, if the Senator will wait a moment.

Mr. BORAH. Very well.

Mr. COUZENS. I refer Senators to page 6199 of the CONGRESSIONAL RECORD of yesterday, and to the first table, which applies to a married man with no dependents.

I desire to emphasize that the action of both the House and the Finance Committee of the Senate, and of the Senate, so far today, despite these strenuous times, actually would reduce taxes. In other words, the tax on a man with a net income of $3,000 a year under the present law is $20. The House reduced that to $8. The Senate, under the Harrison amendment left it at $8. Under my proposal it would be raised to $8.80. In other words, a man with an income of $3,000 would pay additional taxes of 80 cents under my proposal.

It is not necessary for me to go down the whole list, but I do desire to have the Senator from Idaho observe that under the existing law the man who has a net income of $5,000 pays $100 in taxes. Under the bill as it passed the House, that was reduced to $80. In these trying times, I can see no justification for that. The Senate, under the Harrison amendment, left it at $80. My proposal would raise it by $8, so that a man drawing an income of $5,000 a year would pay $88 in taxes.

Let us consider the taxpayer with an income of $7,000 a year. Under the present law his taxes amount to $210. The House reduced that to $172. The Senate, under the Harrison amendment, raised it to $177. Under my proposal it would go to $194.70, still some 15 or 16 dollars less than the tax provided for in existing law.

I assume the Senator from Idaho would concede that we had eliminated all those brackets when we had gotten below $7,000. When we come to the man who gets $10,000 a year, the tax under the present law is $480. The House reduced it to $408. Under the Harrison amendment it went up to $465—still some dollars less than under the present law. My proposal raises it to $511.50, which is $31 more than the tax under the existing law on a man who receives $10,000 net income.

Take the man whose net income is $100,000. Under the present law he pays $30,100. The Houses raised his tax to $30,358, or an increase of only $258 per year. Under the Harrison amendment it was raised to $30,810. Under my proposal it is raised to $33,891, an increase of about $3,000 to the man who receives an income of $100,000 per year.

When we reach the million-dollar income, the tax under the present law is $571,100. Under the House bill it is $571,158, an increase of $58. Under the Harrison amendment it is $571,610. In my proposal it is $628,771, or an increase for the million-dollar man of $57,671.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Michigan yield?

Mr. COUZENS. I yield.

Mr. ROBINSON of Arkansas. At what point does the amendment proposed by the Senator effect an increase over present law and over the committee amendment?

Mr. COUZENS. The first increase occurs when the income is $9,000 per year. That is the first jump. In other words, at $9,000 per year the tax is now $390. Under my proposal it is $394.90, a jump of $4.90 a year. From then on, of course, there is an increase over the present law and also an increase over the Harrison amendment and over the House bill.

This is, in my judgment, an emergency time and an emergency measure. Under my proposal it is not intended in any sense to disturb the schedules. This is not a new idea. It has been suggested from time to time, but it is unorthodox so far as a graduated scale for increases is concerned. In other words, it is a 10-percent increase all the way up the line, instead of a graduated increase, which is the orthodox way of fixing surtaxes.

The anticipated revenue, as I said, is estimated at $55,000,000, and it does not even provide sufficient revenue to take care of the increased wages to be paid to the Federal employees alone, which have been approved by the Congress, let alone the increases which have been granted to the veterans.

Mr. BORAH. Mr. President, may I ask the Senator another question?

Mr. COUZENS. I yield.

Mr. BORAH. Has the Senator figures showing what proportion of the $55,000,000 would be raised from income-tax payers whose net income is under $10,000?

Mr. COUZENS. No; I do not think we have those figures. Of course, the proportion is larger in the group of smaller taxpayers, because the number of people is greater than in the group of those in the higher brackets; but we must look at the matter from the individual standpoint, and see what the individual has to pay, and not what the group has to pay, because it is the individual who is affected by the tax.

There has been a great deal of discussion of the effect of low rates of taxation, and I think the Senator from Oklahoma introduced a table several days ago showing that we took in more money with lower rates of taxation than we did with high rates; but the Senator failed to take into consideration the difference in the volume of business. For example, the Bureau of Economic Research shows that our national income in 1918 was $60,408,000,000, while in 1928 it was $89,419,000,000; so with lower rates in 1928 than existed in 1918, obviously we would have more income. We would have had more income under almost any schedule of rates.

Senators will observe that there was nearly a 50-percent increase in the national income from 1918 to 1928. In other words, it seems to me that it is a smoke screen to argue that we take in more money from low rates than we do from high rates without taking into consideration the economic conditions that exist at the particular time.

There is another very interesting fact here.

Mr. BORAH. Mr. President, will the Senator yield further?

Mr. COUZENS. I yield.

Mr. BORAH. Since submitting the question to the Senator from Michigan a moment ago, the expert tells me that about one fourth of the $55,000,000 will be raised from income-tax payers whose incomes are under $10,000.

Mr. COUZENS. I have no figures to go by covering that subject. I assume the figure given by the Senator is correct.

The Department of Commerce shows that in 140 cities in 1919 there were bank debits amounting to $455,294,000,000, but in 1928 those bank debits had increased to $806,406,000,000. In other words, there was an increase of almost 100 percent. That in itself is an indication of the increase of commerce when we take into consideration the influence that bank debits have upon commerce, or, vice versa, the influence that commerce has upon bank debits. There was an increase in volume of practically 100 percent. So I want to point out the fallaciousness of saying that lower rates necessarily bring in higher revenue, unless we take into consideration the other economic factors to which I have just drawn the Senate's attention.

The fact that my amendment expires by limitation on January 1, 1935, it seems to me will attract public attention to the emergency, and what the public is having to pay toward settling the Government's debts.

I wish to speak about another thing. I desire to point out to Senators the difference between making appropriations and collecting taxes to raise the money we appropriate. The other day we passed in 7 hours a bill to appropriate $950,000,000 for C.W.A. and relief work. We have now spent over 7 days in trying to raise just half that amount by taxation. Mr. President, it seems to me utter cowardice to pass an appropriation bill carrying $950,000,000 without a dissenting vote, and quarrel for days and days about raising in taxation approximately $450,000,000. Just what kind of statesmanship is it to expend in a few hours $950,000,000, and spend weeks and weeks in trying to raise half that much by taxation?

Mr. LA FOLLETTE. Mr. President, I much prefer in theory and in practice the graduated method of increasing revenue from the income-tax schedule; but the fate of the amendment which I offered and of that offered by the able Senator from Utah [Mr. KING] indicates that it is not possible to secure the approval of a majority of the Members of the Senate for a graduated increase in the income-tax rates carried in this bill.

I do not wish to go over the ground that I attempted to cover when I spoke in support of the amendment I offered to the income-tax rates. I do wish to say, however, Mr. President, that it seems to me in this critical situation in which the country finds itself at this hour we should not pass this bill without calling upon income-tax payers to meet a part of the burden necessitated by the extraordinary expenditures the Government has had to make in this emergency.

While at first blush it may seem that a flat 10-percent increase in the income tax is inequitable, so far as the principle of graduated taxation is concerned, nevertheless, the effect of the amendment offered by the Senator from Michigan is to distribute the burden, because it requires the payment of 10 percent additional of tax figured upon the rates in the pending bill.

As has been pointed out by the Senator from Michigan in support of his amendment, the additional tax which would be paid by those who are referred to as being in the lower income-tax brackets would be practically negligible so far as the individual taxpayer is concerned.

It seems to me, Mr. President, that this is a very reasonable demand to make upon those who are in the fortunate position in these times of distress of securing net taxable incomes. Our income tax contains very liberal exemptions, much more generous than those which are found in the laws

of other countries using graduated taxation as a means of raising revenue. It is perfectly absurd to contend that a man who enjoys a net taxable income, after all exemptions, of $1,000,000 would have any reasonable ground to complain if the Government should ask him in this emergency to pay only $57,671 additional tax as is provided in the amendment offered by the Senator from Michigan. How can any Senator, how can any taxpayer contend that in the case of an individual who has $500,000 net taxable income it would be an unjustifiable hardship to require him to come forward in this emergency and contribute for the period of 1 year $26,976 additional in an effort to raise the much-needed revenue with which the Treasury must be provided?

A taxpayer with a net taxable income of $50,000, under the amendment offered by the Senator from Michigan, would be called upon to pay for 1 year only $1,393.50 additional over what he would pay under the existing law. Whatever may be said about the theory of this amendment, the actual additional burden in the form of tax which, if adopted, it will impose upon the income-tax payer will not, in my opinion, be so onerous that it may be termed unreasonable in times such as these.

Even under the amendment as offered by the Senator from Michigan the net effect will be to reduce the tax collected in the last taxable year under the 1932 law upon those with net taxable incomes of $3,000, $3,500, $4,000, $4,500, $5,000, $6,000, $7,000, and $8,000. Those taxpayers, even if the amendment offered by the Senator from Michigan shall prevail, will find that their taxes have been reduced in comparison with those paid under the rates provided in existing law; they will get reductions under the amendment ranging all the way from $10.70 to $11.20. So how can any Senator be concerned about the effect of this amendment upon the taxpayers in the so-called "lower brackets"? After all, an individual in this crisis who enjoys a net taxable income, after all exemptions, of $9,000, is, in my opinion, not a taxpayer over whom we should shed any crocodile tears.

If I had my way about it, as the Senate well knows, we would call upon all individuals with net taxable incomes to contribute a proportionate share of increase in order to meet the burdens of this emergency.

So we may say, Mr. President, so far as the amendment offered by the Senator from Michigan is concerned, that all taxpayers up to and including those with net taxable incomes of $9,000 will have a reduction in their taxes as compared to those paid under existing law. It is only after taxpayers with net taxable income of $10,000 that the amendment offered by the Senator from Michigan will begin gradually to increase taxes over those payable under the existing law; and the individual with $10,000 net taxable income will only be asked, under the amendment, to pay $4.90 additional tax over that now levied by the existing law.

Mr. OVERTON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Louisiana?

Mr. LA FOLLETTE. I yield.

Mr. OVERTON. I know that the Senator from Wisconsin has given this subject a great deal of thought, and I want to ask him a question: If the amendment of the Senator from Michigan should be adopted, would it have the effect of increasing the income taxes paid by those in the higher brackets as against the income taxes paid by those in the lower brackets in the same proportion as the bill itself provides?

Mr. LA FOLLETTE. No; not in the same proportion. The income-tax payer in the higher brackets would be called upon to pay a 10-percent additional tax over the tax now provided by the bill, just as an income-tax payer in the lower brackets will be called upon to pay a 10-percent additional tax over the tax now levied by the pending bill.

Mr. OVERTON. Perhaps I do not make myself clear. The information I am trying to get is whether the percentage of increase will remain the same? For instance, we will say for purposes of illustration, an income-tax payer is paying 4-percent normal tax; under the amendment now pending he would pay an increase of four tenths, then, of that 4 percent? If he is paying the 50-percent rate, the increase is 10 percent on the 50 percent, which would make, then, 10 times as much additional tax as is being paid by the small taxpayer?

Mr. LA FOLLETTE. Correct.

Mr. OVERTON. Is that percentage uniform? Is the increase the same?

Mr. LA FOLLETTE. The increase is the same. To answer the Senator's question in another way, the amendment offered by the Senator from Michigan does not attempt to change the rate schedule. All that it attempts to do, and all that it would do, if adopted, would be to levy an additional tax of 10 percent upon the individual over and above what he would pay under the rates contained in the bill as reported by the committee. In other words, the tax is computed under the rates provided in the pending bill, and then 10 percent of that amount of tax is levied as an additional tax by the amendment offered by the Senator from Michigan.

Mr. OVERTON. Does it follow that the percentage of increase will be the same as we go from the lower to the higher brackets, as in the pending bill?

Mr. LA FOLLETTE. The statement made by the Senator is correct. The Senator will find, if he will recur to page 6199 of the RECORD of yesterday, that, for instance, a taxpayer who received, let us say, $3,000 net taxable income, assuming a married man with no dependents, and all earned income, under the present law would pay $20; under the House bill he would pay $8; under the Senate bill, as amended by the amendment offered by the chairman of the committee, he would pay $8, and under the amendment offered by the Senator from Michigan, if it were adopted, he would pay $8.80; whereas an income-tax payer similarly situated who had a net taxable income of $1,000,000 would pay $571,100 under the present law, $571,158 under the House bill, $571,610 under the pending bill, and $628,771 under the amendment offered by the Senator from Michigan.

Mr. LOGAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Kentucky?

Mr. LA FOLLETTE. I yield.

Mr. LOGAN. I should like to ask the Senator what he thinks about the theory of making a tax bill and then adding 10 percent to the amount of the taxes? In other words, we tax the income, and this amendment proposes to tax the tax on the income. Is that a good theory of taxation?

Mr. LA FOLLETTE. Mr. President, as I said at the outset, I much prefer, and would have desired if it had been possible to secure the votes in this Chamber, to levy the increased taxes which I think we are compelled by the necessities of the situation to levy by a graduated increase in the rates of taxation; but such an amendment was defeated, and another amendment which provided a less increase than the one which I proposed was just defeated this morning. I refer to the amendment offered by the Senator from Utah.

The Senate rejected those two amendments and in a final effort to raise additional revenue which I am convinced is desperately needed by the Government in this critical emergency, I am supporting the amendment offered by the Senator from Michigan. I was attempting to point out that regardless of its apparent violation of the theory upon which graduated income taxes are levied, yet in its effect in the additional burden which it lays upon the individual taxpayer it does as a matter of practical effect levy a heavier burden upon those in the higher brackets as distinguished from the burden which it levies upon those in the lower brackets.

Mr. LOGAN. May I ask the Senator if it is not true that the effect of the amendment is simply to increase the rate of taxation? Instead of simply providing for a 10-percent penalty on the tax, why should not the amendment provide that the tax rate itself shall be increased 10 percent? Would not that bring about exactly the same result? If the tax rate is 4 percent, why not make it 4.4 percent; or if it is 20 percent, why not make it 22 percent? Would it

not bring about exactly the same result that is sought to be obtained in this awkward way?

Mr. LA FOLLETTE. The same result could be obtained if the necessary increases were made in the rate schedule. But there is one other consideration which may perhaps lead Senators to support the amendment who would not vote for any increase in the schedule rates; that is, the amendment provides that it shall remain in existence for only 1 year. Senators who are convinced that we are coming out of this economic crisis overnight, those who believe we can postpone the day when it will be necessary to increase taxes permanently, can support the amendment without changing the rate and at the same time provide for additional revenue for the period of 1 year.

Mr. OVERTON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Louisiana?

Mr. LA FOLLETTE. I yield.

Mr. OVERTON. The objection is made, as I understand the statements made by the Senator from Wisconsin, that the amendment offered by the Senator from Michigan is not on a graduated-scale basis. That is what I want to get clear in my mind. Of course, I readily understand that it imposes an additional tax of 10 percent of the tax which the taxpayer will pay; but it occurs to me that it is graduated to the same extent that the income-tax levies in the bill itself are graduated.

Mr. LA FOLLETTE. Precisely.

Mr. OVERTON. When we increase them all along the line we graduate the increase just as the rates are graduated in the bill itself.

Mr. LA FOLLETTE. The Senator has stated it correctly.

Mr. OVERTON. If I am wrong about that I shall vote against the amendment, but if I am right about it I am going to vote for the amendment.

Mr. LA FOLLETTE. The Senator has stated the proposition absolutely correctly.

Mr. OVERTON. So there is a graduation?

Mr. LA FOLLETTE. Yes, in the effect upon the taxpayer.

Mr. COUZENS. Mr. President——

Mr. LA FOLLETTE. I yield to the Senator from Michigan.

Mr. COUZENS. I should like to point out to the Senator from Louisiana and other Senators that this is no novel proposal; that Congress on other occasions reduced taxes on a percentage basis. I forget the year, but in one year we reduced the taxes 25 percent without changing the schedule of rates.

Mr. LA FOLLETTE. The Senator's statement is true. If I remember correctly, it was a reduction sponsored in December 1930 by leaders on both sides of the Chamber, who alleged that a return of about $160,000,000 to income-tax payers would be all that was necessary to stem the tide of the depression and stimulate economic recovery.

Mr. BORAH. But about 90 percent of it got into the hands of the very few.

Mr. LA FOLLETTE. Yes.

Mr. LOGAN. Mr. President——

Mr. LA FOLLETTE. I yield to the Senator from Kentucky.

Mr. LOGAN. My objection to the amendment, and I think I shall vote against it for that reason, much as I should like to see the increase in taxes, is this: It is a tremendous task to make up a revenue bill and requires much investigation and consideration of the matters involved. If we adopt a plan by which we can avoid all of that work by simply passing a resolution or bill providing that we shall increase the taxes provided in some previous measure by 10 percent or 25 percent, it provides an easy way to get out of all that work. For that reason I do not believe the amendment should be adopted.

If it were to provide an increase of the rates, then I could see no objection to it. But as it is, then next year we could say, "We have to increase the taxes again and we will do it by the passage of a little bill that will simply provide an increase of 5 percent or 10 percent of the schedules as they are already established in existing law."

Mr. LA FOLLETTE. I think the Senator need not fear that this would be taken as a precedent. I think the Senator underestimates the resistance of large income-tax payers to increases in their taxes. The Senator can be certain that they will appear in force before any committee which takes up the question of levying any additional taxes.

I also should like to urge upon the Senator's consideration that the amendment, if adopted, can remain in force only 1 year. I am firmly convinced that the emergency expenditures will require increases of tax rates and another tax bill at the next session of Congress.

I sympathize sincerely with the objection of the Senator, in theory, to the amendment. I share it. But, as I said a few moments ago, I have made the best effort I knew how to secure graduated increases in the rates. The Senator from Utah [Mr. KING] has done the same with an amendment which provided a smaller increase. We have failed in that effort. Therefore, if we wish to levy additional taxes upon income-tax payers in this bill, this is our last opportunity to do so.

There is one further consideration that I hope the Senator from Kentucky will bear in mind, and that is if the amendment goes into the bill it will be in conference. It provides taxes which are higher upon incomes than those provided in the bill as it passed the House. Therefore we would have some hope of the proposal for increased rates being adopted by the conference.

Mr. LOGAN. Let me say to the Senator that I had not thought about that when I said a while ago perhaps I would vote against the amendment. I was thinking we were considering it as an original proposition.

Mr. LA FOLLETTE. No. I am hopeful that events which may occur while the bill is in conference may lead to some increase in taxes upon the income-tax schedules.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Louisiana?

Mr. LA FOLLETTE. I yield.

Mr. LONG. I have some of the same misgivings that have been expressed by the Senator from Kentucky [Mr. LOGAN]. While this is not as good as the amendment which was voted for the other day by those of us who hold that view, yet this would mean that a man having to pay a 4-percent income tax would instead pay 4.4 percent, and when he got up to 63 percent he would have to pay 69.3 percent. In that way it would seem to me to provide pretty much the same as the amendment we had under consideration the other day. The only difference I see is that it is a little less hard on the small man. It provides a little less for the small man to pay. It increases his income tax very slightly.

Mr. LA FOLLETTE. It does not provide any increases over existing law until the taxpayer has a net income of over $10,000, assuming that he is a married man and it is all earned income.

Just another word and then I shall conclude, because I appreciate that the Senator from Mississippi [Mr. HARRISON] is anxious to get along with the bill. The Senator from Idaho [Mr. BORAH] pointed out, in a question which he asked the Senator from Michigan [Mr. COUZENS] that one fourth of the increased revenue, if the amendment should prevail, would be derived from taxpayers in the lower brackets. If we were considering a schedule providing a gradual curve of increase in rates, that same statement could be made with equal force because the large number of returns in the lower brackets produce large amounts of revenue.

Mr. President, I sincerely hope that we may have a record vote upon the amendment, and I trust that it will be adopted.

Mr. BORAH. Mr. President, it may be that the emergency which confronts us justifies this kind of taxation, but in my judgment it could not be justified upon any other theory. It undertakes to increase the income taxes by 10 percent, from the lowest to the highest. It is certainly an unsatisfactory method to levy a tax.

The low income-tax payers are paying about all the taxes they can afford to pay. Owing to the emergency which confronts us, I have been quite in favor of levying heavier taxes upon those of greater incomes, and I am now willing to do so. I think, however, that when we increase taxes upon the lower incomes we are discouraging investments; we are discouraging development, and all those things which are essential to end unemployment and to restore business activities. There can be no justification for this kind of a measure unless it is the sheer necessity of raising more revenue.

There is a wiser and more just way. I call attention to an item which it seems to me ought to be considered in connection with the question of raising more revenue, and raising it in a way that will do the least injury to the taxpayer in the sense that he is being taxed at a point where investment is discouraged.

In this tax bill, upon page 26, I find that in the matter of deductions from gross income it is provided that there may be deducted—

In the case of a corporation the amount received as dividends from a domestic corporation which is subject to taxation under this title.

As I understand that exempts from taxation the income derived from dividends upon all stock held in other corporations.

Mr. HARRISON. Mr. President, I think that is true, if one corporation is connected with the other as a subsidiary. We have tried to cure that through the holding-company provision as well as the other provision following it, taxing accumulated reserves, and so forth, that are not distributed.

Mr. BORAH. There is a provision in the consolidated-returns section which levies an additional tax of 2 percent that is, in a measure, a remedy for this defect. I admit that. Suppose, however, instead of fixing that tax at 2 percent, we should fix it at 4 percent. In my judgment, from the advice I get from the experts, the holding companies would still have an advantage in this consolidated-returns provision in excess of that which would be covered by the 4 percent, and we would raise the amount which is proposed to be raised here and in a manner far more equitable.

The effect of these two provisions—the section which I have just read and section 141—is to permit the holding companies to escape, in a large measure, taxation upon anything like the same basis that we tax other property and other incomes. The holding companies in the United States pay the largest salaries of any corporations in the United States. They are now deriving the largest incomes of any corporations in the United States. They are deriving them from dividends on stocks which they hold in other corporations; and under the provision I have just read and the consolidated-returns provision they are in a large measure exempt from taxation.

Mr. DILL. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. DILL. Does not the Senator think that the holding company has become almost a menace in this country in its operations?

Mr. BORAH. I think it a serious matter for immediate consideration.

Mr. DILL. I am seriously considering the introduction of a bill that will prohibit the operation of holding companies for public utilities in interstate commerce. I see no way in which we can ever control interstate commerce in this country if those holding companies are not prohibited.

Mr. BORAH. I think holding companies present a problem, and I think they have been greatly encouraged and given a great advantage under our taxing system since 1918. Prior to 1918 we taxed all corporations alike; and all corporations, of whatever nature, had to make reports. After 1918 we began to exempt from taxes the dividends derived by one corporation from stock in another, and the holding companies have increased at a very rapid rate since that time.

The hearings here disclose that they recognize the advantage which they have under the tax laws of the United States. I do not understand why it is not a reasonable and a just thing to do to impose a tax of at least 1 or 2 percent in addition to the 2 percent which is already found in the bill.

The subcommittee which was appointed by the Ways and Means Committee of the House to study the question of tax avoidance has this to say with reference to the matter I am now discussing—that is, the question of consolidated returns—which is a kindred question to the one which arises out of the section from which I quoted a few minutes ago:

Section 141 of existing law permits corporations, which are affiliated through 95 percent stock ownership, to file consolidated returns.

Your subcommittee recommends that this permission be withdrawn.

Bear in mind that upon two different occasions, under two different tax bills, the House has withdrawn this permission. The House has declared against consolidated returns; but the Senate has refused to accede to the action of the House and has placed the section back in the law.

The subject of consolidated returns has long been in controversy. The revenue bill of 1918, as passed by the House, prohibited the consolidated return which had been previously allowed under the regulations of the Treasury Department. The bill as passed by the Senate and finally enacted specifically provided for the consolidated return. The revenue bill of 1928, as passed by the House, denied the right to file consolidated returns, but this provision was eliminated in the Senate. During the consideration of the revenue bill of 1932 a compromise was effected resulting in the levying of an additional tax of three fourths of 1 percent on the consolidated net income. This additional tax was increased to 1 percent by the National Industrial Recovery Act.

It cannot be denied that the privilege of filing consolidated returns is of substantial benefit to the large groups of corporations in existence in this country. This is especially true in depression years, for the effect of the consolidated return is to allow the loss of one corporation to reduce the net income and tax of another, and during a depression more losses occur. Another effect of the consolidated return is to postpone tax. This is because there is no profit recognized for tax purposes on intercompany transactions, and profits on a product of the consolidated group, passing through the hands of the different members of the group, are not taxed until the product is disposed of to persons outside the group.

In the past, when any corporation could carry forward a net loss from one year to another, the consolidated group did not have such a great advantage over the separate corporations. Now that this net loss carry-over has been denied, the advantage of the consolidated return is much greater on a comparative basis.

I have here a statement prepared by some experts which I ask to have inserted in the RECORD without reading.

The PRESIDING OFFICER. Without objection, it is so ordered.

The statement is as follows:

The following data have been compiled from the statistics of income prepared by the Bureau of Internal Revenue, Treasury Department, and show the relationship in income and other pertinent information of consolidated groups in comparison with that of separate corporations:

STATUTORY NET INCOME

Year	Separate returns	Consolidated returns	Total
1928	$3,722,243,039	$4,493,373,870	$8,226,616,909
1929	3,523,269,238	5,216,487,429	8,739,757,767
1930	[1] 307,107,855	1,858,325,711	1,551,217,856

DIVIDENDS RECEIVED BY CORPORATIONS OTHER THAN FROM SUBSIDIARIES

1928	$727,727,130	$1,188,843,556	$1,916,670,686
1929	886,857,444	1,706,194,651	2,593,052,095
1930	980,785,210	1,590,445,551	2,571,230,761

TAXES PAID

1928	$592,759,843	$591,382,299	$1,184,142,142
1929	562,061,099	631,374,733	1,193,435,832
1930	313,419,705	398,284,195	711,703,900
1931	182,446,333	216,547,370	398,993,703

[1] Net loss.

CONSOLIDATED RETURNS

Year	Number of returns	Number reporting net income	Percent reporting net income
1928	9,300	5,870	63.12
1929	8,754	5,408	61.78
1930	8,951	4,067	45.44
1931	8,495	2,698	31.80

SEPARATE RETURNS (CORPORATIONS)

Year	Number of returns	Number reporting net income	Percent reporting net income
1928	486,592	262,913	54.03
1929	500,682	264,022	52.73
1930	509,785	217,353	42.44
1931	507,909	173,200	34.10

CONSOLIDATED RETURNS

Number of subsidiary corporations per group	Number of groups		
	1929	1930	1931
1	4,375	4,645	4,596
2	1,318	1,460	1,399
3	687	761	722
4	349	385	385
5	253	248	259
Over 5 and not over 10	499	561	572
Over 10 and not over 20	65	280	279
Over 20 and not over 50	129	130	148
Over 50 and not over 100	41	49	39
Over 100 and not over 200	9	14	11
Over 200	1	4	6
Corporations reporting no net income not listed (estimated 3 subsidiaries each)	828	433	78
Total	30,112	32,209	31,307
Number of parent companies (returns)	8,754	8,951	8,495

Year	Number of corporations making returns	Number of corporations included in consolidated returns	Number of corporations included in separate returns	Percent making consolidated returns	Percent making separate returns	Total percent
1928	495,892	32,085	463,807	6.4	93.6	100
1929	509,436	30,112	479,324	5.9	94.1	100
1930	518,736	32,209	486,527	6.2	93.8	100
1931	516,404	31,307	485,097	6.0	94.0	100

[1] Estimated.

	1928		1929		1930	
	Separate corporation	Consolidated	Separate corporation	Consolidated	Separate corporation	Consolidated
Percent of sales to total sales for all corporations	60.6	39.4	57.19	42.81	54.59	45.41
Percent gross profit to gross sales	21.55	23.67	21.87	24.23	20.62	23.13
Percent statutory net revenue to gross profit	4.29	6.54	4.04	7.37	[1] 4	2.89
Percent depreciation claimed to total for all corporations	55.96	54.04	53.67	56.33	41.19	58.81
Percent depletion claimed to total for all corporations	33.66	66.34	33.60	66.40	30.64	69.36
Percent of bad debts to total bad debts for all corporations	73.19	26.81	72.68	27.32	70.47	29.53
Percent of statutory net income to total statutory net income for all corporations	45.39	54.61	40.32	59.68	[1] 19.79	119.79

[1] Net loss.

The foregoing statistics disclose some very interesting phases of the operations of consolidated corporations. While approximately 6 percent of all the corporations of the country are in the consolidated group, more than one half of the business transacted by all the corporations of the country was done by consolidated corporations. The percentage of profit made upon gross sales is also very interesting. It is to be noted that the percentage of gross profit made by consolidated corporations upon their gross sales is between 2 percent and 2½ percent in excess of the gross profit made by separate corporations. While Bureau statistics of income do not afford sufficient data to permit of a computation of the net profit from operations, it is a well-known fact that many industries realize a net income from operations of only 2 to 3 percent of their gross sales. It can thus be seen that the margin of advantage enjoyed by the consolidated group is sufficient to put its competitors (single corporations) out of business. The excess percentages of gross profit realized by the consolidated group is also reflected in a like result in their statutory net income.

For example, the percentage of gross profit of the consolidated group for 1928 was 23.67 percent, and of separate corporations, 21.55 percent, or an advantage of 2.12 percent. While the percentage of statutory net income of the consolidated groups was 6.54 percent, separate corporations realized only 4.29 percent, thus giving the consolidated group an advantage of 2.25 percent. The percentages of advantage enjoyed by the consolidated groups for 1929 and 1930 ware as follows: Gross profit (1929), 2.36 percent; (1930), 2.51 percent; statutory net income (1929), 3.33 percent; (1930), 3.29 percent.

The advantage enjoyed by the consolidated groups are translated into totals by comparison of the total net profit and the total sales of consolidated groups with similar figures for separate corporations. While consolidated corporations for 1930 transacted less than 40 percent of the business of all corporations, the statutory net income of this group was 54.61 percent. For the year 1929 the total business was 42.81 percent of the business done by all corporations, yet the statutory net income was 59.68 percent of the total statutory net income of all corporations. For 1930 it should be noted that separate corporations sustained a total statutory net loss of $307,107,855, whereas consolidated corporations realized a statutory net income of $1,858,325,711.

There are those who will contend that the excess margin of profit realized by consolidated groups is due to unity of control and management, thereby resulting in elimination of waste and inefficiency. There are other factors, however, which enable them to realize greater profits than separate corporations. Many of the consolidated groups constitute practically a monopoly in their trade territory, and are therefore able to demand much higher prices for their products. Other groups by reason of the larger resources at their command are liable to undersell their competitors, thus bringing about a condition that enables them to purchase the small competitive concerns at bankrupt prices after which the purchaser raises his product to normal levels.

Mr. BORAH. This statement discloses the remarkable advantage which is given to holding companies through subdivision (p) of section 23, and through the provisions with reference to consolidated returns found in section 141.

By a change of 2 percent in the percentage to be assessed as now provided in the bill, by increasing it to 4 percent, we could raise a large sum of money, and in doing that we should not be taxing small income-tax payers. We should be taxing those who now derive a special advantage by reason of the exemptions, as it were, in the tax law.

If we must raise these taxes, it seems to me we ought to raise them from sources where less injury will be done to our recovery program. I have no doubt but that one of the great items retarding recovery is the taxes which it is necessary to levy—the county taxes, the city taxes, the State taxes, the National taxes. Therefore it behooves us, when we necessarily must make the levy, to make it at a point where it does not weigh against actual investment or the actual recovery program.

Mr. HARRISON. Mr. President, I desire to occupy the attention of the Senate for but a moment on the pending amendment.

There has been some misapprehension with reference to my position on this amendment. Some days ago, when it looked as though we would pass the bill speedily, perhaps that night, after we had debated quite at length the income-tax section of the bill, the Senator from Michigan came to me and said that he would offer this amendment, and he asked me if I had any objection. I told him that I was not authorized by the committee to accept the amendment, but that I would permit it to go to conference.

Since that time quite a great deal of opposition has been raised to the amendment, and, of course, I must stand by my committee action, and the committee made no recommendation of this particular amendment.

In my opinion, if the committee were going to take any action, with reference to these increases, this would be the least objectionable method to pursue, first, because at one time in the past, in 1924, when there was a surplus in the Treasury, we did permit a reduction to the taxpayer of 25 percent of his income taxes. Then, too, this provision would last for only 1 year, and it would result in raising $55,000,000 in revenue. But as I pointed out a day or two ago in my few feeble remarks against the so-called "La Follette amendment", I do not believe the Government should raise more

taxes than are required for the orderly administration of the Government.

In view of the circumstances, this not having been recommended by the committee, I hope the Senate will not agree to the amendment.

Mr. FESS. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. FESS. I was led to believe by what I read in the press that the Senator was for this amendment, and I was disturbed, because the Senator had stated in the debate that we should not go beyond what we had already done, because we did not need the revenue.

I agree with the Senator that if it is necessary to raise more revenue this would be the best method of raising it, but I do not want to do it unless we have to have the money.

Mr. HARRISON. Mr. President, I was perfectly willing to let the amendment go to conference, if we could have passed the bill the day the Senator from Michigan spoke to me about it. One of the newspapers stated that I had polled my committee. I have not polled the committee. On the contrary, many members of the committee have voiced their disapproval of the acceptance of this amendment, and in view of those circumstances I could not accept it.

Mr. SHIPSTEAD. Mr. President, will the Senator yield to me?

Mr. HARRISON. I yield.

Mr. SHIPSTEAD. It appears to me it would be reasonable to adopt this amendment and to remove some of the nuisance taxes. In the bill there is provided a tax on furs. Furs are not a luxury—at least not in half of the United States—they are a necessity. Under the bill the Government would be taxing a necessity of life instead of an income. It seems to me that if this amendment should be adopted we could get enough revenue to offset the loss that would be occasioned by doing away with some of the nuisance taxes. After all, a man may be a very poor man, but he may need a fur coat, and under the bill he will have to pay a tax upon it, while a man with an income, who pays an income tax, can afford to pay 10 percent more for 1 year than is provided in the bill up to this time. I should like the Senator from Mississippi to consider that.

Mr. HARRISON. Mr. President, I can understand how the Senator's mind is working, and no doubt what he says is quite true—that there would be more revenue if this amendment should be agreed to. There would be more revenue this year to the amount of $55,000,000. Of course, the fur tax will go out of existence on the 30th of June next year. I suggested in the committee that some of the nuisance taxes be eliminated, but the committee did not accept my recommendation.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the senior Senator from Michigan [Mr. COUZENS].

Mr. COUZENS. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Kean	Reed
Ashurst	Couzens	Keyes	Reynolds
Austin	Davis	King	Robinson, Ark.
Bachman	Dickinson	La Follette	Robinson, Ind.
Bailey	Dill	Lewis	Russell
Bankhead	Duffy	Logan	Schall
Barbour	Erickson	Lonergan	Sheppard
Barkley	Fess	Long	Shipstead
Black	Fletcher	McAdoo	Smith
Bone	Frazier	McCarran	Steiwer
Borah	George	McGill	Stephens
Brown	Gibson	McKellar	Thomas, Utah
Bulkley	Glass	McNary	Thompson
Bulow	Goldsborough	Metcalf	Townsend
Byrd	Gore	Murphy	Tydings
Byrnes	Hale	Neely	Vandenberg
Capper	Harrison	Norbeck	Van Nuys
Caraway	Hastings	Norris	Wagner
Carey	Hatch	Nye	Walcott
Clark	Hatfield	O'Mahoney	Walsh
Connally	Hayden	Overton	White
Coolidge	Hebert	Patterson	
Copeland	Johnson	Pope	

Mr. LEWIS. Mr. President, I announce the absence of the junior Senator from Florida [Mr. TRAMMELL], that Senator being detained on official business; the absence of the junior Senator from Illinois [Mr. DIETERICH], called in litigation to his State of Illinois; the absence of the senior Senator from Montana [Mr. WHEELER], by illness.

The PRESIDING OFFICER. Ninety Senators having answered to their names, a quorum is present.

The question is on agreeing to the amendment offered by the senior Senator from Michigan [Mr. COUZENS].

Mr. COUZENS. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. VANDENBERG (when his name was called). I have a general pair with the senior Senator from Montana [Mr. WHEELER]. Not knowing how he would vote, I withhold my vote. If permitted to vote, I should vote "yea."

The roll call was concluded.

Mr. LA FOLLETTE. I desire to announce the unavoidable absence of the senior Senator from New Mexico [Mr. CUTTING]. He is paired with the junior Senator from Florida [Mr. TRAMMELL]. If the senior Senator from New Mexico were present, he would vote "yea."

Mr. LEWIS. Mr. President, I merely reannounce the pair between the junior Senator from Florida [Mr. TRAMMELL] and the senior Senator from New Mexico [Mr. CUTTING]. I am not advised as to how the Senator from Florida would vote were he present.

I regret to announce that the Senator from Montana [Mr. WHEELER] is detained from the Senate on account of illness.

I desire also to announce that the Senator from Oklahoma [Mr. THOMAS], the Senator from Nevada [Mr. PITTMAN], and the Senator from Florida [Mr. TRAMMELL] are necessarily detained from the Senate on official business.

Mr. VANDENBERG. I am advised that my pair with the senior Senator from Montana [Mr. WHEELER] does not stand upon this particular vote. Therefore, I am at liberty to vote.

Mr. REED. Mr. President, I ask for a recapitulation of the vote.

The Chief Clerk recapitulated the vote.

Mr. LEWIS. I am advised that the Senator from Illinois [Mr. DIETERICH] would vote "nay" were he present. He is necessarily absent from the Senate.

Mr. COUZENS (after having voted in the affirmative). I change my vote from "yea" to "nay" so that I may enter a motion to reconsider.

Mr. BARKLEY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The parliamentary inquiry will be stated.

Mr. BARKLEY. Assuming that the vote is a tie and the amendment is rejected, can the Senator from Michigan change his vote after the vote is counted?

The PRESIDING OFFICER. If it is a tie vote, the amendment is rejected.

The result was announced—yeas 44, nays 46, as follows:

YEAS—44

Ashurst	Dill	Logan	Pope
Black	Duffy	Long	Reynolds
Bone	Erickson	McGill	Robinson, Ind.
Borah	Fletcher	McNary	Russell
Brown	Frazier	Murphy	Schall
Bulkley	Gore	Neely	Sheppard
Bulow	Hatch	Norbeck	Shipstead
Capper	Hayden	Norris	Stephens
Caraway	Johnson	Nye	Thomas, Utah
Connally	King	O'Mahoney	Vandenberg
Costigan	La Follette	Overton	White

NAYS—46

Adams	Copeland	Hatfield	Robinson, Ark.
Austin	Couzens	Hebert	Smith
Bachman	Davis	Kean	Steiwer
Bailey	Dickinson	Keyes	Thompson
Bankhead	Fess	Lewis	Townsend
Barbour	George	Lonergan	Tydings
Barkley	Gibson	McAdoo	Van Nuys
Byrd	Glass	McCarran	Wagner
Byrnes	Goldsborough	McKellar	Walcott
Carey	Hale	Metcalf	Walsh
Clark	Harrison	Patterson	
Coolidge	Hastings	Reed	

NOT VOTING—6

Cutting	Pittman	Trammell	Wheeler
Dieterich	Thomas, Okla.		

So the amendment of Mr. COUZENS was rejected.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 8617) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1935, and for other purposes, requested a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. LUDLOW, Mr. GRANFIELD, Mr. SANDLIN, Mr. BUCHANAN, Mr. MCLEOD, and Mr. SINCLAIR were appointed managers on the part of the House at the conference.

The message also announced that the House insisted upon its amendment to the bill (S. 326) referring the claims of the Turtle Mountain Band or Bands of Chippewa Indians, of North Dakota, to the Court of Claims for adjudication and settlement, disagreed to by the Senate; agreed to the conference requested by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. CARTWRIGHT, Mr. CHAVEZ, and Mr. PEAVEY were appointed managers on the part of the House at the conference.

The message further announced that the House insisted upon its amendment to the bill (S. 2999) to guarantee the bonds of the Home Owners' Loan Corporation, to amend the Home Owners' Loan Act of 1933, and for other purposes, disagreed to by the Senate; agreed to the conference requested by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. STEAGALL, Mr. PRALL, Mr. GOLDSBOROUGH, Mr. LUCE, and Mr. BEEDY were appointed managers on the part of the House at the conference.

LEGISLATIVE APPROPRIATIONS

The PRESIDING OFFICER (Mr. DUFFY in the chair) laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H.R. 8617) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1935, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. ROBINSON of Arkansas. I move that the Senate insist upon its amendments, agree to the conference requested by the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. TYDINGS, Mr. BYRNES, Mr. COOLIDGE, Mr. HALE, and Mr. TOWNSEND conferees on the part of the Senate.

INTERNAL-REVENUE TAXATION

The Senate resumed the consideration of the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes.

Mr. HARRISON. Mr. President, I hope it will be convenient for the Senate now to take up the coconut-oil provision of the bill. The Senate committee has an amendment to the House provision, and I understand the Senator from Maryland [Mr. TYDINGS] desires to offer an amendment before the Senate committee amendment shall be considered. After the amendment of the Senator from Maryland shall have been voted on, I may say that I desire then, if it shall be defeated, to offer an amendment, which I hope will be adopted. I will ask now that the amendment I intend to offer may be printed.

The PRESIDING OFFICER. The amendment will be printed and lie on the table.

Mr. REED. Mr. President, before the amendment referred to by the Senator from Mississippi shall be taken up, I wish to offer two amendments that have been agreed on by the Treasury Department. I send the first amendment to the desk.

The PRESIDING OFFICER. The Senator from Pennsylvania offers an amendment, which will be stated.

The CHIEF CLERK. On page 192, after line 25, it is proposed to insert the following new subsection:

(d) Payment of surtax on pro rata shares: The tax imposed by this section shall not apply if all the shareholders of the corporation include (at the time of filing their returns) in their gross income their entire pro rata shares, whether distributed or not, of the "adjusted net income" of the corporation for such year. Any amount so included in the gross income of a shareholder shall be treated as a dividend received. Any subsequent distribution made by the corporation out of earnings or profits for such taxable year shall, if distributed to any shareholder who has so included in his gross income his pro rata share, be exempt from tax in the amount of the share so included.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Pennsylvania.

Mr. HARRISON. Mr. President, I have talked to Dr. McGill, the Treasury expert, and he tells me that there is no objection to the amendment except it may be that it ought to be smoothed out somewhat.

Mr. REED. The amendment as presented was written by him.

Mr. HARRISON. I understand that, but they did not have time enough perhaps to perfect it.

Mr. REED. Of course, that may be done later.

Mr. ROBINSON of Arkansas. That can be done in conference, can it not?

Mr. HARRISON. Oh, yes.

Mr. COUZENS. Mr. President, I want to point out that this is one of the most extraordinary amendments that I have ever seen offered. It is offered with the intent of permitting evasion by holding companies of the safeguarding provisions which the committee wrote into the bill. In other words, it permits a stockholder of a corporation to report falsely an income which he has not received. He may report an income from a corporation that is not paying out of its earnings as though he had it, when, in fact, he has not received it; and by so doing, if he is subject to a surtax on his income, he pays that surtax and by that method the earnings accumulated by the corporation avoid the penalty provided in the bill. Mr. President, it is one of the most unusual proposals I ever heard of, to permit a man to report an income which he has not received and to pay on it an income or surtax if he is subject to the payment of such a tax.

Mr. ROBINSON of Arkansas. Mr. President, may I ask what would be the effect on the revenue?

Mr. COUZENS. I have not the slightest idea. Nobody has any idea as to that, for no one has studied this amendment, and it has never been before the committee.

Mr. HARRISON. Mr. President, I think the Senator from Pennsylvania ought to give some explanation of the amendment, in view of what the Senator from Michigan has said. I hope, however, he will withdraw the amendment, as Dr. MCGILL has been compelled to leave the Chamber, having to go to the Treasury Department. He will be back shortly. Therefore, if possible, I hope we may get through with the other amendment to which I have referred.

Mr. REED. That is all right; there is no hurry about it, and I will withdraw it in a moment.

Mr. HARRISON. Does the Senator desire to explain the amendment in answer to the suggestion of the Senator from Michigan?

Mr. REED. I should like to make a statement in answer to the statement of the Senator from Michigan.

Mr. President, it is found by some people who have interests in investment companies that if such a corporation pays out all its earnings, the combination of the American tax with the foreign tax which they might have to pay because of their residence abroad brings the total tax to more than their income. Consequently, the purpose of this amendment is to allow such an individual to pay the full American surtaxes on the earnings of such corporations as if they were distributed; but as they are not declared as dividends, they are not liable for the supertaxes that are levied by foreign countries. It means an increase of revenue to the United States. The whole purpose of the holding-

company provision is to stop the avoidance of surtaxes. In this case the taxpayer does not avoid the surtaxes, but he deliberately courts them by paying these surtaxes on his entire pro rata share of the corporation's earnings, although those earnings are not distributed as dividends. The American Treasury gains by it.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield for a question?

Mr. REED. Gladly.

Mr. ROBINSON of Arkansas. Has the Senator information as to the amount that will be gained by the incorporation of the amendment in the bill?

Mr. REED. No; I do not think anyone knows how much it will amount to, but it will be something.

So far as the amendment not having been submitted to the Finance Committee is concerned, I am surprised to hear that objection come from the Senator from Michigan, who has just been urging an amendment that was never submitted to the Finance Committee. As a matter of fact, the amendment which I have offered has been passed by the Finance Committee, has been adopted by the Senate, has been adopted by the House, has been signed by the President, and is in the present law. It was omitted, not because anybody objected to it but because it was not thought sufficiently important to be included.

Mr. MURPHY. Mr. President——

The PRESIDING OFFICER (Mr. CLARK in the chair). Does the Senator from Pennsylvania yield to the Senator from Iowa?

Mr. REED. I yield.

Mr. MURPHY. As I understand the amendment, the stockholder pays taxes on the surplus of the corporation which is not distributed to the stockholder.

Mr. REED. Yes; it is just a book distribution, so to speak.

Mr. MURPHY. Thereby the corporation escapes the penalties imposed on accumulations of surplus beyond the reasonable needs of the business?

Mr. REED. That is correct. The corporation escapes the penalties, but the stockholders have to pay their full surtaxes.

Mr. MURPHY. I understand they pay their taxes; but is the fear indulged that if the corporations do not make distribution and have accumulated surpluses beyond the reasonable needs of the business that then they subject themselves to the penalty tax?

Mr. REED. That is the whole thing; yes.

Mr. MURPHY. Then it is merely to relieve the stockholder residing abroad and subject to an income tax abroad from the payment of such income tax on income that he does not actually receive but only constructively receives?

Mr. REED. That is correct. As I have said, nobody has objected to it in the present law; but it was omitted by the House, and it was through our inadvertence that attention was not previously called to it.

Mr. HARRISON. Mr. President, I hope the Senator will withhold his amendment.

Mr. REED. If the Senator from Mississippi wishes it to be withheld, I am glad to do that.

The PRESIDING OFFICER. Does the Senator from Pennsylvania withdraw his amendment?

Mr. REED. Yes; I am glad to do that.

Mr. TYDINGS. Mr. President, I send to the desk an amendment, which I ask the clerk to read, after which I should like to be recognized.

The PRESIDING OFFICER. The Senator from Maryland offers an amendment, which will be stated.

The CHIEF CLERK. In section 602, subparagraph (a), at the end of the paragraph, line 15, page 214, after the words "tin plate", it is proposed to insert:

Provided, however, That an amount of coconut oil and coconut oil produced from copra equal to the annual average of same during the past 5 years brought into the United States from the Philippine Islands and of Philippine origin shall not be subject to this tax.

Mr. TYDINGS. Mr. President, what I am attempting to do with this amendment is to keep the status quo so far as coconut oil and copra are concerned in relation to their exportation from the Philippine Islands to the United States. Only 3 weeks ago we passed the Philippine independence bill, in which we fixed quotas for sugar, cordage, coconut oil, and various other commodities. As regards the case of sugar, we cut down the quota of sugar which the Filipinos may ship into this country from about a million tons a year to 850,000 tons. They have to shoulder that economic handicap. Now we are proceeding, in spite of the limitations which we place upon copra by the independence bill, to tax that copra. We limit first the amount which they may send in and then tax the copra, even though there is a limitation upon it.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Idaho?

Mr. TYDINGS. I yield.

Mr. BORAH. I should like to ask the Senator what is the difference between the amendment which he proposes and the amendment which the Senator from Mississippi says he will propose in case the amendment of the Senator from Maryland shall be defeated?

Mr. TYDINGS. There is very little difference except the Senator from Mississippi in his amendment proposes to fix a definite amount of 520,000,000 pounds. My calculations show that the average is closer to 600,000,000 pounds. So, in order to get away from the fact of the actual tonnage received, I define no figure, but provide that importations representing the average for the last 5 years shall be allowed to come in untaxed, and any excess of such average shall be taxed. The Senator from Mississippi fixes the amount in his amendment.

Mr. ROBINSON of Arkansas. Mr. President, may I ask the Senator from Maryland how the Senator from Mississippi determines the amount that should be admitted duty free?

Mr. TYDINGS. I cannot answer for the Senator from Mississippi, who is momentarily absent from the Chamber.

Mr. ROBINSON of Arkansas. I shall ask him when he returns.

Mr. TYDINGS. Mr. President, I do not want to make an oratorical presentation on the subject of liberty, justice, and right, but I want to make the observation that what we are about to do to the Philippine Islands is exactly what England tried to do to the Thirteen Colonies prior to the Declaration of Independence. The Filipinos have no representation in this body. They have no vote in Congress. We are taxing them without any vote. We are limiting the amount of commodities which they may export to this country. We compel them to abide by our tariff laws. I am not going to say that they get all the worst of that, because frequently in cases they get benefits which they would not have if it were not for our tariff and our free market. But the point is that simple justice dictates that we ought not to put a tariff wall around the Philippines of our own making and not theirs, and then deny them the benefits of a situation which we force upon them.

Mr. BANKHEAD. Mr. President——

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Alabama?

Mr. TYDINGS. I yield.

Mr. BANKHEAD. Is it not a fact that the balance of trade between the Philippines and the United States is very largely in favor of the Philippines?

Mr. TYDINGS. No; it is not. I have the figures and will look them up before I yield the floor.

Mr. CONNALLY. Mr. President, if the Senator will yield, I can give him the figures. They imported $40,000,000 and exported $80,000,000.

Mr. TYDINGS. I have the figures here. In 1928 their merchandise imports were $83,000,000 and their merchandise exports $115,000,000. In 1929 their merchandise imports were $92,000,000 and their merchandise exports $124,000,000.

In 1930 their merchandise imports were $78,000,000 and their merchandise exports $105,000,000. In 1931 their merchandise imports were $62,000,000 and their merchandise exports $83,000,000. In 1932 their merchandise imports were $51,000,000 and their merchandise exports $82,000,000.

Mr. CONNALLY. But the Senator is reading the total of their imports and exports.

Mr. TYDINGS. No; I am reading those from the United States. The other countries are carried in the second column. I am reading from the statistical abstract of the United States for the year 1933. In the first column are those from the United States only, in the second column from other countries, and then the total.

Mr. CONNALLY. The testimony before the Finance Committee by the Treasury experts is that we annually export to the Philippine Islands $40,000,000 and annually import $80,000,000.

Mr. TYDINGS. If that testimony was given, it is grossly incorrect. I will give the Senator the component parts in cotton textiles, machinery, and everything else, to show how the totals are arrived at, if he wants me to do so.

But the point is that only 3 weeks ago in this Chamber we entered into an implied understanding with the Filipino people about the means of their obtaining their independence. In that bill we said if they would do certain things we would give them their independence. We wrote into their laws certain economic restrictions upon the things they produce. Now, when the ink is hardly dry upon that document, we come here shooting them in the back.

Mr. JOHNSON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from California?

Mr. TYDINGS. Certainly.

Mr. JOHNSON. Will the Senator turn to the particular agreement that was made in this regard in the Philippine independence bill? I am intensely interested in what the Senator is saying concerning the implied or the expressed obligation which rests upon us in regard to this particular importation, just as I am interested in the bill which we denominate the "sugar bill" in relation to Hawaii, where the conditions are perhaps worse than those here described by the Senator. I am not particularly familiar with the situation and therefore am listening intensely to him. It seemed to me there was an injustice concerning Hawaii that is utterly unjustifiable. I am not very clear as to the other, but am endeavoring at the present time to learn something concerning both.

Mr. TYDINGS. Mr. President, I am very glad to give the Senator the information, because I consider our covenant with the Filipinos both an implied and an expressed covenant. I base that upon what I shall read. I hold in my hand a copy of the Philippine Independence Act, the title of which act is as follows:

> To provide for the complete independence of the Philippine Islands, to provide for the adoption of a constitution and a form of government for the Philippine Islands, and for other purposes.

Section 6 of that bill reads as follows, the title of the section being "Relations with the United States pending complete independence":

> After the date of the inauguration of the government of the Commonwealth of the Philippine Islands, trade relations between the United States and the Philippine Islands shall be as now provided by law, subject to the following exceptions.

Then the exceptions which I have enumerated as to sugar, as to cordage, as to copra, are enumerated. That is the wording of the act itself, that the trade relations between them and us pending absolute independence "shall be as now provided by law." I believe we could not make it much plainer than that, and yet now we are attempting to go back of that understanding and alter that law by putting a new condition of trade relationship upon them.

Mr. BORAH. Mr. President——

Mr. TYDINGS. I yield.

Mr. BORAH. Until the Philippine people accept the independence, they are a part of he United States.

Mr. TYDINGS. That is true, and then during the transition government they will still be a part.

Mr. BORAH. So the real question is whether it is equitable and just to levy a tax upon a part of the people of the United States on the theory that they are foreigners.

Mr. TYDINGS. That is true. I think the Senator's observation is a large part of my contention.

Mr. BORAH. As stated by the able Senator from California, that is exactly what we are proposing to do in the sugar business.

Mr. JOHNSON. Exactly. May I suggest that we go even farther? It is a question of breaking our faith, I fear. That is the thing that is worrying me more than anything else.

Mr. TYDINGS. May I say to the Senator from California that I am thoroughly in accord with the observations he makes? I feel that in the case of the Philippines our obligation is even stronger than in the other cases, as I now understand them, for this reason: We are about to turn the Philippines loose as a part of the United States. As a condition precedent to the accomplishment of that act, we entered into certain definite arrangements based upon which their transition should take place and ultimate Philippine independence be obtained. We wrote that into the law while their delegation was here. The law was approved by the Congress and the President and accepted by the Filipino mission that was then before Congress, and the Philippine Legislature is now being called into special session to accept and adopt that act, which will mean ultimate Filipino independence.

But, lo and behold, in spite of the fact that the act says "after the date of the inauguration of the government of the Commonwealth of the Philippine Islands trade relations between the United States and the Philippines shall now be as provided by law", and before the commission can get home, we are now writing into a new law, which has nothing to do with Philippine independence, a provision to tax their commodities for the benefit of ourselves in violation of that agreement. I do not think it could be sustained in any court of equity. We cannot expect them to be friendly to us unless we come into court with clean hands. We are certainly violating the implied and, in my judgment, the expressed covenant into which we entered and upon which their independence is predicated.

I think it would be an act which would reflect upon our standing throughout the entire Orient, because every Senator knows that the United States, in its foreign relations in the Far East, is judged primarily by its treatment of the Philippines, which are in the Far East. If we so lately have entered into a covenant with those people, and before they can get home, break it, we being a strong and powerful country while they are weak, how can we expect to promote trade and good will in China and other eastern countries? Those people know that we are breaking our word in this situation.

Mr. O'MAHONEY. Mr. President——

Mr. TYDINGS. I yield.

Mr. O'MAHONEY. May I ask the Senator when, in his judgment, section 6 of the Independence Act comes into effect?

Mr. TYDINGS. When will it or when does it?

Mr. O'MAHONEY. When does it come into effect?

Mr. TYDINGS. Of course, section 6 came into effect the minute the President signed the law.

Mr. O'MAHONEY. Yes; of course.

Mr. TYDINGS. It is the law of the United States. It is the law under which the Filipinos will seek their independence.

Mr. O'MAHONEY. Certainly.

Mr. TYDINGS. The actual commonwealth government provided for in the law will not be set up until this year; but the law is still the law, commonwealth government or no commonwealth government.

Mr. O'MAHONEY. Yes; but the Senator does not get the point I am trying to make. Section 6 of the Independence Act provides that after the date of the inauguration of the

government of the Commonwealth of the Philippine Islands trade relations between the United States and the Philippines shall be "as now provided by law, subject to the following exceptions." What does the word "now" mean there? Does it not mean the date of the approval of this act?

Mr. TYDINGS. I think "now" meant the time the act was approved.

Mr. O'MAHONEY. The time it was approved?

Mr. TYDINGS. Yes. May I say to the Senator that at least that was how all parties, including the President and the Filipino mission, viewed it; and, to support my contention, the President of the United States has written a very strong letter to the Chairman of the Finance Committee pointing out this very thing, that we have "impliedly"—I think that is the word he uses, but I use the word "expressly"—covenanted with them that we will not change this situation pending the transition to independence.

Mr. O'MAHONEY. But is it not true, may I ask the Senator, that the exceptions listed in section 6 of the Independence Act do not come into effect until after the provisional government has been set up?

Mr. TYDINGS. If we should apply a strictly legal interpretation to it, and read it as a contract, I think the Senator's interpretation might be valid; but even if that would be good law, nevertheless I know that the understanding was, and I think the Filipino people accepted the measure in that light, that nothing would be done between now and this fall, when the new government will be set up, which will alter that relationship; and the Senator further knows that this act is not going to be repealed next fall, when the new constitution is adopted by the Filipinos. Does the Senator concede that?

Mr. O'MAHONEY. I do not know that I should; but——

Mr. TYDINGS. Wait a minute. I answered the Senator's question; now I want him to answer mine.

Mr. O'MAHONEY. Will the Senator restate the question?

Mr. McCARRAN. Mr. President——

Mr. TYDINGS. Wait just a moment.

The PRESIDING OFFICER (Mr. POPE in the chair). Does the Senator from Maryland yield, and if so to whom?

Mr. TYDINGS. I yield to the Senator from Nevada if he desires to ask me a question; but, first of all, I should like to have the Senator from Wyoming answer the question which I have asked him.

Mr. O'MAHONEY. I ask the Senator to restate his question.

Mr. McCARRAN. Mr. President——

Mr. TYDINGS. Just a moment until I answer the Senator. The Senator from Wyoming says, in effect, that we may tax the Filipino people pending the institution of the commonwealth government.

Mr. O'MAHONEY. I have not made any direct statement of that sort; I am asking a question.

Mr. TYDINGS. I ask the Senator if, under this bill, the Filipino people will not be taxed after the institution of the commonwealth government; and I think I am entitled to an answer from the Senator.

Mr. O'MAHONEY. That is beside the point.

Mr. TYDINGS. The Senator is evading me. He will not answer me.

Mr. McCARRAN. I should like to answer that question.

Mr. JOHNSON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Maryland yield, and, if so, to whom?

Mr. TYDINGS. I yield to the Senator from Nevada. I will yield to the Senator from California in a moment.

Mr. McCARRAN. Mr. President, the Senator from Maryland propounds a question which is based primarily upon a conjecture. In other words, the whole situation is conjectural on the Philippines accepting the measure which we have presented to them providing for their independence. A question such as the Senator has propounded to the Senator from Wyoming must be answered in a conjecture. That is all it could be, because the Philippines have not yet accepted the act. We gave them the very same act heretofore, and they did not accept it; and we have no more guarantee now that they will accept it than we had then.

Mr. TYDINGS. Oh, the Senator is wrong there. I have put into the RECORD the acceptance of this act by practically every man who was opposed to the original act because of certain things in the old measure which are not in the new one.

Mr. JOHNSON. Mr. President——

Mr. TYDINGS. I yield to the Senator from California.

Mr. JOHNSON. May I suggest that the question may be resolved in another fashion, too?

This bill constitutes the proposal, the terms upon which independence will be accorded; and it presents as well what the United States will do in case it be ultimately accepted. So we may eliminate whether it has been now accepted or not, because the time of its acceptance has not yet expired. It constitutes our proposal. It is true one party to the contract now has acted; and the query that is presented, if what the Senator from Maryland says is accurate, is whether, having made a proposal in definite terms to the Philippines, we shall now change those terms by a taxing law. Is not that accurate?

Mr. TYDINGS. The Senator has expressed the matter in just the right way, as I see it, and much better than I ever could have expressed it; and, if I may pick up his thought where he left off, may I say to the two Senators who have taken part in this debate that I look upon this as a contract made between two governments.

Mr. McCARRAN and Mr. O'MAHONEY addressed the Chair.

Mr. TYDINGS. I have the floor, and I do not yield to anybody.

Mr. McCARRAN. I did not think the Senator would yield for a reply to that.

Mr. TYDINGS. I have the floor. When I finish my statement I will yield, but I do not like to be interrupted at the end of two phrases. I think the Senator who has the floor is entitled to be interrupted only when he has concluded his thought, and I think a little more courtesy might be conducive to better order.

Mr. McCARRAN. I am very sorry that the Senator considers it discourtesy.

Mr. O'MAHONEY. I also apologize to the Senator.

Mr. TYDINGS. I do not consider it discourtesy from the Senator from Nevada, because I know he is too affable ever to be discourteous to anyone.

Mr. LEWIS. And the Senator, of course, will say the same thing of the Senator from Wyoming.

Mr. TYDINGS. Certainly. May I say, however, that we had the sole power to make this contract. We were in the position of a guardian and a ward. We did make the contract. We made it, however, after consultation with the party of the second part, the Filipino people. That transaction has every semblance of a contractual relation to accomplish a certain definite thing. In fact, it is a covenant. It is stronger than a mere assertion of relationship. It has the sanction of our body. We have already sent it through the mails, so to speak; and until it is accepted or rejected or recalled by us it is an offer to the Filipino people of how, why, and when they will get their independence.

It is just as if I had made a contract binding myself, and had sent it to the Senator from Wyoming, who would be the party of the second part. As long as I do not recall that contract—and this one has not been recalled—and as long as he does not accept or refuse it within the time limit specified in the contract, it is my binding offer of what I agree to do.

The Senator implies by his question that we have the right to alter our offer before the party of the second part has actually received it formally in writing.

Mr. O'MAHONEY. Now, may I interrupt the Senator?

Mr. TYDINGS. Yes.

Mr. O'MAHONEY. The Senator misinterprets my thought. I believe that his delineation of the law is absolutely accurate.

Mr. TYDINGS. I thank the Senator.

Mr. O'MAHONEY. We have made an offer, and I have no doubt that offer stands until it is accepted or rejected; but that is not the question, if I may say so to the Senator.

Mr. TYDINGS. I beg the Senator's pardon. Perhaps in the heat of the debate I misunderstood him, and if I have done so I am sorry.

Mr. O'MAHONEY. Until the Filipino people accept that offer we may change, not the terms of the offer but our laws governing trade relations, without in any way affecting this offer. May I ask the Senator if it is not, in his judgment, a fact that we might with perfect propriety, legally speaking, change the present provisions of law having to do with the trade relations pending the acceptance or rejection by the Filipinos, with the understanding that if they do finally accept this offer we are bound by the terms of the offer rather than by any amendment of present law, so that pending the acceptance of our independence offer we have every right to change the general provisions of law so long as we are not changing the offer?

Mr. TYDINGS. If that were to be done, Mr. President, there is only one place where it could logically be done, and that is in the Filipino Independence Act, by amending that act. The Filipino people have no official knowledge of any change in the existing law when we pass an entirely separate measure here.

Mr. O'MAHONEY. If I may take the Senator's time for just a moment, I will say that my first question was directed to him for the purpose of eliciting information from the Senator as to his interpretation of the word "now" in the first sentence of section 6 of the Independence Act. His interpretation was exactly as my own, namely, that we are bound by the provisions of law that were in existence at the date of the passage of the Independence Act. Until the Filipinos accept or reject that act, however, any modification of law now will not be a modification of the offer, it will be merely a modification of the law pending the action by the Filipinos; and I feel that we are both morally and legally entitled to make any change we may desire.

Mr. TYDINGS. Mr. President, as I said a moment ago, the Senator from California [Mr. JOHNSON] developed the thought so concisely that any words of mine seem to be superfluous; but I think we have made a formal offer of independence to the Philippine Islands. At least, they think we have. That formal offer is now in transit to the Philippine Islands. Now, before they actually receive it—they are carrying it home with them to sign it over there, where it must be signed under the conditions set forth in the offer—here we are, a strong, powerful Government, simply because we have the might, going back on our word.

Can that bring us any credit? Can it bring us any friendship in the East, or in the South, for that matter? Is that the proper course for a government to pursue? Is justice so foreign to our thoughts that no sooner do we meet a weaker people and deal with them, and their backs are turned, then we go out and undo all the things we promised them we would not undo?

Spain in its palmiest days, in spite of all the stories about Spanish oppression, as far as I have been able to read the history of Spain in the Philippines, never attempted anything to equal what is proposed by this bill. We intervened in the Philippine Islands to eliminate Spanish cruelty, and yet we are inflicting upon these people an economic cruelty and an economic injustice without any cause whatever.

Mr. President, I want to make one more observation. I cannot speak for the President of the United States, because I do not know where he stands on this matter, but I am afraid that if this provision is written into the bill, it may result in the veto of the measure. That may be all right; perhaps Senators do not care about a veto, but certainly, if there is to be no limitation here, if we can tax the Filipino people so shortly after we passed an independence measure, I believe the President would be justified in vetoing this bill.

I appeal to Senators to give a weaker nation the opportunity to secure their independence in terms of the act which we passed here only a month ago. If we will do that, I believe the Filipinos will accept the measure we passed, and Filipino independence will be on its way.

Mr. DILL. Mr. President——

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Washington?

Mr. TYDINGS. I yield.

Mr. DILL. Do I understand the Senator's argument to be that if the Filipinos accept the proposal for independence, Congress, during all the next 10 years, will be forbidden to change in any way the taxes upon the products which may come from the Philippines?

Mr. TYDINGS. Legally, no.

Mr. DILL. Morally?

Mr. TYDINGS. Morally, a thousand times, yes.

Mr. JOHNSON. Mr. President, before the Senator takes his seat, I should like to ask him whether he is familiar with the amendment which has been offered by the Senator from Mississippi, which deals with this subject in a different way, perhaps, but which I understand is more or less acceptable. Is it acceptable?

Mr. TYDINGS. I would much rather have it, and I think it is a step toward justice and fair play for the Filipinos, more so than the bill itself. I feel, however, that the right thing to do is to carry the provision as embodied in my own amendment.

Mr. JOHNSON. The amendment which the Senator from Mississippi presents—and I am not familiar with its terms—would be reasonably satisfactory from the standpoint of importations?

Mr. TYDINGS. I should not like to answer that question. I think it is much better, and I think the Senator from Mississippi has tried to reconcile the conflicting interests; but I could not support it.

Mr. CAREY. Mr. President, I should like to ask the Senator from Maryland a question or two.

Mr. TYDINGS. I yield.

Mr. CAREY. The Senator is aware of the fact that, under the Agricultural Adjustment Act, it is possible for the Secretary of Agriculture to levy taxes on commodities which compete with other commodities. There are on hand in this country a large amount of fats in storage, consisting of butter, lard, tallow, and cottonseed oil, most of which are subject to processing taxes. Does the Senator think it fair to relieve the Philippine Islands from a tax such as the one under discussion when the American farmer is subject to all these taxes?

Mr. TYDINGS. In answer to the Senator's question I will say that I do not think it was fair for the United States to take the Philippine Islands in the first place. They were the islands of the Filipino people. We had no business with them. We took them at the point of the bayonet, and finally bought them from Spain. We then promised them independence. We compelled them to live under our economic set-up, and I cannot see anything but simple justice in letting them go back where we said we were going to send them, under the most favorable conditions, after we have forced our will on them for a period of 36 years.

Mr. CAREY. I cannot see why they should be exempt from the payment of the same tax we are putting on ourselves.

Mr. TYDINGS. They are not the United States of America. They are an appendage.

Mr. CAREY. They are competing with the United States.

Mr. TYDINGS. Certainly; but did we not force them to compete with the United States? Do we not compel them to trade with us? Can they ship their sugar elsewhere? They cannot trade with the rest of the world. They have to trade with us because our tariff laws are their tariff laws.

Mr. CAREY. They are shipping a great deal more to this country than we are shipping to them.

Mr. TYDINGS. We compel them to do it. We would not let them ship to other countries. We would not let them trade with other countries. We compel them to trade

with us, and now we are complaining because we got the worst of a deal which we forced upon them.

Mr. BYRNES. Mr. President, does the Senator from Wyoming agree with the statement that a resident of the Philippines cannot ship coconut oil to any other place than the United States? Is that a fact?

Mr. CAREY. I was not aware that they could not ship coconut oil to any other place. Is that true?

Mr. BYRNES. I understood that to be the statement of the Senator from Maryland. I wondered whether the Senator from Wyoming agreed with it.

Mr. CAREY. I thought they could ship it to other countries.

Mr. TYDINGS. The Senator knows that the tariff laws of the United States apply to the Philippine Islands. He concedes that, does he not?

Mr. CAREY. I concede that; yes.

Mr. TYDINGS. Does the Senator expect them, when they are a part of the United States, to trade with the United States or to trade with some country which has no tariff relations with the United States?

Mr. CAREY. They will naturally trade here, because they have no tariff to pay.

Mr. TYDINGS. And we do not have any tariff to pay on our exports to the Philippine Islands.

Mr. REED. Mr. President, will the Senator from Maryland yield?

Mr. TYDINGS. I yield.

Mr. REED. Is the Senator quite certain of his statement that the American tariff law applies to imports into the Philippine Islands?

Mr. TYDINGS. The Senator knows that Filipino acts have to be signed in some cases by the President of the United States, and in all cases by the Governor General appointed by the President of the United States. The Senator also knows that since the Smoot-Hawley Tariff Act, the Filipino Legislature, at the suggestion of the then administration, passed a new tariff act to conform exactly with the American tariff act. Then, when they came in more direct contact with the countries which had depreciated currencies than we ourselves came in contact with them, they passed a tariff law, imposing rates even higher than did ours, so as to protect the American market in the Philippine Islands.

Mr. REED. That is something very different from having the American laws extend to their imports. Furthermore, I should like to say to the Senator that in the last month of which we have any record, December 1933, the Philippines were importing substantially more from Japan than from the United States.

Mr. TYDINGS. I have not those figures, and I cannot answer them; but I do know this, that everything we make goes into the Philippine Islands without any tariff being levied against it. We have a free market in the Philippine Islands.

Mr. REED. That is quite true, and we have given them a free market here for all their products.

Mr. TYDINGS. Yes; but we set up the economic system. They did not set it up.

Mr. REED. Furthermore——

Mr. TYDINGS. Is not that true?

Mr. REED. Yes.

Mr. TYDINGS. The market, such as it is, if we are getting the worst of it, is the market we created, not that of the Philippine people.

Mr. REED. No——

Mr. TYDINGS. The Senator agrees with that, does he not?

Mr. REED. I agree that we have free trade with the Philippines.

Mr. TYDINGS. Who granted that free trade?

Mr. REED. Where would they be if they did not have it?

Mr. TYDINGS. Who made it free? Why are Senators complaining about the result of their own actions?

Mr. REED. I am not complaining about the result of our own actions, but I say that when we impose processing taxes which bear so cruelly on our farmers as does the present tax on hogs, for example, we are only treating the Filipinos as we are treating our own people when we put similar taxes on their products.

Mr. CONNALLY. Mr. President, will the Senator from Maryland yield to me?

Mr. TYDINGS. I yield.

Mr. CONNALLY. A little while ago the Senator from Maryland quoted some figures, and I am sure he does not want the RECORD to be in error.

Mr. TYDINGS. Has the Senator my book?

Mr. CONNALLY. I have the Senator's book, and the figures in the book do not seem to agree with those he read.

Mr. TYDINGS. Very well.

Mr. CONNALLY. The statistics show that in 1932—and that is as recent as these statistics go—the Philippines imported from the United States $51,000,000 worth of merchandise. They sent us $82,000,000 worth of merchandise. The total export trade of the Philippines with the whole world amounted to $95,000,000, and we took $82,000,000 of it. So the United States is practically the only market the Philippine Islands have had for their exports. I just wanted to correct the Senator.

Mr. TYDINGS. If the Senator will read my remarks in the RECORD tomorrow, he will see that he has said exactly what I stated when I read from that book. I started with the year 1929, and I said the merchandise imports of the Philippines in 1929 amounted to $92,000,000.

Mr. CONNALLY. I asked the Senator to talk about the imports from the United States.

Mr. TYDINGS. I do not know what the Senator asked me to do, but he will find in the RECORD tomorrow morning that my remarks were as accurate as the figures in this book.

Mr. CONNALLY. Tomorrow morning the Senator will have the book, and his record will then be right, of course.

Mr. TYDINGS. The Senator can go into the clerk's office and get the figures now, if he cares to.

Mr. CONNALLY. The Senator from Texas asked the Senator from Maryland to state what the imports from the Philippine Islands to the United States were, and what the exports from the United States to the Philippines were. Then the Senator quoted the total exports and imports of the Philippines, without respect to the United States, which was not responsive. The testimony before the Committee on Finance was that the Filipinos export to the United States just about twice as much each year as we export to them.

Mr. TYDINGS. I am sorry the Senator from Texas insists on misinterpreting what I said. I read from the first column, and over the first column is this caption, "From the United States." I furthermore said that the exports and imports from other countries were carried in a separate column, and that the total was shown in the third column.

Mr. CONNALLY. I am not concerned with what the Senator said——

Mr. TYDINGS. Wait a moment. I did not read any figures applying to all countries. I read only figures applying to the Philippines and the United States.

Mr. CONNALLY. The Senator from Texas is not concerned with whether or not the Senator made that statement. All he is concerned with is getting the facts.

Mr. TYDINGS. If I must approach this bill in absolute frankness, it is nothing more than an attempt to tax a helpless and unrepresented people to satisfy a few people in the United States who have put a little fire under Congress. There is not an ounce of justice in it. It is cowardly for a great Nation like this to have passed an independence bill only a month ago and now shoot the people in the back as they are going home with the document.

I have been approached by people from my own State who were over here by the dozens saying they wanted this tax imposed in order to keep Filipino products out of this country. That is all that is behind it. There is not an ounce of revenue in it. It is a lie on its face. It does not

deserve the support of any man who wants to keep faith and to be honest with the Filipino people.

Mr. LOGAN. Mr. President, will the Senator yield to me?

Mr. TYDINGS. I yield.

Mr. LOGAN. I am interested in the legal phase of the question more than I am in the question of lobbyists and matters of that kind. I believe I understand the Senator from Maryland to say that the Philippine independence measure was an offer to the Philippine people of independence on certain terms, as set out in that particular act.

Mr. TYDINGS. That is correct.

Mr. LOGAN. Then it is an offer to the Philippine people which must be kept open by the United States until the Filipinos have a reasonable opportunity of accepting it. I believe that is true?

Mr. TYDINGS. That is correct. The time limit is fixed in the act.

Mr. LOGAN. The time limit is fixed in the act itself, but it is reasonable. The United States of America then must keep itself in position to comply absolutely with the terms of the independence act when the time comes. I think the Senator will agree with that.

Mr. TYDINGS. I agree with the Senator.

Mr. LOGAN. One more question. Suppose the United States should now desire to impose some tax. Could it not do so without interfering with that option, provided the tax would pass out of existence upon the acceptance by the Philippine people of the option which we have extended to them?

Mr. TYDINGS. I think that interpretation, as a legal matter, is very exact.

Mr. LOGAN. I thank the Senator.

Mr. TYDINGS. And I am not arguing against that interpretation. After this fall, when the commonwealth government is set up, that tax would have automatically to stop to stay within the letter of the law.

Mr. LOGAN. I agree fully with the Senator.

Mr. TYDINGS. But if we put it in here, we all know that Congress will not be in session next November, and there will be no provision in the act to cancel a tax when the new government is set up. Therefore we have no leg to stand on if we want to keep our faith with the Philippine people.

Mr. O'MAHONEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Wyoming?

Mr. TYDINGS. I yield.

Mr. O'MAHONEY. May I now ask the Senator a factual question? Having read the amendment, I learn that the Senator desires to exempt from the provisions of this tax the importations of coconut oil in the original form and also as derived from copra, to the average of the importations for the past 5 years.

Mr. TYDINGS. That is right.

Mr. O'MAHONEY. That average, I take it from the figures I have here, is approximately 519,000,000 pounds or 520,000,000 pounds, as set forth in the amendment which is about to be offered by the Senator from Mississippi [Mr. HARRISON]. The independence act, however, provides for an exemption of only 200,000 long tons.

Mr. TYDINGS. Of oil.

Mr. O'MAHONEY. Or 448,000,000 pounds.

Mr. TYDINGS. Of oil.

Mr. O'MAHONEY. This is also oil, is it not?

Mr. TYDINGS. No; that is oil and copra.

Mr. O'MAHONEY. But is it not oil derived from copra?

Mr. TYDINGS. In the Philippine Independence Act, which I hold in my hand, the wording is, on page 4, section 6, subsection (b):

> There shall be levied, collected, and paid on all coconut oil—

The Senator's amendment comprehends not only coconut oil but copra from which coconut oil has not as yet been extracted, and that accounts for the disparity between the oil and the copra in the amendment pending.

Mr. O'MAHONEY. My understanding is, if the Senator will pardon me for saying so, that the average importation of coconut oil, including the coconut oil derived from copra, for the past 5 years, is 519,000,000 pounds.

Mr. TYDINGS. I have heard that asserted as the correct figure. My amendment does not fix the figure; but if that is the correct figure, that figure would be the sense of my amendment.

Mr. O'MAHONEY. Then it seems to me that the amendment which the Senator presents affords the Philippines a larger exception than they would get under the independence act.

Mr. TYDINGS. No; that is not true, because under the independence act they would not have to distill any oil in the islands, and they could ship unlimited copra to the United States, because there is no limitation on copra; but under this amendment they could not send oil into the United States in any form in excess of 519,000,000 pounds. Do I make that plain?

Mr. O'MAHONEY. Yes.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Idaho?

Mr. TYDINGS. I yield.

Mr. BORAH. In the colloquy that took place between the Senator from Kentucky and the Senator from Maryland I understood the Senator from Maryland to concede that it would be proper to levy this duty, provided it disappeared when the Philippines acquired their independence. Is that correct?

Mr. TYDINGS. No; I think the Senator misunderstood the question of the Senator from Kentucky.

Mr. BORAH. I must have done so.

Mr. TYDINGS. The question the Senator from Kentucky asked the Senator from Maryland was whether, pending the establishment of the transitory government known as the "commonwealth government"—which would be the real acceptance by the Philippines of the law, not the accomplishment of independence—whether in that interval we might not expressly tax them before they had accepted independence. I said that perhaps legally it might be done, but morally I did not think we could do it.

Mr. BORAH. Mr. President, it seems to me that aside from the independence act, and aside from all other questions that arise out of it, there is this simple proposition which is most difficult for me to solve, and that is that the Philippines are still a part of the United States.

Mr. TYDINGS. That is right.

Mr. BORAH. And the question that is involved in this controversy is, Shall we treat them as a foreign country when they are now a part of the United States?

Mr. TYDINGS. That is true.

Mr. BORAH. I think that is a pretty difficult problem for Congress to solve. It is simple enough in one way, but quite involved in another way. But I shall not discuss it in the Senator's time.

Mr. HARRISON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Mississippi?

Mr. TYDINGS. Yes; and may I say to the Senator from Mississippi, before he asks me whatever he has in mind, that during his absence I so worded my amendment, without naming the figure in the amendment, as to take the average shipments for the past 5 years, so that there could not be any controversy as to whether the figure offered in the amendment was right or wrong.

Mr. HARRISON. That was what I was going to ask the Senator about, because he had in mind offering his amendment without any limitation as to the amount of copra or coconut oil that might come from the Philippines; and I notice, on reading it, that he refers to the average for the 5 years. There is not a great deal of difference between us. However, I do not understand where the Senator gets the high figures that he uses, because in a letter from the Secretary of War, written to me, he mentions 520,000,000 pounds

as a very fair figure; and Mr. Ryder, who is the tariff expert for the N.R.A., and who represents the Tariff Commission, says the 5-year average is 520,000,000 pounds, or a little under that, 519,000,000 pounds.

Mr. TYDINGS. I believe that is correct.

Mr. HARRISON. In view of the fact that the Senator is trying to have a 5-year average exempted and that the administration very much opposes the amendment which we want here unless we put some exemption in it, I do not see why, if 520,000,000 pounds is right, we cannot get together on the proposition.

Mr. TYDINGS. I am glad the Senator from Mississippi came into the Chamber at this point. I was hoping that if my amendment carried the same thought as his amendment, we might avoid a controversy as to what was the average for 5 years by leaving that matter open; and then, if the figure of 519,000,000 pounds is right, I shall be with the Senator in this respect.

Mr. HARRISON. I am sure there are a good many Senators here who want to abide by the independence act, but, at the same time, they desire to put a fair limitation on imports. I know I share that view; and if there is no substantial difference between the two proposals, and 520,000,000 pounds can be agreed on as the 5-year average, I hope the Senator from Maryland will offer, instead of his amendment, the amendment that the experts have prepared, which covers the situation quite fully.

Mr. TYDINGS. Mr. President, I appreciate the position of the Senator from Mississippi. I think he has tried very hard to be fair. Personally, I do not believe we should have any limitations on the importation of Philippine products, other than those contained in the independence act, pending the acceptance of the act and the accomplishment of Philippine independence. I could not vote for the proposition offered by the Senator, however, because I am not certain that 519,000,000 pounds is the correct figure.

Mr. O'MAHONEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Wyoming?

Mr. TYDINGS. I yield.

Mr. O'MAHONEY. If the Senator is uncertain as to what the averages are, may I ask why he does not adopt a modification of the language of the independence act, and abandon all mention of averages?

Mr. TYDINGS. I should be delighted to do that. I should like to offer that as an amendment, if the Senator from Mississippi would take it, because that refers to coconut oil only and would leave out copra altogether.

Mr. SHIPSTEAD. Mr. President——

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Minnesota?

Mr. TYDINGS. I yield.

Mr. SHIPSTEAD. If I may have the attention of the Senator from Maryland and the Senator from Mississippi for a moment. It is a fact, is it not, that coconut oil and its products coming in from other countries than the Philippines pay 2 cents tariff now, and they come in free from the Philippines?

Mr. TYDINGS. I did not understand the Senator.

Mr. SHIPSTEAD. There is a tariff on these products coming into the United States——

Mr. TYDINGS. There is no tariff on these products coming from the Philippines at all.

Mr. SHIPSTEAD. Not from the Philippines, but coming from other countries.

Mr. TYDINGS. The Senator means from foreign countries?

Mr. SHIPSTEAD. Yes; from foreign countries.

Mr. TYDINGS. Yes.

Mr. SHIPSTEAD. There is a differential in favor of the Philippines of 2 cents a pound?

Mr. TYDINGS. There is no tariff at all on the Philippine imports.

Mr. SHIPSTEAD. No. They have the advantage over foreign countries of 2 cents a pound.

Mr. TYDINGS. And we have the advantage in the Philippines over all foreign countries, too.

Mr. SHIPSTEAD. I cannot see the difference between putting a processing tax upon coconut oil and upon copra and processing copra into coconut oil, and putting a processing tax on hogs or any other things manufactured in the United States.

Mr. TYDINGS. But is not the processing tax put on hogs for the benefit of the hog growers? Let me ask the Senator that question. I do not say that it is, because I did not support it, but I am asking the Senator, Is not the processing tax put on hogs for the benefit, in thought at least, of the hog growers?

Mr. SHIPSTEAD. Yes.

Mr. TYDINGS. Is this tax put on for the benefit of the copra growers? Then where is the analogy?

Mr. SHIPSTEAD. The purpose of this tax is not to discriminate against the Philippines.

Mr. TYDINGS. O Mr. President, the purpose of this tax is to destroy the Philippines.

Mr. SHIPSTEAD. Wait a moment; I have the floor. It is not for the purpose of discriminating against the Philippines, because it leaves the Philippines in the same relative position with their competitors in which they previously were. The purpose of this tax is to raise the price level in the United States of domestic articles that compete with Philippine products. The purpose is to raise the price of butter, if you please. It is a price-raising tax.

Mr. BORAH. Mr. President, may I ask the Senator a question?

Mr. SHIPSTEAD. Certainly.

Mr. BORAH. Why cannot that all be dealt with under the Agricultural Adjustment Act?

Mr. SHIPSTEAD. I do not see why it cannot; but why not deal with it here?

Mr. MURPHY. There is no processing tax on coconut oil.

Mr. SHIPSTEAD. Or on copra.

Mr. MURPHY. Or on copra.

Mr. BORAH. There is none, but why could there not be one?

Mr. BARKLEY. Those products are not included in the Agricultural Adjustment Act.

Mr. BYRNES. Mr. President, if there is a processing tax upon hogs, why cannot a competitive tax be levied upon coconut oil if such oil comes in competition with our product?

Mr. BORAH. Jute bags are not a basic commodity, and yet there is a processing tax on them because they are supposed to come in competition with something in the way of cotton bags.

Mr. BYRNES. Mr. President, if the Senator from Minnesota will yield further, I think they call it a compensatory tax. Would the Senator agree that if the Filipinos are citizens of the United States, there could be levied upon them a compensatory tax; and if they are not citizens of the United States, there could be levied tariff duties upon their exports into the United States?

Mr. BORAH. My contention is that they are part of the United States, and that the Agricultural Adjustment Act has the same application to them as it has to producers in the State of Idaho.

Mr. BYRNES. They must be one or the other.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. SHIPSTEAD. Yes.

Mr. TYDINGS. May I say to the Senator from Idaho that the Philippines buy about $16,000,000 worth of our cotton goods every year, and, of course, assuming that the processing tax is passed on, they are already paying the cotton-processing tax.

Mr. BORAH. I was simply speaking of the legal right to treat those people as citizens of the United States.

Mr. TYDINGS. That is the big point.

Mr. BORAH. What we are asked to do, I say, is an almost impossible thing, and that is to treat citizens of the United States as foreigners. We have an act by which we could treat them as citizens and deal with them the same as with

other citizens of the United States, and that is the Agricultural Adjustment Act. There is no reason why these matters should not be dealt with under that act. It may be that it would require an amendment. I have not the act before me.

Mr. HARRISON. Mr. President, will the Senator yield?

Mr. SHIPSTEAD. I yield.

Mr. HARRISON. I may say to the Senator from Idaho that the Secretary of Agriculture suggested that this matter should be dealt with under the Agricultural Adjustment Act and that we might fix quotas, and processing taxes, and so on.

Mr. BORAH. Did he suggest it?

Mr. HARRISON. He did suggest it.

Mr. BORAH. Did he suggest it seriously? [Laughter].

Mr. HARRISON. Yes; he suggested it very seriously; but personally I could not see where there would be much chance in the Senate in securing the adoption of the proposal.

Mr. SHIPSTEAD. Mr. President, the amendment reads as follows:

> There is hereby imposed upon the first domestic processing of coconut oil, * * * a tax of 3 cents per each pound thereof processed, which shall be paid by the processor.

If that is not a processing tax, I do not know what it is.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. SHIPSTEAD. Yes.

Mr. TYDINGS. I should like to show how much benefit this will be to the steer raisers in the United States. This tax will make a thousand-pound steer bring 5 cents more for the man who raises it. By actual calculation it is worth 5 cents to the man who owns a thousand-pound steer.

Mr. SHIPSTEAD. It is estimated that it will raise the price of butter at least 2 cents a pound. What I cannot understand is that there should be so much argument against levying a processing tax upon a product imported into this country and paid for by the American people. They would pay that tax.

Mr. BORAH. The Senator speaks of "the American people", but those are American people who are in the Philippines.

Mr. SHIPSTEAD. Yes. I mean people who live within continental United States.

Mr. BORAH. That is different. I wish we had never gotten outside of continental United States.

Mr. SHIPSTEAD. So do I.

Mr. President, I wanted to call the attention of the Senate to the fact that this is not treating the people who live in the Philippine Islands any differently than the people who live within the confines of continental United States are treated. We are having processing taxes levied upon one thing or another right along, and I cannot see where the argument of the Senator from Maryland holds true.

Mr. CONNALLY. Mr. President, the Senator from Maryland [Mr. TYDINGS] used rather aggressive and intemperate language a while ago in denouncing those who sponsor this tax. I do not regard that as argument; and I hope nobody else does. In the matter of taxes, I think the people of continental United States are entitled at least to a portion as much of the interest of their representatives in the Senate as are the Filipinos. I have always believed in Philippine independence. I voted for the bill presented here by the Senator from Maryland and others in favor of Philippine independence. I am perfectly willing for the Philippines to be independent. I do not regard the levying of this processing tax as any injustice on the people of the Philippine Islands.

The Senator from Maryland says there is not a nickel's worth of revenue in the provision. If he knew what happened before the Finance Committee, he would not make that statement. American interests as there represented testified that they have to have coconut oil whether it bears a tax or not. If they do, it means a lot of revenue for the Treasury, because if they have to bring it in, they have to pay the tax.

I ask gentlemen whose minds are so sensitive about putting a tax on people, Are we not taxing the American people by processing taxes? Does not every one of us who wears a cotton shirt pay a processing tax to the Government for the privilege of wearing the shirt? Are we not paying the processing tax on the food we eat?

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. TYDINGS. I think that observation of the Senator is essentially a correct and sound one, but may I call to his attention the fact that the Filipinos buy $16,000,000 worth of cotton goods a year from us, and therefore pay the processing tax on cotton.

Mr. CONNALLY. How much do they buy?

Mr. TYDINGS. They buy $16,000,000 worth.

Mr. CONNALLY. Very well.

Mr. TYDINGS. So that they pay just as much tax upon their cotton goods as anybody in the United States pays upon such goods today.

Mr. CONNALLY. Why should they not?

Mr. TYDINGS. Nobody is complaining about that.

Mr. CONNALLY. What is there about a Filipino that is so sublimated as to make him better than an ordinary American citizen who has to sweat down in the cotton patch in the South or in the cornfield in Maryland to make a living, whereas the Filipino sits under a coconut tree and fans himself and lets the coconuts raise themselves. [Laughter.]

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. TYDINGS. I thought the Senator was inferentially saying that the American people paid a tax that the Filipinos did not pay. I merely arose to say that he was in error, and that the Filipino people pay the same tax that the American people pay.

Mr. CONNALLY. Oh, yes; the Senator from Maryland keeps talking about the Filipinos buying some cotton. If they wore more clothes, they would buy a great deal more cotton than they buy now. Of course, they buy a little cotton, and yet they sell the United States $82,000,000 worth of products a year out of the whole $95,000,000 worth which they sell the entire world. We afford them practically the only market which they have. They ship us twice as much stuff as we ship them; and yet, because we want to put a little, measly tax on some of their coconuts, which grow while they sleep, gentlemen get all "het up" and wrought up about Philippine independence; they beat their breasts and wave the flag and talk about the poor Filipinos. We gave the Filipinos independence last spring, and they would not have it. If a little processing tax on a few of their coconuts is going to keep them from accepting independence, they have not got any business with independence. A nation that would sell its aspiration for liberty and for independence, as their proponents here on this floor talk about the independence and freedom for the Philippines, for a little, measly tax on a few coconuts has not much business with independence, if that is the kind of political aspirations and ambitions its people have.

Processing taxes! We are taxing our people on almost all products. The Senate passed a bill here the other day which says to the cotton farmer, "If you raise above a certain number of bales of cotton, we are going to put you in jail." Yet if a Filipino sends over a few more coconuts than we think he ought to send over, he is outraged, and his torchbearers here on the floor are outraged.

Mr. VANDENBERG. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Michigan?

Mr. CONNALLY. I yield.

Mr. VANDENBERG. If I understood the Senator correctly, he indicated that this tax will produce a substantial revenue.

Mr. CONNALLY. I said the testimony before the committee was that manufacturers in this country have to have coconut oil in order to make soap; that such oil would have

to come in whether we put a tax on it or not; and I said if that were true it would bring in some revenue.

Mr. VANDENBERG. May I suggest to the Senator in that connection that if there is anything invidious about the amendment it could be substantially cured by a further amendment which would remit the proceeds of the tax to the Philippine government itself.

Mr. CONNALLY. We have given them a good deal of money and I do not suppose giving them a little more would hurt anything.

Mr. VANDENBERG. It would, at least, remove the argument that we are taxing them against their will and robbing them of the proceeds.

Mr. CONNALLY. We have taxed nearly everybody against their will; we are now taxing people against their will.

Mr. VANDENBERG. Yes; but not without a spokesmanship in connection with levying the tax.

Mr. CONNALLY. I would not care if we gave them the tax back, as the Senator suggests.

Let us see what else we are doing to the American farmer. We tell him by law how much he has to cut down his cotton production. If he does not do it we are going to put him in jail or otherwise punish him. Every time we cut down our cotton production we cut down our cottonseed. We do not have as much cottonseed oil to sell the next year as we have now. In the meantime we fill up the gap which we have created in our own product by letting the Philippines send over here larger amounts of oil and more coconuts. What good does it do to reduce our own production of oil if we are going to permit the Philippines or the Africans or the people in Borneo or Java or the other islands of the seas simply to fill up the gap we are trying to create, by their shipping us some more of their oil that does not require any labor to produce? That is the situation we are facing. There is no use ignoring the facts. Senators may look wise and put their glasses out on the end of their noses and peer over them and talk about all of these abstract questions, but I am stating facts.

Mr. BORAH. Mr. President——

Mr. CONNALLY. I yield to the Senator from Idaho.

Mr. BORAH. I want to ask the Senator a question which I submitted a few moments ago. Could not all this be done under the present Agricultural Adjustment Act?

Mr. CONNALLY. It is a long process to have the Department of Agriculture tinkering with the Philippines. It might be done. I have great respect for the opinions of the Senator from Idaho, but whenever I am trying to do something and a man comes up and says, "This is fine; but why not do it some other way?" I always have a suspicion as to whether he wants me to do it at all or not.

Mr. BORAH. I am thinking of the fact that the Agricultural Adjustment Act covers exactly this condition of affairs. Why should we legislate in this bill in addition to what we have already done by the Agricultural Adjustment Act?

Mr. CONNALLY. The Senator's suggestion is logical, but we are not legislating now with reference to the Agricultural Adjustment Act. We have not got it up now, but we have this other matter up, and as long as we have it up why not do it? Why put off till tomorrow what we can do today?

Mr. BORAH. I am contending that it has already been done.

Mr. CONNALLY. But it has not already been done.

Mr. BORAH. Why has it not already been done? The Secretary of Agriculture has the power under the Agricultural Adjustment Act to do what it is proposed here shall be done.

Mr. CONNALLY. On coconut oil?

Mr. BORAH. Yes.

Mr. CONNALLY. I do not think coconut oil is mentioned.

Mr. BORAH. Neither are jute bags.

Mr. CONNALLY. I thank the Senator for his interruption, but I do not agree with him.

Mr. FESS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Ohio?

Mr. CONNALLY. I yield.

Mr. FESS. The Senator made a statement a moment ago that is interesting to me.

Mr. CONNALLY. I am flattered if the Senator from Ohio is interested. [Laughter.]

Mr. FESS. In referring to the testimony given before the committee he made an interesting statement. I am concerned in whether the statement is true that coconut oil must come in anyway, whether there is a tariff on it or not.

Mr. CONNALLY. That is what the Senator's Ohio constituents, Procter & Gamble, testified before the committee.

Mr. FESS. What is the Senator's opinion as a member of the committee?

Mr. CONNALLY. As a member of the committee, I think some of it will come in anyway. I do not think all of it will come in. That is my opinion. I regret to take issue with the distinguished Senator's constituents, Procter & Gamble, who are now more interested in the Filipinos than they have ever been before in their lives.

Mr. FESS. Let us omit Procter & Gamble.

Mr. CONNALLY. All right; I will omit them. I hope to omit them when the vote comes.

Mr. FESS. What I want to know is this: Do we have to have the articles we are now importing in order to produce soap products in the United States? Is it something we are compelled to have, whether we put a tax on it or not? If we do not have to have it, that is one thing. If we do have to have it, that is another and entirely different thing.

Mr. CONNALLY. I will say to the Senator in all frankness that the issue was a contested issue. There were experts before the committee who said we could get along entirely without coconut oil. They said there is an interchangeability between all of the vegetable oils and fats as well as animal oils and fats, and that we can make just as good soap, and even better soap, without them as we could with them.

On the other hand, there were experts who talked just as glibly on the other side, who said they would have to have coconut oil to make certain kinds of soap. For instance, one of them said that in the matter of silk textiles, silk stockings particularly, they need coconut-oil soap because it is better for the silk-texture goods.

But the opinion on the issue was not unanimous. The committee had to reach its own conclusion based on its common sense. My view is that, of course, some of the coconut oil will continue to come in. It will still pay a tax, but how much I do not know. I believe some of this oil will be excluded, because the Senator knows that whenever we put a duty on any article there is a certain deterrent effect, and to some extent it will lessen imports.

Mr. FESS. I think the Senator from Texas may have misinterpreted my question as representing some local interests.

Mr. CONNALLY. I did not mean to infer that the Senator was doing that. If I did that, I did the Senator an injustice. I do not mean the Senator is influenced by Procter & Gamble. I merely meant it was their representatives who testified to the point that they had to have coconut oil.

Mr. FESS. The Senator will recall that when we were discussing long-staple cotton I questioned the protective element in it, although being an uncompromising protectionist on the ground that, no matter what tariff is put upon it, we would have to import it anyway. That introduces an element that is quite important, and we have the same point involved here as to coconut oil.

Mr. CONNALLY. I think the Senator is correct. We are going to bring in some of this coconut oil even if it does pay a processing tax. There are certain kinds of soap which it is said require coconut oil. But as a general proposition the chemists and experts testify that there is a very considerable interchangeability among all these oils, and that

therefore if the oils were kept out they would use domestic oils to take the place of the coconut oil.

Mr. President, in the committee this tax was reduced from 5 cents to 3 cents. It is not a prohibitive tax. It is a moderate tax. It is simply carrying out the principle of the new system we have adopted. If we limit our own people, if we tax our own people, if we put a processing tax on our own people, why should not the Filipinos themselves bear a small tax now and then in order to help us to carry out the program for the rehabilitation of American industry and American agriculture?

Mr. HARRISON. Mr. President, may I ask the Senator from Maryland [Mr. TYDINGS] if he will withhold his amendment temporarily so that I may offer an amendment which I think will clear up the situation?

Mr. TYDINGS. Is the amendment offered on behalf of the committee?

Mr. HARRISON. No; I am not offering it on behalf of the committee. The Finance Committee took action on the matter, but I am not offering the amendment on behalf of the committee.

Mr. TYDINGS. I will withdraw my amendment temporarily.

Mr. HARRISON. It makes no exception at all. I think it is due the Senate to read a letter relating to it.

Mr. TYDINGS. Will the Senator have the amendment read before he reads the letter, so we may understand what it is all about?

Mr. HARRISON. Yes. I ask that the amendment be read.

The PRESIDING OFFICER. The amendment will be read.

The LEGISLATIVE CLERK. It is proposed, on page 214, to strike out lines 3 to 15 and to insert in lieu thereof the following:

(a) There is hereby imposed upon the first domestic processing of coconut oil, sesame oil, palm oil, palm kernel oil, perilla oil, sunflower oil, whale oil, fish oil (except cod-liver oil), or marine animal oil, or any combination or mixture containing any such oil if there has been with respect to such oil no previous first domestic processing within the meaning of this subsection, a tax of 3 cents per pound of such oil, which tax shall be paid by the processor. Under regulations prescribed by the Commissioner, with the approval of the Secretary, the tax provided in this subsection shall not apply to the processing (1) of coconut oil brought into the continental United States from the Philippines on or before the date of the enactment of this act or produced from copra brought into the continental United States from the Philippines on or before such date, or (2) of 520,000,000 pounds of coconut oil of Philippine origin which is brought into the continental United States from the Philippines as coconut oil, or which is the product of copra of Philippine origin brought into the continental United States from the Philippines, during each period of 12 months after the date of the enactment of this act, or (3) of the following articles if the product of American fisheries, or if produced in the United States: Fish oil, whale oil, and marine animal oil. For the purposes of this section, the term "first domestic processing" means the first use in the United States, in the manufacture or production of an article intended for sale or intended for further manufacture, of the article with respect to which the tax is imposed. For the purposes of the exemption granted by this subsection, the amount of coconut oil producible from copra shall be regarded as 63 percent by weight.

Mr. HARRISON. Mr. President, I desire to make a brief statement.

When this matter was before the Committee on Finance I voted against the amendment that is written in the bill because, even though my people are very much interested in cottonseed oil, and I had been appealed to to vote for it, I thought it was a violation of the independence act that we had passed for the Philippines; and I was fearful that it might invite a Presidential veto of a very important bill if we did not at least provide an exemption of the average importations from the Philippines of copra and coconut oil. So I talked to the President about this matter, and I received from him this letter, which I desire to read:

I am advised that H.R. 7835, the revenue bill, now under consideration before your committee, contains a provision imposing an excise tax on coconut oil.

Now that the Philippine independence bill has been approved, and insofar as the United States is concerned represents definite commitments to the government and the people of the Philippine Islands, the provisions of section 6 will govern future trade relations with the islands. Paragraph (b) of this section contemplates that there shall be no restriction placed upon Philippine coconut oil and copra coming into the United States until after the inauguration of the government of the Commonwealth of the Philippine Islands. It is my view that the imposition of an excise tax on coconut oil would be a violation of the spirit of this section of the independence act, and that such provision should be eliminated from the revenue bill.

May I respectfully suggest that your committee be advised of the language which I used in regard to the economic phase of the independence bill in my recent message to the Congress.

Mr. LONG. Mr. President, whose letter is that?

Mr. HARRISON. That is from the President of the United States.

So I received a communication from the Secretary of State opposing this provision that was written into the House bill. That is true also of the Secretary of War. The Secretary of War has sent several communications to me. So I started out to ascertain what was the average importation from the Philippines of coconut oil and copra, it appearing to me that if we should exempt the average from those countries the Philippine government and the Philippine people would have no cause of complaint against us on this account.

In a letter from the War Department, the Secretary of War says in one paragraph—although I say again that he is opposed to any limitation; he does not want us to restrict at all the importations from the Philippine Islands—Secretary of War Dern says:

General Cox informs me that in view of the position taken by me regarding the proposed excise tax on coconut oil he stated that he was not authorized to agree to any proposal not in accord with the views previously expressed by me. He pointed out, however, that in case a quota should be established for the Philippine Islands, it should be fixed at not less than 520,000,000 pounds of combined coconut oil and copra equivalent as the minimum amount that would preserve the substantial interests of the islands at the established level of the coconut industry.

Here are the figures with reference to the average for the past 5 years:

The 5-year average from 1929 to 1933 of coconut oil and copra transformed into coconut oil is 519,964,199 pounds—practically 520,000,000 pounds.

Mr. WALSH. The 5-year average?

Mr. HARRISON. That is the average for the 5 years from 1929 to 1933, inclusive.

Mr. TYDINGS. Mr. President, will the Senator yield there?

Mr. HARRISON. I yield.

Mr. TYDINGS. Did I understand the Senator to read in the caption that that was oil and copra together?

Mr. HARRISON. These are the imports of copra converted into oil on the basis of a yield of 63 percent.

Mr. TYDINGS. My understanding is, as I attempted to point out to the Senator the other day—I may be in error—that that is the copra only, and does not include the oil.

Mr. HARRISON. No; this is copra transformed into coconut oil. The coconut oil is 63 percent of the copra.

Mr. TYDINGS. That is true; but what I am pointing out to the Senator is that the Filipinos themselves send in the oil already extracted from the copra, and the Senator's figures do not comprehend the oil shipments.

Mr. HARRISON. According to these figures, may I say that the imports of copra converted into oil for those years, 1929 to 1933, were 195,000,000 pounds plus. The imports of coconut oil itself were 324,045,000 pounds.

Mr. TYDINGS. Will the Senator yield further?

Mr. HARRISON. Yes.

Mr. TYDINGS. I think the Senator is reading about the amount of copra from which oil is extracted after it gets into the United States.

Mr. HARRISON. I am reading the total combined imports of oil and copra converted into coconut oil.

Mr. TYDINGS. What are the combined figures? The Senator read the heading as copra.

Mr. HARRISON. Five hundred and nineteen million nine hundred and sixty-four thousand pounds from 1929 to 1933, inclusive.

Mr. TYDINGS. And the Senator asserts that that is not only the oil which comes in each year, but the average of 63 percent of the copra which comes in?

Mr. HARRISON. That is quite true.

Mr. WALSH. It seems to me that is very clearly stated.

Mr. HARRISON. Yes; and these figures I had prepared by Dr. Ryder. The members of the Finance Committee will remember him as one of the experts from the Tariff Commission, and he was designated by the N.R.A. as their expert. I had him look into this matter, and these are the figures which are presented to me in addition to what the Secretary says. He analyzes each one:

Second, 520,000,000, or 232,000 long tons, which is the average annual import of coconut oil from the Philippines in the 5-year period from 1929 to 1933, plus the oil content of the annual average import of copra from that source in the same period. Statistically, a quota of this size seems to be warranted, and it will probably be demanded by the Philippines as a matter of justice. It comes nearer than the 3-year average of 1931–33 to the usual annual imports in the years preceding 1929, when business conditions were fairly normal. Although 2 years of large imports, 1929 to 1932, are included, this is more than offset by the fact that imports were lower than usual in 1931, and much lower than usual in 1932.

So it seems to me that if we exempt the 5-year average importation of coconut oil and copra from the Philippines, the Philippines are not hurt, and have no cause to object. That is what this amendment does. It broadens the provision to take in perilla oil, I believe, and it excludes some other kinds of oil.

Mr. BORAH. Mr. President, I understand that the Senator's amendment permits so much coconut oil and copra transformed into coconut oil to come in each year.

Mr. HARRISON. Free of tax.

Mr. BORAH. Free of tax. That would be satisfactory, I suppose, to the Filipinos; but what protection would that afford to those whom we are seeking to protect under this bill?

Mr. HARRISON. I cannot answer that question. I feel quite sure, though, that if we should not exempt the amount of Philippine products that we are bound under the independence act to permit to come in here without the imposition of this tax, it would be a very just cause for vetoing this bill; and I am sure no Senator here wants to undergo the risk of having the bill vetoed.

Mr. BORAH. Mr. President, I am rather inclined to think that we ought not to do anything to prevent the bill from going through; but the Senator's amendment accomplishes nothing in the way of protection of the dairy interests of the United States.

Mr. HARRISON. It does this: It includes all these other oils. It is quite true that to the extent of 520,000,000 pounds annually of this coconut oil and copra they are exempt.

Mr. BORAH. If we should reject the Senator's amendment and the Finance Committee's provision also, there would still be power in the Secretary of Agriculture to deal with this matter the same as he deals with other matters. I have read the Agricultural Act lately.

Mr. HARRISON. He does not think so. He thinks it would require legislation to do that. That is his opinion.

Mr. BYRNES. Mr. President, may I say to the Senator from Idaho that the situation is a rather remarkable one, because the act of Congress providing for levying the cotton processing tax referred to by the Senator from Maryland, provides that an exporter is entitled to a refund upon all goods shipped to any foreign country, including the Philippine Islands; so that in the case of the processing tax upon cotton, the tax is not carried to the consumer in the Philippines. I have just checked it up to show that I was accurate in my recollection, and the Filipino is in the status of one who is not a citizen of this country, though the Senator contends that he is entitled to that status as to this matter of taxes.

Mr. BORAH. I think he is; but, before I sit down, let me say that I see no virtue at all in this amendment of the Senator from Mississippi. I should much prefer not to legislate at all on the subject than to legislate in a way that does not accomplish anything in the way of protection to the dairy industry, which we are seeking to do. The Senator's bill permits the oil to come in to the full extent to which it has been coming in, and that is exactly what the people who are supporting this tax are complaining of.

Mr. HARRISON. I can appreciate that, may I say to the Senator. It does permit the average annual importation of the last 5 years of coconut oil to come in; and I cannot understand how we can keep it out, in view of what we have already done in the independence act.

Mr. BORAH. Then the better thing to do would be to reject any legislation at all upon the subject.

Mr. CONNALLY and Mr. WALSH addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Mississippi yield; and if so, to whom?

Mr. HARRISON. I yield to the Senator from Texas.

Mr. CONNALLY. I will say to the Senator from Idaho that this amendment affects other foreign countries as well as the Philippines, and while this amendment would largely destroy the provision in the bill, it would affect a lot of islands from which this oil comes, such as the South Sea Islands, and so forth.

Mr. BORAH. Oh, yes; but that is not what we are seeking to do by this amendment.

Mr. CONNALLY. I agree with the Senator. This amendment emasculates the Senate bill.

Mr. WALSH. Mr. President, will the Senator from Mississippi yield?

Mr. HARRISON. I yield.

Mr. WALSH. I should like to inquire what percentage of the total importation of oil is included in the 520,000,000 pounds referred to.

Mr. HARRISON. For the 5-year average the annual imports from the Philippine Islands of copra converted into oil, on the basis of the 63-percent yield, amounted to 195,919,000 pounds; the imports of oil as such amounted to 324,045,000 pounds.

Mr. WALSH. Is the Senator giving the figures of all importations from all parts of the world?

Mr. HARRISON. I have those figures. From sources other than the Philippine Islands——

Mr. WALSH. That is what I want.

Mr. HARRISON. Imports of copra converted into oil on the basis of the 63-percent yield, for the 5-year average, amounted to 149,136,000 pounds. The Senator will notice that is a little less than half of what it was from the Philippines. The total combined imports of oil and copra converted into oil amounts to 149,162,000 pounds, for that average.

Mr. WALSH. So the larger percentage of the importations of oils of this character comes from the Philippine Islands?

Mr. HARRISON. There are about 150,000,000 pounds from all other countries and about 520,000,000 from the Philippines.

Mr. WALSH. In other words, about two thirds or three fourths of all the oils imported come from the Philippines?

Mr. HARRISON. Yes.

Mr. REED. Mr. President, just a word about some of the other oils included in the Senator's amendment. He puts no qualification on the tax on palm oil. It so happens that in the manufacture of tin plate it is impossible to use any other oil than palm oil, and the Committee on Finance, wisely, I think, inserted an exception to take care of palm oil used in tin-plate manufacture.

If any domestic fat or grease or oil could be used as a substitute, that would be all well enough; but the effect of this could not be to reduce the importations of palm oil by one teaspoonful, as it would be to raise the cost of all the tin cans which are used in the United States. It seems to me clear that the exception ought to be carried into this amendment.

Furthermore, all of us are anxious to protect the dairy farmers of the United States. Probably, of all varieties of agriculture, they have received less benefit from what has

been done by the Congress in the last 12 months than any other group of agriculturists.

In my own State, which supplies a very large part of the dairy products shipped to the city of New York and to the city of Philadelphia, prices are below the cost of production. The cost of feeds has been raised, and here we are asked to raise them more by putting a tax on cod oil, and those people will get absolutely no protection from this amendment if it shall be agreed to.

Any dairy farmer who looks to the action of this Congress for relief must know that if the amendment offered by the Senator from Mississippi shall be agreed to he will get no relief whatsoever.

Mr. CAREY. Mr. President, the Senator from Pennsylvania has called attention to helping the dairy industry. I might say that the tax proposed would also aid the hog grower and the producer of beef cattle. In fact, about one third of the coconut oil is used for oleomargarine, rather than for soaps. That one third represents fats, which were formerly furnished from both dairy and beef cattle. So the producer of other livestock, as well as the dairy farmer, would be benefited by this provision of the bill.

I do not think anyone has called attention to the fact that there has been a large increase in the storage of fats in this country. These represent fats which are not sold, for the reason that there is not a market; and I want to insert in the RECORD some figures, which I have, showing the amount of fats in storage in the country on the 1st of January of this year. There were in storage: Cottonseed oil, a billion pounds; lard, 132,000,000 pounds; tallow, 256,000,000 pounds; butter, 111,000,000 pounds; other greases, 87,000,000 pounds.

So it is not only the dairy producer but other livestock men who will benefit by this legislation.

Mr. MURPHY. Mr. President, what is the total of the amount in storage of those fats?

Mr. CAREY. I have not the total here. I have given the figures as to the various items. It is possibly a billion seven hundred million.

Mr. MURPHY. And we are asked to let in from the Philippines 519,000,000 pounds. Mr. President, a processing tax is about to be imposed on cattle. There is a processing tax on hogs and there is a processing tax on cotton. The purpose of the processing taxes is to provide money with which to pay benefits to the cotton grower, the hog grower, and the beef grower in consideration for their reduction of the supply.

We are exerting every effort, through the Agricultural Adjustment Administration, to bring agricultural supply in line with demand. Yet, in the face of that effort, we are asked to permit the Philippines to send in 519,000,000 pounds of cottonseed oil and copra, which are not to be process taxed, while taxes are imposed on cotton, on lard, and on beef.

Mr. CAREY. And on butter.

Mr. MURPHY. And a tax may be imposed on butter. We are asked to permit unrestrained competition in the amount of 519,000,000 pounds, and permit that amount to defeat our efforts to raise the prices of other fats with which those oils are interchangeable.

There is a great deal said about our obligation to the Filipinos. I wonder what our obligation is to our own people. For 3 years we have had a price on hogs that has meant bankruptcy for the hog farmer. In my State last year there were filed 6,000 petitions in foreclosure, which means that 6,000 Iowa farmers will leave their homes, driven out because they cannot make enough to pay interest.

These oils' being interchangeable with our fats is responsible, in considerable measure, for the depression of prices, and permitting 519,000,000 pounds to come in from the Philippine Islands and defeat our efforts to raise those prices would be to prolong suffering on our farms and to make more difficult the task of the Agricultural Administration to increase prices.

I think the amendment of the Senator from Mississippi ought to be defeated, and I think the amendment of the Senator from Maryland ought to be defeated.

Mr. SHEPPARD. Mr. President, I want to ask the Senator from Iowa a question before he takes his seat. Is not the impairment of the economic independence of the American farmer a rather high price to pay for the political independence of the Philippines?

Mr. MURPHY. I would say that, in my opinion, it is.

Mr. STEIWER. Mr. President, I had hoped to have an opportunity, at the time the Senator from Wyoming [Mr. CAREY] was stating certain figures a few moments ago, to make some inquiry about the amounts of fats and greases which are produced by the packers, and the amounts produced by the renderer; that is to say, the plants which render the contents of the refuse heaps, the butcher shops, and the garbage cans of hotels and other institutions in the country. I should like to ask about that, because I do not have, and have not been able to find, the most recent figures.

For 1931, according to the Bureau of the Census, the total tallow production in the United States was 590,000,000 pounds. Of that amount, the total produced in the packing houses was 254,000,000 pounds and the total produced by the various rendering plants was 336,000,000 pounds, the latter being between 55 and 60 percent of the total. Can the Senator advise me whether that ratio still obtains for the more recent years?

Mr. CAREY. I am sorry I cannot answer the Senator's question. I can give some figures as to the amount of fat there is in a steer, the amount produced from an animal in the packing house.

Mr. STEIWER. I have seen those figures. It seems to me that we are proceeding upon a false premise if we assume that the imposition of this 3-cent tax on oils would necessarily benefit the livestock producers of this country.

Evidently, from the best information we can obtain, the greater benefit will go to the renderers who use the refuse heaps and the contents of the garbage cans.

It seems to me that if we are not to support the amendment offered by the Senator from Mississippi, but are to adhere to the amendment offered by the Senate Finance Committee, we might very well also impose the tax upon tallow produced by these local rendering operations. It would seem also that we ought to take some heed of the fact that we have trade treaties with foreign countries, which impose upon us a duty not to levy internal taxes which are discriminatory in their character.

In the Senate committee amendment, and indeed, as I construe it, in the amendment offered by the Senator from Mississippi, it seems to me that those trade treaties are all violated in that we seek to place a tax upon the foreign fish oils which we do not place upon the domestic fish oils. These considerations ought to cause us to hesitate before we accept too eagerly either of the proposals which are before the Senate at this time.

I also want to call attention to a consideration that disturbs me somewhat, and that is that neither of these amendments provides any duty upon the importation of foreign tallows. The duty in the act of 1930 is one half of 1 cent per pound. That duty has proved to be very effective. The importation of foreign tallows into America at this time is only nominal, but it is believed by those with whom I have advised that the addition of a 3-cent tax upon the competitive oils and greases in this country, if it results in an increase in price even of as much as 2 cents per pound, will make a very fine market in America for the foreign tallow.

I want to ask someone who is a proponent of these various proposals, what benefit will accrue to the agriculturalists of America; what benefit will the packers receive; what benefit will the cattle or hog raisers receive; and, so far as that is concerned, what benefit will the tallow renderers receive if we agree to these amendments and do not provide an adequate tariff to prevent the introduction of the foreign tallow?

I have not at hand the figures, but I am told that in various countries of the world there are very abundant supplies; that they have on hand surpluses, just as we have on hand surpluses of oils and fats in this country, and that those foreign surpluses will immediately find their way to our shores if we attempt, through the levying of a processing tax, to raise the level of practically all the fats and greases in this country, and do not provide the necessary tariff protection against importations.

I shall be very glad, indeed, if the proponents of these various measures will point out to us how and by what means we may reasonably expect benefits to American agriculture if we do not, by careful and comprehensive planning, provide taxes and tariff duties all the way around, so that we may insure a reasonable chance of a higher price level for our domestic oils and fats. If the 3-cent tax in any event is to be ineffective in raising the domestic price level, it would be far better to adopt the substitute amendment offered by the Senator from Mississippi [Mr. HARRISON]. In my opinion, it would serve as well as the committee amendment and would not subject this Nation to the humiliating charge of having betrayed the people of the Philippines.

Mr. GEORGE. Mr. President, I have no disposition to discuss the case on its merits, because this whole question of the effect of oil and fat imports on the oil and fat prices in the United States by this time certainly ought to be understood very well by all Members of the Congress. It is fairly well understood by all the producers of fats and oils throughout the country. It would be difficult to find any large number of intelligent producers of oil, either animal or vegetable, who do not thoroughly understand how their market is manipulated and, in fact, controlled by the large importations of foreign oils and fats.

For instance, anyone who is familiar with cottonseed, cottonseed oil, and the products thereof knows very well that whether or not the imported oils and fats be commercially interchangeable, these large importations enabled the large importers to make the market for the cottonseed, the cottonseed oil, and its products. And I am speaking in literal language—the large importers of the oils from the Philippines daily, directly and indirectly, fix the market price of the cottonseed and of the oil derived from the cottonseed in the South, and in precisely the same way the importers fix, not in theory—they can fling a lot of theories before the public men of the country and they will wear themselves out arguing about theories—in reality they fix the markets for these products for the American farmer, and all farmers have enough information and enough intelligence to know it.

Mr. President, I want to address myself now to the amendment that the distinguished Senator from Mississippi has proposed. Frankly, this amendment should be defeated or else there should be levied no tax upon any imported oils and fats, and why? For the very simple reason that if you permit 519,000,000 pounds of coconut oil to be brought into the country free of the tax, you have disturbed competitive conditions and the competitive relationship of every other processer in the country who does use and must use other oils or other fats on which the processing tax is levied.

Let me illustrate, and it is but an illustration: A large quantity of another southern product is used in soapmaking. It is used to make a particular kind of soap, but it is used in connection with imported whale and fish oils. If the whale and fish oils are to be taxed 3 cents and coconut oil is to go free, you have disturbed the relationship, you have disturbed the whole structure of these competitive processes, because you have made one pay a tax; that is to say, his raw material pays it, and the other pays no tax. The same thing is true of your palm oil as it relates to the manufacture of tinplate.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Louisiana?

Mr. GEORGE. I yield.

Mr. LONG. Without this amendment, as I read it, with the recent laws we have passed we create further discrimination against our domestic interests producing these products and in favor of the foreign products.

Mr. GEORGE. I think so. I was coming to that. Now that is all I want to say on this point. I repeat, it is obviously unfair to tax the raw material of one processor and to leave untaxed the raw material of another processor; and if this amendment of the Chairman of the Finance Committee is to be adopted, I shall vote against the imposition of a single penny of tax on any foreign oils or fats. That is the only fair way to deal with the problem.

Now, Mr. President, what is there unfair about taxing the Philippine products? The grower of cotton has had his production cut 30 to 40 percent under an acreage that has been cut during the last several years systematically and progressively.

Mr. TYDINGS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Maryland?

Mr. GEORGE. I yield.

Mr. TYDINGS. We contribute no money to the Philippine Islands to run their government or to improve their internal conditions whatsoever. We take nothing out of the Federal Treasury and give it to the Philippine Islands. They are a self-supporting country. They get none of our taxes whatsoever.

Mr. GEORGE. Oh, well, all the State of Maryland gets out of the Federal Treasury is placed in the Federal Treasury by the State of Maryland.

Mr. TYDINGS. Yes.

Mr. GEORGE. Every average State does that. I am not arguing it on that basis.

Mr. TYDINGS. But I want to call attention to the implied assumption of the Senator from Georgia that the Philippines were enjoying the fruits of our domestic policy. They pay their own way 100 percent.

Mr. GEORGE. Mr. President, that is exactly what they will do if this amendment prevails. Your dairying interests, the producers of seed in this country used for the purpose of extracting oil had their production actually limited. Why? The purpose has been, however it may result, to raise the price of their products. And the producers of the oil-bearing seed in the United States are our own citizens, for whom certainly we have the same degree of affection that we have for the little brown brethren on the other side of the Pacific.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. GEORGE. Not now, because I am going to come to the Senator's question. We have taken away from our own producers, in the hope of helping them, 40 percent of their production, and at the same time we propose to allow the Philippines to send into this country the high average, the abnormal average, of coconut oil which has been coming in during the last 3 or 5 years. Every American producer of competitive oil has had his production cut progressively during the last several years. He has had it cut 40 percent for 1934 directly by act of the Government, by act of the Congress, and by administrative act.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. GEORGE. I will yield in just a moment. However, a production which has not been progressively cut in the Philippines but which has been abnormally stimulated, under the pressure of economic necessity, I grant you, is to be permitted to come into this market to take the place made by the withdrawal on the part of the American producer of his product from the market, and entrench itself in that market and to hold it against the American producer hereafter. Now I yield to the Senator from Texas.

Mr. CONNALLY. Let me ask the Senator if the effect will not be that, while we are cutting down, our farmers will not get any more for their small production than they have obtained in the past, and the Filipino will have a larger market than he has ever had?

Mr. GEORGE. Exactly; our farmers will get less, because their competition will be more direct, will be stronger, from a tropical product grown on the basis of wages and conditions there existing.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. GEORGE. I yield to the Senator from Maryland.

Mr. TYDINGS. The Senator has just been discussing the surplus of cotton and the need for cutting down cotton production. May I call his attention to the fact that in the year 1932 the Filipinos bought $8,438,000 worth of cotton cloth made from cotton produced by the farmers of this country?

Mr. GEORGE. I appreciate that fact, but I also appreciate the fact that the nation now making the greatest inroads in trade of the Philippine Islands is not the United States. The statistics for recent months show that Japan is making greater inroads into the markets of the Philippine Islands than the United States.

Mr. TYDINGS. Mr. President, will the Senator yield further?

Mr. GEORGE. I yield to the Senator.

Mr. TYDINGS. The policies we are pursuing are calculated to accentuate the inroads which Japan is making on our trade with the Philippine Islands.

Mr. GEORGE. We have not thus far adopted any very drastic policy toward the Philippines.

Mr. TYDINGS. I should like to point out to the Senator that in the independence law we limited their quota of sugar below what they have heretofore been sending; we limited their quota of cordage below what they have been exporting to the United States; we limited their quota of coconut oil below what they have been exporting to this country; and it is only natural that they should look to other places to sell the surplus which we have driven out of the United States.

Mr. GEORGE. The independence law has not become effective, and not a single restriction in that law has become effective. I am emboldened to ask if one of the purposes of the Philippine independence law is not to defeat the just demands made by the American farmers? There are occasions when we grow very warm for independence for the Philippine Islands, but the American farmer is paying the cost of the warmth of our enthusiasm.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. GEORGE. I yield to the Senator from Kentucky.

Mr. BARKLEY. It might be noted in that connection that the independence of the Philippines made no headway in Congress until it was found that there ought to be independence in order that we might tax the Filipinos.

Mr. GEORGE. Yes, Mr. President; it was found that the competition from the Philippines was unfair to the American farmer; and if my friend from Kentucky wants to maintain the contrary, he is, of course, welcome to take that side of the issue.

Mr. BARKLEY. My point was—and I have stated it before—that independence of the Philippines as a matter of principle made no headway in Congress; it only made headway when it was found we needed the taxes, and we could not tax them without turning them loose and making them free.

Mr. GEORGE. Mr. President, I do not want to defend the Congress against that accusation. There may be more or less merit in the Senator's suggestion. I myself have been quite willing to vote for independence of the Philippines. I am quite willing to vote for the independence of the Philippines immediately, or at any time, upon any reasonable terms.

Mr. TYDINGS. Mr. President, will the Senator yield at that point?

Mr. GEORGE. Yes; I yield for a question.

Mr. TYDINGS. I think it would be a splendid thing, in order to draw the line clearly, if we would put a tax not of 3 cents a pound on this oil but a tax of a dollar a pound, and actually shut it out, so that the American farmer would be sure of getting the market. What is the use of going half-way about it? If we want to shut this oil out and give the American farmer the market, let us make the tax so high that the Philippine product cannot get in at all.

Mr. GEORGE. O Mr. President, the Senator from Maryland is too good a man to indulge in any such argument as that. The cotton producer of the South has not only had his production limited but he has had a processing tax levied upon his product; and if the theory of the Agricultural Adjustment Act is correct, if it will work in principle, the Filipinos can pay the 3 cents processing tax and get more dollar value out of their exports into this country than they will get at the present ridiculously low price of their product in this market.

Mr. TYDINGS. Mr. President——

Mr. GEORGE. I yield to the Senator from Maryland.

Mr. TYDINGS. Mr. President, I do not want to interject extraneous issues, but one reason we have limitation on cotton acreage and the processing tax is because the N.R.A. has driven up the price of everything the farmer has to buy until we have actually created a situation where we are giving him fake remedies in place of repealing the law that is causing his trouble.

Mr. GEORGE. Mr. President, I do not want now to stop to discuss whether they are fake remedies. I voted for the law referred to. I do not know whether or not the Senator from Maryland voted for it.

Mr. TYDINGS. No; the Senator from Maryland did not vote for it, thank Almighty God!

Mr. GEORGE. The Senator from Maryland did not vote for it. I voted for it. We were trying to do something for the American farmer, and I have no apology for having voted for it. Even if it turns out to be wrong, still I voted for it, and I voted for it in good faith. But the fact is that we not only have limited the production of the oil producers in the United States but we have put a processing tax upon those same producers, and it is obviously fair to put a processing tax upon the products of the Philippines. If that shall be any result comparable to what we were led to expect and believe, this market here will be worth more in dollars to the exporters of oil in the Philippines than the wide-open competitive market we have had, in which the coconut oil has gone down to the lowest level in, perhaps, the whole history of that industry.

Mr. CONNALLY. Mr. President——

Mr. GEORGE. I yield to the Senator from Texas.

Mr. CONNALLY. May I suggest to the Senator that while we are demanding that our farmers here at home reduce their acreage, many of the coconut plantations in the Philippines are owned by American corporations, for whom we will be making a contribution if we let this stuff continue to come in?

Mr. GEORGE. The Senator from Texas is quite right on that point.

Mr. BARKLEY. Mr. President——

Mr. GEORGE. I yield to the Senator from Kentucky.

Mr. BARKLEY. I have no desire to get into any disagreement with the Senator from Georgia with reference to the effect of the processing tax, and the comparative merits of the American cotton grower and those of the Philippine coconut grower, but, as a matter of fact, the effort to tax coconut oil coming from the Philippines was inaugurated here long before there was any processing tax and long before the Agricultural Adjustment Administration was created and prior to the advent of the present administration. The Senator recalls that, I presume?

Mr. GEORGE. Yes; I recall that.

Mr. BARKLEY. We have had this matter up for a long time.

Mr. GEORGE. But that is not material to what I am now saying.

Mr. BARKLEY. It is not material, except that it is now being used as at least additional evidence why this tax ought to be levied.

Mr. GEORGE. It is additional evidence.

Mr. FESS. Mr. President, will the Senator yield for a question?

Mr. GEORGE. I yield to the Senator for a question.

Mr. FESS. I should like to have the opinion of the Senator, because of his ability as a student of constitutional law, as to whether the A.A.A., or the legislation authorizing it, would apply to the Filipino product under the relationship existing between our Government and the Philippine Islands?

Mr. GEORGE. If I understand the Senator's question, I will reply that I do not think so, unless it was made applicable to a product grown there as well as to a product grown here.

Mr. FESS. It has been stated frequently that it would apply.

Mr. GEORGE. I think it would apply if it were made applicable to the product grown in the Philippines as well as the product grown in the United States, that is, if such product were declared to be a basic agricultural commodity under the act.

Mr. FESS. Suppose we had cane sugar as one of the basic commodities on which the A.A.A. operates; would the law, without specific provision to that effect, apply to the sugar produced in the Philippines?

Mr. GEORGE. I have not made such a close study of the language of the act as would enable me to answer the specific question raised by the Senator from Ohio. I am, however, disposed to think it would apply, although the phraseology of the act itself might exclude it.

Mr. FESS. I have my doubts about it.

Mr. GEORGE. Generally speaking, our tariff legislation and legislation of a kindred kind have applied to the Philippines unless there were some express exception; unless there were some words limiting their application.

Mr. STEIWER. Mr. President, will the Senator yield?

Mr. GEORGE. Very well.

Mr. STEIWER. I have the act in my hand. If the Senator will permit I would like to read just a sentence appearing in section 10:

> The provisions of this title shall be applicable to the United States and its possessions except the Philippine Islands, Virgin Islands—

And so forth.

Mr. GEORGE. Of course, that would seem to settle the question.

Mr. President, the truth is that during the World War, when the price of fats and oils went very high, some of our good American citizens invested American money in the Philippines in the production of the oils which are now being brought into the United States. I am not quarreling with the motives that induced the American investor to put his money in the Philippines or into this particular industry, but I am trying to point out the real situation.

By legislation, and by administrative acts pursuant to the legislation, we are restricting our producers, cutting down the quantity of oils and fats they may produce. We are imposing upon our producers of oils and fats a processing tax. At the same time we do not, nor does this amendment, propose to restrict the importations from the Philippines even as we have restricted production in the United States on the part of our own producers of other vegetable oils. We are doing this not alone for the Philippines, but we are doing it also for those American capitalists who put their money into the Philippine Islands and into the production of coconut oil when, during and following the World War, the price of the oil went very high. They will be in a large measure the beneficiaries of our failure to legislate properly for our own producers in the United States.

Not only that, Mr. President, but the Philippine Islands now have a preferential of 2 cents on coconut oil. They will have a preferential of 2 cents on coconut oil even if this bill should pass, because the full tariff applies on imports of coconut oil from every other country where it is produced except the Philippine Islands, our Pacific possession or territory. So the oil product of the Philippine Islands, coconut oil and copra, can come into the United States. It will have a differential of 2 cents in its favor. It can pay the 3-cent processing tax. If the same tax is put upon all other imported oil and fats, it will be at no disadvantage. It will have the preferential of 2 cents under our tariff act. That satisfies my own conscience that I am dealing fairly with the Philippine Islands and fairly with our own producers in the vote I am going to cast.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. GEORGE. Not now. I do not want to argue with the Senator. I am afraid that no amount of light would help the Senator on this question.

Mr. TYDINGS. Inasmuch as the Senator's remark was personal, may I say that it looks to me as if he himself is moving in complete darkness.

Mr. GEORGE. I did not intend my remark to be personal, if my good friend from Maryland will permit me. Mr. President, nearly every dark cloud has a silver lining, and I am going to say in all kindness to my friend from Maryland that inasmuch as he is moved on account of his desire to permit no discrimination against the Philippine people, I can appreciate it and understand it, although I cannot fully sympathize with it under the facts in the case.

The Philippine Islands will be permitted to send their coconut oil into the United States with a 2-cent preferential under our tariff. If all other oils are taxed 3 cents, it must follow that their oil will still come into this market. If it comes in restricted quantities, and the American producer of oils has himself restricted his production to the point where the market is profitable, the Philippine producer will have an equal or greater dollar return for his coconut oil than he has under existing conditions. His oil will come into the United States. The tax of 3 cents will not exclude coconut oil, nor will it exclude the other oils which are necessary—and some of them are necessary. A part of oil importations will necessarily come into the United States. There will be some additional tax laid on the consumers of the products into which the oils go.

I think I have been as reasonably consistent in desiring moderate and reasonable tariffs as, perhaps, any Senator. I would be glad to see us turn our face in that direction, but the fact is that we have not turned that way. If our highly protected market is to be maintained and a burden placed upon our own producers, it seems altogether reasonable and right, when we are called upon to assume additional restrictions as producers in the United States, that neither the Philippine Islands nor any other possession under the American flag should be allowed to come in, fill the gap in the market which we leave as we withdraw, entrench themselves, capture that market, and keep it.

Mr. President, if we were called upon to discriminate against the Philippine Islands, deny them essential justice in a matter vital to their welfare, I would do as I have done in the past—I would vote against it. I have voted against proposed oil tariffs. But when it is proposed to tax all oil, when it is remembered that the proposal grows out of the general program of increasing prices in the domestic market for the benefit of imports of the Philippines as well as our domestic production, and when it is remembered that the Philippines will have, even if the amendment stands, a preferential of 2 cents under our tariff act, I do not see how we are abusing the Philippines by voting for it. But I am certain that if 519,000,000 pounds of coconut oil are to be admitted free of duty, it would be fair and just, in order not to disturb and to handicap users of other competitive oils, that that tax be not imposed upon any foreign oil.

Mr. FRAZIER. Mr. President, I am very much opposed to this exemption of 520,000,000 pounds of coconut oil. If that amount of coconut oil is exempted from this tax it will mean that the coconut oil will come into direct competition with dairy products, and the tax will afford no help to the dairy interests.

We use annually, according to the figures I have obtained, about 200,000,000 pounds of coconut oil in the manufacture of oleomargarine, which, of course, comes into direct competition with dairy products, into direct competition with cottonseed oil and other ingredients that go into oleomargarine manufactured here in the United States.

It seems to me that in view of the argument which the Senator from Georgia [Mr. GEORGE] made about the 2-cent tariff on coconut oil from other countries being effective, and the Philippine Islands having that advantage, there should be no objection to this 3-cent tax on coconut oil coming from the Philippine Islands; and I hope the amendment of the Senator from Mississippi will be defeated, especially the part of it which provides for the exemption from tax of 520,000,000 pounds of coconut oil from the Philippines.

Mr. STEIWER. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER (Mr. RUSSELL in the chair). The Senator will state it.

Mr. STEIWER. Is the amendment of the Senator from Mississippi [Mr. HARRISON] the pending amendment?

The PRESIDING OFFICER. It is.

Mr. STEIWER. Would an amendment to that amendment be in order?

The PRESIDING OFFICER. It would be.

Mr. STEIWER. I send to the desk an amendment to the amendment, which I ask to have stated.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The CHIEF CLERK. After the comma at the end of clause 2 it is proposed to insert:

But not more than 260,000,000 pounds thereof shall be brought into the continental United States in the form of coconut oil.

Mr. STEIWER. Mr. President, the purpose, and the only purpose, of the proposal which I now make is to insure that at least one half of the total amount of importations permitted under the amendment of the Senator from Mississippi shall be in the form of copra and not in the form of oil.

Of course, the reason for that is to insure that we shall retain our share of the crushing industry in this country. The amendment can have no other effect. It does not affect the total amount of importations which shall be permitted under the amendment proposed by the Senator from Mississippi. It does not affect the rate of tax. It has nothing at all to do with the importation of this oil except to insure, as I say, that 50 percent of it shall come into this country in the form of copra, and that American labor here in the United States may have the opportunity of crushing the copra into the oil, which, of course, is the product with which we are concerned.

I hope the Senator from Mississippi may look with favor upon that amendment, and that it may be written into the law as a part of the protection for American labor and American industry, and in order that the Filipino crushers, 80 or 90 percent of whom are foreign and foreign owned, may not take the crushing industry away from us under the limitations of this act.

Mr. HARRISON. Mr. President, I may say to the Senator that in one of the communications from one of the representatives of the Philippine government it was stated that they were afraid that action upon the part of the Congress might deprive them of this industry in the Philippines, namely, the industry of crushing the copra and making coconut oil from it.

I do not know just what effect this amendment would have. I do not know just what percent of the crushing is done in the United States. I have read the figures as to the amount of copra that comes into the United States, but the Senator desires to cut down the amount one half, as I understand. I do not know what the status quo is now. Does the Senator know?

Mr. STEIWER. I do not know exactly. I believe that there is a little more oil than copra imported—that is, not of course more in pounds, because the copra is heavier than the oil, but in terms of equivalent amounts of oil—at the present time there is a little more oil than copra imported. I think that has been true for several years last past.

Mr. HARRISON. That is why I asked the Senator the question, because this is a very delicate matter. It is loaded with dynamite. I do not want to see us do something here that will impel the President to veto the revenue bill. I am sure that if we do not make a reasonable exemption for the Philippines and carry out in spirit what we have already done in the Independence Act, there will be every justification for a veto. I know he would not want to do that, but I know the Senator's feelings. I know he does not want us to put something in the bill that will bring about that result.

Mr. STEIWER. No; of course I do not; but let me call the Senator's attention to the fact that in the Independence Act, to which considerable attention has been paid during the debate this afternoon, there is a limitation of 200,000 long tons of oil per year from the Philippines and no limitation at all upon the importation of copra from the Philippines; so that, in the light of the Independence Act, even this provision would permit a considerable reduction in the amount of copra received, and a considerable increase in the amount of oil, as against the Independence Act.

Mr. HARRISON. That is why I asked the Senator if he knew exactly what the amount was. I think, if we can hold the status quo, we shall be carrying out in spirit the Independence Act; but, if we fix the percentage of copra from the Philippines that must be crushed in this country at a larger amount than is now crushed in this country, it would seem to me that we are not holding the status quo.

Mr. STEIWER. May this amendment be permitted to go to conference, and let us ascertain the amount. It is a matter of figures. Let us ascertain the amount.

Mr. HARRISON. I am inclined to think that an amendment like that, going to conference, would be in conference in such a way that we might then arrive at the real facts on it.

Mr. STEIWER. I should think so.

Mr. HARRISON. I desire to bring out one thought.

Of course, Senators who are familiar with conferences—and all of you are—realize that the House bill made no exemption of coconut oil from the Philippines. The Senate Finance Committee's recommendation makes no exemption at all of coconut oil coming from the Philippines. If this amendment should be voted down, and the Senate committee amendment should be adopted, there would not be in conference between the House and the Senate any question of any exemption from the Philippines. In other words, what would be in conference, so far as coconut oil is concerned, would be the difference between a 3-cent tax and a 5-cent tax on coconut oil, and the bill would have to go to the President incorporating a tax somewhere between those figures.

So I sincerely hope that whatever we do here we shall leave the subject in conference so that we can get together upon something that will not violate the Independence Act, and at least try to benefit the people in this country who are interested in the matter. So I shall not object to the Senator's amendment if he desires to add it to my amendment.

Mr. STEIWER. I thank the Senator; and I shall be very happy to have the matter voted upon on that basis.

Mr. HARRISON. While I am on my feet, let me say—I do not see the senior Senator from Pennsylvania [Mr. REED] here, but I see the junior Senator from Pennsylvania [Mr. DAVIS] here—that the Committee on Finance did make an exception of palm oil, which goes into the manufacture of tin plate. I shall not object to a modification of the amendment to make that exception, carrying out the action of the Senate committee, so that that matter can be in conference, if the amendment shall be adopted.

Mr. JOHNSON. Mr. President, I shall not re-echo what the Senator from Mississippi has said, that this matter is surcharged with dynamite; but to some of us it is surcharged with difficulties and perplexities.

We are in a very singular situation with regard to this bill at the present time.

First, there is a suggestion made by the Senator from Maryland [Mr. TYDINGS], to which there seems to be some real substance, I think, that under the act granting independence to the Filipinos we have undertaken to do certain things, and have made certain promises, and that these will be violated in spirit, probably, if we proceed in the manner

in which the bill has been written either by the House or by the Senate committee.

I hoped, and I labored under the delusion, that the amendment presented by the Senator from Mississippi was in the nature of a compromise which might be reasonably acceptable to all parties to the controversy. I see, as we discuss it here upon the floor, that it is not of that character, and that it yields everything in the nature of a tax that might be imposed either by the bill of the House or by the measure that has been presented to the Senate, and leaves the situation as it has existed without change, and accomplishes nothing for those who are entitled to our efforts.

Every man of us here is sympathetic, of course, with the American farmer. Most of us in the past 10 years have stood upon this floor and voted for some very bizarre legislation in the hope that we might aid agriculture and those engaged in that basic industry.

All of us are sympathetic with our dairymen, and all of us would wish, wherever it be possible, to render such assistance as we can to them in any matter of consequence or any matter of importance at all. We all, of course, equally want to be just to any industry that exists, and we want to keep faith in any promise that we have made to any wards of this Nation and to any peoples who have been under our guardianship or our tutelage and a part of our Nation.

So there are difficulties and there are perplexities; and recognizing them, as we must, we can only act that the welfare of all concerned be preserved as best we can preserve it. Instead of the Harrison amendment presenting a way out, it simply proceeds upon the theory that such oils as have been permitted heretofore to come into this country will be permitted in the future to come in, in like fashion.

The Senator from Georgia demonstrates that those products thus coming in from the Philippines have a preferential rate of 2 percent, which will enable them to be exported into our mainland without real injustice or real hardship to those who send them to us.

It is probably a difficult thing for us therefore to determine what is best to be done, but as we view the whole picture today our perspective becomes clearer. The Senator from Oregon presents an amendment to the amendment of the Senator from Mississippi, which, it is admitted upon the floor here, no one understands in detail, but which ultimately would be determined in the conference which it is expected will be held upon the bill.

Mr. President, when we get into the last analysis upon this proposition, we are confronted with the bare fact of the controversy. It is whether we are going to tax coconut oil and copra coming into this country from the Philippines or whether we are not. The amendments of the Senators from Maryland and Mississippi will preclude any tax. If we adopt the bill which has been presented to us by the Finance Committee, and the bill which has come from the House, the tax will be imposed.

Phrased another way, the question comes to us as to whether the aid which will be accorded agriculture and our dairymen will be accorded under this bill, or whether, under the circumstances which exist, there is a moral obligation upon us not to accord any aid at all because of the Philippine Act.

Mr. President, I voted for the Philippine Act. I have that delicate sense, I think, which the Senator from Maryland expresses so very ably here, of not desiring, under any circumstances, to break a moral obligation which may rest upon us respecting the Filipinos. If we are breaking one in this bill, I would prefer not to participate in it. But, as I have listened to the arguments this afternoon, as I have listened to the Senator from Georgia in his very able presentation, I am not at all clear that we are guilty of the breach of any obligation, moral or otherwise, in passing the bill or adopting the amendment that was presented by the Committee on Finance.

In the final analysis, if I have to determine as to whether I will follow a course such as has been mapped out here today in relation to the particular method of rendering aid to the people of the United States, or the course of giving them no aid whatsoever, my course is just exactly as plain as that which was so eloquently portrayed by the Senator from Georgia. Our farmers and our dairy interests require our assistance. But one way have we of according it. That way, not wholly without doubt, I take.

Mr. DAVIS. Mr. President, I send an amendment to the desk which I ask to have stated.

The PRESIDING OFFICER. The junior Senator from Pennsylvania sends an amendment to the desk, which the clerk will state.

The Chief Clerk proceeded to state the amendment.

Mr. GEORGE. Mr. President, I have no desire to be captious; the Senator from Mississippi, of course, can accept these amendments, but they are not in order in the form of amendments, because they would be in the third degree. The Senator from Mississippi, however, can accept an amendment such as that just offered.

Mr. HARRISON. Mr. President, I will modify my amendment, if I may be permitted, as follows: At the end of clause 3, before the period, to insert a comma and the following words: "or (4) of palm oil used in the manufacture of tin plate." This is in accordance with the recommendation of the Committee on Finance.

The amendment proposed by Mr. HARRISON, as modified, was ordered to be printed and to be printed in the RECORD, as follows:

On page 214, strike out lines 3 to 15 and insert in lieu thereof the following:

"(a) There is hereby imposed upon the first domestic processing of coconut oil, sesame oil, palm oil, palm-kernel oil, perilla oil, sunflower oil, whale oil, fish oil (except cod-liver oil), or marine-animal oil, or any combination or mixture containing any such oil if there has been with respect to such oil no previous first domestic processing within the meaning of this subsection, a tax of 3 cents per pound of such oil, which tax shall be paid by the processor. Under regulations prescribed by the Commissioner, with the approval of the Secretary, the tax provided in this subsection shall not apply to the processing (1) of coconut oil brought into the continental United States from the Philippines on or before the date of the enactment of this act or produced from copra brought into the continental United States from the Philippines on or before such date, or (2) of 520,000,000 pounds of coconut oil of Philippine origin which is brought into the continental United States from the Philippines as coconut oil, or which is the product of copra of Philippine origin brought into the continental United States from the Philippines, during each period of 12 months after the date of the enactment of this act, but not more than 324,000,000 pounds thereof shall be brought into the continental United States in the form of coconut oil, or (3) of the following articles if the product of American fisheries or if produced in the United States: Fish oil, whale oil, and marine-animal oil. For the purposes of this section, the term 'first domestic processing' means the first use in the United States, in the manufacture or production of an article intended for sale or intended for further manufacture, of the article with respect to which the tax is imposed. For the purposes of the exemption granted by this subsection, the amount of coconut oil producible from copra shall be regarded as 63 percent by weight, or (4) of palm oil used in the manufacture of tin plate."

Mr. NORRIS. Mr. President, I should like to ask the Senator from Mississippi not to crowd this amendment to a vote tonight. I am just as anxious as he is to make headway with the bill, but the discussion today has developed the fact that a great many Senators are in grave doubt as to how they ought to vote, not only on the amendment of the Senator from Mississippi, but on the committee amendment, as well. I am included in that number.

I had no doubt at the beginning what I was going to do about this matter. I believe I had a misconception of the condition which exists, and I was in favor of the pending amendment. I have always been in favor of doing what the amendment suggests, without giving it any particular attention, beyond the fact that it seemed to me that as all the dairy interests of the country and all the farmers of the country were asking for it, they were entitled to it.

As I go into the matter deeper, as I have listened to the debate, I am in doubt, not as to the merits, not as to how I would vote if I followed my inclination, but I am in doubt as to whether the Government of the United States has any honorable right, when we consider the relationship we have with the Philippines, and the act purporting to give freedom to the Philippine Islands, to pass such a law; whether we are not obligated not to do what these amendments pro-

pose. I noticed in listening to other Senators, and in talking with them, that there are a great many of them who have the same doubt.

I would not want to cast a vote here which would be unjust or which would in any way be repugnant to the honorable position we ought to take in regard to the Philippine Islands. I have always felt that we had no justification, in honor, for levying a tax upon the products of the Philippine Islands while we were holding those islands under our Government without their consent. I am wondering whether we are not about to do that, and whether the act we have passed at this session of the Congress is not absolutely contradictory to the step we are asked to take now.

I doubt very much whether there is anyone here who would not like to levy the proposed tax on this oil. I would. I concede that I would vote to do that if I were free to vote my convictions. I have said many times that I was going to do so, but when I am confronted now with the condition which seems to confront me, I am wondering whether we as a Government have a right to take these steps.

We certainly have to keep our word to the Filipinos, even though it may be very much against our interest to do it.

Mr. HARRISON. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. HARRISON. I wish to say that the Senator has expressed my sentiments thoroughly. I should like to put a tax on this product. However, it is a most reasonable request the Senator makes, and consequently I ask, if there be no objection, that this matter go over until tomorrow morning.

The PRESIDING OFFICER. Without objection, the amendment will be passed over.

Mr. HARRISON. There are some amendments I should like to have adopted in order to clarify the bill. One is to correct a typographical error.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. It is proposed, on page 167, line 24, after the word "under", to insert the article "a."

The amendment was agreed to.

Mr. HARRISON. I send another amendment to the desk, which I ask to have agreed to.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 212, after line 15, it is proposed to insert the following new section:

SEC. —. Venue for appeals from Board of Tax Appeals: (a) Section 1002 of the Revenue Act of 1926 is amended to read as follows:

VENUE

"SEC. 1002. (a) Except as provided in subdivision (b), such decision may be reviewed by the circuit court of appeals for the circuit in which is located the collector's office to which was made the return of the tax in respect of which the liability arises or, if no return was made, then by the Court of Appeals of the District of Columbia.

"(b) Notwithstanding the provisions of subsection (a), such decision may be reviewed by any circuit court of appeals, or the Court of Appeals of the District of Columbia, which may be designated by the Commissioner and the taxpayer by stipulation in writing.

"(c) Section 1002 of the Revenue Act of 1926, as amended by this section, shall be applicable to all decisions of the Board rendered on or after the date of the enactment of this act, and such section, as in force prior to its amendment by this section, shall be applicable to such decisions rendered prior thereto, except that subdivision (b) thereof may be applied to any such decision rendered prior thereto."

Mr. HARRISON. Mr. President, this is an amendment that is suggested by the American Bar Association and by the Treasury Department; and the explanation of the venue amendment, briefly stated, is as follows:

The amendment is proposed in order to remove doubt now existing in certain cases as to the proper court in which to appeal from a decision of the Board of Tax Appeals. Under existing law an individual must appeal from a decision of the Board of Tax Appeals to the circuit court of appeals for the circuit whereof he is an inhabitant. This rule leads to uncertainty in many cases, which uncertainty would be eliminated by the adoption of the proposed amendment.

This amendment fixes the circuit for appeal in accordance with the collector's office in which was filed the return which is the basis of the appeal. The existing law is further amended so as expressly to grant permission to the Commissioner and the taxpayer to reach an agreement and stipulate that any circuit court of appeals will have jurisdiction, or to stipulate that the Court of Appeals of the District of Columbia will have jurisdiction, regardless of whether or not the court so stipulated would otherwise have jurisdiction to review the decision.

Mr. REED. I have looked into this amendment, Mr. President. I believe it will bring about a considerable improvement over the present situation. I hope the amendment will be agreed to.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Mississippi [Mr. HARRISON].

The amendment was agreed to.

Mr. REED. Mr. President, will the Senator from Mississippi permit me at this time to bring up the amendment which I previously offered?

Mr. HARRISON. I hope the Senator from Pennsylvania will not bring it up at this time, because the Senator from Michigan [Mr. COUZENS], who raised the question about it, is not now in the Chamber, and he probably would desire to be heard on it. So I hope the Senator will wait until the Senator from Michigan comes in.

Mr. President, I send to the desk a clarifying amendment, which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 222, line 21, it is proposed to strike out the words "benzol or naphtha (other than gasoline)" and to insert in lieu thereof "any of the foregoing (other than products commonly or commercially known or sold as gasoline)."

Mr. REED. What is the effect of that amendment, Mr. President?

Mr. HARRISON. The amendment is suggested by the Treasury Department. It is designed to remove an inequity in the gasoline tax. The committee amendment heretofore agreed to tax gasoline, benzol, benzine, naphtha, and any other liquid of a kind used or sold for use as a motor fuel, but exempts benzol or naphtha (other than gasoline) sold specifically for a non-motor-fuel use. A natural gas, butane, sold chiefly for the lighting of homes, has recently been used as an airplane fuel, and under the bill, since it is sold compressed in cylinders in a liquid form, all butane might be held taxable because of this minor new use.

Because of this and the possibility of similar cases arising, I propose an amendment to extend the tax-exemption on sales for non-motor-fuel uses to all the taxable liquids except gasoline, as has already been done in the case of benzol and naphtha. This is only a matter of common fairness, since this excise tax was designed primarily to reach motor fuels.

The Treasury Department approves this change.

The PRESIDING OFFICER. This being an amendment to a committee amendment which has previously been agreed to, it will be necessary to reconsider the vote by which the committee amendment was heretofore agreed to. Is there objection to the reconsideration? The Chair hears none, and the vote is reconsidered.

The question is on agreeing to the amendment offered by the Senator from Mississippi to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. CONNALLY. Mr. President, what is the effect of this amendment? Is it an exemption from the tariff duties or the excise tax?

Mr. HARRISON. It is an exemption from the excise tax, not from the tariff. It has nothing to do with the tariff at all.

I offer another amendment, which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 224, line 5, after the word "gasoline", it is proposed to insert "or lubricating oil."

Mr. HARRISON. This merely clarifies an error in the gasoline and lubricating-oil provision. The clarification is recommended by the Treasury Department.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Mississippi to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

Mr. HARRISON. Mr. President, there is an amendment still remaining on page 237, in section 611, Stamp tax on sales of produce for future delivery. I call the attention of the Senator from North Dakota [Mr. FRAZIER] to this amendment.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Mississippi yield to me?

Mr. HARRISON. I yield.

Mr. ROBINSON of Arkansas. I understand that the Senator from South Carolina [Mr. SMITH] wishes to be present when this amendment is considered. He stated to me yesterday that he had decided to make some objection to the amendment, and asked me to have him advised when the amendment was reached.

Mr. HARRISON. I desire to pass it over at the instance of the Senator from North Dakota for the present anyway.

I offer an amendment, Mr. President, which was suggested by the State Department and on which the Senate Finance Committee acted favorably.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 237, after line 20, it is proposed to insert the following:

SEC. 612. Termination of tax on use of boats: Section 761 of the Revenue Act of 1932, as amended, shall not apply to the use of any boat after June 30, 1934.

Mr. HARRISON. That is a matter concerning which the Secretary of State sent down a communication, and the Senate committee took action. The explanation of it is that they want to repeal the tax imposed on the use of boats. There is already a protective tariff on boats built abroad.

Mr. REED. The committee was unanimous on it?

Mr. HARRISON. Yes; the committee was unanimous on it.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Mississippi.

The amendment was agreed to.

Mr. REED. Mr. President, the Senator from Michigan [Mr. COUZENS] is here, and I desire to bring up again the amendment which I offered on page 192, which is lying on the clerk's desk. I ask to have the amendment stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 192, after line 25, it is proposed to insert the following new subsection:

(d) Payment of surtax on pro rata shares: The tax imposed by this section shall not apply if all the shareholders of the corporation include (at the time of filing their returns) in their gross income their entire pro rata shares, whether distributed or not, of the adjusted net income of the corporation for such year. Any amount so included in the gross income of a shareholder shall be treated as a dividend received. Any subsequent distribution made by the corporation out of earnings or profits for such taxable year shall, if distributed to any shareholder who has so included in his gross income his pro rata share, be exempt from tax in the amount of the share so included.

The PRESIDING OFFICER. It will be necessary, before this amendment is considered, to reconsider the vote by which the committee amendment was heretofore agreed to. Is there objection to reconsidering the vote by which the committee amendment was agreed to? The Chair hears none, and the vote is reconsidered.

Mr. REED. Mr. President, just a word of explanation of this amendment.

The holding-company section has been put in to prevent tax avoidance by means of what is called the incorporated pocketbook. Rich men have incorporated companies and put their securities in those companies, and have not declared in dividends a large part of the earnings which were received; and we have put in what is called the holding-company section to reach such cases.

The provision I am now offering will take care of the exact opposite of those cases. It will allow the stockholders, if for some reason they want to accumulate their surplus in the corporation, to do so, provided they pay the full amount of surtax which they would have to pay if all the earnings were distributed in dividends. My amendment will thus bring to the Government somewhat higher revenue than if it were not adopted. The effect of the holding-company section without this amendment is to compel the distribution of a large part of the corporate earnings.

There may be reasons—and there are, in some cases—why the stockholders do not want to have such dividends declared, but are nevertheless willing to pay the same surtax that they would have to pay if every cent were distributed. That sounds like a peculiar condition, but I can instance it in one case that perhaps will do for all.

A certain citizen of Great Britain, who is subject to the British income tax, has all her assets in a company in this country. If she has dividends declared out of that company, she will have to pay both the American surtax and the British supersurtax; and the two together in her case amount, under these new rates, to more than her income. In other words, she would be better off if the corporation did not earn anything than if the earnings were declared in dividends.

This amendment will permit her to leave the earnings in the company, and at the same time pay the American Treasury the full amount it would get if they were all declared and reported as dividends received by her.

The same provision is in the present law—that is, the law which will be superseded by the pending bill. The present law contains a provision in effect the same as that which I am now offering. The Treasury at first thought it would simplify things to leave out the provision, and it is true it does not apply to a great many cases; but it seems to me it will be a matter of simple justice, and it will net the Treasury a little more money than it would otherwise get—enough to compensate for the additional printing involved in including this provision in the bill, no doubt.

The amendment I have sent to the desk has been prepared by the legislative drafting clerk after consultation with representatives of the Treasury. I am not authorized to say that the Treasury desires the inclusion of the amendment, but I think I can fairly state that they do not object to having it included in the bill.

Mr. COUZENS. Mr. President, it is true that this provision is in the existing law. It first appeared in the bill passed in the Seventy-second Congress, I find, but the language is somewhat different. It also appears that two or three cases have arisen in the Treasury Department under this particular provision.

The representatives of the Treasury Department have told me they prefer not to have it in the bill, that it is a cumbersome provision and will be very difficult of execution. I do not know what they have told the Senator from Pennsylvania and I have no desire to contradict what he has stated; but after the amendment had been twice offered and twice withdrawn I took occasion to confer with the experts of the joint tax commission and with Treasury officials, and there is a difference of opinion among them. It is very unusual that we should be asked to enact legislation for two or three cases. The draftsmen tell me it is almost impossible to write the provision in proper legislative language that will cover the situation. I think it a perfectly absurd and objectionable provision to put into a tax law, but they may be able to work it out in conference and frame it in more understandable language.

I fail to understand the explanation of the Senator from Pennsylvania when he says that it would be better if this lady's domestic corporation did not make any money at all, and yet under his proposed amendment he wants to permit her to add to her income whatever share of her earnings there may be in the corporation, and pay a tax on it. We do not know whether there will be any tax. We do not know whether there will be any surtax. We do not know whether they will exercise this option when taxes are high or whether they will suspend operation of the privilege until taxes are low. It is a privilege for two or three people, as I understand, who live in Great Britain.

Mr. REED. Mr. President, I am perfectly certain the Senator from Michigan wishes to represent the Treasury viewpoint accurately. I have just asked Dr. McGill, the assistant to the Secretary who is present on the floor of the Senate, and I believe I remember his words accurately because he spoke only a moment ago. He said that the attitude of the Treasury is that this suggestion is fair; that it would be difficult to administer if there were a great multitude of cases coming under it, but there are not a great multitude; that the cases will be few. I was impressed by his words in saying that the purport of the amendment is fair.

I agree with the Senator from Michigan that it may well be that between now and the conference we will be able to decide upon an improvement in the wording. It seems to me it is clear, but if anybody can suggest an improvement I will join with him in urging its adoption.

Mr. COUZENS. Mr. President, I do not want to get into any controversy about what Dr. McGill said, but this very afternoon he told me—and I do not think he is a member of the "brain trust"—that they preferred not to have the amendment.

Mr. HARRISON. Mr. President, I do not want Dr. McGill to be placed in that attitude here. It is his opinion that the amendment would appertain to one particular case, and he was not advocating the adoption of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Pennsylvania to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. REED. Mr. President, the legislative draftsmen tell me that in order to complete this action it is necessary to insert the same language in another place. Accordingly I send to the desk another amendment.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. It is proposed, on page 60, after line 14, to insert the following new subsection:

(d) Payment of surtax on pro rata shares: The tax imposed by this section shall not apply if all the shareholders of the corporation include (at the time of filing their returns) in their gross income their entire pro rata shares, whether distributed or not, of the adjusted net income of the corporation for such year. Any amount so included in the gross income of a shareholder shall be treated as a dividend received. Any subsequent distribution made by the corporation out of earnings or profits for such taxable year shall, if distributed to any shareholder who has so included in his gross income his pro rata share, be exempt from tax in the amount of the share so included.

The PRESIDING OFFICER. It will be necessary to reconsider the vote by which the committee amendment was agreed to. Without objection, the vote is reconsidered, and the question is on agreeing to the amendment of the Senator from Pennsylvania to the committee amendment.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. REED. Mr. President, I hardly have sufficient audacity to offer for consideration tonight an amendment of the sort I am now going to propose, because I think it is in the mind of the Senator from Arkansas [Mr. ROBINSON] now to take a recess. The amendment may go over for consideration until tomorrow.

I propose, on page 85, line 16, to strike out the sentence reading:

Despite the provisions of section 117 (a), 100 percent of the gain so recognized shall be taken into account in computing net income.

The PRESIDING OFFICER. The amendment will lie on the table.

Mr. TYDINGS. Mr. President, as bearing on the coconut-oil tax, I ask permission to have printed in the RECORD two short editorials and a brief memorandum showing the purpose of the proposed amendment.

There being no objection, the editorials and memorandum were ordered to be printed in the RECORD, as follows:

[From the Newark (N.J.) News, Apr. 6, 1934]

UNFAIR TO FILIPINOS

One of the reasons for the misbegotten Philippines independence bill was to get rid of the competition of coconut oil. It is the most important article of trade from the Philippines. One of its main uses is in the manufacture of soap. Large quantities are bought for that purpose. Although the ink on the independence bill is hardly dry and the Philippines Legislature has until next October to decide whether to accept it, the general revenue bill now before Congress proposes a tax of 3 cents a pound on coconut and other oils. No time is being wasted in grabbing for the benefits promoters of the bill were seeking.

How little thought of the interests of the Filipinos there has been in the independence negotiations is made clear by Governor Murphy, of the Philippines, who, in a cable protesting adoption of the tax, reports that 4,000,000 Filipinos would suffer from it and our trade with one of our largest markets would be seriously harmed. Five members of President Roosevelt's Cabinet have expressed themselves as against the tax.

Secretary Dern specifically warned against taxation of Philippine imports prior to independence. "We still have obligations to these people", he said. "An excise tax is equivalent to a tariff, and we have no right to apply the tariff to these islands until they are free." If we are set upon defending some of our commercial interests from competition with these islands, which have been our wards, we might at least be decent enough to wait until they have their independence and have had a chance to adjust themselves economically to the new state of affairs.

[From the Washington (D.C.) News, Apr. 7, 1934]

AN UNWISE TAX

There should be no compromise with the proposed coconut-oil tax in the pending revenue bill.

It is a tax that would mulct consumers of many millions, and yield the Government little. The difference would flow into the pockets of the cottonseed crushers, packers, and processors of dairy products.

It is a tax that would prostrate a basic industry in the Philippine Islands, and thus destroy a profitable foreign market for American farm products and manufactures.

It is a tax that would violate the United States' 3-weeks-old independence pledge to the Filipino people, and endanger success of our peace policy in the Far East.

The following shows the comparative purchases of American cotton goods from the United States by the Philippine Islands and Japan for the years 1931, 1932, and 1933:

1931

Total amount of cotton goods purchased by the Philippines, ₱32,802,095. Of this amount, purchases from United States amounted to ₱16,221,271. Purchases by the Philippine Islands from Japan ₱10,106,079.

1932

Total amount of cotton goods purchased by the Philippines ₱33,523,234. Of this amount, purchases from United States amounted to ₱21,147,596. Purchases by the Philippine Islands from Japan ₱6,112,523.

NINE MONTHS IN THE YEAR 1933

Total amount of cotton goods purchased by the Philippines ₱24,078,467. Of this amount, purchases from United States amounted to ₱13,719,858. Purchases by the Philippine Islands from Japan ₱6,002,731.

Of course, Japan is gaining in her trade with the Philippine Islands, due fundamentally to rate of exchange and cheaper labor, as shown by figures for the month of September 1933, when their sales to the Philippine Islands amounted to ₱795,455, and American sales amounted to ₱1,363,737. There are no textile industries in the Philippine Islands, comparatively speaking.

Mr. HARRISON. Mr. President, in view of the fact that the coconut-oil controversy has gone over until tomorrow, I ask unanimous consent to insert in the RECORD several letters which I have received from the Secretary of State, the Secretary of War, and the Secretary of Agriculture relating to the question.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

DEPARTMENT OF AGRICULTURE,
Washington, D.C., March 30, 1934.

Hon. PAT HARRISON,
United States Senate.

DEAR SENATOR HARRISON: Secretary Wallace asked me to send you this memorandum prepared in our Bureau of Agricultural Economics on the fat and oil situation and proposed import quota.

Yours very truly,

MARY HUSS,
Personal Secretary to Secretary Wallace.

THE FATS AND OILS SITUATION AND PROPOSED IMPORT QUOTA

The continued production of large quantities of vegetable and animal fats and oils in the United States in the face of declining exports and reduced consumption without corresponding reductions in imports has resulted in enormous stocks of fats and oils in this country. Prices fell 50 percent from 1929 to 1932. The recent advance in the prices of raw materials extended to fats and oils, and this advance was accompanied by increased imports in spite of the very large stocks on hand. Any further improvement in prices and any curtailment in domestic production is likely to bring increased imports. The proposal to establish import quotas is offered as a measure for protecting the Agricultural Adjustment program and making it possible for the United States to use up some of its surplus stocks before receiving larger imports from other sources.

The program of the Agricultural Adjustment Administration may curtail the domestic production of fats and oils, including butter, lard, and cottonseed oil, by as much as 900,000,000 pounds within a year. Assuming a normal production season, the Adjustment program may reduce butter production by about 200,000,000 pounds, lard production 400,000,000, and cottonseed-oil production 300,000,000. These estimates are, of course, only approximate, assuming a reduction of about 10 percent in butter, 15 percent in lard, and 25 percent in cottonseed with some allowance for a carry-over of seed. This reduction in supply would provide an opportunity for consuming a considerable amount of the excess stocks of fats and oils unless it were offset by a reduction in exports and increased imports.

Before the depression the exports of fats and oils were declining and imports increasing. Exports declined from 1,390,000,000 pounds in 1923 to 1,090,000,000 pounds in 1929, whereas imports increased from 1,467,000,000 to 2,174,000,000 pounds. Lard is the most important item exported from the United States, and recently foreign barriers have been increased against its sale abroad. The exports of all fats and oils declined from an average of 1,015,000,000 pounds in the 5-year period 1926–30 to 800,000,000 pounds for the period 1931–33. Exports of lard have continued in considerable volume but at very low prices. Some curtailment in exports is to be expected with a reduction in hog production. The average of imports declined from 1,787,000,000 pounds in the predepression period to 1,580,000,000 in the depression period. However, the increase of about 460,000,000 pounds from 1932 to 1933 indicates the promptness with which importation may expand in response to a curtailment in domestic production unless some restraint is placed upon importation.

The consumption of fats and oils in the United States is likely to increase with improvement in the general economic situation. Consumption declined from nearly 8,980,000,000 pounds in 1929 to about 8,149,000,000 in 1932. Apparently this decline was due primarily to reductions in the industrial uses. The apparent disappearance into consumption from all sources averaged 8,571,000,000 pounds in the period 1926–30 and declined to an average of 8,306,000,000 in the 3-year period 1931–33. Since the improvement in economic conditions in 1933 has increased consumption to 8,238,000,000 pounds, it seems likely that a continuation of the improvement might increase consumption to about 8,500,000,000 pounds in the 12-month period beginning with July 1934. This increase in consumption might be offset, however, by a reduction in exports without absorbing any of the surplus stocks unless the total supply is curtailed through reduced production and/or reduced imports.

Stocks of vegetable fats and oils in the United States at the end of 1933 were more than double what might be considered a normal quantity of stocks on hand at the end of a calendar year. The accumulation of excess stocks began with the large cotton crop of 1926. The stocks at the end of 1925 amounted to 881,000,000 pounds, and the average for December of the years 1923–25 was 862,000,000 pounds. The cottonseed-oil stock has accumulated at a rapid rate since 1925. Increased production of animal fats in the face of some curtailment in exports and consumption has contributed to surplus stocks. Increased imports of coconut, palm, and marine oils have also contributed largely adding to the accumulation of surplus stocks. Increasing stocks were a contributing factor in causing prices to decline from 1925 to 1929 and also in the depression since 1929. A large proportion of these surplus stocks must be moved into consumption before there can be any material improvement in the fats and oils currently produced in the United States or in foreign countries.

IMPORT QUOTAS

An import quota based upon the average imports of the 3 years 1931–33 is proposed as a means of preventing importations from increasing at a rapid rate, while the United States reduces the production of domestic fats and oils, and at the same time of preserving a fairly well-balanced supply of imported fats and oils for consumers in the United States. It is believed that importations in the next fiscal year, the equivalent of the average of the past 3 years—together with the stocks on hand and domestic production—would provide an ample supply of fats and oils for all purposes, without undue increases in prices to consumers or without denying them supplies for essential uses. The imports of all fats and oils, including the raw materials, averaged about 1,580,000,000 pounds in the period 1931–33. This is 324,000,000 pounds in excess of the imports in 1932, but nearly 150,000,000 less than the imports in 1933 and 214,000,000 pounds less than the average of the period 1926–30. It should be observed, however, that the larger imports in 1933 were accompanied by a material increase in stocks, and that in the period 1926–30 stocks increased at the rate of more than 100,000,000 pounds per year, with consumption at a high level.

Although it is impossible to estimate exactly what would be the effect of imposing such quota limitations upon imports, it seems likely that it would tend to hold in check importations into the United States, would result in some curtailment in stocks, and contribute something toward an improvement in the economic position of domestic fats and oils. If domestic production were reduced 900,000,000 pounds and exports 200,000,000 pounds, holding imports to 1,580,000,000 pounds would provide for an increase of about 250,000,000 pounds in consumption over that of 1933 and a reduction of 600,000,000 pounds in stocks. This would be a material contribution to an improvement in the fats and oils situation.

TABLE 1.—*Production of fats and oils from domestic products, United States, average 1926–30, 1931–33, calendar year 1933, and estimated production, July 1934 to June 1935*

[Million pounds]

Commodity	Average		Calendar year 1933 (preliminary)	Estimated production, July 1934 to June 1935
	1926–30	1931–33		
Butter	2,092	2,253	2,302	2,100
Lard (including neutral)	2,443	2,433	2,510	2,100
Cottonseed oil, crude	1,646	1,462	1,398	1,100
Corn oil, crude	123	116	128	125
Peanut oil, crude	15	14	14	15
Soybean oil, crude	7	35	26	30
Tallow oil	47	61	59	60
Oleo oil	130	86	89	100
Stearin, animal, edible	65	41	39	50
Total	6,568	6,501	6,565	5,630
Linseed oil	346	258	204	250
Grease	378	347	344	300
Tallow, inedible	540	611	637	600
Total, all above	7,832	7,717	7,750	6,830
Fish and whale oil	97	88	109	100
Grand total	7,929	7,805	7,859	6,930

Division of Statistical and Historical Research. Compiled from Fats and Oils, United States Production, Trade, and Consumption, 1912–33 (Mar. 1, 1934), tables 17 and 20.

TABLE 2.—*Fats and oils: Imports into the United States, average 1926–30, 1931–33, and 1933*

[1,000 pounds]

Commodity	Average		
	1926–30	1931–33	1933
Vegetable:			
Castor oil, including castor beans in terms of oil	54,329	42,806	48,793
Coconut oil, including copra in terms of oil	629,470	614,752	723,399
Corn oil		[1] 9,169	9,169
Linseed oil, including flaxseed in terms of oil	371,016	226,982	266,746
Olive oil, edible	85,095	72,141	71,917
Olive oil, inedible	8,583	12,238	12,910
Olive oil foots	46,162	41,099	40,464
Palm oil	199,145	251,196	282,767
Palm kernel oil, including palm kernels in terms of oil	55,481	19,789	18,923
Peanut oil [2]	5,122	726	1,314
Perilla oil [2]	5,836	17,529	22,776
Rapeseed oil [2]	18,280	9,942	11,949
Sesame oil, including sesame seed in terms of oil	17,939	30,215	19,186
Soybean oil	16,691	2,682	3,669
Sunflower-seed oil	[3] 5	26,054	23,849
Tung oil	99,675	87,268	114,544
Vegetable tallow	6,692		
Total	1,619,521	1,464,588	1,672,375

[1] 1 year only, 1933.
[2] Does not include imported raw material.
[3] 1930 only.

TABLE 2.—*Fats and oils: Imports into the United States, average 1926–30, 1931–33, and 1933*—Continued

[1,000 pounds]

Commodity	Average		
	1926-30	1931-33	1933
Animal:			
Butter	4,988	1,272	945
Lard compounds	209	171	189
Fish oils:			
Whale oil	60,153	48,547	5,224
Other fish oils	73,607	52,942	41,608
Oleic acid (red oil)	117	577	304
Oleo oil	334	36	3
Oleomargarine	2	1	0
Stearic acid	3,970	5,944	5,277
Stearin, animal, edible	1,733	901	94
Tallow, inedible	11,688	804	239
Wool grease	10,386	4,400	4,416
Total	167,187	115,595	58,299
Grand total	1,786,708	1,580,183	1,730,674

Division of Statistical and Historical Research.

TABLE 3.—*Stocks of oils and fats in the United States as of Dec. 31, 1925, 1929, and 1933*

Commodity	Stocks as of Dec. 31		
	1925	1929	1933
	Million pounds	*Million pounds*	*Million pounds*
Vegetable oils:			
Cottonseed	279	533	926
Coconut	55	182	187
Linseed	156	141	158
Palm	26	52	106
Tung (Chinese wood)	33	29	42
Corn	15	23	34
Soybean	2	15	13
Olive, edible	7	6	5
Palm-kernel	9	14	12
Peanut	2	4	3
All other	21	52	49
Total	605	1,051	1,535
Marine oils:			
Whale	20	33	39
Herring	6	52	----------
Menhaden	24	10	----------
Cod and cod-liver	6	8	9
Other	3	15	109
Total	59	118	157
Animal fats:			
Tallow, inedible	52	100	256
Lard, including neutral	45	74	101
Other	5	5	5
Total	102	179	362
Greases:			
Yellow	10	12	17
Brown	5	14	17
White	5	11	30
Garbage or house	11	16	11
Other	10	13	22
Total	41	66	97
Other products:			
Lard compounds and other lard substitutes	23	32	27
Hydrogenated oil	15	16	23
Red oil	9	7	13
Oleo oil	10	8	10
Other	17	18	17
Total	74	81	90
Grand total	881	1,495	2,240

Source: Division of Statistical and Historical Research.

Amendment proposed to the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes, viz: On page 196, strike out lines —— to ——, inclusive, and insert the following:

(a) Having due regard to the welfare of domestic producers and to the protection of domestic consumers and to a just relation between the prices received by domestic producers and the prices paid by domestic consumers, the Secretary of Agriculture may forbid processors, handlers of animal and vegetable fats and oils and/or the raw materials thereof, and others from importing fats and oils into continental United States for consumption, or which shall be consumed, therein, and/or from marketing, transporting, receiving, or processing fats and oils, from the Territory of Hawaii, Virgin Islands, Puerto Rico, Philippine Islands, the Canal Zone, American Samoa, the island of Guam, and from foreign countries, including Cuba, respectively, in excess of quotas based on average importations and receipts therefrom into continental United States for consumption, or which was actually consumed, therein, during the 3 years, 1931–33, inclusive, and may allot such quotas and readjust any such quota or allotment, from time to time, among processors, handlers of animal and vegetable fats and oils and/or the raw materials thereof, and others.

(b) All provisions of the Agricultural Adjustment Act as amended necessary to carry out the foregoing powers shall be applicable insofar as they are not inconsistent with the foregoing provisions.

(c) There shall be levied, assessed, and collected upon such amount of animal or vegetable fats or oils, in excess of any such quota or allotment, imported into, or received in, continental United States, a tax at the rate of 5 cents per pound. Such tax shall be paid prior to the release of such excess amount of animal or vegetable fats or oils from customs custody or control. The tax provided by this subsection shall be collected by the Bureau of Internal Revenue, under the direction of the Secretary of the Treasury, and shall be paid into the Treasury of the United States.

DEPARTMENT OF STATE,
Washington, March 26, 1934.

The Honorable PAT HARRISON,
Chairman Finance Committee, United States Senate.

MY DEAR SENATOR HARRISON: I wish to put before the committee of which you are chairman the information that the Connally amendment to H.R. 7835 pending before the committee has led to serious expressions of apprehension on the part of the diplomatic representatives of many countries with which we have extensive commercial dealings.

The representatives of the Governments of Great Britain, of Canada, of Belgium, of the Netherlands, of China, and of Norway have all made to the Department statements to the effect that the proposed new excise taxes would be of great concern to them and would work serious injury to their trade with the United States. As you know, the government of the Philippines has likewise shown great concern.

I wish to put before the committee my judgment that these proposed taxes would not carry substantial benefit to any important branches of American industry or agriculture. On the other hand, they would be very likely to lead to such new complications in various branches of domestic industry and in our trade relations with other countries as to accentuate the difficulties now faced by American agriculture. They would be likely to interfere gravely with plans for developing new trade interchanges between ourselves and the rest of the world.

Though I know what study has been made of the subject by your committee, I wish to transmit a copy of a memorandum prepared in the Department of Agriculture upon the economic aspects of the proposed excise tax, which indicates in more detail the grounds for the conclusions I have stated above. I would not again take the time of your committee in connection with this matter did I not hold the opinion that the imposition of this tax at the present time will create new obstacles in the attempt to work out a permanent program for American agriculture which will at once provide a satisfactory standard of return for American agricultural producers and also keep clear of further extension of Government activity in this field.

Sincerely yours,

CORDELL HULL.

Enclosure: "Memorandum upon the economic aspects of the excise tax imposed upon various animal and vegetable oils by the internal revenue bill as reported to the Senate by the Senate Finance Committee", prepared by the Department of Agriculture.

MEMORANDUM UPON THE ECONOMIC ASPECTS OF THE EXCISE TAX IMPOSED UPON VARIOUS ANIMAL AND VEGETABLE OILS BY THE INTERNAL REVENUE BILL AS REPORTED TO THE SENATE BY THE SENATE FINANCE COMMITTEE

The oils upon which an excise tax of 3 cents per pound is imposed by the internal revenue bill as approved by the Senate Finance Committee are coconut oil, sesame oil, palm oil, palm-kernel oil, sunflower oil, imported whale oil, imported fish oils, and imported marine-animal oil. In this memorandum consideration will be given to two major economic questions which arise in connection with the proposed tax. These questions are:

(1) How far will the proposal result in a benefit to the domestic industries producing oils and fats?

(2) How far will the proposal injure other domestic interests?

Effect on domestic oil-producing industries

The oil- and fat-producing industries which it is claimed will be advantageously affected by the proposed excise tax are those producing cottonseed oil, dairy products, soybean oil, fish oils, and inedible animal oils. The probable effect in each of these industries is discussed below.

THE COTTONSEED-OIL INDUSTRY

One of the most important groups urging the imposition of the proposed tax upon imported oils are the cottonseed oil crushing and refining industries. Nevertheless it is difficult to see how those industries would be materially benefited. Any increase in the edible uses of cottonseed oil which might result from the imposition of the proposed tax would probably be so small as to have little effect in increasing its price. In fact, the only edible use in which a material increase might possibly be expected would be in the margarine industry. Even in this industry, however, the increase would probably not be quantitatively very significant

unless, as seems unlikely, an all-cottonseed-oil margarine should be developed. Some increase would doubtless result from the substitution of animal-oil margarine, containing 20 to 30 percent cottonseed oil, for vegetable-oil margarine, containing only a small admixture of cottonseed oil with coconut oil.

The only important inedible use of cottonseed oil is in soap making. At one time a large proportion of the production of cottonseed oil went into the soap kettle, but that was in the early days when its production was much smaller than now and before methods of refining it for edible uses had been perfected. With the perfecting of such methods, cottonseed oil was gradually drawn away from the lower-price soap industry into higher-price edible industries, particularly into the production of lard substitutes and salad oils. In recent years, as a rule, only off-grade cottonseed oil, not suitable for refining, and cottonseed oil foots, have gone into soap. Cottonseed oil of edible grade would go into that use in large quantities only if the price of cottonseed oil should fall to the level of soap oils or if the price of soap oils should rise to the level of edible-oil prices. If the latter should happen, it would, of course, result in a considerable increase in the cost of soap to the consumer. It would, moreover, result in a radical change in the character of the soaps used by the American people. This is true because imported soap oils have peculiar characteristics for soap making which in general are not possessed by cottonseed oil.

In conclusion, in regard to cottonseed oil, it should be stressed that so far as the proposed tax on the various imported oils included in the pending proposal should result in a rise in the price of cottonseed oil, it would increase the cost of lard substitute, the principal cottonseed-oil product, and handicap it in competition with lard. At the same time the reduction in the competition with lard would be of little benefit to the hog industry as long as the United States remains on a heavy export basis as to lard.

THE DAIRY INDUSTRY

It is claimed that the proposed tax on coconut oil will benefit the dairy industry by increasing the price of vegetable-oil margarine, which is made principally of coconut oil, and hence result in an increase in the price of butter. There can be no doubt that the excise tax of 3 cents a pound on coconut oil will tend to discourage the manufacture of vegetable-oil margarine in the United States. But in the absence of any other restrictions on the production of margarine, it will not necessarily greatly reduce the total amount of margarine produced in the United States, inasmuch as there will be a tendency for animal-oil margarine to replace vegetable-oil margarine. Any beneficent effect upon the dairy industry, however, could come only through a reduced production of margarine, although it has been estimated by experts that even the total elimination of margarine would not increase the price of butter by more than 1½ to 2 cents a pound. It is obvious, therefore, that the proposed tax upon coconut oil can have but little effect upon butter prices.

THE SOYBEAN INDUSTRY

The proposed tax will probably not materially affect the soybean-oil industry except through an increase in the price of sunflower oil. Both soybean and sunflower oil are drying oils, either of which may be used for mixing with perilla oil as a substitute for linseed oil. However, any increase in the price of soybean oil, causing an increase in its production, would cause a disproportionate increase in the output of soybean cake. The resulting fall in the price of soybean cake would necessarily have a detrimental effect on the market for corn and other livestock feeds with which soybean oil is more or less interchangeable.

So far soybean oil has been used to an almost negligible extent for edible purposes, and, owing to difficulties of refining, it is doubtful how quickly edible uses can be developed. In soap making its position is about the same as cottonseed oil, except that of the two, cottonseed oil is preferred.

THE FISH-OIL INDUSTRY

Fish oils are used mainly in paints and varnishes and in soap making, although in the latter use they are usually hydrogenated. By taxing all the oils covered in the bill it is probable that the demand for and the price of fish oils might be to some extent increased. The fish-oil industry, however, is a small marginal-cost industry, and any benefit which it might obtain by the proposed tax would be out of all proportion to the burden and inconvenience which it would impose on the oil-using industries and on the ultimate consumer.

THE INEDIBLE ANIMAL-OIL INDUSTRY

Since the supply of inedible oils is insufficient to meet the demand for hard oils in soap making, the proposed tax on palm oil, which is more or less interchangeable with inedible animal oils, will almost certainly lead to an increase in the price of those oils. This, however, would not result in any material benefit to the livestock industry, inasmuch as an increase in the supply of inedible fats and greases would involve either an increase in the production of livestock, thus lowering meat prices, or an increase in the recovery of inedible fats by the packing and rendering industries. At existing prices there is a considerable potential supply of waste animal fats which are not now recovered, but it is extremely improbable that a greater recovery would at all affect livestock prices. It is also improbable, even if the tax on imported oils should be made much higher than is proposed, that the domestic output of inedible oils would be increased sufficiently to replace entirely the palm and whale oils now used in domestic soap making.

THE BURDEN OF THE PROPOSED EXCISE TAX ON DOMESTIC INTERESTS

The proposed excise tax of 3 cents a pound upon the various oils enumerated in the internal revenue act as reported by the Senate Finance Committee would result in a burden to various industries of the United States and to ultimate consumers far out of proportion to any benefits which may be conferred upon industries which it is intended to assist. Injury would result particularly as follows:

(1) American crushers of imported materials from the oils taxed will be severely hit by the tax. This is particularly true of the copra-crushing industry located chiefly on the Pacific coast. This industry represents an investment of about $6,000,000, and the equipment of the industry could be converted for use in the crushing of domestic oil-bearing materials only with difficulty and at great cost. Moreover, the plants located on the Pacific coast are not well located so far as accessibility to supplies of domestic oil-bearing materials is concerned.

(2) Probably even more disastrous would be the effect upon the coconut-oil-crushing industry of the Philippines, which has been developed chiefly to supply the American market. In this industry is invested about $5,000,000 of American capital.

(3) How far the manufacture of vegetable-oil margarine, in which there is invested from $75,000,000 to $100,000,000 by independent companies, would be able to continue operations under the handicap of a 3-cent excise tax on its principal raw material, coconut oil, cannot be foretold, but it seems likely that the industry would be materially injured and that the tax would greatly accelerate the recent trend toward increasing control of margarine production by the large packers. The packers produce largely animal-oil margarine, the production of which would probably be increased by the tax. Between 1925 and 1931 the share of the packers in total margarine production increased from 28 to 39 percent.

(4) In the soap industry the proposed tax would be specially onerous and disturbing. It would cause an increase in the price of soap to the consumer and would probably lead to a decline in the consumption of soap, particularly in view of the availability of substitutes for soap in many uses. More important, however, are the readjustments which it would compel the soap industry to make. It would find it necessary to change the character of the soap produced, inasmuch as there are no satisfactory domestic substitutes for such oils as coconut and palm kernel, which are used practically interchangeably in soap making to supply hardness, solubility and lathering qualities. These oils are particularly necessary in the production of toilet soap, white laundry soap, soap powder, and textile soap for laundering rayon and other fabrics.

Tallow does not meet the same requirements as coconut oil because it lathers much more slowly and is soluble only in very hot water. Moreover, domestic oils such as cottonseed oil and soybean oil, because of their tendency to rancidity and for other reasons, are not satisfactory soap oils, especially for toilet and textile soaps. Palm and whale oils, however, are somewhat similar to tallow for soap-making purposes, although palm oil can be used advantageously only in making colored soaps and whale oil only in the lower grades of toilet and laundering soaps. Insofar as the tax should reduce the imports of these oils, the demand for inedible tallow and other inedible oils and fats will be increased. It is unlikely, however, that the supply of such oils and fats could be expanded sufficiently to replace entirely imports of palm and whale oil. If this should occur it would entail a serious hardship upon soap plants on the eastern seaboard making advertised brands of soap, which obtain their distinguishing name or characteristics from palm oil.

The situation in the soap industry is as follows: For certain of these imported oils there is no domestic substitute. Either they must continue to be imported over the tax with corresponding pecuniary burden to consumers or else, if they are not, the soap industry will have to discontinue the manufacture of the soaps for which they are peculiarly adapted, with consequent burden both to the industry and to ultimate consumers. For certain other imported oils on which the proposed tax is to be imposed, there are domestic substitutes, which, however, are not available in sufficient quantities entirely to replace the imported oils, and which, moreover, could not be substituted without considerable burden to some branches of the soap industry.

(5) The burdensome effects of the tax would also extend to many other domestic industries in which the imported oils are used. These include the tin-plate industry, in which considerable palm oil is used, and the leather and rubber industries, in which considerable quantities of coconut oil are used. In the tanning of white leather, for example, coconut oil, on account of its lauric-acid content, is regarded as virtually indispensable.

BURDEN TO EXPORTING INDUSTRIES

An important aspect of this tax proposal is the burden which it would entail for our exporting industries, including some of the most important branches of American agriculture. The tendency of the tax will be not only to reduce the total imports of the taxed oils but also to lower the prices received by the foreign producers for such quantities as they can continue to export to this country in spite of the tax. The result will inevitably be a decline in foreign purchasing power for American exports. In part this may be reflected in a reduction of the volume of our exports to the oil-producing areas themselves; in part it may be reflected indirectly in reduced exports to other countries from which these oil-producing areas import commodities.

Precisely what will be the resultant decline in foreign purchasing power for American products there is no means of foretelling. It is worth noting, however, that the value of our imports of the various oils which it is now proposed to tax averaged during the period 1928–32 some $57,274,000, having reached the high total of $81,145,000 in 1929. Should the adoption of this proposal be followed by agitation for increased import restrictions on other fats and oils, as it may well be, it is significant also to note that the value of our imports of animal and vegetable oils and fats of all types during the period 1928–32 averaged $125,668,000, and in 1929 attained the high total of $193,335,000. Moreover, the tax will tend to encourage tariff and other economic retaliation in foreign countries, a development possibly more significant for our export trade than the direct loss of purchasing power which would be entailed.

Furthermore, the imposition of the tax might well serve to encourage other industries in the United States to press for similar severe restrictions on imports which compete with their products. This has a special application to raw materials. A large part of our imports consist of raw materials. For some of these, substitutes can be found which, while more costly and less satisfactory, are at least technically within the range of possible production. If it is to be our policy to force this sort of substitution with respect to those particular uses for which certain of our imported oils are admittedly best suited, it is not unlikely that we shall be increasingly urged to do so with respect to other products. All of this would add still further to the present low state of international trade and would be at direct variance with the program now getting under way for the restoration of our foreign trade by tariff negotiation and in other ways.

Especially would it tend to burden important branches of our agriculture. Those branches which are still dependent on foreign markets, such as cotton, tobacco, wheat, and fruits, would face additional difficulty. It is a fair question, for example, whether the adverse effects on prices received for cotton might not greatly outweigh any benefits arising to the growers from higher prices for their cottonseed. For the hog industry additional difficulties would arise in the export field. Our lard exports would be subject to increased competition in foreign countries owing to enhanced foreign production of lard substitutes brought about by reduced world prices of the oils used in manufacturing lard substitutes in consequence of the diversion of these oils from the American market. In this connection it is well to remember that in some European countries such products as butter, oleomargarine, lard, and lard substitutes are more closely linked by intersubstitution than in the United States. The diversion of vegetable oils to other markets, and the consequent depression of world-market prices of them, would not only tend to retard our lard exports but would at the same time lower the world-price base upon which it is sought to erect an elevated domestic price structure for those domestic products with which the domestic oils tend to compete.

It will not be convenient here to enumerate the main items in our export trade with all of the overseas areas which would be directly affected by the proposed excise tax. The Philippines, from which we import practically all of our coconut oil and about three fourths of our copra, will suffice as an example.

In 1932 about 61 percent of our exports of iron and steel sheets (galvanized) went to the Philippines; about 30 percent of our exports of dairy products (chiefly condensed and evaporated milk); some 27 percent of our exports of cotton manufactures; and nearly 10 percent of our exports of wheat flour. Altogether, in that low-trade year, we exported nearly $45,000,000 worth of products to the Philippines, including $9,881,000 worth of cotton manufactures, $4,060,000 of petroleum products, $3,200,000 worth of vehicles, $2,448,000 worth of tobacco products, $1,810,000 worth of dairy products, $1,741,000 of industrial machinery, and $1,718,000 of wheat flour. It is especially noteworthy that agricultural products constitute an important part of our exports to the Philippines, amounting in 1932 to nearly $7,000,000, or, in other words, to 15.4 percent of the aggregate value of our exports to all countries of tobacco and dairy products, wheat flour, fruits, and vegetables. Inclusion of other agricultural products and consideration of the importance to our farming industry of such items as cotton manufactures, leather, and other commodities composed of agricultural raw materials, still further enhances the importance of the Philippine trade for American agriculture. For cotton manufactures and for condensed and evaporated milk, the Philippines are, indeed, our leading market.

Nor would the burden to American interests be confined to loss of market outlets. Continuing with the Philippines as an illustration, it is worth noting that an American investment of nearly $5,000,000 in coconut-oil-refining plants in the Philippines will be jeopardized by the tax, and perhaps much also of another $5,000,000 invested by Americans in Philippine coconut plantations. American shipping interests will likewise suffer. Freight earnings on traffic with the Philippines will be reduced. Copra and coconut oil, because they make good ballast, are especially desirable as cargo. Without them, freight charges on other cargo would have to be increased and trade thus obstructed. Shipping earnings will tend to be reduced owing not alone to the decline of the traffic in copra and coconut oil but also to the decline in other traffic. Part of this burden will fall on foreign shipping interests, with a corresponding decline in foreign purchasing power. But since about 38 percent of our inbound, and 55 percent of our outbound, trade with the Philippines is carried in American vessels, much of the burden will fall directly upon American shipping.

EFFECTS UPON PHILIPPINE RELATIONS

Reference has just been made to the manner in which our commercial relations with the Philippines would be affected. So great is the importance of the coconut industry (including oil-crushing) in Philippine economy and so great her dependence upon the United States as an outlet, that it can scarcely be doubted that a severe blow would be dealt to the islands and that American industries engaged in Philippine trade would feel the effects of it.

There is, moreover, another aspect that should be emphasized. Any sudden and drastic curtailment of our imports of copra and coconut oil at this time would add greatly to the difficulties that already characterize our political relations with the Philippines. In January 1933 the Hawes-Cutting bill, providing for Philippine independence, was enacted into law. Subject to certain stipulations and conditions, it provided for independence at the end of a transitional period of 10 years. This 10-year period was to have started from the adoption of a constitution, at a time which, under the procedure laid down in the act, could not have been earlier than May 17, 1935. But it was provided that the act must be accepted by the Philippine Legislature within 1 year from its enactment. Instead of this, on October 17, 1933, after extended debate in which there was vigorous criticism both of the conditions imposed during the transitional period and of the genuineness of the independence that was to be granted at its close, the Philippine Legislature rejected the terms of the act. In rejecting them, a way was left open for a reversal of this action if a sufficient modification of the act could be secured before its lapse. A new independence mission was sent to the United States to press for such modification. On January 17, 1934, however, the act formally lapsed. Reenactment of the bill with modifications is now pending in Congress.

Much of the Philippine opposition to acceptance of the Hawes-Cutting Act was to the trade provisions. These provided for a transitional period in which Philippine industry would have opportunity gradually to become accustomed to the loss of free trade with the United States. They provided for quota limitations on the quantities of sugar, coconut oil, and cordage to be granted free entry into the United States. They provided also for an export tax, beginning with the sixth year, on all those products destined for the United States that were subject to duty when imported into the United States from foreign countries.

This tax was to be equal to 5 percent of our import duty during the first year and to increase 5 percent each year until it reached 25 percent of the duty during the last year prior to independence. On sugar and cordage the duty-free quotas were below actual imports in 1932 by considerable margins. On coconut oil the duty-free quota of 200,000 long tons was, however, nearly double the actual shipments to the United States in 1932; while copra continued to be admitted free and without limit as to quantity.

The Filipinos have regarded these trade provisions as both burdensome and inequitable. Sugar and cordage would be handicapped at once by the quotas; while the exports of both, as also of coconut oil and cigars, would, they have contended, be completely stifled by the export tax even before the arrival of independence. As to equity, they have pointed significantly to the fact that imports into the Philippines from the United States were to continue to be admitted without restriction or tax throughout the transitional period—a provision which they have regarded as peculiarly one-sided and unjust. In addition it is well to remember that other legislation is pending which would restrict imports of sugar from the Philippines. It is into this situation that the tax on copra and coconut oil—the second largest Philippine export—would be injected.

WAR DEPARTMENT,
Washington, March 23, 1934.

Hon. PAT HARRISON,
Chairman Committee on Finance,
United States Senate, Washington, D.C.

DEAR SENATOR HARRISON: In connection with the proposed excise tax on coconut oil (sec. 602 of the revenue bill, H.R. 7835), reference is made to the views of the Committee on Ways and Means as set forth in that committee's report to accompany H.R. 8687 entitled "A bill to amend the Tariff Act of 1930" (H.Rept. 1000, 73d Cong., 2d sess., Mar. 17, 1934). The following statement appearing on page 15 under Modern Procedure would appear to be pertinent to the provisions of section 602 of H.R. 7835:

"Particular notice should be taken, moreover, of the fact that the President may seek from other countries promises that their excise duties shall not be such as to nullify the results of their promises to modify their tariff duties. * * *

"In order that the necessary reciprocity may be accorded, the President is empowered to promise that existing excise duties which affect imported goods will not be increased during the term of any particular agreement. It should be carefully noted, however, that the President is given no right to reduce or increase any excise duty."

Under the provisions of section 17 of the Philippine independence bill, which has now passed both Houses, the act will become effective when accepted by concurrent resolution of the Philippine Legislature or by a convention called for that purpose. Section 6 thereof will govern future trade relations between the Philippine Islands and the United States. The proposed excise tax on coconut oil will, therefore, immediately become an infringement of the implied agreement between the two countries.

I am bringing this to your attention in the hope that it may be possible for your committee to give further consideration to this subject with a view to eliminating from the revenue bill the provisions for an excise tax on coconut oil.

Very sincerely,

GEO. H. DERN, *Secretary of War.*

WAR DEPARTMENT,
WASHINGTON, *April 4, 1934.*

Hon. PAT HARRISON,
Chairman Committee on Finance,
United States Senate, Washington, D.C.

DEAR SENATOR HARRISON: On my return to Washington General Cox, Chief of the Bureau of Insular Affairs, advised me of the conference which took place in the office of the Secretary of Agriculture on March 30, 1934, relative to an amendment to section 602 (a) of the revenue bill (H.R. 7835). He informed me that this conference was held at your suggestion and that there was present, in addition to the Secretary of Agriculture and certain representatives of his office, a representative (Mr. Feis) of the State Department.

General Cox informs me that, in view of the position taken by me regarding the proposed excise tax on coconut oil, he stated that he was not authorized to agree to any proposal not in accord with the views previously expressed by me. He pointed out, however, that in case a quota should be established for the Philippine Islands, it should be fixed at not less than 520,000,000 pounds of combined coconut oil and copra equivalent as the minimum amount that would preserve the substantial interests of the islands at the established level of the coconut industry. He also expressed the view that the establishment of a quota would be an infringement of the implied agreement contained in the trade-relations provisions of the Philippine Independence Act approved March 24, 1934.

My views are fully set forth in my previous statement and letters addressed to your committee on this subject. I still feel that it would be unwise to either establish a quota or impose a tax on coconut oil at this time.

The table attached hereto contains certain information relative to coconut oil and copra shipments from the Philippine Islands to the United States over a period of several years. It will be noted that since 1927 the average shipments to the United States for any 3-year period is well above 540,000,000 pounds, except for the 3-year periods, including the 1932 shipments, which were abnormally low both for coconut oil and copra. The reason for these low shipments in 1932 has been attributed to the prevalence of leaf miner pests, which in 1931 and 1932 greatly reduced the size of the nuts for the crop which was shipped to the United States in 1932. The average for the 5-year period 1929–33, which includes the high and low years, is nearly 520,000,000 pounds. This figure is accordingly taken as the established level of this trade for several years past. However, the establishment of a quota at this or any other level would be out of line with the policy set forth in the Independence Act, which places no limitations on these shipments until the commonwealth government of the Philippine Islands is established under that act.

It is accordingly recommended that coconut oil be not included in any quota that may be established against foreign oils as it is mainly received from the Philippine Islands which, under existing laws, is treated as domestic territory. If, however, it should be decided to assign a quota to the Philippine Islands at this time, it is suggested that it be such as not to infringe the terms of the independence act. A quota of 200,000 long tons of coconut oil and an additional amount of copra based on the average copra shipments to the United States during the 3-year period, 1931–33, would, under existing commitments of the United States, be the minimum that should be considered.

In conclusion, I desire to reaffirm my former recommendation against the enactment of any legislation that would in any way alter the provisions of the independence act governing future trade relations between the United States and the Philippine Islands. The establishment of a quota or the imposition of a tax on Philippine coconut oil at this time would have this effect.

Very sincerely,

GEO. H. DERN, *Secretary of War.*

WAR DEPARTMENT,
BUREAU OF INSULAR AFFAIRS,
Washington, April 7, 1934.

Hon. PAT HARRISON,
Chairman Committee on Finance,
United States Senate, Washington, D.C.

DEAR SENATOR HARRISON: With reference to my conversation with you yesterday, I am enclosing herewith a copy of a suggested amendment to section 602 of H.R. 7835 as reported by the Senate Committee on Finance.

If this amendment could be added to subparagraph (a) of section 602, it would be in conformity with the spirit and the implied agreements of the Philippine Independence Act approved March 24, 1934. This, in my opinion, is the least that should be done at this time and would be in accord with the position taken by the Secretary of War on this subject.

Very sincerely,

CREED F. COX, *Chief of Bureau.*

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

THE CALENDAR

The PRESIDING OFFICER. There being no reports of committees, the calendar is in order.

TREATY

The legislative clerk proceeded to read Executive B, Seventy-third Congress, second session, an international telecommunication convention, the general radio regulations annexed thereto, and a separate radio protocol, all signed by the delegates of the United States to the International Radio Conference at Madrid on December 9, 1932.

Mr. ROBINSON of Arkansas. I ask that the treaty be passed over.

The PRESIDING OFFICER. The treaty will be passed over.

RECORDER OF DEEDS, DISTRICT OF COLUMBIA

The legislative clerk read the nomination of William J. Thompkins, of Missouri, to be recorder of deeds, District of Columbia.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. ROBINSON of Arkansas. I ask unanimous consent that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered.

IN THE MARINE CORPS

The legislative clerk proceeded to read certain nominations in the Marine Corps.

Mr. ROBINSON of Arkansas. I ask unanimous consent that nominations in the Marine Corps be considered en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered. That concludes the calendar.

JOHN R. FETTER

Mr. McKELLAR. Mr. President, on April 4 the nomination of John R. Fetter to be postmaster at Hopewell, N.J., was confirmed by the Senate. It seems that the Department made some mistake in reference to the nomination. Therefore, I ask unanimous consent that the President be requested to return the notice of confirmation and that the nomination be recommitted to the Committee on Post Offices and Post Roads for such disposition as the committee may desire to make.

The request was reduced to writing, and in the form of a resolution was agreed to, as follows:

Resolved, That the President of the United States be respectfully requested to return to the Senate the resolution advising and consenting to the appointment of John R. Fetter to be postmaster at Hopewell, N.J., on April 4, 1934.

RECESS

The Senate resumed legislative session.

Mr. ROBINSON of Arkansas. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 10 minutes p.m.), the Senate took a recess until tomorrow, Wednesday, April 11, 1934, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate April 10 (legislative day of Mar. 28), 1934

RECORDER OF DEEDS, DISTRICT OF COLUMBIA

William J. Thompkins to be recorder of deeds, District of Columbia.

PROMOTIONS IN THE NAVY

MARINE CORPS

Benjamin S. Berry to be colonel.

Ross B. Kingsbury to be lieutenant colonel.

Edwin N. McClellan to be lieutenant colonel.
Edwin P. McCaulley to be major.
Graves B. Erskine to be major.
Louis R. Jones to be major.
Cordon Hall to be captain.
William S. Fellers to be captain.
Edward L. Hutchinson to be second lieutenant.

POSTMASTERS

MARYLAND

John E. Morris, Princess Anne.

MONTANA

Harry H. Howard, Bozeman.
Dudley W. Greene, Columbia Falls.
Joseph P. Sternhagen, Glasgow.
Allen S. McKenzie, Philipsburg.
Joseph Buckhouse, St. Ignatius.

NORTH CAROLINA

Roberts H. Jernigan, Ahoskie.

HOUSE OF REPRESENTATIVES

TUESDAY, APRIL 10, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Infinite Spirit, we know that Thou art the High and Holy One before whom the angels and the archangels veil their faces saying, "Holy, Holy, Holy, Lord God Almighty." Heavenly Father, read our hearts; they feel emotions which are unutterable and cannot be spoken. We praise Thee for the measureless sweep of Thy merciful providence. We rejoice that Thou hast said, "The sun shall not smite Thee by day, nor the moon by night." O Love Eternal—no mortal tongue can reach and the stretch of our imagination dies away in wonder. At Thy holy altar may we surrender ourselves to Thee, and may our dedication to the cause of our fellow men be complete. May we help folks who have been disfranchised of their right to rest, peace, and joy. Bless all happiness makers whose tongues carry sweetness and sow contentment along their way. Keep us from those sins that bruise the soul. Heavenly Father, deal patiently with us and ever allow dreams and visions, ideals and expectations to supply the forces that urge us on and on to final triumph. In the name of our Savior. Amen.

The Journal of the proceedings of yesterday was read and approved.

PERMISSION TO ADDRESS THE HOUSE

Mr. SHANNON. Mr. Speaker, I ask unanimous consent that on next Friday, April 13, the one hundred and ninety-first anniversary of the birth of Thomas Jefferson, at the conclusion of the reading of the Journal and the disposition of business on the Speaker's table, I be permitted to address the House for 30 minutes on the subject of Thomas Jefferson.

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, and I shall not object, if there is any Democrat that believes in Thomas Jefferson, he should have the opportunity to speak.

Mr. PARSONS. Mr. Speaker, reserving the right to object, on what day is this address to be delivered?

Mr. SHANNON. On Friday.

Mr. LUCE. Mr. Speaker, reserving the right to object, I looked in the encyclopedia, and it is stated there that Thomas Jefferson was born on April 2.

Mr. SHANNON. That is according to the old calendar. According to the new calendar it is April 13. The difference in dates is due to the difference in the two calendars. It is April 13 in the new calendar and April 2 under the old calendar.

Mr. LUCE. Why did not the gentleman accept the luckier day of the two?

Mr. SHANNON. The calendar fixed the date for me.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

THE NEED OF A FEDERAL AUTHORITY IN CALIFORNIA, ARIZONA, AND NEVADA

Mr. COLDEN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein House Resolution 290.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. COLDEN. Mr. Speaker, an amusing story was recently published in California newspapers concerning the Arizona navy which was described as stemming the dirty-dun and swarthy-saffron waters of the Colorado River to the Arizona side of an inaccessible canyon and conveying the State's army to defend the sacred soil and precious rights of the great State of Arizona at the point where the Metropolitan Water District of Southern California proposes to divert a portion of the river for the domestic supply of water for Los Angeles and other neighboring cities. The navy consisted of a single-motor launch and the army was comprised of a corporal and four privates from the National Guard of Arizona.

This story provoked many a laugh and served to divert for the moment the bitter contest that Arizona has carried on for some years against what Arizona deems an intrusion and an encroachment upon the rights of the State and her claims to the waters of the Colorado. Many comical references continue concerning the Arizona army and navy and the enemy, consisting of the sentries and workmen of the Metropolitan Water District of Southern California. Beneath this newspaper mirth lies an embittered controversy that has already been expensive to the parties involved.

It is not my purpose to discuss the rights and arguments of each State, and it is not my purpose to convince you that Arizona is wrong and that California is right. To the average citizen the whole controversy is too complicated, and the whole matter lies buried in great heaps of legal opinions, the fine-spun arguments of many able and high-priced attorneys, the declarations of State officials, county and municipal officials, until it requires a Chinese philosopher and a Philadelphia lawyer to even follow with uncertainty the tangled legal threads. It is a continuous battle of words and a free fight in which many have engaged. As a citizen of southern California, it is my purpose to establish an unbiased and competent authority that will give to Arizona every drop of water and every spark of power to which she is entitled, and at the same time enable southern California to proceed with the unmolested development of that to which she is rightfully entitled.

I crave for no advantages over either of our neighboring States, but am seeking a way out of this dilemma by a procedure that will assure fair dealing and undeterred development in all the States concerned.

I desire at this time to call attention to House Resolution 290, introduced by myself on March 3, 1934, and to emphasize to the Members of Congress the necessity and benefits of my proposal. The resolution requests the Secretary of the Interior to furnish the House of Representatives a comprehensive plan for the improvement and development and coordination of the rivers and other water resources of the States of California, Arizona, and Nevada by a Federal authority, with the additional function of promoting subsistence homesteads and the encouragement of home ownership.

The program, as outlined in House Resolution 290, would provide for an authority with a wide jurisdiction over the controversial problems of the three States and also over the numerous other projects within the States. The proposed C.A.N.A. (California, Arizona, and Nevada Authority) would have supervisory and administrative capacity not only over the rivers and other water resources of these great States but also over the kindred problems and uses of water, such as irrigation, reclamation, development, and distribution of

power, navigation, flood control, reforestation, erosion, preservation of game and fish, and recreational areas. In addition to the development of the river and other water resources to their greatest capacity and use by the populations of the three States, it is urged that such an authority is necessary to secure correlation and coordination of these resources and thereby to avoid endless and expensive litigation and other contests over these resources, thus avoiding endless delays and affording the machinery for the expedition of this development. The homestead idea is an additional feature that is entitled to careful consideration.

A Federal authority removes the involved controversies from the prejudices, fears, and grasping designs of local and interested communities and places them on a broader basis of public and general welfare. It places jurisdiction in a tribunal free of personal and local influence and affords all parties to such controversies an equal and impartial opportunity. The Boulder Dam project is yet uncompleted, and yet its entire path of progress has been disturbed and delayed by conflicting interests. With the development of the great Boulder Dam project, there are certain to continue after its completion numerous other problems and disputes that will be prolific of expense and delay and injurious to many citizens in the States concerned.

The prosperity of California—and especially of southern California—is indissolubly linked with that of Arizona and Nevada. In California the adjoining States find profitable markets. Through California these inland States reach the California ports and thereby the markets of the world. Our development and progress go hand in hand. There is no sound reason why California should seek any advantages over the inland States. What rivalry exists is usually of a local nature, and I am convinced is not shared by the majority of the population of either of the States, the prosperity of all being so closely intertwined and interlinked. In my estimation such an authority, as proposed in the resolution introduced by me, will be a long step in the orderly and efficient development of the three States and the benefits and prosperity will be shared by all.

But the situation involves much more than the controversies between the States. Because of their arid nature, water is queen in the Far West. Out in these open spaces numerous watersheds require the protection from fires and erosion. Great areas of forest by an efficient program and direction may be restored and new ones developed. Numerous valleys, fertile with alluvial soil washed down by infrequent rains, are dominated with sage and cactus awaiting the water, the plow, and dominion of man, ready to yield abundantly to his numerous requirements of food, clothing, and shelter. To develop these vast resources, to furnish homes to our increasing population, to prepare for the best ultimate results, a plan should be devised now to supervise and develop these great potentialities. We should not delay this important program until vast riches of soil and timber and water have been wasted and depleted.

Along with the growth of these three States, numerous new projects are certain to be promoted and developed. In fact, important development already has been made in each of these States. As this development proceeds, projects crowding one upon another will raise endless local and domestic disputes that will deter and thwart the march of development. Already in the State of California, the rights and claims of rival and adjoining districts and projects have jeopardized growth in some localities. Some have more water than they can use to best advantage and others have too little. By this lack of water farms and ranches and orchards decline and the community itself becomes stagnant and sometimes dies and becomes the graveyard of the hopes and ambitions of industrious citizens who dreamed of the dependency and comfort of home. A Federal authority to supervise or administer these conflicting projects and do justice to all would redound to the peace and progress and prosperity of all.

The financial benefits to California, Arizona, and Nevada would reach a tremendous amount, saving millions of dollars in interest, eliminating the costs of refinancing and much litigation, and stabilizing investments. The investor would have a much greater assurance of the soundness of his investment under the direction of a Federal authority. The dangers of poor engineering and uncertain private financial promotion would be eliminated to a large degree. Under the supervision of such an authority the depreciation of irrigation-district bonds would be reduced to a minimum because of the additional protection and supervision of the distribution of water and the unhampered development of power where available and usable.

In its present financial straits, the State of California and its political subdivisions have placed an exceedingly heavy burden upon their taxable wealth. The cities and the counties of the State are staggering under the tax load. Two water districts alone are authorized to expend nearly $400,000,000, the Metropolitan Water District of Southern California, two hundred and twenty million, and the Central Valley project of California, $170,000,000. If either of these great projects should become insolvent and be unable to meet its interest- and sinking-fund obligations, the tax resources, the income and the credit of the State, might become seriously impaired.

The State of California obtains its revenues from franchises, corporations, licenses, and sales taxes, and the lesser political divisions by a direct tax on real estate and personal property. But the bankruptcy of either of the two great projects of California would bear so heavily upon the taxable wealth of the respective communities as to reduce greatly the income of the State itself. To place these and similar projects under a Federal authority would lift a great load from numerous localities, reduce the rate of interest, lower the cost to those participating in the project, and afford greater security to the investor.

Arizona and Nevada have similar domestic projects of great promise, but private capital is difficult to secure and in any event at greater cost than under Federal authority. Both of these States have great potentialities that await development and an increasing population. The lands await water; the mines, industries; and the farms require power. The mineral, agricultural, and horticultural possibilities of these States have been but scratched and their productive capacities can be multiplied many times. A Federal authority would be able to survey, estimate, plan, and develop these vast resources in an orderly and conservative program and avoid much of the waste and fruitless effort of poorly planned pioneering.

The provision in this resolution to authorize the Federal authority to purchase and improve and resell lands is of vital importance, in my opinion. Why should a favored few be the beneficiaries of a comprehensive Federal program that is carried on at the authorization and by the credit of all the people? Why should not the fruits of such a plan be enjoyed by the largest possible number of citizens? Why should the owner of a ranch of thousands of acres be the recipient of a colossal fortune and the thousands of forgotten men be deprived of a home and a place in the sun?

Such a program will preserve for all the people the vast benefits of hydroelectric power, so essential to a land devoid of coal, so vital to the farm and its many irksome labors, so needful to the mine and factory, where no other source of power is available, so necessary to supply the comforts of home and to relieve the drudgery of the wifehood and motherhood bending at their household duties. Electricity is the boon of our generation, the greatest gift of the ages to toiling humanity, and its blessings should be placed within the reach of every individual and every home.

Navigation in this area is limited to the streams of central California. The control of floods and the conservation and proper distribution of its waters are of primary concern to every part of these three great States. The problem of reforestation and erosion also is of much moment and involves large and scattered areas. The utilization of the mountains, deserts, canyons, streams, and artificial lakes for recreational purposes is one of the important social and economic values of this mountain West. The preservation of fish and game is of importance to this and future generations.

Our country is suffering from two major ills, the concentration of wealth in the hands of a privileged few and the decline of home ownership. The home is the foundation of the school, the church, and the state. The home builds stability of citizenship. The home has made America great. The decline of the home is a menace to society and civilization and the greatest shadow on our future. It is our patriotic duty to encourage and to cherish it.

To former generations the inviting West was the open door of opportunity and of a home. It may have been a simple cabin, crudely carved from nearby forests; its chimneys reared from the nearby rocks; its lights from the dim, flickering candle of tallow of nearby herds. The clothes of the occupants were homespun and ill-fitting—his cap from the fur of the nearby streams and woods; his food from the fields, the gardens and orchards, and the wild woods; but this rugged life developed an independence of spirit, a freedom from want, and a courage and a self-reliance that have been the marvel of the world. All the centuries depict no such an epic as has been achieved by the pioneer of America.

But another day has dawned; new problems confront us. The prairies of freedom, the abundant forests of yesterday, are no more. The young man and the young woman of today are denied the opportunity of their ancestors. It is incumbent upon us to reopen the door of opportunity to ourselves and to our posterity and to restore the home to its former prestige, that America may march onward to a greater destiny—a destiny that will afford every citizen a full and abundant life, of which our President so eloquently speaks.

In conclusion, Mr. Speaker, I desire to include in my remarks a copy of the resolution I have discussed.

House Resolution 290

Resolved, That the Secretary of the Interior be, and he is hereby, requested to send to the House of Representatives a comprehensive plan for the improvement and development of the rivers and water resources, the agricultural, horticultural, mineral, and industrial resources of the States of California, Arizona, and Nevada with a view of giving to Congress information for the direction of legislation which will provide for the maximum amount of flood control, reforestation, prevention of erosion, preservation of game and fish, recreational facilities, navigation, irrigation, and the development of hydroelectric power and the distribution thereof; and for the correlation and the coordination of Federal, State, county, municipal, and district projects in said States, including the Boulder Dam, the Roosevelt Dam, the Coolidge Dam, the Parker-Gila project, the All-American Canal, the Central Valley project of California, the Metropolitan Water District, the Humboldt River, and other projects established or contemplated; and furthermore, that said plan provide for a Federal administration, including authority to utilize public lands, to purchase private lands, to reclaim, drain, irrigate, and improve said lands, to subdivide and resell the same in order to establish subsistence homesteads and to encourage home ownership.

LOTTERY

Mr. KENNEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include a radio address delivered by me.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. KENNEY. Mr. Speaker, under leave to extend my remarks, I include an address entitled "Lottery", delivered by me in part from radio station WOR of Columbia Broadcasting Co., March 25, 1934, and over a Nation-wide hook-up from radio station WEAF of National Broadcasting System, April 5, 1934.

"Hands off!"
"Let it alone."
"Don't touch it."
"It's dynamite and will blow you up."

These warnings were sincere. They were given to me, in the words quoted, by personal friends of mine in the House of Representatives, when they learned of my intention to offer in the present Congress the measure which has become entitled "H.R. 7316: A bill to authorize the raising of funds by lottery for the purpose of providing additional means of defraying the cost of Government, including expenditures authorized for veterans and their dependents, and for other purposes."

Now, as a man, lawyer, and holder of political office, I am open—I trust at all times and always appreciatively—to the honest advice of my colleagues and constituents. In this instance there could not be any doubt they had my political fortunes at heart. But I believed their warning a mistaken one. It is reassuring to be able to report that since the statement of the purpose and character of the bill which I was privileged to make in the House, these colleagues have declared themselves for the measure.

What caused honest gentlemen to reserve their attitude? I have not asked them, yet I know. They have perceived, with me, that participation in an orderly lottery, conducted by Government for public benefit, is not gambling.

Let us take a moment and look at gambling. What makes it evil? Why is the straight-thinking element of society against it? Why is it outcast of the law? What does it do to human beings, to their circumstances, their character, their lives, that is hurtful or destructive?

One of the few men who really know the unwritten story of the elder Rockefeller's personality once told a brilliant correspondent why the oil master never drank. In determining his attitude toward a proposal or a policy, this man related, whether of business procedure or individual conduct, it was Mr. Rockefeller's way to set down privately two opposing columns of facts and figures. In one column he would enter the items favorable to it, in the other the items unfavorable to it. The column which yielded the greater total supplied his decision to be for or against it.

"I am perfectly sure", the informant said, "that early in his youth Mr. Rockefeller, breaking ground for a business career in a day of general drinking by business men, set down in one column the items of profit he could expect to earn by investing certain sums of money in social whisky, and in an opposite column the assessments he should expect to pay as penalties; that with his bookkeeper pen he cast the totals, and had then and there his lifelong decision."

I know of no more satisfactory method to answer the question, "Why is gambling evil?"

Let us set down in the profits column these items: Money (or other valuable consideration) which may be won; agreeable excitement of making the wagers; pleasure of anticipating success; thrill of winning; benefit of using the winnings. In the opposing column we enter: Money bet; time spent in betting; distraction from vocation; questionable associations formed through the indulgence; formation of a costly habit; emotional stress of striving to "beat the game"; mental and spiritual depression of losing money whose loss could not be afforded; temptation to obtain dishonestly the means to continue betting; temptation to dissipation as a false refuge of the loser and an unwise jubilation of the winner; lessening appreciation of things earned and increasing appetite for things won; gradual weakening of the bettor's character.

Certainly the answer to our question: "Why is gambling evil?" is expressed by the total of the second column, and we deliberately take our place with the straight-thinking element of society opposing the evil.

So what?

This: When you are reflecting upon what I have said, if you do, ask yourself, frankly, is participation in an orderly lottery, operated by government for the public benefit, gambling?

If you will do that in the calm spirit of inquiry, unswayed by any preconceived bias and uninfluenced by tradition, I believe you will come and stand beside me and my colleagues of the House who themselves came to warn and returned to pledge their support, being the genuine type of men who are not afraid to reconsider opposition.

Presumably every American school boy and girl knows that the first regular Congress of the United States held its sessions in the city of New York. But how many Americans know that lottery money provided a roof for that Congress to meet under?

The year was 1789, and the new Nation's legislative body had no quarters of its own. In this public dilemma the young metropolis came forward with an offer of its city hall, which was quickly and gratefully accepted. But the building was unsuitable in arrangement and appointments for the purpose, so the municipality remodeled and repaired it. The deficit was £13,000, as money was then reckoned in America, a huge obligation in the final decade of the eighteenth century.

The city treasury was utterly unable to shoulder the expense. It was a post-war period of hard times and high taxes—words freighted with significance to us of today. So the city laid its problem before the State legislature.

That body's response was to enact a law authorizing New York City to set up and conduct a public lottery to raise £13,000. The preamble of the act explained that a public emergency existed which could not be met through ordinary sources of revenue. The lottery was a quick success, and the city paid its bill.

I have not anywhere read of the self-respecting sturdy American patriots of that day taking shame to themselves because their country's lawmaking body "had its rent paid" by citizens' contributions made in the form of lottery participation. I have not learned that the guiding sense of social propriety, which may God preserve to us, was damaged by any of the lottery participation that created funds for the building of churches and public edifices throughout our country. Yet it may be that some zealous goalers of the public will cried out against the spectacle and called it "gambling"; as perhaps others previously did when the lottery in an emergency fed and clothed the Continental Army which won our independence. George Washington discerned the value of the lottery and purchased the first ticket for the relief of his suffering soldiers.

Remarkable to relate Elwood Washington, a living kinsman of the Father of our Country, has lately communicated to me his approval of my bill and with the blood of the greatest American coursing his veins in a spirit not of a gambler but of the true patriot has proffered to purchase the first ticket to be issued under this bill. We have had always, doubtless always shall have, sincere conscientious objectors who counsel extremely because they have not considered to think straightly. From that befuddlement emerged the eighteenth amendment upon its tragic reign of mischief.

The passage by Congress of last year's Economy Act led me to propose the present bill for a Government lottery. The Economy Act did two concrete things: It fixed the attention of the country upon the economically grave fact that $1,000,000,000 was then the annual disbursement cost of the Veterans' Administration, the actual figure being $966,838,000, and it permitted the cutting down of that cost to about $500,000,000. Since then $100,000,000 of the billion has been restored by the President, and lately Congress added $83,000,000 more, so that the current disbursement stands well nigh $700,000,000 a year. Here I shall quote a particularly pertinent Associated Press dispatch published under Washington date in the morning newspapers of January 30 last:

"Gen. Frank T. Hines, Administrator of Veterans' Affairs, told a Senate appropriations subcommittee today that 486,926 veterans had been taken off compensation rolls under the Economy Act. He said that the principles of the revised act and regulations issued under it were 'sound and should be continued.'

"Appearing on proposals to amend the economy sections of the independent offices bill in the interest of former soldiers, General Hines said that many veterans undoubtedly would be restored by review boards and President Roosevelt wanted studies continued to eliminate inequalities.

"The average monthly payments to nonservice disabled, he said, had increased in 4 months from $13.35 to $23.83."

I need not, I think, elaborate the fact that every dollar is sorely needed if our war-impaired citizen soldiers and their dependents are to receive the full measure of their country's help; the attitude and actions of the President toward this decent obligation of ours speak more forcefully than could I.

But neither can we ignore the fact that the Government is seriously impeded in its recovery campaign by having to take out of the Treasury what approaches even now $1,000,000,000 yearly for veterans' relief. The only revenues that flow into the Treasury are those created by taxation of one type or another. Nobody hands money to the Government as a gift.

But hosts of citizens, many thousands of persons monthly, would cheerfully and gladly contribute small sums of gift money to their Government for this decent obligation, if they were permitted to do so by participation in a federally authorized and federally operated lottery.

It is my considered judgment that upon a basis of the Government taking 40 percent of a $2 ticket and devoting 60 percent to participation awards, or prizes, the annual yield to the Treasury for veterans' relief would become not less than $1,000,000,000. France, with a population half our own and a national spirit certainly not superior to ours, estimates that her newly established lottery will return the Government $500,000,000. France is now 1 of 30 or more countries gathering needful revenues through government lottery, and it is to be noted that French veterans are not going uncared for. England, while proposing to ban other lotteries, has before Parliament a proposal to revert to the governmental lottery as an emergency source of operating income. I do not think that prim adherence to a doubtful tradition will qualify us to hold ourselves either holier or wiser than they.

Only 2 percent of American citizens pay an income tax. The ability of that one fiftieth of the adult population so to pay cannot sagaciously be made the perennial justification for increasing their levy in the richer brackets, since it is chiefly from the nonpaying portion of the public the residents of those brackets derive their incomes.

Yet we dare not for a moment turn our faces from the fact that now and henceforth, in a measure never before approached in the peace-time annals of the country, our Government must be supplied with larger and steadily larger financial support.

Through crucial necessity and not at all by choice the President and Congress have committed the Government to rehabilitation expenses staggering in their proportions. The millions of taxpayers, depleted in vitality by long confinement to depression's sick bed, stumble under triple loads of Federal, State, and community assessments. Some of them less Spartan than the rest would like furtively to contemplate themselves as the unfortunates Markham meant in his throbbing lines about "the long, long patience of the plundered poor." Self-pity need never to go visiting to be fed.

Nevertheless, America is still the richest country in the world, and Americans are still the warders of vast stores of hoarded wealth. I look upon a Government lottery as an ideal way to tap that timid treasure for the public good.

Charles Pickett in the Harvard Law Review (May 1932) says, "The theory behind the lottery laws is that people should be protected from dissipating their money by gambling against odds which usually are not fully appreciated." Such protection may be the theory, but a theory very far from working out. Our lottery laws in the Nation and the States are comprehensive and not gentle, yet they do not prevent Americans from sending $200,000,000 out of this country yearly in their purchase of participation in foreign sweepstakes. They do not prevent countless churches and charitable organizations from holding bazaar drawings which are lotteries in every detail but name. They prohibit, but they do not prevent.

Now, I do not believe that the adult person who indulges in the mild and pleasing dissipation of buying a chance in a Government lottery is thereby a gambler, a victim, and in need of protection against "odds which are not fully appreciated." The picture does not paint itself to me that way. What purchaser of such a lottery ticket does really seriously expect to win one of the prizes? Or is made cast down or irrational by failure to win? I have not heard of such. Have you?

As for the odds, the bill which I have introduced in the House of Representatives authorizes the Veterans' Administration, with the approval of the President, to conduct a lottery to raise funds not exceeding $1,000,000,000 in any one year, which shall be covered into the Treasury as a miscellaneous receipt. Remember the words, "not exceeding", for I shall refer to them again.

And as for the billion dollars, hearken to this: "During the past 2 years no less than a billion dollars have been kept from going out of this country in support of foreign lotteries. This was the startling statement made August 23, 1933, by Horace J. Donnelly, Solicitor of the Post Office Department." Note that the years mentioned by Mr. Donnelly were the leanest of recent times. Mr. Donnelly also stated that operators of lotteries, foreign and domestic, many of them dishonest, did not confine their activities to the large cities, but preyed upon those located in every section of the country.

It may be remembered, too, that the President recently transmitted to Congress, "for its information", copies of a report on stock-market regulation prepared for him by Assistant Secretary of Commerce, Mr. John Dickinson. Read the report: "It must always be recognized that the average man has an inherent instinct for gambling. If abolished in one form, it seems always to crop out in another. In America the man of average income has, perhaps, turned to the stock-market exchange because of the prohibition of various forms of gambling. If the speculative tendencies of our people could be turned into other channels, this instinct might be satisfied without far-reaching economic consequences."

Mr. Dickinson appeared upon the hearings on the stock-market regulation bill before the House Interstate and Foreign Commerce Committee, of which I am a member, and in the course of his testimony said that he did not oppose in principle a national lottery. Mr. Richard Whitney, president of the New York Stock Exchange, at the same hearings, agreed that a Federal lottery might take care of the little fellow and "keep him out of a lot of trouble."

I honestly believe that a national lottery would control in large measure the gambling evil. Incidentally, if I am any judge of our lovable chairman, Mr. RAYBURN, and the level-headed, straight-thinking members of the House committee, the country will get a good and acceptable stock-exchange regulation bill.

My bill authorizes the Administrator of Veterans' Affairs, subject to the approval of the Secretary of the Treasury, to prepare and issue rules under which the lottery shall be conducted. The Administrator is given power to appoint, employ, and fix the compensation of the necessary officers, employees, and agents, but no salary shall exceed $8,000 a year. The Postmaster General is authorized to place the post office and postal machinery and facilities at the service of the Veterans' Administration for operating the lottery.

The forging or counterfeiting of tickets or the selling of false tickets is made punishable by maximum fine of $10,000 or maximum imprisonment for 5 years, or both. (Death was the extreme penalty provided by the New York Legislature in 1790 to protect the integrity of the congressional lottery tickets, and that was before the racketeer as a figure in American crime had being.)

The final section of the bill provides: "All pensions, allowances, and other benefits accruing to veterans and their dependents which existed prior to the 20th day of March 1933 shall be restored immediately upon the enactment of this act."

While the measure as introduced leaves the details of operation to the Veterans' Administration, assisted by the other specified Government agencies, certain suggestions toward carrying out the lottery may be offered tentatively in this discussion of it.

I think, for example, that a monthly drawing, 12 yearly, would best serve the purpose of the adventure.

I would propose one grand award of, say, not more than $120,000, and specify $500 as the minimum award. Rather than fixing a number of capital awards at amounts spaced closely below the principal prize, I should favor a very much greater number of awards graded upward from the minimum figure. In other words, I would afford participants more chances to win substantial but not extravagant slices of good luck instead of offering bigger purses with less possibility of winning at all. With fantastic prizes, such as, say, a quarter or half million dollars, I would have nothing to do.

The setting in the bill of a limit to the revenue to be raised in any one year practically determines in advance the odds against the participant to win. It being an ascertained fact that a Government lottery, once established beyond its introductory period, receives a stable volume of patronage, the participation hazard resolves itself thus: To produce $1,000,000,000 revenue as the Government's 40-percent share for the veterans, there would be sold $2,500,000,000 of tickets. The price of a ticket being $2, the total of tickets sold in the year would be 1,250,000,000, or, monthly, 104,166,666 tickets. The odds against winning an award can then be determined by the participant by dividing the total number

of the offered prizes into the figure "104,166,666." Thus, if the total number of offered prizes for the month should be 5,000, the participant by dividing 5,000 into 104,166,666 would learn that his ticket had 1 chance in 20,833 to win a prize. But no figuring known to the brain of man could tell him which prize, whether the $120,000 jumbo, or a modest $500 one, or some less splendid or more substantial intermediate award. Since the total of tickets to be sold is limited and publicly known, his chance of winning could not be less than 1 in 20,833; should the month's sale total fall below the limit, his chance of winning would be arithmetically better.

While the foregoing calculations are not of material importance, they are adventurously attractive. And they serve to supply the reason, too, why none of us ever seriously expects to win an award in a lottery or ever is cast into gloom by not winning, though we do know that in such a lottery as is here discussed a certain percentage of all the tickets have to win in every drawing. I look upon it as a game quite worth its inexpensive candle. We all of us who play it will get some fun building tinted castles in Spain, some of us will get awards, the veterans will get what is decently coming to them from their countrymen, the Government will get a billion-dollar gift from its citizens, and the heavily burdened taxpayers will get a hand up in distress.

I think it may be highly desirable to make the higher awards payable partly in spot cash and partly in short-term annuities. If, for example, Joe Mack's family's ticket wins and calls for $15,000, it would mean they would be paid the Government's check for, say, $5,000 and additionally $1,000 a month for 10 months. The wisdom of such a form of redemption seems to me obvious.

I would be opposed to the sale of tickets to persons under 18 years of age.

I suggest that tickets be purchasable at post offices only, and that payments of awards be made by post offices of sale. I believe this manner of handling would be the surest safeguard against racketeer invasion for purposes of counterfeiting and other frauds.

I would make half tickets at $1 available to the public.

Periodically there come times when the people of a country decide to give theory in government a vacation and sit down in the kitchen with facts. When they do this, history begins the writing of a new chapter. Behind such occasions, though we may not confess the fact until after the chapter has been finished, is the normal social yearning to reprove by making a change that, after all, life and liberty are worth while only as affording opportunity to human beings to pursue happiness. We do not seriously demand to capture, but you shall not too long—at one stretch—forbid the pursuit.

We have sent the theory in government of compulsory abstinence from liquor away upon a long vacation, and we are still sessioning in the kitchen. We have decreed leaves of absence to quite a number of historic means and manners which, we agreed, were cluttering the trails of our discountenanced pursuit. It may be that for a while at least we are of majority opinion that government by theory has become a lot of tall grass for shapes to crawl in.

What do you think?

CALENDAR WEDNESDAY

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that business on tomorrow, Calendar Wednesday, be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

LEGISLATIVE APPROPRIATION BILL—1935

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 8617) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1935, and for other purposes, with Senate amendments, disagree to the Senate amendments, and ask for a conference.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The Chair appointed the following conferees: Mr. LUDLOW, Mr. GRANFIELD, Mr. SANDLIN, Mr. BUCHANAN, Mr. MCLEOD, and Mr. SINCLAIR.

CANADA AND PREFERENTIAL TARIFFS

Mr. EDMONDS. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the RECORD on Canadian reciprocity and to include a statement made in reference to the New England situation by the Foreign Trade Club of Boston.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. EDMONDS. Mr. Speaker, one of the most remarkable developments of the past several years in connection with the growth of business in Canada has been its promotion by law enactments of its home business at the expense of business in the United States.

Laws or regulations have been promulgated to attract the installation of new manufacturers, and the use of Canadian facilities for transportation by rail or water, with such great success that they must marvel at our own simplicity in allowing the necessary discriminations without any attempt on our part to retain what was our own.

In 1928 an official representative of the Canadian Government told me at Buffalo that over 1,200 American business firms were represented in Canada, over half by factories established there, and others by offices sufficiently representative so that they could secure the advantages furnished by their Government through its laws and regulations.

An investigation of the causes of this movement of American business can readily be seen upon investigation; for instance, American western wheat was gradually drawn to the Canadian markets, principally because Canadian wheat inspection was such that the shipper gained financially by shipping that way. This, as the years rolled by, practically made, during the fall and summer months, Montreal the great market for American western-grown wheat. On the other hand, Canadian wheat was almost all shipped abroad from United States ports, as most of it came into the market after the close of navigation on the St. Lawrence River. It will be noted that we accepted the Canadian inspection on their bonded wheat, contrary to their practice with ours.

Although this would indicate a fair exchange in tonnage between the two countries, leaving out the wheat inspection, the Canadian being in doubt as to what our policy might be in the future, as we had requested through the State Department that our inspection should be recognized as we recognize theirs, started a building program at the ports of St. Johns and Halifax, established during the winter months an exceedingly low rate of freight from the grain elevators to these ports, so as to care for the closed St. Lawrence season, then followed 2 years ago by placing a prohibitive tariff in the United Kingdom on Canadian wheat shipped through the United States ports, unless each individual car was consigned to a legitimate purchaser in the United Kingdom from the Canadian point of shipment. This resulted in taking away of cargo from our shipping to United Kingdom points, and of course materially affected the business of our North Atlantic and Pacific ports, as it covered millions of bushels of grain annually.

As a result, the Canadian ports are rapidly increasing in size and facilities, and even now Montreal is making a survey and proposing the doubling of the amount of grain-elevator space at that port in order to accommodate the additional business expected, and many of the largest grain dealers in the United States now have subsidiary offices in Canada in order to secure the advantages offered.

However, you cannot operate a ship profitably on grain alone; you must have other inbound cargo, and more profitable cargo outbound, so what do our Canadian friends do but start to get these necessary shipments. Their plan was to attract American manufacturers to open subsidiary companies in Canada. To do this they were obliged to offer an attraction; this they did in a number of promotion ways in which cheap sites and cheap taxes were a small factor. They agreed with manufacturers who would establish Canadian factories that they would only require a minimum part of the finished product to be made in Canada providing the assembling was done there. This allowed the manufacturer to make at his home factory the vital parts of his product in the United States. After these factories were established they gradually raised the minimum required by successive tariffs until he was forced, in order not to lose his investment, to enlarge his plant until most of the product was made in Canada, the penalty being that unless he complied he could not receive the benefit of the various tariffs or other regulations.

The principal way of attracting business was by the manipulation of their tariffs. They were careful not to be

foolish like we have been and tie themselves up in most-favored-nation tariffs. They prepared a tariff, then negotiated treaties with many European nations trading preferential tariffs, both nations giving discounts, and further, made a British Empire agreement for another still lower tariff to British possessions. We must not forget they were after cargo for the grain ships, so they limited the preferential tariff with foreign nations so that it would only be applicable to ships delivering goods to or taking goods from Canadian ports.

These are only a few of the high spots of Canadian discrimination which we have let come into existence with hardly any resistance on our part; there are many smaller matters that make shipping through Canada attractive to shippers. Goods from abroad today are shipped through Canada to St. Louis and beyond, so that you can readily see the disastrous loss these Canadian regulations have caused, both to our ships and railroads.

In order to at least try to retain our American business for our shippers and railroads, I have introduced a bill, H.R. 4493, a bill to prevent discrimination against American ships and ports, and for other purposes. This bill will charge a special tax or tariff of 10 percent upon all foreign goods brought into the United States through Canada, and the charge is only in effect as long as the Canadian discriminations are continued against us; a fair bill which surely should not be protested by our neighbors as long as they originated the idea.

Merchandise consigned to the United States and shipped through Canada in bond, when arriving at port of entry of the United States, pays the regular duty; on the contrary, as explained, shipments made from countries where there is in existence preferential duty arrangement with Canada, and not delivered directly to a Canadian port, but shipped through a port of the United States in bond, lose their preferential status and pay the higher duty, so that under the present arrangements the Canadians retain their own business for their own facilities, and owing to our own inattention we are losing to them a very large tonnage of merchandise which should be carried upon American ships and railroads and through American ports.

It is proposed by H.R. 4493 to correct this discrimination insofar as imports are concerned unless the Canadians are willing to treat shipments through our country on an equal basis with our treatment of theirs.

The Foreign Commerce Club of Boston have prepared a very complete statement covering the whole subject, which is as follows:

The Foreign Commerce Club of Boston, Inc., wishes to place itself on record as approving the following bills, all treating on the same subject:

H.R. 4493, introduced by Hon. G. W. EDMONDS, of Pennsylvania.
H.R. 1637, introduced by Hon. ROBERT LUCE, of Massachusetts.
S. 3516, introduced by Hon. WALLACE H. WHITE, JR., of Maine.
S. 1525, introduced by Hon. CLARENCE C. DILL, of Washington.

The Foreign Commerce Club of Boston, Inc., is made up of some 200 members, each of whom is engaged in business allied with the foreign commerce of the port of Boston. The membership is composed of steamship agents, railroad representatives, customs brokers, freight forwarders, stevedores, weighers, pilots, towboat companies; in fact, every branch of industry connected with foreign trade.

Our scope of activity is not limited to local maritime matters, but it is interested in all matters which relate to foreign trade as it affects the country as a whole. Especially does it interest itself in all cases where the commerce of the United States is jeopardized.

The members of our club have during the past 7 or 8 years seen the foreign commerce of our port, insofar as it pertains to contiguous countries, drop to a very low position. For many years prior to 1927 the port of Boston was favored with a very large traffic in foreign merchandise arriving for destinations in Canada and the Middle West of the United States.

While the number of steamers arriving at this port has not diminished greatly, still the amount of cargo unloaded at Boston from each ship is almost infinitesimal. Prior to 1927 it was not uncommon for vessels arriving from Far East ports (Indian especially) to unload at Boston from 5,000 to 7,000 tons of freight, the greater portion of which was through traffic—that is, not for local consumption.

For the past 7 or 8 years these same vessels have unloaded from 200 to 600 tons, which cargo is discharged in a few hours after arrival of the steamer in port. The total amount of earned freight often does not pay for port expenses. These steamers come to Boston, notwithstanding the great losses incurred, in order to keep up the service for local interests.

The Canadian customs tariff contains certain regulations (particularly chapter 30, section 3 (1) (a), section 4 (g), and section 5) which are especially detrimental to United States shipping. These regulations, which originally became effective in 1907, have been gradually changed to the extent that, at the present time they constitute a direct and almost absolute barrier to foreign goods imported into Canada via the United States. Thus, through changes in the basic Canadian customs regulations, as well as upward revision of Canadian tariff rates as they apply to United States products and all imports via the United States, Canada has gradually forced the routing of its foreign imports away from the natural and economical trade channels of shipping from foreign countries via United States ports and in transit to Canadian destinations. Such tariff policy by Canada has not only been instituted by severe Dominion duty discrimination against imports received via the United States, but has been fostered and abetted by consistent action of subsidizing, and even building, or initiating Canadian ports, railroads, and steamship lines, at great cost.

Without delving into the ramifications of the Canadian tariff, the following explanation of the required qualifications for admission of Canadian imports at reduced rates of duty will indicate the salient regulations which militate against shipment via the United States.

The British preferential tariff (lowest rates accorded to practically all of the British Empire), and the intermediate tariff (medium rates accorded to practically all of the principal commercial nations, except the United States) apply to goods of the areas and countries mentioned when conveyed without transshipment from the country of origin to a sea, lake, or river port of Canada, provided that such goods, when shipped on a through bill of lading to a port of Canada, may be transferred at a British port and then conveyed without transshipment to a port of Canada, and be entitled to the lower rates of duty under the preferential or intermediate tariffs.

As a further inducement for direct shipments of British Empire goods to Canadian ports, a discount of 10 percent of the duty is allowed on most goods entitled to the preferential duty rates (providing the duty exceeds 15 percent of the value) if the goods are conveyed as specified in the above paragraph, that is, not shipped via the United States to Canadian destination.

The importance of this restriction of preferential and intermediate tariff-rate application only to goods imported directly into Canada from countries of origin or British ports can be gaged by the fact that most of the British preferential duties are about 50 percent and the intermediate rates about 25 percent less than the general rates, the latter rates applying on commodities of or shipped via the United States.

Increase of duty cost on shipments routed to Canada via the United States is augmented by application of sales and excise tax which, at the present time, amounts to 9 percent of the value of goods, plus the duty, and applies on practically all goods imported into Canada. This sales and excise tax applies on commodities imported, regardless of country of origin, but it will be noted that the 9 percent is assessed on the duty-paid value of shipments. Thus, in view of the fact that the general or highest rate of duty applies on foreign shipments received in Canada via the United States, the sales and excise tax assessment provides an accumulative and additional cost on intransit shipments to Canada through the United States.

Although this policy of granting lower rates of duty to products from certain countries, when shipped directly to Canadian ports, became definitely established during 1907, its import and effect was negligible until recent years—from 1926 to date. Up to 1926 the Canadian preferences were not, for the most part, numerous or extremely low as compared with the general rates. However, with increase in preference advantages and the institution of the sales tax with its subsequent increases and the establishment of an excise tax, Canada has consistently and methodically increased the general rates of duty and decreased the preferential rates so that increased cost of duty, sales, and excise tax on commodities imported from foreign countries via the United States as against lowered costs on goods imported directly into Canada from country of origin or via British port ranges between 15 percent to 50 percent in favor of direct shipments to Canada as against shipments received via the United States.

Results of this constant and increasing discrimination against shipments imported via the United States have been: sharp reduction in ocean cargo tonnage from foreign countries for Canada via United States ports; decrease of freight and liner services to United States ports, caused by diversion of many of these services to Canadian ports; and the increase of exports from and imports into the United States via Canada. The far-reaching effects of this Canadian policy is evidenced by a statement in Heaton's Handbook of Canada, 1932, which has the following note (p. 687, bottom): "An increasing number of Americans are returning from Europe by Canadian ports." Unfortunately, this statement is correct, for United States citizens are not only returning via Canadian ports, but an increasing number are sailing from Canadian ports, and it is an axiom of ship operation that passenger service is the final proof of well-established ocean-port service, which has as its basis adequate port and terminal facilities with substantial movement of ocean freight. Through Canadian legislation we have lost American import and export shipments as well as freight destined from foreign countries through the United States to Canada, and by these losses of freight American steam-

ship and railroad companies have lost tremendously in revenue, while Canadian interests and the ports of Montreal, Quebec, Halifax, St. John, Vancouver, and Victoria have gained proportionately.

Bearing on this last statement, we quote from the Daily Freight Record, published in New York, edition of June 22, 1932: "Halifax port traffic: Cargo handled on the piers of the Halifax Harbor Commission during the week ended June 10 totaled 6,724 tons, an increase of 2,700 tons over the volume for the same week in 1931, according to a statement issued. This marked the third consecutive week in which the increase over business volume a year ago was more than 40 percent. The total volume handled during the 3 weeks ended June 10 was 26,214 tons, compared with 15,407 tons during the same period of 1931, an increase of about 70 percent. The total increase from the beginning of 1932 to June 10, as compared with same period of last year, was 6¾ percent."

Further, we quote from the New York Journal of Commerce, edition of December 12, 1932: "Transshipments of major imports to this country destined for other foreign markets are on the wane owing to rising trade barriers abroad. The latest example of decline in such trade is the contraction in reexports to Canada.

"Recent reports show that the Lever interests are shipping palm oil direct to Canadian ports from Africa. Formerly a large portion of Canada's palm-oil requirements was supplied by transshipment from the United Sttaes.

"Canadian rubber factories, to take another example, are understood to be arranging for direct shipments of crude rubber from the Far East. Formerly large quantities of crude rubber were reexported from New York and Boston to Canada."

In our opinion, this great increase in tonnage direct to Canadian ports is that tonnage which, prior to the Canadian Act of 1926, section 1, chapter 7, effective April 1, 1927, usually came to the United States Atlantic, Pacific, and Gulf ports. While we have not the statistics for Vancouver, it is presumed that the same ratio of increase can be applied to that port, while the Pacific coast ports have suffered proportionately.

In reference to the statement above quoted, in reference to the increase in tonnage at the port of Halifax, we beg to call the committee's attention to the fact that this great increase was enjoyed during depression years, when Canada suffered as much as we. While Canadian ports have been prospering, our ports have been doing practically no business.

Many of the steamers arriving at Halifax are from the Far East. These steamers carry commodity cargoes; that is, only a few different classes of merchandise, but large quantities of each. They arrive at Halifax with full cargoes, the bulk of which is not only for Canadian consumption but for consumption in the middle-west sections of the United States. This cargo, when arriving at Halifax, is shipped over Canadian rails to our own Midwest, thereby allowing no revenue to our rails. In former years this business was tremendous to our railroads.

Not only do shipments travel west from Halifax and St. John but east from Vancouver to New York State, Massachusetts, and, in fact, all Eastern States.

Trainloads, not carloads, of silk are continually arriving at the Port of New York from Vancouver and carloads of wool at Boston. If these shipments would arrive at United States Pacific ports the American railroads would have the entire haul, and, being for American merchants, who has a better right to enjoy the land haul than these same American railroads, which are maintained by American money and pay taxes here?

A great many speeches in the Congress and numerous articles in the newspapers of the country continually lay stress on the terrible condition of the railroads. How to rehabilitate them has been a great and grave question. Certainly they cannot be brought to life, or even nourished in the slightest degree, by paying toll to the Canadian roads. Without income, dividends are passed, interest on bonds suspended, and bonds finally repudiated, which will end in the roads going into the hands of receivers, as many have already done, and calling on the taxpayers, in the person of the United States, to refinance them in order to sustain their lives. It is time to give this matter extended and earnest thought.

The blow occasioned by the aforesaid Canadian Act of 1926 not being sufficient to lay the United States trade in its tracks, so Canada, which is extremely wise in its generation, took it upon itself to be the chief inaugurator and finally the prevailing force in bringing about the so-called "Ottawa pact", which in a few words said, "Trade among ourselves only (meaning the British Empire), but if not then you will be penalized." And, with this slogan, they are accomplishing what they set out to do.

We cannot be too harsh in our criticism of the Canadian Government for this—it was doing what it felt was best for Canada. "Canada for the Canadians!" What a powerful and penetrating phrase. Should we follow their example, or simply stand by until our business has fallen into decay?

Let us consider the matter thoroughly to the end that United States trade, carried on by our citizens of this country, will be protected, whether it be water- or rail-borne.

Canada is not the only country which has customs laws favoring its own country, and which are in themselves discriminatory.

Under the caption "Customs Surtaxes" in the French tariff, we read: "There is a surtax of origin imposed on most articles of non-European origin when imported through a European country." This tax varies with the commodity, but, in general, amounts to 3.60 francs per 100 kilos. (Extract from report of the Department of Commerce, Division of Foreign Tariffs, dated Washington, June 15, 1932.)

The interpretation of this measure is that merchandise shipped from the United States to France through, say, London, Liverpool, Antwerp, Rotterdam, or other ports, pays the excise tax, which is a penalty for not shipping merchandise direct to France or in French bottoms.

Portugal also has a preferential tariff, the substance of which is "The preferential rebate of the duties on all imports (except tobacco) granted by Portugal on foreign merchandise arriving in Portuguese vessels has been reduced from 8 percent to 6 percent of the duties by a decree effective January 3, 1933, according to a cablegram of January 4 from Commercial Attaché R. C. Long, Lisbon." (This item taken from Commerce Reports, Jan. 14, 1933.)

Brazil also has a law in effect that a rebate or reduction of 50 percent of the fees is allowed to shippers using the Lloyd Brasiliero vessels. These original fees are collected on the consular invoice covering merchandise shipped to Brazil; and if shipped in Brazilian bottoms, the rebate above mentioned is allowed. As small as this fee might be, it, however, establishes a principle of direct preference for shipping in national vessels.

Dependence for revenue cannot be made on United States vessels bringing to this country only cargoes for our own consumption or for use in coastal territory only. These steamers must carry in-transit cargoes as well, and, as an example how our commerce is being diminished, we will later quote some statistics which show how our business in foreign trade is affected by the present Canadian embargo—for such it is.

Reverting to the subject of the three classes of Canadian tariff, we give a list of the following countries that are favored by Canada in the so-called "intermediate tariff":

Germany, Italy and her colonies, Czechoslovakia, Denmark, Belgium, Luxemburg, Estonia, Finland, Hungary, Latvia, Lithuania, Netherlands and her colonies, Norway, Portugal, Rumania, Spain (and certain of her possessions), Sweden, Switzerland, Yugoslavia, Argentina, Brazil, Colombia, Venezuela, and Japan.

This intermediary tariff is contingent only on the condition that the imported merchandise is shipped direct to Canada or through British Empire or possessions. If the merchandise arrives in Canada via United States ports, then the general tariff applies.

The foregoing shows that nearly every country in Europe and South America enjoys the privilege of the Canadian intermediate tariff, while we, speaking the same language, of the same basic race, and separated from Canada only by a boundary line, are excluded from any and all privileges of carrying on foreign trade with Canada, except under severe penalty.

Especially are we cut off from trade that originates in foreign countries and is shipped in transit through the United States to Canada.

Now, how has this law affected us? may be asked.

As an example, let us take the Canadian tariff, item no. 446a, which includes iron and steel manufactures. The Canadian duty, according to the 1932 tariff, is as follows:

	Percent
Preferential tariff	15
Intermediate tariff	27½
General tariff	35

A shipment of steel, valued at $1,000 f.o.b. point of origin, arriving in Canada, pays the following rates of duty:

	Duty	Difference in favor of intermediate countries	In favor of British Empire
If imported from or via United States	$471.50		
If imported from countries enjoying intermediate privilege (direct)	389.75	$81.75	
If imported from British Empire (direct)	253.50		$218

The above represents duty, plus sales and excise taxes.

We take this item, not because it covers steel alone but because the article covers so many different forms of steel manufactures.

We also refer to one other item—that is, bananas.

Item 98 and 98A in the Canadian tariff allows bananas to be imported into Canada from British West Indies free of duty, provided they enter Canada direct. If they are shipped from the same territory via United States port, they pay a duty of 50 cents per bunch or stem.

Item 8 in the Canadian tariff covers canned meat. The duty on this class of merchandise is: Preferential, 15 percent; intermediate, 30 percent; and general, 35 percent.

As can be testified to, thousands of cases of canned meats annually formerly arrived in Boston from the Argentine in vessels, destined for Canada. None of this cargo comes here now for reason of the 5 percent additional duty. Argentina being in the intermediate class is favored with a 30-percent rate of duty. Consequently the merchandise is shipped direct to Canada or via British Isles.

What is shown by the foregoing is simply an example, but covers every commodity of commerce, with the exception of some few articles which are by Canadian law free of duty.

In the case of British Empire goods, if the merchandise is shipped via the United States to Canada, the general or highest rate applies. Therefore, this is an indirect subsidy for shipments of goods from foreign countries of origin to Canadian ports, precluding the use of American seaports for in-transit shipments.

The crux of the situation is that goods imported into Canada via the United States are penalized by assessment of higher duties and increased sales and excise tax cost, which has resulted in a discontinuance of in-transit shipments via United States to Canada.

This condition has created a vicious circle for American marine and transportation facilities, through the diversion of waterborne and rail in-transit traffic away from the United States to the extent that steamship services from Canadian ports have increased so that already American exports and imports are moving in considerable quantity via Canadian ports which in the past moved from United States ports.

Some have suggested that an export tax be assessed on United States goods exported via a contiguous country. The Constitution strictly forbids a tax on exports, so there is no chance for action there.

The following tables show the amount of trade passing through the United States from foreign countries and vice versa, from and including the years 1921 to 1931 (the 1932 figures are not available). These figures were obtained from the Department of Commerce reports and are, therefore, authentic:

1921

Imports received:	
Total through Canada to United States	$181,220,771
Total through other North American countries to United States	194,953,605
In-transit shipments via United States to—	
Canada	21,958,735
Other countries	41,419,113

1922

Imports received:	
Total through Canada to United States	214,662,365
Total through other North American countries to United States	233,412,361
In-transit shipments via United States to—	
Canada	27,978,250
Other countries	50,504,403

1923

Imports received:	
Total through Canada to United States	$273,861,313
Total through other North American countries to United States	298,846,377
In-transit shipments via United States to—	
Canada	36,754,672
Other countries	70,536,179

1924

Imports received:	
Total through Canada to United States	226,409,725
Total through other North American countries to United States	252,056,004
In-transit shipments via United States to—	
Canada	32,270,677
Other countries	67,188,282

1925

Imports received:	
Total through Canada to United States	303,133,270
Total through other North American countries to United States	332,984,400
In-transit shipments via United States to—	
Canada	24,701,206
Other countries	68,480,665

1926

Imports received:	
Total through Canada to United States	275,891,229
Total through other North American countries to United States	300,069,800
In-transit shipments via United States to—	
Canada	37,748,332
Other countries	82,115,372

1927

Imports received:	
Total through Canada to United States	338,611,964
Total through other North American countries to United States	371,418,930
In-transit shipments via United States to—	
Canada	38,068,575
Other countries	91,284,808

1928

Imports received:	
Total through Canada to United States	252,359,492
Total through other North American countries to United States	286,993,549
In-transit shipments via United States to—	
Canada	132,402,743
Other countries	174,214,545

1929

Imports received:	
Total through Canada to United States	$249,081,959
Total through other North American countries to United States	288,133,424
In-transit shipments via United States to—	
Canada	36,293,125
Other countries	81,054,817

1930

Imports received:	
Total through Canada to United States	167,736,029
Total through other North American countries to United States	204,094,747
In-transit shipments via United States to—	
Canada	34,180,553
Other countries	74,202,170

1931

Imports received:	
Total through Canada to United States	95,430,830
Total through other North American countries to United States	123,497,344
In-transit shipments via United States to—	
Canada	17,557,267
Other countries	45,571,489

The above statistics cover only Canadian and other North American countries, such as Central America, Newfoundland, Miquelon, Labrador, Mexico, West Indies, Cuba, Dominican Republic, and Virgin Islands. We quote these for the reason that the bills presented to the House and Senate, supra, cover only merchandise shipped to the United States through contiguous countries.

It is quite evident from the foregoing that our foreign in-transit trade has been demoralized and cannot be improved or recovered unless corrective measures are taken to offset this practical embargo.

If such a law as requested in the bills, the subject of this brief, were in effect during the 10-year period above, duties would have been paid to the United States on foreign merchandise shipped through Canada to this country in amounts ranging from approximately $9,500,000 in 1931 to $34,000,000 in 1927.

Trade of Canada for the fiscal year ended March 31, 1931, contains several statements and tables which should be of especial interest, some of which read as follows: "In view of the current discussion respecting direct purchasing from overseas countries, it is of interest to point out that for many years past Canada has purchased large quantities of products, largely raw or semimanufactured, from the United Kingdom and the United States which did not originate in these countries. During the calendar years 1929 and 1930, the exports of foreign produce from the United Kingdom to Canada represented about 7 percent and in the case of the United States about 5 percent of the total exports from these countries to Canada. Foreign exports from the United States to Canada in 1929 totaled $46,302,000, and in 1930, $31,283,000." The commodities involved were as follows:

Foreign exports from United States to Canada

Commodities	1929	1930
Total, foreign exports	$46,302,000	$31,283,000
Principal foreign exports:		
Crude rubber	15,876,000	8,441,000
Raw silk	5,121,000	4,997,000
Sisal and henequen	4,955,000	2,020,000
Raw furs	2,470,000	1,529,000
Bananas	2,597,000	1,488,000
Tin bars, blocks, etc	834,000	1,375,000
Raw hides	3,190,000	1,232,000
Manila or abacá	610,000	775,000
Painting and statuary	236,000	619,000
China wood oil	761,000	529,000
Coal	211,000	517,000
Raw tobacco	367,000	510,000
Peanut oil	9,000	449,000
Nitrate of soda	382,000	371,000
Raw cotton	1,178,000	343,000
Raw wool	445,000	324,000
Furs, dressed	141,000	258,000
Raw cocoa	360,000	249,000
Precious stones	5,000	226,000
Shellac	282,000	225,000
Hemp, unmanufactured	562,000	212,000
Eggs, frozen	120,000	184,000
Wood pulp	103,000	173,000
Potash, muriate of	42,000	170,000
Gums, and resins, n.o.p	262,000	168,000
Pineapples	267,000	131,000
Nuts, edible	257,000	127,000
Leather, unmanufactured	246,000	108,000
Vegetable wax	76,000	95,000
Varnish gums, n.o.p	160,000	94,000
Dates	196,000	86,000
Vegetable drugs	84,000	83,000
Bristles	154,000	82,000
Spices	82,000	80,000
Palm and palm kernel oil	176,000	59,000
Coffee, raw	67,000	45,000

The statistics in the following table show Canada's imports by continents via the United States for the fiscal years 1921 and 1931 and indicate that the percentages of Canada's imports by continents show a decrease during the past decade for each continent with the exception of Africa:

Canada's imports via the United States, by continents, fiscal years ending Mar. 31, 1921 and 1931

Continents	Imports via the United States		Percentage of imports	
	1921	1931	1921	1931
Europe	$6,755,443	$1,466,503	2.55	0.65
North America	9,477,508	1,504,472	15.97	6.42
South America	4,002,875	1,525,729	20.68	5.96
Asia	5,033,966	3,805,152	15.02	13.53
Oceania	599,850	457,374	9.30	3.18
Africa	65,936	198,074	9.11	2.90
Total	25,935,578	8,958,204	6.75	2.78

The following information is given by a certain railroad operating out of Boston. The figures given are in tons and represent the amount of in-transit import freight shipped through Boston to Canada:

	Tons
1926	26,321
1927	24,857
1928	21,371
1929	32,238
1930	27,252
1931	15,339
1932	10,292

The increased tonnage for 1929 and 1930 was caused by approximately 10,000 tons of a certain commodity which does not enter here now. With this amount deducted from the totals of 1929 and 1930, the total miscellaneous cargoes would show 22,238 and 17,252, respectively. The percentage of decrease between 1926 and 1932, inclusive, is therefore approximately 61.5 percent.

Shipments of bananas, which we are informed were considered local and not imported traffic, would increase the above tonnage to around 5,000 tons per year up to 1930, at which time exports of this commodity to Canada via the United States began to stop.

In connection with the decrease of imports from foreign countries via the United States, it is interesting to note that several steamship companies during the past year or so have inaugurated direct sailings from eastern Canadian ports to various points on the globe. Direct lines, during certain seasons of the year, connect the eastern Canadian seacoast with the British West Indies and with South Africa, and it is certain that increasing amounts of produce from these areas are exported direct to Canada rather than through the United States.

The following item is quoted in full from the Boston Evening Globe of January 18, 1933, which shows the trend of commerce between Canada and Great Britain, to the detriment of United States commerce. We admit that this increase has been occasioned in a measure by the so-called "Ottawa pact", but it bears out our contention that a movement is already in operation to eliminate the United States as a trading nation:

"Canada's export trade in 1932 swung into empire channels. From the opening of the imperial economic conference at Ottawa in July, a pronounced increase in Canadian domestic exports to the United Kingdom was noticeable in trade returns. In the calendar year 1932, the Dominion Bureau of Statistics reports, Canada exported goods to the value of $178,171,680, an increase of $6,636,858 over the 1931 exports of $171,534,759.

"But the large increase began in July. In the last 6 months, the exports to United Kingdom totaled $116,487,568, as against $102,533,809 in the same period of 1931.

"In other words, 65 percent of Canada's exports to the United Kingdom in 1932 were sent since the conference opened in Ottawa and 35 percent in the 6 months prior to it. The United Kingdom now is very definitely Canada's leading market, taking the place formerly occupied by the United States.

"Canada's domestic exports to the United States in 1932 totaled $162,630,779, or $15,540,901 less than to the United Kingdom. In 1931, the domestic exports to the United States amounted to $256,942,045, or $85,407,223 more than to Great Britain, and in 1930 the amount was $395,738,375, or $160,514,416 more than to Great Britain.

"Domestic exports to British Empire countries in December totaled in value $20,580,547, compared with $20,262,873 a year ago, a reduction of $46,326 in value, but an increase in volume.

"During the last 6 months of 1932 the domestic exports to Empire countries totaled $137,209,418, compared with $126,483,054 in the same period of 1931, a gain of $10,726,364.

"Despite the heavy reduction of almost $10,000,000 in Canada's domestic exports to the United States as compared with December a year ago, there were some increases, such as rubber, chiefly tires and footwear, $6,000 to $11,000; raw wool, $4,000 to $10,000; shingles, $127,000 to $135,000; aluminum, $11,000 to $19,000; raw gold, $399,000 to $444,000; silver, $95,000 to $111,000; asbestos, $180,000 to $181,000; acids, $62,000 to $143,000; fertilizers, $59,000 to $112,000."

We could quote from the daily, shipping, and trade papers throughout the country on this subject, but we would simply be filling up the record with repetition.

The United States Government, as well as private interests, has spent millions of dollars developing its merchant marine in order to bring back to this country the shipping and foreign commerce we lost just after the Civil War when the business successfully carried on by our clipper ships was taken from us by Great Britain.

The American merchant marine, as well as the American railroads, must live. We have all been converted in the past few years to the realization that the carrying on of foreign commerce belongs to us as well as to other countries, and it is our purpose to see that this right is not taken from us. If we are to submit to the efforts made by other nations to destroy our commerce and shipping without some form of resistance, then we should either scrap our vessels or turn them over to foreign owners. When and if this is accomplished you will see the business of rate raising started immediately and American commerce will then have to pay excess freight to compensate for the purchase of those vessels we were forced to sell.

By the same token we must not stand by to see the Canadian railroads enjoying the foreign shipments destined to Midwestern States which rightfully belong to the United States.

The loss of this transportation for American ports, railroads, and allied interests has had its proportionate effect on the employment situation. The abnormal decreases as evidenced by the statistical data mentioned above have had a far-reaching effect, as may be seen in the number of idle piers, decreased business, and marine and rail unemployment, which in no small part may be attributed to this diversion of natural and economical in-transit trade for Canada and interior United States points.

The facts and arguments set forth justify the position we take in favor of these bills and conclude with the request that said bills be given your favorable decision, with recommendation to both the House and Senate that they should be passed.

Respectfully submitted.

THE FOREIGN COMMERCE CLUB OF BOSTON, INC.,
By WALTER E. DOHERTY, *President*.

Approved:

IRVING SORGE,
Chairman of the Board of Directors.

Attest:

ELMER E. ELWELL, *Secretary*.

PUBLIC GRAZING LANDS

Mr. GREENWOOD. Mr. Speaker, I call up House Resolution 307; and, pending that, may I ask the gentleman from Massachusetts if he desires time on the rule?

Mr. MARTIN of Massachusetts. I suggest the gentleman give us the usual time. We probably will not use all of the time. I note the rule provides for 3 hours, therefore I would suggest that the gentleman yield us 30 minutes.

Mr. GREENWOOD. I shall yield the gentleman from Pennsylvania [Mr. RANSLEY] 30 minutes.

Mr. STEAGALL. Mr. Speaker, will the gentleman permit an interruption in order to make a request?

Mr. GREENWOOD. Mr. Speaker, I yield to the gentleman from Alabama for a request.

HOME OWNERS' LOAN BILL

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 2999) to guarantee the bonds of the Home Owners' Loan Corporation, to amend the Home Owners' Loan Act of 1933, and for other purposes, with House amendments, insist upon the House amendments, and agree to the conference asked by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. LUCE. Mr. Speaker, I present a motion to instruct the conferees, which I send to the desk.

The Clerk read as follows:

Mr. LUCE offers the following: *Resolved*, That the managers of the conference on S. 2999 on the part of the House be instructed to agree to section 2 (n) thereof, as follows:

"(n) In the appointment of agents and the selection of employees for said Corporation, and in the promotion of agents or employees, no partisan political test or qualification shall be permitted or given consideration, but all agents and employees shall be appointed, employed, or promoted solely upon the basis of merit and efficiency. Any member of the Board who is found guilty of a violation of this provision by the President of the United States shall be removed from office by the President of the United States, and any agent or employee of the Corporation who is found guilty of a violation of this section by the Board shall be removed from office by said Board."

Mr. BLANTON. Mr. Speaker, I make the point of order against the motion that it is not authorized by the rules of the House.

The SPEAKER. The Chair will hear the gentleman from Texas.

Mr. DOWELL. Mr. Speaker, I submit that a motion to instruct the conferees is now in order.

Mr. BLANTON. Mr. Speaker, here is the situation There was a bill passed in the Senate making provisions for the guarantee of home-loan bonds. This was the primary purpose of the bill. Because Democratic Congressmen were allowed to appoint the appraisers and attorneys it did not set well with some Senators and Republicans, so a Republican Member of the Senate offered an amendment to require all appointments to be nonpolitical, by which term he meant that all appointees must be Republicans. He called them "nonpolitical" appointments. Whenever there is a nonpolitical appointment, some Republican gets the job. There is no such thing, Mr. Speaker, as a nonpolitical appointment. If you let the bank board or the State managers or anybody else make the appointments, they are nevertheless political appointments.

Mr. MAPES. Mr. Speaker, I make a point of order against the gentleman's statement.

Mr. BLANTON. Mr. Speaker, I am discussing the point of order.

Mr. MAPES. Mr. Speaker, I make the point of order the gentleman is discussing the merits of the legislation and not the point of order.

Mr. BLANTON. Mr. Speaker, I am discussing what was in the bill as it came to the House.

The SPEAKER. The Chair thinks the statement of the gentleman from Texas is in order.

Mr. BLANTON. I repeat there is no such thing as a nonpolitical appointment.

Mr. MAPES. Mr. Speaker, I repeat my point of order.

The SPEAKER. The Chair desires to hear the gentleman from Texas on his point of order.

Mr. BLANTON. I think I know the rules as well as my friend from Michigan, and I will admit that the gentleman is a good parliamentarian.

Mr. MAPES. The gentleman knows the rules, and the gentleman knows he is not conforming to the rules right now.

Mr. BLANTON. I have the Speaker with me. He has overruled the gentleman's point of order.

Mr. MAPES. No; the Speaker is not with the gentleman.

The SPEAKER. The point of order is overruled. The Chair will hear the gentleman from Texas.

Mr. BLANTON. Mr. Speaker, under Cannon's Revised Rules and Precedents this motion to instruct is not in order. I repeat that there is no such thing as a nonpolitical appointment. No matter who is to make the appointments, they will be political. The House has already voted down the Senate amendment, and this motion seeks to have the House act again on the same issue. The House has already decided that we Democrats are going to continue to make these appointments.

Mr. MAPES. Mr. Speaker, I renew the point of order.

The SPEAKER. The point of order is overruled.

Mr. BLANTON. Now, our good friend from Michigan ought to sit down.

Mr. Speaker, this bill came from the Senate to the House committee, and our committee very promptly and righteously and properly struck out that Senate amendment. The bill was then reported to this House and passed under suspension of the rules without any such proposal in it, although it was argued at length.

I realize that there is a precedent sustaining the position taken by the gentleman from Massachusetts [Mr. LUCE] and the gentleman from Michigan [Mr. MAPES], both of whom are able parliamentarians, in the ruling that was made by Mr. Speaker Longworth, holding that such a motion to instruct is in order. And I realize that Mr. Cannon did not cite precedents sustaining the doctrine he enunciated. And if the Speaker should overrule my point of order, I hope that the Democrats in the House will vote down this Republican motion, which, of course, will be supported by every Republican in the House.

The SPEAKER. The Chair is prepared to rule.

The provision to which the motion to instruct refers is in the bill. It was in the bill as it passed the Senate. The proposition now is to send the bill with the House amendment to conference, and the Chair knows of no parliamentary reason why the conferees may not be instructed to agree to a portion of the Senate bill. The point of order is overruled.

Mr. WOODRUM. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. WOODRUM. I understood the Speaker to say he knew of no reason why the House conferees should not be instructed.

The SPEAKER. If the House desires to do so.

Mr. WOODRUM. If the House desires to do so; yes.

Mr. STEAGALL. Mr. Speaker, I move the previous question on the motion to instruct the conferees.

Mr. PARSONS. Mr. Speaker, I ask unanimous consent that the motion may again be reported for the information of the House.

Mr. BLANTON. We have all heard it, and we all know what it is.

Mr. PARSONS. Mr. Speaker, I renew my request.

Mr. BLANTON. I object; we all know what it is.

The SPEAKER. The question is on ordering the previous question.

The previous question was ordered.

The SPEAKER. The question is on the motion of the gentleman from Massachusetts [Mr. LUCE] to instruct the conferees.

The question was taken; and on a division (demanded by Mr. LUCE) there were—ayes 68, noes 81.

Mr. LUCE. Mr. Speaker, I question the vote on the ground of the absence of a quorum.

The SPEAKER. Evidently there is not a quorum present. The call is automatic.

The question was taken; and there were—yeas 115, nays 229, answered "present" 1, not voting 85, as follows:

[Roll No. 124]

YEAS—115

Andrew, Mass.	Dockweiler	Kelly, Pa.	Reece
Andrews, N.Y.	Dondero	Kennedy, N.Y.	Rich
Arens	Dowell	Kinzer	Rogers, Mass.
Bacharach	Edmonds	Kopplemann	Seger
Bacon	Ellenbogen	Kvale	Shoemaker
Bakewell	Eltse, Calif.	Lambertson	Sinclair
Beedy	Englebright	Lea, Calif.	Stalker
Blanchard	Evans	Lehlbach	Strong, Pa.
Bolleau	Fernandez	Lemke	Studley
Bolton	Fish	Luce	Swick
Britten	Focht	Lundeen	Taber
Brown, Ky.	Foss	McFadden	Thomas
Brown, Mich.	Frear	McGugin	Thomason
Brumm	Gifford	McLean	Thurston
Burnham	Gilchrist	McLeod	Tinkham
Cannon, Wis.	Goodwin	Maloney, Conn.	Tobey
Carpenter, Kans.	Goss	Mapes	Traeger
Carter, Calif.	Guyer	Martin, Mass.	Treadway
Carter, Wyo.	Hancock, N.Y.	Merritt	Wadsworth
Chase	Hancock, N.C.	Millard	Welch
Christianson	Higgins	Monaghan, Mont.	Whitley
Clarke, N.Y.	Hoeppel	Montague	Wigglesworth
Cochran, Pa.	Hollister	Mott	Withrow
Collins, Calif.	Holmes	O'Malley	Wolcott
Cooper, Ohio	Hope	Peavey	Wolfenden
Crosser, Ohio	Howard	Perkins	Wolverton
Culkin	James	Plumley	Woodruff
Dirksen	Jenkins, Ohio	Powers	Young
Disney	Kahn	Ransley	

NAYS—229

Abernethy	Burch	Coffin	Doughton
Adams	Burke, Calif.	Colden	Douglass
Arnold	Burke, Nebr.	Cole	Drewry
Ayers, Mont.	Busby	Colmer	Driver
Ayres, Kans.	Byrns	Connery	Duffey
Bailey	Cady	Cooper, Tenn.	Duncan, Mo.
Beiter	Carden, Ky.	Corning	Durgan, Ind.
Bland	Carmichael	Cox	Eagle
Blanton	Carpenter, Nebr.	Cravens	Edmiston
Bloom	Cartwright	Cross, Tex.	Eicher
Boehne	Cary	Crowe	Ellzey, Miss.
Boland	Castellow	Cullen	Faddis
Boylan	Celler	Cummings	Farley
Brennan	Chapman	Deen	Fiesinger
Brown, Ga.	Chavez	Delaney	Fitzpatrick
Brunner	Church	DeRouen	Flannagan
Buchanan	Claiborne	Dickinson	Fletcher
Buck	Clark, N.C.	Dies	Ford
Bulwinkle	Cochran, Mo.	Dingell	Foulkes

Frey	Kniffin	Owen	Stubbs
Fuller	Kramer	Palmisano	Sumners, Tex.
Fulmer	Lambeth	Parker	Sutphin
Gambrill	Lamneck	Parsons	Swank
Gavagan	Lanham	Patman	Sweeney
Gillette	Larrabee	Peterson	Tarver
Glover	Lehr	Peyser	Taylor, Colo.
Goldsborough	Lesinski	Pierce	Taylor, S.C.
Granfield	Lewis, Colo.	Polk	Terrell, Tex.
Gray	Lindsay	Prall	Terry, Ark.
Green	Lloyd	Ramsay	Thom
Greenway	Lozier	Randolph	Thompson, Ill.
Greenwood	McCarthy	Rankin	Thompson, Tex.
Gregory	McClintic	Rayburn	Truax
Griswold	McCormack	Reilly	Turner
Haines	McDuffie	Richards	Umstead
Hamilton	McFarlane	Richardson	Utterback
Harlan	McGrath	Robertson	Vinson, Ga.
Hart	McKeown	Robinson	Vinson, Ky.
Harter	McReynolds	Rogers, N.H.	Wallgren
Hastings	Maloney, La.	Romjue	Walter
Healey	Mansfield	Ruffin	Warren
Henney	Marland	Sanders	Wearin
Hildebrandt	Martin, Colo.	Sandlin	Weaver
Hill, Ala.	Martin, Oreg.	Schuetz	Weideman
Hill, Knute	May	Schulte	Werner
Hill, Samuel B.	Mead	Scrugham	West, Ohio
Huddleston	Meeks	Sears	White
Hughes	Miller	Secrest	Whittington
Jenckes, Ind.	Milligan	Shallenberger	Wilcox
Johnson, Okla.	Mitchell	Shannon	Williford
Johnson, Tex.	Montet	Sirovich	Williams
Johnson, W.Va.	Moran	Smith, Wash.	Wilson
Jones	Morehead	Smith, W.Va.	Wood, Ga.
Kee	Murdock	Snyder	Wood, Mo.
Keller	Musselwhite	Somers, N.Y.	Woodrum
Kenney	O'Connell	Spence	
Kerr	O'Connor	Steagall	
Kloeb	Oliver, N.Y.	Strong, Tex.	

ANSWERED "PRESENT"—1

Dunn

NOT VOTING—85

Adair	Crump	Kelly, Ill.	Reed, N.Y.
Allen	Darden	Kennedy, Md.	Reid, Ill.
Allgood	Darrow	Kleberg	Rogers, Okla.
Auf der Heide	Dear	Knutson	Rudd
Bankhead	De Priest	Kocialkowski	Sabath
Beam	Dickstein	Kurtz	Sadowski
Beck	Ditter	Lanzetta	Schaefer
Berlin	Dobbins	Lee, Mo.	Simpson
Biermann	Doutrich	Lewis, Md.	Sisson
Black	Doxey	Ludlow	Smith, Va.
Brooks	Eaton	McMillan	Snell
Browning	Fitzgibbons	McSwain	Stokes
Buckbee	Gasque	Marshall	Sullivan
Caldwell	Gillespie	Moynihan, Ill.	Taylor, Tenn.
Cannon, Mo.	Griffin	Muldowney	Turpin
Carley, N.Y.	Hartley	Nesbit	Underwood
Cavicchia	Hess	Norton	Waldron
Collins, Miss.	Hoidale	O'Brien	West, Tex.
Condon	Imhoff	Oliver, Ala.	Zioncheck
Connolly	Jacobsen	Parks	
Crosby	Jeffers	Pettengill	
Crowther	Johnson, Minn.	Ramspeck	

So the motion to instruct the conferees was rejected.

The following pairs were announced:

On this vote:

Mr. Snell (for) with Mr. Bankhead (against).
Mr. Darrow (for) with Mr. Rudd (against).
Mr. Crowther (for) with Mr. Allgood (against).
Mr. Doutrich (for) with Mr. Auf der Heide (against).
Mr. Allen (for) with Mr. Sullivan (against).
Mr. Beck (for) with Mr. Browning (against).
Mr. Eaton (for) with Mr. Berlin (against).
Mr. Hess (for) with Mr. Condon (against).
Mr. Reed of New York (for) with Mr. Lanzetta (against).
Mr. Knutson (for) with Mrs. Norton (against).
Mr. Ditter (for) with Mr. Griffin (against).
Mr. Marshall (for) with Mr. Black (against).
Mr. Connolly (for) with Mr. Beam (against).
Mr. Muldowney (for) with Mr. Dickstein (against).
Mr. Simpson (for) with Mr. Kelly of Illinois (against).
Mr. De Priest (for) with Mr. Gavagan (against).
Mr. Buckbee (for) with Mr. McSwain (against).
Mr. Kurtz (for) with Mr. McMillan (against).
Mr. Turpin (for) with Mr. Sabath (against).
Mr. Waldron (for) with Mr. Sisson (against).
Mr. Moynihan of Illinois (for) with Mr. Carley (against).
Mr. Cavicchia (for) with Mr. Gasque (against).
Mr. Taylor of Tennessee (for) with Mr. Jeffers (against).

Until further notice:

Mr. Ludlow with Mr. Stokes.
Mr. Underwood with Mr. Reid of Illinois.
Mr. Cannon of Missouri with Mr. Hartley.
Mr. Oliver of Alabama with Mr. Hope.
Mr. Collins of Mississippi with Mr. Johnson of Minnesota.
Mr. Lewis of Maryland with Mr. Rogers of Oklahoma.
Mr. Brooks with Mr. Bierman.
Mr. Kleberg with Mr. Caldwell.
Mr. Doxey with Mr. Gillespie.
Mr. Smith of Virginia with Mr. Adair.
Mr. Crosby with Mr. Imhoff.
Mr. Crump with Mr. West of Texas.
Mr. Fitzgibbons with Mr. Hoidale.
Mr. Darden with Mr. Schaefer.
Mr. Ramspeck with Mr. Lee of Missouri.
Mr. Parks with Mr. Dobbins.
Mr. Dear with Mr. Nesbit.
Mr. O'Brien with Mr. Pettengill.
Mr. Jacobsen with Mr. Zioncheck.

Mr. COCHRAN of Missouri. Mr. Speaker, how am I recorded?

The SPEAKER. The gentleman is recorded as voting "aye."

Mr. COCHRAN of Missouri. I wish to change that vote to "no."

The result of the vote was announced as above recorded.

The SPEAKER. The Chair appoints the following conferees: Mr. STEAGALL, Mr. PRALL, Mr. GOLDSBOROUGH, Mr. LUCE, and Mr. BEEDY.

CLAIMS OF THE TURTLE MOUNTAIN BAND OF CHIPPEWA INDIANS, NORTH DAKOTA

Mr. HOWARD. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill S. 326, referring the claims of the Turtle Mountain Band or Bands of Chippewa Indians of North Dakota to the Court of Claims for adjudication and settlement, insist on the House amendment, and agree to the conference asked for.

The SPEAKER. Is there objection?

Mr. MARTIN of Massachusetts. Reserving the right to object, has the gentleman consulted the Republican members of the committee?

Mr. HOWARD. I have consulted a magnificent member of the committee, the gentleman from Wisconsin [Mr. PEAVEY].

Mr. MARTIN of Massachusetts. And they have no objection to this?

Mr. HOWARD. No.

There was no objection, and the Speaker appointed as conferees on the part of the House Mr. CARTWRIGHT, Mr. CHAVEZ, and Mr. PEAVEY.

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent to proceed for 3 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. WOLCOTT. Mr. Speaker and gentlemen, I have asked for this time in order to call your attention to the McLeod bill, H.R. 7908. A petition has been laid on the Clerk's desk for the discharge of the committee.

I am informed that a goodly number have already signed the petition, and it is desirable that we obtain sufficient signatures today. To discharge the committee and thus assure us of a hearing on the floor, it is necessary that 145 Members sign the petition.

The bill authorizes the release of 100 percent of the deposits which are at present tied up in the closed banks. It is estimated that it will release a potential purchasing power of about $1,800,000,000.

There is no criticism of anybody with respect to this bill. We think it is far-reaching and important enough so that it should be brought up and disposed of immediately.

One reason why we think we should consider it immediately is that many small banks have reserves and surpluses on deposit with the larger urban banks. Under the ruling of the Supreme Court the small banks have the same status as individual depositors. If this bill is passed the small banks will be able to open up and pay the depositors, which will relieve a great deal of distress in America today, because many people cannot recoup their losses otherwise due to infirmity, old age, and incapacity to work. Many of this class have funds tied up and cannot get relief by employment in the C.W.A. or any agency, and are therefore on welfare rolls. The bill should be passed and I plead with Members to sign the petition and enact it as soon as possible.

Mr. WEIDEMAN. Will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. WEIDEMAN. It has been estimated that the Government will pay out a billion or a billion and a half to the C.W.A. and relief agencies this year. If the R.F.C. takes over

the assets of these banks, it is estimated it will cost about one billion to one and one half billion dollars. If we do this, the Government will receive assets greater than the deposit liability of the banks, and the Government should not lose anything in an orderly liquidation. In addition many people who are now on welfare rolls will be taken off the rolls.

Mr. WOLCOTT. Yes; and it would relieve the taxpayers of the burden of carrying these people on the welfare rolls at a tremendous cost to the people who were in nowise responsible for the plight of millions dependent upon their hard-earned savings for a livelihood.

TAX-FREE SECURITIES

Mr. SHOEMAKER. Mr. Speaker, I ask unanimous consent to address the House for 3 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. SHOEMAKER. Mr. Speaker, a great many Members have introduced bills asking for a constitutional amendment, which would do away with tax-free securities. If I am correctly informed, about 150 Members of the Seventy-third Congress have already introduced this same bill. The other day I took a group of names of those who had introduced this same bill, practically verbatim, and I picked out the Patman bill and laid it upon the desk here for signers. All of you who introduced that bill have an opportunity to show that you stand behind it. It has been charged in campaigns that Congressmen all introduced this bill for a constitutional amendment to do away with tax-free securities so that they can have it referred to the Committee on the Judiciary and have it printed, and then take it home and wave it before their constituents in a campaign and say, "Here is what I have done to do away with these tax-free securities." For that reason I have given everybody in this House an opportunity to step up here to the desk and sign that petition to do away with tax-free securities in the United States and do away with the Wall Street graft that has been going on in this country with regard to tax-free securities. Without reflection upon the Committee on the Judiciary, where all these bills have been referred, I ask you at this time to come up here and sign this petition to take the bill away from the committee and put it up for passage.

The amendment would be submitted to the several States of the Union, to do away with tax-free securities or tax-free bonds issued by the United States Government. The petition is on the desk, and I ask every one of you to sign that petition so that we may submit this constitutional amendment to the various States.

LEAVE TO FILE REPORT UNTIL MIDNIGHT

Mr. SUMNERS of Texas. Mr. Speaker, I ask unanimous consent that the Committee on the Judiciary may have until midnight tonight to file a report on what is known as the "Johnson bill", dealing with public utilities.

The SPEAKER. Is there objection?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, is there to be a minority report filed upon that bill?

Mr. SUMNERS of Texas. Yes.

Mr. MARTIN of Massachusetts. Will the gentleman not include in the request that the minority also have that same opportunity?

Mr. SUMNERS of Texas. Yes. I thank the gentleman for his suggestion. I modify my request, Mr. Speaker, to make it both the minority and the majority.

The SPEAKER. The gentleman from Texas asks unanimous consent that the majority and the minority may have until midnight tonight to file reports upon the so-called "Johnson bill." Is there objection?

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate agrees to the amendments of the House to bills and a joint resolution of the Senate of the following titles:

S. 2545. An act to extend the times for commencing and completing the construction of a bridge across the Columbia River at or near Astoria, Oreg.;

S. 2571. An act authorizing the Secretary of the Interior to arrange with States or Territories for the education, medical attention, relief of distress, and social welfare of Indians, and for other purposes;

S. 2675. An act creating the Cairo Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the Ohio River at or near Cairo, Ill.; and

S.J.Res. 15. Joint resolution extending to the whaling industry certain benefits granted under section 11 of the Merchant Marine Act of 1920.

The message also announced that the Senate disagrees to the amendments of the House to the bill (S. 828) entitled "An act to authorize boxing in the District of Columbia, and for other purposes", requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. KING, Mr. COPELAND, and Mr. CAPPER to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 8617) entitled "An act making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1935, and for other purposes", disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. TYDINGS, Mr. BYRNES, Mr. COOLIDGE, Mr. HALE, and Mr. TOWNSEND to be the conferees on the part of the Senate.

IMPROVEMENT AND DEVELOPMENT OF THE PUBLIC RANGE

Mr. GREENWOOD. Mr. Speaker, I call up House Resolution 307, which I send to the desk and ask to have read.

The Clerk read as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H.R. 6462, a bill to stop injury to the public grazing lands by preventing overgrazing and soil deterioration, to provide for their orderly use, improvement, and development, to stabilize the livestock industry dependent upon the public range, and for other purposes, and all points of order against said bill or any amendment recommended by the Committee on the Public Lands are hereby waived. That after general debate, which shall be confined to the bill and shall continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Public Lands, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

With the following committee amendment:

Page 2, line 2, strike out the word "two" and insert the word "three."

Mr. GREENWOOD. Mr. Speaker, I am presenting House Resolution 307, from the Committee on Rules, for the consideration of the bill (H.R. 6462) to stop injury to the public-grazing land by preventing overgrazing and soil deterioration, to provide for their orderly use, improvement, and development, to stabilize the livestock industry dependent upon the public range, and for other purposes. This is a bill which passed a former House and was known as the Colton bill. It is a conservation measure that many of our Representatives who reside in the West think is very badly needed. The rule is an open rule and provides for 3 hours of debate, and the bill is subject to amendment. Under the rule, the bill will be so considered. It is for the regulation and placing under the Interior Department of about 175,000,000 acres of the public domain, which have not been homesteaded, that are still uncontrolled and largely uninhabited, that are mostly vacant, or that have been used in times past by people grazing cattle and sheep unrestrictedly. Very often the grazing land is grazed rather closely and destroyed, because there are no regulations. The rule waives all points of order because there is provided in the bill a

certain charge to be made under regulation by the Secretary of the Interior. The bill provides how the money charged shall be paid—25 percent for the improvement of the land itself, 25 percent for local taxation purposes, and 50 percent to the Federal Treasury. The Secretary of the Interior and the Secretary of Agriculture have reached an agreement that the regulation of this land shall come under the Secretary of the Interior, who now has control of the entry of the land. There has been considerable controversy in the past between different groups of men who use this land for grazing purposes, those who use it for cattle grazing and those who use it for sheep grazing. In order to bring this under control and put it in charge of the proper official of the Government, it has been deemed best the Secretary of the Interior shall take charge of the control of the land. This is a matter that is very urgent, and the Committee on the Public Lands came before the Committee on Rules asking for the rule. Inasmuch as the bill has heretofore passed the House, the Rules Committee thought it best to grant this open rule for the consideration of the bill at this time. The rule provides for 3 hours of debate on the bill.

If no questions are to be asked concerning the rule, I yield to others that may desire to speak.

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from Connecticut [Mr. Goss].

Mr. GOSS. Mr. Speaker, if I may indulge the permission of the House for a few minutes, this is the first rule that has been adopted by the Rules Committee, since the sitting of the subcommittee of the Committee on Appropriations, which creates another permanent appropriation. That is what I desire to direct my remarks to briefly at this time.

The Appropriations Committee appointed a subcommittee to study all permanent appropriations. I call the attention of the House to the fact that there are about 500 permanent appropriations which open the back door of the Treasury of the United States to amounts that are impossible to estimate. There is a committee sitting at this very minute in the Appropriations Committee, of which I have the honor to be a member, studying this very question. We are not opposing legislation that comes on the floor as such, but we are opposing legislation that comes on the floor which brings with it an appropriation. In other words, we have no quarrel with any authorization that the legislative committees desire to bring in, but this rule waives all points of order, and, of course, our committee would have made a point of order against the paragraph that sets up the grazing fees. I am not here trying to argue the value of those grazing fees at all. I am simply trying to call the attention of the Members to a policy that has been very disconcerting to all Government agencies and especially the Comptroller General. Within the next 2 or 3 weeks this subcommittee expects to bring a bill to the floor to try to correct those practices that have been coming into Congress during the past 150 years, if you please. It is simply another example of the camel getting his nose under the tent; they come here and create their permanent appropriations over which not only Congress has no jurisdiction but many hundreds of which never even get into the Budget.

There is not a single member of the subcommittee, when we started to study this situation, who realized or even dreamed that such things were possible. It has come to light now during our hearings which have covered the last 5 weeks, and which within the last 2 days has gone to the Printer. As I say, we are going to bring out a bill in the very near future to try to correct these bad practices, bad in the eyes of the Government departments; because if we have an authorization for all such items as that in this bill, then the department would be required to come before the Subcommittee on Appropriations each year to justify that appropriation, the same as they do for appropriations under the annual supply bills. In other words, what we are attempting to do is to simply let the permanent appropriations stand, as far as the authorization goes, but to require the department to come before the Subcommittees on Appropriations to justify the particular appropriation in which they are interested.

Mr. CULKIN. Will the gentleman yield?

Mr. GOSS. I yield.

Mr. CULKIN. Can the gentleman tell me what the permanent appropriations with reference to reclamation and irrigation, which never come into the House, amount to?

Mr. GOSS. Oh, there are many, many. I cannot say just how many on irrigation and reclamation. I will say there are dozens of them.

The SPEAKER. The time of the gentleman from Connecticut [Mr. Goss] has expired.

Mr. RANSLEY. Mr. Speaker I yield the gentleman 5 additional minutes.

Mr. CULKIN. Can the gentleman give the House an estimate of the amount that goes into this for reclamation and irrigation?

Mr. GOSS. No. It is impossible for anyone to state that, because these various appropriations are in many classes, some of which are in the Budget, as the gentleman knows, some of which are called to the attention of the House in the reports from the Subcommittees on Appropriations. Again, there are laws that have been down there for a hundred years and more that do not even enter the Budget, but the status of them is that the department head could bring them to light at any time if he so desired.

Mr. CULKIN. And there is no review of the present status of the subject matter appropriated for?

Mr. GOSS. Certainly not, because most of them are of an indefinite nature, which only time can tell what might be involved in the future, if they desire to bring those so-called "dead" appropriations to light again.

Mr. CULKIN. But under the existing law the appropriation is mandatory upon your committee?

Mr. GOSS. Certainly. Not upon our committee, but upon the Treasury of the United States. That is what we are complaining about. The Committee on Appropriations has no jurisdiction in the matter whatsoever at any time, when they once become permanent law, such as is in this bill.

Mr. RICH. Will the gentleman yield?

Mr. GOSS. I yield.

Mr. RICH. Does the bill which the gentleman's committee expects to bring in require that before any organization can be set up by the Government it must have the approval of the Appropriations Committee, so that they will know what the cost of this will be?

Mr. GOSS. That is the intention, I will say to the gentleman; yes, sir.

Now, I want to say to the Members at this point that the Chairman of the Committee on Appropriations appeared before the Rules Committee on this very bill, as opposed to appropriating money. He had no objection to the authorization. I am sure the proponent of the bill, in all fairness to him, as a member also of the Committee on Appropriations, if he felt that our committee was going to treat everybody alike in this instance, might be willing to accept an amendment to the bill which would make it purely an authorization rather than an appropriation. I see the gentleman from Colorado here, and I want to ask the gentleman if he would not cooperate with the Committee on Appropriations and accept an amendment to procure an authorization instead of an appropriation of an indefinite and permanent character?

Mr. TAYLOR of Colorado. The gentleman from Connecticut has stated the situation. The gentleman and I are both members of the Committee on Appropriations. We created a new subcommittee, as the gentleman just stated, to look into the permanent and indefinite appropriations. There are many hundreds of them. The committee is conscientiously doing that. What they are trying to do is to require the appropriations to go through the Treasury and come out in the regular way.

Mr. GOSS. Not only appropriations but special funds and trust funds as well.

Mr. TAYLOR of Colorado. As a matter of fact, we feel that there are some funds that have been created as this one is being created; and that is really not Federal funds

at all. Nevertheless, for the purpose of having system and order about it, I would not object to this amendment; but, of course, it makes us come before Congress every year to get back the money that we ourselves paid in.

Mr. GOSS. Does not the gentleman feel that the Congress of the United States, of which body he is a Member of long seniority, a man who holds a high-ranking position on the Appropriations Committee, that Congress itself should really go into all these matters?

Mr. TAYLOR of Colorado. Oh, I think so.

Mr. GOSS. Especially in those cases when we are dealing with matters of public interest, such as the public lands. I am sure the gentleman agrees with me on that.

Mr. TAYLOR of Colorado. Oh, yes; there are, of course, a number of large funds that are automatically carried without any consideration at all. I do feel that the committee of which the gentleman from Connecticut speaks is rendering a great service to the country; and we should not throw any monkey wrenches into its machinery. I believe these things will work out satisfactorily.

Mr. GOSS. I may say to the gentleman from Colorado that the Chairman of the Appropriations Committee himself has issued instructions to the clerk of the Appropriations Committee and is taking a personal interest in it.

[Here the gavel fell.]

Mr. RANSLEY. Mr. Speaker, I yield 5 additional minutes to the gentleman from Connecticut.

Mr. GOSS. We are endeavoring insofar as it is humanly possible to watch every bill that comes before Congress, to see if the bill contains anything in the nature of a permanent, indefinite, or specific appropriation. We are making points of order against such items. As a matter of fact I, as a member of that subcommittee, have the assurance of members of the Rules Committee that in the future at least the present Committee on Rules will not report out a rule unless and until the Chairman of the Appropriations Committee has had an opportunity to come before the Rules Committee.

Mr. DEROUEN. Mr. Speaker, will the gentleman yield?

Mr. GOSS. I yield.

Mr. DEROUEN. It is also proposed to introduce a bill for the purpose of removing most of the permanent appropriations from all the other departments.

Mr. GOSS. Yes; to remove the permanent appropriations but not the authorizations for them, I may say to the gentleman.

Mr. DEROUEN. Only those that are permanent.

Mr. GOSS. Since the gentleman has brought the subject up and in order to be absolutely fair to the House, I think there may be a few exceptions such as interest on the public debt, the sinking fund, and possibly one or two other things. It would not be good policy for the Government to come before Congress and have Congress change the interest rate on bonds when the obligations are already outstanding; but there will be very, very few exceptions. It is going to be the policy of this committee to go right through the list of all permanent appropriations; and again I ask those in charge of the bill to cooperate with the Appropriations Committee today and accept an amendment making this simply an authorization instead of a permanent appropriation. I am sure such an amendment can be drafted to the satisfaction of all concerned.

Mr. TAYLOR of Colorado. We have an agreement with the Appropriations Committee that we will introduce such an amendment.

Mr. GOSS. I thank the gentleman; and I want to take this opportunity of thanking the gentleman from Colorado for his cooperation, because I stand here fully informed that he could have insisted on his point, because under the rule all points of order are waived; but it is heartening indeed to see this spirit of really trying to work out a program in cooperation. I wish to pay my respects and compliments to the gentleman from Colorado for his broad-mindedness, for he really had the matter in his pocket had he wanted to insist upon his rights.

Mr. GREENWOOD. As I understand, an amendment along the line suggested by the gentleman from Connecticut will be offered to the bill.

Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. PEYSER). The gentleman yields back 1 minute.

Mr. RANSLEY. Mr. Speaker, there is no further demand for time on this side of the House. So I surrender the balance of my time.

Mr. GREENWOOD. Mr. Speaker, I move the previous question.

The previous question was ordered.

The committee amendment was agreed to.

The resolution was agreed to.

Mr. DEROUEN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 6462) to stop injury to the public-grazing lands by preventing overgrazing and soil deterioration, to provide for their orderly use, improvement, and development, to stabilize the livestock industry dependent upon the public range, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H.R. 6462, with Mr. DOXEY in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. DEROUEN. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, this is a conservation measure for the purpose of protecting the public domain of the United States.

I think no one will dispute that the regulation of grazing on forest lands has been a very great help to those lands. In fact, it has been a very great help not only to the lands themselves but to the livestock men that use these lands for grazing purposes.

The grazing on the great area of the public domain has not been regulated, as no one has that authority now. Since that authority does not exist in the Government, the result is that these lands are being greatly injured by overgrazing, and no protection is given to water holes. The lands are being injured and a great waste has already occurred, and a very valuable asset is being dissipated. Unless it is done very soon, it will be too late to save these valuable resources.

Bills similar to this one have been before the committee for several years, and this bill is the result of the hearings held in the past. This bill before you takes care of all reasonable objections which were brought to the attention of the committee. I do not recall one witness who did not admit the urgent need of some regulation.

At the last session of the Seventy-second Congress this committee reported the Colton bill—and it was passed in the last days of the session, but, unfortunately, the Congress adjourned before the Senate took any action on the bill.

Let me point to you what the present bill does: H.R. 6462, as indicated by its title, is a general bill, applicable to all public lands of the United States outside of Alaska and not included in national forests, parks, and monuments, or Indian reservations.

Section 1 would authorize the Secretary of the Interior to establish grazing districts or additions thereto subject to prior existing valid claims.

Section 2 would authorize the Secretary of the Interior to make necessary rules and regulations and to do those things necessary to carry out the purposes of the act.

Section 3 would authorize the issuance of permits to graze livestock in such grazing districts to homesteaders, residents, and other owners of livestock upon payment annually of reasonable fees; the permits to be issued to individuals, groups, or associations for not exceeding 10 years, but subject to renewal, in the discretion of the Secretary of the Interior. It also provides that preference shall be given

occupants and settlers on land within or near a district to such range privileges as may be needed to permit proper use of lands occupied by them.

Section 4 permits the placing of such improvements as fences, wells, reservoirs, and so forth, upon permitted areas in connection with their development and use.

Section 5 authorizes the Secretary of the Interior to permit limited free grazing within such districts of livestock kept for domestic purposes and also to permit the use under existing laws, or future laws, of timber, stone, gravel, and so forth, by bona fide settlers, miners, and prospectors.

Section 6 expressly continues in force in such districts the laws of Congress authorizing the granting of rights-of-way for the prospecting, locating, developing, entering, leasing, or patenting of mineral resources.

Section 7 authorizes the Secretary of the Interior to examine and classify lands in grazing districts which are valuable and suitable for agriculture and to open such areas to homestead entry in tracts not exceeding 320 acres.

Section 8, recognizing that these districts will necessarily contain lands in private ownership or owned by States or railroads, makes provision for the Secretary of the Interior, in his discretion, to make exchange of lands for the mutual benefit of those concerned.

Mr. SAMUEL B. HILL. Will the gentleman yield?

Mr. DEROUEN. I yield to the gentleman from Washington.

Mr. SAMUEL B. HILL. Does this bill withdraw from homestead entry lands now subject to homestead entry which may be included in a grazing district?

Mr. DEROUEN. No.

Mr. SAMUEL B. HILL. In this connection I should like to have the chairman of the committee explain what the significance of the language is to which I just referred in section 7 of the bill "and to open such lands to homestead entry in tracts not exceeding 320 acres in area."

Mr. DEROUEN. I may explain that the 320 acres was placed in there later. The bill as originally written contained 160 acres under the homestead law, but in the hearings it was discovered that this would not take care of the dry area in arid parts of the country. This was raised from 160 to 320 acres in order to take care of the situation.

Mr. SAMUEL B. HILL. That is not the point I have in mind.

Mr. DEROUEN. I think I understand what the gentleman has in mind.

Mr. SAMUEL B. HILL. Why is it necessary for the Secretary to open such land to homestead entry if the provisions of the bill do not in any way affect the rights of homesteaders as to these lands?

Mr. DEROUEN. It does in one instance. This eliminates the 640-acre homestead law that we have for grazing purposes. That is eliminated and goes out of the law. This does not prevent or injure those who are going to homestead on either 160 or 320 acres.

Mr. AYERS of Montana. Will the gentleman yield?

Mr. DEROUEN. I yield to the gentleman from Montana.

Mr. AYERS of Montana. I may say to the gentleman from Washington that the bill takes in all of the land in all of the public-domain States and puts the land into a reserve, the same as the national forest reserve. After these reserves are created in this manner, then on application to the Secretary of the Interior the lands therein may be set aside and homestead entries may be permitted upon them.

Mr. SAMUEL B. HILL. Then, as a matter of fact, this does withdraw them from homestead entry under the present state of the law?

Mr. AYERS of Montana. It does.

Mr. ENGLEBRIGHT. Will the gentleman yield?

Mr. DEROUEN. I yield to the gentleman from California.

Mr. ENGLEBRIGHT. I think the gentleman from Washington is correct. The bill practically abrogates all existing homestead laws and gives the Secretary of the Interior the right to designate the areas under which homesteads may be taken under this 320-acre provision.

Mr. SAMUEL B. HILL. On application by a prospective entrant?

Mr. ENGLEBRIGHT. Yes. That is according to my understanding.

Mr. DEROUEN. Yes.

Mr. AYERS of Montana. Will the gentleman yield for another observation?

Mr. DEROUEN. I yield to the gentleman from Montana.

Mr. AYERS of Montana. That, however, does not affect any existing application for a homestead or other public-land application or right.

Mr. DEROUEN. That is what I had in mind.

Mr. CULKIN. Will the gentleman yield?

Mr. DEROUEN. I yield to the gentleman from New York.

Mr. CULKIN. Then, in effect, this statute will result in discontinuing further settlement of the great open spaces in the West?

Mr. DEROUEN. No; it does not.

Mr. CULKIN. This suspends it, at least, as I read the statute.

Mr. DEROUEN. Yes; but it does not have the effect the gentleman suggests.

Mr. CULKIN. How long does this bill, in fact, suspend the matter?

Mr. SAMUEL B. HILL. If the gentleman will yield, I have read the bill rather hurriedly, and it strikes me it would limit the homestead entries to lands suitable for agricultural purposes and would not permit homesteading on lands suitable for grazing and other purposes.

Mr. CULKIN. What is the limit?

Mr. SAMUEL B. HILL. It is unlimited.

Mr. DEROUEN. As soon as the bill is passed the Secretary will have a survey made to determine which lands are suitable for agriculture. This will take a little time.

Mr. CULKIN. It amounts to more bureaucracy.

Mr. DEROUEN. No. I think the gentleman is in error. This bill, I may say, or one similar to it, was approved by Mr. Hoover, his Secretary of the Interior and Secretary of Agriculture, some 4 years ago.

Mr. CULKIN. May I say to the gentleman that I was a great admirer of Mr. Hoover, but I did not subscribe to all his tenets.

Mr. DEROUEN. That is very kind of the gentleman.

Section 9 requires the Secretary of the Interior to provide for suitable regulations for cooperation with local associations of stockmen and with such supervisory boards as may be named by such associations; the views of these boards are to be given consideration in the administration of the area. This section also authorizes the Secretary of the Interior to accept contributions toward the administration, protection, and improvement of the district.

Section 10 provides for allocation of money received.

Section 11 deals with lands which have been ceded to the United States by Indians for disposition under the public-land laws upon condition that the receipts therefrom shall be credited to the Indians.

Section 12 authorizes the Secretary of the Interior to cooperate with any department of the Government in carrying out the purposes of the act and in the coordination of range administration, particularly where the same stock grazes part time in a public-domain grazing district and part time in a national forest or other reservation.

Mr. Chairman, may I call your attention to the fact that this bill fits in exactly with the provisions of the act of March 31, 1933, Public, No. 5, Seventy-third Congress, known as the "Emergency Conservation Act", for the relief of unemployment through performance of useful work. In view of the rapidity with which important problems have developed and the necessity of formulating broad and comprehensive plans carrying forward this important measure without interruption, it would seem the part of wisdom to enact H.R. 6462.

The proposed bill, in addition to its inherent merits, would clothe the Interior Department with the power to regulate the use of the remaining public lands so as to justify the un-

dertaking of important work looking to flood control, the protection of watersheds and water supplies, the checking of erosion, and the regulation of grazing, including the development of water holes and stock driveways.

Mr. Chairman, the enactment of this bill is of tremendous importance, and it would be a step forward in the interest of true conservation.

Mr. RICH. Will the gentleman yield?

Mr. DEROUEN. I yield to the gentleman from Pennsylvania.

Mr. RICH. In section 10 there is a change in the administration of the bill or in the cost of administration to the Federal Government, whereby it extends to the State 50 percent, whereas formerly it was 25 percent, when approved by the Secretary of Agriculture and the Secretary of the Interior.

Mr. DEROUEN. I may say to the gentleman that he is a member of the committee. The question was voted on in the committee room and was put on by the committee. This was the will of the committee.

Mr. RICH. The committee decided they should give 50 percent to the States rather than 25 percent as originally provided in the bill?

Mr. DEROUEN. Yes.

Mr. CHRISTIANSON. Will the gentleman yield?

Mr. DEROUEN. I yield to the gentleman from Minnesota.

Mr. CHRISTIANSON. I note those who signed the minority report state that in their opinion the jurisdiction or the administration of this bill better be left with the Forest Service. Does the gentleman have any comment upon this suggestion?

Mr. DEROUEN. I shall answer the gentleman by saying that this was thoroughly considered in the committee.

The Secretary of the Interior appeared and also the Secretary of Agriculture and the Chief of the Forest Service. They told us there was a general understanding and agreement that the bill should go through as it is and, secondly, the Chief of the Forest Service testified it would cost around $2,000,000 or $1,500,000 to administer the bill if its administration were under that Bureau. The Interior Department testified they could do the work for $150,000. So having at heart the interest of the people who are going to pay this money, we decided to look at the matter in a businesslike way and put it where the cost would be the least, which would make the charges to these poor people for grazing that much less.

Mr. CHRISTIANSON. And it is the gentleman's opinion that the Department of the Interior will be able to set up the necessary administrative machinery without creating a very large additional bureau of government.

Mr. DEROUEN. It is not necessary to create any bureau. It is simply a question of coordinating the existing set-up, and there is an understanding between the two bureaus to do this.

Mr. CHRISTIANSON. I thank the gentleman for the information.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. DEROUEN. I yield.

Mr. COCHRAN of Missouri. Has the gentleman referred to the President's letter to the Secretaries, in which the President stated he was in favor of the principle of the bill?

Mr. DEROUEN. Yes.

Mr. COCHRAN of Missouri. Did the committee find out what part of the bill the President might not be in favor of?

Mr. DEROUEN. I think the committee did. Through the members of the Cabinet who appeared before the committee, we have the entire matter as he wishes.

Mr. COCHRAN of Missouri. Has the committee eliminated that part of the bill recommended by the Secretary of the Interior for elimination, which, I believe, is section 13?

Mr. DEROUEN. That was never in this bill. That was in the old bill.

Mr. COCHRAN of Missouri. That provision is not contained in the new bill in any other section?

Mr. DEROUEN. No.

Mr. COCHRAN of Missouri. And the bill now before the House is approved both by the Secretary of the Interior and the Secretary of Agriculture?

Mr. DEROUEN. Yes. This bill is perfectly in harmony with the testimony and the wishes of the Departments involved. [Applause.]

Mr. Chairman, I reserve the balance of my time.

Mr. ENGLEBRIGHT. Mr. Chairman, I yield 25 minutes to the gentleman from Wyoming [Mr. CARTER].

Mr. CARTER of Wyoming. Mr. Chairman, this bill has been referred to as a reformer's dream. I think the person who made the reference paid it too high a compliment, for after reading the bill, it is my opinion that it is a reformer's nightmare.

The title of this bill reads:

A bill to stop injury to the public grazing lands by preventing overgrazing and soil deterioration, to provide for their orderly use, improvement, and development, to stabilize the livestock industry dependent upon the public range, and for other purposes.

The title should read:

A bill to take away from the livestock industry of the West the free use of 173,000,000 acres of public domain, abolish the 640-acre homestead and desert entry laws, and retard the political and economic growth of the West.

The purposes set forth in this bill are nothing new; for over 20 years bills having the same intent but not so drastic have been before the House and got nowhere.

I know the gentleman from Colorado [Mr. TAYLOR] takes no pride in the authorship of this bill. On March 10, 1933, Mr. TAYLOR introduced the identical Colton bill, which passed Congress last session and which was drawn in the Department of the Interior in collaboration with the Department of Agriculture.

The gentleman from Colorado, in his statement before the committee on the hearings of this bill, said that he was strenuously opposed to section 13 of the Colton bill and that this section was forced into the bill on the floor of the House by gentlemen who were trying to kill the bill. I cannot understand if the gentleman was so much opposed to section 13 of the Colton bill why he would introduce a bill with that identical section in it.

On December 23 last Secretary Ickes, by way of interview, had an article in the Saturday Evening Post entitled, "The National Domain and the New Deal", in which he stated that he would be for the Colton bill, which was identical with the Taylor bill, provided certain changes were made. Then, on January 5, less than 2 weeks later, the gentleman from Colorado introduced the bill under consideration, which reads as if an antenna were attached to the mouth of Secretary Ickes. This bill should be called the Ickes bill.

The person who introduced this bill states that this is not a political matter, and then goes on to say as follows:

I might say that, as a member of the Democratic steering committee, I took this matter up with the steering committee, and I do not think that I am violating any confidence when I say that I was advised that if the administration wanted this done, naturally they would be inclined to do it, provided the committee reported the bill out. Therefore it is not a will-o'-the-wisp here before you. If the committee reports it out, I am sure that the steering committee will endeavor to put the bill before the House before we adjourn.

I wonder how far this bill would have gotten had not pressure been brought to bear upon the members of the committee by officials from the Department of the Interior? The Assistant Solicitor had a consultation with the senior Senator from Wyoming and myself relative to this bill. He said he would like to have our views on the matter, provided they conflicted in no way with the views of the Secretary of the Interior. We intimated that we should like to have the junior Senator from Wyoming present at our meeting, but he said it was not necessary, as the junior Senator had already promised the Secretary of the Interior that he would support the bill. When the committee went into executive session to consider this bill, one of the members suggested that the alleged author of the bill be invited to sit in, and then the chairman suggested that the Assistant Solicitor sit in in order to explain the amendments to this bill. This

just goes to show to what extent the Department was using pressure to put this bill over.

The gentleman from Colorado went so far as to ask the Secretary of the Interior and the Secretary of Agriculture what to show in their reports. Let me quote from his statement:

> I asked them to show two things in their report: First, that the policy proposed will be beneficial to the West, beneficial to the people who live in those States, as well as to the Federal Government, and to show also in addition to that the urgency of it at this time.

And then he says there is no politics in this bill.

I am astonished that the chairman of the committee has not asked the Solicitor of the Department of the Interior and Secretary Ickes to come here and explain the bill to you.

Of course, there was really no need to introduce this bill, for I have here an opinion rendered to the Secretary of the Interior on January 25 by the Solicitor of the Department of the Interior. The opinion states that there is existing legal authority to create grazing districts upon public lands by exercising the Executive withdrawal power under and by virtue of the act of June 25, 1910, and this opinion goes further to state that the President by virtue of his office needs no specific legislation. I asked the Assistant Solicitor why the Department did not ask for Executive withdrawal orders, and he stated they wanted congressional sanction. This bill is loaded with dynamite; and when it goes off, they want someone upon whom they could fasten the blame. The gentleman from Colorado [Mr. TAYLOR] states the President can do practically everything in this bill by Executive order.

This bill gives the Secretary practically dictatorship over our livestock industry of the West, and can be compared to the dictatorship in Russia. It gives him power that rightfully belongs to the States. As sovereign States, surely we have some rights to the lands within our boundaries, just as other States have had. The Government reserved the public lands in every State in the Union with the exception of the State of Texas, but today practically all public lands have gone into private ownership in all States, except those of the West.

This bill is federalism in the extreme and tends to retard the political and economic growth of the people in the arid-land States by reducing our chief industry to the dead level of uniformity through administrative control by a bureau far removed from the scene of action, and puts our affairs in the hands of men who, at the best, have only an embryonic or superficial knowledge of our practical problems.

In the vast area of country involved in this bill you will find every variety of soil and climate. Physical environment and historical tradition have given rise to a diversity of custom and manner. We are essentially one people on broad nationalistic lines, but every State has a variety of local conditions which makes local government essential to justice.

The people living in the States where this vast territory lies have shown by tradition that they are fully accustomed to trust themselves in the regulation of their own affairs. Local government is one of the most precious heritages of the past. It is the school in which liberty, self-control, and independence are bred. Local creativeness will be stricken with impotence, for Federal power pays no heed to regional opinions. The stimulation of running our own affairs is essential to our natural development.

If this bill passes, it is going to nullify years of careful study of the problems by stockmen and legislatures of the Western States. In the State of Wyoming we have various laws for livestock ranging and for the regulation and use of our State lands. All the other Western States have laws for the same purpose, but they are not identical. The laws vary as the conditions in the States vary.

In the Saturday Evening Post article, the Secretary of Interior states that unreserved and unappropriated lands shrunk from 473,000,000 to 173,000,000 acres since 1904, and then goes on to say that much of the domain was taken up as farm and stock-raising homesteads. In order to paint the full picture, he should have mentioned the reservations and withdrawals by the various departments.

Here are some of the withdrawals in Wyoming that exist today:

Surface withdrawals

	Acres
1. Reclamation Bureau	1,750,835
2. National forests	8,460,755
3. National parks	2,108,800
4. Geological Survey:	
a. Power purposes	197,728
b. Reservoir-site reserves	1,714
c. Public waters	83,505
5. Indian reservations	2,243,822
6. General Land Office:	
a. Stock driveways	1,207,293
b. Carey Act segregations	468,360
7. Game and bird reserves	49,476
8. Naval oil and shale	9,481
9. Miscellaneous	1,157,397
Total	17,730,186

Subsurface withdrawals

1. Producing oil and gas structures	158,571
2. Coal	2,260,604
3. Oil	541,777
4. Oil shale	2,100,000
5. Phosphate	989,149
Total	6,050,101

In addition to these withdrawals, which are all under the control of the Federal Government, this bill proposes to give exclusive control of about 15,000,000 more acres to the Federal Government. You cannot atrophy part of the Nation without eventually atrophying the whole Nation. Today in the State of Wyoming one third of the State is bearing the burden of taxation of the entire State.

You can readily see the Federal Government has already taken the corn and left us the husk, which has partially paralyzed us; now it wants to paralyze us completely by taking the husk. This is what will happen if you deliberately add power to the Federal Government just because you have the power to do so. This is the alchemy of decay.

Mr. CULKIN. Mr. Chairman, will the gentleman yield?

Mr. CARTER of Wyoming. Yes.

Mr. CULKIN. What is the total acreage of the State? What is the percentage of these withdrawals, if the gentleman can state?

Mr. CARTER of Wyoming. The withdrawals are probably about one quarter of the land in the State.

Mr. CULKIN. And those are withdrawn from settlement or from possible local taxation?

Mr. CARTER of Wyoming. Yes; there is no local taxation on them.

Mr. ENGLEBRIGHT. And, if this bill goes into effect, what will be the total area in the State under withdrawals?

Mr. CARTER of Wyoming. Approximately two thirds of the State.

The Secretary further states in his article in the Saturday Evening Post that he is for the Taylor bill, which passed the House at the last session, except for one serious defect; in this he is in error, for the Taylor bill never passed the House; I think he meant the Colton bill which was identical with the Taylor bill.

The provision which he speaks of is section 13, which is not in this bill that is up for consideration. He states as follows:

> This is a provision that the act shall be ineffective in any State without the approval of the legislature of that State, and further provides that State lands may be lumped with Federal lands in a jointly administered project. I am opposed to this for the same reason that I am opposed to transfer our public domain to State control. The local political pressure for a return to the old evils would be a thing not easily resisted. But with this one section amended, I hope, and expect, that this great piece of legislation will be enacted at the coming session of Congress, and I cannot neglect the opportunity to urge my fellow citizens to support it.

I take exception to that statement relative to local political pressure being used. I was a member of the State Land Board of the State of Wyoming for over 6 years and I have never known of any political pressure or intimation of politi-

cal pressure being exerted in the disposition of State grazing leases.

I think this is true of the other Western States. The gentleman from Montana [Mr. AYRES] speaking on this subject at the hearings, stated:

> Many if not all of these States have State-owned lands within their own areas and those lands are administered by them. The charge of graft in handling State lands has never been lodged against a single solitary Western State.

I have seen more politics played in the Department of Interior since I have been a Member of Congress than in all of the other departments combined.

Mr. BROWN of Kentucky. Will the gentleman yield?

Mr. CARTER of Wyoming. I yield.

Mr. BROWN of Kentucky. Will the gentleman name one instance in which politics has been played in that Department—I mean in favor of a Democrat?

Mr. CARTER of Wyoming. I should be glad to tell the gentleman of an instance. I was interested in a matter, and Senator CAREY and I went down one day to see about a project application under the Public Works that we were very much interested in. A few days afterward we got word from Wyoming that the information had already been received from the Democratic Senator that this project had been awarded, after we were told that it had not as yet been awarded. I wrote to Secretary Ickes and asked him to explain it. He wrote me quite a letter back and showed me when it was passed by each department, and it showed that this information leaked out the day before it was approved.

Mr. BROWN of Kentucky. But the gentleman got his project, did he not? All the gentleman is complaining about is that they did not give him the information so he could play politics with it.

Mr. CARTER of Wyoming. Now, I could take an hour to tell about different politics being played in the Department of the Interior. I will not say they were all under the Democratic administration, either.

Mr. CULKIN. Will the gentleman yield briefly?

Mr. CARTER of Wyoming. I yield for a brief question.

Mr. CULKIN. Can the gentleman tell about the personal politics involved in the construction of the Fort Peck Reservoir in Montana and the Grand Coulee Dam on the Columbia River, costing approximately $300,000,000?

Mr. CARTER of Wyoming. I should like to answer those questions, but I think that is extraneous to the matter under discussion.

Mr. CULKIN. That involved the same gentleman, Secretary Ickes, did it not?

Mr. CARTER of Wyoming. Yes; but that is not under discussion here, so I do not want to take any more time with that.

Mr. BROWN of Kentucky. Will the gentleman yield for one other question?

Mr. CARTER of Wyoming. No; I do not yield. My time is limited.

The Committee on Conservation and Administration of the Public Domain, which gave this subject considerable study, says:

> The transfer of the public lands to the State would mean that each State would be charged with the sole obligation of conserving and using the range. The experiences of the public-land States in dealing with the large areas now owned by those States and suitable for range show that in many instances this administration has been effective and salutary. It is true that the public-land States, as their development increases, are becoming increasingly conscious of the value of conservation. The mistakes of the past and the lessons to be learned from that history have not escaped them.

The Secretary of the Interior by this bill declares the policy of settling our western country is at an end, for it practically does away with homesteading. The preference right which every ex-service man has in these lands is gone so far as the 640-acre homestead is concerned. In the past year there were 3,243 final certificates issued on homestead entries, mostly to ex-service men. I am wondering how the ex-service men in your districts feel. I know that all ex-service organizations in my State are opposed to the bill.

At previous hearings on bills similar to the one before us a great deal of testimony was given on the subject of overgrazing and soil deterioration, evidently to justify that provision in the title of the bill. The testimony shows they were all bureaucrats who had to use forced and hypercritical language to sustain their views.

I should like to read extracts on the subject from the report of a survey made by Dr. Aven Nelson, an eminent botanist, on an area of public lands in the State of Wyoming, embracing more than 11,000 square miles, an area much larger than the State of Massachusetts. The surveys are of identical areas, one was made in 1897 and the other in 1926. The extracts are as follows:

> It seems that, in the judgment of Mr. Will C. Barnes, of the United States Forest Service, chief of grazing, the Red Desert has suffered marked deterioration because of overgrazing during the last quarter century. The officers of the Wyoming Wool Growers' Association believe that the forage of the Red Desert of today is as abundant and varied as at any time in its history, and for this reason they have sought a reexamination in the light of its former carrying capacity. * * * Mr. Barnes bases his judgment upon the results secured in the national forests and upon his belief that these are not suffering deterioration from overgrazing, as are the public lands outside the forests. * * * The writer believes, however, that at least for the area under consideration public control will have to be advocated on other grounds than that of deterioration due to overgrazing. If there be deterioration in the forage value of these public lands, it certainly is no more marked than the deterioration found in the national forests where grazing is under supervision. * * * In view of this, it would seem that arguments for public control of lands suited only for grazing are not to be drawn from arguments for public control on our national forests. * * * It is very evident, however, that the forces now at work are tending toward improvements. According to the most reliable sheepmen, the same area that 20 years ago would only support 1 sheep will now better support from 3 to 5. This they attribute to the gain in the strength of the soil due to the accumulating manure. It seems probable, however, that a more potent factor is found in the following: The vegetation chiefly depended upon for forage is composed of the large number of small shrubs of many kinds previously mentioned. The cutting down of such vegetation enormously increases the number of annual shoots. From winter to winter this shrubby vegetation has been browsed down closer and closer to the woody bases of the plants until now the tender annual shoots are produced in much greater abundance. The effectiveness of this browsing is, of course, dependent upon the region being used as a winter pasture only, giving time for growth and recovery each summer.

A great deal has been said about erosion and the part overgrazing plays in it. Overgrazing does not cause erosion, but it might accelerate it; rain and floods cause erosion. Ninety-nine percent of the erosion on the public domain would have existed if there were no grazing of any kind. Self-interest would guarantee the wise use of this land.

The unappropriated public lands in Wyoming are located in the comparatively level semiarid regions, where the precipitation is fairly uniform throughout the year. The heaviest precipitation, about 1½ inches per month, comes in the form of wet snows during March, April, and May. The runoff and erosion taking place on these lands is very negligible.

Gravel, sand, silt, and clay are nature's tools for bringing things to a level. The high, steep, and rugged areas are carried down and deposited in the low, sunken areas, with an improvement to both areas, from the standpoint of plant production. Students of desert types of plants have long known that these plants are provided with a degree of waterproofing and other means of protection against desiccation, which the plants of humid or wet regions never possess.

The plant life of this region can be grazed to the roots in the summer and on an average year of moisture the same growth will be up the next year.

Erosion takes thousands of years to take place and grazing has very little, if any effect, on the soil deterioration. The same flood and erosion effect is noted in the humid areas, but is less apparent to the eye, due to the vegetation.

They want to prevent erosion to save the land for posterity. I want to say to you that if Secretary Wallace and Secretary Ickes were more interested in the erosions that are being made on the Constitution they would do more for posterity.

The fees you get from grazing permits in the grazing districts cannot even start to pay for any of these alleged bene-

fits. The livestock men have been losing money for the past 4 or 5 years and the present prospects are not very encouraging. The price of cattle is about the lowest in a quarter of a century. I cannot see how they can assume this burden.

The CHAIRMAN. The time of the gentleman from Wyoming [Mr. CARTER] has expired.

Mr. ENGLEBRIGHT. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. CARTER of Wyoming. I might state that these Western States are not the only States affected by this homestead law. I have a list here of some of the homesteads that were obtained in other States in the year 1933. So it not only affects the 11 Western States mentioned in the report, but others as well. Last year in Alabama they had 11 homestead patents, Arkansas had 71, Florida had 16, Louisiana had 7, Michigan had 10, Minnesota 9, Mississippi 9, Nebraska 44, North Dakota 30, Oklahoma 15, South Dakota 81, Washington 23, Wisconsin 2.

Most of those homesteads, I might say, came under the 640 acres of grazing land, which in this bill is repealed.

Some people might say that the service men are not interested in this land. I do not know how they are in other States, but I just want to read a few telegrams from ex-service men in my State:

> Veterans of Wyoming opposed to Taylor bill, particularly to eliminating of preference rights on homesteads.
>
> J. H. PEBERDY.

Here is another telegram:

> Twentieth United Veterans Council in meeting today unanimously oppose Taylor bill. Following facts substantiate: 1,365,000 acres converted from Federal- to privately-owned land by veterans in Wyoming since 1918; more than 5 percent of privately-owned land in Wyoming converted by veterans; 1,700,000 acres remain unappropriated and unreserved. Further liberal settlement provisions of law would act as incentive to settlement by veterans. Veterans comprise 19.4 percent of male population of Wyoming over 21 years of age according to last census. State has profited by increase in population and valuation by veterans.
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> E. C. Calhoun, Department Adjutant Disabled American Veterans; J. E. Frisby, Department Commander Spanish War Veterans; Clifford A. Miller, Chairman Department Legislative Committee American Legion; J. H. Peberdy, Department Commander Veterans Foreign Wars; F. E. Miracle, Commander Veterans Foreign Wars, Casper; K. F. McHenry, Commander American Legion, Casper; Robert F. Jones, Commander United States Wounded Veterans, Casper; C. L. Basker, Commander Disabled American Veterans, Casper; M. E. Sanders, Commander Benjamin Carter Colored Post, American Legion; M. T. Rice, Secretary United Veterans Council, Casper.

The Department of Interior stated that they are eminently qualified to carry on this work on account of the experience they have had with Indian grazing leases and also their experience on the Mizpah-Pumpkin Creek Grazing District, which contains only 25,000 acres of Government land. Let us see how well they are administering the Indian lands. A few years ago an economic survey of the range resources and grazing activities on Indian reservations was made by a number of officials in the Indian Department, and I quote from that report:

> Before proceeding to an explanation of the general plan of management which we believe applicable to the grazing resources on Indian reservations, a brief discussion of existing policy and procedure is essential. Probably the most outstanding feature in this connection is the lack of a well-defined policy and the absence of a regulated, standard practice.

And we also find in the same report the following:

> The large volume of business which is carried on, the absence of simplified practice in this connection and the limited personnel available for clerical and supervisory purposes, have operated to reduce the entire procedure to one which virtually runs itself. * * * The use of land with respect to capacity and the general conservation of resources is not properly restricted; there is no count made of the number of animals placed on the ranges, and, generally speaking, it may be said that there is an entire absence of system.

After an indictment of this nature the Department of the Interior bases their claim of qualification.

Now, with regard to the Mizpah-Pumpkin Butte grazing district, I should like to give the views of the late Senator Walsh of Montana:

> My friend, Mr. Leavitt, whose zeal in this matter and whose earnestness in his convictions everybody commends, came from the Forest Service to our State. He came there as a forestry official. He has imbibed that idea, and he is very earnest and sincere about it. He promoted this Mizpah-Pumpkin Creek measure, and I urged some opposition for some time, but finally I quite consented to allow this thing to be tried. It has worked out well, as he says. Why should it not work out well? A certain number of individuals are grazing cattle in that particular locality. They organize themselves into an association. They got a lease for 10 years of the area within that district. Everybody else is shut out. That is quite satisfactory to them, of course. You go on and do that. There are applications for the creation of their districts of that kind in Montana by, of course, the people who now occupy the territory and will organize themselves into groups, cooperative associations, get a lease on the ground, and everybody else will be shut out.

Now, we have found out why the Interior Department should handle these lands according to their own testimony; let us see why the Agricultural Department thinks Secretary Ickes should have charge. Secretary Wallace said:

> The Secretary of the Interior has some strong ideas on conservation matters. He is an old friend of Gifford Pinchot.

Mr. Sherman, the Associate Forester, Department of Agriculture, with over 30 years' experience in that Department, said that he has heard Gifford Pinchot express himself in many western speeches, declaring over and over again:

> I would rather help 10 men make a living than to help 1 man to make a profit.

Now, is it the idea of Secretary Ickes to prevent the cattlemen from making any profit? Does he intend to reduce the stockmen of the West to the position of serfs or vassals? That would be transferring them into the proletariat.

I am glad to know that a number of the Senators do not have the same views on the handling of the range as does Secretary Ickes and Secretary Wallace, for these Senators have already served notice that they do not want Secretary Ickes to handle this public domain.

The cry last year by Secretary Wallace, Secretary Ickes, and the person who introduced this bill was that it should be passed to take care of the 250,000 young men in the Conservation Corps. They said they would have no place to go unless this bill was enacted and they could go from the mountains down to the lower lands. That time has now passed and they had no trouble to find places to put these boys and young men. The gentleman from Colorado said the failure to pass this bill last June has worked a great loss to hundreds of unemployed young men in those 11 States. I do not think that there was one young man deprived of employment in the Civilian Conservation camps because we failed to pass this bill last year.

The gentleman from Colorado stated that the homestead law was beneficial until June 30, 1933. I should like to know what happened on that particular date to make the homestead law less beneficial than it was before that date. He was a great supporter of the Colton bill that passed in 1932, which did away with the 640 grazing homestead law. If it was beneficial until June 30, 1933, why did he vote to do away with it a year previous to that date?

The proponents of this bill state that this land is overgrazed, but in the same breath they state that there will be no reduction in the amount of stock. They are not going to reduce them but are going to redistribute them. Their contention, then, must be that some land is overgrazed and other land is not. There is a question in my mind as to what they are going to do with the range that is not put in grazing districts. Mr. Havell, of the General Land Office, says that he does not think anyone concedes that the administrative officers would put all the land in grazing districts and the assistant solicitor states that they only contemplate putting 50,000,000 acres in grazing districts the first year. Do they intend to keep the stockmen off of the lands which are not in grazing districts? I should like the chairman of the committee to answer that question.

Mr. Stabler, of the Geological Survey, paints a nice picture for the purpose of deceiving the true intent of the

use of this range. He stated that in 1891 there were 700,000,000 acres of public range with only 400,000,000 head of stock, about 170 acres for each head of stock. In 1900 he said there were 550,000,000 acres of public range with 14,600,000 head of stock, or 33 acres per head. In 1930 he said there were about 170,000,000 of public range and 15,000,000 head of stock, or about 11 acres to each animal. He stops there, he does not tell you that the 500,000,000 acres of public range which has been disposed of since 1891 is producing many times more feed for stock now than it was in 1891. He does not tell you of the millions of acres of this land which is now under cultivation producing feed for livestock. A section of grazing land will take care of approximately 50 sheep, according to the grade of the land, where a section of cultivated dry farming land will take care of over a thousand sheep, where a section of irrigated land will take care of about 6,000 sheep. These are figures that were given to me by the Department of Agriculture. Today we have more feed for our 15,000,000 head of stock than we had in 1891 and are turning out much better stock.

During the hearings on this bill Representative SCRUGHAM, of Nevada, brought out a very important point, and that is the question of water. He stated it was not the grass on the range that controls its use, it is the water. In the Western States we do not have the old common-law doctrine of riparian rights, but we have what is called the doctrine of priority of appropriation. No matter where the water may be situated, he who has appropriated it has the continued usufruct so long as the beneficial use is continued. Under the acts of admissions and the constitutions of most of the Western States, the control of the water is in the jurisdiction of the State. If this bill is passed you will have the State in the control of the water and several bureaus administering the control of the grazing lands. Representative SCRUGHAM is a former State engineer of his State and is fully conversant with this subject, and I hope that he will discuss the matter in detail.

The proponents of this bill state they are going to build brush dams or possibly some more permanent types of structures to prevent erosion, and in the areas where there is no forage they are going to plant grass, and if necessary they will put up fences to protect the grazing districts. The Secretary of the Interior wants to put about 35 C.C.C. camps on this land.

The total cost, the Department of the Interior states, will be about $150,000. He is going to do all this at a cost of about 1 cent per year for 12 acres. I do not think there is a Member here who believes the Secretary of the Interior can perform such a miracle.

The cost alone of 35 C.C.C. camps for 6 months would be in the neighborhood of $4,000,000. The appropriation for the Forest Service for the year 1933, for about the same acreage as in this bill, was $13,183,304.

When the Colton bill was up for consideration the late Major Stuart spoke as follows:

> To a vast extent the lands present a problem of recreation of actual or potential wealth-creating power which will require long, patient, and expensive regeneration, which only after many years the large outlays will lead to a restoration of their capacity for broad social service. They are an economic problem and responsibility rather than an economic opportunity.

Mr. Silcox, the present Chief of the Forest Service, states as follows:

> I will state specifically that the Forestry Service as now organized is not prepared to handle these additional 172,000,000 acres without an expansion of its organization. I do not want to fool Congress by saying that the administration of those lands will not require additional personnel.

The Forest Service, with a trained personnel many times larger than the personnel which the Interior Department has for this work, tell you that it will take a much larger personnel than they now have, while the Interior Department that is so anxious for this measure to pass state that they can get along with their present personnel. It is my opinion that if this bill passes it will require hundreds of more men in the Interior Department and will cost the taxpayers around $15,000,000 a year.

The only persons who would benefit from this legislation is a bunch of bureaucrats here in Washington who have taken upon themselves the task of seeing how much more power they can get.

This bill violates one of the traditional doctrines of the Democratic Party—that of State rights, and I should like to quote the views of a number of prominent Democrats on this subject. I know a great many of you Democrats have cut loose from the traditions of your party, but there may be a few of you left who still believe in the traditional American ideals of your party.

> What has destroyed the liberty and the rights of men in every government which has ever existed under the sun? The generalizing and concentrating all cares and powers into one body, no matter whether of the autocrats of Russia or France or of the aristocrats of a Venetian Senate.—Thomas Jefferson to Joseph Cabell, 1816.
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> It is not by the consolidation or concentration of powers, but by their distribution that good government is effected.—Thomas Jefferson, 1821.
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> The remedy for ill-considered legislation by the States, the remedy alike for neglect and mistakes on their part, lies, not outside the States, but within them. The mistakes which they themselves correct will sink deeper into the consciousness of their people than the mistakes which Congress may rush in to correct for them, thrusting upon them what they have not learned to desire. They will either learn their mistakes by such intimate and domestic processes as will penetrate very deep and abide with them in convincing force, or else they will prove that what might have been a mistake for other States or regions of the country was no mistake for them, and the country will have been saved its wholesome variety. In no case will their failure to correct their own measures prove that the Federal Government might have forced wisdom upon them.—Quoted from Woodrow Wilson, The States and the Federal Government, 1908.
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> Believing that the most efficient results under our system of government are to be attained by the full exercise by the States of their reserved sovereign powers, we denounce as usurpation the efforts of our opponents to deprive the States of any of the rights reserved to them, and to enlarge and magnify by indirection the powers of the Federal Government.—The Democratic platform, 1912.
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> Were we directed from Washington when to sow and when to reap, we would soon want bread.—Jefferson.
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> As Oscar Underwood stated, "We must always bear in mind that the burdens of Government rest ultimately on the people who live under it, and that in the last analysis it is the worker who pays the bill. * * * What a paternalistic government proposes to do for the people in the end the people pay for—plus the greatly added price of commissions and salaries to those who engage in its administration."
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> Had it not been for the steady encroachment of Federal Government on the rights and duties reserved for the States we perhaps would not have the present spectacle of the people rushing to Washington to set right whatever goes wrong. But successive administrations have encouraged this spirit of dependence on Government, either because of the lust for additional power on the part of Federal officials, or simply because of a blind insistence on the Hamiltonian principle of a strong centralized Government, as opposed to the Jeffersonian idea of giving to the administration at Washington only such functions as the States themselves cannot perform.—Mr. Garner's acceptance letter, August 23, 1932.
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> We advocate an immediate and drastic reduction of governmental expenditures by abolishing useless commissions and offices, consolidating departments and bureaus, and eliminating extravagance, to accomplish a saving of not less than 25 percent in the cost of Federal Government, and we call upon the Democratic Party in the States to make a zealous effort to achieve a proportionate result.—From the Democratic 1932 platform.

If this bill becomes a law I prophesy now that it will be a Cadmean victory for Mr. Ickes.

[Here the gavel fell.]

Mr. DEROUEN. Mr. Chairman, I yield 5 minutes to the gentleman from Oklahoma [Mr. SWANK].

Mr. SWANK. Mr. Chairman, the State of Oklahoma that I represent here in part does not have very much public land left, and I am not interested in this bill because of the fact that Oklahoma has public land or does not have public land. I am interested in it as a broad national policy in connection with the protection of the grazing districts of the West. This 173,000,000 acres is about all in 11 of the Western States of the United States.

The cattle and sheep men now graze the territory unrestrained. They do not have to have a permit or license. The big cattlemen, as they have been doing in the past, and especially the sheepmen, have been taking it all, and the man

with a half dozen milk cows does not have any rights at all. They run him out. The object of this bill, as I see it, and the part that appeals to me most—and we had that part perfected in committee—is the fact that the man with a few cows has just as much right as the man with the big herd, and especially these big sheepmen from the State of Wyoming. These sheep destroy the land more than the cattle destroy the land. The sheep eat the grass and pull it up by the roots, and when it rains the soil is washed away. For this reason we have inserted provisions in the bill covering flood control and soil erosion.

The gentleman who preceded me said that the Secretary of the Interior wrote these amendments and stated that politics had too much to do with the matter. President Hoover is the gentleman who appointed a committee to investigate this question. The gentleman from Oregon [Mr. MOTT] offered an amendment in the committee which was adopted. The amendment is on page 2 and adds the following words: "Or revested Oregon-California railroad-grant lands." The gentleman from California [Mr. ENGLEBRIGHT] offered an amendment which was adopted in committee, and may I say that a majority of the committee are Democrats, so far as politics are concerned. We adopted the gentleman's amendment on the mining part of it, and there were no politics involved in the consideration of the amendment. The Secretary of the Interior appeared before the committee and recommended the bill. I understand that he is a Republican. The Secretary of Agriculture is another Republican, so it is said, and he also appeared before the committee. Both of these gentlemen are said to be prominent Republicans, and both of them recommended this bill. If there had been any politics involved, the committee probably would not have taken the recommendation of these two Republicans.

We reported the bill favorably because it is a good bill. Before a man can graze cattle or sheep he must get a permit from the Secretary of the Interior. The main objection of the two gentlemen who filed the minority report is that this is not administered by the Agricultural Department. The Secretary of Agriculture appeared before the committee and sent in a report in which he says:

> The proposed legislation would be beneficial not only to the two Departments concerned but to the great majority of the States containing unreserved and unappropriated public lands.

The Secretary of Agriculture, according to his report and according to his testimony before the committee, did not want to administer this law. He wanted it left in the hands of the Department of the Interior or whoever may be at the head of that Department. The only politics I have heard so far as this bill is concerned are the politics of the gentleman who has just spoken. He said there was a western conference of governors which was called in protest against this bill. I was glad to hear that part of the statement in which he said there was only one Republican in the crowd.

I am glad the people of the West, where these lands are principally located, have seen the light and are electing governors out there who are members of the Democratic Party. The fact that there was just one Republican at that conference and the rest of them were Democrats has nothing whatever to do with the merits of this bill. [Laughter and applause.]

[Here the gavel fell.]

Mr. ENGLEBRIGHT. Mr. Chairman, I yield 15 minutes to the gentleman from Pennsylvania [Mr. RICH].

Mr. RICH. Mr. Chairman, I come this afternoon to speak with reference to the Taylor bill, H.R. 6462, believing that it has some good features in it and also knowing that it has some features that are not for the best interests of this country of ours.

If we passed in this House all legislation that we favored in our own minds and if we tried to inculcate all such measures into law, I fear no legislation would be passed, because of the fact we have such wide differences of opinion. So we must get the composite idea of the great majority and try to enact legislation that will be for the best interests of the people of this country.

If I were the Representative of one of the States affected by this bill, I do not see how I could agree to its passage, and I believe that a majority of the Members of the House who are representing the people in the 11 States affected would be opposed to the bill as it now stands, especially when we think of taking 173,000,000 acres of land in this country, as has been stated here this afternoon, which in some States means as high as 85 percent of the total area of the State. When we think of this vast area of land being equal to about one eighth of the United States or equal or greater than the New England and Middle Atlantic and adding some of the other States, or when I think of it as comprising an area seven times as large as the State of Pennsylvania, and when we consider that we are proposing to turn this area over to the Secretary of the Interior for administration, making him a czar over this territory contrary to the wishes of the people who live in these States, I say we are doing these 11 States a grave injustice.

When I think of the people who are the Representatives of such States here as the gentleman from Wyoming [Mr. CARTER], the gentleman from New Mexico [Mr. CHAVEZ], the gentleman from Nevada [Mr. SCRUGHAM], the gentlewoman from Arizona [Mrs. GREENWAY], and the gentleman from Oregon [Mr. MOTT], I have the greatest and highest regard for them because I believe they are intelligent people; and when I think of the Congress of the United States saying to these people in these 11 States that are affected by this bill, "You are not able to administer the affairs in your own State and we from Pennsylvania or we from New York or we from Alabama can come into the House of Representatives and say that we are going to put laws into effect in your States that are going to regulate and hamstring you", I think, as Members of Congress, we are doing what is an injustice to these States. [Applause.]

I feel that the people who come from the States affected should be entrusted with the administration of these lands.

Mr. FULLER. Will the gentleman yield?

Mr. RICH. I shall not yield to anyone until I have finished my remarks. I shall then be pleased to yield.

I feel that the people of the various States which I am going to name—Montana, Oregon, Idaho, Wyoming, Colorado, New Mexico, Nevada, Arizona, Utah, California, and Washington—are surely just as intelligent as any Members of the House of Representatives, and I cannot see how anyone from these States can stand up here and say, "We want the Secretary of the Interior, who lives 3,000 miles away, to rule over these lands, amounting to 173,000,000 acres, because we believe the Secretary of the Interior can do it better than they can do it in their own States." I believe the legislators of these States are better able and more capable of enacting laws to govern the people of these States than I, coming here from Pennsylvania, could administer them at such long range. I believe the people from those States have the interests of their own States at heart and the interests of their own people at heart and will do a better job of regulating the administration of these lands for the benefit of their people. I believe they can do it better than we can administer these lands here in Washington.

A great many people do have a selfish idea and think that here is 173,000,000 acres of land that is now controlled by the Federal Government, and they believe that, because we control this land, we should not give this authority to those States. If there were any man in the House of Representatives who had at least one fourth of his State under Federal control, I feel sure he would try to have the land taken away from the Federal Government and placed under his own State legislature, so that the people of that State could make their own laws and regulations which would be for the best interests of the States and the best interests of the people in those States. Naturally, they will have a greater interest than we could possibly have.

I also feel that a selfish interest might exist because of the fact that we, as Representatives, might feel there might be some virtue in these lands or that there might be some value in them and by turning them over to these States we

would thereby be giving something away that might be of value to our own States. I want to say that, so far as I am concerned, coming from the State of Pennsylvania, the first loss is the best loss. I would like to see every acre of this land turned over to these States so they could handle them for their own protection and for their own good. I am sure Pennsylvania would lose nothing. I feel that by doing this I am doing the greatest service for the people of Pennsylvania, because I believe it will cost the people of Pennsylvania in the future more to administer them in this way, and that it would not be for the good of the States in which these lands are situated.

I do not believe the House of Representatives has any monopoly on honesty. I do not believe the membership of this House has any monopoly on brains, and I do not think we have as good an insight into the administration of these public lands as the people who live in these States. Sometimes when I think of the things we are doing here in Washington, with many of which I do not agree, I wonder where we are trying to steer this old Ship of State. It may be possible that we can do some things that will be for the best interests of these people, but in the main, I believe the best interests of these people will be served by giving this authority to the States where the land is situated.

I made the suggestion in committee that this be done, and the author of the bill said that we could not get four votes in the House of Representatives to do this. That might be, but I want to say that I am one of the four who would be glad to do it. I think the author of this bill overestimated that a great deal, because I think there are a great many people represented by Members of the House who would be glad to give the 11 States that authority.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. RICH. I prefer not to yield now, but I will after I get through. My principal objection to this bill as written is this. All through the discussion of this bill in committee various Representatives claimed that the bill could best be administered under the Department of Agriculture. Then again others admitted that it could best be administered under the Department of the Interior.

We had the Secretary of Agriculture and the Secretary of the Interior before our committee, and they made the statement to us that they were not concerned so much as to where the administration of the bill should be lodged as they were in the fundamental principle of grazing, and particularly of making the lands better for grazing purposes.

They cited the letter of the President of the United States. I want to quote from the letter to Secretary Ickes by President Roosevelt, where he says:

> I favor the principle of the bill, and you and the Secretary of Agriculture are authorized to say so to the House Committee on the Public Lands.

Now, I am not trying to say what the President of the United States meant when he wrote that letter, but I do not believe for one minute that the President of the United States wants a dual authority, a dual control of 173,000,000 acres of land for grazing purposes when we have the Department of Forestry in the Department of Agriculture to supervise the grazing lands of the country, lands previously withdrawn. If in this bill we put the grazing of 173,000,000 acres under the Department of the Interior, we shall have two Departments that will have control of the grazing interests on the public domain. This is ridiculous.

I want to say that it was a most foolhardy proposition to subdivide the grazing interests of the country and put them under dual control. It is not good business. Every member of the Committee on the Public Lands knows that practically every time we had a bill before us upon which we wanted to get information the chairman of the committee had to write a letter to the Secretary of the Interior and ask him for his opinion, and then write a letter to the Secretary of Agriculture and ask him for his opinion on the same subject. Practically every bill that has come before our Committee on the Public Lands since I have been a member of it has met that obstacle. It is not only a requirement but it is a foolish requirement. Why should we inculcate into law a bill that is going to continue that dual control of two departments, causing extra expense and confusion?

I have discussed the matter in committee, and I believe every member of the committee believes that the grazing interests of this country should be under one authority. Oh, but they say that if we put the bill through, Secretary Ickes and Secretary Wallace and the President will try to make a ruling whereby it will put control of grazing in the hands of one department. I want to say to the Congress of the United States that during this session of Congress I think we have been one of the greatest buck passers, trying to pass authority that belongs to us over to the President of the United States.

The President is required to handle all these things that we are supposed to control, but you gentlemen know that we are afraid to assume our responsibility and that it cannot be done by the President.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. ENGLEBRIGHT. Mr. Chairman, I yield 3 minutes more to the gentleman from Pennsylvania.

Mr. RICH. We are seeking to pass this authority to the President of the United States, and we know that it is impossible for him to supervise it; that he must turn it over to the Secretary of Agriculture or to the Secretary of the Interior. Are they superior beings to Members of Congress? There are statements in the hearings that there is no friction in the departments, that they can get together in administration. I can show you statements in the hearings that we have had in our committee from which I know they will never get together. We will not put this regulation under a single control, but we are going to have a complicated piece of legislation that will never be settled to the satisfaction of the people who are in the States vitally affected. It is high time we stop trying to give authority to the President, when you and I know that he cannot assume it; when you and I know that we are giving him things to do that are impossible for one human mind to grasp; when we know that it is impossible for him to turn the things over in his own mind, things that affect these great interests; and when we do it, we simply turn it over to men who are only spokesmen for the administration, and we as Representatives of the people turn over our authority to the Secretary of the Interior or the Secretary of Agriculture. If we had backbone, where we now have wishbone, we would be able to accomplish a great deal, and we would be able to help the administration and the people who live in these States. Before we permit this bill to become law I think we should endeavor to stop the great amount of overhead expense that will necessarily be caused, because we do not assume the right to put the grazing on these lands under single control of one department. I suggest that we place an amendment, section no. 13, to this bill and put the authority under the Secretary of the Interior, so that we would have all grazing interests under one authority. I do hope the members of the committee will give consideration to that suggestion.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. COCHRAN of Missouri. Mr. Chairman, will the gentleman from California yield another minute to the gentleman from Pennsylvania in order that I might ask him a question?

Mr. ENGLEBRIGHT. Mr. Chairman, I yield one half minute to the gentleman from Pennsylvania.

Mr. COCHRAN of Missouri. The gentleman suggests this solution, that we turn these lands back to the States. Will the gentleman kindly tell us when we ever took the land away from the States, if the States ever had possession of the lands.

Mr. RICH. We may not be able to turn them back to the States, but if one fourth of the State of Missouri were under the supervision of the Department of the Interior, the

gentleman from Missouri, I know, would want to put the control of that fourth back into the hands of the people of Missouri.

Mr. COCHRAN of Missouri. How are you going to turn back lands when the States have never had the lands?

Mr. RICH. Then, in all common sense, give the lands to them, because if they have never had them they should have them.

The CHAIRMAN. The time of the gentleman from Pennsylvania has again expired.

Mr. DEROUEN. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. STUBBS].

Mr. STUBBS. Mr. Chairman, heretofore I have taken but little part in the discussions on the floor of the House and I would not be addressing my remarks to you at this time if it were not for the vital interest I have in this bill and the great importance of it. I am from one of those Western States vitally affected by the provisions of this measure.

I want to pay my respects at this time to the distinguished gentleman from Wyoming [Mr. CARTER]. I believe he is a past master in the art of muddying the waters, and I hope my colleagues on the Democratic side of the aisle will endeavor to clarify those waters during the discussion of this bill. I remember he stated that it will create a vast new organization in the Department of the Interior for the administering of the grazing districts in our great public domain. The Secretary of the Interior stated expressly that the cost of administering this proposed measure would not, in his judgment, exceed $150,000 annually.

Mr. MOTT. Mr. Chairman, will the gentleman yield?

Mr. STUBBS. Yes.

Mr. MOTT. Does the gentleman know what fraction of the entire expected revenue from the grazing land would equal $150,000?

Mr. STUBBS. I have no definite figures relating to that question, and I will go into the matter a little later. The reason for this low approximation, according to the Secretary of the Interior, is due to the fact that the Department just now maintains a complete and well grounded, efficient organization for the transaction of all sorts of business relating to the public lands or the lands of the United States. No new bureau is needed or contemplated. Expansion of existing agencies is all that is necessary, and no other Department, in my judgment, can undertake the task at a similar cost. It should be borne in mind, however, that the lands that compose the public domain are owned by the United States, owned by the people of the United States. Another contention that has been brought forth here is that in the creation of these grazing districts in the public domain, without the consent of the States in which the lands are located, we are doing an injustice to those States.

The statement implies that the citizens of the various public-land States should determine how the Federal Government should use or dispose of all the lands which it owns within their borders. I want to say to you that the Congress of the United States, as far as I know, has never recognized such a ridiculous right of referendum. This land is owned by the Federal Government—by the United States of America.

Mr. ENGLEBRIGHT. Will the gentleman yield?

Mr. STUBBS. I refuse to yield. I only have a few minutes.

So, in the enactment of laws pertaining to the public lands and their use and disposition, Congress has been guided and Congress should be guided by national interests. I cannot see why my California friends should not want the Congress of the United States to look after the public lands of this country. It is our responsibility. It is our duty. It seems to me we should get a national viewpoint of this great question.

It has been reported heretofore that the creation of grazing districts would abrogate homestead laws and take from thousands of veterans the only chance they will ever have to acquire homes of their own. This is untrue. The bill specifically authorizes the Secretary of the Treasury to open to homestead entry such lands "which are more valuable for the production of agricultural crops" than for grazing, in tracts not exceeding 320 acres in area. In defense of the proposition that this legislation suspends 640-acre stock-raising homestead entries, it should be said that every commission which has studied the question within the last few years has doubted the wisdom of continuing the operation of our homestead laws. That policy has fully served the purpose for which it was framed; that is, putting practically all land in private ownership which is productive enough to be used for home-making purposes. The remaining public domain is recognized to be generally unsuited for permanent settlement. The following is quoted from the Garfield committee on the Conservation and Administration of the Public Domain:

> The number of 640-acre stock-raising homestead entries patented rose rapidly from 21 in 1919 to 8,399 in 1922, and then gradually declined until 1930, when 2,530 went to patent. However, some indication of the high percentage of failure and disappointment to the settler who has undertaken this form of homestead may be derived from the disclosure that during the 12 years since the Stock-Raising Homestead Act went into effect, less than half of the 133,350 entries have gone to patent.
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> There are extensive areas in every public-land State which have been entered under this act and then abandoned to the Russian thistle and other weeds, some poisonous and destructive to ranges formerly valuable to the stock raiser. Ruined fences and abandoned homes dot the landscape for many miles, pitiful evidence of human hopes buried beneath the economic insufficiency of 640 acres in a semiarid section as a stock-raising unit to support a family. It is not fair to our ex-service men and other home seekers to continue in effect an act which has resulted in so many broken homes and so much misery to settlers.

The report by the Garfield committee continues:

> At least it can be stated that little of the land not now entered holds out any hope of economic sufficiency for the permanent establishment of a family on 640 acres unless there is considerable adjoining grazing on the public domain. The uncertainty of the future as to that feature renders a venture on the strength of it perilous indeed. The Federal Government should cease to be a party to the inducement.

Officials of the Department of the Interior estimate, conservatively, that it costs the average homesteader approximately $810 for fees, improvements, and so forth, over the period of 3 years required to homestead land. The Department reports that lands in the public domain, because of erosion, lack of care, and other factors, are so depleted in natural grass and water resources that they have become in many instances arid wastes, and are valued around 25 to 50 cents an acre. In other words, a settler could buy a homestead plot for much less money than it costs to homestead it, and in addition save himself a great deal of effort.

Allow me, also, to shatter another contention of the opponents of this vital measure. It has been reported that the jurisdiction of the proposed bill should be placed under the Forest Service because it has a complete and efficient organization for administering grazing. I desire to quote my distinguished compatriot and colleague, Representative AYERS of Montana, who stated in substance in committee that there is just as much difference between the present public domain and the forest-reserve lands as there is between the Everglades in Florida and the plains of Nebraska. The forests, with which that agency is familiar, are the best and most universally watered lands for livestock in the entire West. The forest-reserve lands are mountainous and can only be used for summer grazing. The utilization of the semiarid regions involved in the Taylor bill is greatly handicapped on account of the lack of water. It is used only for winter grazing. The forage growth is much lighter than that of the forest areas and is of an entirely different species. The problem of soil erosion in the desert regions is vastly different from the problem in the mountainous forest areas.

Unless all other public land laws are repealed, including the laws governing conservation and development of mineral resources, the Department of the Interior is the logical agency for the administration proposed under the Taylor bill, because of the urgent need for coordinating under a single jurisdiction activities concerning the continued ad-

ministration of these other applicable public land laws. Furthermore, the Western States, the railroads, and private individuals own unexhausted land-grant rights which must be taken into account. Their satisfaction requires continuation of the equivalent of existing administration activities of the Department of the Interior.

If administration of the Taylor bill is placed outside the Department of the Interior, serious consideration should be given to transferring all other land activities of the Department of the Interior to the agency so selected. Serious consideration might even better be given to concentrating, in the Department of the Interior, the few land management activities of the Federal Government, not now there administered.

It is vital that we bear in mind that as a grazing area the forage crop of the public domain constitutes one of our chief natural resources. The duty and responsibility of the Federal Government to conserve it for future generations and prevent its continued destruction cannot be denied reasonably.

Mr. DEROUEN. Mr. Chairman, I yield 5 minutes to the gentleman from Oregon [Mr. MARTIN].

Mr. MARTIN of Oregon. Mr. Chairman, I have heard very much from my citizens of Oregon on this bill. So I have made a very careful study of it. I give it my unqualified endorsement.

I am not surprised that my Republican predecessors should have opposed this bill. You will always find our Republican friends opposing any bill which has for its purpose the breaking up of special privileges and special interests. [Applause.] The unregulated control of the public domain has been abused by the large cattle and sheep growers, and it is to bring them under restraint and to give the little fellow a show that this bill is proposed. Now, I do not expect my distinguished colleague from Oregon, who has just spoken, to see the light, because he is an old standpatter; but, fortunately, in our State we have some progressive Republicans who are seeing the light. I have before me a letter from Herman Oliver, the president of the Cattle and Horse Raisers' Association, the largest stock association of our State. He has seen the light. I shall read his letter. He is a Republican—at least he has been one, but I doubt whether he is one any longer:

DEAR GENERAL MARTIN: A large number of letters have reached us from cattle operators in Harney, Lake, and Malheur Counties—

Those are the big counties of eastern Oregon primarily involved in this bill—

asking that some regulation of the public domain be put into effect by the Federal Government.

That some regulation be put into effect to prevent the big fellows from having their own way.

I understand that Representative TAYLOR of Colorado has introduced a bill providing for grazing districts similar to the one in Jordan Valley. I wish that you would study this bill, and, if you feel that it is desirable, that you would support it.

I know that you appreciate the fact that some form of regulation of the desert must be placed into effect if we are to have any feed left in that area, and I know that we can count on your active support in the passage of laws that would protect that valuable resource.

And that is exactly what I am doing. I am for the Olivers and not for the big cattle and sheep kings.

Now, our State can appeal to you with particular emphasis in this matter, as 52 percent of the land in our State is owned by the National Government. Our State does not want possession of that 52 percent of the land. To those who doubt me I say: "Wait until you see it; much of it is not worth a damn, even for grazing." [Applause.] We want to turn this Government land over to these cattle and sheep fellows to use, especially if it can be turned over for them to be used under regulation by the Federal Government.

Mr. MOTT. Mr. Chairman, will the gentleman yield?

Mr. MARTIN of Oregon. I will yield after my time has expired. [Laughter.]

Mr. MOTT. After the gentleman's time has expired will do me no good.

Mr. MARTIN of Oregon. I decline to yield; the gentleman had twice as much time as I had. I am proud of the new deal. I am proud of our President, of our Secretary of Agriculture, and of our Secretary of the Interior, that they come before us asking for the passage of this bill. For years efforts have been made to have this bill passed, but special interests have beaten it. But now we have a progressive administration and a progressive Congress. We want to bring about these great reforms. We are here to shove them through the line of standpattism.

Mr. Chairman, I yield back the balance of my time.

Mr. DEROUEN. Mr. Chairman, I yield 5 minutes to the gentleman from Utah [Mr. ROBINSON].

Mr. ROBINSON. Mr. Chairman, this bill has for its purpose the orderly control and management of the public domain, the title of which still remains in the Government and consists of approximately 173,000,000 acres. This land is located in 11 of our Western States. Practically all of it is arid, dry, and barren, and for a number of years has been so overgrazed and used by both cattlemen and sheepmen that it has become gradually less productive of grasses and herbage on which cattle and sheep graze, until today a large part of this land is growing but very little vegetation. Through overgrazing this land is gradually becoming less productive, and thousands of acres that formerly were useful for grazing purposes are now wholly barren. It is estimated by experts who have carefully studied this land that if conditions are not changed the land in from 25 to 40 years will be absolutely unproductive.

In my own State, Utah, there is located approximately 24,000,000 acres, which comprise approximately 50 percent of the entire area of the State. This land is largely used for the grazing of cattle and sheep during the winter months, and it is estimated that it takes from 10 to 15 acres of land to graze a sheep during these months and from 60 to 100 acres of land for each head of cattle.

In certain portions of this land are located springs or watering holes. An act of Congress withdrew from entry all these springs or watering holes; therefore these watering holes and springs are largely unprotected, and the first one to reach them with his herds is the first one to get the privilege of grazing the grass which grows in the territory around these various areas. This privilege has been very much abused by foreigners who will, even during the summer months, graze upon some of these lands, which is very harmful and destructive. Some foreigner who has a few sheep and who lives right with them, travels from one place to another, camping first at one watering hole or spring and then at another until the grasses are all destroyed; thus, when the person who is legitimately and honestly entitled to the use of these grasses and this herbage for taking care of his cattle or sheep during the winter months reaches these places he finds that there is no grass, and, in fact, instead of being grass the whole country is merely a desert of dust and sand.

The purpose of this bill is to give to the citizens of the various States within which this land is located the right to form grazing areas. These areas will be controlled to a certain extent by the local organizations under the supervision and control of the Secretary of the Interior. The bill provides that grazing permits shall be issued only to citizens of the United States, or to those who have filed the necessary declarations of intention to become such, and that preference shall be given occupants and settlers on land within or near the grazing district. It also provides that these permits for grazing shall be issued for a period of not more than 10 years; thus, the bill has a twofold purpose: (1) to protect and to rehabilitate the land; (2) to stabilize the stock industry. That is, to make it possible for a farmer or ranchman engaged in either the cattle or sheep business to know just what range privileges he may expect and how many cattle or sheep he will be allowed to graze on this public domain.

The bill also provides that under the regulations prescribed by the Secretary of the Interior free grazing within such districts of livestock may be allowed for domestic purposes, and every protection is given to the small farmer and rancher and cattle or sheep owner that can be provided in such a bill, the whole purpose being to make it possible for the bona fide settler and the bona fide citizen and raiser of cattle or sheep to be protected in his right to graze such cattle or sheep on the public domain as the land will permit under proper regulatory provisions, and at the same time to keep the range in a productive condition, so that it will be beneficial to future generations.

The fees charged for grazing shall be paid into the Treasury of the United States, and 50 percent of these fees shall be made available to the Secretary of the Interior for the construction, purchase, or maintenance of range improvements. In other words, 50 percent of the moneys received from these lands will be used by the Secretary of the Interior for the operation, maintenance, and building up of these lands; 50 percent of the fees shall be paid into the State treasury of the State where the lands are located, to be expended as the State legislature may prescribe for the benefit of the county or counties in which the grazing district is situated.

It has been thought by many that in order to solve properly the public-land question the surface of the lands should be ceded back to the States, and a fact-finding commission which was appointed by President Harding recommended that this be done. However, so much difficulty and opposition from the States was immediately encountered that it has seemed impracticable and impossible to have the States take over this land in its present barren, worthless condition unless the Government was willing to give a fee title including all of the mineral rights. This the Government has steadfastly refused to do, and, therefore, it would seem that the only practical solution of the problem at the present time is to place these lands, as provided in this bill, under the control of the Secretary of the Interior and by so doing build up and enhance the value of the lands, and in so doing protect the citizens and residents who are entitled to receive the benefits of these lands.

It is true that in some instances it will be necessary for the Government to expend some money in order to stop erosion and in order to build more roads or trails in certain portions of the lands or to find more watering holes for the purpose of making the lands more efficient. However, this can all be accomplished under the terms of this bill.

From the year 1785 to the present time the aim of all laws passed by Congress with reference to the public domain has been, first, to enact laws under which homesteaders would be enabled to settle upon the land and build permanent homes and communities; and, second, to conserve for the Nation the natural resources which are essential to the national welfare. This bill, of course, does away entirely with one of these purposes, namely, the permitting of homesteading. It withdraws from homestead entry this entire area and makes it impossible for any future homestead entries unless the Secretary of the Interior shall determine that certain portions of this land are more suitable for the production of agricultural crops than for grazing purposes, and in that event he is authorized to classify such lands and then permit such lands to be homesteaded under the regular desert homestead entry whereby each entryman may obtain a tract of land not exceeding 320 acres. Therefore, under this act, except as limited to lands withdrawn by the Secretary of the Interior, the entire homestead laws will be abrogated, so far as this public-domain land is concerned.

For this reason some have expressed opposition to this bill. It would seem to me, however, that no citizen who is anxious to homestead land is going to be seriously injured; first, because all of the choice or valuable land has been homesteaded. In my own State, in 1933, there were 163 persons who made application for the stock-grazing homestead, which consists of 640 acres. In the same year 104 such homesteads were perfected. Twenty-four persons made application for the enlarged homestead; 25 of these homesteads were perfected. Thirty-two persons made application for all other forms of homestead, and 15 patents were issued.

A number of these homesteads were obtained by large owners of sheep or cattle for the purpose of increasing their rights in certain areas, and are not made by bona fide homeseekers or citizens with a purpose of keeping the land for themselves. It is therefore thought by many, and was recommended by the fact-finding commission appointed by President Harding, that the grazing homestead be discontinued because of the unfair advantage obtained by large cattle and sheep owners.

In the second place, many of these people who filed on this land are unfamiliar with climatic conditions and spend years struggling against the elements with the hope of overcoming them and making an honest, respectable home for themselves and family, but after years of struggle and privation they are forced to abandon these desert and forsaken lands, and in thousands of instances, after years of struggle, the land has reverted back to the Government. It would seem only fair that the Government should cease holding out such an illusion and deception to the honest, patriotic citizen who, not knowing the facts or the conditions, believes that when he obtains a certain piece of land from the Government he is going to be able to build a home. By the withdrawal of these lands the Government will no longer be a party to such deception.

For years conservationists of both parties have made honest and conscientious efforts to pass a bill which would control and conserve our public domain. They have realized that gradually year by year this domain is getting less valuable, and that, within a very few years, instead of this valuable land being of service to the citizens of the United States, it will become a desert, wholly unsuited to any useful purpose. We are in a position at the present time, it seems to me, where only two ways are open: (1) Shall we permit this gradual decay of the public domain, let it remain for people to use it as they see fit, giving the foreigner the right if he desires to wholly denude and take advantage of the heritage of the American citizen, taxpayer, and resident of the various States; or (2) shall we look forward into the future, take hold of this problem in a sensible, patriotic, scientific way, and determine that this deterioration of our public domain shall cease and that we shall preserve this land for the benefit of future generations?

It is true that many citizens will feel that their rights are being disturbed and that the Government is encroaching on their liberties if this act is passed; but I feel certain that there will be no such general feeling against the Government by these citizens as there was when the various forest areas were set aside 28 years ago by the Government. I feel certain also that no citizen in these Western States would want to have these vast forest areas turned back either to the State or to the individuals, or to be placed in the position that they were in at that time. It is my firm conviction that the remainder of our public domain will be even more efficiently handled than our national-forest areas have been, and that the passage of this act will be of untold benefit to the residents of the public-land States. [Applause.]

Mr. DEROUEN. I yield to the gentleman from Montana [Mr. AYERS], of the Committee on the Public Lands, such time as he may desire.

Mr. AYERS of Montana. Mr. Chairman, I desire to say at the outset, and so that there will be no misunderstanding, that I am not surrendering any of the ideas that I put forth before the committee with reference to turning all of the public lands over to the various public-land States. I believe that, in justice to all, ultimately these lands should be turned over to the States. The older and non-public-land States of this country have already had all of the lands within the confines of their borders turned over to them. This means that they have had all of the land rights from the high heavens to the center of the earth turned over to them, and they have enjoyed all of the privileges and all of

the benefits derived therefrom. The older States did not come into the Union as did the public-land States; they acquired all of their rights, embodying 100 percent by grant, and had the profit and the pleasure of dispensing these rights into individual ownership without any reservation whatsoever from the National Government. Quite the contrary with the public-land States of the West—in them all of the minerals and all of the oils and gas and all of the timber have been reserved to the Government as a whole.

Mr. Chairman and Members of the House, the Chairman of the Committee on the Public Lands has requested me, as I presume, because I come from one of the leading public-land States, to help him pilot this bill through the House this afternoon. I am unprepared for this great task and am speaking offhand, but from my first-hand knowledge of the situation. I am glad to accept his invitation and am speaking for the livestock men and the ranchers and the farmers of the great West—the people among whom I have lived all my life—and I am speaking for those of whom I am one.

The question of the disposition of the remaining public lands of the 11 public-land States is by no means a political issue. It is an issue that should be dealt with and handled for the best interests of those concerned and of the Nation as a whole. Several different administrations in the immediate past have attempted to make disposition of the remaining public lands.

That the public domain must be controlled and administered and conserved is a question entirely one-sided. Everyone from every State admits that some control, administration, and conservation must be made of these lands. Up until now no regulation whatever has been in effect. It has been a matter of the mightier subduing the weaker. We have 173,000,000 acres in the public domain, and no one can dispute that these remaining acres are chiefly valuable for livestock grazing. But without regulation the bigger operators subdue the smaller ones to the extent of absolute domination.

To me, as one personally affected, and to me as a Member of Congress representing thousands of people directly affected, the fact that politics has been injected into the consideration of this bill is absolutely ridiculous. This question should not be considered from a political point of view, and in support of that statement let me cite that several administrations have tried to work out a plan for the equitable disposition of the public domain, which disposition would be beneficial to the people affected and to the Nation as a whole. President Hoover, recognizing the situation, in April 1930 appointed a committee on the conservation and administration of the public domain. This committee consisted of the then Secretary of the Interior, Secretary of Agriculture, James A. Garfield, who was Secretary of the Interior under the Theodore Roosevelt administration, and 19 other eminently qualified men to study the situation. Every public-land State was represented by men of recognized ability on the subject of public lands and their disposition. This commission remained in session for more than 9 months. They studied the situation and the question of the disposition of the remaining public lands, and on January 16, 1931, made their unanimous report to the President of the United States, reporting among other things that—

> All portions of the unreserved and unappropriated public domain should be placed under responsible administration or regulation for the conservation and beneficial use of its resources * * * that the remaining areas, which are valuable chiefly for the production of forage, and which can be effectively conserved and administered by the States containing them, should be granted to the States which will accept them.

Now the only stumbling block has been that the States would not accept these lands unless they were granted without reservation. The Government has proposed to grant the lands to the States, reserving unto the Government the minerals, the oils, and the coal, and this has raised the objection of the States affected to accept these lands with such reservations.

The committee on conservation and administration further reported that " in States not accepting such a grant of the public domain, responsible administration or regulation should be provided." Of course, you know and I know that such administration and regulation in such event must be provided by the Government, and since the States have refused to accept these lands with the Government's proposed reservation this bill is the only other alternative.

I have not heard in this debate today, and I am sure that I will not hear as it goes on, any Member of the House urging that no legislation should be enacted to protect these lands. All agree that some regulatory legislation must be passed. Everyone within the hearing of my voice knows that my stand is for State rights in dealing with this problem, but since that cannot be had at this time I am for the next best thing, and that, I believe, is in the passage of this bill.

My good friend and neighbor, the gentleman from Wyoming [Mr. CARTER] has said that this bill takes away all of the rights of the livestock man and that it suspends the 640-acre homestead law. Now, sorry as I am to disagree with him, I urge that quite the contrary is the fact; and in discussing this particular phase of the case let me say that I am speaking as a practical livestock man myself. I have been raised in the livestock business and have always pursued it—sometimes advantageously but in later years without much remuneration. I see many livestock men as Representatives in this House this afternoon. They are from the leading livestock States of the West and they are practical in the livestock business. I am sure that they will agree with me that this bill is the best we can do at this setting, and I am sure they will agree with me that this bill does not suspend benefits to the homesteader in the Western States. It is concurrently a benefit to the stockman and the homesteader. It expressly provides that the person owning or having rights to land adjacent to the public domain shall be given preference for a permit upon the lands affected by this bill.

Now, let us see just where this will help the homesteader. Under present conditions the homesteader who cannot make a living upon his individual unit depends upon the adjoining public lands for range for his livestock, but he has no way in the world of protecting himself. The big sheepman from an adjoining county—yes, from an adjoining State—comes along with his herds, and when I say " herds " I say it advisedly, for ofttimes he runs several herds under one camp tender, and in the broad light of open day he moves upon the range adjacent to the homesteader and grazes off the grass upon which the homesteader depends. That homesteader is helpless—it is open, public range. The sheepman with his several herds has a legal right to use it, and does use it. If the homesteader tries to protect himself by fencing the open range, or even by building a drift fence to keep the drifting herds out, he may be hailed into the Federal court and fined more money than he has seen in 2 or 3 years, and in addition to that a stiff-necked Federal judge may give him a jail sentence.

Under the terms of this bill no such legal injustices can come to pass. And then again this bill protects the big stockmen, for under the present program, with the big stockman it is case of " dog eat dog "; first there, first served. Under this bill districts will be organized whereby each person will know the lands which are allotted to him and he will have to content himself by use of his own allotment. In this he is also benefited to the extent that he may fence it and build reservoirs, construct water holes, and erect sheds, stockades, windbreaks, and other improvements necessary for the advancement of his herd, and under the 10-year program provided by the bill he will have the right to continue his permit unless his opposing bidder is willing to take his improvements at an equitable price to be determined by the Government; that prompts a permittee to improve and protect the lands upon which he has secured the right to graze his stock.

I must hurry along; but I could cite many concrete examples where this legislation would help all concerned. The Mizpah-Pumpkin Creek reserve, which has been mentioned in the debate this afternoon, is within my district. I am familiar with it and the situation existing there. It is ad-

ministered by the Interior Department. The men assigned to that duty are men familiar with this class of land. They were not brought from the Forest Service, but they came from the Department of the General Land Office. They have to deal with a class of land that is just as different from the forest-reserve land as the Everglades of Florida are different from the plains of the Dakotas and Nebraska.

Now, since the Mizpah-Pumpkin Creek district has been brought into this discussion let me tell you that it has been administered by a very small fraction of the cost that it takes to administer the forest reserve. As a matter of fact, since this district was organized, the expense of its administration has been practically nil. This district has been improved to the extent of some 60 artificial reservoirs for livestock purposes, and the Government is only concerned to have a General Land Office man drop around once in a while to see if their rules are being observed. Since their rules are commensurate with the conservation of these lands the people interested in this reserve are equally diligent in seeing that the rules are strictly observed. If my advice is correct, and I believe it is, the 25,000 acres in this reserve cost the Government only a small fraction of one man's time to administer it.

To my mind the greatest thing in the Taylor bill is that it will permit private interests, State interests, and Government interests to pool and consolidate, and by the provisions of the bill exchange lands so that consolidated districts may be created. This was done in the Mizpah-Pumpkin Creek district, and I assure you that it has worked out successfully. Out in my State and in many of the Western States, in order to effect a grazing district, these three interests must be considered—the State-owned lands, individually owned lands, and the Government-owned lands, which must be consolidated in districts if it is to be a success. None of these various interests are willing to expend money in the program. It must be by exchange. For instance, in Montana we have railroad lands, State lands, and Government lands, and these three separate interests must get together for their mutual benefit and for the public good and make exchanges to the end that consolidated districts for grazing purposes be effected. It is impossible to do that under existing laws, but under the provisions of this bill it can be done.

The principal opposition to this bill seems to have developed on the question of what department will administer the public lands. Shall it be the forestry department or shall it be the Interior Department through the General Land Office? Now let me say to you, the forestry department is not equipped to handle this class of land, and their men are not experienced in this class of land. The class of land they have been handling and are experienced in handling is the best-watered lands in the West. It lies in the mountains where the snowfall is heavy and at the source of all of the streams, while the lands affected by this bill are the rough lands, the badlands, and the breaks, far distant from the mountains and the forests. In practically every instance patented lands and privately owned lands lie between the forests and the now existing public domain. The waters finding their source in the forests, are taken out for irrigation purposes on private lands, in between, and are used before the channels of the streams reach the lands affected by this bill. The lands we are considering never get water except in flood time, and it behooves the stockman to build reservoirs and dams to hold the flood-time water for livestock purposes. This bill provides him ample opportunity to be protected in his investment in doing this, and that is what they have done in the Mizpah-Pumpkin Creek district; therefore, the principles of this bill are not an experiment.

In conclusion let me remind you that I am not yielding my ideas for ultimate State ownership of these lands together with all of the subsurface rights, and in furtherance of my ideas to that end I hope that this bill will pass. It is a forerunner for State ownership, but let these lands go into the Forestry Department and it is "taps" for us. Once it ever gets into the Forestry Department it will stay in that, the greatest of all bureaucratic set-ups. I appeal to you, my friends on the floor of the House, and this appeal is made as a stockman myself and for the stockmen of one of the States affected, that you pass this bill. [Applause.]

Mr. DEROUEN. Mr. Chairman, I yield 5 minutes to the gentleman from Oregon [Mr. PIERCE].

Mr. PIERCE. Mr. Chairman, I come from Oregon, a State deeply interested in this bill. Every speech that has been made in opposition to this bill, whether by my colleague from Oregon or other Members, could have been made in opposition 30 years ago to the forest-reserve policy, and still our forest reserves have been carefully and wisely handled, and there is scarcely a man today in my State who is opposed to the Federal forest administration.

There is going to be a small fee charged, but it will not be much. When our cattle and sheep were down in price, we were paying too much for forest-reserve grazing permits. Last year a careful study was made by the administration, and our grazing fees were materially reduced.

Mr. CULKIN. Mr. Chairman, will the gentleman yield?

Mr. PIERCE. No; I have only 5 minutes. I do not know that I can add to the things that have been said, but I want to call your attention to one example of what can be done in conserving and improving a range. Some years ago I purchased about 4,000 acres of bunch-grass range that had been eaten out, ruined by overgrazing. I fenced it in a block and used it 4 or 5 years that way. Then I cross-fenced it and made it into five different fields. Then I grazed these fields at different times. I increased the grazing capacity of that range 50 percent by that plan. It can be done through the public domain as it has been done in the forest.

It is a crime to allow the public domain today to be grazed off as it is by a few big men. There are a few sheepmen and cattlemen in our country who sweep through the public domain and take all of the grass that the little fellow would like to use. This bill carefully protects the milk cow for domestic use. It carefully provides that the small man shall have his innings. Those using the public domain are to be organized into districts where the permittees can have their own organization; they will make their own rules. I believe the permittees will have more rights than we even had on the forest reserves. The forest reserves have conserved our grass. The man having a permit to graze sheep or cattle will know where he is going and the number he can care for. Somebody objects because the number will probably be cut down. Sure, it should be cut down. Those who have made improvements in the public range and the water holes will be protected. Those who have expended their money in improvements will have preference rights giving such persons prior allotments. The enactment of this law will result in much good to all. It will save the range. I agree with the gentleman from Montana [Mr. AYERS] that all these lands ought to be owned by the State in which the land is located, and all of the Government land will ultimately be so owned, but that time is not yet here. Everyone helps himself to the first grass he comes to. Chaos reigns over this public domain at the present time; everybody grabbing. I can remember portions of Oregon that had beautiful bunch grass a few years ago, now all eaten out. It will take years to restore the range. Every year this law is delayed means greater devastation. Pass this bill now.

The CHAIRMAN. The time of the gentleman from Oregon has expired.

Mr. ENGLEBRIGHT. Mr. Chairman, I yield 2 minutes to the gentlewoman from Arizona [Mrs. GREENWAY].

Mr. DEROUEN. Mr. Chairman, I yield the gentlewoman 3 minutes.

Mrs. GREENWAY. Mr. Chairman, the Taylor bill presents an outstanding instance of the difficulty of reaching Congress with the complex facts necessary to insure a vote of intelligence and integrity. This bill, which is happily free of party and political expediency (you will see I was optimistic this morning), was introduced for the purposes so obviously practical, and described in its heading:

To stop injury to the public grazing lands by preventing overgrazing and soil deterioration, to provide for their orderly use, improvement, and development, to stabilize the livestock industry dependent upon the public range, and for other purposes.

In spite of this fact, this bill has had, in committee, a stormy and controversial session, and with good reason. In its attempt to rehabilitate the eroded sections of the earth's surface for the protection of an industry—which is obviously worthy of experiment—it involves the very life's blood of the so-called "frontier States" public lands and their principal industry. The decision and responsibility of this bill of major importance lies in the hands of the Members of Congress, who in majority know little about the intricacies of cattle and sheep raising. Those eastern members of the committee who felt this to be true gave an unselfish and painstaking service and deferred to the western members, with a consideration that we truly appreciated, and the Chairman of our Public Lands Committee conducted the fair and patient hearing this bill of such major importance justified.

The reason I feel that I know a little bit of this matter is because 24 years ago I homesteaded on 17 acres, and I have been in the cattle business with my children in two States ever since. We have run our cows as we are now doing on almost every variety of land—privately owned land, public domain, forestry, and railroad sections, and so forth. This is a far deeper bill than appears on the surface. It has presented itself in former years in different ways and has been defeated. It deals with the use and control of approximately 173,000,000 acres.

Therefore, fellow Members of Congress, yours is a very real responsibility today—particularly those of you who represent States where the problem of public domain does not exist. I ask your conscientious concern in this bill introduced for the commendable purposes outlined, but which, by its very enactment, gives to Federal control lands embracing empires, which many people feel should and will eventually be given to the States in which they lie; and at the same time, creates new departments to parallel the work of now existing Federal agencies—I refer to the Forestry Service under the Agricultural Department, now controlling the grazing of livestock.

We must be fair and painstaking in the consideration of this bill, the purposes of which are important and proper, but the passage of the bill as written may entangle us in fundamental policies still pending—ultimate State ownership of public domain—and at the same time involve us in such a dual control of the livestock business as would be wholly impractical.

It is hard to be as comprehensive as I should like to be, in 10 minutes. This bill was presented to the committee for the purposes above outlined. Secretary Ickes and representatives of his Department were enthusiastic advocates and all listening recognized that the Department of the Interior was asking the responsibility of administering public lands for the purposes of their rehabilitation and the sustaining of the livestock industry. Therefore, it is particularly difficult, and not a little embarrassing, to be forced to further analyze this bill and differentiate between its purposes and the probable result of its enactment as written.

The complexities involved could not be better demonstrated than to give you the picture of Arizona as an example. May I ask you to listen attentively. We have, in our State, seven classifications of land, designated as follows: Indian reservations, military, national forests, public domain, parks, State, private; aggregating approximately 73,000,000 acres, only 18,000,000 of which are privately owned. The land being discussed under this bill aggregates, in Arizona, 13,581,000 acres.

Let us dismiss the first problem presented—that of ultimate State ownership of public domain, which is not our concern today; however, the enactment of this bill might make it more difficult to acquire later.

So much has happened in the last few months, in relation to the United States, that is not yet fully realized. Largely stimulated through unemployment and the necessity of finding legitimate and constructive work for thousands of men, the problem of the surface of the United States has come, with rapidity, to the front and under this stimulation planning divisions have been organized, an erosion and flood control department created in the Department of the Interior, and now, instead of facing our water conservation and land rehabilitation in a spotted, local way, there has been crystallized for immediate action a mighty national program in relation to drainage areas, their conservation and development, which prove that out of necessity has come vision and progress.

You ask what relation this has to the Taylor bill which we are considering. Specifically this: The land that should be protected from erosion and flood control is scattered across many States. It does not lie—and this is very important—in any particular classification of land within any particular State. The damage to be corrected and stopped is to be found in all these types of land: Indian reservations; national forests; parks; private, military, public domain, and State land.

Picture for yourself the fact that plans and probable legislation pertaining to these drainage areas, as such, starting up in the mountains, flowing to the foothills and on to the plains, will be forthcoming in the near future, and that the work against erosion and for flood control will inevitably cover these damaged and unhealthy areas in their entirety, with no particular relation to classification or departmental administration. Therefore, from a practical point of view, and in behalf of the livestock industry, I believe we would be planning more effectively if we gave grazing control of public domain where necessary to the now existing, well-equipped agencies and let our new plans be less confused by considering the vesting of the responsibility of erosion and flood-control work to the Interior Department.

I wonder if you see what I mean. Please bear with me. Again let me say, logical and proper has been the motive prompting this legislation, which came into being before or simultaneously with these broader aspects of national adjustment in relation to the livestock industry and the rehabilitation of barren areas. Therefore, let us be fair and careful in our decision today.

First, we have a department well equipped to handle, through expansion rather than creation, any necessary grazing control. This is the Forest Service under the Department of Agriculture. Second, we have a newly created department in the Interior, known as "the Department of Erosion and Flood Control"—equipped to carry out any gigantic plan of conservation and surface salvage—dealing with drainage areas in their entirety. I do not believe this bill would have found itself on the floor of this House in its present form had these broader policies been developed 2 months ago.

In voting against this bill I feel I am exercising the intellectual integrity expected of me by those I represent from home, in the fact of what I know as a committee member of the Public Lands Committee, and I also, in so doing, believe I am smoothing the path, rather than blocking it, for effective legislation to give to the Department of the Interior the greater responsibility of any national program that in time might be proposed, which this bill would more probably confuse, rather than help.

Mr. DEROUEN. Mr. Chairman, I yield 5 minutes to the gentleman from Idaho [Mr. WHITE].

Mr. WHITE. Mr. Chairman, this is a very artfully drawn piece of legislation. I have heard a good deal said about it on both sides, but I say to you that in all of its 11 sections there is not 1 section drafted for the benefit of the small cattleman or the individual.

Mr. CULKIN. Mr. Chairman, will the gentleman yield?

Mr. WHITE. I have not the time. This bill is drafted for the benefit of the big stockmen and the banking interests of the country. I challenge any man, even the author of the bill, to show in any particular where the bill is for the benefit of the individual, the young man who desires to get a start in life. I point out to you that the bill absolutely abrogates the homestead laws of the United States—the beneficial measures for the development of the United States by just administration of the homestead law.

The homestead law is the vehicle or instrument that has developed this country, for people have gone into the fron-

tier, established homes, built communities, and made this country great. This Congress from the time of the adoption of the Constitution to this minute has protected the individual and kept the door of opportunity open to him. If the big stockmen of this country fenced up the public domain they were arrested and convicted and jailed. Now, we propose by law to turn over the remaining 172,000,000 acres of public lands to the big interests of this country. I want to point out to you some of the objectionable sections of this bill. In the first place, the first section of this bill perpetuates the use by the cattlemen of this land when they secure a lease on a certain part of the domain. Page 5 of the bill, for instance, reads:

> No permit shall be issued which shall entitle the permitee to the use of such improvements constructed and owned by a prior occupant until the applicant has paid to such prior occupant a reasonable pro rata value for the use of such improvements.

If you secure the use of a piece of land and improve it, how is the man who wants to get a start in life—how is the man who wants to get possession of that property going to get it when he has to pay for the improvements? Expensive improvements are made to perpetuate the holder of a lease on the land.

Nobody has yet touched upon the exchange feature of this bill. Under the operation of this act a man can go out with some valueless land and make a horse trade with some Government officials and get valuable holdings. He can have secret information as to the mineral value of the land, and acquire title to it by trade. That is one of the things which is operating to defraud the people of the United States.

Mr. RICH. Will the gentleman yield?

Mr. WHITE. I yield.

Mr. RICH. Would the State of Idaho like to have the lands of that State administered by the legislature, rather than by the Federal Government in Washington?

Mr. WHITE. Public lands are effectively administered right now by the laws of Idaho. We have a law in Idaho that provides that no sheep may be ranged within 1 mile of a homesteader. I want to call attention to the fact that under the operation of this bill the small homesteader who has a few head of cattle ranging in the hills will be barred off of the range by some big corporation coming in and leasing the ground. He will be a trespasser if his cattle wander onto that land.

The CHAIRMAN. The time of the gentleman from Idaho [Mr. WHITE] has expired.

Mr. DEROUEN. Mr. Chairman, I yield 2 minutes to the gentleman from Idaho [Mr. COFFIN].

Mr. COFFIN. Mr. Chairman, I dislike exceedingly to find it necessary at my first appearance to disagree with my colleague from Idaho. I represent the Second District of Idaho, or the southern district, which has practically all the public land in our State within its boundaries. The matter concerned here is a perfectly practical matter. It is not experimental in any sense of the word. For many years we have had the administration of the forest reserves by the Forest Department. It has had the effect of increasing the number of livestock that can range on that land. It has preserved the watersheds of the West. It has made possible the reclamation of the entire western country. The same principle, applied to the great public domain which is not included within the forest reserves, will have the same effect. As it is today, the larger cattlemen and sheepmen use this land without any supervision whatever. The 2-mile limit law in Idaho, to which my colleague has referred, might just as well be taken off the statute books for all the effect it has. The result of the present use is as my colleague from Montana, Judge AYERS, explained, the little farmer in many of the valleys throughout that section finds that the public domain alongside of his farm, upon which he must rely for his own cattle if he expects to make good on that type of land, is taken away by the larger users. The only difficulty with the bill is that there is, on the part of those opposed to it, too much of a desire to set up straw men to knock down. It is simply a question of administration. If the Forestry Department has shown that in the administration of this type of land you must look for graft and favoritism, then you must expect the same thing from the Department of the Interior. Those of us from the West, however, who own this land, do not have that fear.

Mr. RICH. Will the gentleman yield?

Mr. COFFIN. I yield.

Mr. RICH. Does the gentleman not believe that this land could be administered the same as the Forestry Department?

Mr. COFFIN. That is purely a question of administration.

Mr. RICH. But does the gentleman not believe it would be better to have one control rather than two?

Mr. COFFIN. I am not qualified to state as to the administration, which would be best. The two ranges are entirely different. There is not one single thing conflicting between the Interior Department handling what is known as the "spring and winter range", the public domain, and the Forestry Department handling the summer and fall range, which is the forest reserve. [Applause.]

The CHAIRMAN. The time of the gentleman from Idaho [Mr. COFFIN] has expired.

Mr. ENGLEBRIGHT. Mr. Chairman, I yield myself the balance of my time.

Mr. Chairman, the enactment of the bill under consideration will bring about the creation of a large new bureau or organization in the Interior Department for the establishment and administration of livestock grazing districts on the 173,000,000 acres of unreserved public lands which are scattered amongst the privately owned and State-owned land of the 11 Western States.

Under a system of fees and leases for the use of the grazing districts and penalties of fines and imprisonment for violation of regulations, it gives complete Federal bureaucratic control over the great livestock industry of the West and over the lives of the people and resources of a vast area of the Western States.

The bill abrogates all of the present homestead laws and will take from thousands of our veterans and people in every State of the Union probably the only chance they will ever have to acquire a home of their own.

The bill destroys any hope that the western States may have ever to develop or acquire new taxable wealth by the passing of these public lands within their boundaries into private ownership. The proposed grazing lease system means perpetual governmental regulation and control. It dooms great areas to the status of a Federal pasture.

The bill will bring the total area withdrawn from entry and settlement to an excess of 55 percent of the total area of the 11 Western States.

Under this bill and with the lands already withdrawn from settlement, Arizona will have 75.3 percent of its total area restricted from future development and settlement; California, 50.8 percent; Colorado, 47.4 percent; Idaho, 68.6 percent; Montana, 50.8 percent; Nevada, 92.19 percent; New Mexico, 56.29 percent; Oregon, 55.7 percent; Utah, 78.9 percent; Washington, 35.1 percent; and Wyoming, 70.5 percent.

These States cannot successfully develop and remain half State and half Federal. These States should be permitted to develop and obtain sovereignty over their soil. Imagine the consternation of Eastern, Central, or Southern States if it were proposed that the Government should own and control more than half of their areas. When we contemplate 55 percent of the area of our Western States is to be reserved from acquirement by private ownership, it is appalling. They will not be complete States but half States, more properly described as dependencies or colonies.

It has been the western conception that the United States holds title to these public lands as trustee for the States and that the Federal Government never was the absolute owner of such lands. There was a trust and the Government a trustee. The trust was never intended to go on forever. In time it was to be terminated. Thus only could the Western States become fully sovereign and equal to the rest of the States of the Union.

Permit me to review briefly the history and status of our public domain. The total area of continental United States is 1,973,000,000 acres, and came to us as follows:

First. Four hundred million six hundred and four thousand five hundred and thirty-three acres by treaty with Great Britain at the close of the Revolutionary War, and constituting all of the area of the original Thirteen Colonies, and in addition all of the territory west of the Colonies to the Mississippi, including what was later designated as the Northwest Territory and comprised of 170,161,876 acres.

Second. Purchase of Louisiana from France in 1803, containing 529,911,680 acres.

Third. Purchase of Florida from Spain in 1819, with an area of 46,144,640 acres.

Fourth. Annexation of Texas, with its 249,066,240 acres.

Fifth. Oregon settlement with Great Britain by treaty in 1846, which added 183,386,240 acres.

Sixth. Cession from Mexico in 1848, 338,680,968 acres.

Seventh. The Gadsden Purchase from Mexico in 1853 of 18,988,800 acres.

The treaty of peace with Great Britain was made with each free and independent sovereign State which had fought in the Union. By this treaty all of the territory westward of the Mississippi was added to their possessions. In 1782 the Continental Congress asserted the validity of territorial rights which New York had conveyed. At the request of Congress, Virginia ceded to the United States in 1784 all her extra territory; the other claimant States did the same, Massachusetts in 1785, Connecticut in 1786; South Carolina in 1789, North Carolina ceded Tennessee in 1790, Georgia gave up her western claims in 1802, out of which grew Alabama and Mississippi. Thus the area between the original colonies and the Mississippi River was added to the young Nation. Thus came into being the Northwest Territory, out of which were carved Ohio, Indiana, Illinois, and Wisconsin, and part of Minnesota, established by the ordinances of 1787, the year of the signing of the Constitution but prior to its adoption, comprising all of the land east of the Mississippi and north of Ohio. These ordinances of 1787 provided:

> That this territory must be erected into States, and have their entrance into the Union on equal terms, with the original States, and bear the same relation to the State government as all of the original States. They shall be settled and formed into distinct republican States, which shall become members of the Federal Union and have the same rights of sovereignty, freedom, and independence as the other States.

The treaty with France, conveying the Louisiana Purchase in 1803, provided:

> The inhabitants of the ceded territory shall be incorporated into the Union of the United States and admitted as soon as possible, according to the principles of the Federal Constitution, to the enjoyment of all the rights, advantages, and immunities of the citizens of the United States, and in the meantime they shall be maintained and protected in the free enjoyment of their liberties, property, and the religion they profess.

The treaty with Mexico, covering the Mexican cessions in 1848, contains the following provisions:

> Shall be formed into free, sovereign, and independent States, and incorporated into the Union of the United States as soon as possible, and the citizens thereof shall be accorded the enjoyment of all rights, advantages, and immunities as citizens of the original United States.

These treaties and provisions, ordinances, and cessions were and are the foundation of the principles of Federal authority and procedure with respect to the public lands. Fearing illegality of the ordinances under the Articles of Confederation in force at the time they were adopted regarding the Northwest Territory, they were reenacted August 7, 1789, after the adoption of the Constitution. The territory successively acquired was, at least until admitted as States, covered under article IV, section 3, of the Constitution of the United States, which is as follows:

> Congress shall have power to dispose of and make all needful rules and regulations respecting the Territories or other property belonging to the United States, and nothing in this Constitution shall be so construed as to prejudice any claims of the United States or any particular State.

All agree from our earliest history that even under the compact with the States whereby the States waive or cede their rights to the public lands and agree that they will not interfere with the primary disposal of the soil, the United States is a trustee. The Supreme Court has held that these compacts and enabling acts of the Western States cannot and do not alter their constitutional rights. When the States entered into the compacts of their enabling acts, waiving and ceding to the Federal Government and agreeing not to interfere with the primary disposal of the soil within their boundaries, the policy has ever been, and was, and therefore it was with the understanding that as the Constitution prescribed, the Government was to dispose of the lands, not hold them, reserve them forever, and impose royalties or fees on their development and prevent settlement.

The Public Lands Committee of the United States Senate in 1832 made a report after a complete survey favoring the ceding of the lands by the Federal Government to the States wherein the lands lay. In part the report stated, as follows:

> Our pledge would not be redeemed by merely dividing the surface into States and giving them names. The public debt being now paid, the public lands are entirely released from the pledge they were under to that object, and are free to receive a new and liberal destination for the relief of the States in which they lie. The speedy extinction of the Federal title within their limits is necessary to the independence of the new States, to their equality with elder States, to the development of their resources, to the subjection of their soil to taxation, cultivation, and settlement, and to the proper enjoyment of their jurisdiction and sovereignty.

To permanently reserve and keep from development and under Federal bureau control one half of a State is an unreasonable exercise of whatever rights the Federal Government might have to reserve lands. It violates the conditions imposed in the treaties under which the lands were acquired. In my opinion it takes no legal argument to prove this. It must be obvious to all as a matter of plain sense and justice. If one half of a State can be kept in perpetual Federal ownership, then all of a State could be reserved in Federal ownership. If that can be done constitutionally, then the words "Union of Sovereign States" are a hollow mockery.

This bill places the fate of the great livestock industry of the West dependent on unreserved public lands under regulations of the Interior Department, a Department which has had practically no experience in such matters. The livestock grazing on public lands within the borders of the United States Forest Reserves in the Western States is administered by the Forest Service under the Department of Agriculture. For the past 28 years the Forest Service has been handling the livestock industry and annually has 7,900,000 head of livestock grazing on 82,000,000 of forest-reserve lands. The Forest Service annually grants 26,000 grazing permits and has a complete expert and experienced organization to deal with the complicated problems of the livestock industry.

If this bill is necessary for the control and regulation of the livestock industry, as the advocates of the measure claim it to be, then common sense dictates that all grazing, both within and without the borders of the forest reserve, should be placed under one jurisdiction. Inasmuch as the Forest Service has a complete and efficient organization for such a purpose, it would be the logical organization to handle grazing on the unreserved public lands. Placing the jurisdiction of grazing on the unreserved public lands under the Forest Service also would make unnecessary the creation of a large new governmental organization or bureau. Under the leasing provisions of the bill, once grazing lands within the proposed districts are leased, the lessee will have absolute control almost in perpetuity over the lands, because the bill provides that a subsequent lessee can only acquire it if he pays for any improvements, fences, or expenditures of his predecessor. It is true the measure provides that if they cannot agree, the price is to be fixed; and in this there is grave danger that the grazing lands will be in the control of a few large stock owners and the small stockman is to be forced from the ranges.

Several times in the course of this debate, the proponents of the bill have referred to the report of the Public Lands Commission, appointed by President Hoover.

The report that has been mentioned, however, made no recommendations such as are contained in this bill. Permit me to read to the committee the recommendations of the so-called Hoover commission with reference to the grazing lands of the public domain.

It is the conclusion of the committee:

> That the remaining areas, which are valuable chiefly for the production of forage and can be effectively conserved and administered by the States containing them, should be granted to the States which will accept them.

Reference has been made repeatedly to the Colton bill, a bill which was very similar to this measure but entirely different with reference to its connection with the individual State. The Colton bill contained a section known as "section 13", which provided—

> That this act shall not become effective in any State until 60 days after the approval by the legislature of such State; and each such approving State, in its discretion, may designate and authorize one or more representatives or officials of said State with whom the Secretary of the Interior is hereby authorized to make and enter into suitable agreements for the cooperative administration of public grazing upon said public lands of the United States, and the lands owned by, or subject to the control of, said State or any political subdivision thereof shall be subject to such rules and regulations as shall be agreed upon and promulgated by both the Secretary of the Interior and by the State.

Let us maintain the system of local government and stop centralization of bureaus in Washington by defeating this bill.

Mr. DEROUEN. Mr. Chairman, I ask unanimous consent that all Members who have spoken on this bill may have the privilege of revising and extending their remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. DEROUEN. Mr. Chairman, I yield 8 minutes to the gentleman from Arkansas [Mr. FULLER].

Mr. FULLER. Mr. Chairman, this is a familiar matter to some of the older members of the Public Lands Committee. The chairman of the committee, the ranking member from California, and myself, are the only three members of this committee who were on the committee when this investigation was made under the Hoover administration. At that time $50,000 was appropriated for an investigation, and a citizen was appointed from every State in the Union to investigate these public lands. Growing out of that investigation was this grazing bill. I acted as a Democratic member of that committee in conjunction with Colton, of Utah, French and Smith, of Idaho, Arentz, of Nevada, and Scott Leavitt, of Montana; and the bill under consideration is practically word for word the result of that investigation which was instituted and advocated by President Hoover and by every member of his Cabinet. The only material difference between that bill and this bill is that the former contained what is known as "section 13"; but that was put into the former bill over the protest of its sponsors, and only because it came up for consideration in the House at a time when few Members were present. The bill passed the House and went over to the Senate, but in the closing hours of the session it failed of recognition because of the opposition of the cattle and sheep men who were so ably represented at that time.

This bill ought not to be considered as a Democratic or a Republican measure, although I can readily see how politics enters this matter. Those who bring politics into the matter do so more or less in total disregard of the public domain and the interest of the Nation generally. If they were permitted, they would put the cattle and sheep grazing into the hands of the Forest Service. Every one of the men opposed to this measure would rush up to vote for it if it were put under the control of the Forest Service, because they know and we know that that is the biggest and most hog-tight Republican organization in the United States, and some opposed to the measure have been benefited by reason thereof; but that is no reason why the bill ought to be administered by that Bureau.

The question for us to consider is, Is the bill meritorious? It is true that President Roosevelt and his Cabinet are in favor of this bill. It is a meritorious measure and every Member of the House should be for it.

The gentleman from Pennsylvania asks a lot of questions about why we do not turn these lands over to the States. Another gentleman asked the same thing. Do you know that the Hoover committee recommended that all this land be turned over to the Western States and given to them absolutely, reserving mineral rights only? What did they say? They came here with froth in their mouth before the Public Lands Committee. They said, "No; we will not accept them." I will never forget the speech of the Governor from Utah. He stated that they would not accept these lands and could not afford to. He said:

> You might consider it poor policy to look a gift horse in the mouth, but we want to see if he is subject to spasms, whether he is worth feeding.

The truth is, they did not want these lands under any circumstances because they were receiving then, and are receiving now, too much benefit.

We all know the Western States are more or less wards of the Government. We are not complaining about this at all. We are willing to go along and help you. These land States get 35 percent of all the money collected in fees from these cattle and sheep men. If a foot of timber is sold, they get a pro rata part of the money. We help keep up their schools. We build their roads. We have to do this because in some parts of the West 90 percent of the land belongs to the Federal Government. They should have some rights that are not enjoyed in other parts of the United States.

They talk about giving rights to the Secretary of the Interior, divesting us of legislative authority, and giving him arbitrary powers. You have done the same thing with the forests. You have turned them over to the Secretary of Agriculture. Anybody crying about that? Not a bit. The opposition raise any little thing in the world in opposition to this bill.

As it is now, the sheep and the cattle are running helter-skelter from one State to another and promiscuously over all the ranges. The opposition claim this law will hurt the veteran, because you will not let him go out there and homestead 640 acres of this desert land, on which he could not raise three sheep. It is worthless land for homestead purposes. What we desire to do is to try to preserve the land. Every man that has been in the cattle and sheep business knows that you cannot overgraze this land. It will blow off in sand dunes and wash away into the rivers and creeks here and there, filling up the dams and going on down to the Gulf of Mexico. It is ruining the country, and the people who are alive to the situation, realizing and knowing that this is Government property, want to preserve the land for this generation and for future posterity.

Who is in opposition? No one on earth except a few sheepmen and a few cattlemen who have a selfish interest, who care nothing for the present welfare of this country, and who think of nothing but getting theirs while the getting is good. Often you will see a man in this grazing country with a big drove of sheep coming from Arizona, where most of them come from, or some other State. Of course they are opposed to this. The man in charge of the sheep or cattle is a Mexican. You cannot find out whose cattle they are. They just run over everybody out there, and what we want to do is to take care of these lands. There will be 50 or 60 C.C.C. camps there. The departments can segregate and classify the lands and get the matter fixed up so that there will be some revenue coming in, and this will be self-sustaining. There should not be any opposition to this bill.

Mr. MILLARD. Will the gentleman yield?

Mr. FULLER. I yield to the gentleman from New York.

Mr. MILLARD. The gentleman is a member of the Committee on the Public Lands?

Mr. FULLER. No. I was for 5 years. I was on the committee at the time this matter was considered.

[Here the gavel fell.]

Mr. DEROUEN. Mr. Chairman, I yield 8½ minutes to the gentleman from Colorado [Mr. TAYLOR].

Mr. MILLARD. Will the gentleman yield for a question before he starts?

Mr. TAYLOR of Colorado. I yield to the gentleman from New York.

Mr. MILLARD. It says here "exclusive of Alaska." No one has explained why Alaska has been excluded in this bill.

Mr. TAYLOR of Colorado. I will try to explain that to the gentleman. I will ask the Membership of the House to refrain from interrupting me.

I am just going to talk to you briefly about conservation on general principles. Thirty-five years ago Uncle Sam had about 500,000,000 acres of unoccupied and unclaimed public domain that was being indiscriminately used by cattlemen, sheepmen, without any regulation or system or control whatever. The only order or restraint was the law of the jungle. President Theodore Roosevelt and Gifford Pinchot, the present Governor of Pennsylvania, conceived the idea that there ought to be some restraint upon the wanton destruction of the timber resources of our country. They thought our forests ought to be conserved as against large and many frightful fires destroying many thousands of acres of fine timber and a curb put upon the timber looters. They started a Nation-wide crusade for the conservation of our forests. They advocated the creation of forest reserves throughout the West on all the public domain that had timber on it.

The President started creating reserves in all the Western States by Executive orders. The people in that part of the country fought it like hyenas. We felt it was a high-handed, outrageous, and infamous invasion of our vested rights, that we had always let cattle run upon the public domain, and now they were going to charge us a fee for our stock eating the grass and boss and regulate us besides. We fought it as hard as we could. Eventually we were overridden and they put 137,000,000 acres of the open public domain into 146 forest reserves throughout the Western States. They have been administering it all now for 28 years. Generally speaking, the Forest Service is making a great success of the administration of that vast domain. There are always some complaints, and during these depressed times many stockmen feel that grazing fees ought to be further reduced. But in the main, everybody in the whole United States is in favor of the forest reserves. Nobody would think of having the public domain thrown open to a brutal free-for-all scramble again.

There are now 173,000,000 acres left of our public domain outside of the forest reserves. There is no supervision or control whatever over it. It is being overgrazed. It is being frightfully destroyed and ruined. The land is nearly all located in the 11 Western States, and the public-spirited people of these States feel that this wanton and reckless destruction of that vast and valuable national asset ought to cease. They feel that there should be the same orderly use and common-sense system of conservation of the 173,000,000 acres of public domain we have left that is now being made of the 137,000,000 acres of the forest reserve; and they are trying to bring about practically the same policy allotting the lands in definite amount and location to the local and most deserving stockmen for the remaining public domain that is now invoked in the forest reserve.

The two Departments, both in this administration and the former Hoover administration, have thoroughly agreed that they can administer the public lands and the forest reserves together; that they can administer them economically, that they can largely prevent the erosion and the strife between the cattlemen and the sheepmen, the big stockmen and the little fellow, and the overcrowding and destruction of the public land which is going on at a frightfully destructive pace. A very large part of the remaining public domain is utterly worthless for anything else than for grazing and is a very poor quality of grazing land.

I noted the other day where scientists have discovered that the Sahara Desert in northern Africa was once covered with a dense growth of vegetation, grass, bushes, and trees, and inhabited by prosperous people. That region today is probably the most desolate region on earth; horrible sand dunes. Today we are, by overgrazing, creating sand dunes in every one of these States. We have quite a large one in southern Colorado now. Where 5 or 10 times as many stock are turned upon land as there is proper forage for them, the grass is not only destroyed but sheep pull out the roots of the grass. In that arid country when the grass is destroyed, it will not come back. If this bill is not passed, or some system of controlled and orderly use adopted, a very large part of every Western State will soon be a barren desert. In the forest reserves where they have rains, the land is replenished, but in the lowlands the grass will not come back.

This bill, Mr. Chairman, is a great national conservation measure for the welfare of our entire country. Many of us western Members have been earnestly working for many years to bring about this legislation. We know we are right. We are loyally trying to render a great service to the West. I hope the House will not permit amendments that will hamstring this bill. The Department of the Interior and the Department of Agriculture have come to a thorough agreement upon this matter, and I feel we should respect their wishes and their assurance that they can and will handle this matter. I am not caring about the details, but I am desperately anxious to prevent amendments that I know will cause friction between the Departments and destroy harmony and kill the bill. As all of you know, there are a great many different ways of killing a bill, and most of the provisions of the minority report and many of the amendments offered today are of that character. I have lived among stockmen all my life. I have officially represented them nearly 40 years. I know that some measure of this kind is absolutely necessary. I know when it is practically established it will be of far-reaching and tremendous benefit, especially to hundreds of thousands of farmers and small stockmen. They are the ones I am primarily trying to protect. But the big stockmen and every community will be benefited by this orderly use and systematic control.

If you are in favor of conserving this great national asset of ours, stabilizing the livestock industry and stopping soil deterioration, join with us in helping to do so. Whether it is administered by the Secretary of the Interior or the Secretary of Agriculture or the Forest Service, I feel the bill will work out well. By the last sections of the bill the President and those two Secretaries are given full authority to work this matter out, and I know they will do so.

When President Roosevelt writes to Secretary Ickes as follows:

WHITE HOUSE,
Washington, D.C., February 21, 1934.

MY DEAR MR. SECRETARY: I have discussed with you and the Secretary of Agriculture, Congressman TAYLOR's bill, H.R. 6462, to give to the Secretary of the Interior the power of regulating grazing on the public domain.

I favor the principle of this bill; and you and the Secretary of Agriculture are authorized to say so to the House Committee on the Public Lands.

Very sincerely,

FRANKLIN D. ROOSEVELT.

And Secretary Ickes writes to our late loved and lamented Chairman of the Rules Committee as follows:

THE SECRETARY OF THE INTERIOR,
Washington, March 16, 1934.

Hon. EDWARD W. POU,
Chairman Committee on Rules,
House of Representatives.

MY DEAR MR. POU: The Taylor grazing bill, H.R. 6462, reported favorably from the Public Lands Committee last week, has the endorsement of the President, and its passage is being strongly urged by both Secretary Wallace and myself.

I regard this bill as the most important measure which the Department of the Interior has before Congress this session, and anything which you can do to bring it before the House for consideration at an early date will be greatly appreciated.

Sincerely yours,

HAROLD L. ICKES,
Secretary of the Interior.

And Secretary Wallace writes to the committee: "I heartily recommend its enactment"—how can anyone doubt that those officials will honestly and practically carry out the purposes of this measure? I am as confident as I am of my existence that this measure will be of incalculable benefit to our country and especially to the West, and that we shall all be proud in the years to come of having taken part in the preservation of this wonderful 173,000,000-acre resource of our Republic. [Applause.]

[Here the gavel fell.]

The CHAIRMAN (Mr. BLOOM). The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That in order to promote the highest use of public land, the Secretary of the Interior in his discretion is hereby authorized to establish by order grazing districts or additions thereto from any part of the public lands of the United States, exclusive of Alaska, not in national forests, national parks and monuments, or Indian reservations, and which in his opinion are chiefly valuable for grazing and raising forage crops, and/or to modify the boundaries thereof: *Provided*, That no lands withdrawn or reserved for any other purpose shall be included in any such district except with the approval of the head of the departmen having jurisdiction thereof. Such orders shall be so worded as to safeguard valid claims existing on the date thereof. Neither this act nor the act of December 29, 1916 (39 Stat. 862; U.S.C., title 43, secs. 291 and following), commonly known as the "Stock Raising Homestead Act", shall be construed as limiting the authority or policy of Congress or the President to include in national forests public lands of the character described in section 24 of the act of March 3, 1891 (26 Stat. 1103; U.S.C., title 16, sec. 471), for the purposes set forth in the act of June 4, 1897 (30 Stat. 35; U.S.C., title 16, sec. 475), or such other purposes as Congress may specify.

With the following committee amendment:

Page 2, line 1, after the word "monuments", strike out the word "or", and after the word "reservations", insert "or revested Oregon-California Railroad grant lands"; and on page 2, line 9, after the word "thereof" insert "and shall not affect any land heretofore or hereafter surveyed which, except for the provisions of this act, would be a part of any grant to any State."

The committee amendment was agreed to.

Mr. TABER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TABER: Page 1, lines 6 and 7, after the comma, strike out the words "exclusive of Alaska."

Mr. TABER. Mr. Chairman, I am not an expert on the grazing business, but my information is that herds of reindeer are maintained in Alaska out of which large profits are realized by the operators. Now, why should they not be brought within the provisions of this bill and pay the licensing fees that those in the United States proper are required to pay?

I hope this amendment will be adopted so that there will not be discrimination in favor of that outfit which operates these reindeer on the ranges of Alaska.

Mr. McFADDEN. Will the gentleman yield?

Mr. TABER. Yes.

Mr. McFADDEN. The gentleman is referring to the Lowmans, who virtually stole the reindeer from the Eskimo in Alaska and are carrying on this big operation on public lands?

Mr. TABER. I understand that is the situation, and I do not see why we should discriminate in favor of special interests when we undertake to enact legislation here in the House of Representatives.

I hope this amendment will be adopted. I hope the committee will show its good faith by accepting the amendment immediately.

Mr. TAYLOR of Colorado. Mr. Chairman, the trouble with the amendment is that it applies to such an enormous territory. I have forgotten how many hundred million acres there are up there. That is too large and unconsidered a proposition to tack onto this bill. Alaska is about one fifth the size of the United States. While there are a large number of reindeer scattered over a large part of Alaska, many of them are owned by the Eskimos, and many more are owned by the Lowman brothers or their company. I think the company is a New York concern. And some are owned by other people. None of them are making anything at the present time. The reindeer business is not in a prosperous condition. I do not feel we should open up this bill with respect to the expense which might be put upon the Government in administering all this public domain. I have never heard of anyone's making a suggestion of this kind before. I feel this would be a great mistake to open up such a vast and many-sided controversy as that would involve at this time, and I hope the amendment offered will be rejected.

Mr. WEARIN. Will the gentleman yield?

Mr. TAYLOR of Colorado. Yes.

Mr. WEARIN. It is perfectly possible we can legislate a little bit later and take care of the situation suggested.

Mr. TAYLOR of Colorado. Oh, yes. That reindeer situation in Alaska would require exhaustive investigation before it would be wise to take any action upon it. It would be utterly impossible to apply this bill to that Territory at this time.

Mr. DEROUEN. This amendment was submitted to the committee and to the Departments, and it was thought unwise to include Alaska. Therefore, I hope the amendment will not be adopted.

Mr. McFADDEN. Mr. Chairman, I move to strike out the last word. Mr. Chairman, I hope the amendment of the gentleman from New York will be adopted. I know something about the reindeer business in Alaska. As a member of the Committee on Territories for a number of years we had this question before us. There is not any question as to what happened up there regarding the reindeer business. The Lomens have exploited the Eskimo, gone into the reindeer business, using the best pastures of Alaska. It is a very nice little business. They are selling reindeer meat in the United States in competition with beef, and it has grown to an extent where that kind of business ought to be stopped.

This particular amendment will put them where they will have to pay something to the Government for the use of the land. They ought to pay something to the Eskimo from whom they have taken this business.

The reindeer were put into Alaska as an exclusive proposition for the Eskimo. The Lomen outfit have exploited the Eskimo, and they have not only operated in Alaska but perpetuated themselves by having men in the Agricultural Department and all along the line to see that nothing ever interferes with their great monopoly in selling reindeer meat in the United States.

You cannot find an Eskimo in Alaska who is not at swords points with the Lomen outfit, because they feel that they have deprived the Eskimo of their right to make a living. Therefore, I say that the amendment offered by the gentleman from New York should be adopted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The question was taken; and on a division (demanded by Mr. TABER) there were 20 ayes and 70 noes.

So the amendment was rejected.

Mr. MOTT. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 2, line 2, after the word "lands", insert the words "or other revested grant lands in Oregon."

Mr. DEROUEN. Mr. Chairman, the committee will accept that amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oregon.

The question was taken, and the amendment was agreed to.

Mr. ENGLEBRIGHT. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 1, line 4, strike out the words "Secretary of the Interior" and insert the words "Secretary of Agriculture."

Mr. ENGLEBRIGHT. Mr. Chairman, this amendment is offered for the purpose of placing jurisdiction of the bill, if enacted, under the Department of Agriculture, so as to take advantage of the experience and efficiency of the organization of the Forest Service that for 28 years has been han-

dling the livestock industry and grazing within the borders of the forest reserves. Under the bill the jurisdiction of the livestock industry in the Western States would be placed in the springtime under the Agriculture Department, and during the summer months in the forest reserves, and in the fall under the jurisdiction again of the Interior Department.

Stockmen will be at a loss to know how to handle their herds and flocks. For instance, it may be that 500 head or 1,000 head are grazing within the boundaries of the forest reserve, and when they come out in the fall and go onto the grazing districts created under this bill the Interior Department may say that it can take care of only half the number of cattle. It places the cattlemen in an almost impossible position if the grazing industry is left under the double jurisdiction of two departments. I do not believe there is a Member of the House who, if drawing this bill fairly and without prejudice, but would draw the bill so as to place the grazing industry under one department, the department now handling that industry.

In the hearings before the committee nothing definite was ascertained as to what it is going to cost to administer this measure. The Secretary of the Interior or his representatives suggested that it might be administered for something like $150,000 annually. Yet representatives of the Forest Service in former hearings on similar bills estimated that that Department could not possibly administer the 173,000,000 acres of land for less than from two to three million dollars annually. The Forest Service has had the experience. Their estimate should be accurate. The Interior Department is simply assuming or making an estimate of what it hopes to do.

If 173,000,000 acres of land are to be administered for $150,000 a year when it is now costing the Forest Service 4 cents an acre for the 82,000,000 acres under their jurisdiction, there cannot be any beneficial regulation or anything of benefit accrue to the stock industry. I therefore plead in the name of common sense to place this bill under a department that now has jurisdiction over one of the vital industries of our Western States.

Mr. HASTINGS. Mr. Chairman, the complete answer to the gentleman from California [Mr. ENGLEBRIGHT], if I may be permitted to say a word, is that this bill deals with grazing on public lands. Other lands, of course, are under the Commissioner of the General Land Office, and that is a bureau of the Interior Department. Therefore, all these public lands are under the Interior Department. The gentleman from California, and everyone else knows, that if we were to give the Secretary of Agriculture jurisdiction over the grazing of public lands there would be a conflict of jurisdiction between the Secretary of the Interior and the Secretary of Agriculture, but very properly, of course, this ought to be handled by the department that has under it the Bureau of Public Lands, the Commissioner of the General Land Office.

Mr. ENGLEBRIGHT. Mr. Chairman, will the gentleman yield?

Mr. HASTINGS. Yes.

Mr. ENGLEBRIGHT. There could be no possible conflict when the bill provides for creating grazing districts under the public domain, and the Congress has the right to place that jurisdiction wherever it seems wise.

Mr. HASTINGS. This is under the jurisdiction of the Public Land Office, as the gentleman knows, and the public land has always been under the Commissioner of the General Land Office, and that is the bureau of the Department of the Interior. Of course, the amendment ought to be defeated, and the administration of this bill ought to remain under the Secretary of the Interior, where the bureau is that supervises it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California.

The amendment was rejected.

The Clerk read as follows:

SEC. 2. The Secretary of the Interior shall make provision for the protection, administration, regulation, and improvement of such grazing districts as may be created under the authority of the foregoing section, and he shall make such rules and regulations and establish such service, enter into such cooperative agreements, and do any and all things necessary to accomplish the purposes of this act and to insure the objects of such grazing districts, namely, to regulate their occupancy and use, to preserve the land and its resources from destruction or unnecessary injury, to provide for the orderly use, improvement, and development of the range, and to stabilize the livestock industry dependent upon the use of such public grazing lands; and any violation of the provisions of this act or such rules and regulations thereunder shall be punishable by a fine of not more than $500 or by imprisonment for not more than 1 year, or by both such fine and imprisonment, in the discretion of the court.

With the following committee amendment:

Page 3, line 9, after the word "lands", insert "and the Secretary of the Interior is authorized to continue the study of erosion and flood control and to perform such work as may be necessary amply to protect and rehabilitate the areas subject to the provisions of this act, through such funds as may be made available for that purpose."

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

Mr. MARTIN of Colorado. Mr. Chairman, I move to strike out the last word. My colleague, ED TAYLOR, the author of this bill, and who has the support of his three colleagues in this House, is exceeded in seniority by but two Members in this body, the Honorable Speaker of the House and the gentleman from Illinois [Mr. SABATH]. Through the 25 years that he has been a Member of this body he has been a deep student of and constantly in contact with legislation and all questions affecting the public-land States and their resources. He has become an outstanding authority on the type of legislation now before this body. I do not believe it is any disparagement to the Members of either House to say that there is no Member of either House who has his wide range of knowledge on matters affecting the western land States.

Perhaps it is not in every case that the author of a bill could be thrown into the scale with it, in weighing the merits of the bill, but, if there is any such case, it would be the fact that EDWARD T. TAYLOR, of Colorado, is the author of the bill now before this House, and his authorship of it is a significant matter, in the light of his outstanding career and experience, to be considered by the House.

There is another significant thing that might be considered by this House in connection with this bill, and that is this: Twenty-five years ago Mr. TAYLOR and I came into this body, and we were only two Members of a solid phalanx from all of the public-land States fighting against the establishment of forest reserves in the Western States; and as I listened to the debate this afternoon I reflected that Members of this body could go back into the debates of Congress 25 or 26 or 28 years ago, and not only find everything that has been said against this bill here this afternoon but 20 times more, because the establishment of the forest reserves in the West was a burning issue in that section of the country, reducing us, as we thought, to the mere status of a Federal dependency.

But let anybody arise in this House today and propose to abolish the forest reserves. We did not want them. We had to take them, but if you do not want us to have them now, you will certainly have to take them away from us, and you will have the fight of your lives. If this legislation does half as much for the great body of waste land, worthless for farming or for any purpose except grazing, that is involved in this bill, as the forest reserves have done, it will be a wonderfully beneficial piece of legislation to the entire West.

It is a significant fact that the West has been converted to the forest reserves imposed upon us against our will, and is now the most ardent champion of the forest reserves. [Applause.]

The CHAIRMAN. The time of the gentleman from Colorado [Mr. MARTIN] has expired.

Mr. CARTER of Wyoming. Mr. Chairman, I rise in opposition to the pro forma amendment of the gentleman from Colorado. I do not mean to attack the eulogy made upon the gentleman from Colorado [Mr. TAYLOR], but I have just been reading over the report submitted by the chairman of

the committee, and I notice that the report states that it has the unqualified endorsement of the national land use planning committee. I have read the report, and I find nothing in the report where this bill was approved by the national land use planning committee. I should like to ask the chairman when the national land use planning committee appeared before the committee, for the reason that the national land use planning committee has been out of existence for over a year. Still the gentleman comes in here and says they have approved this bill.

The pro forma amendment was withdrawn.

The Clerk read as follows:

SEC. 3. That the Secretary of the Interior is hereby authorized to issue or cause to be issued permits to graze livestock on such grazing districts to such bona fide settlers, residents, and other stock owners as under his rules and regulations are entitled to participate in the use of the range, upon the payment annually of reasonable fees in each case to be fixed or determined from time to time under his authority: *Provided*, That grazing permits shall be issued only to citizens of the United States or to those who have filed the necessary declarations of intention to become such, as required by the naturalization laws. Such permits may be issued to individuals, groups, or associations for a period of not more than 10 years, subject to the preference right of the permittees to renewal in the discretion of the Secretary of the Interior, who shall specify from time to time numbers of stock and seasons of use. During periods of range depletion due to severe drought or other natural causes, or in case of a general epidemic of disease, during the life of the permit, the Secretary of the Interior is hereby authorized, in his discretion, to remit, reduce, refund in whole or in part, or authorize postponement of payment of grazing fees for such depletion period so long as the emergency exists.

With the following committee amendment:

On page 4, line 4, after the word "laws", insert "and preference shall be given occupants and settlers on land within or near a district to such range privileges as may be needed to permit proper use of lands occupied by them."

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 4, line 8, after the word "groups", strike out the word "or", and, after the word "association", insert "or corporations authorized to conduct a livestock business under the laws of the State in which the grazing district is located."

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 4, line 21, after the word "exists", insert a colon and the following: "*And provided further*, That in such orders, and in administering this act, rights to the use of water for mining, agricultural, manufacturing, or other purposes, vested and accrued and which are recognized and acknowledged by the local customs, laws, and decisions of the courts, shall be maintained and protected in the possessors and owners thereof, and, so far as consistent with the purposes of this act, grazing rights similarly recognized and acknowledged, shall be adequately safeguarded."

The committee amendment was agreed to.

Mr. MARTIN of Colorado. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, this is the second installment, and as it is entirely extemporaneous, there is no telling how many installments there may be.

When I was cut off with the gavel a few minutes ago, I was about to advance a third consideration in appealing to the Members of the House to give us this bill, and that is the fact that while we are divided, and it is always extremely painful when I am at odds with the brilliant Congresswoman from Arizona, while there is some division among the representatives of the public-land States, it is extremely significant that the great majority of us are for this bill, because we live in this country which you say is going to be made federalized domain.

Now, my friends, I want you to bear in mind this fact, that this bill is not adding one inch to the Federal domain. It already belongs to the Federal Government. It is already all under the Department of the Interior. You have no legal rights on this domain whatever. It is unregulated Federal domain, pays no taxes, brings in no revenue, whereas this bill proposes to regulate it and preserve it and parcel it out equitably for a small charge among the people who may be entitled to its use.

But I want to say to this, and I cannot go into this subject now, there is a feature of this legislation that interests me a lot more than grazing. That is the question of erosion.

This objective of the bill is only touched upon in the report, and I shall take leave to quote two short paragraphs. On page 2 is the following:

Where overgrazing is permitted to disturb the balance of nature erosion must result, which in turn increases flood hazards and promotes the siltation of irrigation reservoirs and ditches and jeopardizes the water supply for irrigation, urban consumption, and other uses. So ruinous a use of the public domain should not be permitted and, if it is continued, will result in the reduction of these vast areas to eroded and barren wastes.

And on page 8, from the letter of the Secretary of Agriculture, I quote the following:

A natural concomitant of the destruction or impairment of the protective vegetative cover has been an acceleration of soil movement or erosion which not only has reduced the value of the lands from which the soil has been moved but has also reduced the value of irrigation and power reservoirs, canals, ditches, etc., through increased sedimentation.

Mr. Chairman, these word pictures are all too inadequate to paint the havoc being wrought on the mesas and tablelands of the mountain West, where rainstorms are cloudbursts and where, due to the nature of the soil, denuded and unprotected from overgrazing, large areas of land are being cut through, washed away, and permanently destroyed, and this process is accelerating.

This is the most appalling feature that faces the western, mountainous country. Unless we can do something to arrest the land destruction which I have seen take place during two thirds of a rather long life, entire sections of the country will eventually be worthless.

I remember sometime ago seeing some pictures in the National Geographic of China, showing an absolute nightmare which had occurred to what had been once a fine farming country. It was denuded; the timber taken off; the grass grazed off, and the entire country washed into great canyons and destroyed forever. That process, through overgrazing and neglect, is going on in the West. In my lifetime I have seen crevices which you could jump across that are now great arroyas. It is going on all over that western country. That sort of thing is being stopped in the forest reserves. You should go up through the forest reserves and see the little water traps and dams and everything that is done to take care of the water and prevent erosion and induce vegetation. The same thing will in some degree be done with this land. I predict that if this bill is passed by this Congress the time will come when those who oppose this legislation will be just as glad that they failed as we are glad that we failed against the forest reserves. [Applause.]

The CHAIRMAN. The time of the gentleman from Colorado [Mr. MARTIN] has expired.

Mr. CARTER of Wyoming. Mr. Chairman, I rise in opposition to the pro forma amendment for the purpose of asking the chairman of the committee a question. I understand there are 173,000,000 acres involved in this bill. The testimony showed that only 50,000,000 acres were to be leased the first year and that at no time would they lease all. Can the chairman inform the House whether it is intended to allow free public use of the range not included in the grazing districts?

Mr. DEROUEN. The evidence before the committee did not show that any specific area was to be leased at any particular time. The Secretary will have to make a survey and organize the undertaking, which will require several months; and there will not be anything done for a while.

Mr. CARTER of Wyoming. But supposing that eventually they leased only 50,000,000 acres, what will they do with the other 123,000,000 acres?

Mr. DEROUEN. I have no information as to the 50,000,000 acres to which the gentleman refers. It was never mentioned in the committee, and I do not know.

Mr. CARTER of Wyoming. Oh, yes, it was; I beg the gentleman's pardon. The Assistant Solicitor stated that they were going to have only 50,000,000 acres in the grazing district the first year; and Mr. Stabler said that at no time did they expect to take in the whole 173,000,000 acres into the grazing districts.

Mr. KLEBERG. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KLEBERG: Page 3, line 24, after the word "fees", insert: "which shall in no event be less than 80 percent of the average grazing fees prevailing on privately owned lands adjacent thereto or in the same general section, and which are of the same general character."

Mr. FULLER. Mr. Chairman, I reserve a point of order against the amendment on the ground that it is not germane.

Mr. KLEBERG. Mr. Chairman, I preface my remarks by saying I have no desire by anything I say to injure this particular piece of legislation. I want that understood first.

With reference to the point of order, Mr. Chairman, I shall accept the decision of the Chair.

With reference to the amendment I call attention directly to the fact that wherever we have Government reservations we also have privately owned lands surrounding the reservations. We all recognize that the publicly owned lands are in their pristine condition without having been plowed or touched, and the only way by which their surface production can be converted into wealth is through the grazing of livestock.

The simple and only purpose of this amendment is to place the operation of these grazing districts on a basis where a reasonable fee will be charged for their use. As a matter of fact, the individual cowman who pays taxes on his ranch and markets his cattle, at such times as he has no cattle leases those ranges to others. In the case of the public domain and these grazing districts none of the provisions of the Agricultural Adjustment Act restrict or otherwise affect them. Any man can go into the cow business by going to the market and buying a herd and raising it on one of these grazing districts in direct competition with the taxpayers of the country.

It is the purpose of this amendment to assess against the users of these public-grazing lands as rent for their use at least 80 percent of what is charged for privately owned land of the same general character in the same general section of the country.

There is nothing in this amendment to injure the bill. It provides that the Secretary of the Interior may exercise his own judgment and discretion in saying which lands shall be the ones upon which the 80-percent test shall be made, not lands in Kamchatka, but lands in the immediately surrounding country of the same general character having to do with exactly the same business, the conversion of surface production into wealth through the grazing of livestock.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. KLEBERG. Certainly.

Mr. MAY. In other words, the situation the gentleman seeks to correct is one in which the Government of the United States puts itself into competition with the private owner of lands?

Mr. KLEBERG. That is right.

Mr. MAY. It is the same kind of competition that we have when the Government enters any line of private business.

Mr. DEROUEN. Mr. Chairman, will the gentleman yield?

Mr. KLEBERG. I yield.

Mr. DEROUEN. As a matter of fact, this privately owned land is much superior to any of the public reserved land.

Mr. KLEBERG. May I say to the gentleman from Louisiana that my amendment provides that the rental shall be dependent upon a comparison with lands of like character.

Mr. FULLER of Arkansas. Mr. Chairman, I rise in opposition to the amendment.

I appreciate, of course, the suggestion and the purpose of the gentleman from Texas, because he is one of the biggest cattlemen in the United States. I know he is personally interested in this bill but unwittingly he is trying to kill this bill.

I have conferred with the Solicitor from the Interior Department. He said this amendment would kill the bill, that they could not operate the grazing districts under it.

Conditions are vastly different in the gentleman's district from what they are in the majority of the lands here under consideration. In the gentleman's district they have grass and the land is not bare like it is on the open range. They do not have these sand dunes with just here and there a farmer who has a few acres with a little grass. It would not be fair to take 80 percent of the rental value of the isolated spots as the value of the thousands of acres of public grazing lands, for one little settler would need from one thousand to several thousand acres to raise a few head of cattle.

This is where you have to rent in big blocks to a lot of people. The gentleman states that he does not want to kill this bill, but that is what he is seeking to do, and that is what he will do if the amendment is adopted.

Mr. KLEBERG. Will the gentleman yield?

Mr. FULLER. I yield to the gentleman from Texas.

Mr. KLEBERG. The gentleman knows that his statement to the effect that I am trying to kill the bill happens to be merely his choice of language in trying to say something. As a matter of fact, the gentleman also knows when it comes to the real facts and a real interpretation of law, the amendment permits of no other purpose than a definite checking up as against lands of like character.

Mr. FULLER. Suppose a man out there had 40, 60, or 260 acres, and he could rent out a few pieces for a few head of cattle and there is public land. This other land all around would set the price that the Government could ask for the public land.

Mr. CHAVEZ. Will the gentleman yield?

Mr. FULLER. I yield to the gentleman from New Mexico. I asked the Solicitor if this amendment would kill the bill, and he said it would.

Mr. CHAVEZ. The Solicitor did not know what he was talking about.

Mr. FULLER. Possibly the gentleman does.

Mr. CHAVEZ. Yes; I do. I am going to vote for the bill.

Mr. FULLER. But at heart the gentleman is against the bill.

Mr. CHAVEZ. Suppose the Santa Fe Railroad owned a thousand acres of land which they want to rent right next door to the public domain which the gentleman is talking about. Suppose the State of New Mexico owns a thousand acres of land adjoining the sand dunes the gentleman is talking about. Why should not the Government charge as much or at least 80 percent for the rental of that property as the State of New Mexico or the Santa Fe Railroad?

Mr. FULLER. Because we have to build this land up. The land is not in condition now. So far as concerns the land in the gentleman's locality, that may be all right; but in the case of most of the land we have to fix up the land, we have to take care of it and preserve it until we can get grass started in order to get anything at all.

Mr. CHAVEZ. And the only way you can do that is not to compete with the man next door?

Mr. FULLER. This is not hurting anyone in the gentleman's country.

Mr. CHAVEZ. Yes; it is. I know of railroad lands adjoining lands of the State of New Mexico, and I know about the lands of the State of New Mexico.

Mr. FULLER. Are they renting the land today?

Mr. CHAVEZ. They are renting them now.

Mr. FULLER. How can they rent the land now when the Government is not getting anything for grazing on the public land, and yet the gentleman says the land is so good that they can get something for grazing purposes?

Mr. CHAVEZ. Every time the State of New Mexico rents the land they get money.

The CHAIRMAN. The Chair is ready to rule. Does the gentleman withdraw his point of order?

Mr. FULLER. Mr. Chairman, I withdraw the point of order.

Mr. CHAVEZ. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, notwithstanding what the gentleman from Arkansas said, I am for this bill, and it is not because I do not know anything about the bill or because some solicitor told me about it. I am not taking the solicitor's word. I am taking my own responsibility in this matter. If the amendment of the gentleman from Texas is recalled, it says "lands of a similar character" or "lands located in the same vicinity." What is the detriment in adopting the amendment of the gentleman from Texas? It will only say that the Government cannot compete at a lower rate of rental with a private owner of land.

Mr. PIERCE. Will the gentleman yield?

Mr. CHAVEZ. I yield to the gentleman from Oregon.

Mr. PIERCE. Is that not true today? We rent our forest reserves far cheaper than we can rent other lands. We rent them for not enough to pay the taxes.

Mr. CHAVEZ. The forest reserves are the best lands to be found in the country, and the land we are referring to in the public domain and the land the gentleman from Texas is talking about is entirely different from forest land and not worth so much. There should be some way of having the rental value adjusted so there will not be competition one with the other. But when we talk about forest lands we are talking about the best lands in the West, and you cannot make that the test. You would be willing to pay more for the forest lands than you would for land in the public domain.

Mr. DEROUEN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I heard a lot in committee and here about this matter, and it seems to me this would impose a great difficulty on the Interior Department to attempt to make a new survey in order to determine lands of a like character. After all, then we would be permitting the private landowners to fix the price and we have heard a lot about the poor little fellows. I hope the Committee will vote down this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas.

The question was taken; and on a division (demanded by Mr. KLEBERG) there were—ayes 40, noes, 53.

Mr. ENGLEBRIGHT. Mr. Chairman, I ask for tellers.

Tellers were ordered and the Chair appointed as tellers Mr. DEROUEN and Mr. KLEBERG.

The Committee again divided, and the tellers reported that there were—ayes 45, noes, 63.

So the amendment was rejected.

The Clerk read as follows:

SEC. 5. That the Secretary of the Interior may permit, under regulations to be prescribed by him, the free grazing within such districts of livestock kept for domestic purposes, and provide, so far as authorized by existing law or laws hereinafter enacted, for the use of timber, stone, gravel, clay, coal, and other deposits by bona fide settlers, miners, residents, and prospectors for minerals, for firewood, fencing, buildings, mining, prospecting, and domestic purposes within areas subject to the provisions of this act.

With the following committee amendment:

Page 5, after the word "domestic", in line 22, strike out the word "purposes" and all of lines 23, 24, and 25 and all of line 1, on page 6, and insert "purposes; and provided that so far as authorized by existing law or laws hereinafter enacted, nothing herein contained shall prevent the use of timber, stone, gravel, clay, coal, and other deposits by miners, prospectors for mineral, bona fide settlers and residents, for firewood, fencing."

The committee amendment was agreed to.

The Clerk read as follows:

SEC. 6. That subject to compliance with the rules and regulations governing such grazing district, nothing herein contained shall restrict the granting or use of permits or rights-of-way under existing law; or ingress or egress over the public lands in such districts for all proper and lawful purposes; or prospecting, locating, developing, entering, leasing, or patenting the valuable mineral resources of such districts under law applicable thereto.

With the following committee amendment:

Page 6, strike out lines 9 and 10 and insert the word "Nothing", and in line 14, after the semicolon, strike out the word "or" and insert "nor nothing herein contained shall restrict."

The committee amendment was agreed to.

The Clerk read as follows:

SEC. 7. That the Secretary is hereby authorized, in his discretion, to examine and classify any lands within such grazing districts which are more valuable and suitable for the production of agricultural crops than native grasses and forage plants, and to open such lands to homestead entry in tracts not exceeding 160 acres in area. Such lands shall not be subject to settlement or occupation as homesteads until after same have been classified and opened to entry after notice to the permittee by the Secretary of the Interior, and the lands shall remain a part of the grazing district until patents are issued therefor, the homesteader to be, after his entry is allowed, entitled to the possession and use thereof: *Provided*, That no lands containing water holes, springs, or water supplies developed or improved by the holder of any grazing permit or his predecessor in interest shall be subject to classification, settlement, entry, or patent under the provisions of this section.

With the following committee amendment:

Page 6, line 23, strike out the words "one hundred and sixty" and insert in lieu thereof the words "three hundred and twenty."

The committee amendment was agreed to.

Mr. WHITE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WHITE: Page 6, line 17, after the word "thereto", strike out all of section 7.

Mr. WHITE. Mr. Chairman, I cannot find where anything in this bill will be benefited or helped by section 7.

Section 7 absolutely abrogates the homestead law. Let me read one of its provisions:

Such lands shall not be subject to settlement or occupation as homesteads until after same have been classified and opened to entry after notice to the permittee by the Secretary of the Interior, and the lands shall remain a part of the grazing district until patents are issued therefor.

I would like for some proponent of the bill to explain to me how you are going to prevent erosion or how you are going to protect grazing by the operation of section 7.

I would also call your attention to the fact that by the enactment of section 7 we will abrogate the rights of our veterans that have been earned by their service in defense of their country. They have the right to acquire land under our homestead act, but this section will operate to withdraw this land from entry for the benefit of the big stockmen.

I would also call your attention to the fact that much of the land in the public domain today is fit for cultivation and for homestead if it were only opened up by the building of roads. The land is now isolated, but as the roads are opened up it will come in for cultivation and for the establishment of homes; but under the operation of this act it is left entirely in the discretion of the Secretary of the Interior whether anyone will be permitted to make application for a homestead. He has to get permission from someone in Washington, 3,000 miles away, before he can even submit an application to acquire any of this land.

I am going to ask you to protect the homestead law, protect the new man, protect the man that wants the same chance that our forefathers had on public lands, by adopting this amendment and strike out section 7 of the bill.

Mr. DEROUEN. Mr. Chairman, I am surprised that the gentleman who offered this amendment to strike out section 7 did not offer to strike out the enacting clause. I hope the House will defeat the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Idaho.

The question was taken, and the amendment was rejected.

Mr. TRUAX. Mr. Chairman, I move to strike out the last word. Mr. Chairman and members of the Committee, as I understand it, the proponents of the bill tell us that this is a bill that goes down to the grass roots and gives grazing rights to the little fellow as against the big fellow. That is one kind of legislation that we are somewhat derelict in enacting in this House, and I for one am glad to have

an opportunity to support the bill that is going to help the little fellow.

I want to call attention to another phase of the bill, that this will retain it in the Department of the Interior under Secretary Ickes. I am glad to notice that feature of the bill, because God knows that Secretary Wallace has about all he can handle without Congress shouldering any new duties on him. Between his bedtime stories and the religious features daily in the newspaper, I am sure his time is well taken up.

I want to call the attention of the House to two other bills that are up for consideration; that go down to the grass roots and help the little fellow. One is the Frazier-Lemke bill for which we are trying to get enough signatures to bring it out on the floor for consideration, as we did the Patman bonus bill.

The other bill is the McLeod bill, which will pay back to the depositors of banks in the Federal Reserve System their deposits.

I today have introduced an amendment to that bill, which Mr. McLEOD has agreed to accept, that will include all defunct banking institutions in the United States. In my State we have 300 State banks that are closed. It will include them. We will pay back all the deposits in those closed institutions and give the debtors 10 years to liquidate their obligations.

That will pay back thousands and hundreds of thousands of dollars to poor working people and bankrupt farmers, taken away from them by racketeering and crooked bankers. We will refund the poor widow's money and benefit all the depositors in these closed institutions.

Mr. GREEN. Will the gentleman yield?

Mr. TRUAX. Yes; I will yield.

Mr. GREEN. I have introduced a bill, which has gone to the Committee on Banking and Currency, which provides not only for the payment to depositors in closed national banks but in State banks also. I consider the latter provision highly important, because, after all, the depositors in the State banks are in need of their money just as much as the depositors in national banks.

Mr. TRUAX. Has the gentleman signed the petition to discharge the committee on the McLeod bill?

Mr. MAY. Which one of the classes the gentleman mentions is on the range in this bill—the creditors or the debtors?

Mr. TRUAX. Mr. Chairman, I am willing to put the debtors on, so far as I am concerned. I ask unanimous consent to revise and extend my remarks on this question.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. TRUAX. Mr. Chairman, this bill is based on the McLeod bill, H.R. 3843, which proposes to pay off depositors in all defunct national banks and State banks which were affiliated with the Federal Reserve System. The McLeod bill makes no provision for the depositors of defunct State banks not affiliated with the Federal Reserve System. In Ohio this will mean that nearly 300 banks, a major portion of them located in the rural communities, will receive no help whatsoever, but both depositors and debtors will be left to the tender mercies of Ohio's parody of a banking superintendent, Ira G. Fulton.

I personally know of many State banks that would pay out at least 90 cents on the dollar if given a real chance to liquidate; both depositors and debtors would be taken care of.

You will note that under the provisions of my bill the Reconstruction Finance Corporation shall make available to the receivers or conservators of defunct banks Government funds immediately upon application as payment for their assets. Then the conservators or receivers must arrange immediate disbursement of such funds, prorated to depositors of such banks. The assets which are purchased shall be liquidated by the Reconstruction Finance Corporation over a period of 10 years.

Thus you can see that this bill provides the greatest relief yet proposed for those thousands of farmers and unemployed workmen and small business men who in times of prosperity borrowed money from these banks and now, because of the prolonged depression, are without incomes and without jobs. No greater ray of hope could burst upon this country of ours than the mere knowledge that these unfortunates instead of lying awake at night awaiting for the rap of the sheriff upon the door to sell them out will be given 10 years in which to pay off their loan.

This loan and the assets of these banks will be liquidated on a rising market instead of a falling one. Everyone must agree that we are either now on the bottom or ascending the upper grade. Bank assets that are now considered worthless will in 5 years from now, 10 years from now, in many, many cases be worth 100 percent on the dollar.

It may be said by some that State banks are not entitled to Federal relief because they were not affiliated with the Federal Reserve System. My answer to that is that the so-called "affiliation" with the United States Government, such as having a gilded sign in the window, "This bank belongs to the national bank system", was a fraud and snare to depositors, and in thousands of cases meant nothing. It meant no more than banks in country towns of 1,000 to 2,500 to have in their windows a gilded sign proclaiming that they were members of the State Banking Association.

If the Government, which, after all, is merely all the people, should pay off depositors in national banks, should pay off depositors in all banks, in all banking associations, trust companies, savings banks, and other banking institutions organized under the laws of any State, it would not be doing more than to render simple justice to hundreds of thousands of its best citizens who were mulcted, milked, robbed, and defrauded by the big bank racketeers and Wall Street pirates. [Applause.]

My bill, which was introduced today, provides that the Reconstruction Finance Corporation is authorized and directed to purchase and acquire from the receivers and/or conservators of banks (including national banking associations, and banks, banking associations, trust companies, savings banks, and other banking institutions organized under the laws of any State or located in the District of Columbia) all remaining assets of such closed banks. The Reconstruction Finance Corporation, upon application by the receivers and/or conservators of such closed banks, and upon receipt of such remaining assets, shall immediately make available to such receivers and/or conservators, as payment for such assets, funds sufficient to pay in full the balance due of the total deposit liability of such closed national banks.

It further provides that upon the transfer of their remaining assets to the Reconstruction Finance Corporation and upon receipt of the funds received as payment therefor, the receivers and/or conservators of such closed banks shall immediately arrange to disburse such funds pro rata to the depositors of such banks.

Also, it specifies that the assets so purchased shall be liquidated by the Reconstruction Finance Corporation and, with the exception of assets in the form of unsecured notes, the Reconstruction Finance Corporation shall allow debtors a period of not to exceed 10 years in which to pay their indebtedness as evidenced by such assets. The Reconstruction Finance Corporation shall have full discretion concerning terms of liquidation of assets in the form of unsecured notes and may, when it deems such a course advisable, insist upon such terms of payment and such additional security from the debtor as it may deem necessary.

Moreover, there are further provisions in this bill that, regardless of any previous contract or agreement on the part of any person, the rate of interest paid to the Reconstruction Finance Corporation on such assets by the debtors shall be reduced to 4 percent per annum, and that for the purposes of this act any statute of limitations shall be waived and held not to apply to any transaction referred to or covered by provisions of this act. Nothing herein contained, however, shall prevent any debtor from anticipating payment on any such indebtedness. [Applause.]

I am informed by officials in the Treasury Department that practically 90 percent of the deposits in defunct banks

are in the amounts of $10,000 or less. I am also advised that at least 80 percent of these deposits are deposits of $2,500 or less. Thus, we see that this bill does go down to the grass roots and relieves people who actually need relief.

A careful survey indicates that there is only a comparatively small number of large banking institutions that have collapsed, as compared with the tremendous number of smaller banks. In Ohio the two big failures were the Union Trust of Cleveland, and the Guardian Trust of Cleveland. These banks were operating under State charter and were affiliated with the Federal Reserve System, but again we find that thousands of the depositors in these two giant financial institutions were poor people with accounts of $2,500 or less.

In nearly 300 State banks that failed, and are now undergoing a liquidating process by a racketeering State superintendent of banks, appointed by Gov. George White, who refuses to remove this superintendent even though thousands have petitioned and have demanded his removal, we can say that 95 percent of the depositors in these banks are small depositors, and that their deposits represented their life savings. It is these people that we are relieving through the enactment into law of my bill and the McLeod bill. [Applause.]

Mr. PIERCE. Mr. Chairman, will the gentleman yield?

Mr. TRUAX. Yes.

Mr. PIERCE. Will the gentleman tell us how much it will cost to pay off these depositors?

Mr. TRUAX. It will not cost four and a half billion dollars that we have already paid to the big bank racketeers and railroads and insurance companies and the 36 percent mortgage-loan sharks.

Mr. MARTIN of Oregon. Mr. Chairman, will the gentleman yield?

Mr. TRUAX. Yes.

Mr. MARTIN of Oregon. The gentleman proposes to take care of the bank losses. How about the other losses, the personal losses?

Mr. TRUAX. I am going to take care of the depositors. And I ask the gentleman whether or not he has signed the petition on the McLeod bill?

Mr. MARTIN of Oregon. I am asking the gentleman about the bill.

Mr. TRUAX. When the gentleman signs the petition I will give him an answer.

Mr. MARTIN of Oregon. Then I am afraid the gentleman will never have an opportunity to make that answer.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

The Clerk read as follows:

SEC. 8. That where such action will promote the purposes of the district or facilitate its administration, the Secretary be, and he hereby is, authorized, in his discretion, to accept on behalf of the United States any lands within the exterior boundaries of a district as a gift, or, when public interests will be benefited thereby, he is hereby authorized, in his discretion, to accept on behalf of the United States title to any lands within the exterior boundaries of said grazing district and in exchange therefor to issue patent for not to exceed an equal value of grazing district land or of unreserved surveyed public land in the same county or if any suitable lands cannot be found in the county, in any other part of the same State: *Provided*, That before any such exchange shall be effected, notice of the contemplated exchange, describing the lands involved, shall be published once each week for 4 successive weeks in some newspaper of general circulation in the county or counties in which may be situated the lands to be accepted, and in the same manner in some like newspaper published in any county in which may be situated any lands to be given in such exchange; lands conveyed to the United States under this act shall, upon acceptance of title, become public lands and parts of the grazing district within whose exterior boundaries they are located: *Provided further*, That either party to an exchange may make reservations of minerals, easements, or rights of use, the values of which shall be duly considered in determining the values of the exchanged lands. Where reservations are made in lands conveyed to the United States, the right to enjoy them shall be subject to such reasonable conditions respecting ingress and egress and the use of the surface of the land as may be deemed necessary by the Secretary of the Interior. Where mineral reservations are made in lands conveyed by the United States, it shall be so stipulated in the patent, and any person who acquires the right to mine and remove the reserved mineral deposits may enter and occupy so much of the surface as may be required for all purposes incident to the mining and removal of the minerals therefrom, and may mine and remove such minerals, upon payment to the owner of the surface for damages caused to the land and improvements thereon.

With the following committee amendment:

Page 7, line 21, strike out "county or if any suitable lands cannot be found in the county, in any other part of the same."

The CHAIRMAN. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

The Clerk read as follows:

SEC. 10. That, except as provided in sections 9 and 11 hereof, all moneys received under the authority of this act shall be deposited in the Treasury of the United States as miscellaneous receipts, but 25 percent of all moneys received from each grazing district during any fiscal year is hereby made available for expenditure by the Secretary of the Interior for the construction, purchase, or maintenance of range improvements, and an additional 25 percent of the money received from each grazing district during any fiscal year shall be paid at the end thereof by the Secretary of the Treasury to the State in which said grazing district is situated, to be expended as the State legislature may prescribe for the benefit of public schools and public roads of the county or counties in which the grazing district is situated: *Provided*, That if any grazing district is in more than one State or county, the distributive share to each from the proceeds of said district shall be proportional to its area therein.

With the following committee amendments:

Page 10, line 4, strike out "25" and insert "50."

Page 10, line 9, after the word "benefit" strike out "of public schools and public roads."

The CHAIRMAN. The question is on agreeing to the committee amendments.

Mr. TABER. Mr. Chairman, I rise in opposition to the committee amendments. This bill will go down in history as the 175-percent bill. I suppose that the folks who got up the bill to start with had in mind that they would turn 25 percent over to the State in which the grazing district is situated and 25 percent to the Secretary of the Interior. Then they raise that 25 percent that was to go to the State to 50 percent. By this amendment they do not take into consideration the situation that they have created by section 11, and they provide for the distribution of 100 percent of all the money that is raised out of the Indian lands which had been ceded to the United States, but they do not except the part that was raised and to be distributed under section 10, so that they are going to throw out on Indian lands 175 percent of all the money that they take in under the language they have here.

Mr. KELLER. Why not make it 200 percent?

Mr. TABER. I do not know, but I suppose the way things are going we may as well make it 1,000 percent. It does not seem to make any difference to the Congress. It is time that we woke up and stopped this sort of thing. I hope the Committee will vote down this amendment.

Mr. MARTIN of Massachusetts. The gentleman probably is not conversant with the new-fashioned method of bookkeeping.

Mr. TABER. I do not know whether it is deflation or devaluation or what it is, but it is emptying the Federal Treasury, and I think we ought to stop this sort of thing.

Mr. FULLER. Mr. Chairman, I move that all debate upon this section and all amendments thereto be now closed.

Mr. TABER. Oh, I have an amendment that I want to offer here.

Mr. FULLER. I insist upon my motion.

The CHAIRMAN. Has the gentleman from New York concluded his remarks?

Mr. TABER. I have not yielded the floor. Under the circumstances, I am going to offer an amendment, whether the committee amendment be agreed to or not, that will prevent any money being paid out of the Federal Treasury after it once gets in without an appropriation and an annual review from Congress. I think it is ridiculous that we should go along in this way. I hope the committee will fix up that amendment so that they will at least not pay out 175 percent when they go along through. I shall yield the floor now, but I hope that we will limit this bill so that the money

to be paid out will have to be appropriated each year, so that we will know what we are doing as we go along.

Mr. DEROUEN rose.

The CHAIRMAN. The Chair recognizes the gentleman from Louisiana.

Mr. RICH. Mr. Chairman, I rise in opposition to the amendment.

The CHAIRMAN. The chairman of the committee, the gentleman from Louisiana is recognized.

Mr. FULLER. Mr. Chairman, I move to close all debate upon this section and all amendments thereto.

The CHAIRMAN. Does the chairman of the committee wish to be recognized?

Mr. RICH. Mr. Chairman, I move to strike out the last word.

Mr. TABER. Mr. Chairman, a point of order. The chairman of the committee was recognized, the gentleman from Louisiana.

The CHAIRMAN. The gentleman from Louisiana is recognized.

Mr. DEROUEN. Mr. Chairman, I offer an amendment which was sent to us by the Committee on Appropriations.

The CHAIRMAN. The committee amendments are now pending, and we should dispose of the committee amendments first. The gentleman from Pennsylvania [Mr. RICH] moves to strike out the last word.

Mr. FULLER. Mr. Chairman, I made a motion to close all debate.

The CHAIRMAN. The gentleman was not recognized for that purpose, because the gentleman from Louisiana rose at the same time and the Chair recognized him.

Mr. RICH. Mr. Chairman, when this bill was presented to the committee and recommended by the Secretary of the Interior and recommended by the Secretary of Agriculture, it contained on line 4, "25 percent." Now it is increased to 50 percent to be turned over to the States. That has been done in committee after the bill had been recommended by the various departments, and it is only a committee recommendation and is not the recommendation of the Secretary of Agriculture. It is not the recommendation of the Secretary of the Interior, and the President of the United States knows nothing about it. I think the chairman of the committee will bear me out in this.

I think it is high time that we should conserve the resources of this country. We are going to reach down into the Federal Treasury and pay for the administration of these lands. I think it is an injustice to the country at large because of the fact that there will not be enough revenues from rentals to administer the operation of this bill, and you will have to ask for an appropriation from the Federal Treasury. You will have to seek new taxes. You will continually ask Congress to administer this bill. I think it is wrong. I do not believe that the committee in any sense has any right to present this bill to you under the guise that it has been recommended by the Departments on a 50-percent payment to the States as their share of the receipts, instead of 25 percent. I think the chairman of the committee will bear me out on this, that it is a committee action and not a recommendation of the Secretary of Agriculture nor the recommendation of the Secretary of the Interior.

Mr. DEROUEN. Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 10, line 9, strike out "of public schools and public roads."

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Amendment offered by Mr. DEROUEN for the committee: On page 10, line 14, after the word "therein", insert the following: "*Provided further*, That no such money shall be used or made available for the purposes hereinbefore set forth until appropriated by Congress."

The amendment was agreed to.

The Clerk read as follows:

SEC. 11. That all moneys received for grazing on Indian lands ceded to the United States for disposition under the public-land laws, less 15 percent for range improvements, shall be deposited to the credit of the Indians pending final disposition under applicable laws, treaties, or agreements, the applicable public-land laws as to said Indian ceded lands within a district created under this act shall continue in operation, except that each and every application for nonmineral title to said lands in a district created under this act shall be allowed only if in the opinion of the Secretary of the Interior the land is of the character suited to disposal through the act under which application is made and such entry and disposal will not affect adversely the best public interest.

With the following committee amendment:

On page 10, after the figures in line 15, strike out the remainder of line 15, all of lines 16 and 17, and the word "improvements" in line 18, and insert the following: "That 25 percent of all moneys received from each grazing district on Indian lands ceded to the United States for disposition under the public-land laws during any fiscal year is hereby made available for expenditure by the Secretary of the Interior for the construction, purchase, or maintenance of range improvements; and an additional 25 percent of the money received from grazing during each fiscal year shall be paid at the end thereof by the Secretary of the Treasury to the State in which said lands are situated, to be expended as the State legislature may prescribe for the benefit of public schools and public roads of the county or counties in which such grazing lands are situated. And the remaining 50 percent of all money received from such grazing lands."

Mr. DEROUEN. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. DEROUEN to the committee amendment: On page 10, line 18, amend by inserting after the word "that", the following: "when appropriated by Congress."

The amendment to the committee amendment was agreed to.

The committee amendment as amended was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 11, line 18, after the word "interest", insert a colon and the following: "*Provided*, That in such grazing districts established in Indian ceded lands, the Indians shall be classified as preferential applicants for grazing privileges, and surplus range may be allotted to the use of others only after the reasonable needs of the Indians for additional grazing lands have been met, but no settlement or occupation of such lands shall be permitted until 90 days after allowance of an application."

The committee amendment was agreed to.

The Clerk read as follows:

SEC. 12. That the Secretary of the Interior is hereby authorized to cooperate with any department of the Government in carrying out the purposes of this act, and in the coordination of range administration, particularly where the same stock grazes part time in a grazing district and part time in a national forest or other reservation.

Mr. RICH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. RICH: Page 12, line 6, after the word "reservation", insert a colon and the following: "and that the Forest Service now in the Department of Agriculture be transferred to the jurisdiction of the Department of the Interior."

Mr. RICH. Mr. Chairman, I offered this amendment to this section 12 as a matter of administration. I believe that the administration of this bill can best be had if we have the forestry department transferred to the Department of the Interior. The forestry department was formerly in the Department of the Interior. Some years ago it was transferred to the Department of Agriculture. If we place jurisdiction of all these lands in the Department of the Interior, also the forestry department under the supervision of the Department of the Interior, we will stop this dual control and we will make it a good business move and

a matter of economy for the Government. I hope that we put some business into this Government and try to administer these affairs of government in an economical and sane way, and I know it will be to the best interest of the taxpayers if we adopt this amendment. Why not make it a businesslike way of administration at least? Why fear these departments when we know we are doing the right thing in the administration of these grazing lands under the supervision of the Federal Government?

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. RICH].

The amendment was rejected.

Mr. DEROUEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DEROUEN: At the end of the bill, page 12, after line 6, insert a new section, to be known as section 13, reading as follows:

"SEC. 13. That the President of the United States, upon the joint recommendation of the Secretary of the Interior and the Secretary of Agriculture, be, and he is hereby, authorized to reserve by proclamation and place under national-forest administration any unappropriated public lands lying within watersheds forming a part of the national forests which, in his opinion, can best be administered in connection with existing national-forest administration units, and to place under the Interior Department administration any lands within national forests, principally valuable for grazing, which, in his opinion, can best be administered under the provisions of this act: *Provided*, That such reservations or transfers shall not interfere with legal rights acquired under any public land laws so long as such rights are legally maintained. Lands placed under the national-forest administration under the authority of this act shall be subject to all the laws and regulations relating to national forests, and lands placed under the Interior Department administration shall be subject to all public-land laws and regulations applicable to grazing districts created under authority of this act."

Mr. ENGLEBRIGHT. Mr. Chairman, I rise in opposition to the amendment to inquire of the chairman of the committee whether this amendment was considered by the committee.

Mr. DEROUEN. No, not this one; but the committee considered one nearly like it.

Mr. ENGLEBRIGHT. The committee refused to consider the proposed amendment submitted to it along this line.

Mr. DEROUEN. That was because the Departments could not agree between themselves about it, but the Departments have agreed on this amendment, and I submit it not as a committee amendment but as my own amendment, with the recommendation of the authorities of both the Interior Department and the Department of Agriculture.

Mr. ENGLEBRIGHT. But the committee never passed on this amendment.

Mr. DEROUEN. Not on this one, I so stated.

Mr. HASTINGS. But the Departments recommend it now?

Mr. DEROUEN. The Departments both recommend it now.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Louisiana.

The question was taken; and on a division (demanded by Mr. RICH) there were—yeas 90, noes 36.

So the amendment was agreed to.

Mr. CARTER of Wyoming. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CARTER of Wyoming: On page 12, add a new section, as follows:

"SEC. 14. That this act shall not become effective in any State until 60 days after the approval by the legislature of such State; and each such approving State, in its discretion, may designate and authorize one or more representatives or officials of said State with whom the Secretary of the Interior is hereby authorized to make and enter into suitable agreement for the cooperative administration of public grazing upon said public lands of the United States, and the lands owned by, or subject to the control of, said State or any political subdivision thereof, which shall be subject to such rules and regulations as shall be agreed upon and promulgated by both the Secretary of the Interior and said State."

Mr. CARTER of Wyoming. Mr. Chairman, this amendment is the amendment that was in the original bill introduced by Mr. TAYLOR of Colorado on the 10th of March a year ago. It is the same section that was in the Colton bill which passed this House. It is the amendment that has been approved by the conference of western governors that was held in Salt Lake City 2 or 3 weeks ago; and it is in keeping with the policies of the Committee on the Conservation and Administration of the Public Domain after extensive hearings in the public-land States and before congressional committees. They decided that a provision similar to this one should be in the law, and I hope it will pass.

Mr. DEROUEN. Mr. Chairman, this is the same section that destroyed the other bill. Certainly we are all aware that the gentleman from Wyoming wishes to destroy the bill and he offers the same section that has brought trouble here for years. It is just one of those amendments that will destroy the entire bill.

I hope the Committee will not accept it.

Mr. MOTT. Mr. Chairman, I move to strike out the last word.

Following my discussion of this bill a few minutes ago my very distinguished and usually affable colleague from the Third District of Oregon [Mr. MARTIN] made two remarks in the course of his own speech to which I take exception.

I asked the gentleman at the time to yield to me, in order to correct him, but he declined. Whether this was on account of stubbornness or pressure of time I do not know. But he did decline. So I am obliged to offer this pro forma amendment in order to correct him before the debate closes.

The first remark to which I take exception is the gentleman's assertion that most of the public land in Oregon "is not worth a damn." I call the gentleman's attention to what he ought to know without being told, and that is that the public land in the First District of Oregon, which I represent, is valued at $50,000,000 and that it embraces about 25 percent of the entire area of western Oregon. When this land was in private ownership it paid an annual tax of $480,000 to our State. There is practically no public land in the gentleman's district, and in eastern Oregon much of the public domain is of comparatively little value. But when the gentleman says that most of the public land in the State is not worth a damn, then he is either ignorant of the facts or extremely careless in his language. I call his attention to the fact that he said "most of the public land." I trust he corrects his statement in this regard at least when he looks over the transcript of his remarks.

The other remark I objected to was that because I opposed this bill that I was a "standpatter." The gentleman knows perfectly well that I am not a standpatter as that word is used in its turpitudenous political sense. And every one else knows it. By a standpatter my colleague means a member of a political party who votes for every measure offered by the party, regardless of whether the measure is good or bad. It is my distinguished colleague who does that. Not I. Only Democrats do that at this session. Not Republicans. The gentleman is perfectly aware that I am opposing this bill because it is wrong and not because it is an administration measure.

That is all I care to say, and I would not have said this were it not for the fact that I did not want my colleague's remarks to go in the RECORD unchallenged by reason of his refusal to yield to me at the time he made the remarks. My friend, the General, is an admirable fellow most of the time, and I admire him greatly, aside from his occasional stubbornness. This is evidently one of his stubborn days.

The CHAIRMAN. Is there objection to the request of the gentleman from Oregon?

There was no objection.

The CHAIRMAN. The question is on the amendment of the gentleman from Wyoming.

The amendment was rejected.

The CHAIRMAN. Under the rule the Committee automatically rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BLOOM, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill

H.R. 6462, pursuant to House Resolution 307 he reported the same back to the House with sundry amendments adopted by the Committee.

The SPEAKER. Under the rule, the previous question is ordered on the bill and all amendments thereto to final passage.

Is a separate vote demanded upon any amendment? If not, the Chair will put them in gross.

The amendments were agreed to.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and on a division (demanded by Mr. ENGLEBRIGHT) there were—ayes 84, noes 31.

Mr. ENGLEBRIGHT. Mr. Speaker, I object to the vote on the ground a quorum is not present.

The SPEAKER. Evidently, there is not a quorum present.

ADJOURNMENT

Mr. DEROUEN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock p.m.) the House adjourned until tomorrow, Wednesday, April 11, 1934, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON MERCHANT MARINE, RADIO, AND FISHERIES

(Wednesday, Apr. 11, 10 a.m.)

Hearings on H.R. 5205, 8581, and 8930, also S. 2629, in the committee room.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Wednesday, Apr. 11, 10 a.m.)

Continuation of the hearing on H.R. 8301—communications.

INTERSTATE SALES SUBCOMMITTEE OF THE COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Wednesday, Apr. 11, 2 p.m.)

Hearing on State sales-tax bill.

EXECUTIVE COMMUNICATIONS, ETC.

404. Under clause 2 of Rule XXIV, a letter from the Acting Secretary of the Navy, transmitting draft of a proposed bill to provide for promotion by selection in the line of the Navy in the grades of lieutenant commander and lieutenant; to authorize appointments as ensigns in the line of the Navy all midshipmen who hereafter graduate from the Naval Academy; and for other purposes, was taken from the Speaker's table and referred to the Committee on Naval Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. CORNING: Committee on Interstate and Foreign Commerce. H.R. 7922. A bill authorizing the Secretary of Commerce to dispose of a portion of the Yaquina Bay Lighthouse Reservation, Oreg.; without amendment (Rept. No. 1176). Referred to the Committee of the Whole House on the state of the Union.

Mr. SWEENEY: Committee on the Post Office and Post Roads. H.R. 6675. A bill to authorize the acknowledgment of oaths by post-office inspectors and by chief clerks of the Railway Mail Service; without amendment (Rept. No. 1177). Referred to the House Calendar.

Mr. WOOD of Georgia: Committee on the Post Office and Post Roads. H.R. 7023. A bill to amend section 213, United States Penal Code, as amended; without amendment (Rept. No. 1178). Referred to the House Calendar.

Mr. ROMJUE: Committee on the Post Office and Post Roads. H.R. 7088. A bill to amend the provisions of laws relating to appointment of postmasters; with amendment (Rept. No. 1179). Referred to the Committee of the Whole House on the state of the Union.

Mr. McREYNOLDS: Committee on Foreign Affairs. House Joint Resolution 315. Joint resolution granting consent of Congress to an agreement or compact entered into by the State of New York with the Dominion of Canada for the establishment of the Buffalo and Fort Erie Public Bridge Authority with power to take over, maintain, and operate the present highway bridge over the Niagara River between the city of Buffalo, N.Y., and the village of Fort Erie, Canada; with amendment (Rept. No. 1180). Referred to the House Calendar.

Mr. GREEN: Committee on the Territories. H.R. 8052. A bill to amend sections 203 and 207 of the Hawaiian Homes Commission Act, 1920 (U.S.C., title 48, secs. 697 and 701), conferring upon certain lands of Auwaiolimu, Kewalo, and Kalawahine, on the island of Oahu, Territory of Hawaii, the status of Hawaiian home lands, and providing for the leasing thereof for residence purposes; without amendment (Rept. No. 1190). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROMJUE: Committee on the Post Office and Post Roads. H.R. 7213. A bill to provide hourly rates of pay for substitute laborers in the Railway Mail Service and time credits when appointed as regular laborer; without amendment (Rept. No. 1191). Referred to the Committee of the Whole House on the state of the Union.

Mr. GREEN: Committee on the Territories. H.R. 8235. A bill to authorize the Secretary of the Interior to convey by appropriate deed of conveyance certain lands in the District of Ewa, island of Oahu, Territory of Hawaii; with amendment (Rept. No. 1192). Referred to the Committee of the Whole House on the state of the Union.

Mr. HAINES: Committee on the Post Office and Post Roads. H.R. 7711. A bill to permit postmasters to act as disbursing officers for the payment of traveling expenses of officers and employees of the Postal Service; without amendment (Rept. No. 1193). Referred to the House Calendar.

Mr. LEWIS of Colorado: Committee on the Judiciary. S. 752. An act to amend section 24 of the Judicial Code, as amended, with respect to the jurisdiction of the district courts of the United States over suits relating to orders of State administrative boards, with amendment (Rept. No. 1194). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. ANDREWS of New York: Committee on Military Affairs. S. 166. An act for the relief of Robert J. Foster; without amendment (Rept. No. 1181). Referred to the Committee of the Whole House.

Mr. THOMPSON of Illinois: Committee on Military Affairs. H.R. 313. A bill for the relief of Frank R. Carpenter, alias Frank R. Carvin; without amendment (Rept. No. 1182). Referred to the Committee of the Whole House.

Mr. THOMPSON of Illinois: Committee on Military Affairs. H.R. 579. A bill for the relief of Patrick Collins; without amendment (Rept. No. 1183). Referred to the Committee of the Whole House.

Mr. THOMPSON of Illinois: Committee on Military Affairs. S. 531. An act for the relief of Dan Davis; without amendment (Rept. No. 1184). Referred to the Committee of the Whole House.

Mr. THOMPSON of Illinois: Committee on Military Affairs. H.R. 657. A bill for the relief of John F. Hatfield; without amendment (Rept. No. 1185). Referred to the Committee of the Whole House.

Mr. THOMPSON of Illinois: Committee on Military Affairs. S. 707. An act for the relief of James J. Jordan; without amendment (Rept. No. 1186). Referred to the Committee of the Whole House.

Mr. THOMPSON of Illinois: Committee on Military Affairs. H.R. 2578. A bill authorizing the President of the United States to present in the name of Congress a Distinguished Service Medal to Thomas H. Laird; without

amendment (Rept. No. 1187). Referred to the Committee of the Whole House.

Mr. THOMPSON of Illinois: Committee on Military Affairs. S. 2661. An act for the relief of Clayton M. Thomas; without amendment (Rept. No. 1188). Referred to the Committee of the Whole House.

Mr. THOMPSON of Illinois: Committee on Military Affairs. H.R. 4463. A bill for the relief of John S. Abbott; without amendment (Rept. No. 1189). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Pensions was discharged from the consideration of the bill (H.R. 8125) granting a pension to Clara B. Wallar, and the same was referred to the Committee on Invalid Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DOUTRICH: A bill (H.R. 9039) granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a toll bridge across the Susquehanna River at or near Millersburg, Dauphin County, Pa.; to the Committee on Interstate and Foreign Commerce.

By Mr. TRUAX: A bill (H.R. 9040) to authorize the Reconstruction Finance Corporation to buy assets of closed State and national banks, and for other purposes; to the Committee on Banking and Currency.

By Mr. MOREHEAD: A bill (H.R. 9041) to authorize and direct the Postmaster General to investigate bids for carrying the mails before awarding contracts concerning same; to the Committee on the Post Office and Post Roads.

By Mr. McCLINTIC: A bill (H.R. 9042) to provide for the making of reports to the Federal Trade Commission by persons, firms, or corporations that have defaulted in dividend payments; to the Committee on Interstate and Foreign Commerce.

By Mr. BROWN of Michigan: A bill (H.R. 9043) to provide relief to depositors in closed banks; to the Committee on Banking and Currency.

By Mr. VINSON of Georgia: A bill (H.R. 9044) to amend section 5 of the act of March 2, 1919, generally known as the "War Minerals Relief Statutes"; to the Committee on Mines and Mining.

By Mr. STEAGALL: A bill (H.R. 9045) to amend section 5219 of the Revised Statutes, as amended; to the Committee on Banking and Currency.

By Mr. SWEENEY: A bill (H.R. 9046) to discontinue administrative furloughs in the Postal Service; to the Committee on the Post Office and Post Roads.

By Mr. SAMUEL B. HILL: A bill (H.R. 9047) to establish a United States Army air depot at Spokane, Wash.; to the Committee on Military Affairs.

By Mr. KENNEY: A bill (H.R. 9048) to amend the laws relating to proctors' and marshals' fees and bonds and stipulations in suits in admiralty; to the Committee on the Judiciary.

By Mr. CONDON: Joint resolution (H.J.Res. 317) requesting the President of the United States of America to proclaim May 20, 1934, General Lafayette Memorial Day for the observance and commemoration of the one hundredth anniversary of the death of General Lafayette; to the Committee on the Judiciary.

By Mr. DIMOND: Joint resolution (H.J.Res. 318) authorizing a preliminary examination or survey of a ship canal across Prince of Wales Island, Alaska; to the Committee on Rivers and Harbors.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the General Court and the Legislature of the Commonwealth of Massachusetts, in favor of the making of loans by the Reconstruction Finance Corporation directly to industry instead of through the agency of mortgage-loan companies; to the Committee on Banking and Currency.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BURKE of California: A bill (H.R. 9049) for the relief of Georgina Park; to the Committee on Claims.

Also, a bill (H.R. 9050) for the relief of Elsie O'Brine; to the Committee on Claims.

Also, a bill (H.R. 9051) for the relief of Bitha Lee Smith; to the Committee on Claims.

By Mr. CARTWRIGHT: A bill (H.R. 9052) for the relief of the Woody Motor Co.; to the Committee on Claims.

By Mr. CELLER: A bill (H.R. 9053) to authorize Comptroller General of the United States to settle and adjust claim of the George A. Fuller Co.; to the Committee on Claims.

By Mr. COLLINS of California: A bill (H.R. 9054) for the relief of Milton Augustus Roberson; to the Committee on Naval Affairs.

By Mr. GOLDSBOROUGH: A bill (H.R. 9055) for the relief of Eleanor G. Goldsborough; to the Committee on Claims.

By Mr. GOSS: A bill (H.R. 9056) for the relief of Bertha E. Kowalski; to the Committee on Military Affairs.

By Mr. HARLAN: A bill (H.R. 9057) for the relief of Lewis Corfman; to the Committee on Military Affairs.

By Mr. KELLY of Illinois: A bill (H.R. 9058) for the relief of Thomas Patrick Kehoe; to the Committee on Naval Affairs.

By Mr. SMITH of West Virginia: A bill (H.R. 9059) for the relief of Harry V. Snyder; to the Committee on Claims.

By Mr. TARVER: A bill (H.R. 9060) granting a pension to Adelbert Carpenter; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3737. By Mr. BACON: Petition of sundry citizens of Long Island, protesting against the system of payless furloughs in the Postal Service; to the Committee on the Post Office and Post Roads.

3738. By Mr. BOEHNE: Petition of the Evansville branch of the Woman's Home Missionary Society of the Methodist Episcopal Church, urging early and favorable hearings on the Patman motion-picture bill (H.R. 6097); to the Committee on Interstate and Foreign Commerce.

3739. By Mr. BLOOM: Petition of the Negro Foreign-born Citizens' League, New York City, condemning the flagrant disregard of the constitutional rights and privileges of Negroes; to the Committee on the Judiciary.

3740. By Mr. CADY: Petition of the membership of the Women's Home Missionary Society of the Methodist Church of Fenton, Mich., urging the establishment of a Federal motion-picture commission, and other regulatory legislation to govern the motion-picture industry; to the Committee on Interstate and Foreign Commerce.

3741. By Mrs. CLARKE of New York: Petition of the membership of Sacred Heart Parish of Stamford, N.Y., favoring the passage of Senate bill 2910 with amendment 301; to the Committee on Interstate and Foreign Commerce.

3742. By Mr. CULKIN: Petition of Lyman Alvord and 36 other residents, of Pennellville, N.Y., protesting against Senate bills 2258 and 885; to the Committee on Interstate and Foreign Commerce.

3743. Also, petition of Richard Hodge, Jr., and 16 others, of Watertown, N.Y., opposing the passage of the security exchange bill; to the Committee on Interstate and Foreign Commerce.

3744. By Mr. FITZPATRICK: Petition of a number of residents of the city of Yonkers, N.Y., advocating the adop-

tion of the amendment to Senate bill 2910 affecting radio station WLWL, New York; to the Committee on Merchant Marine, Radio, and Fisheries.

3745. By Mr. FORD: Resolution adopted by the Fifty-fifth Assembly District Democratic Club of Los Angeles, endorsing the President in the cancelation of the air-mail contracts; to the Committee on the Post Office and Post Roads.

3746. Also, resolution adopted by the Sixty-fourth Assembly District Democratic Club of Los Angeles, endorsing the action of the President in the cancelation of the air-mail contracts; to the Committee on the Post Office and Post Roads.

3747. By Mr. HOWARD: Petition of C. H. Winther and numerous other livestock producers, of Wisner, Nebr., urging the passage of Senate bill 3064; to the Committee on Agriculture.

3748. By Mr. JAMES: Resolution of the village of Baraga, Mich., through P. M. Getzen, clerk, favoring the passage of House bill 8479, or the so-called "McLeod bill"; to the Committee on Banking and Currency.

3749. Also, petition of the J. August Anderson & Peter Anderson Fish Co., and other citizens of Marquette Mich., opposing the passage of House bill 7979; to the Committee on Merchant Marine, Radio, and Fisheries.

3750. By Mr. JOHNSON of Texas: Petition of E. B. Tinker, cashier of the Citizens National Bank of Hillsboro, Tex., favoring Senate bill 2601; to the Committee on Banking and Currency.

3751. By Mr. LEHR: Petition of the Ladies' Society of the Brotherhood of Locomotive Firemen and Engineers, Charity Lodge, No. 125, of Jackson, Mich., opposing the Prince plan and the consolidation of the railroads; to the Committee on Interstate and Foreign Commerce.

3752. Also, petition of the Raisin Valley Grange, of Lenawee County, Mich., that our President and the assembled Congress should immediately take steps to stabilize agriculture by definite minimum-price values on grains and cotton to be based on production costs plus a fair profit; to the Committee on Agriculture.

3753. By Mr. LINDSAY: Petition of the Globe Tile Co., Inc., Brooklyn, N.Y., opposing the passage of the Wagner-Lewis bills; to the Committee on Labor.

3754. Also, petition of the Gleason-Tilbout Glass Co., Brooklyn, N.Y., opposing the passage of the Wagner-Lewis bills (S. 2616 and H.R. 7659); to the Committee on Labor.

3755. Also, petition of waste-material sorters, trimmers, and handlers, of Brooklyn, N.Y., approving the Wagner-Lewis bills; to the Committee on Labor.

3756. Also, petition of the Ladies Auxiliary of the Brooklyn Local Federation of Catholic Societies of the city of New York, urging support of the amendment to section 301 of Senate bill 2910; to the Committee on Interstate and Foreign Commerce.

3757. Also, petition of the General Ceramics Co., New York City, concerning the Fletcher-Rayburn bill; to the Committee on Interstate and Foreign Commerce.

3758. Also, petition of Patrick H. Ryan, New York, opposing the passage of the Fletcher-Rayburn bill; to the Committee on Interstate and Foreign Commerce.

3759. By Mr. MARTIN of Massachusetts: Memorial of the General Court of Massachusetts in favor of direct loans to industry by the Reconstruction Finance Corporation; to the Committee on Banking and Currency.

3760. By Mr. MERRITT: Petition of sundry citizens of Bridgeport, in the Fourth Congressional District of the State of Connecticut, protesting against the enactment of House bill 8720 providing for the regulation of national securities exchanges; to the Committee on Interstate and Foreign Commerce.

3761. By Mr. MILLARD: Petition signed by residents of Rockland County, urging the immediate discontinuance of the payless furlough; to the Committee on the Post Office and Post Roads.

3762. By Mr. PERKINS: Petition of the Woman's Christian Temperance Union, of Oradell, N.J., petitioning for early hearings and favorable action on the Patman motion-picture bill (H.R. 6097) providing higher moral standards for films entering interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

3763. By Mrs. ROGERS of Massachusetts: Petition of Senate and House of Representatives of the State of Massachusetts, memorializing Congress in favor of direct loans to industry by the Reconstruction Finance Corporation; to the Committee on Banking and Currency.

3764. Also, petition of Lt. Laurence S. Ayer Post, No. 794, Veterans of Foreign Wars, of Fitchburg, Mass., protesting against the use of labor-saving devices in the Civil Works Administration work at Fort Devens, Mass.; to the Committee on Labor.

3765. By Mr. RUDD: Petition of the General Ceramics Co., New York City, opposing the passage of the Fletcher-Rayburn stock-exchange control bill; to the Committee on Interstate and Foreign Commerce.

3766. By Mr. SUTPHIN: Assembly Joint Resolution No. 2, State of New Jersey, memorializing the Congress of the United States to protect the people against lynch law and mob violence; to the Committee on the Judiciary.

3767. By Mr. WIGGLESWORTH: Petition of the General Court of Massachusetts, memorializing Congress in favor of direct loans to industry by the Reconstruction Finance Corporation; to the Committee on Banking and Currency.

3768. By the SPEAKER: Petition of the Brown County Farm Bureau board of directors, Mount Sterling, Ill., endorsing Senate bill 3064; to the Committee on Agriculture.

3769. Also, petition of the National Retail Lumber Dealers' Association, of Washington, D.C., presenting a proposal designed to rehabilitate the home-building industry through the aid of Federal financing for a temporary period; to the Committee on Banking and Currency.

3770. Also, petition submitted by Delegate MCCANDLESS, of Hawaii, transmitting a copy of a cable from the Board of Supervisors of the County of Kauai, Territory of Hawaii, protesting against the provisions of the Jones-Costigan sugar bill which are regarded as discriminatory against the Territory of Hawaii; to the Committee on Agriculture.

3771. Also, petition of the Improved Benevolent and Protective Order of Elks of the World, signed by 10,000 colored citizens of the State of Louisiana, endorsing the antilynching bill presented jointly by Senators WAGNER and COSTIGAN and by Representatives FORD and WEST; to the Committee on the Judiciary.

SENATE

WEDNESDAY, APRIL 11, 1934

(Legislative day of Wednesday, Mar. 28, 1934)

The Senate met at 12 o'clock noon, on the expiration of the recess.

ILLINOIS PRIMARY ELECTION

Mr. ROBINSON of Arkansas. Mr. President, I ask that there be inserted in the RECORD a press report having relation to the primary election held in the State of Illinois yesterday.

There being no objection, the item was ordered to be printed in the RECORD, as follows:

NEW DEAL, RAINEY ARE ENDORSED BY SMASHING VOTE IN ILLINOIS

CHICAGO, April 10.—A smashing victory for administration new-deal policies was claimed tonight as returns from the Illinois primary election revealed an unusually large number of Democratic ballots.

Candidates for Democratic nominations appeared on the basis of incomplete returns to have drawn a majority of the total vote for the first time in a primary in more than 50 years in traditionally Republican Illinois.

Late returns indicated a total vote of approximately 1,750,000. The Chicago vote was about 750,000.

Speaker of the House HENRY T. RAINEY, of the Tenth District, who charged that Wall Street had poured money into his district to beat him, apparently had snowed under his opponent for the nomination, James H. Kirby, a farmer and former State legislator.

Michael L. Igoe, Chicago, former minority leader of the House, and Representative MARTIN BRENNAN, Bloomington, both had a 6 to 1 lead over their nearest opponent for the two Democratic nominations for Congressmen at large. Both candidates were

endorsed by the regular party organization. WALTER NESBIT, the other incumbent, was running a poor third. The 16 other Democratic incumbents, however, appeared to have won renomination.

Representative JAMES SIMPSON, Jr., millionaire Winnetka sportsman, was running almost even with Ralph E. Church, of Evanston, for the Republican nomination in the Tenth District. The heavy vote for Church was seen as a Republican endorsement of the Democratic administration. SIMPSON was opposed by Secretary of the Interior Ickes, who charged him with failure to understand the N.R.A.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	Kean	Pope
Ashurst	Cutting	Keyes	Reed
Bailey	Davis	King	Reynolds
Bankhead	Dickinson	La Follette	Robinson, Ark.
Barbour	Dill	Lewis	Robinson, Ind.
Barkley	Duffy	Logan	Russell
Black	Erickson	Lonergan	Schall
Bone	Fess	Long	Sheppard
Borah	Fletcher	McAdoo	Shipstead
Brown	Frazier	McCarran	Smith
Bulkley	George	McGill	Steiwer
Bulow	Gibson	McKellar	Stephens
Byrd	Glass	McNary	Thomas, Okla.
Byrnes	Goldsborough	Murphy	Thomas, Utah
Capper	Gore	Neely	Thompson
Caraway	Harrison	Norbeck	Townsend
Carey	Hastings	Norris	Tydings
Clark	Hatch	Nye	Vandenberg
Connally	Hatfield	O'Mahoney	Van Nuys
Coolidge	Hayden	Overton	Wagner
Copeland	Hebert	Patterson	Walcott
Costigan	Johnson	Pittman	Walsh

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from Florida [Mr. TRAMMELL] and the Senator from Illinois [Mr. DIETERICH] are necessarily detained from the Senate and that the Senator from Montana [Mr. WHEELER] is absent because of a severe cold.

Mr. HEBERT. I desire to announce that my colleague the senior Senator from Rhode Island [Mr. METCALF] and the Senator from Maine [Mr. HALE] are necessarily absent from the Senate.

I also desire to announce that the Senator from Vermont [Mr. AUSTIN] and the Senator from Maine [Mr. WHITE] are detained from the Senate in committee.

Mr. McKELLAR. I wish to announce that my colleague the junior Senator from Tennessee [Mr. BACHMAN] is unavoidably detained. I will ask that this announcement may stand for the day.

The VICE PRESIDENT. Eighty-eight Senators have answered to their names. A quorum is present.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that on the 9th instant the President approved and signed the following acts:

S. 1528. An act to amend section 3702, Revised Statutes;

S. 2308. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Randolph, Mo.;

S. 2592. An act granting the consent of Congress to the State of Minnesota, and Scott County and Carver County, in the State of Minnesota, to construct, maintain, and operate a bridge across the Minnesota River at or near Jordan, Minn.;

S. 2593. An act granting the consent of Congress to the Highway Department of the State of Minnesota to construct, maintain, and operate a free highway bridge across the St. Louis River at or near Cloquet, Minn.;

S. 2594. An act granting the consent of Congress to the Highway Department of the State of Minnesota to construct, maintain, and operate a free highway bridge across the Mississippi River at or near the southerly end of Lake Bemidji, Minn.; and

S. 2953. An act granting the consent of Congress to the Highway Department of the State of Tennessee to construct, maintain, and operate a free highway bridge across the Cumberland River at or near Carthage, Smith County, Tenn.

AMERICAN NATIONAL MARITIME BOARD (S.DOC. NO. 168)

The VICE PRESIDENT laid before the Senate a joint letter from the Secretaries of Commerce and Labor and the Postmaster General, reporting, pursuant to Senate Resolution 122 (agreed to Jan. 10, 1934), in relation to the advisability of initiating an American National Maritime Board, and recommending that the investigation contemplated by the resolution be postponed pending the approval of the general shipping code and a thorough trial of its provisions with regard to labor matters, which, with the accompanying papers, was referred to the Committee on Commerce and ordered to be printed.

PRICE FIXING IN FAIR-COMPETITION CODES

The VICE PRESIDENT laid before the Senate a letter from the Administrator of National Recovery, transmitting, in response to Senate Resolution 157 requesting copies of N.R.A. fair-competition codes dealing with price fixing and of analyses thereof, a list of 32 codes (with a copy of each code) in which some degree of price determination is provided for and stating, "I am unable to furnish industrial, consumers', and labor analyses with respect to these codes, as such analyses are not in existence", which, with the accompanying papers, was referred to the Committee on Finance.

ANALYSES OF IMPORT AND EXPORT TRADE

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the United States Tariff Commission, transmitting, in partial response to Senate Resolution 334 (72d Cong., 2d sess.), analyses of the import and export trade of the United States (by countries), supplementing similar information transmitted to the Senate on March 8, 1934, concerning British India, Japan, and New Zealand; also, transmitting reports of tariff and trade restrictions imposed since January 1, 1922, relative to Canada, Brazil, France, Chile, Colombia, Sweden, Spain, Union of South Africa, Australia, British India, and New Zealand, and stating that additional analyses of trade with other countries and additional lists of tariff and trade restrictions are being prepared and will be sent to the Senate upon completion, which, with the accompanying papers, was referred to the Committee on Finance.

LOANS TO INDUSTRY BY RECONSTRUCTION FINANCE CORPORATION

The VICE PRESIDENT laid before the Senate resolutions adopted by the General Court of Massachusetts, favoring the making of loans by the Reconstruction Finance Corporation directly to industry instead of through the agency of mortgage loan companies, which was referred to the Committee on Banking and Currency.

(See resolutions printed in full when presented by Mr. WALSH on the 10th inst., p. 6290, CONGRESSIONAL RECORD.

CIVIL WORKS RELIEF PROGRAM IN MINNEAPOLIS

Mr. SHIPSTEAD presented resolutions adopted by the City Council of Minneapolis, Minn., which were ordered to lie on the table and to be printed in the RECORD, as follows:

Resolution by Aldermen Pearson, Swanson, Bastis, Bank, and Kauth petitioning the Federal Government to continue the Civil Works Administration program in Minneapolis, and declaring the opposition of the City Council of the City of Minneapolis to the substitution of the Relief Works Administration work program for such Civil Works Administration program, and appointing a committee of the City Council of the City of Minneapolis to present such matters to the Federal Government

Resolved by the City Council of the City of Minneapolis, That, whereas it appears that several thousand workers employed under the Civil Works Administration in the city of Minneapolis are opposed to the discontinuance of such Civil Works Administration program and that the workers are opposed to the substitution of the Relief Works Administration program for such Civil Works Administration program: Now, therefore, be it

Resolved by the City Council of the City of Minneapolis, That it hereby petitions the Federal Government to continue the Civil Works Administration program in the city of Minneapolis, the rate of compensation to be paid the workers to be the regular union scale paid in the city of Minneapolis for such work, the

compensation to be paid in cash, and the workers not to be required to work more than 30 hours each week; and be it further

Resolved, That the City Council of the City of Minneapolis hereby declares its opposition to the Relief Works Administration program as being in effect forced labor, it requiring the recipients of public relief to work out their relief, which is entirely inadequate, and the proposed program allowing 10 percent additional in cash and 15 percent in supplies being entirely insufficient to give the relief workers a fair standard of living. The City Council of the City of Minneapolis desires to vigorously oppose the theory of forced labor; and be it further

Resolved, That Aldermen David Blomberg, president of the City Council of the City of Minneapolis, I. G. Scott, Edwin Hudson, John Swanson, and Charles Rosander be, and they are hereby, appointed a committee to present this resolution to the Federal Government and such departments thereof as may be necessary; and that copies of this resolution be forwarded to the two United States Senators from Minnesota and all of the Members of the House of Representatives from the State of Minnesota.

Passed April 6, 1934.

DAVID BLOMBERG,
President of the Council.

Approved April 8, 1934.

A. G. BAINBRIDGE, *Mayor.*

Attest:

CHAS. C. SWANSON, *City Clerk.*

DR. WILLIAM A. WIRT

Mr. ROBINSON of Indiana presented a resolution adopted by the Kiwanis Club, of Gary, Ind., which was ordered to lie on the table and to be printed in the RECORD, as follows:

Resolution

KIWANIS CLUB, *Gary, Ind.*

Whereas the press of the United States has given wide publicity to certain statements made by Dr. William A. Wirt, superintendent of schools in Gary, regarding trends and changes in our form of government; and

Whereas have had intimate contact with Dr. Wirt throughout the many years of his efficient public service in Gary; and

Whereas his understanding of national problems was demonstrated to us in an address made before our club some 2 years ago, wherein he advocated certain changes in our monetary system, which changes have, since that time, been enacted into national law: Now, therefore, be it

Resolved, That the Kiwanis Club of Gary, Ind., in meeting duly assembled, hereby affirms its confidence in the erudition, integrity, and sincerity of Dr. Wirt; and be it further

Resolved, That this resolution be spread on the records of this club, and that copies be sent to the President of the United States, to our Indiana Senators, to the Representative in Congress from the First Indiana Congressional District, and to Dr. Wirt.

Adopted this 4th day of April 1934.

GLEN REARICK, *President.*
R. G. CLARKE, *Secretary.*

REPORTS OF COMMITTEES

Mr. BULOW, from the Committee on Agriculture and Forestry, to which was referred the bill (S. 250) for the relief of Fred Herrick, reported it without amendment and submitted a report (No. 699) thereon.

Mr. BAILEY, from the Committee on Claims, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

H.R. 1362. An act for the relief of Edna B. Wylie (Rept. No. 700); and

H.R. 2169. An act for the relief of Edward V. Bryant (Rept. No. 701).

Mr. BAILEY also, from the Committee on Claims, to which were referred the following bills, reported them severally with an amendment and submitted reports thereon:

H.R. 1197. An act for the relief of Glenna F. Kelley (Rept. No. 702);

H.R. 1211. An act for the relief of R. Gilbertsen (Rept. No. 703); and

H.R. 1212. An act for the relief of Marie Toenberg (Rept. No. 704).

Mr. BAILEY also, from the Committee on Claims, to which were referred the following bills, reported them each with amendments and submitted reports thereon:

S. 1633. An act for the relief of Emma Fein (Rept. No. 705); and

H.R. 916. An act for the relief of C. A. Dickson (Rept. No. 706).

Mr. STEPHENS, from the Committee on Claims, to which was referred the bill (S. 2046) to provide relief for disbursing officers of the Army in certain cases, reported it with an amendment and submitted a report (No. 707) thereon.

INVESTIGATION OF DISTRIBUTION OF MILK AND DAIRY PRODUCTS

Mr. McGILL, from the Committee on Agriculture and Forestry, to which was referred the resolution (S.Res. 168) creating a special committee to investigate conditions with respect to the sale and distribution of milk and other dairy products in the United States, reported it with amendments and submitted a report (No. 708) thereon, and on motion of Mr. McGILL the resolution was referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

ENROLLED BILL PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on the 10th instant that committee presented to the President of the United States the enrolled bill (S. 2729) to repeal an act of Congress entitled "An act to prohibit the manufacture or sale of alcoholic liquors in the Territory of Alaska, and for other purposes", approved February 14, 1917, and for other purposes.

EXECUTIVE REPORTS OF A COMMITTEE

As in executive session,

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of several postmasters, which were ordered to be placed on the Executive Calendar.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. THOMAS of Utah:

A bill (S. 3340) to repeal certain provisions of the act of March 4, 1915, and the act of March 3, 1933, pertaining to the length of foreign-service tours of duty in the Army, Navy, and Marine Corps; to the Committee on Military Affairs.

By Mr. GIBSON:

A bill (S. 3341) to revive and reenact the act entitled "An act authorizing Jed P. Ladd, his heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across Lake Champlain from East Alburg, Vt., to West Swanton, Vt.", approved March 2, 1929; to the Committee on Commerce.

By Mr. DILL:

A bill (S. 3342) to establish a United States Army air depot at Spokane, Wash.; to the Committee on Military Affairs.

By Mr. BARBOUR:

A bill (S. 3343) for the relief of the city of Perth Amboy, N.J.; to the Committee on Claims.

By Mr. SCHALL:

A bill (S. 3344) for the relief of Pete Jelovac; to the Committee on Claims.

A bill (S. 3345) for the relief of Charles D. Jeronimus; to the Committee on Naval Affairs.

By Mr. COPELAND:

A bill (S. 3346) to amend the naturalization laws with respect to records of registry and residence abroad; to the Committee on Immigration.

By Mr. HATCH:

A bill (S. 3347) authorizing the reimbursement of Edward B. Wheeler and the State Investment Co. for the loss of certain lands in the Mora Grant, N.Mex.; to the Committee on Claims.

By Mr. LA FOLLETTE:

A bill (S. 3348) to provide for additional appropriations for public works, to amend the National Industrial Recovery Act, and for other purposes; to the Committee on Education and Labor.

CHANGE OF REFERENCE

On motion of Mr. LONERGAN, the Committee on Military Affairs was discharged from the further consideration of the bill (S. 2326) for the relief of Patrick Francis Shea, and it was referred to the Committee on Naval Affairs.

INTERNAL-REVENUE TAXATION—AMENDMENT

Mr. HASTINGS submitted an amendment intended to be proposed by him to House bill 7835, the revenue bill, which was ordered to lie on the table and to be printed.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had passed a bill (H.R. 6462) to stop injury to the public grazing lands by preventing overgrazing and soil deterioration, to provide for their orderly use, improvement, and development, to stabilize the livestock industry dependent upon the public range, and for other purposes, in which it requested the concurrence of the Senate.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills and joint resolution, and they were signed by the Vice President:

S. 193. An act to amend section 586c of the act entitled "An act to amend subchapter 1 of chapter 18 of the Code of Laws for the District of Columbia relating to degree-conferring institutions", approved March 2, 1929;

S. 194. An act to change the name of B Street SW., in the District of Columbia;

S. 1820. An act to amend the Code of Law for the District of Columbia;

S. 1983. An act to authorize the revision of the boundaries of the Fremont National Forest in the State of Oregon;

S. 2006. An act for the relief of Della D. Ledendecker;

S. 2057. An act authorizing the sale of certain property no longer required for public purposes in the District of Columbia;

S. 2509. An act to readjust the boundaries of Whitehaven Parkway at Huidekoper Place in the District of Columbia, provide for an exchange of land, and for other purposes;

S. 2545. An act to extend the times for commencing and completing the construction of a bridge across the Columbia River at or near Astoria, Oreg.;

S. 2571. An act authorizing the Secretary of the Interior to arrange with States or Territories for the education, medical attention, relief of distress, and social welfare of Indians, and for other purposes;

S. 2675. An act creating the Cairo Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the Ohio River at or near Cairo, Ill.;

S. 2857. An act to amend an act entitled "An act to incorporate the Mutual Fire Insurance Co. of the District of Columbia", as amended; and

S.J.Res. 15. Joint resolution extending to the whaling and fishing industries certain benefits granted under section 11 of the Merchant Marine Act, 1920, as amended.

HOUSE BILL REFERRED

The bill (H.R. 6462) to stop injury to the public grazing lands by preventing overgrazing and soil deterioration, to provide for their orderly use, improvement, and development, to stabilize the livestock industry dependent upon the public range, and for other purposes, was read twice by its title and referred to the Committee on Public Lands and Surveys.

INTERNAL-REVENUE TAXATION

The Senate resumed the consideration of the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Pennsylvania [Mr. REED].

Mr. REED. Mr. President——

Mr. HARRISON. Mr. President, I thought there was pending the amendment relative to the tax on oils.

The VICE PRESIDENT. No. The pending question is on the amendment of the Senator from Pennsylvania [Mr. REED] offered just before the Senate took a recess last evening, which is to strike out on page 85, line 16, the words:

Despite the provisions of section 117 (a), 100 percent of the gain so recognized shall be taken into account in computing net income.

The Chair understands that is the amendment of the Senator from Pennsylvania.

Mr. HARRISON. Will not the Senator from Pennsylvania withhold that amendment for a while and reoffer it later? The Senator from Michigan [Mr. COUZENS], who is opposed to the amendment, is not now upon the floor, and I do not feel that we ought to take action in his absence, under the circumstances.

Mr. CONNALLY. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. CONNALLY. I thought the understanding yesterday was that we simply deferred the vote on the oil amendment until this morning, and, pending that, we went on with other amendments.

The VICE PRESIDENT. The RECORD does not so show. It shows that the amendment was passed over until today, and, in the meantime, the Senator from Pennsylvania had pending, when the Senate took a recess yesterday afternoon, the amendment which the Chair has just stated.

Mr. NORRIS and Mr. MCNARY addressed the Chair.

The VICE PRESIDENT. Does the Senator from Pennsylvania yield; and if so, to whom?

Mr. REED. I yield to the Senator from Nebraska.

Mr. NORRIS. Mr. President, the Senator from Mississippi very kindly, upon my request yesterday, allowed the oil amendment to go over. I have been in conference with quite a number of farm leaders; I have devoted some time to the preparation of an amendment to the committee amendment, and, when we get to the oil provision—I have no desire to interfere with the Senator from Pennsylvania—I should like to offer the amendment to the amendment and have it then considered. In the meantime, after that was laid aside, the Senator from Pennsylvania offered an amendment which I understand the Chair to state is now pending.

Mr. HARRISON. Mr. President, it was the intention of the chairman of the committee, following the request of the Senator from Nebraska, to lay aside the oil amendment until this morning and to ask that it be taken up this morning, that being one of the most controversial matters in the bill. I hope the Senator from Pennsylvania, who had offered his amendment in the meanwhile, will withhold his amendment for the present and let us dispose of the provision relating to oil. I ask unanimous consent that that may be done.

The VICE PRESIDENT. Is there objection?

Mr. REED. Mr. President, reserving the right to object, I should like to say a word for myself. The amendment which I have submitted could have been disposed of by this time if the Senate had considered it. I am compelled to leave the city tonight to be gone 2 days. While I want in every way to help the Senator from Mississippi, because I sympathize with him in the ordeal which he is undergoing, yet I do want to have an opportunity before I leave the city to have action on this amendment and one other amendment. However, in order to accommodate the Senator from Mississippi and the Senator from Maryland [Mr. TYDINGS], who has to leave the city soon, I now withdraw my amendment.

Mr. HARRISON. I will try to cooperate with the Senator from Pennsylvania.

The VICE PRESIDENT. The question now is on the amendment of the Senator from Mississippi as modified.

Mr. NORRIS. Mr. President, I offer the amendment which I send to the desk. The amendment of the Senator from Mississippi is a substitute for the committee amendment. I take it that an amendment to the committee amendment would take precedence over the substitute because my amendment to the committee amendment seeks to perfect the language of the committee amendment.

The VICE PRESIDENT. The Chair understands, however, that the amendment of the Senator from Mississippi has been perfected and is now ready to be submitted to the Senate.

Mr. HARRISON. Yes.

The VICE PRESIDENT. The Senator from Nebraska offers an amendment to the committee amendment, which will be stated.

Mr. NORRIS. I am offering a perfecting amendment, to perfect the language of the committee amendment, which the Senator from Mississippi seeks to strike out.

The CHIEF CLERK. It is proposed, on page 214, at the end of line 15, to add the following proviso:

Provided, That all taxes collected under this subsection upon the products of the Philippine Islands shall not be covered into the general fund of the Treasury of the United States, but shall be held as a separate fund and paid into the treasury of the Philippine Islands. If the Philippine government by any law provides for any subsidy to be paid to the producers of copra, coconut oil, or allied products, then this proviso shall at once become null and void.

Mr. NORRIS. Mr. President, I take this opportunity to thank the Senator from Mississippi [Mr. HARRISON] for his kindness in agreeing to lay aside the oil amendment until today.

There has been presented by the committee amendment a very serious question in which the farmers of the United States are particularly interested. They are all very much worried about bringing into this country copra and coconut oil, which interferes with the sale of fats and oils of all kinds produced here in America from cattle, hogs, and so forth. A tariff tax is levied upon such products when they come here in the regular way, but the tariff tax does not apply to products from the Philippine Islands, with the result that producers there are able to escape such a tax.

Within the last year or so the administration has started on a farm-relief program. We have limited the production of all, or practically all, farm products. The farmer, concerned with that limitation, finds that fats and oils imported from the Philippine Islands do not have to pay a tax under the tariff law, and therefore, without any tax of any kind levied upon them, come in competition with the fats and oils produced in this country. Of course with reference to oils produced elsewhere and imported into the United States there is a tariff tax.

It seems to me we are confronted with the fact that it is very difficult to do justice both to our wards, the Filipinos, and to the American farmer. When the farmer finds himself thus handicapped, he is justified in the belief that he must have some protection against the importation of coconut oil and copra from the Philippine Islands which, under existing law, can be brought in without the payment of any tariff tax.

As a Senator very eloquently said yesterday, if we have to do an injustice either to the Filipinos or to the American farmer, it would be better to do that injustice to the Filipinos rather than to the American farmer. It seems to me that unless we amend the proposal of the committee, we are confronted with a situation in which we must do an injustice to one or the other. I think I speak the sentiment of the Senate when I say that when we hold the Philippine Islands without their consent under our Government, we have no moral right to levy a tariff tax upon the products of those islands as we do upon the products of foreign countries.

The processing tax which was inserted in the bill by the House provided for a tax of 5 cents a pound upon coconut oil and copra. Its effect, if unmodified, would be the same as though we had levied a tariff tax. The Government would make money out of it because the tax would be paid into the Treasury of the United States.

As one who is in favor of giving independence to the Philippine Islands just as quickly as we possibly can, I voted for every amendment to the Philippine independence bill that had a tendency to bring about that end. Those of us who felt as I did favored those amendments, and then we voted for the bill as it finally became a law.

Mr. President, my amendment in the first place provides that the revenue derived from this tax shall not be covered into the Treasury of the United States but shall be held in a separate fund and paid to the Philippine government. The objection first raised was and is that the Philippine government could still grant a bonus or subsidy in the same amount to the producers of coconut oil and copra in the Philippines, and thus nullify the effect of our tax. In other words, if the Philippine government should do that, our tax would be absolutely of no effect so far as the importation of coconut oil and copra from the Philippines is concerned. It would not help us and it would not help the American farmer. The Philippine producer of the coconut oil and copra would be able, with a bonus of the same amount as the tax, to sell as he did before, and the American farmer would get no benefit from the tax.

To meet that objection, it is provided in my amendment that if the Philippine government at any time shall grant a bonus or subsidy for the production of coconut oil or copra, then the provision will at once become null and void and of no effect, and the producers will stand under the amendment of the committee just as it was reported.

Mr. ROBINSON of Arkansas and Mr. CONNALLY addressed the Chair.

The VICE PRESIDENT. Does the Senator from Nebraska yield; and if so, to whom?

Mr. NORRIS. I yield first to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. Mr. President, I think we all realize the difficulties that are inherent in this subject; but I should like to call the attention of the Senator from Nebraska to the fact that his amendment would not provide any exemption as to coconut oil produced in the Philippine Islands. It would not give any benefit to those producers. The benefits would accrue to the Philippine government.

It is the contention of those who have raised the issue here that, in view of the position the United States occupies with respect to the control of the Philippines, it is unjust to impose a tax on their producers. This would be just as much a tax on the producers as if it were a tariff tax, as I see it; and the provision in the amendment of the Senator from Nebraska which forbids the Philippine government to give the benefit of this tax to the Philippine producers would leave us in the same attitude in which we now find ourselves.

It is true that the tax would inure to the Philippine government under the Senator's amendment, but it would not inure to the benefit of the Philippine trade. It would be just as much a restriction on that trade as if we levied a tariff tax of equal amount.

I merely make that suggestion to the Senator from Nebraska, knowing that he is impressed with the thought, as he stated in the beginning of his remarks, that we ought not, while exercising sovereign power over the Philippines, to impose a duty on their products imported into the United States. It seems to me that in that regard the amendment of the Senator from Nebraska leaves the matter just where we find it.

Mr. NORRIS. Mr. President, I think there is something in what the Senator from Arkansas has said.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. NORRIS. I will ask the Senator to let me first answer the Senator from Arkansas.

In the first place, I doubt whether it is possible to draft an amendment here that will be technically just to everybody. We are now confronted with a situation where, unless we shall do something in regard to copra and coconut oil, we will strike a very hard blow at the American farmer. If we should take this money and put it in our Treasury, I think we would be unjustifiably interfering with the Philippine Islands and the people of the Philippine Islands; but we are turning it back to them. It is true that the amendment stipulates that they shall not provide for a subsidy for the production in the Philippine Islands of coconut oil and copra; but it is likewise true that the government of the Philippine Islands gets the benefit of all the tax, every cent of it. It all goes back to the government of the Philippine Islands, the people of the Philippines.

They ought to realize, it seems to me, if they want to be fair, that we have a problem here at home and that unless we do something of this kind, we are going to bring a great injustice upon the American farmer whom we have now compelled by law to limit his crop production; while confronting him, at the same time we have thus limited him

with absolutely free importations from the Philippine Islands of these fats which are coming into this country in enormous quantities, by the millions of pounds, and the importations are increasing rapidly and will increase more rapidly in the future. So it seems to me that when the Philippine government receives the benefit of all the money that is paid under this tax, the people of the islands ought to be willing to have this done, realizing that the United States Government must protect the farmers of our country, or else it means to a great many of them absolute ruin.

Mr. ROBINSON of Arkansas and Mr. MURPHY addressed the Chair.

The VICE PRESIDENT. Does the Senator from Nebraska yield; and if so, to whom?

Mr. NORRIS. I yield first to the Senator from Arkansas. Then I will yield to the Senator from Iowa.

Mr. ROBINSON of Arkansas. Mr. President, there would seem to be a measure of consistency in the amendment of the Senator from Mississippi [Mr. HARRISON], which in effect proposes to limit, according to what is apparently a fair standard, the importation into the United States of coconut oil from the Philippine Islands. I realize that that would not fully meet the demand that is being made for legislation on the subject, but I have been unable to find any way in which it can be done without doing injustice.

Mr. NORRIS. Mr. President, the amendment of the Senator from Mississippi to the amendment of the committee, in my judgment, leaves us just where we started, because the quota he has fixed in his amendment practically leaves the American farmer facing this coconut-oil importation without any defense whatever, as I see it, for the amount that can come in under the amendment is so large that it would absorb to a great extent the American market, and the limitation would not do anybody any good.

Mr. HARRISON. Mr. President, may I say to the Senator that, while the amendment does exempt from tax 520,000,000 pounds, which is the 5-year average—which, I may say, is opposed by the War Department and by the Filipino government, as I shall show, but it seems to me it is fair—there are some 300,000,000 pounds plus of coconut oil that come in from other parts of the world than the Philippines, and we impose the tax on every other kind of oil that comes in, which, it seems to me, will give a measurable benefit.

Mr. JOHNSON. Mr. President——

Mr. NORRIS. Let me say, as to coconut oil and copra that come in from other countries outside of the Philippine Islands, that the proposal does not affect them at all. They are subject to the tax. They are subject to our tariff laws, as the Philippines will be when they become absolutely independent; and the fact that the Philippines are under our flag is the reason why we are laboring under the great difficulty that now confronts us.

Mr. MURPHY. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield; and if so, to whom?

Mr. NORRIS. I shall have to yield first to the Senator from Texas [Mr. CONNALLY], who sought to interrupt me some time ago.

Mr. CONNALLY. Mr. President, I desire to ask the Senator a question about his amendment. Suppose the Filipino government should say, "We will take this tax, and then we will just pay it back to the producer."

Mr. NORRIS. They cannot do it under the amendment.

Mr. CONNALLY. The Senator's amendment would prohibit that?

Mr. NORRIS. Yes, sir.

Mr. CONNALLY. In other words, they could neither use the tax as a subsidy, nor could they grant an independent subsidy?

Mr. NORRIS. They could not do either one.

Mr. CONNALLY. If that be true, I cannot see why the amendment would not have the effect of aiding the domestic producer, because the tax would be paid, and it is immaterial from his viewpoint what is done with it, whether it is thrown in the sewer or given to the Philippine government.

Mr. NORRIS. The Philippine government will get the money. They can use it in any way they want to use it, except as prohibited by the amendment itself; and that only goes so far as to say that, while they are getting this money, they must not by law provide for giving a subsidy to the production in the Philippine Islands of copra and coconut oil.

Mr. REED. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Pennsylvania?

Mr. NORRIS. Let me yield first to the Senator from Iowa [Mr. MURPHY], who has been trying for some time to get my attention.

Mr. MURPHY. Mr. President, the Senator from Texas [Mr. CONNALLY] has asked the question I had in mind.

Mr. JOHNSON. Mr. President——

Mr. NORRIS. Very well. I yield, then, to the Senator from Pennsylvania.

Mr. REED. Mr. President, has the Senator considered the question whether we have power to levy a tax by a law which on its face states that the revenue is not to be taken for the American Treasury, but for the treasury of an alien government?

Mr. NORRIS. No; in my judgment, we probably could not do that. I have never thought of it before; but, at first blush, I should say that if we gave the tax to an alien government, there would be something in that suggestion. We are not doing that, however. We are giving it to our wards. They are now under our Government, and we are supreme as to them. We can pass any law in that regard that we desire to pass.

Mr. REED. I grant that; but I do not believe that the Federal Government has the constitutional power to levy a tax for the benefit of any other government, whether it is the government of the city of Omaha or the government of the Philippine Islands or a government set up under any other system.

Mr. NORRIS. I do not agree with the Senator. I do not believe that any constitutional provision is involved here by which this tax would be nullified; and we have done the same thing in our tariff laws. We have given back, in some instances, tariffs that have been levied.

Mr. REED. To other governments?

Mr. NORRIS. No; not to other governments.

Mr. REED. Then I have another question to ask the Senator: Why is it any more unfair to the Filipinos to put a processing tax on one of their agricultural products than it is unfair to our own farmers to put a processing tax on their products?

Mr. NORRIS. I do not think it would be any more unfair.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. NORRIS. In just a moment. The Philippine people are not included in the law, however. They are expressly exempted from the law that enables the Secretary of the Treasury to put a processing tax upon the people of the United States.

Mr. REED. I do not agree with the Senator.

Mr. NORRIS. I have the law here.

Mr. REED. The law says that no tariff shall be put on their products, and this is not a tariff. It is a domestic tax, an excise.

Mr. NORRIS. I will say to the Senator from Pennsylvania that I have the law here on my desk.

Mr. FESS. The Agricultural Adjustment Act exempts them.

Mr. BORAH. Mr. President, I found last night that the A.A.A. Act expressly exempts the Philippine Islands.

Mr. NORRIS. Yes; it is done by express statute. I have it here on my desk.

Mr. REED. We could extend the A.A.A. by an amendment to cover the Philippines.

Mr. NORRIS. I think probably we could.

Mr. BORAH. That is really what we are doing in this bill.

Mr. REED. Mr. President, if the Senator will permit one more interruption, I cannot see why we owe any higher de-

gree of fairness to the Filipino than we do to our own citizens.

Mr. NORRIS. That is just what I say. I agree to that.

Mr. REED. While it is true that many of these processing taxes are refunded to the American farmer, it is equally true that many of them are not.

Mr. NORRIS. Yes.

Mr. REED. Take, for example, the tax which has been put on paper napkins and the tax which has been put on jute bags, in order to protect cotton. Those taxes are not refunded to anybody; and why those American citizens should be taxed and be expected not to complain, and then we should be so tender of the Filipino I cannot see.

Mr. TYDINGS. Mr. President, will the Senator from Nebraska yield there?

Mr. NORRIS. I will yield in just a moment.

The law exempts the Philippine Islands. That may have been wrong, but it is now the law. They are expressly exempted in the act that empowers the Secretary of Agriculture to levy a processing tax upon the American farmer.

The Senator says we ought to levy this tax on the Filipino farmer just the same. The Senator may be right, but we have not now the law under which we can do that. We might amend the law and do it. In my judgment, it is simply tantamount to saying, "Your remedy is not right. Let us take another one." I agree that probably a law might be drawn which would meet the proposition in the way the Senator has suggested, but we are not now confronted with that situation.

Mr. TYDINGS. Mr. President, will the Senator yield to me?

Mr. NORRIS. I yield.

Mr. TYDINGS. I wish to point out the distinction between the effect of the law upon the Filipino and upon the American farmer. Before I point that out, I want to say that I recognize that the Senator from Nebraska is trying to be fair with both peoples in the philosophy of his amendment. But may I point out that the processing tax on the American farmer is ostensibly a tax levied for the benefit of the American farmer, while the processing tax levied on the Filipino is a tax, not for the benefit of the Filipino but of the American farmer. If the Filipino were coming in upon the same plane with the American farmer, I would have no protest at all, but as I see it, we are asked to compel him to do something which we do not compel the American farmer to do, while they are all Americans.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER (Mr. O'MAHONEY in the chair). Does the Senator from Nebraska yield to the Senator from Idaho?

Mr. NORRIS. I yield.

Mr. BORAH. May I suggest to the Senator from Maryland that while the processing tax is, as he says, "ostensibly" for the benefit of the American farmer, as a practical fact, it would have exactly the same effect upon the American farmer as upon the Filipino.

Mr. TYDINGS. I think there is much in the Senator's contention, but I simply wanted to point out that the purpose is different.

Mr. NORRIS. I think there is something in the contention, but the suggestion that has come from the Senator from Pennsylvania is simply to this effect, as I see it: "I am opposed to your remedy, I am opposed to doing it that way; I want to do it some other way." He may be right about that; there may be a better way, but faced as we are with the pending bill, it would be folly to stop its consideration long enough to frame a statute that would carry it out in the other way. There would be great difficulty. At the time we framed the statute we expressly exempted the Philippine Islands and had in mind as one of the things, the suggestion that has so well been made by the Senator from Maryland.

Mr. REED. Mr. President, will the Senator yield to me?

Mr. NORRIS. I yield.

Mr. REED. The amendment as reported by the Committee on Finance expresses exactly, to my mind, the fair way of accomplishing the desired result. It imposes a processing tax of 3 cents a pound directly on the competing oils.

Mr. NORRIS. The Senator's contention, as I see it, is just the same as though we levied a tax on the products of the Philippine Islands. Technically we could do that; legally we could enact that kind of law and enforce it. Morally, it would be wrong. I myself have always opposed the levying of tariffs upon the products of the Philippine Islands, particularly when we take into consideration the fact that we are holding them under our government without their consent. It is so abhorrent to think that under those conditions we should levy a tariff tax that I should like to find some way to help the American farmer without resorting to that kind of a remedy.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. BORAH. I know what the Senator has in mind, and I am in entire sympathy with it; but the trouble is that we are asked to hand back to the Government that which we are to take away from the citizen. It does not seem to me that that meets the proposition of dealing fairly with the people.

Mr. ROBINSON of Arkansas. Mr. President, to give the subsidy to the Philippine government does not help their trade; it does not help their production, and it does not help the people directly.

Mr. NORRIS. Mr. President, the suggestion made by the Senator from Idaho [Mr. BORAH] is correct. What is the object of all this legislation? What is the object of all our farm legislation? It is to increase the prices of the products of the farmer. This amendment would have that effect, I admit. It would raise the price to the consumer of these oils. There is no doubt about that. That is the object we have in view. If the Senator's suggestion is correct, then we must let our farmers suffer under this unjust situation, because we cannot meet it without increasing the price to somebody else.

Mr. TYDINGS. Mr. President, will the Senator yield further to me?

Mr. NORRIS. I yield.

Mr. TYDINGS. May I point out to the Senator, without discounting the splendid object he has in mind, with which I am very much in accord, that the net effect of this amendment would be to compel the Filipino Legislature, in effect, to levy a tax of 3 cents a pound on coconut oil and copra, whether they wanted to levy it or not, and to use the proceeds in any way they desired?

Mr. NORRIS. Oh, no.

Mr. TYDINGS. I do not mean that that is the actual way in which it would be carried out, but it would be the same as if we passed a tariff act levying a tax of 3 cents on those commodities.

Mr. NORRIS. I do not see it in that way. We would prohibit them from giving a bonus upon the production of coconut oil and copra.

Mr. TYDINGS. What I meant to say was that we would put a tax on their products coming into this country, then we would give them back the tax.

Mr. NORRIS. Yes.

Mr. TYDINGS. So that in effect, I do not mean actually, but in effect, it would be the same as if we compelled the Philippine Legislature to pass a law levying a tax of 3 cents a pound on copra and coconut oil, to use in any way they wanted, except that they could not use it for the benefit of the coconut grower.

Mr. NORRIS. Under this amendment, if it becomes a law, they can levy a tax if they want to in addition to this; but the levying of the tax is just the opposite of what this proviso prohibits. This proviso says they shall not pay a bonus. If they want to levy a tax and make their producers pay it, that would not be in conflict with this amendment at all.

But the American farmer is faced with the fact that copra and coconut oil from abroad take the place of the fats he produces at such a price that it is conceded he cannot compete with them. If we by law raise the price of the Philip-

pine product and give the money back to the Philippine government, I do not see where they have much reason to find fault with the legislation.

Mr. President, the American farmers are worked up about this proposition. They are taking it in dead earnest, because they realize what effect it would have. I could stand on this floor for hours and tell of the enormous amount of American-produced fats which has been forced out of the market because of the importation of these particular oils. We have recognized that fact by imposing a tariff upon the same kind of production which comes from every foreign country on earth in order to protect the American farmer and protect him from competition that is absolutely ruinous. So the American farmer is worked up about it.

I want to call the attention of the Senate to an organization, composed of the National Grange, the American Farm Bureau, the National Council of Cooperative Associations, the Farmers' National Grain Corporation, and the Agricultural Editors' Association, in session right at this moment. They have been in session for some time, at least, before today. They are worked up about this oil matter which is pending now before the Senate.

This morning the legislative agent of the National Grange, reading the RECORD, and noticing what had been done when this matter was passed over, came to my office, bringing with him the master of the Grange of the State of New Jersey. I had then prepared my amendment in part. He told me of this meeting. After he looked the amendment over, he said he thought it was proper, that he could not see anything wrong about it, that he thought it would meet the situation. However, he said, "I have no authority to approve it unless it is acted on at the meeting now in session, and I want to take a copy of the amendment and go down this morning and present it." He did that; and he came back to me just a few minutes before we convened today, giving me the list I have already read of the organizations participating in the meeting, and said that they had unanimously approved the amendment. They adopted the following resolution:

> At a meeting of the delegates of the National Agricultural Conference in Washington today the following amendment to paragraph (a) of section 602 of the revenue bill, proposed by Senator NORRIS, was unanimously endorsed.

Then follows a correct copy of the amendment which the clerk has read at the desk.

Incidentally I asked the representative of the National Grange, when he brought this to me, whether the Farmers' Union was represented in the meeting, and he said the National Farmers Union was not represented officially; but he gave me the names of the heads of the Farmers Union in some States and said they were there unofficially. We all know that the president of the Farmers Union was suddenly taken away by the hand of death. That organization made no suggestion in the preparation of the amendment, but the fact that, after it was prepared and submitted to them, it met with their entire approval, I think, ought to have great weight with the Members of the Senate in passing on the pending amendment.

The amendment is offered to the committee amendment to the bill. It has nothing to do with some other things, such as, for instance, the amount of the tax. It has nothing to do with the amount that might be provided by another amendment, if the Senator from Mississippi should desire to insert a provision limiting the amount that could come in, or anything of that kind. My amendment is limited to and only has to do with what is contained within its four corners.

Mr. President, I do not believe there is any injustice contained in my amendment. When we shall give the money collected on Philippine products back to the Philippine government, it seems to me we will have compensated them for any wrong that might otherwise have been inflicted. We shall have not taken a penny of the money ourselves, and we shall have protected the American farmer in the only place where, under the law, there is a loophole. The American farmer cannot get protection unless we do something of this kind.

Mr. HARRISON. Mr. President, Senators will realize that this is one of the knottiest problems that has confronted the Senate for a long time. The House provided a tax of 5 cents a pound on these oils and made no exemption with respect to importations from the Philippines, and, therefore, should the amendment which is offered by the Senator from Nebraska be accepted, and no exemption be made, but the production in the Philippines, as well as the production here, be treated alike, with the exception that the amount collected upon the Philippine products should go back to the Philippine government, there will be nothing in conference as to the question of any exemption to the Philippine Islands.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. NORRIS. Let me call the attention of the Senator to the fact that the amendment says nothing about exemption. The amendment would still be open to amendment if the Senator should desire to provide for an exemption.

Mr. HARRISON. I appreciate that the Senator's amendment does not make any exemption, and that is one of the troubles about the Senate committee recommendation. It provided no exemption.

I can appreciate that farm groups are very strongly in favor of something being done, and they would prefer the amendment of the Senator from Nebraska over the amendment which is offered by me. The same groups favored the House amendment which sought to apply the tax without any exception whatever with respect to the Philippines.

But we must look beyond that, and farther than that. I am just as much interested in the farmer as is any other Senator. There is as much cottonseed oil produced in my State as in any other State in the South, with the possible exception of the State of Texas.

We passed the independence act, and in that act we provided in section 6:

> After the date of the inauguration of the government of the Commonwealth of the Philippine Islands trade relations between the United States and the Philippine Islands shall be as now provided by law, subject to the following exceptions.

And it states the exceptions, and in those exceptions were 200,000 long tons of coconut oil annually; and I have added to those 200,000 long tons the 5-year average of copra and coconut oil, which have come in from the Philippine Islands.

The President, in his message to the Congress during the present session, in one paragraph stated:

> May I emphasize that while we desire to grant complete independence at the earliest proper moment, to effect this result without allowing sufficient time for necessary political and economic adjustments would be a definite injustice to the people of the Philippine Islands themselves, little short of a denial of independence itself. To change at this time the economic provisions of the previous law would reflect discredit on ourselves.

Senators, are we going to send to conference and deal with a subject so delicate in character that it might cause the veto of a great revenue bill? With respect to the amendment I offer, while it is opposed by the War Department because it wants no limitations upon the Philippines, and while it is also opposed by other departments and opposed by the Governor General of the Philippine Islands in a cablegram that has just been received by the War Department, which cablegram I shall ask to have read at the desk in a moment, it seems to me the Philippine people have no cause to complain if we make the exemption therein provided and leave the status quo as to the 5-year average of coconut oil and copra coming from the Philippines.

Mr. President, I am going to leave this question entirely to the Senate. I know there is no Senator here who wants to violate what has been agreed to in the Independence Act. I know the Senator from Nebraska does not want to do that.

The Senator from Nebraska has suggested in his remarks that he does not believe that the amendment he offers violates that agreement. I do not know. I am fearful of it, however. If his amendment is adopted by the Senate and

goes to conference, then what remains for us to do if the President of the United States and all the agencies of the Government, as well as the Philippine people, object to it and say that it affects the present economic standing of the Philippine people? In other words, we will then be laying a tax on something on which we said in the Independence Act we would not lay a tax.

Mr. NORRIS. Mr. President, will the Senator further yield?

Mr. HARRISON. I yield.

Mr. NORRIS. I should like to call to the attention of the Senator from Mississippi that this amendment does not in any way interfere with the Senate's voting for the amendment of the Senator from Mississippi, when my amendment is added to his. All my amendment does is to add a proviso to the committee amendment. After that is done, if it is done, we still will have to vote as between the committee amendment as amended, and the amendment of the Senator from Mississippi.

Mr. HARRISON. Yes. May I say that I think the amendment of the Senator from Nebraska would greatly improve the Senate committee amendment.

Mr. NORRIS. Then let me ask the Senator: Would he not rather have the committee amendment with my amendment added than without it?

Mr. HARRISON. Yes; I just stated I would rather have the amendment of the Senator from Nebraska tacked onto the Senate committee amendment, but I hope after that shall have been done the substitute I shall offer will be adopted, although I am practical enough to realize that when that is done it will probably decrease the number of votes that the substitute might otherwise obtain.

Mr. NORRIS. Mr. President, the Senator still has control of his amendment. I certainly would not object if he offered this same proviso to his own amendment.

Mr. HARRISON. Will the Senator agree to this: Can we not fix it in the alternative in an amendment tacked onto my amendment, and leave it in some way in the discretion of the President to apply either alternative?

Mr. NORRIS. I do not quite understand the Senator's proposal.

Mr. HARRISON. The Senator suggested that his amendment might be added onto my amendment.

Mr. NORRIS. Yes.

Mr. HARRISON. My amendment exempts 520,000,000 pounds per year from taxation. My amendment and the amendment of the Senator from Nebraska are antagonistic to each other. To say in one instance that the tax shall be collected, employed, and returned to the Philippine government, and at the same time to say that the average for 5 years shall be exempted, and to make the two statements in the law will make the provisions antagonistic to each other. What I meant to convey to the Senator was, Could we not put it in the alternative, and give the power to the President to apply either the provisions of the amendment of the Senator from Nebraska or to apply the provisions of the amendment that I have offered here?

Mr. NORRIS. I would not want to agree to that, Mr. President.

Mr. HARRISON. Do I make myself plain?

Mr. NORRIS. I think the Senator has made himself clear. But if he likes my amendment, and he says that it improves the committee amendment, I think he ought to vote for it. After that we will come to the Senator's amendment, and the argument he is making now may well apply then. It may be that the Senate will vote to agree to the Senator's amendment. I do not believe it will.

Mr. HARRISON. I will state to the Senator that I think his amendment would strengthen the committee amendment, although I could not vote for the amendment even though it contained the amendment of the Senator from Nebraska; and if the Senate should adopt the amendment of the Senator from Nebraska, I shall then offer the substitute.

I desire to have read, Mr. President, at this time, a letter that has just come to me from the Secretary of War enclosing a radiogram he has just received from the Governor General of the Philippine Islands, Mr. Murphy.

The PRESIDING OFFICER. Without objection, the clerk will read, as requested.

The legislative clerk read as follows:

RADIOGRAM RECEIVED APRIL 10, 1934, VIA MANILA

SECRETARY OF WAR,
Washington, D.C.

COX, April 10. No. 152.

Reference your 161. Press dispatches indicate serious attention being given to an amendment exempting from the proposed excise tax 520,000,000 pounds or 232,100 long tons of Philippine coconut oil and/or equivalent Philippine copra. This low exemption would create a distinctly difficult situation in the Philippines due to the fact that we exported to the United States in 1933, 155,019 long tons of oil and 204,713 long tons of copra, which, at the accepted rate of extraction of 65 percent, is equivalent to 133,063 long tons of oil, giving a total in terms of oil of 288,082 long tons. From the foregoing it will be seen that there will be a forced reduction of about 20 percent. I suggest the following be considered by the Secretary of War and by others to whom he wishes to refer the matter: The Philippine government's position is taken in consonance with the Tydings-McDuffie Act, which the Philippine government interprets as containing an implied guaranty that the Philippines will not suffer for the period of the act any greater economic restriction than those therein imposed. In respect to the coconut industry, the Tydings-McDuffie Act is interpreted as guaranteeing the duty-free admission into the United States of 200,000 long tons of Philippine coconut oil and no limitation whatsoever on Philippine copra. The modification of the economic terms of this act by means of excise or other taxes, either directly or indirectly, will be interpreted as an infringement of the implied guaranties and will cause a concussion of economic and political motives which is highly undesirable. I believe that this viewpoint of the situation cannot be too strongly emphasized.

MURPHY.

Mr. HARRISON. Mr. President, I ask unanimous consent to have inserted in the RECORD in this connection a letter which has been transmitted to me this morning by the Secretary of War, from Manuel L. Quezon, commissioner for the Philippines, in opposition to the proposal. I shall not have it read.

The PRESIDING OFFICER. Without objection, the letter will be printed in the RECORD.

The letter referred to is as follows:

WASHINGTON, D.C., *April 3, 1934.*

HON. GEORGE H. DERN,
Secretary of War, Washington, D.C.

MY DEAR MR. SECRETARY: It has come to my attention that there is talk of a compromise whereby the excise taxes in section 602 of the 1934 revenue bill would be placed in line, according to the proponents of the idea, with the Tydings-McDuffie bill by allowing the importation into the United States, excise tax free, of 200,000 long tons of coconut oil from the Philippines, 100,000 of which will enter in the form of copra and the other 100,000 tons in the form of oil.

Let me point out that this would be a most serious violation of the terms of the Tydings-McDuffie bill. The Tydings-McDuffie bill provides for the duty-free entry into the United States of 200,000 long tons of coconut oil in the form of oil, and there is no question of a limitation on the amount of copra which can be shipped from the Philippines to the United States. I desire, first, to point out that if there is any such compromise made, the Filipino should be allowed to ship in such oil as he supplies the United States with in the form of coconut oil. In other words, the Philippine mills must be allowed to produce this oil, thereby providing employment for Philippine labor and giving the Filipino the profit and the Philippine government the revenue from taxation, which will accrue from crushing the oil in the islands.

If the bill is so altered that we must ship both copra and oil into the United States, then the amount of business which can be done by our oil mills in the Philippines will be so small that they will not be able to carry on. The total amount of oil which we could ship to the United States under the Tydings-McDuffie bill would be 448,000,000 pounds. If this be cut in half, we could then ship only 224,000,000 pounds of oil, whereas our Philippine mills actually shipped to the United States last year in the form of oil 316,000,000 pounds.

We cannot agree to any limitation of the amount of copra which we can ship from the Philippines. The bill provides no such limitation and it would be suicide for the Philippine copra producers if the amount which they could ship were limited to a quantity necessary to supply 100,000 long tons of oil to the United States in the form of copra.

I cannot too strongly impress upon you that so long as the Filipino is producing more than 200,000 long tons of coconut oil per annum, or more than enough copra to supply this amount of oil, there is no means whereby the price of coconut oil to the Filipino

can be increased to the point whereby he can collect any increase in price of Philippine coconut oil, even if 200,000 tons of Philippine coconut oil were exempted from the excise tax. This would be because the Filipino would be in no position to exact a higher price for his oil from the American buyer than he would from the buyer in other international markets. Before he would be in a position to exact this higher price he would have to cut down sufficient of his trees so that he would be producing only 200,000 long tons of coconut oil per annum, and we cannot do this as the farmers in our copra-producing Provinces have no other means of earning their livelihood.

Last year the Philippines shipped to the United States alone, in the form of coconut oil and oil in the form of copra, 600,000,000 pounds of oil. In addition to this we sold 30 percent of our copra in international markets. It is our surplus above the 200,000 long tons which would set the price of our oil, and on the basis of United States importations alone you can see that for 1933 we had a surplus of 112,000,000 pounds of oil, and to this we would be obliged to add the oil in the copra exported to Europe and other copra-crushing regions.

Very respectfully,

MANUEL L. QUEZON.

Mr. HARRISON. Mr. President, may I ask the Senator from Nebraska, as we are all trying to drive at the same end, and we all agree that this is a difficult question, will he not let his amendment be inserted in paragraph (g) and then allow a vote to be taken on my amendment, and let both proposals go to conference? There will then be that much in conference; it is a very large bill, and some time will be taken to compose the differences.

Mr. BORAH. Mr. President, there are some decided views held by Senators which will prevent an agreement of that kind.

Mr. NORRIS. I will say to the Senator from Idaho that I cannot accept the suggestion, because I am of the opinion—I may be wrong about it—that if the amendment of the Senator from Mississippi shall be offered as a substitute it will be voted down by the Senate. I do not think that even the amendment I have offered would save it.

Mr. BORAH. I think it will be voted down, and I hope so, because it occurs to me that the Senator's amendment is no protection to the American farmer at all. Under it there will be permitted to come into this country the average amount of oil which has come in during the last 5 years, and that is precisely what the farmers are complaining of. If we are not going to remedy that situation, there is no use to try to deceive ourselves or to deceive them.

Mr. HARRISON. Mr. President, if the Senator will permit me, it is quite true that it does permit the average importations for the last 5 years to come in, and, as I have stated, that is because of the agreement we embodied in the independence act; but may I call to the Senator's attention the fact that annually there come coconut oil and copra into the United States in the amount of more than 300,000,000 pounds in excess of the 520,000,000 pounds suggested by the amendment, and that the amendment not only includes that character of oil but includes also other kinds of oil, such as—

Sesame oil, palm oil, palm-kernel oil, perilla oil, sunflower oil, whale oil, fish oil (except cod-liver oil), marine-animal oil, or any combination or mixture containing any such oil.

So, really much benefit will come, even though we make the exception and carry out the spirit of the understanding and we are really not just doing nothing when we adopt the amendment; we are, at least, taxing more than 300,000,000 pounds of coconut oil and copra every year as well as taxing all the other oils mentioned.

Mr. BORAH. Mr. President, I should like to have an opportunity to vote squarely upon the question of whether we are going to comply or not comply with the independence act which we passed a few weeks ago. I think the amendment of the Senator from Mississippi does not permit us to do that, and, therefore, I shall vote against it, with the hope of an opportunity of voting directly upon the question.

Mr. HARRISON. Mr. President, I have said all that I desire to say. I am going to raise no objection to the amendment offered by the Senator from Nebraska to the Senate Committee amendment, because, if adopted, I think it really would strengthen it, but I shall not vote for it finally, as I shall then offer a substitute for the whole provision.

Mr. OVERTON. Mr. President——

The PRESIDING OFFICER (Mr. THOMAS of Utah in the chair). Does the Senator from Mississippi yield to the Senator from Louisiana?

Mr. HARRISON. I yield.

Mr. OVERTON. If this amendment shall be adopted, as suggested by the Senator from Mississippi, the result will be that we will be levying a processing tax on coconut oil except the five-hundred-and-some-odd-million pounds which come from the Philippines?

Mr. HARRISON. That is correct.

Mr. OVERTON. And if the result of levying the processing tax should be to increase the price of oil, then we would be conferring a special and peculiar benefit upon the Philippine Islands, would we not?

Mr. HARRISON. They are now exporting to this country 520,000,000 pounds, as I have heretofore stated. We accepted the independence act, and said we would not affect that shipment into this country.

Mr. OVERTON. But assuming, for the purpose of illustration, that if, as the result of such an amendment as is proposed, the price of coconut oil will be increased by the amount of the tax, 3 cents, then on the five-hundred-and-some-odd-million pounds that are imported from the Philippine Islands into the United States the Philippine producers will get 3 cents additional in price for their product.

Mr. HARRISON. I do not know what price they will obtain on their exports to the amount of 520,000,000 pounds, but if the importations exceed that quantity, of course the tax will be imposed.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Nebraska to the amendment reported by the committee.

Mr. TYDINGS. Mr. President, I should like to make only a brief statement, as I do not care to prolong the debate. The Senator will recall that a Philippine independence act was once rejected by the Filipino legislature. I take it for granted that every Senator in this body would like to give the Filipinos independence tomorrow morning, if that were the best way to sever their relations with the United States. After the rejection of the first independence act it was very difficult to get the divergent factions in the Philippine Islands to agree to the bill which Congress finally passed. I do not mean to say that if we shall adopt this amendment the Filipinos will again reject the independence act, but I say it is a possibility, they having already rejected an independence act on one occasion.

If we can get independence for the Philippine Islands insofar as their trade relationships are concerned, they will be completely severed, and the American market for sugar and for other commodities will not be shared by the Filipino people. I believe, therefore, if we were to approach this question purely from the standpoint of selfishness, and for no other reason, that it would be better not to jeopardize the acceptance of the independence act but to hasten independence at the earliest possible date.

It is no secret to say that plans are now being formulated, which I believe will meet with the approval of the President, of the Congress, and of the Filipinos themselves, which will permit complete, absolute, and unconditional independence for the Philippine Islands before the end of the present administration. It is because of that objective, which I know the Congress wants to reach over and above every other one, that I plead with the Senate, as the President has pleaded with the Senate, as the Governor General of the Philippines has pleaded with the Senate, that we shall not take any course now which may jeopardize the accomplishment of the complete independence for the Filipinos at the earliest possible date.

To proceed for just a moment on the merits of the amendment of the Senator from Nebraska, let me say, as I have previously stated, that it is equivalent to the passage by Congress of an act to be incorporated in the organic law of the Philippine government compelling them to levy a tax of 3 cents a pound on coconut oil, not for the benefit of the coco-

nut producers but for the benefit of the Filipino treasury. It seems to me that, in essence, we are in the exact position in which England was when we were Thirteen Colonies before the Revolutionary War. We are imposing unjust taxation against the will of the Filipino people when they are a part of the country under our common flag.

Mr. OVERTON. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Louisiana?

Mr. TYDINGS. In just a moment I will be glad to yield to the Senator. I know the farmers of the country are a unit for this proposed legislation. No one likes to take the unpopular side of it. It falls to my lot, as Chairman of the Committee on Territories and Insular Affairs, to take the unpopular side; but I say in taking that side that I believe it to be the right side. I do not believe, no matter how much our farmers may be oppressed, that we are justified in committing an act which is not fair to the people who share the common flag which floats over the continental United States. We are simply taxing the coconut growers in the Philippine Islands to help the farmers in our own country. That is what the amendment amounts to. We are putting a tax upon the coconut grower in the Philippines to benefit the farmer in the United States. I cannot believe that is fair. I think the amendment of the Senator from Mississippi, if it could be accepted, would be basically fair. However, as we have debated this question for 2 days, I do not wish to take further time of the Senate, except to say that I hope we will do nothing to jeopardize our agreement with the Filipino people upon which their independence has been predicated.

Mr. OVERTON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Louisiana?

Mr. TYDINGS. I yield.

Mr. OVERTON. Before I ask the Senator the question which I have in mind it will be necessary for me to explain briefly.

Mr. TYDINGS. Very well.

Mr. OVERTON. As I understand the contention made by the Senator from Maryland, it is that by legislative enactment we have offered independence to the Philippine Islands. We know that proposal has not as yet been accepted, but it is an outstanding offer. Whenever it is accepted, then it becomes, as it were, a contract between the United States Government and the Philippine Islands. If it shall be rejected, then it will never go into effect.

Mr. TYDINGS. That is true.

Mr. OVERTON. Of course we would have the legal right, and I assume we would have the moral right, to amend that offer before it is accepted, but that is not the matter about which I am going to ask the Senator from Maryland. The offer that we make provides in section 6 that after the date—not now, but after the date of the inauguration of the commonwealth of the Philippine Islands, trade relations between the United States and the Philippine Islands shall be as now provided by law.

Would it be agreeable to the Senator from Maryland to accept an amendment that would impose a processing tax as suggested by the committee amendment, and then provide that there should be an exemption in the case of the Philippine Islands whenever the Philippine Islands should inaugurate the government suggested in the Philippine Independence Act? In other words, we will have a hiatus. It may be the proposal will never be accepted by the Philippine Islands. Some time is going to elapse before it is accepted or rejected. We could enact such a provision without being in bad faith so far as the Philippine Independence Act is concerned, and let the processing tax apply to the Philippine Islands only until the date of the inauguration of their new government.

Mr. TYDINGS. Insofar as that would contravene the provisions of the Philippine Independence Act, the proposal promulgated by the Senator from Louisiana is a fair one and would in no sense violate the independence act itself. Therefore, if we were to limit the tax until such time as the commonwealth government was established in accordance with the language of the independence act, in my judgment we would not contravene the provisions of the independence act.

But I may say to the Senator from Louisiana, great as that concession would be, I still think it would be wrong, for the benefit of the American farmers who are raising cattle to tax the Filipino farmers who are growing coconuts. I think it would be equally unfair, for the benefit of the Filipino coconut growers, to tax the American farmers who are raising cattle. We are all together under the American flag and if it is wrong on the one hand, the opposite condition is equally fallacious.

Mr. OVERTON. Mr. President, I think the question presented to the Senate goes further than suggested by the Senator from Maryland [Mr. TYDINGS]. It is a question of maintaining living standards on the part of the American farmer and the American laborer as against the living standards which are maintained in the Philippine Islands and in other oriental possessions and territories and in other oriental countries.

We have been hearing a great deal at this session of the Senate with reference to maintaining certain standards for the American farmer and for the American laborer. Let us take the subject now under consideration by the Senate as an illustration of the point I am undertaking to make. Sometime ago we were receiving good prices for oil products. I understand, though I may be wrong, that oil products were commanding a price of 12 cents a pound f.o.b. shipping point. Certain capitalists who were engaged in the manufacture of soap, oleomargarine, and lard substitutes, looked over the Philippine Islands and discovered that there were not only climatic advantages for the production of oil but that there was an advantage resulting from the fact that the coconut tree simply grows and grows without any particular effort on the part of man; that those trees become productive in a period of about 5 years after being planted, and reach their maximum production in about 10 years, and have a life of from 50 or 60 or even 100 years.

Then they saw they could utilize labor in the Philippine Islands at prices greatly below those which the farm laborer receives in the United States. They found that so far as human labor and human effort are concerned production would be much cheaper in the Philippine Islands than production of oil, both animal and vegetable, in continental United States. Therefore they proceeded to exploit in the Philippine Islands this cheap labor, this underpaid, underfed, and improperly clad laborer, who can go to work with a loin cloth about him and can live with apparent satisfaction to himself in grass huts.

Instead of undertaking to benefit the Philippine laborer, instead of the Filipinos undertaking to benefit themselves by raising their standards of living, instead of capital, which was exploiting the Philippine territory, increasing the wages paid to the Philippine laborers, they have kept their compensation down and down and down while they were increasing production from the Philippine Islands and dumping that tremendous increase into the continental United States to come in competition with the products of the American farmer and the American farm laborer.

Therefore it seems to me that in the last analysis we are confronted with this situation. Are we going to abandon the continental farmer and the continental farm laborer and sacrifice him for the benefit of the Philippine laborer and the Philippine producer, who apparently has made no effort to raise himself to the standards of living that we want everybody under the American flag to enjoy? Are we going to sacrifice the American farmer, or are we going to undertake to maintain those standards of living about which we have been talking so much?

I think that is the fundamental question. It goes beyond any technical objection that may be raised as to the proposal of independence we have made to the Philippine Islands. In order to overcome that objection I suggested to the Senator from Maryland that an amendment be proposed which would make the tax operative until the government in the Philippine Islands had been inaugurated. It appears

that the suggestion is not acceptable to the Senator from Maryland. We therefore have reached the parting of the ways in a conflict between the American farmer and the American laborer and American standards of living, on the one hand, and oriental production and oriental labor and oriental standards of living, on the other hand.

I have due sympathy for the Filipinos. I should like to see them maintain and enjoy the standards of living which we wish the American farmer and the American laborer to enjoy. But those who are today fighting the imposition of this tax are the ones who have not been fair to oriental labor. It is they who have not undertaken to benefit and improve their conditions and raise their standard of living and compensation. When they ask us to continue that situation to the detriment of the American farmer, so far as I am concerned, I am going to cast my vote on the side of the American farmer.

Mr. THOMPSON. Mr. President, I suppose this is one of the most important questions that we have had before us as affecting the majority of the people of the United States, either directly or indirectly. It is the only opportunity we have had to agree upon a policy that would meet the requirements and requests of all the farmers of the United States.

Personally I believe that the bill as it came from the House is the best measure that has been proposed, and that it is stronger and better for all concerned than any amendment that has been offered.

Just what is the condition of the Philippine Islands today? Are they in any different condition now than they were before we ever submitted to them any proposition for their independence? That proposition is neither binding upon us nor binding upon the Philippines until the entire program that we have mapped out for them and for this Nation has been completed. As a matter of law, the Philippine Islands stand now just where they stood before the proposition of independence was offered to them, to this extent: We have provided that they shall assemble in delegate form and adopt a constitution. We have provided that thereafter they shall call an election, and that the constitution they adopt shall be presented to the President of the United States, without any limit as to the time in which it shall be returned to the Philippine government for its acceptance or approval after it has called a meeting of the legislative body to act upon the constitution. Then, after the legislative body has acted, the constitution is to be returned to the President again for his approval.

As I view the situation of the Philippine Islands, nothing will have been finally determined until the entire agreement shall have been accepted and approved.

If the Philippine Islands should adopt a constitution which the President should approve, and then turn it back to the Philippine Islands, and then, if the Philippine Islands should call what we would term a "constitutional convention" and adopt the constitution in the language in which it has been presented to the President, that might possibly create a different status as between the two governments. As I understand the law of contracts, if I should propose such to my friend the Senator from Illinois [Mr. LEWIS], the contract would not be binding on anybody until he accepted its provisions; and I think the same principle applies to a contract of this kind.

In the next place, so far as I was individually concerned, I was opposed to the adoption of the Platt amendment to the Cuban treaty. I was opposed to this Government attempting to control a foreign government. We all know the difficulties that have arisen by reason of the Platt amendment. Cuba has been exploited by our own capital; then our Government has been called into operation, at great expense to protect that capital.

So far as the two candidates for President in the last campaign are concerned, each expressed himself as being emphatically in favor of such a provision as is contained in the bill as it came from the House with regard to the question before us.

I read from the CONGRESSIONAL RECORD an extract from a speech delivered by Mr. SHALLENBERGER on February 14, 1934. He quotes what our candidate for the Presidency said during the last campaign in answer to the farmers' questions, as follows:

> Let me make it clear that I have consistently stood for a policy of tariff protection that will insure the domestic market for our American farmer.

That covered every proposition in which the farmer was interested, insofar as his production was concerned.

The opposing candidate, Mr. Hoover, said:

> Your oils and fats are suffering entirely unnecessarily from foreign imports of these commodities. The American market should be and must be reserved for the American farmer at all times, whether in emergency or normal times.

That is the position taken and the promise held out to the farmers of this country by the candidates of both parties during the last campaign.

There seems to be a question of delicacy as to deciding as between the rights of the American farmer and our duty to the Philippines. There seems to be a doubt as to just what we should do. In that case, where I had a doubt, I certainly should resolve it in favor of my own country.

We have been generous to the Filipinos. I do not suppose that any government situated as we are has ever been more generous.

It has been remarked here in the course of the argument, to show how they have interpreted our generosity, that in July 1933, 80 percent of all imports into the Philippines were purchased from the United States and 10 percent of all their imports were purchased from Japan. That was the status of the buying and selling in the Philippines at that time.

After the National Recovery Act went into effect in the United States, an increase of all prices of American goods resulted. Therefore in November 1933 the Filipinos purchased only 32 percent of their imports from the United States and increased their purchases from Japan to 56 percent of their total imports.

In January 1933 the Philippines purchased 7,029 pieces of manufactured goods from the United States. In the same month they purchased 1,930 pieces from Japan. In December 1933 after the increases in prices in America because of the N.R.A., the Philippines purchased only about 1,900 pieces from the United States, and purchased 6,250 pieces from Japan, notwithstanding the generosity of this Government extended to them at all times, in which generosity we all agreed, and of which we all approved.

This statement of the trade between the Philippine Islands, the United States, and Japan shows plainly that when it was advantageous for the Philippine people to change their commerce from the United States to the Empire of Japan, they did not hesitate to take advantage of the favorable prices in Japan. In other words, we have sincerely dealt with the Philippines as if they were a part of our Nation, and have granted to them special favors, while during the same time the Philippines have acted as an independent nation, free to do as they please, as to them their best interests indicated.

It must be remembered, further, that this act of the Philippines was not in contemplation of what we were doing, but was absolutely independent of any tax intended by this Government.

It seems to me that in all fairness it should also be suggested that the Philippines as a nation are allowed now, and under this bill, a preferential protection of 2 cents a pound on coconut oil over every other country, for the reason that there is a duty of 2 cents a pound on the coconut oil coming into America from every other country which does not apply to the Philippine Islands, since they are under our protection. Hence, they are losing only 1 percent of this tax, at most.

Thus, even if the bill should be enacted as it has been reported from the committee, the Philippines would still retain an advantage of 2 cents a pound over every other

country. Hence, in all fairness to every other country, as well as to the Philippines, we should not grant the concession asked for by those arguing for the change in the bill as it came from the House.

It seems to me, furthermore, that this concession of 2 cents a pound to the Philippines really contravenes the favored-nation clause in our treaties with other countries, if the Philippines are considered independent.

As to the amendment offered by my colleague [Mr. NORRIS] of the two amendments that have been offered I think it is by far the better; but my opinion is that as the bill came from the House it is about the best measure that we shall get when we conclude our consideration of the subject.

Mr. President, it may not be inappropriate, following discussion which has been had in reference to the agricultural products of the United States, for me to add some additional words as to the real status of the Philippine Islands. While the question has, in a way, been passed over by reason of the bill having been referred to a conference committee, I take it that it is not finally determined as to what the action of the Senate may be.

It is my contention that in the minds and hearts of the American people, as well as in the minds and hearts of the Filipinos themselves, this Government never was in fact the owner of the Philippine Islands, and I think I am warranted in making this statement, notwithstanding the fact that full and complete title to the islands passed to the United States by and through the treaty with Spain. The relationship of this Government as construed by acts and revealed intentions was that of a trustee of the islands rather than as an owner.

Am I not supported in this conclusion by the resolution passed by a majority of the United States Senate at the time, or shortly after the approval, of the treaty, which resolution reads as follows:

Resolved, That by the ratification of the treaty of peace with Spain it is not intended to incorporate the inhabitants of the Philippine Islands into citizenship of the United States, nor is it intended to permanently annex said islands as an integral part of the territory of the United States; but it is the intention of the United States to establish on said islands a government suitable to the wants and conditions of the inhabitants of said islands to prepare them for local self-government, and in due time to make such disposition of said islands as will best promote the interests of the United States and the inhabitants of said islands. (CONGRESSIONAL RECORD, 55th Cong., 3d sess., vol. 32, p. 1847.)

Am I not further strengthened in this conclusion by the treatment given at all times by the Government of this country to the Philippine people—or may I say government of the Philippines? And, further, from the title to the act known as the "Jones Act", approved August 29, 1916, entitled "An act to declare the purpose of the people of the United States as to the future political status of the people of the Philippine Islands, and to provide a more autonomous government for those islands", which act is found in the United States Statutes at Large, volume 39, page 545, chapter 416, containing as a preliminary the following preamble:

Whereas it was never the intention of the people of the United States in the incipiency of the War with Spain to make it a war of conquest or for territorial aggrandizement; and

Whereas it is, as it has always been, the purpose of the people of the United States to withdraw their sovereignty over the Philippine Islands and to recognize their independence as soon as a stable government can be established therein; and

Whereas for the speedy accomplishment of such purpose it is desirable to place in the hands of the people of the Philippines as large a control of their domestic affairs as can be given them without, in the meantime, impairing the exercise of the rights of sovereignty by the people of the United States in order that, by the use and exercise of popular franchise and governmental powers, they may be the better prepared to fully assume the responsibilities and enjoy all the privileges of complete independence.

Further, from certain sections of the act which read as follows:

Be it enacted, etc., That the provisions of this act and the name "the Philippines" as used in this act shall apply to and include the Philippine Islands ceded to the United States Government by the treaty of peace concluded between the United States and Spain on the 11th day of April 1899, the boundaries of which are set forth in article III of said treaty, together with those islands embraced in the treaty between Spain and the United States concluded at Washington on the 7th day of November 1900.

SEC. 2. That all inhabitants of the Philippine Islands who were Spanish subjects on the 11th day of April 1899 and then resided in said islands, and their children born subsequent thereto, shall be deemed and held to be citizens of the Philippine Islands, except such as shall have elected to preserve their allegiance to the Crown of Spain in accordance with the provisions of the treaty of peace between the United States and Spain signed at Paris December 10, 1898, and except such others as have since become citizens of some other country: *Provided*, That the Philippine Legislature, herein provided for, is hereby authorized to provide by law for the acquisition of Philippine citizenship by those natives of the Philippine Islands who do not come within the foregoing provisions, the natives of the insular possessions of the United States, and such other persons residing in the Philippine Islands who are citizens of the United States or who could become citizens of the United States under the laws of the United States if residing therein.

I now quote from the language embodied in section 10 of the aforesaid act, which reads:

That while this act provides that the Philippine government shall have the authority to enact a tariff law, the trade relations between the islands and the United States shall continue to be governed exclusively by laws of the Congress of the United States: *Provided*, That tariff acts or acts amendatory to the tariff of the Philippine Islands shall not become law until they shall receive the approval of the President of the United States, nor shall any act of the Philippine Legislature affecting immigration or the currency or coinage laws of the Philippines become a law until it has been approved by the President of the United States: *Provided further*, That the President shall approve or disapprove any act mentioned in the foregoing proviso within 6 months from and after its enactment and submission for his approval, and if not disapproved within such time it shall become a law the same as if it had been specifically approved.

Then again, I wish to quote section 11 of the same act, which is as follows:

That no export duties shall be levied or collected on exports from the Philippine Islands, but taxes and assessments on property and license fees for franchises and privileges, and internal taxes, direct or indirect, may be imposed for the purposes of the Philippine government and the provincial and municipal governments thereof, respectively, as may be provided and defined by acts of the Philippine Legislature, and, where necessary to anticipate taxes and revenues, bonds and other obligations may be issued by the Philippine government or any provincial or municipal government therein, as may be provided by law and to protect the public credit: *Provided, however*, That the entire indebtedness of the Philippine government created by the authority conferred herein shall not exceed at any one time the sum of $15,000,000, exclusive of those obligations known as "friar-land bonds", nor that of any Province or municipality a sum in excess of 7 percent of the aggregate tax valuation of its property at any one time.

Thus it is provided in this law for the naturalization of citizens proper of the United States by the Philippine government.

Now as to the effect of the preamble and also as to the effect of the enacting clause, as defined by the Supreme Court of the United States. As to the purpose and scope of the preamble as in this case used, I am citing from *Beard* v. *Rowan* (34 U.S. 301), wherein it is held:

In construing a statute, the preamble may be resorted to, to aid in the construction of the enacting clause, when ambiguity exists.

Further, in *Price* v. *Forrest* (173 U.S. 410), we find the following:

The preamble of a statute may be referred to in order to assist in ascertaining the intent and meaning of a statute fairly susceptible of different constructions.

Quoting from *Ware* v. *Hylton* (3 U.S. 199):

If the preamble of a statute is contradicted by the enacting clause, the latter must prevail, although if the words of the enacting clause or its effect and operation are ambiguous or uncertain, such a construction should be made as not to extend the provisions of the enacting clause beyond the intention of the legislature as clearly expressed in the preamble.

While the resolution of the Senate was not and should not be considered more than expressive of the convictions and understanding of the Senators favoring it, the same cannot be said of the act heretofore quoted from that taken as a whole, is the solemn expression of the entire law-making body of our Government. Each of the parties have so treated it ever since its enactment, and legislated and con-

ducted their respective thought independently and in harmony with its provisions.

Mr. HARRISON. Mr. President, let the question be put on the amendment to the Senate committee amendment offered by the Senator from Nebraska [Mr. NORRIS]. I may say that I have no objection to the adoption of that amendment.

The PRESIDING OFFICER (Mr. THOMAS of Utah in the chair). The question is on agreeing to the amendment offered by the Senator from Nebraska [Mr. NORRIS] to the amendment of the committee.

Mr. McNARY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Davis	Keyes	Reynolds
Ashurst	Dickinson	La Follette	Robinson, Ark.
Bailey	Dill	Lewis	Robinson, Ind.
Bankhead	Duffy	Logan	Russell
Barkley	Erickson	Lonergan	Schall
Bone	Fess	Long	Sheppard
Borah	Fletcher	McAdoo	Shipstead
Brown	Frazier	McCarran	Smith
Bulkley	George	McGill	Steiwer
Bulow	Gibson	McKellar	Stephens
Byrd	Glass	McNary	Thomas, Okla.
Byrnes	Goldsborough	Murphy	Thomas, Utah
Capper	Gore	Neely	Thompson
Caraway	Harrison	Norbeck	Townsend
Carey	Hastings	Norris	Tydings
Clark	Hatch	Nye	Vandenberg
Connally	Hatfield	O'Mahoney	Van Nuys
Coolidge	Hayden	Overton	Wagner
Copeland	Hebert	Patterson	Walcott
Couzens	Johnson	Pope	Walsh
Cutting	Kean	Reed	

Mr. LEWIS. I wish to announce the absence of my colleague [Mr. DIETERICH], caused by important litigation in the State of Illinois.

The PRESIDING OFFICER. Eighty-three Senators having answered to their names, a quorum is present.

Mr. OVERTON. Mr. President, I desire to offer a perfecting amendment to the amendment of the Senator from Mississippi.

The PRESIDING OFFICER. The amendment offered by the Senator from Nebraska [Mr. NORRIS] has not yet been agreed to, and that is a perfecting amendment.

The question is on agreeing to the amendment offered by the Senator from Nebraska to the amendment reported by the committee.

The amendment to the amendment was agreed to.

Mr. NORRIS. Mr. President, if I may have the attention of the Senator from Mississippi, my amendment now being out of the way, I wonder whether the Senator would not agree to another amendment made necessary by the amendment which has just been agreed to, on page 217, subparagraph (g).

Mr. HARRISON. It is quite true that an amendment will be necessary there.

Mr. NORRIS. The House text reads:

All collections under this section shall, notwithstanding any other provisions of law, be covered into the general fund of the Treasury of the United States.

I suggest that after the word "section" there be added the words "except as provided in subsection (a)."

Mr. HARRISON. I think that exception ought to be made.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Nebraska to the House text.

The amendment was agreed to.

Mr. OVERTON. Mr. President, I ask that my amendment be stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. In the amendment of the committee, as amended, on page 214, at the end of the paragraph (a), it is proposed to insert the following:

Provided further, That the tax imposed by this subsection shall be levied on coconut oil and coconut oil produced from copra brought into the United States from the Philippine Islands and of Philippine origin only until the date of the inauguration of the government of the Commonwealth of the Philippine Islands, in accordance with the provisions of the act of March 24, 1934.

Mr. OVERTON. Mr. President, I offer this amendment because it seems to meet, so far as the Philippine Islands are concerned, a cardinal objection made to the coconut-oil tax. It meets the objection that the amendment as now framed would be in contravention of the offer of independence made to the Philippine Islands.

Mr. LONG. Mr. President, I hope my colleague will not press the amendment. It would virtually defeat the purpose of the amendment we have adopted. The amendment as it came from the committee has already been considerably mellowed. We have agreed to take the money and give it back to the Philippine government, and that agreement having been reached, I think the adoption of the pending amendment to the amendment would be very much to our disadvantage. I hope my colleague will not press it.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. OVERTON. I yield.

Mr. VANDENBERG. Disagreeing with the Senator's colleague, I think his amendment is very much in point and in place. In his colloquy with the Senator from Maryland a short time ago, the Senator from Maryland frankly conceded that with an amendment of this character in the bill, we would be living up to the letter of the Independence Act. While I do not mean to indicate that he favored the amendment, he did state—and I want to be corrected if I am wrong—that the amendment now submitted would bring the situation squarely within the letter of the law. Is not that the Senator's understanding?

Mr. OVERTON. That is correct. While he did not indicate that he would accept the amendment, yet he did indicate that it would remove the objection which had been raised that we were acting in bad faith.

Mr. VANDENBERG. Precisely, and it seems to me that, by the adoption of this amendment, we would be putting specific emphasis upon the importance of affirmative action in the islands upon the Independence Act.

Mr. NORRIS. Mr. President, I should like to say that I can see no possible harm this amendment could do. Those who favor it think it rather a reaffirmation of the declaration heretofore made. There can certainly be no objection to it.

Mr. BORAH. Mr. President, I admit there is no objection to it in the fact that it would not accomplish anything, but it would not change the situation in the slightest.

Mr. OVERTON. Mr. President, it seems to me that, with the adoption of this amendment, it would not be necessary to adopt the amendment suggested by the Senator from Mississippi.

Mr. CONNALLY. Mr. President, the Senator's amendment provides for the imposition of the tax until the Filipinos shall have independence. That is where the objection comes. Nobody objects to putting the tax on after they have entire independence.

Mr. OVERTON. Mr. President, I think the Senator is in error about that. It would impose the tax until they have inaugurated their government, not until after they have gotten complete independence. Our proposal with reference to trade relations is to begin to take effect after the Philippine government has been inaugurated, and before the Filipinos have received absolute independence.

Mr. CONNALLY. Under the Senator's amendment the tax would go into effect now.

Mr. OVERTON. Yes, it would go into effect now. It will be in effect until the preliminary steps provided by the act requiring the Philippine Islands to inaugurate a government had been taken.

Mr. CONNALLY. Let me read the Senator's amendment to him and see if it says that. It reads:

That the tax imposed by this subsection shall be levied on coconut oil and coconut oil produced from copra brought into the United States from the Philippine Islands and of Philippine

origin only until the date of the inauguration of the Government of the Commonwealth of the Philippine Islands, in accordance with the provisions of the act of March 24, 1934.

In other words, he would put the tax on now and take it off as soon as they inaugurated their government.

Mr. OVERTON. That is correct.

Mr. CONNALLY. That is what I said.

Mr. OVERTON. It would go off automatically when they inaugurated their government.

Mr. TYDINGS. Mr. President, I think there is a misapprehension.

Mr. COPELAND. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. COPELAND. Will not the Chair inform us what is before the Senate?

The PRESIDING OFFICER. The question is on the perfecting amendment offered by the junior Senator from Louisiana [Mr. OVERTON].

Mr. COPELAND. May it not be stated?

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. In the committee amendment, as amended, on page 214, at the end of paragraph (a), it is proposed to insert the following:

Provided further, That the tax imposed by this subsection shall be levied on coconut oil and coconut oil produced from copra brought into the United States from the Philippine Islands and of Philippine origin only until the date of the inauguration of the Government of the Commonwealth of the Philippine Islands, in accordance with the provisions of the act of March 24, 1934.

Mr. LONG. Mr. President, evidently we do not understand what we have done, or I do not understand what this amendment proposes. We have tried to impose a tax on coconut oil coming into the United States in competition with our domestic oil.

The Senator from Nebraska [Mr. NORRIS] offered an amendment which really I did not favor, and many of us did not favor, but we thought we would yield that much and give the money back to the Philippine people after we assessed the tax. Now we have before us an amendment which provides that we will put the tax on now, and that if they will go through the steps necessary under the Philippine Act to inaugurate their government it will go off and stay off for 12 or 15 years. In other words, we might just as well not make this gesture at all if we are going to provide that we will put on the tax whenever we pass this bill, and then, when the cotton crop and the vegetable crop and other crops come in along in the fall of the year, if the preliminary gesture has been made of setting up the Philippine government, the tax goes off.

We have done a whole lot of fighting here for nothing. I do not blame my friend from Maryland [Mr. TYDINGS] for smiling. He has maneuvered us right into his camp. I compliment the Senator. Now we have a provision under which the entire tax may be wiped out when October comes. That is just what might be put into the bill. I hope the Senator from Texas [Mr. CONNALLY] does not want his whole work undone by his distinguished colleague.

Mr. OVERTON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to his colleague?

Mr. LONG. I yield.

Mr. OVERTON. At what time does the Senator think the new government will be inaugurated in the Philippine Islands?

Mr. LONG. They will go right over there and inaugurate it now.

Mr. OVERTON. When we had the Philippine independence bill under discussion in the Senate, I understood that my colleague took the position that it would be some 2 or 3 years before the new government there would be inaugurated.

Mr. LONG. I did then, but if this amendment is adopted now they will go over and inaugurate the government this fall. They will have a reason to inaugurate it this fall. They will set up a little inaugurative machinery there which does not mean independence. They will still have 12 or 15 years to go, or whatever the time may be.

I say, Mr. President, that we are maneuvering ourselves right into the camp of the Senator from Maryland. We might as well have had him write the bill yesterday, instead of writing it today. I hope my friend from Texas will let it be known that he is not wiping out the benefits of our amendment.

Mr. CONNALLY. Mr. President, the Senator from Texas indicated awhile ago that he thought the amendment of the Senator's colleague ought to be adopted. I thought the two Senators from Louisiana would neutralize each other, and we might get it through.

The PRESIDING OFFICER. The question is on the adoption of the amendment of the Senator from Louisiana [Mr. OVERTON] to the amendment of the committee as amended.

The amendment to the amendment was rejected.

Mr. SHIPSTEAD. Mr. President, I send to the desk an amendment to the committee amendment, which I ask to have stated.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The CHIEF CLERK. On page 214, line 6, after the words "fish oil" and the comma, it is proposed to insert the words "perilla oil."

Mr. HARRISON. That, may I say to the Senator from Minnesota, ought to be included in the Senate committee amendment; and in the substitute I have offered I included perilla oil.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Minnesota [Mr. SHIPSTEAD] to the committee amendment.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The question now is on the amendment of the Senator from Mississippi [Mr. HARRISON].

Mr. COPELAND. Mr. President, I am sure I can read the English language, but I desire to have the assurance of the Senator from Mississippi that this amendment, as now formulated, exempts cod-liver oil for all purposes.

Mr. HARRISON. No, Mr. President; the Senate committee amendment does not exempt it. The amendment I have offered as a substitute for the Senate committee amendment does exempt cod-liver oil.

Mr. COPELAND. That is exactly what I meant. I was referring to the substitute offered by the Senator; and he assures me that it does exempt cod-liver oil for all purposes.

Mr. HARRISON. Yes; it does exempt cod-liver oil for all purposes.

Mr. COPELAND. For medicinal and all other purposes?

Mr. HARRISON. Yes.

Mr. REED. Mr. President, for the purpose of perfecting the committee amendment, I move to strike out on page 214, in lines 5 and 6, the words "or imported fish oil."

In the first place, the use of the word "imported" is a violation of a good many of our treaties, such as our treaty with Germany, which provides that their products shall not be subject to any different internal taxes than the products of American citizens.

That is not the important objection, however. Cod-liver oil and cod oil are not produced in the United States. The importations of all other fish oils are negligible in amount. In 1933 we imported slightly more than five and one half million gallons of cod-liver and cod oil, which I think everybody agrees should not be subject to this tax, because there is no domestic oil which is capable of being used as a substitute. Cod-liver oil used medicinally and cod-liver oil used in poultry feed have no substitute that I can find in this country.

As against that five and one half million gallons that came in last year, only 217,000 gallons of all the other kinds of fish oil were included; and many of those oils are not replaceable here. For instance, in the manufacture of enamels and protective coverings, fish oil must be used, and there is no vegetable or animal oil that can be used as a substitute.

I am just as zealous as any Senator can be to protect the dairymen and the butchers of this country; but fish oils do

not compete in any sense with dairy products or with agricultural products in the United States.

Mr. FLETCHER. Mr. President, what revenue would be raised if we should tax these oils?

Mr. REED. I believe that if we should exempt cod-liver oil, which everybody seems agreed on doing, the tax on all the other fish oils would yield us a total of something like $30,000 a year.

Mr. LEWIS. What are the other fish oils used for?

Mr. REED. My informant does not tell me; but I have been told, aside from that, that they are used in making protective coverings, such as enamels. I do not know how the process is worked out, but the provision covers products of that type.

Mr. LEWIS. I apologize to the Senator for interrupting him. Will the Senator further yield?

Mr. REED. I yield.

Mr. LEWIS. Do I gather that it may be correctly said that these fish oils do not compete with the products of the packers, and they do not compete with the products of the dairy industry?

Mr. REED. Not at all. There is no possible competition. I have not studied the application of this 200,000 gallons with the care that I should have. I was principally concerned with cod-liver oil, which comes in in such great quantities, and is used by farmers and by physicians. I hope the Senator will agree with what I have said.

Mr. CONNALLY. Mr. President, does the Senator propose to exempt all the fish oils?

Mr. REED. Yes.

Mr. CONNALLY. The Senator was in the Finance Committee, and saw the representatives of the fish-oil interests who were there; and there was a very considerable demand that fish oils be excluded because they are competitive oils. I am not speaking of cod-liver oil.

Mr. REED. Mr. President, the present importation of fish oils other than cod-liver oil is only 200,000 gallons a year.

Mr. CONNALLY. It does not make any difference what the imports are. I am not interested personally on behalf of my State with respect to fish oils; but Delaware and Virginia and Maryland and Connecticut had representatives at the hearings before the committee, and they insisted that fish oils be included in this tax.

The Senator talks about what fish oil is used for. Let me say to him that all these oils are used for some useful purpose, or they would not be bought, and, of course, they would not be brought into this country. That is the case with all of them. If we are going to exempt an oil simply because it is used in the manufacture of chicken-feed, or something else, we might as well exempt them all. People do not pay out money and do not bring in things unless they need them and use them for some useful purpose.

Mr. REED. Does the Senator disagree with the proposal to exclude cod-liver oil?

Mr. CONNALLY. We have already done that, as I understand.

Mr. REED. No.

Mr. HARRISON. That should be excluded from the Senate amendment. It should be excluded from my proposed substitute. The Senator is correct, however, in saying that the representatives from the section of the country indicated by him were just as strong as those from Texas in their advocacy of a tax on fish oil.

Mr. CONNALLY. Yes; every State that had a minnow was represented there, and was anxious to have imported fish oils taxed.

Mr. DILL. Mr. President, will the Senator yield?

Mr. REED. I will yield in a moment. I think we can agree that cod-liver oil and cod oil ought to come out.

Mr. CONNALLY. I do not think I can agree to it. I assume it will be done, but I do not say it ought to be done.

We speak of the cost. We pay a dollar for a little bottle of cod-liver oil, and if we put a tax of one tenth of a cent on it, it is said that that tax is going to ruin the industry. More money is paid for cod-liver-oil products than any other kind of oil I know. A good deal is said about its being for sick folk. Well, others need these oils just as well as do sick folk.

Criticism is made of the entire oil tariff. It is said that we must not tax any of these oils because hospitals use soap. Of course they do; but when we develop the case we find out that the soap which the hospitals use is made altogether from linseed oil, and is not affected at all by this particular tax on oil.

I do not see any reason for excluding cod-liver oil, for that matter, because it is just an oil, and it is used for a useful purpose, just as are all these other oils; and if we keep chiseling away and taking off this oil and the other oil, we will not have anything left. If the Senator from Pennsylvania will consult his constituents, he will find that many of them are interested in not excluding these oils.

Mr. REED. I have talked to my constituents about it. I am just as anxious as is the Senator from Texas to help the farmer, and the farmers of my State have not been getting any help.

Mr. CONNALLY. The Senator ought to have been more active on the floor.

Mr. REED. I have been active all right, but I have had no support from Senators from other sections.

Mr. DILL. Mr. President, will the Senator yield?

Mr. REED. Yes.

Mr. DILL. I want to say to the Senator that not only in the States mentioned by the Senator from Texas but in the Puget Sound region and in Alaska the fish-oil industry is a growing one. Recent developments, according to the Bureau of Fisheries, have shown that tremendous amounts of waste from salmon and halibut can be made into oils that are practically as good as is cod-liver oil, to say nothing of other oils. Like the Senator from Texas, I do not see why we should pick out certain oils and exclude other oils. I think they all ought to be included.

Mr. FLETCHER. Mr. President, will the Senator from Pennsylvania let me call his attention to an industry that exists in Florida which is known as the "menhaden industry"? Representatives of that industry appeared before the Finance Committee. I think the industry is now of considerable importance, but those engaged in catching the fish and pressing the oil are receiving wages so small that they can scarcely live upon them. The oil itself is selling from about 7 to 8 cents, or something like that, and they feel that they are entitled to some consideration. Perhaps the Senator is familiar with the operation of the menhaden industry.

Mr. REED. Mr. President, the biggest single use of cod-liver oil in the United States is as an ingredient in the manufacture of feed for chickens. The costs to the farmer are being added to, when there is imposed a tax on cod-liver oil. Such oil has got to be used; there is no substitute for it that can be used in the manufacture of chicken feed. If Senators are as anxious to help the dairy farmers and the poultry raisers as many of them have said, I think they will all agree that this tax ought not to be put on cod-liver oil or cod oil.

Mr. COPELAND. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. POPE in the chair). Does the Senator from Pennsylvania yield to the Senator from New York?

Mr. REED. I yield.

Mr. COPELAND. Is the Senator familiar with the substitute proposed by the Senator from Mississippi?

Mr. REED. Yes.

Mr. COPELAND. Cod-liver oil is exempted under that proposed substitute.

Mr. REED. Yes; and it ought also to be exempted from the committee amendment.

Mr. COPELAND. I agree with the Senator's statement about fish oil. If I had my way about it, I would wipe out the whole paragraph regarding these oils; but frankness to my own constituents makes me say that there is a lot of fish oil produced in this country which is used for various purposes, and so, if we are going to give one oil protection, the other oils ought also to be protected; I think frankness also

compels me to say, however, that I should like to have them all excluded from the bill because of the increase in the price of soap which will follow.

Mr. REED. Mr. President, it is perfectly evident that the sentiment of the Senate is opposed to exempting any of these oils except cod-liver oil. So I will ask to modify my amendment to read as follows:

On page 214, line 6, after the words "fish oil", insert "(excepting cod and cod-liver oil)."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Pennsylvania, as modified, to the amendment reported by the committee, as amended.

The amendment as modified to the amendment of the committee as amended was agreed to.

The PRESIDING OFFICER. The question now is on the amendment of the Senator from Mississippi in the nature of a substitute for the amendment reported by the committee, as amended. The amendment will be stated.

The CHIEF CLERK. On page 214 it is proposed to strike out lines 3 to 15, inclusive, and to insert in lieu thereof the following:

(a) There is hereby imposed upon the first domestic processing of coconut oil, sesame oil, palm oil, palm-kernel oil, perilla oil, sunflower oil, whale oil, fish oil (except cod-liver oil), or marine-animal oil, or any combination or mixture containing any such oil if there has been with respect to such oil no previous first domestic processing within the meaning of this subsection, a tax of 3 cents per pound of such oil, which tax shall be paid by the processor. Under regulations prescribed by the Commissioner, with the approval of the Secretary, the tax provided in this subsection shall not apply to the processing (1) of coconut oil brought into the continental United States from the Philippines on or before the date of the enactment of this act or produced from copra brought into the continental United States from the Philippines on or before such date, or (2) of 520,000,000 pounds of coconut oil of Philippine origin which is brought into the continental United States from the Philippines as coconut oil, or which is the product of copra of Philippine origin brought into the continental United States from the Philippines, during each period of 12 months after the date of the enactment of this act, but not more than 324,000,000 pounds thereof shall be brought into the continental United States in the form of coconut oil, or (3) of the following articles if the product of American fisheries or if produced in the United States: Fish oil, whale oil, and marine-animal oil, or (4) of palm oil used in the manufacture of tin plate. For the purposes of this section, the term "first domestic processing" means the first use in the United States, in the manufacture or production of an article intended for sale or intended for further manufacture, of the article with respect to which the tax is imposed. For the purposes of the exemption granted by this subsection, the amount of coconut oil producible from copra shall be regarded as 63 percent by weight.

Mr. BORAH. On that amendment I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. CUTTING (when his name was called). I have a pair for the day with the Senator from Florida [Mr. TRAMMELL]. Not knowing how he would vote on this question, I withhold my vote.

Mr. WALCOTT (when his name was called). I have a pair with the junior Senator from California [Mr. MCADOO]. As he is not present, not knowing how he would vote, I am obliged to withhold my vote.

The roll call was concluded.

Mr. LEWIS. I beg to announce that my colleague [Mr. DIETERICH], who is necessarily detained from the Senate, if present and voting, would vote "nay" on this amendment.

I regret to announce that the Senator from Montana [Mr. WHEELER] is detained from the Senate on account of illness.

I desire further to announce that the Senator from Alabama [Mr. BLACK], the Senator from Tennessee [Mr. BACHMAN], the Senator from Arkansas [Mrs. CARAWAY], the Senator from Colorado [Mr. COSTIGAN], the Senator from Wisconsin [Mr. DUFFY], the Senator from Oklahoma [Mr. GORE], the Senator from Utah [Mr. KING], the Senator from California [Mr. MCADOO], the junior Senator from Nevada [Mr. MCCARRAN], the senior Senator from Nevada [Mr. PITTMAN], and the Senator from Florida [Mr. TRAMMELL] are necessarily detained from the Senate.

Mr. HEBERT. I wish to announce the general pair of the Senator from New Jersey [Mr. BARBOUR] with the Senator from Utah [Mr. KING]. Both Senators are absent on official business.

I also wish to announce the general pair of my colleague the senior Senator from Rhode Island [Mr. METCALF] with the junior Senator from Arkansas [Mrs. CARAWAY]. If present, the senior Senator from Rhode Island would vote "nay." I am not advised as to how the junior Senator from Arkansas would vote.

I also announce the general pair of the Senator from Maine [Mr. HALE] with the Senator from Montana [Mr. WHEELER].

The result was announced—yeas 15, nays 59, as follows:

YEAS—15

Bankhead	Couzens	Lonergan	Van Nuys
Barkley	Harrison	Robinson, Ark.	Wagner
Coolidge	Hayden	Steiwer	Walsh
Copeland	Logan	Stephens	

NAYS—59

Adams	Dickinson	Keyes	Reed
Ashurst	Dill	La Follette	Reynolds
Bailey	Erickson	Lewis	Robinson, Ind.
Bone	Fess	Long	Russell
Borah	Fletcher	McGill	Schall
Brown	Frazier	McKellar	Sheppard
Bulkley	George	McNary	Shipstead
Bulow	Gibson	Murphy	Smith
Byrd	Glass	Neely	Thomas, Okla.
Byrnes	Goldsborough	Norris	Thomas, Utah
Capper	Hastings	Nye	Thompson
Carey	Hatch	O'Mahoney	Townsend
Clark	Hatfield	Overton	Tydings
Connally	Hebert	Patterson	Vandenberg
Davis	Johnson	Pope	

NOT VOTING—22

Austin	Cutting	King	Trammell
Bachman	Dieterich	McAdoo	Walcott
Barbour	Duffy	McCarran	Wheeler
Black	Gore	Metcalf	White
Caraway	Hale	Norbeck	
Costigan	Kean	Pittman	

So Mr. HARRISON'S amendment in the nature of a substitute for the committee amendment, as amended, was rejected.

The VICE PRESIDENT. The question now is on the amendment reported by the committee, as amended.

Mr. BORAH. On that question I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. STEIWER. Mr. President, I will detain the Senate for a very short time. I appreciate as well as anyone how futile it would be to make argument against the pending provision with the expectation of influencing the attitude of Senators, but because I expect to vote against the amendment I want to ask the indulgence of my colleagues that I may state some of the reasons which prompt my vote.

In disposing of the argument that the bill will do injury to our relations with the Philippine Islands and operate unfairly against the Philippine people, it has been urged by the proponents of the amendment that the Philippines will not be injured because they enjoy a preferential status, and that because they enjoy a preferential status they will be able to ship the Filipino products to this country just as they have done in the past and are doing at this time. That argument is based upon the idea that the Philippines have a 2-cent per pound differential in tariff upon coconut oil. That, of course, is true; but the argument itself is not true, and the conclusion drawn is not a valid conclusion for a number of reasons. I want to indicate two or three of those reasons.

In the first place, under the Tariff Act of 1930 the duty upon importations of tallow into this country is one half of 1 cent per pound. The proposed amendment does not include tallow, which is a major competitive fat. The inevitable result is that if the pending amendment raises the domestic prices of fats and oils there will be a great influx of foreign tallows immediately the new price level becomes effective. I am told that in foreign countries there are enormous surpluses of various kinds of fats, surpluses awaiting opportunity to come into the American market. The duty which presently exists is sufficient to exclude those

fats at this time, but if the pending amendment results in raising the level of domestic prices, that duty will no longer be adequate.

Another reason is the amendment provides no tax on the product of the renderers of domestic fats and greases. It is a fact, as exhibited by Federal reports, that the second-hand fats produced by the domestic renderer—that is to say, fats taken out of the scrap boxes of the butcher shops and the garbage cans of hotels—are greater than the production of fats of the great packing houses of the country. To me, it is as plain as anything in the world that the 3-cent tax will exclude from this country a large volume of oils for the benefit of those who gather their material from the garbage cans and those who import untaxed or low-taxed foreign oils and greases.

There is yet a more substantial reason why the argument offered is not valid. Although there is a tax of 2 cents per pound upon coconut oil under the Tariff Act of 1930, copra is on the free list. This important fact has been overlooked by those sponsoring the tax in all the debates on this amendment. It has been assumed the Philippines would remain in their preferential position, and they would still retain that 2 cents' advantage. They will as to coconut oil, but they will not as to copra. Something like 43 percent of all the oil importations from the Philippine Islands comes in the form of copra and not in the form of oil.

It is also true that in our importation of coconut products from areas other than the Philippines, a great part of the importation comes in the form of copra and not in the form of oil. What is the inevitable result? It is simply that the importer will cease to import in the form of oil. He will import copra, and as to copra the Philippines enjoy absolutely no preference against competing foreign countries. We will obtain our copra supplies from Ceylon, Netherland East Indies, British Malaya, and other tropical countries where coconuts are grown. We will patronize foreigners and get our supplies from the possessions and territories of the British Empire and various other sources, but not from the Philippine Islands.

So I contend that the argument here advanced, that this tax will not do injury to the Philippine Islands and to our trade with these islands, is a wholly untenable and unsound argument.

Our trade with the Philippines is an established and developed trade carried largely, if not almost entirely, in American bottoms. Shipping services in which the Government itself is interested are dependent upon that trade. It is a fairly flourishing trade now in spite of hard times. It is said that 28 percent of all cargoes that come into the Columbia River ports consist of copra. If, as I believe, the imposition of this tax will destroy or greatly reduce that business, not only will the shipping services suffer, not only will the crushers of copra and the producers of oil in this country suffer, but every one else connected directly or indirectly with that trade is going to suffer from the loss that inevitably will result from this tax.

I am told that one crushing concern in California pays to the Southern Pacific Railroad in freight each year something like $1,000,000. This important Philippine trade is beneficial alike to shipping companies and to railroads and to American crushers and to all others interested, is in jeopardy under this amendment, because this importation will largely cease, and just as sure as anything in the world other fats will be substituted in substantial amounts for the fats taxed by this amendment.

We ought to bear in mind when we cast our votes that we are visiting this injury not only upon the Filipinos, but also upon very many Americans. If it is true that this tax will raise the price level of these oils and fats in the American domestic market then it is also true the American consumer is going to pay the tax. The assumption has been made at times during the debate that the Filipino producer is the loser, and that there is some relationship between the Philippine Government and the Philippine producer that might justify paying the proceeds of this tax to the Philippine government. The Philippine producer is a loser, but the American consumer will pay the tax and the money that is wrung from him to the extent of possibly twenty or thirty million dollars per year will be turned over to a government which has not earned it, and which has not done anything to justify the receipt by that government of this great sum of money.

The Filipino producers no doubt will be injured, just as the shippers and all others will be injured. The American people will pay the bill; and all for what?

Mr. CLARK. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Oregon yield to the Senator from Missouri?

Mr. STEIWER. Yes; I yield.

Mr. CLARK. I should be interested to find out where the Senator gets his estimate that there will be forty or fifty million dollars, or any other sum, turned over to the Filipino government.

This tax is intended on its face to be a prohibitive tax. It is not intended to raise revenue. It is not included in this bill for the purpose of raising revenue. It is for the purpose of establishing an embargo; and, as the testimony before the Finance Committee showed, as a result of the imposition of this tax, outside of a very small amount of coconut oil which is necessary to be imported into the United States, despite any tax, for the manufacture of lauric acid, I do not think there will be any coconut oil at all coming into the United States.

Mr. STEIWER. I shall answer the Senator's question in just a few brief sentences, because I desire to conclude; and except for courtesy which I owe to the able Senator from Missouri, I should not answer it at all.

I realize there are two schools of thought on this subject. I know that among some of the chemists of the country and among those who are supposed to be experts upon this subject there is, and has been for a very long time, a question of the extent to which these oils are interchangeable. If the various oils—the fish oils, the marine-animal oils, the animal fats, and these vegetable oils—are largely interchangeable in industrial uses, then, of course, the Senator would be correct; and when we put the 3-cent tax upon coconut oil, some other oil would be used in its place. If, as contended by the other school of thought, the oils are only slightly interchangeable, then, of course, the Senator's suggestion would not be correct.

I do not want to be drawn too deeply into that subject at this time, because I desire to conclude; but I have been told that the Treasury Department has estimated a tax of something like $22,000,000 under the amendment as reported by the Senate Finance Committee.

I do not know what the assumptions are upon which that estimate is predicated; but certainly the Treasury Department must have assumed, from information before it, that a very considerable quantity of this taxed material actually would be used in American industrial production.

Now, Mr. President, I desire to ask just one question in conclusion. I ask what is the justification for voting this tax upon the American people?

It has been said here, over and over again, that this is a question of great complexity; and with that statement I agree. It is admitted that it presents difficulties, and with that I agree. For what purpose are we to encounter all these difficulties, to submit ourselves to all the hazards that admittedly are involved in this kind of legislation?

It is claimed that the tax will benefit the great dairy and livestock interests in America. If I were convinced that it would benefit these interests to the substantial extent which the proponents of this measure assume, I believe, I should vote for the amendment, regardless of the evil that it will bring to all others concerned; but what proof have we that there will be any substantial benefit to these great industries?

We know that there is a great lobby here that says so. We know who these gentlemen are. They are lobbyists well known at the National Capital, some of whom have been representing the dairy and livestock associations for a long time. Some of them have been representing the so-

called "rendering industry" for a long time. Some represent both. I do not criticize their support of this amendment, nor do I admit their judgment to be infallible. We know that these gentlemen assert that this proposed tax will be very beneficial; but it is obvious that if this amendment permits the importation, in substantial quantities, of foreign tallow under a tariff duty of one-half of 1 cent per pound, if this amendment greatly increases the production of garbage grease by local rendering plants, the garbage and scrap renderers, if it brings to any substantial degree the fulfillment of any one of these propositions, American agriculture cannot enjoy any substantial benefit from the tax. On the contrary, agriculture will help pay the tax. All our citizens will help pay for the higher-priced industrial products which this tax will bring about; and not only that, but American agriculture is going to lose a market which it presently enjoys. I refer to the Philippine market now largely ours. Our exports to these islands in 1932 amounted to approximately $45,000,000. The peak in 1929 was over $85,000,000.

We know something of the detailed items which make up these totals. I shall not go over them now. We know that the Philippine trade has been and is a valuable trade. I do want to call attention to one fact in this connection, and that is that in dairy products alone we have been enjoying a Filipino trade which in some years has exceeded $3,000,000. This tax will take away from the Filipinos their buying power. It will destroy their business and their relationship with us. We will lose the island people as substantial customers for our products. We will take from the dairy industry itself one of its markets for dairy products. We sell to the Filipinos every year something like three or four million dollars of wheat and wheat products. We sell to them very substantial amounts of cotton and cotton products. This tax will take those markets from our farmers by depriving the Filipinos of the power with which to buy.

It seems to me that in so dubious an experiment, where there is so little certainty as to the good which may result, where there is a certain knowledge that the American consumer will pay the bill, yet where we know that the tax will injure all the western and many other railroads and all the shipping companies serving the Orient, where we know that we will injure or destroy our crushing industry, that we will raise the price to the American consumer, that we will lose important markets for the sale of American farm products and will at the same time violate our solemn obligation to the Philippine Islands and to the people of those islands, we ought to pause and take heed.

Others may vote for this amendment if they wish. For my part, I would rather subject myself to uninformed criticism for apparently standing in the road of relief for American agriculture and cast my vote in a way which I believe I can defend in the days and years to come.

If I could have my way I would strike this taxing provision from the bill, and then by an orderly and appropriate procedure I would endeavor to provide a well-considered and comprehensive tax which would cover all oils and fats competitive with the products of American farmers, and I would give due heed to our moral obligation to the Philippine Islands. Firm adherence to a program of this kind would result in definite benefits to the agricultural groups who are hard hit by the depression, and these benefits would be unmixed with evil. The enactment of the pending amendment will not discharge our obligation to the dairymen and stock raisers of America. That obligation will not be discharged until there is evolved a proposal which will be effective and sound and which above everything else will be just to all.

Mr. COPELAND. Mr. President, in my opinion the Senator from Oregon [Mr. STEIWER] has made a very significant speech. Unless I miss my guess the criticism Senators received for voting to pass the veterans' legislation over the veto of the President will be nothing compared to the criticism that will follow our act of today. We are sure to hear from it when the housewives of America, not alone in the city homes but in the farm homes, come to find the price of soap practically doubled, as it will be when this bill goes into effect.

I appreciate the fine scorn with which the Senator from Oregon refers to the spirit of the Senate which voted to free the Filipinos and, having done that, proceeds to stab them through the heart by the enactment of this bill. I congratulate the Senator from Oregon upon having spoken as he has.

I had intended to offer an amendment to exempt from the operation of the tax the fats which are brought in for the purpose of making inedible products. It is useless to do that, however, because the reception given the substitute of the Senator from Mississippi [Mr. HARRISON] indicates to me that there are not enough votes here to make it worth while to make the effort. I desire, however, to call attention to the fact that it is not alone the use of coconut oil that will bring us under criticism. The palm oil and whale oil and fish oils, which are used with the rosins from the Southern States, will be taxed likewise, and so increase the price of all soaps. By reason of the tax it will be impossible for the American product to compete with foreign soaps.

If we had a tariff upon soaps sufficient to exclude the foreign product, American manufacturers might perhaps consider this tax with some degree of complacency. But I assure Senators that as a result of what we are proposing to do if we shall vote this 3-cent tax on foreign oils, we shall promote unemployment and practically double the price of soap used in every city home and every farmhouse and every hospital and every other place where cleanliness abounds.

I simply wanted to say this much in order that I might be on record regarding my attitude toward this matter. I desire, also, to make clear to my friends in the various industries involved that I feel it is utterly useless to make any further effort. I shall content myself with a vote against this amendment to the tax bill and let it go at that; but I know the housewives of America will voice their protest when they know what burdens have been put upon them by the passage of this bill.

The PRESIDING OFFICER (Mr. CLARK in the chair). The question is on the amendment of the committee, as amended. On that question the yeas and nays have been ordered. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. CUTTING (when his name was called). I have a pair for the day with the Senator from Florida [Mr. TRAMMELL]. Not knowing how he would vote on this question, I withhold my vote. If permitted to vote, I should vote "nay."

Mr. WOLCOTT (when his name was called). I have a pair with the junior Senator from California [Mr. MCADOO], who is absent. Not knowing how he would vote, I am compelled to withhold my vote.

The roll call was concluded.

Mr. LEWIS. My colleague the junior Senator from Illinois [Mr. DIETERICH] has authorized me to say that if present he would vote "yea" on this question.

Mrs. CARAWAY. On this vote I have a pair with the Senator from Rhode Island [Mr. METCALF]. Not knowing how he would vote, I withhold my vote.

Mr. HEBERT. I desire to announce the following general pairs:

The Senator from Maine [Mr. HALE] with the Senator from Montana [Mr. WHEELER]; and

The Senator from New Jersey [Mr. BARBOUR] with the Senator from Utah [Mr. KING].

Mr. LEWIS. I desire to announce that the Senator from Alabama [Mr. BLACK] has a general pair with the Senator from Vermont [Mr. AUSTIN], and that the Senator from Nevada [Mr. PITTMAN] has a general pair with the Senator from Maine [Mr. WHITE].

I regret to announce that the Senator from Montana [Mr. WHEELER] is detained from the Senate on account of illness.

I also wish to announce that the Senator from Tennessee [Mr. BACHMAN], the Senator from Alabama [Mr. BLACK], the Senator from Colorado [Mr. COSTIGAN], the Senator from

Illinois [Mr. DIETERICH], the Senator from Louisiana [Mr. LONG], the Senator from California [Mr. MCADOO], the Senator from Nevada [Mr. PITTMAN], the Senator from Oklahoma [Mr. THOMAS], and the Senator from Florida [Mr. TRAMMELL] are necessarily detained from the Senate on official business.

The result was announced—yeas 59, nays 17, as follows:

YEAS—59

Adams	Davis	Kean	Overton
Ashurst	Dickinson	Keyes	Patterson
Bailey	Dill	La Follette	Pope
Bankhead	Duffy	Lewis	Reed
Bone	Erickson	Logan	Reynolds
Brown	Fletcher	McCarran	Robinson, Ind.
Bulkley	Frazier	McGill	Russell
Bulow	George	McKellar	Sheppard
Byrd	Glass	McNary	Shipstead
Byrnes	Goldsborough	Murphy	Stephens
Capper	Hastings	Neely	Thomas, Utah
Carey	Hatch	Norbeck	Thompson
Connally	Hatfield	Norris	Townsend
Coolidge	Hebert	Nye	Vandenberg
Couzens	Johnson	O'Mahoney	

NAYS—17

Barkley	Gibson	Schall	Wagner
Borah	Harrison	Smith	Walsh
Clark	Hayden	Steiwer	
Copeland	Lonergan	Tydings	
Fess	Robinson, Ark.	Van Nuys	

NOT VOTING—20

Austin	Costigan	King	Thomas, Okla.
Bachman	Cutting	Long	Trammell
Barbour	Dieterich	McAdoo	Walcott
Black	Gore	Metcalf	Wheeler
Caraway	Hale	Pittman	White

So the committee amendment, as amended, was agreed to.

Mr. CLARK. Mr. President, I move that section 602 be stricken from the bill. I make the motion in spite of the fact that the vote on the last amendment discloses the hopeless nature of this proposal. I make the motion because, to my mind, the inclusion in a so-called "revenue bill" of provisions which are not intended to raise revenue, but contemplate an embargo, is a most dishonest and most vicious system of legislating.

In the revenue bill of 1932, by a coalition between various interests represented on this floor, a system of excise taxes amounting to embargoes was included. That action on the part of the United States Senate, finally enacted into law, outraged the people of this Nation from one coast to the other, and contributed in very large measure to the victory which the Democratic Party won in the election of 1932.

The provision embodied in this section as amended is not a revenue provision at all. It is a tariff, very thinly disguised, and a prohibitive tariff at that.

I do not feel that there is any justification whatever for this proposition. If it is necessary and desirable to establish a compensatory duty on account of the processing taxes imposed in the Agricultural Adjustment Act, the proposal ought to be brought in on its merits as an amendment to that act, instead of being inserted surreptitiously in a bill ostensibly for the purpose of raising revenue.

I therefore make the motion to strike out the section, and on that I ask for the yeas and nays.

Mr. CONNALLY. Mr. President, the Senator from Missouri wishes to strike out all of this section on the ground that it is a pretext for levying a tax, not for revenue, but for protection purposes.

I am surprised at the Senator from Missouri. At the last session of the Congress, as Senators will remember, the Senator from Missouri had a bill here on the floor of the Senate which would have required, by law, that in all gasoline there must be used a certain percentage of alcohol in order to help the corn raisers of Missouri and of Iowa to get more for the alcohol which was made out of their corn.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. CLARK. The Senator will recall that I did not attempt to attach that proposition to a revenue bill. In introducing the bill, which I did by request, I made no pretense whatever that I was undertaking to raise revenue. It was an entirely different use of the taxing power. If the Senator from Texas will bring this proposition forward on its merits, it might be considered differently.

Mr. CONNALLY. I stated yesterday to the Senator from Idaho that when a Senator says, "This is a fine proposition, but bring it up in some other way", I know he is not for it.

The Senator from Missouri admits that last year he was willing to use the taxing power of the Government to force people to use alcohol in their gasoline instead of in their stomachs in order to help the farmers in Missouri who raise corn. He says it was not on a general revenue bill. What difference does it make whether it is on a general revenue bill or on a special revenue bill? So long as we tax an individual what difference does it make whether we get the money out of his right pocket or out of his left pocket?

The Senator from Missouri is perfectly willing to tax the liver and lights out of the rest of the people in order to help the corn growers in Missouri to sell their corn in a liquid form rather than in a solid form, but he is opposed to using the taxing power to help every farmer and every cattleman and every hog raiser and every cotton producer and everybody else who produces fats and oils anywhere in the United States.

He is in favor of using the taxing power to tax one American citizen out of his boots in order to help another one, but he is not in favor of using the taxing power to help the American farmer as against the little brown fellow of the Philippines. I am surprised that the Senator from Missouri should raise that kind of a question here now.

Mr. President, I offered this proposal in the committee. After exhaustive hearings, and testimony from experts and interested parties, the Committee on Finance adopted the amendment as a committee amendment. We have had thorough debate, we have had several votes, and why should we now, after spending all this time, consume any more time on a motion to strike out?

Mr. ASHURST. Mr. President, I regret to take even a moment of the Senate's time when time is precious, but some attention must be paid to the motion of the Senator from Missouri [Mr. CLARK], and I feel disposed to pay some attention, respectfully, of course, to the language he employed.

The Senator, with his scholarship, in a few sentences inveighed against the tax bill passed in 1932 because, forsooth, that tax bill had carried some items of taxes or tariff respecting certain articles imported into the United States.

I regard the Senator from Missouri as one of the ablest exponents of the low-tariff system we have in the Senate. I shall say for him he has tried to be consistent, but even if he were guilty of the apparent inconsistency adverted to by the learned Senator from Texas [Mr. CONNALLY], that would not condemn him in my judgment, and he would be secure from my prejudice, because when I took the oath of office I took it without reservation, but there was a pledge to myself that I would never, as a Senator, try to be consistent. The man who tries to be consistent simply says "I decline to be wiser today than I was yesterday."

So, Mr. President, I defend the tax or Tariff Act of 1932. That act laid a tax or tariff upon oils, copper, coal, and lumber imported. I voted for those items and I have searched my heart since then and find no regret for the vote I then cast.

It ought always to be the duty of an American Congress to try to promote the American market. There is no escape from the irresistible logic of the statement that the American is entitled to his own home market.

I am not so much concerned about foreign countries, romantic as their history is, as I am about America; and I rise now to serve notice, respectfully, of course, on the able Senator from Missouri that I have proposed a tax—a tariff, if you prefer—of 10 cents a pound upon all copper imported into the United States.

Mr. President, there are some Democrats, able men, before whom Columbia would be proud to lay her shining hair, who are high-tariff men, but some of them rather conceal the

fact that they are for high tariffs. I make no concealment of my position—no concealment whatever.

Daniel Webster went to the Congress of the United States from New Hampshire as a free trader, but that imperial intellect, yielding to the irresistible forces of logic, preparedness, national destiny, and national advancement, changed from a free trader into a great champion of protection.

Mr. President, I do not deny that when I came to Congress many years ago I had studied theories and I believed in the theory of low tariffs, and my theories were so fine-spun and so brittle that I could liken them to porcelain or glass. With an agility and a nonchalance at that time that I now even in myself admire I hurled my theories, my bric-a-brac, my porcelain, my glass, against the concrete wall of fact here for 10 years, and my porcelain was always shattered. It was not the wall that was shattered.

It is not theory that guides and controls the destinies of men. It is fact that controls.

So, Mr. President, this is, it must be, it should be a high-tariff country. You will not survive with your low tariffs. You will not survive with your free trade. You will not elevate, protect, defend, or strengthen the American working man by a system of low tariffs.

Arizona produced during the World War one third of all the copper used by the Allies. Arizona produced one sixth of the copper of the world, and around her copper mines and copper camps a civilization, comparable to that of any other city or town in America in culture, in patriotism, and refinement, was built. The same thing is true of the other copper-producing States. But, forsooth, when the enormously rich deposits of copper were exposed in Africa and in South America, where labor receives 40 cents a day and works 12 hours daily, the copper-mining industry of the United States not merely fell into obsolescence and disrepair but it was almost exterminated.

If the Senator from Missouri will assist me in securing the passage of the amendment which proposes a tariff of 10 cents per pound on copper imported into the United States, I give him guaranties that Arizona will never ask a dollar from the C.C.C., the C.W.A., the E.R.A., or any other governmental relief agency, because such tariff would at once put to work 30,000 working men in the mines and smelters of Arizona; such tariff would at once cause the smoke to pour forth from the smelter stacks now so pathetically empty; it would at once cause the thud of the drill to be heard in the shafts, drifts, and stopes in the mines that are now dark.

I cannot speak now as to what revenue the tariff on oil brought into the Treasury; but I am able to say that under adverse conditions the copper tariff in about 18 months has brought into the Treasury of the United States $712,022. So if the tariff should be increased on copper, not only would it set to work the workmen of Arizona, but it would in large measure restore Nevada, it would restore Montana, it would, Mr. President, aid northern Michigan and some counties in Tennessee. It would at once set to work, with hope and with heart, and with industry and with smiling optimism many workmen in Idaho, Colorado, Utah, and New Mexico.

Senators may talk their fine-spun theories, but when I point them to a system which sets men to work at good wages, no shafts of ridicule pierce such system.

The able Senator from Missouri doubtless will say, because the Senator from Missouri has not only won laurels in the fields of statesmanship, but he has already won and will continue to win greater laurels in biographical literature, that the great Democratic statesmen of our early days were free traders. I read with pride, not only because he was a fellow Senator but because of my admiration for accurate writers of history, the Senator's life of John Quincy Adams. I do not perceive why he chose John Quincy Adams; I should have thought he would have chosen some free trader, but doubtless this able historian will attempt in the future to tell us that Thomas Jefferson was a free trader, or that Thomas Jefferson was at least a low-tariff man.

Mr. President, I have 16 letters or copies of letters written by Thomas Jefferson pointing out that if the United States hoped to grow, expand, and become strong and efficient in governmental affairs and a power for good in the world she must protect herself by a proper tariff—letters written by Thomas Jefferson, the saint and sage of the Democratic Party.

And Andrew Jackson—what message comes to us from the Hermitage, from the grand old warrior who announced that we ought to have a protective tariff in order to stimulate and build up the industries in America that were necessary in times of war? By the way, Andrew Jackson was not nominated or even proposed for President by Tennessee. It was the high protective tariff State of Pennsylvania that championed the cause of Andrew Jackson; it was the State which from the writing of the Federal Constitution down to this day has stood for protection. Thomas Fitzsimmons, in the Constitutional Convention in 1787, announced the protective-tariff system from Pennsylvania.

It was James Madison, of Virginia, 8 years as Secretary of State and 8 years as President, who guided through the House of Representatives of the United States in 1789 the first tariff bill. It was that superb intellect—and Virginia has contributed a legion of them; they are here today in the persons of her Senators, although they may not agree with Madison on that point—it was James Madison who in his own hand wrote the preamble of the first tariff bill, which preamble stated:

> In order to protect the industries of the United States and raise revenue.

That preamble was written by the hand of James Madison, from whose hand and brain many great State papers have come.

When Pennsylvania, the high-tariff State, launched Andrew Jackson as a candidate for the Presidency, Martin Van Buren and Aaron Burr—Burr then had fallen into disrepute and was at that time a ruined man—championed his candidacy. I shall not consume the valuable time of the Senate to relate how much injustice has been done Aaron Burr more than to say that he saw in Jackson, as did Van Buren, possibilities of Democratic success. They championed Jackson, whereupon Mr. Ritchie, one of the most—if not the most—distinguished editor in the Democratic Party at that time, wrote to General Jackson and said:

> We have noted that you are advanced as a candidate for the Presidency—

That was in Jackson's first race—

> and we desire in frankness to know if you are going to support the high-tariff system—

Now I use Mr. Ritchie's words—

> and if you are going to support a high-tariff system, the support of Virginia will be relaxed.

Jackson, in a letter that I once could quote by heart—I shall only give it a passing reference—went on to point out to Mr. Ritchie that our workmen without a protective tariff could not compete with the workmen of foreign countries; that our industries could not succeed without a protective tariff; and Andrew Jackson, just as he never did, on that occasion did not retreat. Under the arrows of the enemy in the Creek and Seminole war Jackson would not retreat. When he faced the cold pistol barrel of his fellow duelist, Charles Dickinson, he allowed Dickinson the first shot, and then he fired; Jackson did not retreat. Under the guns on the plains of Chalmette, Jackson did not retreat; and under the political guns which cause many worthy men to retreat who do not even on the field of battle retreat, under the political guns Jackson declined to retreat, stood for a protective tariff, and served 8 years as President of the United States.

I respectfully say to my friend the Senator from Virginia [Mr. GLASS], one of the statesmen of the Senate, who, with his superb intellect, adorns this Chamber, that, while I did not agree with him the other day in his speech in support of the Presidential veto, mine eyes, mine eyes have long

been dry but tears almost came to them under the majestic spell of his eloquence pleading for what he believed to be right. Although I did not agree with him then, I say to him that I am right on this question, and he is not following the true doctrine of democracy when he advocates low tariffs and free trade. The low-tariff or free-trade doctrine is one that has been engrafted upon the Democratic Party by men who sit in academic chairs and do not have to meet pay rolls.

So I serve notice in advance that the keen thrust, the almost sarcastic suggestion of the able Senator from Missouri that some disreputable thing was done in 1932, when we levied a tariff in a tax bill, falls harmless against the armor of historical truth and the logical position which we Democrats who are in favor of a tariff occupy on this occasion.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Louisiana?

Mr. ASHURST. I will yield for a moment only.

Mr. LONG. Just for a question.

Mr. ASHURST. I will yield for a question.

Mr. LONG. The Senator is not trying to convert the Senator from Missouri [Mr. CLARK] on the tariff question, is he?

Mr. ASHURST. Mr. President, I believe that even the Senator from Missouri may be converted. I refuse to believe that he, with his brilliant intellect, well trained in college——

Mr. CLARK. Mr. President, will the Senator yield?

Mr. ASHURST. I will yield in just a moment—trained in war, a superb lawyer under the tutelage of his distinguished father, whose memory we revere—I refuse to believe that such a Senator will not yield to logic and to common sense.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. ASHURST. Certainly.

Mr. CLARK. I thank the Senator very much, indeed, for his very kind compliment. I should like to say to the Senator, however, that when he offers his amendment providing for a tax of 10 cents on copper the Senate will have an opportunity to decide definitely between two theories, because I intend to offer as a substitute for that suggestion a proposal to repeal all the excise taxes contained in the Revenue Act of 1932.

Mr. ASHURST. The Senator's statement is commendable, at least from the viewpoint of frankness, because he attempted to do that, so I am advised, in the committee; but, of course, when he shall make his motion to strike out these excise taxes I will then insist that the motion shall not prevail. Why, forsooth, when copper brings $750,000 in revenue to the Treasury, should that revenue be refused, sir?

Mr. CLARK. What does that tax cost the American people?

Mr. ASHURST. What does it cost the American people?

Mr. CLARK. That is the fairest test of a tax; not the amount that it brings into the Treasury but the amount of revenue it brings into the Treasury in comparison to the amount in which the American people are mulcted.

Mr. ASHURST. What does it cost the American people? Mr. President, I decline further to cavil with one who asks what will justice cost. "Oh, it is too expensive to have justice; let us have more injustice." I do not care to prolong a controversy with a man who is going to refuse justice to an American industry because it costs money.

Mr. President, some years ago in one of the thriving cities of Arizona—I shall not mention its name as I do not wish to expose some of my friends to what would be good-natured raillery because of the position in which they were placed; so I will simply say it is a town well known for its hospitality, well known for its Americanism, well known from the fact that it has poured forth the red metal, copper, into the veins and channels of trade for 50 years; with the knowledge that this town produced vast quantities of red metal, copper, it was thought to be wise, inasmuch as many of the great cathedrals and other monumental buildings in Europe had been roofed with copper for more than 500 years, and that copper was durable, its ductility great, its tensile strength of a high degree, to roof a new schoolhouse in that town with copper. So, with enthusiasm, the trustees of the school district announced in proposals for bids that copper must be used for the roof of the building. Very good. They received the acclaim of their fellow townsmen, who said, "Now, Arizona and America are coming into their own; we are going to roof some of our buildings with copper." However, they overlooked to say "copper mined and processed in the United States"; so the contractor sent to a foreign country, and, at an exceedingly low cost, brought in great sheets of copper and roofed the building in a copper town in the Southwest with copper brought from a foreign country.

That was a refinement of irony; and the Senate will see now why I did not mention the name of the town and did not mention the names of the men who at that time happened to be on the school board.

I ask unanimous consent to include in the RECORD a table which I have from the Treasury Department, being figures showing the importations of copper and the amount of duty collected thereon since the last revenue act was passed.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and permission is granted.

The table referred to is as follows:

Imports of copper and copper manufactures dutiable under section 601, Revenue Act of 1932, June 21, 1932, to Feb. 28, 1934, inclusive

	Rate of duty	Pounds, copper content				Duty collected
		June 21–Dec. 31, 1932	Calendar year 1933	January and February 1934	Total under Revenue Act of 1932	
Copper, formerly free, made dutiable under Revenue Act of 1932:						
Copper ore, n.e.s	4 cents per pound	200	937		1,157	$46
Copper in pyrite ore	do	1,520,779			1,520,779	60,381
Regulus, black, or coarse copper and cement copper	do	16,711	1,287		17,998	720
Unrefined, black, blister, and converter copper	do	539,637	1,014,543	224,165	1,778,345	71,134
Refined copper in ingots, plates or bars	do	1,364,901	7,447,257	1,289,311	10,101,459	404,059
Copper manufactures on which added duty was imposed by Revenue Act of 1932:						
Brass rods, sheets, plates, bars, and strips	do	1,653	55,475	360	57,488	2,300
Brass tubes and tubing, seamless	do	12,303	28,771	3,761	44,835	1,793
Brass wire	do	252	26,004	2,801	29,057	1,162
Bronze tubes	do	261,924	278,832	70,035	610,791	24,432
Bronze wire	do	76,977	204,942	30,985	312,904	12,516
Other articles containing copper	do	9,279	42,926	5,782	57,987	2,319
Articles having chief value of copper	3 cents per pound	1,122,360	2,329,866	(1)	3,452,226	103,567
Articles having less than 4 percent of copper	¾ cent per pound	894,167	1,962,933	(1)	2,857,100	21,428
Articles having more than 4 percent of copper	3 percent			(1)		5,715
Total		5,821,143	13,393,773	1,627,200	20,842,126	712,022

[1] Not yet reported.

Mr. BONE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Washington?

Mr. ASHURST. I yield.

Mr. BONE. I should like to ask the Senator a question. During my service here it is my recollection that I have seen a statement in print that copper ingots have been laid down in New York at 6 cents a pound. I wonder if the Senator knows whether there is any truth in that statement?

Mr. ASHURST. I know of some copper laid down in some ports—I shall not say New York, but laid down in some of the Atlantic ports, and, indeed, at some of the Pacific ports—for a little less than 6 cents a pound, and some at 6 cents a pound. I will ask the Senator from Nevada if I am not correct as to that?

Mr. McCARRAN. The Senator is correct.

Mr. ASHURST. So, it will be perceived that it is only by a remote excursion into the realms of imagination that anyone can be led to believe tht we can mine and produce copper, pay our workmen good wages so that they may live as we claim we want our workmen to live, as dignified American citizens, and compete with Africa and South America, where, I repeat, many of the mines are richer than ours and the workmen wear only what a Senator during the debate a while ago referred to as that well-known article of habiliment, the breechclout, and labors 12 hours a day, and, as a magnate said, "They do not organize; do not bother us with organization." It is not possible for America to compete unless and until we have a proper tariff on copper or an embargo—and I do not hesitate at all to use the word "embargo" if we cannot make adequate provision by a tariff. Unless we shall have one of these, the entire copper-producing business and the copper-smelting industry in the United States will be gone.

Mr. President, may I say that he would be inhuman who wished another war and he would be a fool—I will withdraw the word "fool" and say he would be an unpretending simpleton—who did not see in certain quarters of this earth manifestations working, interchanges and exchanges, sinuous methods, devices being employed that may lead us on ultimately into some trouble; I hesitate to say would lead us into war. I abhor the words so much that it is with difficulty I approach the subject, but should we, most unhappily, be drawn into any conflict, I do not want the United States to be found in the position, if such unfortunate eventuality should occur, as we were in during the World War. When the World War broke out we did not have supplies of manganese at all comparable with our needs, whereupon it was necessary to import manganese, because next to copper manganese is the most essential of all the war minerals.

It will be remembered by Senators that when the steamship *Cyclops* was lost she went down, and the loss of the *Cyclops* will be remembered with grief by Senators, because a nephew of one of our Senators was on board. All aboard were lost. She is now at the Port of Missing Men. No one knows what became of her. Not a spar, not a rope, not a board, not a piece of evidence survives today to tell us what happened to the *Cyclops*. She was laden with manganese, trying to reach an American port from Brazil in order that our factories might make weapons, munitions of war, to help win the World War in which we were engaged. In other words, we had to depend upon foreign countries for our supplies of manganese.

I do not intend to have it said when I retire from public service, "There goes a man who served in the Senate a long time, but he never had the vision to see to it that we of the United States ought to be producing all we need and require, that America should produce her own manganese and her own copper; but supinely he sat and permitted free trade and low tariff theorists to allow the importation of copper and manganese into the United States from foreign countries." Whatever may be my political fate, it shall not be charged that I sat here supinely and did not protest against this doctrine of free trade.

Mr. President, let me say a personal word. I am not going to retire from the Senate unless my constituents retire me. From the gathering of my friends it would seem that in my State they believe they can retire me. Indeed, they have paid me the compliment in my State of bringing out five very excellent and able gentlemen against me. I not only have one opponent to defeat, but I have five worthy gentlemen to defeat. Scrubs never run against me. Always high-grade, excellent men run against me. Indeed, one of my most formidable opponents, a sound lawyer, a brilliant orator, well known by 25 or 30 Senators here, is named Barnum, and whatever advertising he may obtain out of my reference to him he is welcome to, because if he or any other of my present opponents be chosen I do not think the Senate or the country will suffer by my displacement or by his election; but, "believe you me", as I heard on the campus at Harvard, they will not displace me without some effort on their part! [Laughter.]

My own displacement might amount to but very little. Possibly there may be half a dozen men here—I shall not name them—whom we would miss upon their retirement, but if I or most of us were to retire we would leave about the same impression that we would if we put our finger in a basin of water and withdrew the finger. [Laughter.]

I say again, in all seriousness, that I have no apologies to make, here or elsewhere, for my advocacy of a protective tariff. I chose this tariff course for myself more than 14 years ago, and I have adhered to it. Whenever I meet my good friend, the present able and cultured Secretary of State—I am sure he has an affection for me and I know I have an affection for him—I suspect that he knows if I secure opportunity I shall try to induce him to come over to my idea of a protective tariff and thus make America strong and efficient.

I thank the Senate for its attention.

Mr. BONE. Mr. President, I desire to ask the Senator from Missouri [Mr. CLARK] a question with reference to his amendment. I quite agree with the Senator from New York [Mr. COPELAND] that it would probably be impossible in this bill to distinguish in taxation between the oil that ultimately goes into edible products and the oil which goes into other commercial products, such as sprays and the like. The vote clearly indicates that the Senate probably would not make such a distinction, and it would be impossible to make the distinction in taxes.

I should like to ask the Senator from Missouri if his amendment proposes to strike out the entire section or merely that part of it added by the amendment of the Senator from Nebraska [Mr. NORRIS]?

Mr. CLARK. Mr. President, my motion is to strike out the entire section. It would not be in order to move to strike out the language inserted by the amendment of the Senator from Nebraska except by way of a motion to reconsider.

Mr. BONE. That was my impression.

Mr. CLARK. My motion is a fundamental motion designed to strike out the section so far as it imposes a processing tax on the various oils.

Mr. BONE. May I continue this question for an instant? The Senator refers to the section, but the section is found on pages 214, 215, 216, and a part of 217. I wondered if it is the purpose of the Senator to strike out the entire section?

Mr. CLARK. Yes. The whole section has to do with imposing a processing tax on various kinds of oil.

Mr. BONE. I thank the Senator.

Mr. CLARK. Mr. President, I do not desire, in the consideration of a revenue bill, to enter into any debate with my very able and distinguished friend the Senator from Arizona [Mr. ASHURST] on historical background and theories or to go into detail at this stage of the debate on a revenue bill as to the position in the past of the great historical figures of the Democratic Party. I may say that several times before I have heard the Senator from Arizona make this same speech as to the position of Jefferson, Jack-

son, and Madison, and it has long been my intention at the proper time and when the proper subject was before the Senate to discuss in some detail with the Senator from Arizona the historical background of the tariff and the position of those eminent leaders of the Democracy. I prefer, however, not to do that until after the reelection of the Senator, which we all hope for and expect despite his obvious blind spot on the tariff.

I desire only to say, so far as the tariff is concerned, that the results of the high protective tariff system or the prohibitive tariff system as it is now, is, and has been for the last few years may be summed up in one sentence:

Twelve million Americans out of employment, 4,000,000 Americans on the dole, banks closed on every hand, industry prostrate, agriculture beggared, and the United States in the midst of the greatest depression the Nation has ever seen.

The subject of the tariff has nothing to do with my motion to strike out, except that I return to my original proposition that it is a vicious and dishonest legislative system, under the guise of a processing tax, to undertake to impose an embargo. It is perfectly obvious that the only purpose in this provision was not to raise revenue, not to produce revenue in any degree whatever, but to create a prohibitive tax amounting to an embargo. If there ever had been any question as an original proposition with reference to the intention of Congress not to consider this as a revenue-producing measure, it was effectually settled by the adoption of the amendment of the Senator from Nebraska [Mr. NORRIS] this morning. That amendment would turn back to someone else all the money, if any is raised.

Coming back to the subject of copper, the fact of the matter is that the copper industry is suffering in this country because the copper interests proceeded to "jack up" the price of copper so high to the consumers of the world that they made it worth while for certain foreign nations to buy American machinery and develop their own copper deposits. It has affected the copper market in that way.

The same thing is true in every other case in which prohibitive taxes have been imposed, and the producer or the monopolist in this country has been the supposed beneficiary of a prohibitive tariff tax. It has resulted in the long run in penury to the industry and unemployment to the laborer.

Mr. President, mention was made by the Senator from Texas [Mr. CONNALLY] of the fact that in the last session of Congress I, in conjunction with the Senator from Iowa [Mr. DICKINSON], introduced a bill providing for the imposition of a tax on gasoline which was not mixed with a certain mixture of alcohol. I introduced that bill at the request of the present Administrator of the Agricultural Adjustment Administration. I stated frankly to the Committee on Finance, to which the bill was referred, that I was by no means convinced of the merit of the measure, that I had introduced it by request, and, instead of pressing it before the committee, I requested that a subcommittee be appointed to investigate the matter and consider it.

A subcommittee was appointed, of which I was named chairman, and of which the Senator from Texas [Mr. CONNALLY] and the Senator from Oklahoma [Mr. GORE] were members, representing two oil-producing States. During the fall it was my intention to call a meeting of the subcommittee for hearings before the meeting of Congress for the purpose of studying the merits of the measure, but owing to the fact that the Senator from Texas [Mr. CONNALLY] was engaged in investigations in Louisiana, and that the Senator from Oklahoma [Mr. GORE] was detained in the hearings before the Banking and Currency Committee, no meetings of the subcommittee were called before the meeting of Congress. I did not desire to hold the hearings in the absence of the Senators from the oil States. Since that time nearly constant meetings of the full committee have prevented the holding of hearings by the subcommittee.

Whatever may be the fact about that, however, if I were in real good faith fully convinced of the merits of that proposal, and were its active sponsor, I may say to the Senator from Texas that I should never be willing to do what he is doing in this case—bringing in a proposition not really designed to raise revenue, and undertaking to ride it through the Congress of the United States upon the coat-tails of a revenue-producing measure.

Mr. LONG. Mr. President, will my friend yield to me for a question?

Mr. CLARK. I yield the floor.

Mr. LONG. I intended to ask a question.

I just wish to say that if we do not take steps to protect the cotton industry, whether we call it by embargo or by revenue bill, or by tariff, it is a question of time as to how long we shall have a domestic cotton business.

If we do not protect the lumber business, it is a question as to how long we shall have a lumber business.

If we do not protect the copper business, we know that we shall have no copper business.

If we do not protect the farming industry, we are going to put the farmer in a worse fix than he is in now.

The leadership of the tariff fight in the future will be on this side of the Chamber.

There is not any question, Mr. President, but that the South and the Middle West have begun to find out that they must have tariffs.

For a number of years the only southerners who dared to open their mouths in favor of a tariff bill were the men who came from my State; but today it has become so patent that a man must be blind who does not realize that the part of the country ordinarily controlled by the Democracy will have to insist on a tariff if we are to have any domestic enterprise, particularly of farming, in the future.

Mr. GLASS. Mr. President, what is the use of having them all on this side of the Chamber? Why do not all of us go on the other side of the Chamber? [Laughter.]

Mr. LONG. Because, if I may say so to my friend from Virginia, we are tired of the Republicans being the only people to champion the tariff doctrine of Jefferson and Jackson. We propose to do some of it ourselves. [Laughter.]

Mr. HARRISON. Mr. President, there are two or three slight amendments to this section which I should like to have agreed to before the question is put on the motion of the Senator from Missouri [Mr. CLARK] to strike out the section.

The PRESIDING OFFICER. The amendments will be stated.

The LEGISLATIVE CLERK. On page 214, line 20, before the word "place", it is proposed to insert the word "principal", so as to read:

(b) Each processor required to pay the tax imposed by this section shall make monthly returns under oath in duplicate and pay the tax to the collector of internal revenue for the district in which is located his principal place of business, or if he has no principal place of business in the United States, then to the collector of internal revenue at Baltimore, Md. Such returns shall contain such information and be made at such times and in such manner as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may by regulations prescribe. The tax shall, without assessment by the Commissioner or notice from the collector, be due and payable to the collector at the time so fixed for filing the return. If the tax is not paid when due, there shall be added as part of the tax interest at the rate of 1 percent per month from the time the tax became due until paid.

The amendment was agreed to.

The LEGISLATIVE CLERK. On page 215, line 10, after the word "division", it is proposed to strike out "thereof" and insert "thereof", so as to read:

(c) Subject to such rules and regulations as the Commissioner, with the approval of the Secretary, may prescribe, any person who has sold to a State, or political subdivision thereof, for use in the exercise of an essential governmental function any article containing any such oil, combination, or mixture, upon the processing of which a tax has been paid under this section shall be entitled to a credit or refund of the tax paid with respect to the quantity of such oil, combination, or mixture contained in such article.

The amendment was agreed to.

The LEGISLATIVE CLERK. On page 216, line 13, before the word "the", it is proposed to strike out "the amount to be

paid thereunder of the whole of such tax, then (unless the contract expressly prohibits such addition)", so as to read:

(e) If (1) any person has, prior to January 26, 1934, made a bona fide contract for the sale on or after the effective date of this section of any article wholly or in chief value of an article with respect to which a tax is imposed by this section or of any article with respect to which a tax is imposed by this subsection, and if (2) such contract does not permit the addition to the amount to be paid thereunder of the whole of such tax, then (unless the contract expressly prohibits such addition) the vendee shall pay so much of the tax as is not permitted to be added to the contract price. Taxes payable by the vendee shall be paid to the vendor at the time the sale is consummated and shall be returned and paid to the United States by the vendor in the same manner as other taxes under this section. In case of failure or refusal by the vendee to pay such taxes to the vendor, the vendor shall report the facts to the Commissioner, who shall cause collection of such taxes to be made from the vendee.

The amendment was agreed to.

Mr. WALSH. Mr. President, I should like to have the opinion of the Chairman of the Finance Committee on the pending motion.

Mr. HARRISON. Mr. President, I may say to the Senator from Massachusetts that I expect to vote for the pending motion, but I know that I shall be in the hopeless minority, and I think the Senator from Missouri realizes it.

Mr. WALSH. In other words, the chairman of the committee thinks the situation is such, in view of the amendments adopted, that the best way out of our difficulties is to strike out the entire section?

Mr. HARRISON. As the Senator recalls, in the committee I voted against the proposal because it made no exemption of coconut oil from the Philippines.

Mr. GEORGE. Mr. President, I regret very much that the chairman of the committee does not recognize the wish of the Senate any more than he does that of the Finance Committee, because we have demonstrated, both in the committee and on this floor, that we want this tax.

I desire to make a brief statement.

The Senator from Missouri [Mr. CLARK] is asking that the entire section relating to all of the taxes imposed upon all of the oils, with the exceptions, exemptions, modifications, or whatnot, contained in the section be stricken from the bill. If that motion should prevail we will go to conference with the House on a flat definite tax of 5 cents a pound on the products of the Philippine Islands alone.

As this provision now stands, we have imposed a much more reasonable tax upon all foreign oils. If we strike it out, we will go into conference with the record today made in the Senate, with the House conferees insisting upon a flat tax of 5 cents a pound on the Philippine products alone.

The section ought not to be stricken out.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Missouri [Mr. CLARK].

Mr. CLARK. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. CUTTING (when his name was called). I have a pair for the day with the Senator from Florida [Mr. TRAMMELL]. Not knowing how he would vote, I withhold my vote. If at liberty to vote, I should vote "yea."

Mr. FESS (when his name was called). I have a pair with the senior Senator from Virginia [Mr. GLASS], who is detained from the Senate, and therefore withhold my vote.

Mr. WALCOTT (when his name was called). I have a pair with the junior Senator from California [Mr. MCADOO]. He is not present. Not knowing how he would vote on this question, I refrain from voting. If I were at liberty to vote, I should vote "nay."

The roll call was concluded.

Mr. WHITE (after having voted in the negative). I understand that I have a general pair with the Senator from Nevada [Mr. PITTMAN], and therefore withdraw my vote.

Mr. AUSTIN (after having voted in the negative). Since voting I have been informed that I have a general pair with the Senator from Alabama [Mr. BLACK]. I therefore withdraw my vote.

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from Maryland [Mr. TYDINGS] is necessarily detained on official business. If present, he would vote "yea."

I also desire to announce that the Senator from Washington [Mr. DILL], the Senator from Illinois [Mr. LEWIS], and the Senator from South Carolina [Mr. SMITH] are necessarily detained on important business of the Senate.

I also wish to announce that the Senator from Texas [Mr. CONNALLY] is detained in one of the Government departments. If present, he would vote "nay."

Mr. HEBERT. I desire to announce the following general pairs:

The Senator from Maine [Mr. HALE] with the Senator from Montana [Mr. WHEELER];

The Senator from New Jersey [Mr. BARBOUR] with the Senator from Utah [Mr. KING];

The Senator from Rhode Island [Mr. METCALF] with the Senator from Oklahoma [Mr. GORE]; and

The Senator from New Jersey [Mr. KEAN] with the Senator from Maryland [Mr. TYDINGS].

I am not advised how any of these Senators would vote on this question.

Mr. WHITE. My colleague the senior Senator from Maine [Mr. HALE] is necessarily absent.

The result was announced—yeas 7, nays 64, as follows:

YEAS—7

Borah	Copeland	Logan	Steiwer
Clark	Harrison	Robinson, Ark.	

NAYS—64

Adams	Couzens	Keyes	Reed
Ashurst	Davis	La Follette	Reynolds
Bailey	Dickinson	Lonergan	Robinson, Ind.
Bankhead	Duffy	Long	Russell
Barkley	Erickson	McCarran	Schall
Bone	Fletcher	McGill	Sheppard
Brown	Frazier	McKellar	Shipstead
Bulkley	George	McNary	Stephens
Bulow	Gibson	Murphy	Thomas, Okla.
Byrd	Goldsborough	Neely	Thomas, Utah
Byrnes	Hastings	Norris	Thompson
Capper	Hatch	Nye	Townsend
Caraway	Hatfield	O'Mahoney	Vandenberg
Carey	Hayden	Overton	Van Nuys
Coolidge	Hebert	Patterson	Wagner
Costigan	Johnson	Pope	Walsh

NOT VOTING—25

Austin	Dill	Lewis	Tydings
Bachman	Fess	McAdoo	Walcott
Barbour	Glass	Metcalf	Wheeler
Black	Gore	Norbeck	White
Connally	Hale	Pittman	
Cutting	Kean	Smith	
Dieterich	King	Trammell	

So Mr. CLARK's amendment was rejected.

REGULATION OF FISHERIES OF ALASKA

The PRESIDING OFFICER (Mr. POPE in the chair) laid before the Senate the amendments of the House of Representatives to the bill (S. 3022) to amend sections 3 and 4 of an act of Congress entitled "An act for the protection and regulation of the fisheries of Alaska", approved June 26, 1906, as amended by act of Congress approved June 6, 1924, and for other purposes, which were, on page 3, line 11, after "or", to insert "any", and to amend the title so as to read: "An act to amend sections 3 and 4 of an act of Congress entitled 'An act for the protection and regulation of the fisheries of Alaska', approved June 26, 1906, as amended by the act of Congress approved June 6, 1924, and for other purposes."

Mr. STEPHENS. I move that the Senate concur in the amendments of the House.

The motion was agreed to.

INTERNAL-REVENUE TAXATION

The Senate resumed the consideration of the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes.

Mr. COUZENS. Mr. President, yesterday when the Senate voted on the amendment I had proposed to add 10 percent to the income taxes for the calendar year 1934, I changed my vote from "yea" to "nay" so that I might enter a motion to reconsider. I think we would expedite matters if we could get unanimous consent to reconsider the vote and then take a vote straight on the amendment. I, therefore,

ask unanimous consent that the vote by which the amendment was rejected be reconsidered, and then that we take a vote on the question itself.

Mr. BARKLEY. Without further debate?

Mr. COUZENS. No; I would not prevent debate, but I think we might have unanimous consent to reconsider the vote, and then we would not have to take a vote on that question.

The VICE PRESIDENT. The Senator from Michigan asks unanimous consent that the vote by which the amendment he offered was rejected be reconsidered. Is there objection?

Mr. REED. I object.

The VICE PRESIDENT. The Senator from Pennsylvania objects.

Mr. COUZENS. Mr. President, I move that the vote by which the Senate voted 44 to 46 yesterday and rejected the amendment by which I proposed to add 10 percent to the income taxes for 1934 be reconsidered.

Mr. LA FOLLETTE. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. BULOW (when his name was called). I have a pair with the junior Senator from Tennessee [Mr. BACHMAN], and in his absence withhold my vote.

Mr. CUTTING (when his name was called). I have a pair with the junior Senator from Florida [Mr. TRAMMELL]. I am informed that on this question he would vote as I intend to vote, and, therefore, I am at liberty to vote. I vote "yea."

Mr. LEWIS (when Mr. DIETERICH's name was called). I announce the absence of my colleague [Mr. DIETERICH] for the reason heretofore given, and say that I am authorized also to state that were he present he would vote "nay."

Mr. GORE (when his name was called). I have a pair with the Senator from Rhode Island [Mr. METCALF]. In his absence I withhold my vote. If I were at liberty to vote, I should vote "yea", and if the Senator from Rhode Island [Mr. METCALF] were present and voting he would vote "nay."

Mr. MURPHY (when his name was called). On this vote I have a pair with the senior Senator from New Jersey [Mr. KEAN], who is absent from the Chamber on important business. If I were permitted to vote, I should vote "yea", and the Senator from New Jersey [Mr. KEAN], if present and voting, would vote "nay."

Mr. LA FOLLETTE (when Mr. WHEELER's name was called). The senior Senator from Montana [Mr. WHEELER] is unavoidably absent on account of illness. He is paired with the senior Senator from Maine [Mr. HALE]. If the Senator from Montana [Mr. WHEELER] were present, he would vote "yea", and the Senator from Maine [Mr. HALE] would vote "nay."

Mr. WHITE. On this vote I have a pair with the senior Senator from Nevada [Mr. PITTMAN]. Not knowing how he would vote, I withhold my vote. If permitted to vote, I should vote "yea."

The roll call was concluded.

Mr. FESS (after having voted in the negative). I have a general pair with the senior Senator from Virginia [Mr. GLASS]. I understand, however, that if present he would vote as I have already voted. Therefore, I allow my vote to stand.

Mr. LEWIS. Mr. President, I wish to announce the following special pairs:

The Senator from Illinois [Mr. DIETERICH] with the Senator from Alabama [Mr. BLACK];

The Senator from Virginia [Mr. GLASS] with the Senator from Florida [Mr. TRAMMELL]; and

The Senator from Maryland [Mr. TYDINGS] with the Senator from Texas [Mr. CONNALLY].

If present and voting, the Senator from Illinois [Mr. DIETERICH], the Senator from Virginia [Mr. GLASS], and the Senator from Maryland [Mr. TYDINGS] would vote "nay", and the Senator from Alabama [Mr. BLACK], the Senator from Florida [Mr. TRAMMELL], and the Senator from Texas [Mr. CONNALLY] would vote "yea."

Mr. WHITE. I do not know whether or not an announcement has been made, but I should like to have it appear in the RECORD that my colleague the senior Senator from Maine [Mr. HALE] is necessarily absent.

Mr. LEWIS. I desire to announce that the Senator from Florida [Mr. TRAMMELL], the Senator from Alabama [Mr. BLACK], the Senator from Texas [Mr. CONNALLY], the Senator from Virginia [Mr. GLASS], the Senator from Utah [Mr. KING], the Senator from West Virginia [Mr. NEELY], the Senator from Nevada [Mr. PITTMAN], the Senator from South Carolina [Mr. SMITH], the Senator from Mississippi [Mr. STEPHENS], and the Senator from Maryland [Mr. TYDINGS] are necessarily detained from the Senate on official business.

Mr. MCKELLAR. My colleague the junior Senator from Tennessee [Mr. BACHMAN] is unavoidably detained from the Senate. Were he present, he would vote "nay" on this question.

The result was announced—yeas 40, nays 35, as follows:

YEAS—40

Ashurst	Couzens	La Follette	Pope
Barkley	Cutting	Logan	Reynolds
Bone	Dill	Long	Robinson, Ind.
Borah	Duffy	McCarran	Russell
Brown	Erickson	McGill	Schall
Bulkley	Fletcher	McNary	Sheppard
Capper	Frazier	Norris	Shipstead
Caraway	Hatch	Nye	Thomas, Okla.
Clark	Hayden	O'Mahoney	Thomas, Utah
Costigan	Johnson	Overton	Vandenberg

NAYS—35

Adams	Copeland	Hatfield	Robinson, Ark.
Austin	Davis	Hebert	Steiwer
Bailey	Dickinson	Keyes	Thompson
Bankhead	Fess	Lewis	Townsend
Barbour	George	Lonergan	Van Nuys
Byrd	Gibson	McAdoo	Wagner
Byrnes	Goldsborough	McKellar	Walcott
Carey	Harrison	Patterson	Walsh
Coolidge	Hastings	Reed	

NOT VOTING—21

Bachman	Gore	Neely	Tydings
Black	Hale	Norbeck	Wheeler
Bulow	Kean	Pittman	White
Connally	King	Smith	
Dieterich	Metcalf	Stephens	
Glass	Murphy	Trammell	

So the motion to reconsider was agreed to.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the senior Senator from Michigan [Mr. COUZENS].

Mr. COUZENS. Mr. President, I do not desire to consume much of the time of the Senate, because I think all Senators are familiar with the pending question. In view of the fact that there were 90 votes cast on yesterday, I think there is no Senator here who is not familiar with the question; but, in order to make sure, I will read the amendment so that there can be no misunderstanding. It provides for an increase of the tax for 1934 only. The amendment is as follows:

SEC. 14. Increase of tax for 1934: In the case of an individual the amount of tax payable for any taxable year beginning after December 31, 1933, and prior to January 1, 1935, shall be 10 percent greater than the amount of tax which would be payable if computed without regard to this section, but after the application of the credit for foreign taxes provided in section 131, and the credit for taxes withheld at the source provided in section 32.

Mr. President, it is estimated by the Treasury officials that the tax proposed by my amendment will bring in $55,000,000 additional revenue. As I pointed out yesterday, we appropriated $950,000,000 for C.W.A. and welfare work, and the whole revenue bill, with my amendment added thereto, will not bring into the Treasury more than half the amount required for that purpose.

The tax provided for in the amendment ranges from 80 cents additional tax on the man with an income of $3,000 a year up to $57,000 on the man who has an income of a million dollars a year.

Mr. President, this additional tax cannot be construed as a hardship upon any taxpayer, and it will last for only 1 year; that limitation being made in order that we may see what the evolution of the recovery will be.

Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. BULOW (when his name was called). Making the same announcement as on the previous roll call, I withhold my vote.

Mr. CUTTING (when his name was called). I have a pair with the junior Senator from Florida [Mr. TRAMMELL]. I am informed that on this question he would vote in the same way that I shall vote. Therefore, I feel at liberty to vote. I vote "yea."

Mr. FESS. Making the same announcement that I made on the previous roll call with reference to my pair with the senior Senator from Virginia [Mr. GLASS], I will say that I am advised that were he present he would vote as I intend to vote. Therefore, I am at liberty to vote. I vote "nay."

Mr. GORE. I am paired with the senior Senator from Rhode Island [Mr. METCALF]. If he were present he would vote "nay." If I were at liberty to vote, I should vote "yea." I withhold my vote.

Mr. LA FOLLETTE (when Mr. NORBECK's name was called). The senior Senator from South Dakota [Mr. NORBECK] is unavoidably absent. If present, he would vote "yea."

Mr. WHITE (when his name was called). I have a general pair with the senior Senator from Nevada [Mr. PITTMAN]. I understand from the announcement already made that I may transfer that pair to the senior Senator from South Dakota [Mr. NORBECK]. I do so, and vote "yea."

I should also like to have the fact appear in the RECORD that my colleague the senior Senator from Maine [Mr. HALE] is necessarily absent.

The roll call was concluded.

Mr. MURPHY. I have a pair with the senior Senator from New Jersey [Mr. KEAN]. I transfer that pair to the junior Senator from Florida [Mr. TRAMMELL], and will vote. I vote "yea."

Mr. LA FOLLETTE. I make the same announcement as before concerning the pair of the senior Senator from Montana [Mr. WHEELER] and the senior Senator from Maine [Mr. HALE]. I wish to add that if the senior Senator from Montana were present he would vote "yea", and if the senior Senator from Maine were present he would vote "nay."

Mr. MCKELLAR. I make the same announcement that I have already made in regard to my colleague [Mr. BACHMAN]. If he were present he would vote "nay."

The roll call was concluded.

Mr. LEWIS. I regret to announce that the Senator from Montana [Mr. WHEELER] is detained from the Senate on account of illness.

I also desire to announce that the Senator from Alabama [Mr. BLACK], the Senator from Texas [Mr. CONNALLY], the Senator from Virginia [Mr. GLASS], the Senator from Nevada [Mr. PITTMAN], the Senator from South Carolina [Mr. SMITH], the Senator from Mississippi [Mr. STEPHENS], the Senator from Florida [Mr. TRAMMELL], and the Senator from Maryland [Mr. TYDINGS] are necessarily detained from the Senate on official business.

I also wish to announce the following special pairs:

The Senator from Alabama [Mr. BLACK], with the Senator from Illinois [Mr. DIETERICH], and

The Senator from Texas [Mr. CONNALLY] with the Senator from Maryland [Mr. TYDINGS].

I also wish to state that if the Senator from Alabama [Mr. BLACK], and the Senator from Texas [Mr. CONNALLY] were present they would vote "yea", and that if the Senator from Illinois [Mr. DIETERICH], and the Senator from Maryland [Mr. TYDINGS] were present they would vote "nay."

The result was announced—yeas 43, nays 36, as follows:

YEAS—43

Ashurst	Capper	Cutting	Frazier
Bone	Caraway	Dill	Hatch
Borah	Clark	Duffy	Hayden
Brown	Costigan	Erickson	Johnson
Bulkley	Couzens	Fletcher	King
La Follette	Murphy	Pope	Shipstead
Logan	Neely	Reynolds	Thomas, Okla.
Long	Norris	Robinson, Ind.	Thomas, Utah
McCarran	Nye	Russell	Vandenberg
McGill	O'Mahoney	Schall	White
McNary	Overton	Sheppard	

NAYS—36

Adams	Coolidge	Hastings	Reed
Austin	Copeland	Hatfield	Robinson, Ark.
Bailey	Davis	Hebert	Steiwer
Bankhead	Dickinson	Keyes	Thompson
Barbour	Fess	Lewis	Townsend
Barkley	George	Lonergan	Van Nuys
Byrd	Gibson	McAdoo	Wagner
Byrnes	Goldsborough	McKellar	Walcott
Carey	Harrison	Patterson	Walsh

NOT VOTING—17

Bachman	Glass	Norbeck	Tydings
Black	Gore	Pittman	Wheeler
Bulow	Hale	Smith	
Connally	Kean	Stephens	
Dieterich	Metcalf	Trammell	

So the amendment of Mr. COUZENS was agreed to.

Mr. CAPPER. Mr. President, I offer an amendment to the pending bill beginning on page 221, line 12, to strike out all of section 603.

This amendment simply proposes to strike out the emergency Federal tax of 1 cent a gallon on gasoline. I propose the amendment at the request of the three national farm organizations, the National Grange, American Farm Bureau, and Farmers Union, all of whom have gone on record in favor of my amendment.

Mr. HARRISON. Mr. President, will the Senator yield for a question?

Mr. CAPPER. I yield.

The VICE PRESIDENT. The Chair is informed that the amendment of the Senator from Kansas is an amendment to a committee amendment which has heretofore been agreed to. In order that the Senator may be in order in offering his amendment it would be necessary to reconsider the vote by which the committee amendment was agreed to.

Mr. HARRISON. Mr. President, I ask unanimous consent that the vote by which the committee amendment was agreed to may be reconsidered for the purpose of enabling the Senator from Kansas to offer his amendment, because the Senator served notice some days ago that he wanted to offer the amendment.

Mr. CAPPER. I thank the Senator from Mississippi.

The VICE PRESIDENT. Is there objection to the request of the Senator from Mississippi? The Chair hears none, and the vote by which the committee amendment was agreed to is reconsidered. The question now is on the amendment offered by the Senator from Kansas to the amendment reported by the committee.

Mr. HARRISON. May I ask the Senator a question so as to make plain the purpose of his amendment? As I understand, what he is trying to do is to strike out the 1 cent a gallon tax on gasoline?

Mr. CAPPER. That is the purpose of the amendment.

Mr. HARRISON. In other words, the purpose is to strike out $151,000,000 of revenue?

Mr. CAPPER. It will amount to about $120,000,000, the Congress having already repealed half a cent of the tax.

Mr. HARRISON. A half cent of the tax has already been repealed, and that has gone into effect, but the experts say that this amendment, if adopted, will cost the Treasury $151,000,000. The provision as to the tax on gasoline, I may say to the Senator, in any event, will cease to be in effect on the 30th of June of next year, and, after that time, there will be no tax on gasoline, if the law shall remain as it is.

Mr. CAPPER. Mr. President, I hope the Senate will adopt the amendment and rid us of what I consider a discriminatory, unjust, and outrageous tax.

This tax was imposed as a temporary tax in the Revenue Act of 1932. It invades a field already too well occupied by the States. It lays an excessive tax on an already overtaxed source of State and local revenue. It is one of the worst examples of double taxation which we have.

It is my thought—and I believe it also is the belief of most Members of the Senate—that the gasoline tax should be reserved for State and local taxing units and should be

devoted to highway construction and maintenance purposes. A fairly heavy tax, when used on the highways, can be justified.

But here we have this situation: Every State and the District of Columbia levies a gasoline tax. The tax ranges from 2 to 7 cents a gallon. That surely is a sufficiently heavy burden.

And consider, Mr. President, the tax plight of the motor-car owner and operator today. He is paying more than a billion dollars a year in Federal, State, and local taxes. The owners of motor vehicles are taxed annually somewhere around 25 percent of the total value of their property. Here is what they paid in taxes last year:

State gasoline taxes	$519,000,000
State license fees	300,000,000
Federal gasoline tax	181,000,000
Federal lubricants tax	22,000,000
Federal tax on cars and motor cycles	22,000,000
Federal tax on tires	28,000,000
Federal tax on parts	4,000,000
Federal tax on trucks	3,000,000

And in addition, of course, to these taxes on purchasing and operating motor vehicles, in most States they also are taxed as personal property.

More than a billion dollars a year special taxes on motor-car and truck owners and operators seems to me to be entirely too heavy a share of the tax burden, heavy as that is, and must of necessity be upon all our people.

Mr. President, it is my contention that the gasoline tax should be left to the States, and the States should use the proceeds from gasoline taxes for the construction and maintenance of highways. Carrying out that policy justifies gasoline taxes so high that they would be, and are, unjustifiable for any other purpose.

There is a limit to what the traffic will bear, Mr. President, and it seems to me we have passed that limit in the levying of taxes on gasoline. The average gasoline tax now amounts to a 30-percent sales tax. I repeat, it has become an outrageous tax, and I earnestly hope the amendment will be adopted, and the motorists of this country saved the $180,000,000 a year.

I submit, Mr. President, a statement from the National Grange through its Washington representative, Mr. Fred Brenckman, dated April 4, 1934, in which he says:

THE NATIONAL GRANGE,
Washington, D.C., April 4, 1934.

Hon. ARTHUR CAPPER,
United States Senate, Washington, D.C.

DEAR SENATOR: At our last annual convention, held at Boise, Idaho, in November 1933, the National Grange adopted resolutions in opposition to Federal taxation of automobiles and gasoline. My personal contacts convince me that the position assumed by the Grange in this connection reflects the attitude of the rank and file of our 800,000 members in 34 States, who, as farmers, are already heavily overtaxed.

A number of States are now collecting a tax on gasoline amounting to 6 and 7 cents a gallon. High taxes on gasoline tend to increase the production costs of farmers and make prohibitive the use of automobiles and trucks in agricultural production.

Farmers are particularly concerned in this matter of a Federal gasoline tax, because they not only operate trucks and automobiles but stationary engines and tractors. Some States exempt from taxation gasoline that is used for stationary engines and tractors, while others do not.

When the first Federal tax on gasoline was enacted in 1932, we were given to understand that this was an emergency tax and would not be retained indefinitely. One of the arguments we used against the enactment of a general Federal sales tax (which also applies to the gasoline tax) was that because of its comparatively painless nature, once this type of taxation is resorted to, it is very difficult to replace it with more just taxation. This argument is being proven sound now by the reluctance of the Federal Government to terminate the Federal gas tax as it tacitly promised to do when it first adopted the gasoline tax as a method of raising revenue. The fact that a date for the termination of this tax was written into the 1932 act is clear evidence that it was looked upon as a temporary and emergency means of providing revenue for the Federal Government.

We, therefore, believe that the reenactment of a Federal gasoline tax is unjustified and uncalled for and that this field of taxation should be left to the States. The savings to the farmer which would accrue at the termination of the Federal gasoline tax would be an important item in the farmer's economic recovery.

Yours sincerely,

FRED BRENCKMAN,
Washington Representative.

I submit, Mr. President, and ask that it may be printed in the RECORD, a statement from the American Farm Bureau Federation. I will quote briefly from it as follows:

For 5 years the American Farm Bureau Federation has opposed at every opportunity the entrance of the Federal Government into the field of gasoline taxation. This tax is, comparatively speaking, a new source of revenue, and owing to the necessities in States in regard to securing more revenue the gas tax has been exploited beyond reasonable bounds. In addition to the State gasoline taxes many municipalities have added an additional but usually smaller tax so that the point of diminishing returns has almost been reached.

There was an argument 2 years ago which was used then by the advocates of the Federal tax on gasoline. That argument was the one which started the gasoline tax in the States and among our cities, namely, the Government needed the money. No doubt that was true, but one commodity in general use by most of our citizens should not be made to bear more than its just portion of taxes levied by various units of government. Consequently, the American Farm Bureau Federation took a position several years ago that the Federal Government should keep out of the gasoline-tax field. Now that the Government has entered this field the American Farm Bureau Federation maintains that it should retire from it wholly, should get this revenue from other sources, and should leave the gasoline tax mostly for State uses.

Then, Mr. President, I present a statement by the American Motorist Association, of Washington, D.C., being "A brief review of the arguments for repeal of the Federal gasoline tax collected from the records of Congress itself." I ask that, together with the statement from the Farm Bureau Federation, it may be printed in the RECORD at this point.

There being no objection, the matters referred to were ordered to be printed in the RECORD, as follows:

STATEMENT OF THE AMERICAN FARM BUREAU FEDERATION IN RE CERTAIN PROVISIONS OF THE REVENUE BILL, H.R. 7835

By Chester H. Gray, Washington representative, Mar. 17, 1934

I. TAX ON GASOLINE

For 5 years the American Farm Bureau Federation has opposed, at every opportunity, the entrance of the Federal Government into the field of gasoline taxation. This tax is, comparatively speaking, a new source of revenue and owing to the necessities in States in regard to securing more revenue the gas tax has been exploited beyond reasonable bounds. In addition to the State gasoline taxes many municipalities have added an additional but usually smaller tax so that the point of diminishing returns has almost been reached.

There was an argument 2 years ago which was used then by the advocates of the Federal tax on gasoline. That argument was the one which started the gasoline tax in the States and among our cities, namely, the Government needed the money. No doubt that was true; but one commodity in general use by most of our citizens should not be made to bear more than its just portion of taxes levied by various units of government. Consequently, the American Farm Bureau Federation took a position several years ago that the Federal Government should keep out of the gasoline tax field. Now that the Government has entered this field the American Farm Bureau Federation maintains that it should retire from it wholly, should get this revenue from other sources, and should leave the gasoline tax mostly for State uses.

One cannot consider the effects of a gasoline tax, heavy as that tax has come to be in most States, without realizing its correlated effects on the general use of the motor vehicle, whether for pleasure or profit. The cost of gasoline is naturally the biggest single factor making up the detail costs in the operation of a motor vehicle. The people of our Nation have built highways for use. The automobile industry is supplying us more vehicles of various kinds. The Federal Government should not now interfere with the joint use of motor vehicles and highways by adding to the cost of gasoline through the continued collection of a Federal tax thereon. Accordingly it is recommended that section 617 of H.R. 7835 be stricken from the measure, and as a result of such action by the Senate Committee on Finance the Federal Government will have retired from the gas-tax field.

II. TAX ON LUBRICATIONG OILS

For reasons which are similar to those presented by the American Farm Bureau Federation in favor of the Federal Government withdrawing from its imposition of taxes on gasoline, the federation also recommends that the tax on lubricating oils be discontinued in their operation under the present revenue act. Some who oppose this action state that the Government must have the money. A more sensible point of view, however, is to permit our citizens using greater quantities of lubricating oils, as well as of gasoline, so that in their daily transactions of business they may have a bigger turn-over and at least an increased prospective profit upon which to pay taxes.

The tax on lubricating oils has a tendency to curtail business development since the motor vehicle became permanent, and with such curtailment of business comes a general slowing down in the tax income of the Federal Government.

Mr. CAPPER. Mr. President, I offer a brief review of arguments for repeal of the Federal gasoline tax collected from the records of Congress itself by the American Motorists Association, of Washington, D.C.

I. The Federal gasoline tax originated in the Senate Finance Committee as a temporary measure, a budget-balancing expedient under the Revenue Act of 1932.

"This tax of 1 cent a gallon was imposed by the last Congress as emergency legislation to balance the Budget. I do not think it was the intention to make it permanent."—Chairman DOUGHTON, of House Ways and Means Committee.

"The Federal gasoline tax is a temporary measure."—House Subcommittee on Double Taxation.

"Your committee is of the opinion that the gasoline tax should be reserved for the States after June 30, 1934."—Senate Finance Committee, May 10, 1933.

II. The Federal gasoline tax invades a State tax field, diverting income from a source which supplies the States with nearly 40 percent of their tax revenue.

Memorials adopted by these State legislatures demand that the Federal Government withdraw from the field of gasoline taxation—Arkansas, Michigan, Mississippi, Montana, New York, Nevada, North Carolina, Oklahoma, Oregon, Ohio, South Dakota,—Records of hearings before Senate Finance Committee and House Ways and Means Committee.

III. The Federal gasoline tax constitutes double taxation. Gasoline taxes of 2 to 7 cents a gallon now are levied by every State and the District of Columbia.

"But even this does not represent the entire burden. Many of the counties and cities also impose additional gasoline taxes."—House Subcommittee on Double Taxation.

IV. The Federal gasoline tax, plus State gasoline taxes, makes the total tax on gasoline excessive in its relation to the price.

"The most heavily taxed commodity other than tobacco."—Representative VINSON.

"As a sales tax for general revenue purposes, it is outrageous."—Senator CAPPER.

The average retail price of gasoline in 1933 was 12.41 cents per gallon. The average of Federal and State taxes was 5.41 cents. This total represented a retail sales tax of 43.59 percent, a wholesale sales tax of more than 100 percent.

"It appears that the combined Federal, State, and local taxes imposed upon gasoline increase the sales price to the consumer from 30 percent to more than 100 percent."—House Subcommittee on Double Taxation.

V. The Federal gasoline tax is wrong in principle. Gasoline taxation was devised as a means of financing State highways.

"Such taxation should be left entirely within the province of the individual States."—Senator BYRD.

VI. The Federal gasoline tax violates tax justice by imposing an undue tax burden upon one necessary commodity. From 1918 through 1933 the Federal Government spent for highways $1,184,160,000 but derived in taxes upon gasoline, motor vehicles, oil, etc., $1,461,444,000.—Records of United States Department of Agriculture.

"If gasoline is classified as a necessity, as undoubtedly it must be in many cases, then the tax burden is unprecedentedly high for a necessity."—House Subcommittee on Double Taxation.

"I regard the Federal gasoline tax for general purposes as an unjust tax."—Senator CAPPER.

"In a country of great industries like this, it ought to be easy to distribute the burdens of taxation without making them anywhere bear too heavily or too exclusively upon any one set of persons or undertakings."—Woodrow Wilson.

VII. Excessive taxation of gasoline causes law violation and tax evasion.

"A very high rate of tax creates an incentive to evade, by bootlegging or otherwise, with a resulting loss of revenue to the States and competitive hardships to reputable distributors and dealers."—House Subcommittee on Double Taxation.

VIII. Excessive taxation of gasoline reduces consumption and thereby curtails tax revenues.

"There were declines in consumption in 1931 in all States having a gasoline tax rate of more than 2 cents per gallon. * * * It is evident that the rates are approaching the point of diminishing returns."—House Subcommittee on Double Taxation.

IX. The Federal Government now has other sources of revenue. The excuse for the Federal tax on gasoline was lack of substitute sources of revenue. Liquors and beer now provide lucrative revenue. Income from other Federal taxes is growing enormously.

X. The Federal gasoline tax adds to the tax burdens of the most heavily taxed taxpayer of the United States today—the owner of a motor vehicle. He is taxed annually about 27 percent of the value of his automotive property.

In 1933 he paid $519,000,000 State gasoline taxes, plus $300,000,000 State registration fees, plus $181,000,000 Federal gasoline taxes, plus $22,000,000 Federal lubricants taxes, plus $22,000,000 Federal tax on motor cars and cycles, plus $28,000,000 Federal tax on tires, plus $4,000,000 Federal tax on parts, plus $3,000,000 Federal tax on motor trucks, making, in total, a $1,000,000,000 plus motor tax bill.

XI. Repealing the Federal gasoline tax now would bring immediate and needed tax relief to more than 23,000,000 voting taxpayers, each the constituent of some Member of Congress.

MANY ORGANIZATIONS DECLARE FOR REPEAL

Mr. President, these, among other organizations representing millions of voting taxpayers, have filed their appeal for repeal of the Federal gasoline tax:

American Motorists Association, Automobile Club of Southern California, American Farm Bureau Federation, American Petroleum Industries Committee, American Petroleum Institute, American Trucking Associations, Inc., American Automobile Association, Chamber of Commerce of the United States, Farmers' National Union, Independent Petroleum Association of America, Keystone Automobile Club, Motor and Equipment Manufacturers' Association, National Association of Motor Bus Operators, National Automobile Chamber of Commerce, National Dairy Union, National Grange, National Highway Users' Conference, National Petroleum Association, National Rural Letter Carriers' Association, and hundreds of other national, State, county, and municipal organizations.

Mr. HAYDEN. Mr. President, I rise to oppose the amendment offered by the Senator from Kansas [Mr. CAPPER]. Repeatedly, over the radio, we hear some propagandist advising the American people to write to your Senators and Congressmen to repeal the tax on gasoline. Like much of the propaganda which Senators and Representatives in Congress receive, this appeal tells less than half the truth. The whole truth is that no American who owns an automobile will object to any tax upon motor transportation if he knows that the money thus raised is to be actually expended for the construction and improvement of roads.

I am glad that this propaganda campaign has been ignored by the House of Representatives in the passage of this revenue measure. The Senate Committee on Finance, I am happy to say, has likewise remained unimpressed and recommends the continuance for another year of the 1-cent-per-gallon tax on gasoline.

There was never a more just tax than the gasoline tax, which will bring in $151,000,000 of revenue under the terms of this bill, provided Congress expends the money for Federal aid in the construction of highways. If the funds thus raised should be diverted to other uses, then no more unjust tax could possibly be levied.

What has happened with respect to such taxation and such expenditures? Congress last year appropriated $400,000,000 for an emergency highway construction program; and the money collected from the gasoline tax and the other taxes on motor transportation is liquidating that appropriation. I favor the retention of such taxes in this bill in order that Congress may be fully justified in carrying on an additional emergency highway program. The following table shows the items taxed and the revenue gained. The total amount for the next year is estimated to be $247,100,000. By improvements to insure collection and without change in the rates the Finance Committee estimates that $18,000,000 additional revenue will be produced. These are not new taxes, although, owing to administrative changes, the anticipated receipts from them are to be larger than ever.

Highway revenue items contained in table II, House committee report on revenue bill, 1934

Receipts	1933, actual	Estimated	
		1934	1935
Miscellaneous internal revenue:			
Lubricating oils	$15,232,924.81	$22,900,000	$25,900,000
Gasoline	120,099,103.44	145,000,000	151,000,000
Tires and inner tubes	13,980,094.52	25,500,000	26,700,000
Automobile trucks	1,654,040.02	3,200,000	3,800,000
Other automobiles and motorcycles	11,573,922.08	24,300,000	34,400,000
Parts or accessories for automobiles	3,097,276.24	4,200,000	5,300,000
Total	165,637,351.11	225,100,000	247,100,000
Senate committee changes			18,000,000
Total			265,100,000

Up to date the American motorists have more than paid the cost of all appropriations for highways made by the

Congress of the United States. The original Federal-aid highway act was passed late in 1916. For the years from 1917 to March 1, 1934, collections from motor vehicles, as reported by the United States Bureau of Internal Revenue, have amounted to $1,502,584,784.96. For the same period Federal road expenditures, according to the records of the United States Bureau of Public Roads, have totaled $1,472,250,824.15. These are itemized by years in a tabulation which I shall print in the CONGRESSIONAL RECORD. Thus the Federal income from highway transportation sources since the establishment of Federal aid for good roads has exceeded the Federal expenditures for highways by $30,333,960.80, placing Federal highway building on a self-sustaining basis and in a unique position among Federal public works.

Highway work, of course, has been made a part of every broad public-works program, because highway construction fills an economic need in every State. More recently the chief reason has been its great employment-providing capacity. In employment volume per dollar expended, speed of preparation of plans, flexibility and variety of character, and universal application, highway work has proven superior to all forms of public construction enterprise. Added to these facts is now the additional one that the Federal investment in highways is not an expense. The funds are collected in their entirety from highway transportation sources.

In considering this revenue bill, which extends the Federal taxes upon highway transportation items, notice should be taken that the collection of these highway dollars imposes upon Congress an obligation for continued Federal participation in the road-building program of all the States. If those who use the roads are paying for them, the users should have more and better roads.

The tabulation to which I have referred is as follows:

Comparison of Federal-aid highway expenditures and Federal tax income from motor vehicles

[Income figures from records of U.S. Bureau of Internal Revenue. Expenditure figures from records of U.S. Bureau of Public Roads]

Year	Federal-aid expenditures	Motor-vehicle tax income [1]
1917	$34,337.85	
1918	574,816.30	[2] $23,981,268.35
1919	2,915,282.76	48,834,271.47
1920	20,340,774.24	143,922,792.01
1921	57,462,768.07	115,546,249.31
1922	89,946,603.64	104,433,762.75
1923	71,604,708.75	144,290,490.28
1924	80,447,823.78	158,014,709.40
1925	97,472,506.13	124,686,745.30
1926	89,362,110.64	138,155,194.80
1927	82,977,565.95	66,437,881.32
1928	82,513,833.66	[3] 51,628,265.96
1929	84,006,619.00	
1930	77,892,192.33	
1931	155,887,639.60	
1932	188,717,619.59	
1933	165,868,106.97	173,967,660.00
1934 [4]	[5] 124,225,514.89	[5] 208,685,494.00
Total	[6] 1,472,250,824.15	1,502,584,784.95
Taxation credit balance		30,333,960.80

[1] Manufacturers' excise tax on automobiles, motorcycles and accessories and including for 1933 manufacturers' excise tax on gasoline, lubricating oils, tires, tubes, etc.
[2] 9-month period. Tax effective Oct. 4, 1917.
[3] 11-month period. Tax repealed May 29, 1928.
[4] To Mar. 1, 1934.
[5] This total includes all regular Federal-aid expenditures plus those made from the first emergency appropriation, the second emergency appropriation (Emergency Relief and Construction Act of 1932), and the Public Works highway funds. The total expenditures from these 3 emergency funds amounted to $230,860,543 to Mar. 1, 1934.

I can further illustrate what is now actually occurring by a brief quotation from a most excellent report recently made by Mr. Thomas H. MacDonald, Chief of the Bureau of Public Roads, to the Secretary of Agriculture. He said:

Attention is called to the self-liquidating character of highway construction. The highway user is very heavily taxed. The Bureau has in final preparation a study of the returns through taxation of the road used by the Federal, State, and local authorities. The returns to the Federal Treasury during the calendar year 1933, as reported by the Bureau of Internal Revenue, of taxes levied directly upon the road user and indirectly through sales taxes, show that the payments into the Federal Treasury totaled $257,217,517. At this rate the $400,000,000 set aside for highway construction will be returned from these sources to the Federal Treasury within the period that the funds are actually paid out.

In other words, it will take nearly 2 years to expend the $400,000,000 which was appropriated by Congress for Federal aid to highways, and within the 2 years there will have been collected, if the gasoline tax is retained, enough money to pay for the entire emergency road program. If the taxes are to be continued, the road appropriations should be continued. There is no escape from the conclusion that in order to allow ample time for the orderly preparation of plans and the starting of new projects by the States without an unwarranted halt in highway operations, it will be necessary for Congress, at this session, to make an additional highway appropriation.

Senators should keep these facts in mind:

First. That the Federal highway program, since its inception in 1916, has been paid for directly by the motoring public.

Second. That highway building offers the greatest employment advantages of all public works; and

Third. That the highway revenue items contained in this bill constitute a responsibility to the motoring public for continued Federal participation in highway building.

Highway improvement is a dynamic and continuing responsibility. Highways either grow worse or better. They cannot stand still with 25,000,000 vehicles in daily operation. The annual program of highway replacements, repairs, and maintenance must be continued on a large scale if adequate highway service is to be preserved and if there is not to be great waste in depreciation of highways which are carrying more traffic than they were designed to serve. There must also be new construction to meet new needs.

I doubt if there is a Senator present who does not realize that it is absolutely essential that Federal highway appropriations be continued. Congress appropriated the $400,000,000 a year ago. There was considerable delay in starting the construction program, but by next summer there will actually be employed on the roads, in June and July, in highway construction, over 500,000 men. Counting a man and a half behind the man on the job, more than a million men will be benefited by the appropriation. If nothing is done in the fall, the work will diminish; and by December a million men who were at work will be again unemployed.

If the Federal highway-construction program is continued for another year, Congress should provide these taxes to pay for it. When the man who owns a passenger car or a truck knows that every cent of the tax he pays on a gallon of gasoline is to be spent on the roads, he will not object.

Mr. LONG. Mr. President——

The VICE PRESIDENT. Does the Senator from Arizona yield to the Senator from Louisiana?

Mr. HAYDEN. I yield.

Mr. LONG. The argument the Senator is making for gasoline taxes is very sound. I have advocated that in my State. The United States does not have to get its money that way. The United States can get its money by taxes on those best able to pay. Of course in the States it is a different matter, because they have no other way to get the money.

Mr. HAYDEN. The fact is that the Federal Government, as I have pointed out, has collected from the road-using public an amount of money equal to the amount it has expended on the roads and is doing so right now. I want to be sure that the Federal highway program is continued not by earmarking the appropriation directly, but the practical effect is that if Congress continues the tax, then we have an unanswerable argument in favor of the continuation of the road-construction program. I have yet to talk to any man who travels over the roads who would object to a tax if the money is expended on the roads. What has happened is that the States became desperate through the failure of their efforts to collect property taxes and have consequently robbed their gasoline-tax funds and diverted the money to other uses. By reason of such diversion to

other than highway uses, the motorist has just cause for violent protest.

Mr. FRAZIER. Mr. President——

The PRESIDING OFFICER (Mr. BYRD in the chair). Does the Senator from Arizona yield to the Senator from North Dakota?

Mr. HAYDEN. I yield.

Mr. FRAZIER. I want to ask the Senator from Arizona what is the present status of the appropriations for road building during the coming year.

Mr. HAYDEN. The present status is that the Committee on Roads of the House of Representatives has favorably reported a bill authorizing that the road program, which was provided as an emergency last summer, be repeated for another year. That committee recommends that another $400,000,000 of Federal aid to the States be appropriated. I have good reason to believe, from contacts I have had at the other end of the Capitol, that such a program will be carried out either by the enactment of authorizing legislation or by earmarking a similar sum for similar purposes in any Public Works appropriation that shall be made. What I am asking the Senate to do is not to give any Member of either branch of the Congress an excuse to vote against or to fail to support the continuation of such a road-construction program by taking out of this revenue bill the taxes necessary to fully meet the cost of that program.

Mr. BARKLEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Kentucky?

Mr. HAYDEN. I yield.

Mr. BARKLEY. I understand the situation to be that over a number of years we have been appropriating $75,000,000 to $125,000,000 annually out of the Federal Treasury for cooperation with the States in the highway-building program. Last year we appropriated $400,000,000, which was not required to be matched by the States. That was a gift by the Federal Government to the States. That $400,000,000 amounts to nearly as much as will be collected from the gasoline tax during the next 3 years. We have, therefore, appropriated for highways, to be paid out of the Federal Treasury without being matched by the States, more than enough money to offset the gasoline tax for a period of about 2½ years.

Mr. HAYDEN. The Senator should not forget that the motorist is also taxed, as estimated in the report accompanying this bill, $25,000,000 on lubricating oil, $26,000,000 on tires and tubes, $3,000,000 on trucks, and $34,000,000 on automobiles. The total amount of money to be brought in from the several sources is $247,000,000, of which $151,000,000 is the gasoline tax.

Mr. BARKLEY. It takes the entire tax on gasoline and motor oils and the other items for nearly 2 years to make up enough money to match the $400,000,000 we appropriated last year for roads.

Mr. HAYDEN. Yes; but as it will take about 2 years to spend the money, the entire sum will be liquidated by the time it is expended.

Mr. BARKLEY. If the amendment is adopted and the $151,000,000 is eliminated, is there any assurance or any hope that we may be able to continue the road-building program, as it has been in operation during the last year or two, out of the Federal Treasury?

Mr. HAYDEN. It is quite certain that if we do not provide the revenue, the natural impulse will be to say, "Congress refused to levy the necessary taxes to carry on this work, so evidently Congress does not want it done", and consequently there will be no recommendation, through the Budget or elsewhere, for a continuation of Federal aid for highways.

Mr. BARKLEY. In other words, we propose to seek to continue the road work beyond the expenditure of the $400,000,000 already appropriated, and I understand it is expected that a similar amount will be requested before Congress adjourns. But if we take away from the Treasury $151,000,000 of gasoline tax that goes to the building of highways, we certainly will have no reasonable hope that we can obtain a similar appropriation for road building in the future.

Mr. HAYDEN. The Senator is eminently correct.

Mr. CAPPER. Mr. President——

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Kansas?

Mr. HAYDEN. Certainly.

Mr. CAPPER. Is there anything in the revenue bill which compels the use of the tax money from gasoline sources to be used for road-building purposes?

Mr. HAYDEN. No; there is not.

Mr. CAPPER. Then, so far as the future highway program is concerned, it makes no difference what we do here today. The Federal highway appropriation will come out of the general revenues of the Government, regardless of our action on the gasoline tax.

Mr. HAYDEN. It has rarely been the custom of Congress to designate the receipts from certain taxes for expenditure in a certain manner, but we can take into consideration the fact, particularly in this case, that we know the taxpayer will not complain if the money is used for highway construction. He will vigorously protest if it is not. It gives us the very best of arguments, as the Senator from Kentucky has so well pointed out, if the gasoline tax is continued in this bill.

Let me add another thought. What we should do is to continue the emergency road appropriation just as we did last year, carrying it for 1 year more, and at the same time we should look ahead for at least 2 years more and authorize the regular annual Federal-aid appropriation of $125,000,000 so that the State legislatures, when they meet in their sessions, will know that the Federal Government is going to continue its established road policy and therefore will not divert the gasoline tax to other uses. So long as Congress does not lay down a definite road program which the States can rely upon for a period ahead, the State legislatures desperate as they are for revenue, will say, "We do not know what the Federal Government will do. Therefore we are justified in diverting the gasoline tax to other than highway purposes."

Mr. RUSSELL. Mr. President——

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Georgia?

Mr. HAYDEN. I yield.

Mr. RUSSELL. I thoroughly agree with the Senator, as he has observed, that the policy of the Federal Government in making these larger appropriations has caused State after State to divert the State gasoline tax for purposes other than road building. In the long run the roads are really having spent upon them less money for construction than they had when the Federal Government required the States to match the Federal appropriations. If this policy is continued and the Federal Government appropriates large sums by way of grants to the States, and permits the States to use their license and automobile taxes for purposes other than highway construction, it will result in the function of the building of highways becoming thoroughly and purely a Federal function, and the enormous taxes paid on gasoline and oil to the States will not be used for that purpose at all.

Mr. HAYDEN. Mr. President, the observations of the Senator from Georgia are particularly sound; and, so far as I am concerned, I would advocate a provision in any act with respect to regular Federal aid that if any State thereafter diverts its gasoline tax to other uses, such State could not obtain the benefits of the Federal grant. Congress should protect the motorist by seeing to it that the tax money he pays when he buys gasoline is expended solely on the roads.

Mr. BARKLEY. Mr. President, it seems to me that situation will be taken care of when we get by the emergency appropriations which we made for highways, and which we realized the States could not match. When we get out of the emergency and get back on the even keel of annual appropriations, we shall then do as we have always done heretofore, require the States to match that money, dollar for dollar, so that they cannot divert money from their road

funds to such an extent that they cannot match the Federal appropriations.

Mr. HAYDEN. Mr. President, we have heard much talk recently about the depression in capital-goods industries and the necessity for stimulating them. Let me tell the Senate what I think would accomplish fine results in that regard. If Congress shall lay down a highway program for 3 years ahead of time, the effect would be that instead of using old second-hand concrete mixers and other equipment that has been kept together by scrap iron and baling wire, as the contractors have been doing, many new machines would be promptly bought.

There have been practically no new purchases of road-construction equipment in the United States for the past 4 years. Why? Because neither the State that lets the contracts nor the contractor who does the work has known what to expect. If Congress authorizes and does it promptly, a highway program over the next 3 years, we shall see surprisingly large purchases of all sorts of road-making machinery.

I was recently told of a highway contractor in New England who normally charging off $200,000 to depreciation and buying $200,000 worth of new machinery a year was inquiring whether he should buy $36,000 worth of equipment. He was asked, "Why do you make such a inquiry?" and his answer was "because I do not know what the future of road building is in the United States." If Congress will lay out a road program, that contractor will be back in the capital-goods market buying as he did before.

I have been told that there have not been more than about 20 new concrete mixers sold to road contractors in the whole United States during the past year for use in connection with their work. Make road building a stabilized industry, let the country know that the Congress is for good roads, that it intends to provide the funds, as in this bill, to carry out a national highway program, and the purchases of new road-building equipment will be surprising.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. HAYDEN. I yield.

Mr. McKELLAR. But if this amendment should be adopted, and $151,000,000 of revenue should be done away with, and thereafter no Federal money for roads should be given this year, it would be an incalculable blow to the roads of the country, would it not?

Mr. HAYDEN. There is no question about that, Mr. President.

Mr. LONG. Mr. President, I have advocated such gasoline taxes in my State for road purposes, and even for educational purposes; and I desire to state in the RECORD why I do not support this amendment in the Senate.

This gasoline-tax provision necessarily taxes the poor man. He must pay about 95 percent of the tax. That is also true of gasoline taxes in the States; but the gasoline tax in the States is necessary because it is the only way the States can raise money. The only way roads can be built in a State with State money is to get the money from gasoline taxes because the State has no other way of getting it.

In the Congress of the United States, however, we do not have to tax the poor. We do not have to lay a single dime of taxation on the poor man in the Congress of the United States; and we would do a good thing if we in Congress did not put a tax on candy, or a tax on gasoline, or a tax on anything that goes on the back of the poor man because we do not have to do it; and every time we do it, we add to the fact that we are permitting taxes to be avoided by those who are best able to bear them. Therefore, since I have been in Congress I have opposed the imposition by Congress of taxes of this kind that must of necessity go on the backs of the poor people.

If Congress had to raise its revenue in this manner, I should say we would have to vote it. Congress does not have to raise its revenue from sales taxes, however. Congress ought not to levy any kind or form of sales taxes on the necessities of life, such as gasoline is. While I would favor the levying of this tax by a State for road purposes, I oppose its being levied by the United States.

I desire to disillusion my friend from Arizona [Mr. HAYDEN]. He thinks he is helping the States, but he is not. The State government of Louisiana or the State government of Arizona could put a 1-cent tax on gasoline tomorrow, if it wanted to, and get this money, without having to beg Washington to send it to the State, and we could omit this tax. Even assuming that the money is sent to the States, and we have to beg to have it sent to us, and bow low and scrape the earth, as we all know, to the departments in Washington to get them to do it, they would not send Indiana or Oregon any more money than the State of Oregon or the State of Indiana would get if it levied a 1-cent tax itself.

Congress does not need to put a 1-cent tax on gasoline to give the several States any of the gasoline-tax money. If Arizona wants a revenue of 1 cent a gallon from a tax on gasoline, the Arizona Legislature can enact its own law and raise the same amount of money. We do not have to legislate to get revenue to send to a State when we are taxing something that the State itself might tax. It would be better to let the State say whether it wants to levy a 1-cent tax on gasoline to get the amount of money that it derives from that source than to have Congress levy a tax on gasoline in order that it may send it to the State.

It may be that the State of New York does not want a 1-cent gasoline tax. It may be that the people of New York would not want to have such a tax levied by their own legislature; but we here in Congress are levying a tax upon the people of New York in order to send that amount of money to the State of New York whether the New York State Legislature wants that kind of tax or not. So we are going into the field of taxation that belongs to the States, and we are levying taxes upon the little man that must be paid by the poor man, whereas that kind and form of taxes should be left entirely to be preempted by the States that have not the means that the Congress has of taxing the rich, and pulling down swollen fortunes to support the Government.

Mr. DUFFY. Mr. President, the Senator refers to the poor man paying the gasoline tax. At least the poor man would have to have an automobile in which to use gasoline if he paid part of the tax.

Mr. LONG. Oh, nearly all poor people have some kind of an old flivver. Nearly everybody in the United States, thank God, has some old kind of a one-lung automobile left. That is about all some of them have. I do not know many persons who, if they do not own machines themselves, have not brothers or brothers-in-law or somebody else who will lend them some kind of old flivver to run around with. That is about the only thing that the poor man universally has left today; and the possession of an automobile does not mean that you have anything. You can get one for $10.

Mr. BARKLEY. Mr. President, I do not desire to consume the time of the Senate, except to make a very brief suggestion.

Of course, we are all interested in what the Senator from Louisiana calls the poor man. We have our full proportion of poor people in my State, and I am just as much interested in them as I am sure the Senator from Louisiana is in the poor people in his State. It was really to relieve some of these poor people that the $400,000,000 road fund was created in the first place, to give employment to some of the poor people in all the States of the Union.

We all realize that when the Federal gasoline tax was levied it was levied as an absolute necessity. The Finance Committee, in an effort to balance the ordinary Budget when the tax law was imposed in 1932, had with a fine-tooth comb searched every crevice and crack and cranny in the United States to find enough money to do it. When we got through with everything else we found ourselves about $151,000,000 shy, and it was because of that fact that the Federal gasoline tax was levied in order to make up the deficit. Subsequently we appropriated $400,000,000 to be given to the States without any obligation on their part except to spend it for the purpose of building highways, because we wanted to give work to unemployed men in this country; and we realized that the expenditure of $400,000,000

in building highways not only gave men work, but it brought about a permanent improvement in the construction of highways.

If I had to take my choice between spending $400,000,000 to build highways out of the Public Treasury and spending $400,000,000 to employ men to sweep the highways or do some of the other things that we have been compelled to do in order to tide over this winter, I should infinitely prefer to spend it in building highways, which will not be blown away by a passing wind, but are a permanent improvement.

It may be that because of the inability to collect taxes from property, and for other reasons, some of the States have diverted some of the regular road money into ordinary channels during the depression, while this $400,000,000 was being spent out of the Federal Treasury to build highways; but that is only a temporary situation, and it has been brought about by the very same condition that made it necessary in the beginning for us to levy this tax and to appropriate the $400,000,000. I have no doubt that any State which has diverted any of this money will reappropriate it for public highways when we pass beyond the emergency, and get back to the normal relationship of the States and the Federal Government in building highways. I am as certain as that I am standing on the floor of the Senate that if at this time we eliminate this $151,000,000 tax—which will be eliminated automatically on the 1st of July a year from now—we shall make it practically impossible to secure any additional funds for permanent highways and the employment of hundreds of thousands of people who are now unemployed or will be unemployed unless we continue these highway-system activities.

For that reason especially, Mr. President, I hope the amendment of the Senator from Kansas [Mr. CAPPER] will not be agreed to.

Mr. CAPPER. Mr. President, there is not one word in the bill as it comes from the Finance Committee which shows that the highway-improvement program depends in any way upon this tax on gasoline. The adoption of my amendment will not in any way interfere with the highway program to be authorized by future appropriations.

I ask for the yeas and nays upon the amendment.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Kansas [Mr. CAPPER] to the amendment of the committee. Upon that the yeas and nays are demanded. Is the demand seconded?

The yeas and nays were not ordered.

Mr. THOMAS of Oklahoma. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	Kean	Reynolds
Ashurst	Cutting	Keyes	Robinson, Ark.
Bailey	Davis	King	Robinson, Ind.
Bankhead	Dickinson	La Follette	Russell
Barbour	Duffy	Lewis	Schall
Barkley	Erickson	Logan	Sheppard
Black	Fess	Lonergan	Shipstead
Bone	Fletcher	Long	Smith
Borah	Frazier	McAdoo	Steiwer
Brown	George	McCarran	Stephens
Bulkley	Gibson	McGill	Thomas, Okla.
Bulow	Goldsborough	McKellar	Thomas, Utah
Byrd	Gore	McNary	Thompson
Byrnes	Harrison	Murphy	Townsend
Capper	Hastings	Neely	Vandenberg
Carey	Hatch	Norris	Van Nuys
Clark	Hatfield	Nye	Wagner
Connally	Hayden	O'Mahoney	Walcott
Copeland	Hebert	Patterson	Walsh
Costigan	Johnson	Reed	

The PRESIDING OFFICER. Seventy-nine Senators having answered to their names, a quorum is present.

The question is on agreeing to the amendment offered by the Senator from Kansas [Mr. CAPPER] to the committee amendment.

Mr. CAPPER. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. CUTTING (when his name was called). I have a pair for the day with the Senator from Florida [Mr. TRAMMELL]. Not knowing how he would vote if present, I refrain from voting.

The roll call was concluded.

Mr. LEWIS. I wish to announce that I am authorized by my colleague [Mr. DIETERICH] to say that if he were present and voting he would vote "nay."

Mr. LA FOLLETTE. I have been requested to announce the unavoidable absence of the senior Senator from South Dakota [Mr. NORBECK] and to state that if he were present he would vote "yea."

Mr. FESS (after having voted in the negative). I inquire if the senior Senator from Virginia [Mr. GLASS] has voted?

The PRESIDING OFFICER. That Senator has not voted.

Mr. FESS. I have a pair with the senior Senator from Virginia and am not advised as to how he would vote, if present. Therefore, I think it well to withdraw my vote.

Mr. MCKELLAR. My colleague the junior Senator from Tennessee [Mr. BACHMAN] is unavoidably detained from the Senate.

Mr. LEWIS. I regret to announce that the Senator from Montana [Mr. WHEELER] is detained from the Senate on account of illness.

I also wish to announce that the Senator from Alabama [Mr. BLACK], the Senator from New Hampshire [Mr. BROWN], the Senator from Arkansas [Mrs. CARAWAY], the Senator from Massachusetts [Mr. COOLIDGE], the Senator from Illinois [Mr. DIETERICH], the Senator from Washington [Mr. DILL], the Senator from Virginia [Mr. GLASS], the Senator from Louisiana [Mr. OVERTON], the Senator from Nevada [Mr. PITTMAN], the Senator from Florida [Mr. TRAMMELL], and the Senator from Maryland [Mr. TYDINGS] are necessarily detained from the Senate on official business.

Mr. HEBERT. I desire to announce the following general pairs:

The Senator from Maine [Mr. HALE] with the Senator from Montana [Mr. WHEELER];

The Senator from Rhode Island [Mr. METCALF] with the Senator from Maryland [Mr. TYDINGS];

The Senator from Vermont [Mr. AUSTIN] with the Senator from Arkansas [Mrs. CARAWAY];

The Senator from Maine [Mr. WHITE] with the Senator from Nevada [Mr. PITTMAN]; and

The Senator from Michigan [Mr. VANDENBERG] with the Senator from New Hampshire [Mr. BROWN].

The result was announced—yeas 29, nays 46, as follows:

YEAS—29

Barbour	Copeland	Long	Russell
Bone	Davis	McAdoo	Schall
Borah	Erickson	McGill	Steiwer
Bulow	Frazier	Nye	Thomas, Okla.
Byrd	Gore	Patterson	Walcott
Capper	Hatfield	Reed	
Carey	Kean	Reynolds	
Connally	Keyes	Robinson, Ind.	

NAYS—46

Adams	Fletcher	Lewis	Sheppard
Ashurst	George	Logan	Shipstead
Bailey	Gibson	Lonergan	Smith
Bankhead	Goldsborough	McCarran	Stephens
Barkley	Harrison	McKellar	Thomas, Utah
Bulkley	Hastings	McNary	Thompson
Byrnes	Hatch	Murphy	Townsend
Clark	Hayden	Neely	Van Nuys
Costigan	Hebert	Norris	Wagner
Couzens	Johnson	O'Mahoney	Walsh
Dickinson	King	Pope	
Duffy	La Follette	Robinson, Ark.	

NOT VOTING—21

Austin	Cutting	Metcalf	Vandenberg
Bachman	Dieterich	Norbeck	Wheeler
Black	Dill	Overton	White
Brown	Fess	Pittman	
Caraway	Glass	Trammell	
Coolidge	Hale	Tydings	

So Mr. CAPPER's amendment to the committee amendment was rejected.

Mr. CAPPER. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 221, line 21, it is proposed to strike out the words "1 cent" and insert in lieu thereof "one half of 1 cent."

Mr. CAPPER. The reduction is one half of 1 cent. I ask for the yeas and nays on that amendment.

The yeas and nays were not ordered.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Kansas.

The amendment was rejected.

The VICE PRESIDENT. The question is on the committee amendment as amended.

The amendment as amended was agreed to.

Mr. REED. Mr. President, I send an amendment to the desk, which I ask to have read.

The VICE PRESIDENT. The clerk will read.

The CHIEF CLERK. On page 112, line 13, it is proposed to add to section 141 (c) the following:

Provided, however, That the additional rate of 2 percent shall not apply to corporations which are common carriers by railroad, their affiliated and/or leased corporations for the years 1934, 1935, and 1936.

Mr. REED. Mr. President, I can explain the purport of this amendment in a moment. Under the bill as it stands a penalty of 2-percent additional tax is imposed upon corporations filing what is called a consolidated return, that is consolidating into a single return the income and the expenses of the whole group of affiliated companies.

A railroad under State laws is required in many cases to incorporate in each State. Thus the Southern Pacific Co. has to have the Southern Pacific Railway in Texas incorporated in Texas, and the same thing is true in several other States through which its line passes. It is not a matter of choice for the railroads, but it is a matter of imperative necessity under the State laws for them to have these subsidiary companies. It is very difficult to keep the returns of those different companies separate.

The Interstate Commerce Commission requires consolidated accounting and if the return is made in the form required by the Interstate Commerce Commission it fits right into the penalty imposed by this act.

I realize there is no use arguing against the imposition of a penalty upon the average concern adopting this method of accounting, but it seems to me that in the case of the large railroads it is unjustifiable to attach the penalty for what the State laws require them to do.

In my own State of Pennsylvania, for example, a railroad company which wants to insure a supply of water for its locomotives and which has to bring it from a distance on its line, in order to obtain power to construct its pipe line across the country has to incorporate a water company and use its powers of eminent domain in laying its pipe lines. The railroad does not have power to do that. It is imperative that they have the power, and the method I have described is the only method by which they can get it. It seems unfair to impose this penalty for doing a perfectly legitimate act which is not only permitted by the laws but required under the laws of the various States.

Mr. BORAH. Mr. President——

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Idaho?

Mr. REED. I yield.

Mr. BORAH. I understand the Senator is proposing to except from this penalty, as he calls it, certain railroads?

Mr. REED. All railroads.

Mr. BORAH. For instance, the Pennsylvania Co. is a holding company.

Mr. REED. No; it is an operating company.

Mr. BORAH. It is also a holding company.

Mr. REED. It is a holding company in the sense that it owns the stock of these other companies. I know nothing much about the Pennsylvania Co. I have no interest in it. I do not represent it.

Mr. BORAH. I did not mention the Pennsylvania because the Senator from Pennsylvania was discussing the subject, but in looking up this subject I ran across, as an illustration, the Pennsylvania Railroad Co., which is a holding company, and holds the stock of a number of smaller companies.

Mr. REED. That is right.

Mr. BORAH. Now certainly that company ought not to be permitted to step from under the penalty, as we call it.

Mr. REED. I think it should, because it is required by State law to have these subsidiary companies, in many cases.

Mr. BORAH. It undoubtedly would have them if the State law did not require it, in many cases.

Mr. REED. In that case I should not propose the amendment.

Mr. BORAH. That is the difficulty with the amendment. The Senator includes in his amendment all railroads, and there are companies which are purely holding companies, and there is no necessity of them being so by reason of the State law.

Mr. REED. If the company were purely a holding company it would not have any advantage under this amendment. I have read, in this connection, of the organization of a concern called the Chesapeake Corporation, which I believe was organized to hold stock in a number of railroads, but it is not a railway company. It would not get any advantage from this amendment. I would not want it to.

Mr. BORAH. That particular company might not, but there are railroad companies which pass as railroad companies which are holding companies.

Mr. REED. In that case they would not get any benefit, if they are purely holding companies, and I would not want them to get any benefit.

Mr. BORAH. As I understand it, the Pennsylvania Co. is a railroad company, but it is also a holding company.

Mr. REED. I think it owns stock in other roads; yes.

Mr. BORAH. It owns all the stock in some of the other railroads.

Mr. REED. That is right. That is the same thing as making a common enterprise of it.

Mr. BORAH. Precisely; but I do not see why a railroad situated as that railroad is should not pay the penalty if other holding companies pay the penalty.

Mr. REED. It seems to me there is a clear distinction in the fact that the State laws require them to be holding companies. The Senator would not want to see the Southern Pacific broken up into short chunks across each State.

Mr. BORAH. No; and there is not a particle of danger of the Southern Pacific being broken up by a 2-percent penalty, because it derives too great an advantage out of the fact that it may make consolidated returns.

Mr. REED. I do not think so.

Mr. BORAH. The experts tell me that we are losing something like $300,000,000 of taxes by reason of these consolidated returns.

Mr. REED. I think they are due, however, to receive a great disillusionment. I think this 2-percent penalty is going to do away with the business of filing of consolidated returns, and they will find we are not losing what they think we are.

Mr. BORAH. It is assumed that the 2-percent tax will possibly prevent some consolidated returns and will bring about some separate returns. But by no means, in my judgment, will it effectuate a complete change, so we will not be losing a great amount of taxes which are far more just than other taxes imposed.

Let me call the Senator's attention to something I observed in the RECORD today. This appears in the House debate of April 9:

Mr. MCFARLANE. We find that the Bendix Aviation Corporation has saved, through the filing of consolidated returns, and in the change of income-tax laws which have been changed since the law of 1918, the sum of $625,863.49 in money they would have been required to pay to the Government had the law not been changed and had they been required to file separate returns rather than consolidated returns.

The Curtiss-Wright Corporation saved $101,709.31 in the same way. The North American, or the General Motors Corporation, has saved $150,980.75. United Aircraft & Transport Corporation has saved $854,959.29. The Aviation Corporation of America has saved $313,454.44. These five holding corporations have saved primarily on Government contracts through the filing of consolidated returns $2,046,967.28.

Mr. REED. Does the Senator understand, when he says the companies have saved so much in taxes, that, after all, these concerns are one consolidated enterprise? Consoli-

dated returns cannot be filed unless the parent company owns 95 percent of the stock in the subsidiary. It is all one consolidated enterprise, and if it loses in one shop, why should it not set off those losses against the profits in another shop?

Mr. BORAH. The individual corporations, in making such returns, have no such benefit.

Mr. REED. Oh, yes; I beg the Senator's pardon. Take the Atlantic & Pacific Tea Co. It has shops in all this broad land. In some of those shops it makes a profit; in others it makes a loss. It certainly subtracts the losses from the profits before it pays the tax.

Mr. BORAH. I admit that; but what I am saying is that they get that advantage because a single corporation making those returns cannot offset anything.

Mr. REED. But that is a single corporation owning a great many stores. The Senator would not want them to pay taxes on stores that make money and ignore entirely the losses they sustain in the other stores?

Mr. BORAH. My contention is that each corporation should make its separate return, and then it would be upon a level with all other corporations. These holding companies are not organized for eleemosynary purposes. They are organized for business, for gains, for profits, and they make vast gains, they make vast profits. Why should they not make separate returns?

Mr. REED. It adds very much to the accounting. I think the Senator will find when it is all over that he has abolished a practice that saves the Government a great deal of clerical work, and in the long run its abolition will not bring in a cent of additional tax.

Mr. HARRISON. Mr. President, will the Senator yield for a question?

Mr. REED. I yield.

Mr. HARRISON. The Senator's amendment reads "that the additional rate of 2 percent shall not apply to corporations which are common carriers by railroad, their affiliated and/or leased corporations for the years", and so forth. In other words, if the United States Steel Corporation had many subsidiaries, among them being a railroad, they could file a consolidated return under the provision of the Senator's amendment and be exempt from the 2-percent tax?

Mr. REED. Not at all.

Mr. HARRISON. Or if a railroad had as a subsidiary a big hotel, or many hotels, under this provision they would be exempt from the tax. I think the Senator is going quite too far.

Mr. REED. I feel quite sure this amendment would not authorize the Steel Corporation to do what the Senator has said.

Mr. HARRISON. That is the way it reads, "affiliated or leased corporations."

Mr. REED. The Steel Corporation is not a common carrier by railway.

Mr. HARRISON. The railroad would be, but the other concerns are not.

Mr. REED. The concern that owns the railroad would not get the benefit of this provision. This applies only in case the railroad owns some other business. The railroad has to be the owner, as I interpret the amendment.

Mr. HARRISON. As I interpret it, it would have to apply to the group as the holder of the common carrier and affiliated organizations, whether railroads or what not.

Mr. REED. No; that is not intended.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Pennsylvania.

Mr. COUZENS. Mr. President, I do not want to take the time of the Senate to discuss the amendment of the Senator from Pennsylvania, but merely to state that the Finance Committee considered the question and declined to make an exception of the railroads. I think it was largely on the theory that it is wholly optional with the taxpayer whether he makes a consolidated return or an individual return. If the corporations do not make any money to justify the making of a consolidated return, they may be relied upon to make individual returns; so they are not penalized by this provision unless at their own option.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Pennsylvania.

The amendment was rejected.

The VICE PRESIDENT. The clerk will state the next amendment of the committee which has been passed over.

The CHIEF CLERK. On page 196, line 13, it is proposed to insert the following:

SEC. 405. Estate tax rates: (a) The last 14 paragraphs of section 401 (b) of the Revenue Act of 1932 are amended to read as follows:

"$126,000 upon net estates of $1,000,000; and upon net estates in excess of $1,000,000 and not in excess of $1,500,000, 20 percent in addition of such excess.

"$226,000 upon net estates of $1,500,000; and upon net estates in excess of $1,500,000 and not in excess of $2,000,000, 22 percent in addition of such excess.

"$336,000 upon net estates of $2,000,000; and upon net estates in excess of $2,000,000 and not in excess of $2,500,000, 25 percent in addition of such excess.

"$461,000 upon net estates of $2,500,000; and upon net estates in excess of $2,500,000 and not in excess of $3,000,000, 27 percent in addition of such excess.

"$596,000 upon net estates of $3,000,000; and upon net estates in excess of $3,000,000 and not in excess of $3,500,000, 30 percent in addition of such excess.

"$746,000 upon net estates of $3,500,000; and upon net estates in excess of $3,500,000 and not in excess of $4,000,000, 32 percent in addition of such excess.

"$906,000 upon net estates of $4,000,000; and upon net estates in excess of $4,000,000 and not in excess of $4,500,000, 35 percent in addition of such excess.

"$1,081,000 upon net estates of $4,500,000; and upon net estates in excess of $4,500,000 and not in excess of $5,000,000, 37 percent in addition of such excess.

"$1,266,000 upon net estates of $5,000,000; and upon net estates in excess of $5,000,000 and not in excess of $6,000,000, 40 percent in addition of such excess.

"$1,666,000 upon net estates of $6,000,000; and upon net estates in excess of $6,000,000 and not in excess of $7,000,000, 42 percent in addition of such excess.

"$2,086,000 upon net estates of $7,000,000; and upon net estates in excess of $7,000,000 and not in excess of $8,000,000, 44 percent in addition of such excess.

"$2,526,000 upon net estates of $8,000,000; and upon net estates in excess of $8,000,000 and not in excess of $9,000,000, 46 percent in addition of such excess.

"$2,986,000 upon net estates of $9,000,000; and upon net estates in excess of $9,000,000 and not in excess of $10,000,000, 48 percent in addition of such excess.

"$3,466,000 upon net estates of $10,000,000; and upon net estates in excess of $10,000,000, 50 percent in addition of such excess."

(b) The amendments made by this section shall be effective only with respect to transfers of estates of decedents dying after the date of the enactment of this act.

SEC. 406. Nondeductibility of certain transfers: Section 303 (a) (3) and section 303 (b) (3) of the Revenue Act of 1926, as amended, are amended by inserting after "individual", wherever appearing therein, a comma and the following: "and no substantial part of the activities of which is participation in partisan politics or is carrying on propaganda, or otherwise attempting, to influence legislation."

The VICE PRESIDENT. The question is on agreeing to the committee amendment.

Mr. LA FOLLETTE. Mr. President, does the Senator from Mississippi desire to have me proceed with a discussion of the estate-tax rates this evening?

Mr. HARRISON. Mr. President, I want to say to the Senator that I have read the amendment which he intends to submit, and while I have no authority to speak for the committee, yet, personally, I shall vote for his amendment and hope it may be adopted. I do not see why we cannot have a vote on it tonight.

Mr. LA FOLLETTE. Then, I offer my amendment at this time.

The VICE PRESIDENT. The Senator from Wisconsin offers an amendment in the nature of a substitute for the committee amendment, which will be stated.

The CHIEF CLERK. In lieu of the committee amendment, beginning on page 196, line 13, estate-tax rates, it is proposed to insert the following:

SEC. 404. Estate tax rates: (a) Section 401 (b) of the Revenue Act of 1932 is amended to read as follows:

"(b) The tentative tax referred to in subsection (a) (1) of this section shall equal the sum of the following percentages of the value of the net estate:

"Upon net estates not in excess of $20,000, 1 percent.

"$200 upon net estates of $20,000; and upon net estates in excess of $20,000 and not in excess of $30,000, 2 percent in addition of such excess.

"$400 upon net estates of $30,000; and upon net estates in excess of $30,000 and not in excess of $40,000, 3 percent in addition of such excess.

"$700 upon net estates of $40,000; and upon net estates in excess of $40,000 and not in excess of $50,000, 4 percent in addition of such excess.

"$1,100 upon net estates of $50,000; and upon net estates in excess of $50,000 and not in excess of $60,000, 5 percent in addition of such excess.

"$1,600 upon net estates of $60,000; and upon net estates in excess of $60,000 and not in excess of $80,000, 7 percent in addition of such excess.

"$3,000 upon net estates of $80,000; and upon net estates in excess of $80,000 and not in excess of $100,000, 9 percent in addition of such excess.

"$4,800 upon net estates of $100,000; and upon net estates in excess of $100,000 and not in excess of $200,000, 12 percent in addition of such excess.

"$16,800 upon net estates of $200,000; and upon net estates in excess of $200,000 and not in excess of $400,000, 16 percent in addition of such excess.

"$48,800 upon net estates of $400,000; and upon net estates in excess of $400,000 and not in excess of $600,000, 19 percent in addition of such excess.

"$86,800 upon net estates of $600,000; and upon net estates in excess of $600,000 and not in excess of $800,000, 22 percent in addition of such excess.

"$130,800 upon net estates of $800,000; and upon net estates in excess of $800,000 and not in excess of $1,000,000, 25 percent in addition of such excess.

"$180,800 upon net estates of $1,000,000; and upon net estates in excess of $1,000,000 and not in excess of $1,500,000, 28 percent in addition of such excess.

"$320,800 upon net estates of $1,500,000; and upon net estates in excess of $1,500,000 and not in excess of $2,000,000, 31 percent in addition of such excess.

"$475,800 upon net estates of $2,000,000; and upon net estates in excess of $2,000,000 and not in excess of $2,500,000, 34 percent in addition of such excess.

"$645,800 upon net estates of $2,500,000; and upon net estates in excess of $2,500,000 and not in excess of $3,000,000, 37 percent in addition of such excess.

"$830,800 upon net estates of $3,000,000; and upon net estates in excess of $3,000,000 and not in excess of $3,500,000, 40 percent in addition of such excess.

"$1,030,800 upon net estates of $3,500,000; and upon net estates in excess of $3,500,000 and not in excess of $4,000,000, 43 percent in addition of such excess.

"$1,245,800 upon net estates of $4,000,000; and upon net estates in excess of $4,000,000 and not in excess of $4,500,000, 46 percent in addition of such excess.

"$1,475,800 upon net estates of $4,500,000; and upon net estates in excess of $4,500,000 and not in excess of $5,000,000, 48 percent in addition of such excess.

"$1,715,800 upon net estates of $5,000,000; and upon net estates in excess of $5,000,000 and not in excess of $6,000,000, 50 percent in addition of such excess.

"$2,215,800 upon net estates of $6,000,000; and upon net estates in excess of $6,000,000 and not in excess of $7,000,000, 52 percent in addition of such excess.

"$2,735,800 upon net estates of $7,000,000; and upon net estates in excess of $7,000,000 and not in excess of $8,000,000, 54 percent in addition of such excess.

"$3,275,800 upon net estates of $8,000,000; and upon net estates in excess of $8,000,000 and not in excess of $9,000,000, 56 percent in addition of such excess.

"$3,835,800 upon net estates of $9,000,000; and upon net estates in excess of $9,000,000 and not in excess of $10,000,000, 58 percent in addition of such excess.

"$4,415,800 upon net estates of $10,000,000; and upon net estates in excess of $10,000,000, 60 percent in addition of such excess."

(b) Section 401 (c) of the Revenue Act of 1932 (relating to the exemption for the purposes of the additional estate tax) is amended by striking out "$50,000" and inserting in lieu thereof "$40,000."

(c) Section 403 of the Revenue Act of 1932 (relating to the requirement for filing return under such additional estate tax) is amended by striking out "$50,000" and inserting in lieu thereof "$40,000."

(d) The amendments made by this section shall be effective only with respect to transfers of estates of decedents dying after the date of the enactment of this act.

Mr. HARRISON. Mr. President, I am wondering if we can get a unanimous-consent agreement to vote on the amendment tomorrow. The Senator from Wisconsin wants a roll call on his amendment I understand. I have told several Senators that we probably would not have a roll call on any controversial matter tonight. May we not agree that on the convening of the Senate tomorrow noon the vote shall be had first on this amendment?

Mr. LA FOLLETTE. I should like about 10 minutes in the morning to explain the amendment.

Mr. HARRISON. Let us agree then that tomorrow at not later than 12:30 o'clock p.m., a vote shall be taken on the amendment of the Senator from Wisconsin or any amendment that may be offered to it.

Mr. LA FOLLETTE. That is agreeable to me.

The VICE PRESIDENT. The Senator from Mississippi asks unanimous consent that tomorrow, at not later than 12:30 o'clock p.m., the Senate shall vote on the amendment of the Senator from Wisconsin and all amendments thereto. Is there objection? The Chair hears none, and it is so ordered.

Mr. McNARY. Mr. President, I want to ask a question about the unanimous-consent agreement which was just made. The final vote is to come at not later than 12:30?

Mr. HARRISON. Yes; and it applies merely to the amendment of the Senator from Wisconsin or any amendment that may be offered thereto, dealing with estate taxes.

Mr. McNARY. Very well.

Mr. LA FOLLETTE. Mr. President, I wish to state that immediately upon the convening of the Senate tomorrow noon I shall endeavor to secure recognition to discuss my amendment.

Mr. BARKLEY. Mr. President, I send to the desk an amendment, which I offer.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. It is proposed, on page 236, to strike out lines 11 to 15, inclusive, and insert the following:

SEC. 608. Tax on jewelry, etc.: The tax imposed by section 605 of the Revenue Act of 1932 shall not apply to articles sold by the manufacturer, producer, or importer, after the date of the enactment of this act, for less than $25.

Mr. BARKLEY. Mr. President, this is an amendment to a provision heretofore agreed to, so I will have to ask unanimous consent that the vote be reconsidered by which the Senate agreed to that part of the committee amendment on page 236, known as "section 608, termination of tax on clocks and clock parts", lines 11 to 15, in order that I may offer this substitute.

The VICE PRESIDENT. The Senator from Kentucky asks unanimous consent that the vote by which section 608 of the committee amendment was agreed to be reconsidered. Is there objection? The Chair hears none. The question is on the substitute offered by the Senator from Kentucky.

Mr. BARKLEY. Mr. President, I wish to state that this is a composite amendment, which I have offered after consultation with many Senators. The Senator from Massachusetts [Mr. WALSH] had intended to offer and had printed an amendment pertaining to watches and watch parts; the Senator from New York [Mr. COPELAND] was interested in marine glasses and binoculars; the Senators from Wisconsin [Mr. LA FOLLETTE and Mr. DUFFY] were interested in fountain pens and certain kinds of jewelry; and the Senator from Minnesota [Mr. SHIPSTEAD] was also interested in the tax on certain kinds of jewelry.

This is the section which, under the act of 1932, levied a 10-percent tax on all articles of jewelry, watches, clocks, fountain pens, and a miscellaneous list of items selling for more than $3. My amendment would raise the limitation to $25 and abolish the tax on all articles selling for less than $25.

I understand the Senator from Mississippi is willing to accept the amendment. The entire section only brings in $4,000,000 a year.

Mr. HARRISON. Mr. President, I may say that I have talked to several representatives of the fountain-pen producers and others using gold in the manufacture of their products. I am told that they are really losing money by virtue of the increased valuation of gold. I think it is in the interest of fairness that the amendment be adopted. Personally I have no objection to it.

Mr. LA FOLLETTE. Mr. President, the Senator from Mississippi has brought out a point which I wish to urge in

support of the amendment, namely, that the manufacturers who are using gold in the manufacture of their products have had to experience an increased cost. It seems to me, under the circumstances, that the amendment of the Senator from Kentucky is eminently justified.

The VICE PRESIDENT. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. WALSH. Mr. President, I offer the amendment which I send to the desk and, so that it may be in order, I ask unanimous consent to reconsider the vote whereby the amendment on page 238 was agreed to.

The VICE PRESIDENT. Is there objection? The Chair hears none. The Senator from Massachusetts offers an amendment to the committee amendment, which will be stated.

The CHIEF CLERK. On page 238, line 16, in the committee amendment, it is proposed to strike out "201 or 204" and insert in lieu thereof "201, 204, or 207."

Mr. WALSH. That is merely a corrective amendment. By some mistake, mutual insurance companies were not exempted from the capital-stock tax, although such companies have no capital stock. A further explanation of the amendment can be found on page 6076 of the CONGRESSIONAL RECORD.

Mr. HARRISON. Yes; that amendment is all right, Mr. President.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Massachusetts to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT, as in executive session, laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

RECESS

Mr. ROBINSON of Arkansas. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The VICE PRESIDENT. The question is on the motion of the Senator from Arkansas.

The motion was agreed to; and (at 5 o'clock and 10 minutes p.m.) the Senate took a recess until tomorrow, Thursday, April 12, 1934, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate April 11 (legislative day of Mar. 28), 1934

UNITED STATES ATTORNEYS

Alexander Murchie, of New Hampshire, to be United States attorney, district of New Hampshire, to succeed Raymond U. Smith, resigned.

Howard L. Robinson, of West Virginia, to be United States attorney, northern district of West Virginia, to succeed Arthur Arnold, term expired.

UNITED STATES MARSHALS

John B. Ponder, of Texas, to be United States marshal, eastern district of Texas, to succeed Phil E. Baer, whose term will expire April 15, 1934.

Anton J. Lukaszewicz, of Wisconsin, to be United States marshal, eastern district of Wisconsin, to succeed James N. Tittemore, term expired.

APPOINTMENT, BY TRANSFER, IN THE REGULAR ARMY

TO ADJUTANT GENERAL'S DEPARTMENT

Capt. John Robin Davis Cleland, Infantry (detailed in Adjutant General's Department), with rank from July 1, 1930.

TO AIR CORPS

First Lt. Charles Franklin Born, Cavalry (detailed in Air Corps), with rank from March 1, 1934.

PROMOTIONS IN THE REGULAR ARMY

TO BE COLONELS

Lt. Col. Walter King Wilson, Coast Artillery Corps, from March 26, 1934.

Lt. Col. Myron Sidney Crissy, Coast Artillery Corps, from March 26, 1934.

Lt. Col. Oscar Foley, Cavalry, from April 1, 1934.

Lt. Col. Frederick Dudley Griffith, Jr., Cavalry, from April 1, 1934.

TO BE LIEUTENANT COLONELS

Maj. Wallace Copeland Philoon, Infantry, from March 26, 1934.

Maj. Charles Bartell Meyer, Coast Artillery Corps, from March 26, 1934.

Maj. Herbert LeRoy Taylor, Infantry, from April 1, 1934.

Maj. James Rowland Hill, Quartermaster Corps, from April 1, 1934.

TO BE MAJORS

Capt. Creighton Kerr, Coast Artillery Corps, from March 26, 1934.

Capt. LeRoy Murray Edwards, Finance Department, from March 26, 1934.

Capt. John Arthur McDonald, Quartermaster Corps, from April 1, 1934.

Capt. Stephen Burdette Massey, Quartermaster Corps, from April 1, 1934.

Capt. Albert Jamerson Chappell, Quartermaster Corps, from April 1, 1934.

TO BE CAPTAINS

First Lt. Morton Howard McKinnon, Air Corps, from March 24, 1934.

First Lt. Elmer Dane Pangburn, Infantry, from March 26, 1934.

First Lt. Nathan William Thomas, Quartermaster Corps, from March 26, 1934.

First Lt. Walter Bernard Hough, Air Corps, from April 1, 1934.

First Lt. William Michael Lanagan, Air Corps, from April 1, 1934.

First Lt. George Platt Tourtellot, Air Corps, from April 1, 1934.

First Lt. George Hendricks Beverley, Air Corps, from April 1, 1934.

First Lt. Walter Kellsey Burgess, Air Corps, from April 1, 1934.

First Lt. Paul California Wilkins, Air Corps, from April 1, 1934.

First Lt. Bruno William Brooks, Quartermaster Corps, from April 1, 1934.

TO BE FIRST LIEUTENANTS

Second Lt. Thomas Joseph Brennan, Jr., Cavalry, from March 24, 1934.

Second Lt. Robert Loyal Easton, Air Corps, from March 26, 1934.

Second Lt. Elmer Briant Thayer, Field Artillery, from March 26, 1934.

Second Lt. James Stewart Neary, Field Artillery, from March 31, 1934.

Second Lt. John Benjamin Allen, Signal Corps, from April 1, 1934.

Second Lt. Norris Brown Harbold, Air Corps, from April 1, 1934.

Second Lt. John Cogswell Oakes, Field Artillery, from April 1, 1934.

Second Lt. Leslie George Ross, Coast Artillery Corps, from April 1, 1934.

Second Lt. George Raymond Bienfang, Air Corps, from April 1, 1934.

Second Lt. Roger Woodhull Goldsmith, Field Artillery, from April 1, 1934.

Second Lt. Russell Alger Wilson, Air Corps, from April 1, 1934.

HOUSE OF REPRESENTATIVES

WEDNESDAY, APRIL 11, 1934

The House met at 12 o'clock noon.

The Reverend G. E. Jones, pastor of the First Presbyterian Church, Noblesville, Ind., offered the following prayer:

Our Heavenly Father, we approach Thy throne. We desire to express our gratitude unto Thee for all the blessings bestowed upon us. We thank Thee for every expression of Thy love and for every manifestation of Thy grace. We pray Thee that we may use them all for the furtherance of Thy kingdom. We thank Thee for our country. Bless, we pray Thee, our President, his counselors, and all those in authority. We realize our dependence upon Thee. Help us to rely upon Thee as we ought. We pray, our Heavenly Father, to give all our counselors the wisdom that is from above, which is first pure, then peaceable, gentle, easy to be entreated, full of mercy and of good works, without partiality and without hypocrisy. Give all the people of this land the grace not to worry our legislators with their selfish ambitions, and not to frown upon them, criticize or crucify them when they speak and act contrary to such selfish desires.

Help us, our Heavenly Father, to remember that man is the greatest creature on earth; that the greatest thing in man is mind; that the greatest thing in mind is love; that the greatest thing in love is service; that the greatest thing in service is sacrifice; and the sacrifice which is needed in the universe today is that which finds the source of its power in the Cross of Calvary and in the glory of the enthroned King of Kings and Savior of the world, in whose name we ask it. Amen.

The Journal of the proceedings of yesterday was read and approved.

RENOMINATION OF THE SPEAKER

Mr. BYRNS. Mr. Speaker, I ask unanimous consent to proceed for 2 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. BYRNS. Mr. Speaker, I have asked for this time in order to extend the congratulations of the entire membership of the House upon the magnificent victory which was given you in the Democratic primary on yesterday, when you were renominated for Congress. [Applause, the Members rising.] They tell me that the number of Democrats who voted for you in your district, and I hope many Republicans who have now seen the light of day, was so numerous that they are still counting the votes. [Laughter and applause.]

This was a deserved tribute, Mr. Speaker, a tribute paid by those who know you best for the long, able, and splendid service you have rendered throughout your career in Congress, and one which, I am sure, forecasts equally certain success in the election next November. [Applause.] While the tribute was to you and belongs to you, let me say that I think the administration is entitled to share, at least in some part, in the congratulations because of this approval of your intense loyalty in putting over the measures proposed by the President in the effort, which I believe has been a successful one, to relieve the country from the distressed conditions under which it has labored during the past three or four years.

Mr. Speaker, I know there is nothing sweeter to a man than to be thus honored by his friends; and when he has been honored, as you have been honored, in such a splendid way, it is the crowning glory and achievement of a great and splendid career in service to your beloved country. [Applause.]

DISTRICT OF COLUMBIA APPROPRIATION BILL—1935

Mr. BLANTON. Mr. Speaker, in the enforced absence of the gentleman from Missouri [Mr. CANNON], the chairman of the subcommittee, on account of an accident, by direction of the Committee on Appropriations, I present a privileged report on the bill (H.R. 9061) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1935, and for other purposes (Rept. No. 1195).

The bill was read a first and second time, and, with the accompanying papers, referred to the Committee of the Whole House on the state of the Union and ordered printed.

Mr. DITTER reserved all points of order on the bill.

DIGEST OF VETERANS' LEGISLATION

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting a digest of the veterans' legislation recently passed by the Congress, showing the effect of that law on World War veterans. This digest was worked out by the legislative representative of the Disabled Veterans of the World War, and I thought it would be of interest and of benefit to the Members who have so many inquiries to answer.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. RANKIN. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following digest of the veterans' legislation recently passed by the Congress showing the effect of that law on World War veterans. This digest was worked out by the legislative representative of the Disabled American Veterans of the World War, and I thought it would be of interest and of benefit to the Members who have so many inquiries to answer.

LEGISLATIVE DEPARTMENT,
DISABLED AMERICAN VETERANS,
Washington, D.C., March 31, 1934.

Special legislative bulletin

The following is a general digest of Public, No. 141, Seventy-third Congress, amending veterans' laws, so far as they concern World War men:

1. There are no retroactive payments beyond March 28, 1934, under any provision.

2. All rates of pay under the old World War Veterans' Act, exclusive of presumptives, but including statutory compensation for the loss of the use of both eyes, double amputations, etc., are reenacted.

3. The usual prohibition against payment to misconduct cases and post-armistice enlistments do not prevail in the cases of the totally blind.

4. At a rate of 75 percent of the amount being received when the Economy Act was enacted, there will be restored all presumptive cases, as they stood March 19, 1933, except for the post-armistice enlistments, where there is clear and unmistakable evidence that the disability occurred before or after service unless aggravation was shown and to persons whose service connection was granted through fraud, error, or misrepresentation.

5. All those who entered World War service before November 11, 1918, and in whose service-connected cases there is no misconduct and where there is no fraud, misrepresentation, or error, are restored to their previous rates of payments, except unmarried hospitalized men.

6. There is a return to the rating table in effect March 19, 1933, for the rating of all present and future compensation cases.

7. There is prohibition against reduction or discontinuance to widows, orphans, or dependent parents who were receiving benefits March 19, 1933.

8. There is a provision that any veteran who will sign a certificate that he is unable to meet the expense will receive hospitalization and transportation to and from the hospital for non-service-connected disability, disease, or defect within the limitations of the Veterans' Administration facilities, for those not dishonorably discharged.

9. The limitations as to receipt of joint pension and salary while employed by the Federal Government will not apply to World War cases.

10. The provision for reduction for compensable persons outside the continental United States is eliminated.

11. Provision is made at the usual rates for those disabled as a result of vocational training, hospitalization, or medical treatment.

12. The provision barring those eligible for benefits from participating in decisions on applications of other veterans for benefits is eliminated.

13. All monetary benefits for service-connected cases are referred to as "compensation" rather than "pension."

14. The Veterans' Administration is authorized to pay insurance benefits in the case where the maturity of a contract had been determined prior to March 20, 1933.

It is estimated that approximately 330,000 World War men will be affected by this legislation, the annual increased cost of which is estimated at $83,000,000, and the Veterans' Administration expects to forward checks to veterans under the revisions on May 1.

THOMAS KIRBY,
National Legislative Chairman.

PUBLIC GRAZING LANDS

The SPEAKER. The unfinished business is the vote on the passage of the bill (H.R. 6462) to stop injury to the public grazing lands by preventing overgrazing and soil deterioration, to provide for their orderly use, improvement, and development, to stabilize the livestock industry dependent upon the public range, and for other purposes.

The question was taken; and Mr. ENGLEBRIGHT demanded a division.

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 265, nays 92, not voting 73, as follows:

[Roll No. 125]

YEAS—265

Abernethy	Dockweiler	Kopplemann	Richardson
Adams	Doughton	Kramer	Robertson
Arnold	Douglass	Lambeth	Robinson
Auf der Heide	Doxey	Lamneck	Rogers, N.H.
Ayers, Mont.	Drewry	Lanham	Rogers, Okla.
Ayres, Kans.	Driver	Lanzetta	Romjue
Bailey	Duffey	Larrabee	Rudd
Beiter	Dunn	Lea, Calif.	Ruffin
Biermann	Durgan, Ind.	Lee, Mo.	Sadowski
Bland	Eagle	Lehr	Sanders
Blanton	Edmiston	Lemke	Sandlin
Bloom	Eicher	Lesinski	Schuetz
Boehne	Ellenbogen	Lewis, Colo.	Schulte
Boland	Ellzey, Miss.	Lindsay	Sears
Boylan	Faddis	Lloyd	Secrest
Brennan	Farley	Lozier	Shannon
Brown, Ga.	Fernandez	Ludlow	Shoemaker
Brown, Ky.	Fiesinger	Lundeen	Sinclair
Brown, Mich.	Fitzpatrick	McCarthy	Sirovich
Brunner	Flannagan	McClintic	Sisson
Buchanan	Fletcher	McCormack	Smith, Va.
Bulwinkle	Ford	McDuffie	Smith, Wash.
Burch	Foulkes	McFarlane	Smith, W.Va.
Burke, Nebr.	Frey	McGrath	Snyder
Busby	Fuller	McKeown	Spence
Byrns	Fulmer	McMillan	Steagall
Cady	Gambrill	McReynolds	Strong, Tex.
Caldwell	Gasque	McSwain	Stubbs
Cannon, Wis.	Gavagan	Maloney, Conn.	Studley
Carden, Ky.	Gillette	Maloney, La.	Sumners, Tex.
Carmichael	Glover	Mansfield	Sutphin
Carpenter, Kans.	Goldsborough	Marland	Swank
Cartwright	Granfield	Martin, Colo.	Sweeney
Castellow	Gray	Martin, Oreg.	Tarver
Chapman	Green	May	Taylor, Colo.
Chavez	Greenwood	Mead	Terry, Ark.
Christianson	Gregory	Meeks	Thom
Claiborne	Griswold	Miller	Thomason
Clark, N.C.	Hamilton	Milligan	Thompson, Ill.
Cochran, Mo.	Hancock, N.C.	Mitchell	Thompson, Tex.
Coffin	Harlan	Monaghan, Mont.	Truax
Colden	Harter	Montague	Turner
Cole	Hastings	Montet	Umstead
Collins, Miss.	Healey	Moran	Utterback
Colmer	Henney	Morehead	Wallgren
Condon	Hildebrandt	Murdock	Walter
Cooper, Tenn.	Hill, Ala.	Musselwhite	Warren
Corning	Hill, Samuel B.	Norton	Wearin
Cox	Hoeppel	O'Connell	Weaver
Cravens	Hoidale	O'Connor	Weideman
Cross, Tex.	Howard	Oliver, N.Y.	Welch
Crosser, Ohio	Huddleston	Owen	Werner
Crowe	Hughes	Palmisano	West, Ohio
Crump	Jacobsen	Parker	West, Tex.
Cullen	Jenckes, Ind.	Parks	Whittington
Cummings	Johnson, Okla.	Parsons	Wilcox
Darden	Johnson, Tex.	Patman	Willford
Dear	Johnson, W.Va.	Peterson	Williams
Deen	Jones	Pettengill	Wilson
Delaney	Kee	Peyser	Wood, Ga.
DeRouen	Keller	Pierce	Wood, Mo.
Dickstein	Kennedy, N.Y.	Polk	Woodrum
Dies	Kenney	Ramsay	Young
Dingell	Kerr	Randolph	Zioncheck
Dirksen	Kleberg	Rankin	
Disney	Kloeb	Rayburn	
Dobbins	Kniffin	Reilly	

NAYS—92

Andrew, Mass.	Bakewell	Britten	Celler
Andrews, N.Y.	Beedy	Brumm	Chase
Arens	Blanchard	Burnham	Church
Bacharach	Bolleau	Carter, Calif.	Clarke, N.Y.
Bacon	Bolton	Carter, Wyo.	Collins, Calif.
Cooper, Ohio	Hancock, N.Y.	Mapes	Taber
Culkin	Hartley	Martin, Mass.	Terrell, Tex.
Ditter	Higgins	Merritt	Thomas
Dondero	Hollister	Millard	Thurston
Dowell	Holmes	Mott	Tinkham
Eaton	Hope	O'Malley	Tobey
Eltse, Calif.	James	Peavey	Traeger
Englebright	Jenkins, Ohio	Plumley	Treadway
Evans	Kahn	Ransley	Turpin
Fish	Kelly, Pa.	Reed, N.Y.	Wadsworth
Focht	Kinzer	Rich	White
Foss	Kvale	Rogers, Mass.	Whitley
Frear	Lambertson	Scrugham	Wigglesworth
Gilchrist	Luce	Seger	Withrow
Goodwin	McFadden	Shallenberger	Wolcott
Goss	McGugin	Stokes	Wolfenden
Greenway	McLean	Strong, Pa.	Wolverton
Guyer	McLeod	Swick	Woodruff

NOT VOTING—73

Adair	Connery	Jeffers	Reece
Allen	Connolly	Johnson, Minn.	Reid, Ill.
Allgood	Crosby	Kelly, Ill.	Richards
Bankhead	Crowther	Kennedy, Md.	Sabath
Beam	Darrow	Knutson	Schaefer
Beck	De Priest	Kocialkowski	Simpson
Berlin	Dickinson	Kurtz	Snell
Black	Doutrich	Lehlbach	Somers, N.Y.
Brooks	Duncan, Mo.	Lewis, Md.	Stalker
Browning	Edmonds	Marshall	Sullivan
Buck	Fitzgibbons	Moynihan, Ill.	Taylor, S.C.
Buckbee	Gifford	Muldowney	Taylor, Tenn.
Burke, Calif.	Gillespie	Nesbit	Underwood
Cannon, Mo.	Griffin	O'Brien	Vinson, Ga.
Carley, N.Y.	Haines	Oliver, Ala.	Vinson, Ky.
Carpenter, Nebr.	Hart	Perkins	Waldron
Cary	Hess	Powers	
Cavicchia	Hill, Knute	Prall	
Cochran, Pa.	Imhoff	Ramspeck	

So the bill was passed.

The Clerk announced the following pairs:

On the vote:

Mr. Schaefer (for) with Mr. Darrow (against).
Mr. Berlin (for) with Mr. Buck (against).
Mr. Kelly of Illinois (for) with Mr. Powers (against).
Mr. Beam (for) with Mr. Hess (against).
Mr. Adair (for) with Mr. Muldowney (against).
Mr. Sabath (for) with Mr. Doutrich (against).
Mr. O'Brien (for) with Mr. Connolly (against).

Until further notice:

Mr. Bankhead with Mr. Snell.
Mr. Oliver of Alabama with Mr. Lehlbach.
Mr. Connery with Mr. Beck.
Mr. Prall with Mr. Gifford.
Mr. Vinson of Kentucky with Mr. Knutson.
Mr. Underwood with Mr. Waldron.
Mr. Jeffers with Mr. Perkins.
Mr. Vinson of Georgia with Mr. Kurtz.
Mr. Hart with Mr. Allen.
Mr. Griffin with Mr. Cavicchia.
Mr. Lewis of Maryland with Mr. Edmonds.
Mr. Somers of New York with Mr. Buckbee.
Mr. Sullivan with Mr. Simpson.
Mr. Taylor of South Carolina with Mr. Marshall.
Mr. Browning with Mr. Reid of Illinois.
Mr. Black with Mr. Stalker.
Mr. Cannon of Missouri with Mr. Crowther.
Mr. Carley with Mr. Taylor of Tennessee.
Mr. Dickinson with Mr. Moynihan of Illinois.
Mr. Cary with Mr. Reece.
Mr. Ramspeck with Mr. Culkin.
Mr. Kennedy of Maryland with Mr. Cochran of Pennsylvania.
Mr. Haines with Mr. Johnson of Minnesota.
Mr. Richards with Mr. Duncan of Missouri.
Mr. Allgood with Mr. Imhoff.
Mr. Brooks with Mr. Gillespie.
Mr. Burke of California with Mr. Fitzgibbons.
Mr. Carpenter of Nebraska with Mr. Knute Hill.
Mr. Crosby with Mr. Kocialkowski.

The result of the vote was announced as above recorded.

On motion of Mr. TAYLOR of Colorado, a motion to reconsider the vote whereby the bill was passed was laid on the table.

THE PRIVATE CALENDAR

Mr. BYRNS. Mr. Speaker, the gentleman from Missouri [Mr. CANNON] suffered an unfortunate accident the other day. He is chairman of the subcommittee that has in charge the District of Columbia appropriation bill. That bill has been reported by the gentleman from Texas [Mr. BLANTON], but he and other members of the committee are very anxious that Mr. CANNON should be here during the consideration of that bill. Therefore the District appropriation bill will not be taken up today as expected. If Mr. CANNON returns tomorrow it may be taken up at that time.

For that reason I wish to submit this unanimous request, that we proceed today with the consideration of bills unobjected to on the Private Calendar.

And in connection with that request, I will state that if that is done, unless the House wishes otherwise, I see no reason for a night session. If the appropriation bill is not taken up tomorrow, I will then submit a unanimous-consent request that we proceed with the calling of the Private Calendar tomorrow.

Mr. DITTER. Reserving the right to object, might we not have general debate tomorrow on the District of Columbia appropriation bill in the absence of Mr. CANNON?

Mr. BYRNS. I think it is the disposition of the committee to wait until Mr. CANNON returns. But that is a matter that will be left to the Appropriations Committee.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

Mr. MARTIN of Massachusetts. Reserving the right to object, the gentleman's proposition is to begin at the star?

Mr. BYRNS. That is understood.

The SPEAKER. Is there objection?

There was no objection.

Mr. BYRNS. Mr. Speaker, I want to submit another unanimous-consent request. There are six jurisdictional bills on the Private Calendar which have been passed by the Senate. Those interested in those bills are anxious that they should be called and disposed of. I assume that because they are jurisdictional bills it will take but a few moments to consider them. I ask unanimous consent that these bills be first called.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

Mr. MARTIN of Massachusetts. Mr. Speaker, I object at this time, for the reason that the committee has not had time to examine the bills. The gentleman can renew his request later in the afternoon, but at the present time I object.

BUFFALO AND FORT ERIE PUBLIC BRIDGE AUTHORITY

Mr. McREYNOLDS. Mr. Speaker, I ask unanimous consent for the present consideration of House Joint Resolution 315, granting consent of Congress to an agreement or compact entered into by the State of New York with the Dominion of Canada for the establishment of the Buffalo and Fort Erie Public Bridge Authority, with power to take over, maintain, and operate the present highway bridge over the Niagara River between the city of Buffalo, N.Y., and the village of Fort Erie, Canada.

The SPEAKER. Is there objection?

Mr. MARTIN of Massachusetts. Has this joint resolution the unanimous support of the committee?

Mr. McREYNOLDS. Yes.

The SPEAKER. Is there objection?

Mr. BLANTON. Reserving the right to object, this will not cost the Government of the United States anything?

Mr. McREYNOLDS. Nothing.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the joint resolution, as follows:

Resolved, etc., That the consent of the Congress of the United States be, and it is hereby, given to the State of New York to enter into the agreement or compact with the Dominion of Canada set forth in chapter 824 of the Laws of New York, 1933, and an act respecting the Buffalo and Fort Erie Public Bridge Authority passed at the fifth session, Seventeenth Parliament, Dominion of Canada (24 George V 1934), assented to March 28, 1934, for the establishment of the Buffalo and Fort Erie Public Bridge Authority as a municipal corporate instrumentality of said State and with power to take over, maintain, and operate the present highway bridge over the Niagara River between the city of Buffalo, in the State of New York, and the village of Fort Erie, in the Dominion of Canada.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion by Mr. McREYNOLDS to reconsider the vote whereby the joint resolution was passed was laid on the table.

EMPLOYMENT OF COUNSEL IN UNITED STATES *v.* WEIRTON STEEL CO.

Mr. SUMNERS of Texas. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 3209) limiting the operation of sections 109 and 113 of the Criminal Code and section 190 of the Revised Statutes of the United States with respect to counsel in the case of the United States of America against Weirton Steel Co. and other cases, and consider the same at this time, a similar House bill (H.R. 8883) having been favorably reported from the Committee on the Judiciary.

The SPEAKER. Is there objection?

Mr. MARTIN of Massachusetts. What is this bill?

Mr. SUMNERS of Texas. This is a request made by the Department of Justice, so that the services of the gentleman mentioned in the bill may be had in the prosecution of the case against the Weirton Steel Co.

Mr. MARTIN of Massachusetts. And it has the unanimous report of the committee?

Mr. SUMNERS of Texas. Yes.

The SPEAKER. Is there objection?

Mr. TRUAX. Mr. Speaker, further reserving the right to object, is this the bill that was objected to at the last session when the Private Calendar was considered, which provides for the employment of certain attorneys by the Department of Justice?

Mr. SUMNERS of Texas. Yes; and I understand that it has been explained to the gentleman.

Mr. TRUAX. That is true. I have no objection.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That nothing in sections 109 and 113 of an act entitled "An act to codify, revise, and amend the penal laws of the United States", approved March 4, 1909, as amended (U.S.C., title 18, secs. 198 and 203) or in section 190 of the Revised Statutes of the United States (U.S.C., title 5, sec. 99), or in any other act of Congress forbidding officers or employees or former officers or employees of the United States from acting as counsel, attorney, or agent for another before any court, department, or branch of the Government or from receiving or agreeing to receive compensation therefor, shall be deemed to apply to attorneys or counselors to be specially employed, retained, or appointed by the Attorney General or under authority of the Department of Justice to assist in the prosecution of the case of United States of America *v.* Weirton Steel Co., and/or any other case or cases, civil or criminal, involving said company, its officers or agents, arising under the National Industrial Recovery Act or any code of fair competition adopted pursuant thereto.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

A similar House bill (H.R. 8883) was laid on the table.

DEPOSITS IN CLOSED BANKS

Mr. ELLENBOGEN. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER. Is there objection?

Mr. MARTIN of Massachusetts. Mr. Speaker, I reserve the right to object. What does the gentleman want to talk about?

Mr. ELLENBOGEN. About statistics in respect to deposits in closed banks.

Mr. MARTIN of Massachusetts. And the gentleman will not require any more time than that?

Mr. ELLENBOGEN. No.

Mr. MARTIN of Massachusetts. We are anxious to get on with the consideration of the Private Calendar.

The SPEAKER. Is there objection?

There was no objection.

Mr. ELLENBOGEN. Mr. Speaker, the House at this session is considering and will consider legislation concerning the banking structure of this country. I believe the House should have all of the information before it that it can possibly have. I have before me the Federal Reserve Bulletin of July 1933, which contains statistics giving classes of depositors in 5,500 Federal Reserve member banks, according to the amount of their deposits. These statistics relate to 30,500,000 depositors. The total deposits amount to $23,500,000,000. They show that in May 1933 deposits of $2,500 and less were held by 96½ percent of the depositors. That is to say, 96½ percent of the depositors had deposits in these banks of $2,500 or less, but those 96½ percent of de-

positors had deposits totaling only 23.7 percent of the total amount of deposits. The remaining 3½ percent of the depositors owned 76 percent of the total deposits. It will be of interest to learn that out of the 30,500,000 depositors, less than 50,000 had deposits exceeding $50,000, but their total deposits amounted to 44.6 percent of all deposits. Depositors in excess of $50,000 amounted to 0.1 of 1 percent in number, but their deposits totaled 44.6 percent of all deposits.

I shall now list in full the data which I have been discussing. It relates to all licensed banks who on May 13, 1933, were part of the Federal Reserve System. These statistics, as far as they relate to national banks, were compiled by the Comptroller of the Currency, and, as far as they relate to member banks, they were compiled by the Federal Reserve Board. The total number of accounts involved in these banks is 30,556,105, and the total amount is $23,542,307,000. The data is summarized in the following table, which is taken from the Federal Reserve Bulletin dated July 19, 1933, page 414.

Licensed member banks (5,500 banks)—Number of deposit accounts, by size of account, May 13, 1933

Size group	Number of accounts	Amount of deposits	Percentage distribution		Average size of accounts
			Number of accounts	Total deposits	
Deposit accounts of—					
$2,500 or less	29,482,384	$5,580,327,000	96.5	23.7	$189
$2,501 to $5,000	569,833	1,912,132,000	1.9	8.1	3,356
$5,001 to $10,000	269,903	1,840,791,000	.9	7.8	6,820
$10,001 to $50,000	187,115	3,720,403,000	.6	15.8	19,883
Over $50,000	46,870	10,488,654,000	.1	44.6	223,782
Total (5,500 banks)	30,556,105	23,542,307,000	100.0	100.0	770

I want to repeat that 96½ percent of these accounts were in amounts of $2,500 or less, and that the average account of this class was $189.

I call particular attention to these statistics because I believe they will be of interest in connection with legislation that we are now considering or will consider during this session.

Mr. Speaker, I am in hearty sympathy with the idea of taking care of the small depositors, but I believe we should consider the matter very carefully before we decide that the Treasury of the United States should pay in full big depositors in closed banks. In many cases such deposits amount to millions of dollars. For instance, the account of the Ford Motor Co. in the closed banks in Michigan amounted to $32,500,000.

I ask unanimous consent to extend my remarks.

The SPEAKER. Is there objection?

There was no objection.

FIRE SUFFERERS OF MINNESOTA

Mr. HOIDALE. Mr. Speaker, I ask unanimous consent to extend my remarks upon the fire sufferers' bill.

The SPEAKER. Is there objection?

There was no objection.

Mr. HOIDALE. Mr. Speaker, at the point where the western extremity of Lake Superior pierces like an arrowhead into the eastern boundary of my home State of Minnesota lies that gem city of the North, which was, some years ago, in a speech made upon this floor by Proctor Knott, baptized the "Zenith City of the Unsalted Sea."

A short distance to the north, not far from the Canadian boundary, lie the Missabe and Vermillion iron ranges—the greatest producers of iron and steel in the world.

To the west and northeast of Duluth the land is of a gently rolling topography, covered, except where clearings have been made, by second-growth timber and underbrush.

If during the days of the World War, you had motored through this vast northeastern section of Minnesota, following winding roads among our "10,000 lakes," a veritable paradise of outdoor recreation, your interest would have been attracted to the promising and homey little farmsteads, hewn by industrious and thrifty hands out of a forest wilderness—little huts here and there in bright open clearings—huts, but nevertheless homes that sheltered the families and everything that these sturdy pioneers held dear. These clearings and small farms gave expression to the ambition, the industry, and the determination of a poor but hopeful people struggling against adverse conditions to give their children a place in the sun.

Cloquet, a city of some 8,000 people, was the largest town in this settlement in the north. In this city were several wood-products factories in which many of the settlers worked and to which many of them sold timber cut from their homesteads.

The World War was drawing to a close. The railroads were managed and controlled by the Director General of Railroads, and the Government was liable to the same extent and in the same way as the railroads would have been liable under private management.

On the morning of October 12, 1918, the sun arose out of the waters of Lake Superior in a clear sky. It was one of those beautiful October days for which the Arrowhead country of Minnesota is famous. The frosts of early autumn had turned the foliage of a great variety of trees and shrubbery into a riot of beautiful colors. The falling leaves sailed to the ground in the gentle morning breeze. The smoking chimneys belching from the factories at Cloquet gave evidence of war-day activity. In the surrounding countryside farm work was rushed in anticipation of the approaching winter, while children on their way to school, with books and dinner pails in their hands whistled, laughed, and played with the falling leaves. And that was the last happy day those people have seen.

Before sundown of that day the deep, keen sorow that follows death and total destruction fell upon this ill-fated community.

Let me tell you the story briefly.

By noon the gentle breeze of the morning had increased to a velocity of 25 miles an hour.

The official report of the Director of the Railroads, made to the Government, says:

> In October 1918 a most devastating fire occurred in the forest regions of Minnesota. Roughly speaking, some 1,500 square miles of territory was burned over; 4,000 homes and 5,000 barns were burned, and a number of good-sized towns wholly destroyed, including the town of Cloquet, with a population of some 12,000 people; 450 people lost their lives, and some 2,000 people received personal injuries sufficient to require medical attention.

Here, in the cold and direct words of the Director of the Railroads, is the story of the most devastating and heartrending calamity that has come to my State and my people. We must draw heavily upon our imagination in order to picture to ourselves this cruel tragedy—4,000 homes scattered over a countryside approximately 30 miles square, including also several small villages; 450 charred bodies of men, women, and children; and among them many of those who in the morning hour had laughed and played on their way to school.

Two thousand maimed and injured in the brave fight they made to save human lives.

That night the dying embers of ruined homes were all that remained of a community that in the morning was pulsating with the activities of a happy people.

Broadly speaking, I have drawn this meager and inadequate picture of a frightful calamity in order that you may understand the extent of the damages suffered.

It must be conceded that whoever was to blame for this terrible catastrophe had a heavy burden to bear. The least that could be expected would be payment in full of the property loss suffered. Where loss has been inflicted upon one person by reason of the alleged fault of another, two things must be proved as a basis for recovery: First, who caused the damage; and second, the amount of the damage.

These two things, so far as the argument here is concerned, have been definitely and absolutely determined. Seven test cases scattered throughout the burned area were tried. Four of these cases were appealed to the Supreme

Court and decided against the railroad. The question of responsibility was fixed, absolutely and conclusively. There is no question as to liability.

I quote from the report on this claim:

At any rate, the testimony clearly indicates that the responsibility and legal liability of the United States Railroad Administration was settled by the courts and is not an issue so far as the merits of this bill are concerned. Any attempt to try to raise that issue is simply an attempt to say that the courts were wrong and, as Judge Dancer pointed out, under the law, the Government was bound by the decision of the courts.

The amount of the damages has been determined and is equally well settled. Nothing could be more definite and accurate because the exact amounts have been ascertained either through law suits or by agreements.

All the claims here made rest upon judgments entered in court, or upon agreements entered into in writing between the attorneys for the railroads and the claimants. After checking and rechecking, the attorneys for the railroad had beat down the amount claimed and then 50 percent was paid upon the amount so beaten down. This was not a compromise payment. It was an arbitrary payment of half the amount arrived at by compromise. Judgment was entered upon each and every claim and a percentage—40 percent in claims over $25,000 and 50 percent in claims under $25,000—was paid. The balance remains unpaid but the poverty-stricken settlers were forced, in order to get something, to acknowledge payment in full.

I now come to the question of the settlement made by the claimants. We must bear in mind that seven test cases were tried. Some of the test cases mentioned were tried before juries, but as an additional and different test the Railroad Administration and the settlers stipulated that the Peterson case should be tried before five judges sitting not only as a court but also as a jury to determine the facts. They also stipulated in writing that the decision in this case should govern and control 278 other cases in the city of Cloquet.

While these cases were in progress, the attorneys for the Railroad Administration repeatedly stated that if the courts held the Government liable, payment would be made in full. If the Government was not liable, they would not pay a cent. In other words, they would not compromise. They would pay all or nothing.

I read from the report, on page 2:

The testimony of the fire sufferers showed that before the litigation, which was protracted and expensive, the Government indicated that it would either pay all or none of the damage; that if the courts held the Government liable, it would pay in full; that if the courts held the Government was not responsible, it would not pay a cent. Not until after the court decisions favorable to the fire sufferers did the Director General indicate any willingness to compromise or pay part of the losses. The Director General refused to follow the Minnesota courts or their decisions. He was arbitrary. The fire sufferers were destitute. They faced the possibility of years of litigation and were forced to accept what the Director General was willing to pay and execute such papers as he required. The committee in the Seventy-first Congress felt that such action was unfair, and not binding on the claimants, after hearing the witnesses and the testimony. Congress is the only place where the claimants can come for redress, due to the releases, etc. As was pointed out by Congressman PEAVEY in his testimony (p. 11 of hearings), Congress does not pass upon claims where the claimant has a legal obligation he can enforce against the Government.

From Senate report, page 3, I read this sentence:

Claimants were told when the cases were being tried that if they were successful, they would be paid in full; that if they lost, they would not be paid one cent.

Mr. Baldwin, the Minnesota attorney for the Railroad Administration, said this to Judge Cant when the judge suggested a compromise of all the cases:

Judge Cant, we are entitled to a decision in this case. The Government demands a decision. If we are liable, we will pay every dollar we owe. The Government is not a Jew proposition. We will pay the people 100 cents on the dollar if we lose. If we win, we will not pay one cent. But we are entitled to a decision, and we demand it.

Let me say, by the way, that Judge Cant was one of the great and outstanding judges of the West. Shortly after he made the decision in the fire cases he was made a Federal judge and served with great distinction until his death.

One of the witnesses before the Committee on Claims said this:

Our understanding was that if we won the Cloquet (Peterson) case, our troubles were over and the Government would come in and settle the whole thing, would pay 100 percent—

Just as they had proposed to do.

But what happened? The Cloquet case was won. All the cases scattered throughout the devastated district were won. The Cloquet case went to the Supreme Court. Judgment was entered for the sum of $30,000. Nothing could be realized upon an execution. There was nothing upon which the sheriff could levy. The law specifically provided that the railway properties were not subject to execution or levy.

The law also provided this, in section 206:

Final judgments, decrees, and awards in actions, suits, proceedings, or reparation claims of the character above described rendered against the agent designated by the President under subdivision (a) "shall be promptly paid out of the revolving fund."

But instead of paying according to understanding had before the trials were finished, the attorneys for the Railroad Administration now reversed their attitude. Here is the record:

Three judgments were entered, and when the decisions were affirmed in the Supreme Court in July 1921 we asked the Government to pay those judgments. Mr. Davis absolutely refused to pay them. Although we had tried the case three times and had entered judgment for costs and interest, he absolutely refused to pay. The demand for payment of the Cloquet judgments was not later than August 11, 1921 (p. 118 of hearings).

Mr. CHRISTGAU. What reason did he state for the refusal?

Mr. ARNOLD. He did not give any reason. He said he would not pay them, and never has paid them. Not only that, but the day after the decision of the five judges, to wit, on the 17th day of September 1920, the Railroad Administration attorneys announced that thereafter there would be no more grouping of cases; that we would have to try each case separately to a jury or get no results; they would not take any more cases before the judges; that they were all through with the trial of group cases before the judges.

Mr. Davis knew that it would take about 6 weeks to try each case. He knew that if all the judges in the State of Minnesota were employed in the trial of cases then pending, it would take 10 years to dispose of the cases. He knew that the five judges in the district could not finish the cases in two generations. He knew he had these helpless, shattered human wrecks up against a stone wall. They were at his mercy. He was a dictator whose terms could not be modified or questioned.

And this is what he said to those who so recently had buried 500 of their children, their kin, and their neighbors: "You have your choice between taking 50 cents on the dollar of your actual loss or trying these cases one by one through endless time."

Let me quote the record:

Mr. DAVIS. I have to assume the responsibility of this, and I do so very cheerfully. I have always understood this—that this was the theory—I made that proposition and it was final; they could take it or leave it, but they were not deprived of any legal right.

Mr. HOLLISTER. I have always considered this the rankest kind of coercion.

Mr. DAVIS. In what way?

Mr. HOLLISTER. The proposition you made that the claimants could take your offer or leave it, which left them only the opportunity to try the cases one after another, which would have taken years and years. Moreover, there was no way to collect the judgment when we got one, except through good "Santa Claus" Davis.

Mr. DAVIS. There was nothing except the written proposition I made.

Mr. HOLLISTER. You told us that was final, and we could take it or leave it. If we had to go into court with these little cases, of which there were hundreds and hundreds, it would have cost more than the alternative.

There is your stone wall. There is the picture of ruthless power upon the one side and helpless lack of resistance upon the other.

These people—the fire sufferers and the Director of Railroads—were not dealing with each other at arm's length—they were not standing upon the same level. One had the

power and used it, the other had nothing but weakness—no choice but to submit.

Yes; there was a settlement—but what kind of a settlement?

If you owed me $1,000 on a promissory note and had the money to pay me with and I went to you and asked you for payment, explaining that I was in dire need, that my child was sick, and that I must have the money and could get it nowhere else—if under these circumstances you offered me $500 and no more, take it or leave it, and I took the money because I could not bear to see my child suffer, would that be a settlement that would be binding upon me, would it be a compromise? It would not.

It is under these circumstances that this bill is now before this House to reimburse some 8,000 fire sufferers whose unpaid half of their claims averages $1,000 each—a total of about $8,000,000.

I wish I had the time to read to you the testimony given at the hearings before the Committee on Claims, but I must be satisfied to submit the findings made. In three different Congresses has the Committee on Claims reported this bill out favorably. Let me quote some of the findings of the committee:

The testimony of the fire sufferers showed that before the litigation, which was protracted and expensive, the Government indicated that it would either pay all or none of the damage; that if the courts held the Government liable, it would pay in full; that if the courts held the Government was not responsible, it would not pay a cent. Not until after the court decisions favorable to the fire sufferers did the Director General indicate any willingness to compromise or pay part of the losses. The Director General refused to follow the Minnesota courts or their decisions. He was arbitrary. The fire sufferers were destitute. They faced the possibility of years of litigation and were forced to accept what the Director General was willing to pay, and execute such papers as he required. The committee in the Seventy-first Congress felt that such action was unfair, and not binding on the claimants, after hearing the witnesses and the testimony (p. 2 of report).

To summarize the situation briefly, lawsuits affecting the liability of the Government in various areas were tried as the litigation progressed. The Government was held liable in this litigation. The Government then made offers to settle for 40 or 50 percent of the loss, as determined by it, in these various areas. It made no settlement of claims of doubtful liability.

As Mr. Davis, Director General of Railroads, said in his letter to President Harding (p. 28 of printed hearings) and in his proposition of settlement (p. 29 of printed hearing), only claims were settled where they had a legal claim against the Government. We quote his exact language:

"This right to adjust and settle is based only upon legal demands which would ordinarily be enforceable in a court of justice. (See p. 29 of printed hearings.)

"We stress this fact because the bill, H.R. 5660, affects only those claimants who suffered loss and who were recognized by the Railroad Administration as having legal demands, and who received a part payment on that account. In no cases were any settlements made unless the legal liability of the Government was recognized (p. 5 of hearings).

"There is no question but that they (the fire sufferers) were under compulsion in accepting that settlement of 50 cents on the dollar. Two years after the fire the five judges met and signed a letter and sent it to the Railroad Administration. It was dictated by Judge Cant. He wrote and we subscribed to it, and it was to the effect that it would take all the judges of the State 10 years to try all those cases. We spent several months listening to the testimony on one case. That did not include all the damages but only the damages of one man. It would have taken months and years to hear all the testimony and decide how much each citizen was entitled to receive. Those districts were prostrated, and the people could not wait" (p. 95 of printed hearings).

Again, Judge Dancer says:

"I realize, however, that if every such individual were compelled to bring suit against the Government to establish his claims the result would be complete denial of practical justice" (p. 5 of hearings).

As appears from the testimony of Judge Dancer, and from undisputed facts, both in the Government testimony and from the other witnesses, your committee cannot find that the settlements were fair to the fire sufferers, and does not believe they should be bound by the releases executed by them in order to receive partial payment of their loss (p. 6 of hearings).

The testimony developed in the hearings on this case is uncontroverted as to the situation which resulted in part payment of the losses suffered by the fire claimants. The testimony leads to the conclusion that the fire sufferers were practically forced to accept such payments as the Director General of Railroads was willing to make. When he made those part payments, it is true that the fire sufferers had no other alternative except to comply with his pronouncements. He required that a legal release of all claims against the Government be executed; he required that a legal stipulation for the entry of judgment be executed; he required that a legal satisfaction of judgment be signed and executed. He took all these steps so as to forever bar any claimant from having any legal or equitable causes of action against the United States in any of its courts. The only redress, therefore, which the claimants in this bill have is a bill in Congress.

The Government is still indebted to them, in spite of these legal instruments, for the balance of a loss which was ascertained by the Government, on a liability that was established by the courts of Minnesota, and on which only partial payment has been made.

The United States insists that its citizens discharge their duties and obligations fully. In collecting income taxes, it does not accept a percentage of the amount due. This Government should, therefore, recognize its just obligations and, through Congress, ought to treat fairly with its citizens. Either the Government owed the fire sufferers the amount of loss which each of them sustained or else it owed them nothing. It recognized liability in making part payments on these claims. The only way that justice can be done is to pass this bill and pay the balance (pp. 8–9 of hearings).

The Attorney General has carefully gone over the record and over his own signature he has given his support to this bill. This letter of the Attorney General, addressed to the President, was by the President transmitted to Mr. BLACK, Chairman of the Committee on Claims, with a letter from the President, in which he states that he concurs with the opinion of the Attorney General.

This bill, which for convenience has been substituted for my bill introduced in the House, has been passed by the Senate without a dissenting vote, and this vote today should do justice delayed 12 long years.

This calamity is without precedent or analogy for the following reasons:

First. The responsibility for this disaster, after extended litigation, was placed squarely on the Government by the highest court of Minnesota.

Second. Thereafter the Director General, in opposition to the contentions of the various claimants, himself fixed the extent of the loss of each claimant.

Third. The Director General then arbitrarily offered 50 percent of the amount of loss he himself had fixed and told the claimants they could take it or leave it.

Fourth. There was no forum, nor could there be any forum, where 8,000 claimants whose entire earthly possessions were destroyed could get relief in their extreme condition.

In closing let me say that there are now in the hands of the Railroad Administration unexpended funds in the amount of $19,000,000 available for payment of this claim.

The payment should be made.

The Attorney General has given consideration to the question of settlement involved; and after having looked it all over, he said the bill is meritorious. The President agrees.

Let us do justice to 8,000 people most shamefully wronged.

THE PRIVATE CALENDAR

The SPEAKER. The Clerk will call the bills on the Private Calendar.

WILLIAM L. JENKINS

Mr. DITTER. Mr. Speaker, I ask unanimous consent that no. 248 on the calendar, H.R. 1939, for the relief of William L. Jenkins, which was passed when last we considered the Private Calendar be called at this time. It was passed at that time with the understanding that it would be called when the Private Calendar was again called.

The SPEAKER. The Clerk will recall that bill which was passed over without prejudice.

The Clerk called the bill (H.R. 1939) for the relief of William L. Jenkins.

The SPEAKER. Is there objection?

Mr. TRUAX. Mr. Speaker, I reserve the right to object. This claim was incurred on December 8, 1916. As I said when the bill was last under consideration, I think it is bad policy for us to go back that far in settling claims, when we are making every effort to hold down expenses of the Government and balance the Budget, insofar as the operating expenses of the Government are concerned.

Mr. DITTER. Mr. Speaker, will the gentleman withhold his objection?

Mr. TRUAX. Yes.

Mr. DITTER. I believe I can explain satisfactorily why that is so. The purposes of the bill, that is, the relief of Mr. Jenkins, growing out of the destruction of vouchers that are required by the accounting department, was not brought to the attention of Mr. Jenkins until 1930. It was not until there was provision made through another act, providing for a $400 item due by the Government to Mr. Jenkins, that his attention was directed to the fact that these vouchers had been destroyed during the war period in 1917.

Mr. TRUAX. Will the gentleman yield?

Mr. DITTER. I yield.

Mr. TRUAX. When was the bill first presented in Congress?

Mr. DITTER. The last Congress passed this bill, as far as the House was concerned, and it died in the Senate. My predecessor, Mr. Watson, handled the bill during the last Congress. It passed the House and it died in the Senate. There was no objection at the time the bill was handled at that time in the House. If the gentleman will refer to the complete report he will find substantiation of my statements regarding the matter of delay, in the latter part of the report, confirmed by the State Department. I feel that this is not a case where the charge of laches or undue neglect should be brought to bear against this claimant. It does not involve the payment of any money. The merit of the matter concerns destruction, during the war period, of the files of the Government, including vouchers, for which destruction the claimant is in no way responsible.

Mr. TRUAX. Does the State Department recommend the passage of this bill? I mean the present Department.

Mr. DITTER. The present State Department?

Mr. TRUAX. Yes.

Mr. DITTER. No. I cannot say that it has been referred to the present State Department. In other words, I do not have information by which I would want to assure the gentleman that the present State Department has had this matter under its consideration.

Mr. TRUAX. I would suggest that the gentleman permit the bill to be passed over without prejudice and secure the recommendation of the present State Department.

Mr. DITTER. Will that not just be a matter of further delay, with the probability of adjournment, and then I will be faced with exactly the same question that is presently raised, the matter of unusual delay in the presentation of the claim? I think the State Department meritoriously has passed on it. The Committee on Claims has passed on it. It simply means that the unfortunate circumstance of war caused the destruction of some of the State records, including vouchers, under the control of this consul.

Mr. TRUAX. Until the gentleman secures the recommendation of the present Department of State, I will be forced to object to it unless he wants to pass it over without prejudice.

Mr. BLANCHARD. Will the gentleman yield for a moment?

Mr. TRUAX. Certainly, I yield.

Mr. BLANCHARD. I want to refer to the statement made by the gentleman from Ohio, and, if the chairman of the committee were here, he would confirm it. That same suggestion has been made on other occasions with reference to departmental regulations and departmental recommendations, and in each instance where we have suggested to the department in charge of a matter of this kind that they give us a new recommendation, they tell us invariably that it is a matter of policy that has been determined by the department, and they always refer us to the previous communication that came from the department.

Mr. TRUAX. Mr. Speaker, I am going to withdraw my objection unless my colleague from Washington [Mr. ZIONCHECK] desires to object.

Mr. ZIONCHECK. Mr. Speaker, reserving the right to object, I understand the same bill was objected to heretofore. I have not had an opportunity to go into it. I think the request made by the gentleman from Ohio [Mr. TRUAX] is a sound reservation, asking for a departmental report, and therefore, in the absence of that request being consented to, I am going to object.

Mr. DITTER. May I correct the gentleman? There was no objection to this bill in the past Congress.

Mr. ZIONCHECK. I gathered from the gentleman from Indiana [Mr. GRISWOLD], who was just here, that there was objection. I was not here, so I could not tell the gentleman.

Mr. DITTER. May I ask, Mr. Speaker, that the bill be passed over without prejudice, in order that I may satisfy my colleague from Ohio, and allow it to stand as the first bill to be called on the next call of the calendar?

The SPEAKER. Without objection, the bill will be passed over.

There was no objection.

ELECTION—NEW BRITAIN, CONN.

Mr. KOPPLEMANN. Mr. Speaker, yesterday in the second largest city of my district there was an election and I have a telegram from Mr. W. J. Farley, as follows:

New Britain goes Democratic by over 1,900.

In this city, Mr. Speaker, there was a Republican mayor who had served for several terms. Yesterday he was defeated by Attorney David L. Dunn, a Democrat. The vote emphasizes to me, as it must to the Members of the House, the continued confidence in the Democratic government of this country. By the fact that it was a turnover from Republican to Democratic, it shows increased confidence in the achievements of this Congress and our President. [Applause.]

PRIVATE CALENDAR

MRS. GEORGE LOGAN ET AL.

Mr. LAMBERTSON. Mr. Speaker, I should like to refer back to Calendar No. 258, H.R. 2416. Consent was given to take it up on next calendar day, and it was passed over temporarily.

The SPEAKER. The Clerk will report the bill.

The Clerk called the bill, H.R. 2416, for the relief of Mrs. George Logan and her minor children, Lewis and Barbara Logan.

The SPEAKER. Is there objection?

Mr. ZIONCHECK. Mr. Speaker, reserving the right to object, I have gone into this bill since I have talked with the gentleman from Kansas [Mr. LAMBERTSON]. There is still great doubt in my mind whether there is any causal connection between this wound and the death, there being a 6-year period of intervention between the time of the wound and the time of the death, but there is some doubt in my mind, and if the gentleman will accept $3,000 instead of $5,000, I will not object. That will reduce it $2,000.

Mr. LAMBERTSON. If that is the very best the gentleman will do, then reluctantly I accept the reduction.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $5,000 to Mrs. George Logan and her minor children, Lewis and Barbara Logan, as dependents of George Logan (deceased), who sustained injuries in line of duty and later died of such injuries, which were received while on duty as a prison guard at Fort Leavenworth, Kans.

Mr. ZIONCHECK. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ZIONCHECK: Page 1, line 5, strike out "$5,000" and insert in lieu thereof "$3,000."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

ROBERT B. JAMES

The Clerk called the next bill, H.R. 2541, for the relief of Robert B. James.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay to Robert B. James, out of any money in the Treasury not otherwise appropriated, the sum of $7,000, the amount of a fine paid by Robert B. James in pursuance of a judgment entered upon a plea nolo contendere under certain provisions of the so-called "Lever Act" previous to the time that the Supreme Court of the United States held such provisions void, the said plea and said payment being made under a stipulation as follows: "In consideration that the Attorney General and this court shall accept the plea nolo contendere which I hereby tender to the above-entitled indictment, I do hereby waive any and all fines which the court may see fit to impose upon me upon such pleas, except in the event that the so-called 'Lever Act' under which said indictment is found shall be declared unconstitutional by the Supreme Court of the United States and that no prosecution could be sustained upon the facts stated in said indictment: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

G. ELIAS & BRO., INC.

The Clerk called the next bill, H.R. 2558, for the relief of G. Elias & Bro., Inc.

Mr. BLANTON. Mr. Speaker, reserving the right to object, this bill carries $30,859.28 based on a claim that after bids were submitted and contracts were let, the specifications were changed, and they are asking the Government to pay them this $30,859.28 additional.

A similar bill was pending in the Senate in 1932, carrying the number S. 1220, which bill sought to appropriate in settlement of this claim $52,268.56. Thus in 1932 they were demanding $52,268.56. The bill through Senator Howell, was submitted to the War Department for a report; and the Secretary of War, Mr. Patrick J. Hurley, reported on the same as follows:

The records do not show that any additional packing or crating, other than that required under the contract, was requested or accomplished, and therefore any claim therefor is not justified.

The records show that the bids by G. Elias & Bro., Inc., while the lowest among several competitors, were not considered unreasonably low. Any alleged loss because of additional costs of production, therefore, must be attributed to the errors of the contractor and not as a result of any act of the Government agents.

In view of the foregoing, this Department can see no merit in the proposed relief, and favorable consideration of the bill S. 1220 is, therefore, not recommended.

So I do not feel that this $30,859.28 ought to be taken out of the Treasury. I must object. I reserve my objection, however, since the gentleman from New York asks that he be allowed to make an explanation, but eventually I shall object.

Mr. MEAD. Mr. Speaker, I may say to the gentleman from Texas that the original request was for some $50,000, but our subcommittee reduced it to the amount contained in the bill. If the gentleman will allow the bill to go over without prejudice, I shall give him an itemized statement of the losses incurred as the result of changes in specifications ordered by Government agents.

Mr. BLANTON. Mr. Speaker, I hate to object to the gentleman's bill because of my friendship for him and also because of the splendid work he does on our Post Office Committee; but he must know that former Secretary of War Hurley said there was no change made in the specifications. Such a claim was not made when the original claim was made against the Department. This is an afterthought and was not raised until 1927. Under these circumstances I feel impelled to object.

Mr. MEAD. This firm up until a short while ago had been doing a prosperous business in Buffalo. It recently became bankrupt.

Mr. BLANTON. They had two contracts, and were paid in full for all that was due them under such contracts.

Mr. MEAD. They were forced into bankruptcy; the corporation has been wiped out after having been in existence for many years. The owner died, his friends say of a broken heart; and the contracts he had with the United States Government helped to ruin him financially. No one is left but his widow. I shall be very glad to furnish the gentleman with an itemized statement of the costs, together with such information concerning the orders and instructions, as we furnished the subcommittee; and at that time if he desires to object he will still have that right.

Mr. BLANTON. I must say to the gentleman from New York that in 1932 I went into this bill carefully and checked it up. I had very definite ideas then, which I still entertain, that this is not a just claim against the Government, and that we should not pay out this $30,859.28. I am forced to object, Mr. Speaker.

G. ELIAS & BRO., INC.

The Clerk called the next bill, H.R. 2561, for the relief of G. Elias & Bro., Inc.

Mr. BLANCHARD. Mr. Speaker, reserving the right to object, would the gentleman from New York be willing to accept the usual attorneys' fee amendment?

Mr. MEAD. Yes; I shall be very glad to.

Mr. BLANCHARD. I should like to ask the gentleman further with reference to the amount of the claim. I see it is $4,400.

Mr. MEAD. Yes. We reduced it by, I think, $3,000 before the subcommittee.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to G. Elias & Bro., Inc., out of any money in the Treasury not otherwise appropriated, the sum of $4,400 in full settlement for losses suffered by said company on account of priority orders and other conditions arising out of the late war with Germany which prevented the delivery of lumber specified under contract with the United States Navy Department no. 29497 within the time specified, for which contract bid was submitted by said company prior to the entrance of the United States into the late war.

Mr. BLANCHARD. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BLANCHARD: At the end of the bill add the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

TEXAS MILITARY COLLEGE, TERRELL, TEX.

The Clerk called the next bill, H.R. 2650, for the relief of the Texas Military College, of Terrell, Tex.

Mr. BLANCHARD. Mr. Speaker, I object.

CORA A. BENNETT

The Clerk called the next bill, H.R. 2667, for the relief of Cora A. Bennett.

Mr. HANCOCK of New York. Mr. Speaker, I object.

Mr. TARVER. Mr. Speaker, will the gentleman reserve his objection?

Mr. HANCOCK of New York. I reserve the objection.

Mr. TARVER. Will the gentleman state why he is objecting to the bill?

Mr. HANCOCK of New York. This decedent died in 1918 of influenza, and according to the report there is no connection whatever between his death and his Government

service. There is not a line in the report which would indicate that his death was in any way connected with his service.

Mr. TARVER. The purpose of the bill, as the gentleman of course, will observe, is to afford this widow an opportunity to show to the Compensation Commission that her husband's employment did bring about his death. The report from the decedent's superior officer is dated almost 3 months after his death.

It is apparent that there was great negligence in even reporting the death of this man, and it is also apparent that the officer who made the report could not report that his death was in line of duty because he was not apprised of the circumstances under which the man died. It has not been thought necessary, in view of the fact that Congress has passed many bills of this character simply vesting jurisdiction in the Commission to hear the facts, to submit evidence showing that death did result because of the performance of decedent's duties. The evidence could readily have been obtained, but it has not been required in the cases of other bills of this character passed by the House.

May I ask the gentleman if he does not think it fair that this widow under the circumstances should be accorded the opportunity of showing to the Commission that her claim is well founded? This opportunity she has never had.

Mr. HANCOCK of New York. I dislike, of course, to object to bills of my colleagues, but unless there is some reason for believing that this might be regarded as a meritorious claim for compensation, and unless some excuse is offered for the delay of 16 years, I feel I should object.

Mr. TARVER. The delay has not been 16 years, may I say to the gentleman. This bill has been introduced in several prior Congresses, but has never been reached for consideration. The lady did not know that she had any right to file a claim under the Employees' Compensation Law, but as soon as she found it out she began pressing for relief. It is a very minor matter, so far as the Government is concerned, but it is of importance to the widow, who cannot under the terms of this bill secure anything to which she is not entitled under the evidence which may be submitted. No harm can be done by its passage and great harm might be done to her if this bill is not passed.

Mr. HANCOCK of New York. The only evidence we have in connection with the case itself is in the report of the War Department, which states that James D. Bennett died of influenza while on temporary duty and that his death was not incident to his service. There is no contradiction of this statement, and I cannot see that there is a basis for a claim here. Very reluctantly I feel compelled to object.

Mr. TARVER. It further appears, if my colleague will notice, that Col. Jack Hayes, the superior officer of this man, reported his death under date of February 15, 1919, when, as a matter of fact, death occurred on October 29, 1918, almost 3 months before. He had not become aware of his death until 3 months after the death occurred.

Mr. HANCOCK of New York. Even so, that is a long time ago.

Mr. TARVER. The statement that his death was not in line of duty should not preclude this widow from submitting her case to the proper authorities.

Mr. HANCOCK of New York. I think there should be some evidence submitted to warrant the case's being submitted to the Commission.

Mr. TARVER. There has not been evidence submitted in other cases of similar character during this Congress and prior thereto to show the facts in each case. That is, evidence that would be submitted to the Commission in the event a hearing was accorded. For this reason, I did not think it was necessary in this case.

Mr. HANCOCK of New York. I think question of fact should be presented.

Mr. TARVER. I am sorry the gentleman feels that way about the matter.

Mr. HANCOCK of New York. Mr. Speaker, I object.

BONNIE S. BAKER

The Clerk called the next bill, H.R. 2682, for the relief of Bonnie S. Baker.

Mr. BLANCHARD. Mr. Speaker, reserving the right to object, may I ask the gentleman from Georgia if it is not true that the Department found, as a matter of fact, that the former postmaster was guilty of negligence in the handling of these Government funds or stamps?

Mr. TARVER. The Department so finds, but if it had found otherwise it would not have been necessary to appeal to Congress for relief. The Department itself would have afforded whatever relief was necessary.

This is another class of bill considered favorably by the House. The amount involved is only $100.29. This widowed postmaster had an assistant in charge in a country post office. This assistant left the money, which belonged to the Government, in a metal box while he went about 30 feet to get lunch. While he was gone a window was broken and a thief stole the $100.29. It occurs to me that the finding by the Department to the effect that this postmaster was negligent in the premises is necessarily without evidence to support it. It has not been deemed necessary in rural sections of my district to take elaborate precautions against burglary and probably the precautions taken in this case were similar to those taken by others under similar circumstances. It occurs to me that even if the assistant postmaster might have been to some extent at fault, there is no reason for penalizing this widowed postmaster because of circumstances which she could have in no way avoided.

Mr. BLANCHARD. There must be some reason for regulations and law, and clearly in this case the regulations and the law were not complied with.

Mr. TARVER. I do not see how the gentleman can say that they were not complied with. Does the gentleman expect a country postmaster to maintain an iron safe for the purpose of keeping safely the money belonging to the Government?

Mr. BLANCHARD. If the law so required, I would certainly expect that to be done.

Mr. TARVER. The gentleman's expectations are so out of line with what I consider to be reasonable and just that I hardly know how to answer his statement. Many bills of this sort have been passed without objection. If the gentleman objects to paying this lady the small amount of money involved, that is his responsibility.

Mr. BLANCHARD. I am not going to object. The gentleman need have no fears on that score.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $100.29 to Bonnie S. Baker, former postmaster at Gore, Ga., to reimburse her for currency and coin in that amount stolen from said post office by burglary on November 18, 1930, which said loss was sustained without negligence on the part of said postmaster and was by her repaid to the Government from her private funds.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CONSTRUCTION OF POST OFFICE AT LAS VEGAS, NEV.

Mr. SCRUGHAM. Mr. Speaker, I ask unanimous consent to return to the bill (H.R. 3900) authorizing the Secretary of the Treasury to pay certain subcontractors for material and labor furnished in the construction of the post office at Las Vegas, Nev.

Mr. ZIONCHECK. Mr. Speaker, reserving the right to object, is this the bill that the gentleman from Indiana [Mr. GRISWOLD] objected to the last time the calendar was called?

Mr. SCRUGHAM. Yes; and I have seen the gentleman and talked with him about it.

Mr. ZIONCHECK. And he has no objection to returning to the bill and passing it?

Mr. SCRUGHAM. No; and, in fact, he suggested to me the procedure to be followed.

Mr. ZIONCHECK. Then, Mr. Speaker, I have no objection to returning to the bill.

The SPEAKER pro tempore (Mr. BLOOM). Is there objection to the request of the gentleman from Nevada?

There was no objection.

The Clerk read the title of the bill.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to subcontractors, labor, and material men who furnish labor and material to the Plains Construction Co., defaulted general contractor for the construction of the post office at Las Vegas, Nev., such sums as he may consider equitable and just to reimburse said subcontractors, labor, and material men for unpaid accounts left by said Plains Construction Co. at the time of its default, said sums to be paid only upon proper proof of actual losses sustained exclusive of profit; and there is hereby made available for this purpose not to exceed $20,000 from any sum which may remain from the lump-sum appropriations made for building-construction purposes, notwithstanding the amount of the claims of said subcontractors in addition to the cost of completing the building exceed the limit of the cost for the construction of the Las Vegas post office.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

JOSEPH SHABEL

The Clerk called the next bill, H.R. 2689, for the relief of Joseph Shabel.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, from any funds in the Treasury not otherwise appropriated, to Joseph Shabel the sum of $5,000 in full settlement of all claims against the Government for injuries and damages sustained when struck by a Government automobile on May 7, 1932, said automobile having been driven at the time by Hayden N. Bell, a Federal prohibition agent: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

With the following committee amendment:

Page 1, line 6, strike out "$5,000" and insert in lieu thereof "$2,579."

The committee amendment was agreed to.

Mr. TARVER. Mr. Speaker, I desire to offer an amendment. In line 5, after the word "to", insert the words "Edward Shabel, son of."

The Clerk read as follows:

Amendment offered by Mr. TARVER: Page 1, line 5, after the word "to", insert the words "Edward Shabel, son of."

Mr. BLANCHARD. Mr. Speaker, may I ask the gentleman the number of this bill?

Mr. TARVER. It is Calendar No. 267, and may I say to the gentleman that the claimant has died subsequent to the reporting of the bill, and I am simply inserting the name of his only son.

The amendment was agreed to.

Mr. TARVER. Mr. Speaker, I offer another amendment, in line 5, after the words "Joseph Shabel", insert the word "deceased."

The Clerk read as follows:

Amendment offered by Mr. TARVER: Page 1, line 5, after the word "Shabel", insert the word "deceased."

The amendment was agreed to.

Mr. TARVER. Mr. Speaker, in line 7, page 1, after the word "sustained", I move to insert the words "by Joseph Shabel."

The Clerk read as follows:

Amendment offered by Mr. TARVER: Page 1, line 7, after the word "sustained", insert the words "by Joseph Shabel."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

The title was amended to read as follows: "A bill for the relief of Edward Shabel, son of Joseph Shabel."

LULA A. DENSMORE

The Clerk called the next bill, H.R. 2692, for the relief of Lula A. Densmore.

Mr. TRUAX. Mr. Speaker, reserving the right to object, I want to call the attention of the gentleman from Georgia to the fact that he has some meritorious bills here and no one is objecting to them.

Mr. TARVER. The gentleman from Georgia appreciates that very much.

Mr. TRUAX. I think this bill is a meritorious one, but all of these bills are for the relief of private individuals. We have two petitions on the Clerk's desk that are for the relief of thousands and hundreds of thousands of individuals in this country. One is the petition to discharge the committee from the consideration of the McLeod bill and the other is a petition to discharge the committee from further consideration of the Frazier-Lemke bill. I should like to ask the gentleman from Georgia if he has signed either one of these petitions.

Mr. TARVER. No; and I have no intention of signing them, may I say to my colleague, since I do not entertain the same opinion of this legislation that he does. Of course, I recognize the fact that my colleague is out of order in calling my attention to matters of this sort and in seeking to obtain a statement from me regarding my position concerning them during the consideration of this calendar but, since the gentleman has undertaken to do so, I have no hesitancy in telling him that I think both of these bills are bad legislation; and I have not only not signed either of the petitions to discharge the committee, but I have no intention of doing so.

Mr. TRUAX. I thank the gentleman for his clear-cut statement. There is no question about the gentleman's position, and I am pleased that his bills are meritorious, so that I do not have to object to them.

Mr. TARVER. I thank the gentleman.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized to pay, out of any funds in the Treasury not otherwise appropriated, to Lula A. Densmore, widow of Clarence Densmore, the sum of $15,000 in full settlement of all claims against the Government of the United States for damages incurred by the killing of Clarence Densmore, her husband, on a public highway of Douglas County, Ga., by Fred Pierce, a Federal prohibition agent, which said killing occurred on July 13, 1932: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

With the following committee amendment:

Page 1, line 6, strike out "$15,000" and insert in lieu thereof "$5,000."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

A. C. FRANCIS

The Clerk read the title of the next bill on the calendar, H.R. 2748, for the relief of A. C. Francis.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to A. C. Francis, sheriff of Midland County, Tex., the sum of $204.30 as reimbursement of

expense incurred in connection with the apprehension of William Dunn Reiger, a fugitive from justice wanted by the Federal Government.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

E. B. ROSE

The Clerk read the title of the next bill on the calendar, H.R. 2749, for the relief of E. B. Rose.

The SPEAKER pro tempore. Is there objection?

Mr. BLANCHARD. I reserve the right to object.

Mr. THOMASON. Mr. Speaker, I hope the gentleman will not object. I have personal knowledge of this claim, and I believe it is meritorious.

Some years ago we had a law that permitted stock people to take their livestock to Mexico for temporary pasturage. We had a bad drought situation in that country along the Mexican border. This man, George D. Miers, took a herd of sheep to Mexico where he later sold them to the claimant, E. B. Rose.

These sheep, or their offspring, were brought back to the United States prior to the expiration of the law. The law expired on December 31, 1925.

A careful reading of the report of the Secretary of the Treasury, Ogden Mills, will disclose that the objection was on account of the fact that they did not believe that Mr. Miers went to Mexico for a temporary residence.

Now, I know that both Mr. Miers and Mr. Rose are American citizens with permanent residence in Texas. There are a number of affidavits in the case which have been filed since the report of Secretary Mills. There are affidavits or statements of 11 citizens of Del Rio, including the mayor, postmaster, district judge, district attorney, and other prominent citizens to the effect that Miers resided in Del Rio, Tex., and was in Mexico only for temporary business reasons.

Mr. BLANCHARD. I notice that he took the sheep to Mexico in 1921 and did not return them until 1925.

Mr. THOMASON. That makes no difference for he was within the law. The law did not expire until December 31, 1925. The sheep were returned February 2, 1925, nearly a year before the law expired.

Mr. BLANCHARD. The question turns on the fact whether he went to Mexico for a temporary purpose.

Mr. THOMASON. A number of the most prominent citizens of Del Rio, Tex., make statements which the gentleman will find at the bottom of page 7 in the report, and all to the effect that both of these men were permanently residing in this country.

Mr. BLANCHARD. And during all the time from 1921 to 1925 they were residents of Del Rio?

Mr. THOMASON. Yes; they lived there, and they live in that section now, and they have not lost their residence. It is a common practice for stockmen along the border to move their livestock into Mexico to pasture them and go into Mexico to trade, ranch, mine, and conduct other forms of business for several months at a time.

Mr. BLANCHARD. The gentleman has made out a good case. Will he accept the usual attorney-fee amendment?

Mr. THOMASON. Certainly.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to remit the payment by Burke Rose, of Del Rio, Tex., of the sum of $1,230, being amount of duties demanded and collected by the Treasury Department on certain sheep returned to the United States from Mexico in the month of October 1925.

Mr. BLANCHARD. I offer the following amendment.

The Clerk read as follows:

At the end of the bill insert the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

E. G. DOTY

The Clerk called the next bill, H.R. 2750, for the relief of E. G. Doty.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money not otherwise appropriated, the sum of $146.03 to E. G. Doty as reimbursement of expense incurred in line of duty as a United States deputy marshal.

With the following committee amendment:

Strike out all after the enacting clause and insert "That the Comptroller General of the United States be, and he is hereby, directed to allow Scott C. White, United States marshal, western district of Texas, credit in the amount of $146.03, being the amount advanced by the said marshal to E. G. Doty, a deputy marshal, covering expense incurred by the said Doty in attempting to serve certain process placed in his hands for service."

The committee amendment was agreed to; and the bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

The title was amended to read: "A bill for the relief of Scott C. White."

E. C. WEST

The Clerk called the next bill, H.R. 7437, for the relief of E. C. West.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to E. C. West, of Dunn, N.C., the sum of $201.59 as reimbursement of substitute-clerk hire paid by him from December 31, 1921, to September 30, 1922, while acting as postmaster at Dunn, N.C.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

ELSIE SEGAR

The Clerk called the next bill, H.R. 2763, for the relief of Elsie Segar, administratrix of C. M. A. Sorensen and of Holger E. Sorensen.

The SPEAKER pro tempore. Is there objection?

Mr. TRUAX. Mr. Speaker, I object.

ESTATE OF HARRY F. STERN

The Clerk called the next bill, H.R. 2764, for the relief of the estate of Harry F. Stern.

The SPEAKER pro tempore. Is there objection?

Mr. BLANTON. Mr. Speaker, I reserve the right to object. This bill seeks to pay Mr. Stern $18,704.89 out of the people's tax money. The Treasury Department reports against it, and I am constrained to object.

Mr. TURPIN. Mr. Speaker, will the gentleman withhold his objection?

Mr. BLANTON. Yes; but in the meantime I call the gentleman's attention to this part of the report from the Acting Secretary of the Treasury:

It has been the policy of Congress to include in the revenue acts limitation provisions by the operation of which after a certain period of time it becomes impossible for the Government to assert additional liabilities, or for the taxpayer to assert a claim for a refund. It not infrequently happens that a taxpayer finds himself barred by the operation of the statute of limitations from securing a refund of an amount of tax paid in excess of what was due. In such cases the taxpayer often feels that he is entitled to get back the amount overpaid, notwithstanding that the statute of limitations has run, and bills are often introduced into Congress seeking such relief.

They go on to show that if they once go behind the statute of limitations, there is no end to such claims. I yield to the gentleman from Pennsylvania.

Mr. TURPIN. Harry F. Stern and his wife died about the same time. Their estate paid a heavy inheritance tax.

Mr. BLANTON. Which it should have done.

Mr. TURPIN. Which it should have done.

Mr. BLANTON. Because people who get the protection of the Government and have the protection of our flag all through their lifetime ought to pay for it when they die.

Mr. TURPIN. At about that same time the State of Pennsylvania had passed a recapture law in which 80 percent of the tax was to go to the State of Pennsylvania. The attorney paid the money to the Government. The recapture act of the State of Pennsylvania was attacked and was in the Supreme Court for some time. Eighty percent of the money was paid to Pennsylvania and 60 percent of the money was paid to the Government, which made practically a 50-percent payment which had been made twice. The Government admitted that it was not entitled to the money, but stood behind the statute of limitations. That came about because the law which the State of Pennsylvania passed was in the Supreme Court on the matter of its constitutionality, and the Stern estate was not asked for the money by the State until 3 weeks after the time had elapsed to re-collect it from the Government. Had they asked before that, within 3 years, the Government would have paid the money without protest.

Mr. BLANTON. Oh, I have a constituent who is entitled to a refund of $24,000, but he waited too long, and the statute of limitations has run against him. He cannot get his money. If we were to pass a private bill going behind the statute of limitations there would be thousands of claims against the Government.

Mr. TURPIN. Does the gentleman hold that a man should have to pay his taxes twice because of an error?

Mr. BLANTON. I am a strong believer in the statute of limitations.

Mr. TURPIN. I bring to the attention of the gentleman the fact that the Claims Committee has taken this up carefully and recommended it favorably. The Senate Committee did the same thing. There is a humane side to this. The Senate passed the bill on March 29 without objection. It is a case where a man had to pay $18,000 twice.

Mr. BLANTON. The Committee on Claims usually "recommends favorably." If I ever have to go back to the practice of law, I should like very much to practice my cases before the Committee on Claims instead of before juries and courts, because I could always get a judgment from the Committee on Claims, when sometimes I could not get one from the court.

Mr. WALTER. Mr. Speaker, will the gentleman yield?

Mr. BLANTON. Yes.

Mr. WALTER. In this particular matter I sent for the attorney who represented the estate and he explained that he had made a mistake. He was very frank about it. He paid $18,000 to the Federal Government instead of to the State of Pennsylvania, and for that mistake of his the estate must pay twice.

Mr. BLANTON. When a doctor makes a mistake it is buried in the graveyard. When a lawyer makes a mistake his client must pay for it. If we do not stop asking the Government of the United States to pay for every mistake that the people of the Government make, God only knows what is going to become of the Treasury.

Mr. WALTER. I agree with what the gentleman says——

Mr. BLANTON. There must be a stop somewhere, where the Government is not liable for everything.

Mr. WALTER. This is not a case of where the statute of limitations applies as it ordinarily does, because in this case the money was actually paid.

Mr. BLANTON. I am sorry, but I shall have to object.

Mr. TURPIN. May I ask that the bill be passed over without prejudice until I can talk with the gentleman?

I wish the gentleman would withdraw his objection. This is a case where the money was paid to the Government, and the Government was not entitled to the money. Does the gentleman think the Government ought to keep it?

Mr. BLANTON. I am thinking of the bad precedent the passage of this bill would establish. It would cause thousands of new claims to be filed and would cost the Government millions of dollars. I have my duty to perform here, and I am trying to perform it. I object.

The SPEAKER pro tempore. Objection is heard.

POWELL & GOLDSTEIN, INC.

The Clerk called the next bill, H.R. 2997, for the relief of Powell & Goldstein, Inc.

Mr. BLANCHARD. Reserving the right to object, I should like to be assured by the gentleman from Pennsylvania [Mr. HAINES] of some of the details with respect to this bill.

Mr. HAINES. This is a claim for revenue stamps for cigars, supposedly lost in the mail. I want to assure the gentleman that these stamps were never lost in the mail. The fact of the matter is, these revenue stamps were never put into the envelop. We convicted the stamp clerk in the revenue office in York and collected over $4,000 which this stamp clerk paid, and he also served 90 days in jail. I am rather confident that is where those stamps went.

Mr. BLANCHARD. That is the very point I wanted to raise in connection with this claim. As I understand the departmental regulations, if you order revenue stamps and make no provision for insurance or for registering the stamps, then the purchaser of the stamps takes his own risk. Unless I can be assured definitely that these stamps were never placed in the envelop, I certainly would have to object.

Mr. GRISWOLD. It is not the amount involved, but it is the principle that a purchaser of stamps has always been required, if he wanted to insure delivery of the stamps, to advance the cost of registering the envelop containing the stamps.

Mr. BLANCHARD. That is perfectly right.

Mr. GRISWOLD. And in this case he did not advance this cost. He took the risk whether the stamps were put in there or not. He did not protect himself or seek to protect himself under the regulations. If we allow this bill to pass, we are in the position in the future on all revenue stamps, of simply saying that they do not need to insure the delivery.

Mr. BLANCHARD. I differ with the gentleman from Indiana [Mr. GRISWOLD] to this extent, that if a Government employee never put the stamps in the envelop, then, of course, the purchaser who did take his own risk as to delivery after they were once placed in the mail has no chance of ever receiving the stamps.

Mr. GRISWOLD. He would have protected himself, because the envelop would have been properly sealed.

Mr. HAINES. This is the general practice. There is only a distance of about 18 miles between the two points. The revenue stamps were handled by employees of this Government, and it seems to me we are going pretty far if we say we cannot trust our Government employees, and that when our people put up their money and do not receive that for which they pay, we deny them that which rightfully belongs to them.

Mr. GRISWOLD. They are entitled to it, provided they take the ordinary means under the regulations to protect themselves, which this purchaser did not in this case.

Mr. HAINES. I do not like to see this poor foreman of a cigar factory lose this $100. I say to you upon my reputation as a Member of this House that I am rather confident these revenue stamps never went into that envelop, because that revenue-stamp clerk made retribution and paid back to the Government over $4,000, and in addition he served 90 days in jail.

Mr. GRISWOLD. The gentleman says there is proof that they were placed in the envelop.

Mr. HAINES. Oh, it is supposed so.

Mr. GRISWOLD. We can only go by the report. I must object, Mr. Speaker.

Mr. HAINES. I am very sorry.

HENRY HARRISON GRIFFITH

The Clerk called the next bill, H.R. 3161, for the relief of Henry Harrison Griffith.

Mr. HANCOCK of New York. Mr. Speaker, reserving the right to object, this is another one of those bills where we are asked to waive the statute of limitations. The claim has been outlawed for 15 years. I do wish we could adopt some uniformity of policy. Personally, I do not like to object to these bills. If the gentleman can give me some assurance that this is a meritorious claim, I do not intend to object.

Mr. ROBERTSON. Mr. Speaker, this is a very meritorious claim. This man was an old mail carrier. He came into the world right after the close of the War between the States. He received no education. He carried mail in the days when they carried it with horse and buggy, over muddy roads, exposed to all the vicissitudes of the elements. He was injured in the service and he did not know that he had a right to present a claim for compensation.

Mr. HANCOCK of New York. Can it be proven that his injuries arose from the service?

Mr. ROBERTSON. I have no personal knowledge of anything except the fact that this old fellow has been bedridden for the last 3 or 4 years.

He is a helpless cripple. I cannot assure the gentleman that he can establish the fact that his injuries were service connected.

Mr. BLANCHARD. But the gentleman believes there is a question of fact involved.

Mr. ROBERTSON. I think there is a good basis of fact; and I may say to the gentleman, Mr. Speaker, that this bill is in accord with the bill H.R. 2321, which was passed without objection last Tuesday, for the relief of Capt. J. O. Faria, the steamboat captain who did not know his rights and let the year run out. We gave him the right to take up his case, and that is all I am asking be done for this old bed-ridden mail carrier; give him the right to present his claim, even if he does not get anything at all.

Mr. BLANCHARD. I shall not object, but I do wish that we could agree upon a policy as to how far back we are going to permit these old claims to be dug up.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the United States Employees' Compensation Commission is hereby authorized and directed to extend the benefits of the act of September 7, 1916, entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", as amended, to Henry Harrison Griffith, a former employee of the Post Office Department, in the same manner and to the same extent as if said Henry Harrison Griffith had made application for benefits of said act within the 1-year period required by sections 17 and 20 thereof.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A. RANDOLPH HOLLADAY

The Clerk called the next bill, H.R. 3236, for the relief of A. Randolph Holladay.

Mr. BLANTON. Mr. Speaker, I shall be forced to object. This is another bill where the statute of limitations has run. This claim is in the amount of $11,172.15, and the Treasury Department has reported against the bill. This $11,172.15 should not be paid out of the Treasury. I shall be forced to object.

Mr. TRUAX. Mr. Speaker, will the gentleman yield?

Mr. BLANTON. I yield.

Mr. TRUAX. I may say to the gentleman from Texas that this also is a bill to refund income taxes. I think we ought to stop all refunds of income taxes. I think Congress ought to enact a law making it illegal to refund taxes paid in years prior to 1928. Had it not been for the refunding of $4,500,000,000 over the past 12 years we probably would have no deficit today.

Mr. BLANTON. The statute of limitations has run against this claim. Mr. Speaker, I object.

Mr. ADAMS. Mr. Speaker, will not the gentleman withhold his objection to permit me to make an explanation?

Mr. BLANTON. Certainly.

Mr. ADAMS. I think perhaps the gentleman is mistaken with respect to the statute of limitations having run against this particular claim.

Mr. BLANTON. There are some things which come from Republican Secretaries of the Treasury which I can believe. A former colleague of ours, Ogden Mills, reported against this bill when he was Secretary of the Treasury, and said it ought not to pass.

Mr. ADAMS. But there have been favorable reports on this bill.

Mr. BLANTON. Let us see what Ogden Mills said:

The position which this Department has taken and which Congress has sanctioned is that it is a sound policy to have statutes of limitation, and that the policy upon which statutes are based must be adhered to notwithstanding hardship in particular cases. The closing agreement is in the nature of a voluntary invocation of the statute of limitations.

Very truly yours,

OGDEN L. MILLS,
Secretary of the Treasury.

That is a report against this bill, for he says limitation has run against it, and while I do not usually follow Ogden Mills on matters political, I am following him now in backing up his recommendation respecting this claim.

Mr. ADAMS. I will admit that he is not a very good authority in this particular case. Permit me to call attention to the fact that this bill has passed the Senate and certainly is meritorious.

Mr. BLANTON. Practically all private bills pass in another body. My objection is based more on the general policy of establishing a principle than it is against the amount of the bill, for the amount is only $11,172.15. It involves a big principle, however. When we once go behind the statute of limitations on a claim like this, what is the use of having a statute of limitation? If we waive the statute of limitation for one individual we must waive it for all American citizens. We must treat them all alike.

Mr. ADAMS. I may say to the gentleman that in this particular instance this tax was paid by the son, who at the time of paying the tax acquainted the revenue officer with the fact that, while the proceeds were turned over to him, the stock was registered in the name of his father; and at the time of paying he signed a waiver. The father was afterward taxed, and the father was assured that the amount paid by the son would be refunded.

Mr. BLANTON. I am sure that if our friend were not interested in this particular bill he would say it is a sound policy of government not to waive the statute of limitation; we must have a statute of limitation.

Mr. ADAMS. Will not the gentleman yield?

Mr. BLANTON. Certainly; but eventually I shall have to object in the end. This bill must not pass.

GEORGE B. BEAVER

The Clerk called the next bill, H.R. 3300, for the relief of George B. Beaver.

Mr. BLANCHARD. Mr. Speaker, reserving the right to object, just to clear the RECORD. A 4-year period is involved, and the postmaster is disallowed credit for payment, perhaps through ignorance of civil-service rules and requirements, but nevertheless payment over a 4-year period to two assistants. Am I correct when I say two assistants?

Mr. McREYNOLDS. One was a substitute clerk and one a substitute carrier.

Mr. BLANCHARD. I ask this specific question: Just how could a situation of this kind arise and continue over a period of 4 years? Does this grow out of the audit of a postmaster's account or is it just a disallowance of these payments?

Mr. McREYNOLDS. No. This was checked up by the Civil Service Commission. They claim that these men were not taken from the list, and I think the failure rose from the fact that the postmaster did not know about the list. He says he did not have a list. The office had been raised from the third class to the second class. The Government was not out one cent; it is just a question of putting on the right men.

Mr. BLANCHARD. Then it is not a question of reimbursing him for payments that he made?

Mr. McREYNOLDS. No; but the trouble is that without this bill this amount will be charged against him. The Comptroller has very kindly held this up for 2 years in order to permit me to get it straightened out.

Mr. BLANCHARD. I assumed that such must be the situation.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Postmaster General is authorized and directed to credit the account of George B. Beaver, postmaster at McMinnville, Tenn., with the sum of $5,944.41, and to certify such credit to the Comptroller General of the United States. Such sum represents the amount paid by such postmaster during the period from September 16, 1927, to April 7, 1931, as compensation to two persons appointed by him as substitute postal clerk and substitute letter carrier, respectively, which amount was disallowed in his account because such persons were not taken from the civil service eligible list.

The bill was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

JOHN MERRILL

The Clerk called the next bill, H.R. 3302, for the relief of John Merrill.

Mr. HANCOCK of New York. Mr. Speaker, reserving the right to object, this bill provides for payment of $2,500 on account of a gunshot wound in the leg. Has the gentleman any idea how serious the injuries were?

Mr. McREYNOLDS. Yes; I have personal knowledge. I saw this man when I was over in his county not long since and he is very badly crippled.

Mr. HANCOCK of New York. Permanently injured?

Mr. McREYNOLDS. Yes.

Mr. HANCOCK of New York. If the gentleman will accept the usual amendment I have no objection.

Mr. McREYNOLDS. There is no one involved in this at all. It is a case where I was trying to render a service to a poor fellow who was absolutely disabled.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, and in full settlement against the Government, the sum of $2,500 to John Merrill on account of gunshot wound received in left leg by a shot from a Federal prohibition enforcement officer, in the act of destroying a seized still, on July 19, 1930, in Polk County, Tenn., said Merrill being a deputy sheriff at the time and on a raid near Ocoee, Polk County, Tenn.

With the following committee amendment:

On page 2, line 2, after the word "Tennessee", insert the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

Mr. COCHRAN of Missouri. Mr. Speaker, I have asked for recognition in order to pay tribute to a friend, Arthur Rump, of St. Louis, who passed away Monday.

Mr. Rump was formerly an employee of the St. Louis post office. He was the leader of the post-office band and for years one of the outstanding athletes among the nearly 3,000 Government employees in my city.

While walking through the post office attending to his duties about 32 years ago a bundle of papers fell from an automatic carrier, striking him on the neck, causing paralysis. Later a bone disease of some kind set in that baffled the skill of leading physicians and surgeons all over the country. It was not long before he lost the use of hands and limbs and was required to remain in bed.

Mr. Rump wanted no sympathy nor financial assistance at that time; all he asked was an opportunity to carry on in his own way so that he could make a living for an invalid wife and his mother. He became a notary public accepting acknowledgments, he solicited subscriptions to magazines and newspapers over the telephone, and also wrote insurance. His case soon became one that attracted the attention of newspapers and magazines throughout the country. Known as the "champion optimist", he was an honorary member of the Optimist Club, of St. Louis, a national organization.

Mr. Rump was my personal friend. He did not reside in my district, but I never failed to pay him visits. I would enter his bedroom, say "Hello", ask him how he was, and the same reply was always forthcoming, "Never felt better in my life; sit down and let us have a chat." Over his bed were large signs, "Down but not out" and "Don't worry." He just would not let you sympathize with him.

Arthur Rump was the only man, so far as I have been able to learn, that the Congress of the United States recognized three times by passing private bills granting him relief.

About 10 years after the accident his friends petitioned Congress to extend relief to him. Bills were introduced and Congress allowed him $2,500. Had Mr. Rump been injured while in the employ of a private corporation, any jury in the land, seeing his condition, would have awarded him $25,000 or more.

When the Government employees petitioned Congress for the passage of a law that would provide benefits to them if injured in line of duty, Mr. Rump's case was cited as an example. He personally petitioned every Member of Congress to vote for the measure which created the Employees' Compensation Commission. After that law was passed, a bill was introduced which provided for the placing of his name on the roll. That bill became a law. Later when the Congress increased the amount allowed employees for total and permanent disability, a third bill was introduced after the Commission had ruled they could not recognize Mr. Rump for the increase. That bill also became a law. It was recognition justly deserved, for no one will ever know how he suffered all through those long years, night and day.

Picture, if you will, a man in bed, unable to move an inch one way or the other, deprived of the use of his arms and legs, with a telephone on a special attachment, calling his friends throughout the day and evening, not asking for help but just to say "Hello", and in the end say, "Don't forget me whenever you intend to subscribe to a paper or magazine." No business man in St. Louis, no matter how busy he might be, would refuse to answer the telephone when he was told that Arthur Rump was on the line.

His fellow postal workers never forgot him. Annually they would gather with the post-office band and his friends and celebrate his birthday. Rump always insisted on serving refreshments, some beverage and cake.

One of his best friends, August A. Busch, the brewer, preceded Mr. Rump to the grave a few weeks. Mr. Busch provided his old friend with a truck built specially so that his bed could be wheeled thereon, and Mr. Busch's chauffeur would drive the stricken man out in the country to spend the day. Never once would he go to the city but always to the country, the hills of the Ozarks he loved so well.

After the death of his mother and his wife, Mr. Rump was cared for by his faithful nurse, Miss Agnes Sheets. She never left him over a period of years. Miss Sheets also acted as his secretary, writing his letters on the typewriter.

In order that the House and the country will have an idea of the character of this man I am going to read a letter I received from him after the President's order reducing the compensation paid injured Government employees 15 percent went into effect last year. The letter follows:

ST. LOUIS, MO., *July 24, 1933.*

Hon. JOHN J. COCHRAN,
United States Congress, Washington, D.C.

DEAR FRIEND JACK: I am enclosing herewith a letter from the United States Compensation Commission that I am at a loss to understand, for I entered no protest. If I had had any intention of making a protest, it would have come direct to you.

You will no doubt recall that in a letter a few months ago I mentioned the fact that I was more than willing to accept a reduction in accordance with the President's orders.

Despite the fact that my business has been ruined under present conditions, and, as you are aware, my total disability compels me to employ a constant attendant, I am still willing to do my part to assist President Roosevelt to carry out his program.

I am willing to accept the 15-percent decrease as per the President's wishes. I am in sympathy with his ideas to balance the Budget. It is no more than fair that I join with him to bring the country out of this condition. I am sure he will be able to do so. The people are with him.

With kindest regards, my faithful nurse, Miss Sheets, joins me.

Yours cheerfully,

ARTHUR E. RUMP.

The country has lost a patriotic citizen and the Government employees a real friend. If you knew him as I did, you could not help but mourn his loss as I do. I cherished his friendship. [Applause.]

The pro forma amendment was withdrawn.

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. ABERNETHY. Mr. Speaker, I ask unanimous consent to address the House.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

VETERANS' LEGISLATION

Mr. ABERNETHY. Mr. Speaker: Many veterans in my congressional district are writing me asking for information as to just how they will be affected by the veterans' provisions contained in the independent offices appropriation act. I wish to present this analysis of just what benefits the veterans will receive from this legislation. The independent offices appropriation act not only carries additional benefits to veterans but it also carries the annual appropriations for the Veterans' Administration.

Gen. Frank T. Hines, Administrator of Veterans' Affairs, announces that the Veterans' Administration is taking immediate action to make the veterans' provisions of the independent offices appropriation act effective as soon as possible. Consideration will be first given to those veterans who were removed from the rolls by reason of the provisions of the Economy Act of March 20, 1933, whose rights to benefits are automatically reestablished by the new law. In all cases where it is possible to restore pension or compensation without the necessity of an administrative review such action is being taken.

Immediate attention is also being given to those groups of cases wherein a review of evidence will be required to determine what benefits may come from the new law. The adjudication of such cases is to be accomplished with the least possible delay.

According to the Veterans' Administration it is estimated that approximately 330,000 World War veterans, 180,600 Spanish War veterans, and 34,900 dependents will be affected by this legislation. It is further estimated that there will be paid out an additional amount to provide for these increased benefits to our disabled war veterans amounting to approximately $83,000,000 annually.

Section 26 of the new law reinstated the former compensation rates for totally blind World War veterans, except where the veteran is being furnished hospital care by the Government and except as to cases involving fraud, mistake, or misrepresentation.

Section 27 provides for the payment of compensation to veterans who, on March 19, 1933, had established service connection under section 200 of the World War Veterans' Act of 1924, as amended, and reenacted the provisions of that section as to such cases, except where the veteran entered the service subsequent to November 11, 1918, where clear and unmistakable evidence discloses that the disease, injury, or disability had inception before or after the period of service, unless there was aggravation or where the prior service connection had been established by fraud, clear or unmistakable error, or misrepresentation, but as to all cases embraced by these three exceptions, all reasonable doubt is to be resolved in favor of the veteran and the burden of proof is to be upon the Government. Payment in such cases is to be 75 percent of the amount payable in such cases on March 19, 1933.

Section 28 provides for the restoration of the World War rates in effect on March 19, 1933, for service-connected disability, except that reduction is permitted in accordance with regulations pertaining to payment of pension to men in hospitals. It continues the rating schedule in effect on March 19, 1933, under which ratings are based as far as possible upon the average impairment of earning capacity in civil occupation similar to the occupation of the veteran at the time of his enlistment. It further provides for service connection in death cases for the widows and children of those veterans who died prior to the enactment of the new act and who, if living, would be able to reestablish service connection thereunder.

The limitations as to receipt of pension and salary by Government employees and as to the 50-percent reduction of benefits while any person entitled thereto resides outside the continental limits of the United States are not for application in these cases.

Section 29 amends section 6 of the Economy Act of March 20, 1933, as amended, by adding a provision authorizing hospitalization or domiciliary care within the limitations existing in Veterans' Administration facilities of any veteran of any war, not dishonorably discharged, who is suffering from disability, disease, or defect and who is in need of hospitalization or domiciliary care and is unable to defray the necessary expenses therefor, including transportation to and from the hospital. It provides that the statement under oath of the veteran as to his inability to pay for the service sought shall be accepted as sufficient.

Section 30 provides as to those veterans of the Spanish-American War who entered service on or before August 12, 1898, and persons who served in the Boxer Rebellion or the Philippine Insurrection who were on the rolls March 19, 1933, receiving pension for disability or age by virtue of the new law are entitled to receive not less than 75 percent of the pension being paid to them on March 19, 1933, subject to the limitation requiring exemption from Federal income tax and as to Federal employees, the limitation that not more than $6 per month can be paid to such employee if his salary, if single, exceeds $1,000, or if married, $2,500. The provisions pertaining to payment of pension to men in hospitals, as established under Public, No. 2, and the veterans' regulations, are applicable to these cases. The benefits of this amendment do not extend to disabilities resulting from willful misconduct.

The limitations as to the 50-percent reduction of benefits while any person entitled thereto resides outside the continental limits of the United States is not for application in these cases.

Section 31 reestablishes the provisions of section 213 of the World War Veterans' Act, whereby a person who is injured as a result of training, hospitalization, or medical or surgical treatment or examination is awarded compensation on the same basis as if the condition were incurred in the military or naval service. Application must be made within 2 years after the injury or aggravation or death, or after the passage of the act, whichever is the later date.

Section 32 repeals that portion of section 9 of the Economy Act which barred persons in receipt of benefits from participating in any determination or decision with respect to claims for benefits.

Section 33 changes the title of payments to be made in service-connected cases of World War veterans from pension to compensation.

Section 34 provides that payments shall be effective from date of passage of the act.

Section 35 provides for the payment of those insurance claims which have been determined to be payable prior to but in which payment has not commenced on March 19, 1933.

This briefly covers the main points of the veterans' provisions of the new Independent Offices Appropriation Act as interpreted by the Veterans' Administration. Under the Economy Act last year more than 29,000 veterans were removed from the rolls on the grounds that their disabilities were not service-connected; yet, approximately 90 percent of these are tubercular cases. The passage of this legislation restores 75 percent of the former compensation in cases in which the benefits were reduced and brings back to good standing that class of cases designated as "presumptive."

Many veterans' cases have been handled by me during my service in Congress, and I have observed that there are many worthy cases which could not be successfully adjudicated because the veterans were unable to contact either their doctor who treated them during the time of the war or to contact their comrades who might have had some actual knowledge of their condition at that time.

As I just stated, under this new act the burden of proof rests upon the Government rather than the veteran, and this is most fair, because after all these years many veterans have lost the ability to prove their cases. Under the Economy Act more than $486,000,000 had been taken away from the veterans and only $117,000,000 had been restored to take care of special cases. This restoration, however, did not take care of the thousands of worthy cases which the veterans could not sustain through no fault of their own.

My vote for the full payment of the adjusted-service certificate in behalf of the veterans and my vote for the independent offices appropriation act are the only two occasions on which I have not voted with the present administration. While H.R. 1, providing for the full payment of the adjusted-service certificates, has not been made law, I am hopeful that it will be enacted into law at this session of Congress. I sincerely believe, however, if the bonus is paid in full, that, together with the veterans' provisions of the independent offices appropriation act, will do as much to fight the depression and bring back prosperity as any other legislation advanced by the recovery program.

I feel certain that the veterans of my district know that I have always been their consistent friend. My interest in their behalf did not start with the present session of Congress or in the last few months. I have tried to be sympathetic with their interests at all times. I am in receipt of a letter from Hon. John Thomas Taylor, vice chairman, national legislative committee of the American Legion. I also received a letter to the same effect from Hon. James E. Van Zandt, commander in chief, Veterans of Foreign Wars:

THE AMERICAN LEGION,
NATIONAL LEGISLATIVE COMMITTEE,
ROOM 625 BOND BUILDING,
Washington, D.C., March 30, 1934.

Hon. CHARLES L. ABERNETHY,
House of Representatives, Washington, D.C.

MY DEAR CONGRESSMAN: May I take this opportunity to express to you, in clear and unmistakable language, our sincere appreciation of the action which you took on March 27, in voting to make certain that the amendments to the independent offices bill dealing with World War veterans were enacted into law.

In my opinion, this is the most important legislation that has ever come before the Congress, affecting as it did the very life of thousands of disabled World War veterans and the future welfare of their dependents.

Their care is now, and always has been, the chief concern of the American Legion, and it is for this reason that I want you to know, as I know, the deep sense of gratitude the veterans throughout the country have for what you did for them on March 27.

Very sincerely yours,

JOHN THOMAS TAYLOR,
Vice Chairman, National Legislative Committee.

VETERANS OF FOREIGN WARS OF THE UNITED STATES,
March 30, 1934.

Congressman CHARLES L. ABERNETHY,
House of Representatives, Washington, D.C.

MY DEAR CONGRESSMAN: I wish to convey to you the sincere thanks of the Veterans of Foreign Wars of the United States for your vote and support which resulted in the return of benefits to so many of our deserving war veterans.

We, of the Veterans of Foreign Wars, who have all served this Nation in actual war zones, are happy to recognize the significant part you played in the above-mentioned restoration. The grim despair and deep sorrow which was written into the lives of so many of the Nation's defenders has been greatly lifted by your sincere consideration.

I am confident that you must feel a sense of gratification to know that thousands of unfortunate war veterans have been made happy in the knowledge that a grateful Nation will not forget their sacrifice in time of war.

Very sincerely,

JAMES E. VAN ZANDT,
Commander in Chief.

I am pleased that my action has met the approval of two of the great veterans' organizations, and I hope the veterans in my district will take the opportunity to write me, so that I may have their views on any legislation that affects them. This will be most helpful to me, as I will no doubt be called upon again to vote on measures of vital concern to them.

Mr. Speaker, while I have been absent from some of the sessions of the House, due to illness, I am pleased to inform the House and the people of my district that I have regained my health and strength and am now in a position to carry on my duties with old-time vigor.

Some are trying to make political capital out of the fact that I have been ill, greatly aggravated by the strenuous work with my heavy duties as a Member of this House. I am sure that this attempt to capitalize my illness, in an effort to build up their own political fortunes, will be condemned by the people of my district and that I will be returned to Congress again by an increased and overwhelming majority. [Applause.]

Mr. JOHNSON of Oklahoma. Will the gentleman yield for a question?

Mr. ABERNETHY. I yield to the gentleman from Oklahoma.

Mr. JOHNSON of Oklahoma. May I ask if the gentleman can give us some information as to when the provisions of the independent offices bill affecting veterans will be put into effect?

Mr. ABERNETHY. My understanding is it will be immediate. This is my understanding from the Veterans' Administration.

TREASURER OF THE STATE OF MISSISSIPPI

The Clerk called the next bill, H.R. 3345, to authorize the Department of Agriculture to issue a duplicate check in favor of the Mississippi State treasurer, the original check having been lost.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That notwithstanding the provisions of section 3646, as amended, of the Revised Statutes of the United States, the disbursing clerk of the Department of Agriculture is authorized and directed to issue, without the requirement of an indemnity bond, a duplicate of original check no. 534971, drawn April 3, 1929, in favor of the Mississippi State treasurer, for $1,871.02, and lost, stolen, or miscarried in the mails.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

T. J. MORRISON

The Clerk called the next bill, H.R. 3551, for the relief of T. J. Morrison.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to T. J. Morrison, of Elizabethtown, Ky., the sum of $210 for water actually supplied to the post office at Ravenna, Ky., during the period of 9 years and 5 months from November 27, 1922, until April 27, 1932.

With the following committee amendments:

Page 1, line 6, strike out "$210" and insert in lieu thereof "$195.41 in full settlement of all claims against the Government of the United States"; and on page 2, after the figures in line 1, insert the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating

the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

O. S. CORDON

The Clerk called the next bill, H.R. 3579, for the relief of O. S. Cordon.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to O. S. Cordon, postmaster at Rigby, Idaho, the sum of $17.37 to reimburse him for the amount of postal funds lost as a result of the failure of the First National Bank of Rigby, Idaho.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PAUL BULFINCH

The Clerk called the next bill, H.R. 3580, for the relief of Paul Bulfinch.

Mr. HOPE. Mr. Speaker, reserving the right to object, I presume the author of the bill will have no objection to an amendment providing that this shall be in full settlement of all claims against the Government of the United States and also the usual attorneys' fee provision.

Mr. COFFIN. That is perfectly satisfactory, Mr. Speaker.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Paul Bulfinch, postmaster at American Falls, Idaho, the sum of $158.54 to reimburse him for the amount of postal funds lost by him as a result of the failure of the First National Bank of American Falls, Idaho, on February 8, 1923.

The Clerk read as follows:

Amendment offered by Mr. HOPE: After the figures in line 6, insert "in full settlement of all claims against the Government of the United States"; and at the end of line 9, insert the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

FRANCES E. ELLER

The Clerk called the next bill, H.R. 3611, for the relief of Frances E. Eller.

Mr. HANCOCK of New York. Mr. Speaker, reserving the right to object, I notice that all that was ever asked by the claimant in her bill of particulars was $422.50. Will the gentleman agree to reduce the amount to $422.50?

Mr. GAVAGAN. Yes.

Mr. HANCOCK of New York. That amount embraces every item of damage asked for in this report, as I read it. I also presume the gentleman will have no objection to the usual attorneys' fee amendment?

Mr. GAVAGAN. I will accept both amendments.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Frances E. Eller the sum of $500. Such sum shall be in full satisfaction of all claims against the United States for damages resulting from an accident involving a United States mail truck.

The Clerk read the amendment offered by Mr. HANCOCK of New York, as follows:

Amendments offered by Mr. HANCOCK of New York: In line 5, strike out "$500" and insert in lieu thereof "$422.50"; and, at the end of line 8, insert the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CLARA C. TALMADGE

The Clerk called the next bill on the calendar, H.R. 3614, for the relief of Clara C. Talmadge.

The SPEAKER pro tempore. Is there objection?

Mr. ZIONCHECK. Reserving the right to object, the party seeking relief has had herself transferred to the Civil Service Retirement Commission and is receiving $121.72 a month. From what I can gather, she has been paid somethink like $2,500 or $4,900. I do not see why she wants a lump sum.

Mr. GAVAGAN. This woman is permanently injured. Her right leg is shortened 1¾ inches and badly deformed. She has a 10-percent disability in her left foot and suffers continuous pain in her hips and spine and is compelled to walk on crutches. The accident happened solely through the negligence of the Government. She has been for 8 long months in a hospital, and she has paid all these bills herself. She is permanently disabled and helpless.

Mr. HANCOCK of New York. Did not she receive the benefits of the Compensation Act?

Mr. GAVAGAN. No, sir; she did for a time, but they have been discontinued. This is in full settlement of all claims against the Government.

Mr. ZIONCHECK. She would receive compensation from the Civil Service Retirement Commission besides this settlement?

Mr. GAVAGAN. That is correct; but she has been contributing to that fund.

Mr. O'MALLEY. She has been contributing to that fund, and she would get that anyway.

Mr. GAVAGAN. Yes; she has an inherent right to that.

Mr. ZIONCHECK. Mr. Speaker, as far as I am concerned, I will not object.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury of the United States not otherwise appropriated, and in full settlement against the Government, the sum of $5,000 to Clara C. Talmadge on account of injuries sustained on January 11, 1928, and while in the performance of her duties as a stenographer in the United States Customs Service at appraiser's warehouse building, 641 Washington Street, New York City, N.Y.

With the following committee amendment:

Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The committee amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

Mr. TRUAX. Mr. Speaker, I move to strike out the last word.

Mr. Speaker and Members of the House, the bill we just passed appropriated $5,000 without any provision being made to raise the revenue. There are 361 on the list today, and if all were passed it will appropriate $1,842,396.95 out of the Treasury.

I think that the question of taxation is going to be the most serious one in this country, and it certainly is in my own State. In my State all public schools are going to need Federal aid soon if they are to remain open.

Last night the Ohio State Legislature defeated a bill proposed by the Governor to levy a 3-percent sales tax on the people of my State. It is the third time that the legislature has refused to enact a vicious, unfair sales tax, as advocated by Gov. George White. Our State has to raise $72,000,000, and it was contemplated by the Governor that the sales tax would raise $52,000,000. Schools will close because the Governor has his long arm of protection around the public utilities, big bankers, and loan sharks. The Governor refused to tax the public utilities. Like all the big bank racketeers, he wants to tax the common people instead of taxing the vested interests, and like all of the millionaire crowd, he chooses the sales tax as the proper vehicle to soak the poor and protect the rich.

Seventy percent of all of the commodities sold in this country are purchased by individuals with $5,000 annual income or less. So you can readily perceive that 70 percent of the revenue derived from a sales tax would fall upon the backs of people with small incomes.

Statisticians in my State of Ohio state that today 80 percent of the State's income is received by only 10 percent of our people. In other words, 90 percent of Ohio's citizens are receiving only 10 percent of the wealth being created.

Yet Governor White, known as " Sales Tax George ", wants to shift an additional burden of $52,000,000 on the backs of this 90 percent of the people who are receiving only 10 percent of the income.

For years past I have fought the sales tax with every ounce of energy and effort at my command. I shall continue this fight, unrelenting and undaunted. In my campaign for the nomination for United States Senator, unalterable opposition to a sales tax in any form whatsoever will be one of the planks in my platform.

He refuses to tax the money in the banks, except a nominal sum of $2 per thousand, which the banks gladly pay in order to get the deposits. He refuses to tax wealth. He refuses to place a tax on the corporations, and our State is in the position of having no revenue with which to keep open its public schools. A protest came in this morning from the town of Dennison, the home of my colleague, Mr. WEST, in which it was stated that the teachers there had been paid for only 5 weeks' salary out of this term of school. We have similar protests from many other towns in the State, all because we have a Governor who is protecting the public utilities, the big bankers, the 36-percent loan sharks. We could raise $10,000,000 a year by taxing the 36-percent loan sharks 10 percent. They are charging their borrowers 36 percent, and we can raise $20,000,000 a year by taxing the public utilities in my State. Yet this man, who represents all of these big interests and is the mouthpiece of them, wants to come to the United States Senate this year as the junior Senator from Ohio.

Mr. BLACK. Mr. Speaker, will the gentleman yield?

Mr. TRUAX. Yes.

Mr. BLACK. Who should come?

Mr. TRUAX. Modesty prevents my suggesting that the gentleman from Ohio who is now addressing the House would be the proper person.

Mr. CULKIN. Mr. Speaker, will the gentleman yield?

Mr. TRUAX. Yes.

Mr. CULKIN. Is this speech made for the information of the House or for home consumption, or to advance the gentleman's own candidacy?

Mr. TRUAX. I would say to the gentleman that it is for all three purposes. But, Mr. Speaker, when we are appropriating thousands of dollars every day, with no provision made to finance them, it is time for us to pause and consider how it is going to be paid. When we passed the veterans' legislation we were criticized because we did not provide the revenues to finance what it would cost. It is my purpose to correct that by introducing a bill that will tax public utilities in this country enough to pay that $228,000,000. Our present revenue bill just scratches the surface of taxation. In the case of incomes of $500,000 and over, the surtax is raised only from 57 percent to 59 percent. I would make it 95 percent, at least. On all incomes of over $100,000 a year I would tax them 95 percent on the excess, and I think we ought to cut that down to $75,000, because certainly no man in this great country of ours is worth any more per year than is the President of the United States, Franklin D. Roosevelt, worth to the people of this great country of ours. We have not made any attempt to tax wealth, to tax the huge corporations as they should be taxed. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from Ohio has expired.

Mr. BLACK. Mr. Speaker, I rise in opposition to whatever the gentleman was doing. It is unnecessary for me to inform the House why I did not raise the point of order against the gentleman's speech, which was entirely out of order. The reason ought to be obvious, that while I am really very fond of the gentleman, yet anything that I can do, so long as I have charge of the Private Calendar, to help him on his way to the Senate I should gladly do, even to the point of withholding points of order.

Mr. CULKIN. Does the gentleman think that helping the gentleman on his way to the Senate would help the Private Calendar any?

Mr. BLACK. Well, it might help the Senate some.

THELMA LUCY ROUNDS

The Clerk called the next bill, H.R. 3636, for the relief of Thelma Lucy Rounds.

The SPEAKER pro tempore. Is there objection?

Mr. ZIONCHECK. Mr. Speaker, I reserve the right to object. The person for whom relief is sought was in the armory of the ship, an unauthorized part of the ship for visitors, as I gather from the report, and was shot in the leg.

Mr. MARTIN of Massachusetts. Yes.

Mr. ZIONCHECK. While inspecting a pistol in the hands of some private?

Mr. MARTIN of Massachusetts. She was not inspecting the pistol. The lady was on the ship. It was visitors' day, and she was permitted to go over the ship. The sailor was showing her the ship and displayed a revolver which accidentally discharged, and a bullet went through her leg.

Mr. ZIONCHECK. Went through the calf of her leg?

Mr. MARTIN of Massachusetts. Yes.

Mr. ZIONCHECK. What is the nature of the permanent injury she suffers now?

Mr. MARTIN of Massachusetts. I could not tell you how she is at the present moment. She was in bad shape for a good many months after the accident and is clearly entitled to reimbursement. If the accident happened aboard a privately owned ship she would have been able to go to court and secure damages.

Mr. ZIONCHECK. In the matter of an injury like that, I think $1,500 is about all she ought to have.

Mr. MARTIN of Massachusetts. Cannot the gentleman make it $2,000?

Mr. ZIONCHECK. No; $1,500; and I think that is $500 more than it is worth. With that understanding, I shall not object.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $2,500 to Thelma Lucy Rounds, Fall River, Mass., as full compensation for injuries received while visiting the U.S.S. *Bridge* at Newport, R.I., on July 12, 1931, when an enlisted man showing visitors a revolver fired a shot through Miss Round's leg, causing injuries which resulted in a long period of unemployment.

With the following committee amendments:

Page 1, line 6, strike out "as full compensation" and insert "in full settlement of all claims against the Government of the United States."

At the end of the bill insert: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The SPEAKER pro tempore. The question is on agreeing to the committee amendments.

The committee amendments were agreed to.

Mr. ZIONCHECK. Mr. Speaker, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. ZIONCHECK: Page 1, line 5, strike out "$2,500" and insert in lieu thereof "$1,500."

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

JULIA E. SMITH

The Clerk called the next bill, H.R. 3705, for the relief of Julia E. Smith.

There being no objection, the Clerk read as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $1,500 to Julia E. Smith.

With the following committee amendment:

Page 1, line 6, after the words "Julia E. Smith", insert "in full settlement of all claims against the United States because of personal injuries sustained by the said Julia E. Smith when struck and injured on or about October 13, 1925, in the city of Boston, Mass., by a motor truck owned and operated by the Post Office Department of the United States: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

CAPT. GUY M. KINMAN

The Clerk called the next bill, H.R. 3725, for the relief of Capt. Guy M. Kinman.

Mr. CRAVENS. Mr. Speaker, I ask unanimous consent to substitute for the House bill the Senate bill, S. 163.

There being no objection, the Clerk read the Senate bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Guy M. Kinman, captain, United States Army, Washington, D.C., the sum of $1,582.70, in full satisfaction of his loss on account of damage by water to his household goods on August 18, 1931, while temporarily in authorized storage in a Government warehouse at Fort Myer, Va., in connection with authorized change of station.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

A similar House bill was laid on the table.

MARY ORINSKI

The Clerk called the next bill, H.R. 3748, for the relief of Mary Orinski.

Mr. ZIONCHECK. Reserving the right to object, will the author of the bill explain the bill, please?

Mr. SADOWSKI. Mr. Speaker, in this case Mary Orinski deposited two $500 Liberty bonds as collateral for a bond executed by one Mr. Loch for the appearance of an alien in deportation proceedings at Detroit. This alien disappeared for awhile, but they located him. In the meantime the bonds had been turned over to the Treasury Department and could not be converted into cash again. The Treasury Department and the immigration authorities are all willing to give this money back to Mrs. Orinski, who put up the Liberty bonds for his appearance.

I might say that Mrs. Orinski, backed by Mr. Loch, the other surety, was responsible in again reaching this alien and delivering him over to the authorities. He was deported, sent to Europe, and is not here any longer. The Department of Labor has given a favorable report on this bill.

Mr. ZIONCHECK. Does the gentleman think this is a good bill?

Mr. SADOWSKI. I think so.

There being no objection, the Clerk read as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $1,000 to Mary Orinski, which sum was paid by the said Mary Orinski to the United States on the bond of Stefan Krync: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The bill was ordered to be engrossed and read a third third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

HUNTER B. GLASSCOCK

The Clerk called the next bill, H.R. 3749, for the relief of Hunter B. Glasscock.

There being no objection, the Clerk read as follows:

Be it enacted, etc., That the Postmaster General is authorized and directed to credit the account of Hunter B. Glasscock, former postmaster at Springton, W.Va., in the sum of $623.60. Such sum represents the amount due the United States on the final auditing of the account of the said Hunter B. Glasscock covering the period from his resignation on July 3, 1931, to December 10, 1931, both dates inclusive, during which period another person was in charge of the post office at Springton, W.Va. By reason of the failure of such person to file a bond he was not, under the postal laws and regulations, duly qualified as acting postmaster, and the said Hunter B. Glasscock is held responsible for the conduct of the post office during such period.

SEC. 2. The surety on the bond of the said Hunter B. Glasscock, as postmaster at Springton, W.Va., is hereby relieved of any liability on account of such shortage.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

ARABELLA E. BODKIN

The Clerk called the next bill, H.R. 3868, for the relief of Arabella E. Bodkin.

There being no objection the Clerk read as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated to Arabella E. Bodkin, or her executors or administrators, the sum of $28,000 in compliance with the findings of the Court of Claims in the case of Arabella E. Bodkin, sometimes named and referred to as "Mrs. Patrick H. Bodkin", against the United States; such findings having been made pursuant to the act of March 4, 1927 (ch. 517, 44 Stat.L., pt. III, 1845), entitled "An act conferring jurisdiction upon the Court of Claims to hear and determine the claim of Mrs. Patrick H. Bodkin." The payment provided for herein shall be in full settlement of all claims and demands arising out of the subject matter referred to in the findings of the Court of Claims.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

R. A. WILLIAMS

The Clerk called the next bill, H.R. 3936, for the relief of R. A. Williams.

Mr. HANCOCK of New York. Reserving the right to object, is the author of the bill present? It seems to me this is a very far-fetched claim. This rural mail carrier suffered from dysentery and arteriosclerosis. He has just seen the doctor recently about it. He claims that that is incident to his service as a rural mail carrier sometime between 1903 and 1917. It does strike me as a pretty far-fetched claim, and I will have to object unless someone can enlighten me.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. HANCOCK of New York. Mr. Speaker, I object.

GRACE P. STARK

The Clerk called the next bill, H.R. 3952, for the relief of Grace P. Stark.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Grace P. Stark, of Marked Tree, Ark., the sum of $161.58 as full reimbursement for loss by bankruptcy of the First National Bank at Marked Tree, Ark., of postal funds which she was required by the Post Office Department to replace.

With the following committee amendment:

Strike out all after the enacting clause and insert the following: "That the Postmaster General is authorized and directed to credit the accounts of Grace P. Stark, postmaster at Marked Tree, Ark., in the sum of $161.58. Such sum represents the amount of a deficit in the accounts of the said Grace P. Stark, caused by the loss of postal funds deposited in the First National Bank of Marked Tree, Ark., which failed November 15, 1926."

The committee amendment was agreed to.

PERMISSION TO ADDRESS THE HOUSE

Mr. McGUGIN. Mr. Speaker, I ask unanimous consent that I may speak out of order and that my time may be extended 5 minutes.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. McGUGIN. Mr. Speaker, in the inquiry being held by the select committee into the issues presented by Dr. Wirt there is a patent and obvious determined effort to suppress information and not to obtain information. From the introduction of the second Bulwinkle resolution and until now every turn has been one of suppression of truth rather than a presentation of truth.

This second Bulwinkle resolution which was adopted by the House unduly restricts and narrows the issues. In this respect, it is unlike all other resolutions enacted by the Congress authorizing an inquiry into a particular subject.

The appropriation of $500 as expenses for this inquiry is upon its face an appropriation so low as to be for the purpose of starving the inquiry rather than supporting the inquiry. Within the past few weeks, the House has appropriated $10,000 to investigate the Nazis and $500 to inquire into what is being done in our own Government.

The first official act of the select committee was to adopt a rule of procedure for the first day's hearing. This rule of procedure is unlike any other rule of procedure ever prescribed for a congressional inquiry. This rule limited the inquiry to a few specific questions and answers from one witness. It denied to Dr. Wirt an opportunity to make an opening statement. When by this rule of procedure Dr. Wirt was denied an opportunity to make an opening statement, he was denied a right and a courtesy which has never been denied to the hundreds and thousands of other witnesses who have appeared before congressional committees. When Dr. Wirt appeared as a witness before the committee, there was with him as his counsel the Honorable James A. Reed, of Missouri.

As soon as Senator Reed opened his mouth he was informed by the chairman of the committee that Dr. Wirt would not be entitled to counsel. This conduct on the part of the chairman was so out of keeping with the rights of witnesses appearing before such committees that the committee as a whole sitting before the country did not dare uphold the first ruling of the Chair. It modified this ruling and permitted Senator Reed to remain with Dr. Wirt as counsel, but it placed humiliating restrictions upon Senator Reed as counsel, which restrictions were an affront to the privilege of a counsel in any American judicial or quasi-judicial hearing.

The two minority members of this committee are being humiliatingly denied the rights and opportunities which should be given to minority members of a committee.

Mr. BLANTON. Mr. Speaker, will the gentleman from Kansas yield for a question?

Mr. McGUGIN. No; I cannot yield.

Mr. BLANTON. Mr. Speaker, I think the gentleman should yield. He did not advise us of the subject on which he intended to speak.

Mr. McGUGIN. I will yield when I conclude my statement.

Mr. BLANTON. I merely wanted to ask the gentleman whether or not he advised the gentleman from North Carolina [Mr. BULWINKLE] that he was going to make this attack on him.

Mr. McGUGIN. No.

Mr. BLANTON. I think it was due him. I do not think the gentleman from Kansas should take this advantage of him in his absence.

Mr. McGUGIN. Mr. Speaker, I yield no further. Mr. BULWINKLE is welcome to come upon the floor and hear these remarks.

Mr. BLANTON. The gentleman from North Carolina [Mr. BULWINKLE] is now here; he can take care of himself, which obviates my making a point of order.

Mr. McGUGIN. We are denied any right to call witnesses.

Mr. O'MALLEY. Mr. Speaker, will the gentleman yield?

Mr. McGUGIN. I cannot yield.

We are denied any right to call witnesses upon our own responsibility. Furthermore, when we ask the committee as a whole to subpena witnesses we are told that this committee will have to think about that later. Then when we offer a motion to call a specific witness for a given time, we are voted down, 3 to 2.

Until the two minority members of this committee have the right and the privilege to have subpenaed before this committee any and all witnesses whom they may ask for, this inquiry will remain a shameful spectacle of the administration of American justice. What kind of proceedings would it be in a court if only one side were permitted to call witnesses for examination? What would have been the history of and the result of former congressional hearings if minority members had been denied the right to call witnesses before the committee for investigation?

Let us take the Teapot Dome investigation. What would it have amounted to if the late Senator Walsh of Montana, a minority member, had been permitted to call before the committee for examination only such witnesses as the majority members would permit? Senator Walsh was not only permitted to call whomsoever he pleased, but in addition to that he was given sufficient expense money to go to various parts of the country and to compel, under oath, the men to give such information as they possessed. That program constituted an honest, sincere effort to ascertain the truth. It was only from such a procedure that the truth was obtained. In the present instance, a directly opposite procedure is being followed.

There was some dishonest public conduct in former Republican administrations but I call upon anyone to point to the instance when any official conduct was being investigated that the Republican majority denied to the Democratic minority the opportunity to call before an open hearing any and all witnesses for examination, whom the minority had chosen to call. Yes, we have had some dishonest conduct on the part of some officers in our former Republican administrations but a Republican majority has never notoriously and brazenly taken the responsibility of endeavoring to con-

done and protect the dishonesty by denying to minority Members the right to bring before congressional hearings any and all witnesses they chose to call.

This committee cannot continue with its present procedure of gagging this investigation and tying the hands of the minority Members without the Democratic majority in this House standing before the country as being responsible for a suppression of the truth. There is only one construction which an intelligent American public can place upon such conduct and that is that the majority is not only afraid to have the truth presented to the people but that it has the hardihood brazenly to suppress the truth. I do not think that the majority of the individual Democratic Members in this House are in sympathy with such conduct, however, if this committee is to continue to carry out these policies it can only do so because its conduct is being permitted and condoned by the majority party which is in control of the House of Representatives.

Up to date this committee is being dominated by the gentleman from New York [Mr. O'CONNOR]. He is the gentleman who presented and sponsored the gag rule of procedure which has limited the inquiry of this committee to Dr. Wirt and to such people as he may name and as the committee is willing to permit to be called for examination.

Yesterday the committee met. The two minority members requested that every person named by Dr. Wirt be called for an examination before the committee. These names included Rexford G. Tugwell, the Assistant Secretary of Agriculture; Frederick Howe, Consumers' Counsel in the A.A.A.; General Westervelt, former official in the Agricultural Department; and Secretary Wallace.

[Here the gavel fell.]

Mr. McGUGIN. Mr. Speaker, my time has not expired; I had 10 minutes altogether.

Mr. BLACK. The request was for 10 minutes, Mr. Speaker.

The SPEAKER pro tempore. The Chair did not put such a request. The Chair did not so understand the request of the gentleman.

Mr. McGUGIN. Mr. Speaker, I asked unanimous consent to speak out of order, and that I be permitted to speak for 5 additional minutes.

Mr. BLANTON. Mr. Speaker, I ask unanimous consent that the gentleman from Kansas be permitted to proceed for 5 additional minutes, and following him that the gentleman from North Carolina [Mr. BULWINKLE] be permitted to proceed for 10 minutes, to afford him an opportunity to reply.

Mr. O'MALLEY. Mr. Speaker, reserving the right to object, I have endeavored to ask the gentleman from Kansas a question, but he does not care to yield. I am perfectly willing that the gentleman from Kansas be allowed to talk if he will yield for some questions.

Mr. McGUGIN. I shall yield for questions after I conclude my remarks, but certainly the gentleman will permit me to finish my remarks.

Mr. McFADDEN. Mr. Speaker, reserving the right to object, the gentleman asked for an additional 5 minutes. Is it to be granted or not?

Mr. BLANTON. But in connection with that I asked unanimous consent that the gentleman from North Carolina [Mr. BULWINKLE] be allowed to proceed for 10 minutes, so that they may have equal time.

Mr. McFADDEN. But prior to that, before the gentleman from Kansas began to speak, he asked that his time be extended 5 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas that the time of the gentleman from Kansas be extended 5 minutes and that the gentleman from North Carolina be given the same amount of time at the termination of the remarks of the gentleman from Kansas?

There was no objection.

Mr. McGUGIN. The three majority members informed us that the only ones who will be subpenaed would be the six people who had attended a dinner party in Virginia. When the motion was presented to subpena these six people I offered an amendment to the motion to include a subpena for General Westervelt. It was voted down by the three majority members.

General Westervelt was quoted by Dr. Wirt as having said that Frederick Howe, Consumers' Counsel in the A.A.A., told him, General Westervelt, that their program is being thwarted because too many people are being fed. There is only one interpretation to be placed upon that statement and that is that Mr. Howe's program is completely to destroy our present economic and social structure and that can only be done when the people are hungry.

Such a statement is disloyalty to recovery as is advocated by the administration and as the people of the country understand recovery. Yet the majority members of this committee deny the request of the minority members to bring before the committee General Westervelt, who is the man who can establish the truth or falsity of this statement on the part of Mr. Howe, a high and responsible official of the A.A.A.

The truth is that the political philosophy of the gentleman from New York, who is dominating this committee, is the political philosophy of Tammany. Of course, Tammany is committed to the proposition that the way to run government is to run it rough shod and to suppress all opposition. Tammany from cruel experience has learned that it is sometimes costly for a party in power to permit a sincere and serious investigation of public conduct. It has learned this on more than one occasion. The last occasion was the Seabury investigation. What would the Seabury investigation had been if Mr. Seabury had not had the right to call any witness whom he chose to call, and if Tammany could have dictated the names of witnesses to be subpenaed?

Mr. BLACK. Mr. Speaker, will the gentleman yield?

Mr. McGUGIN. I yield.

Mr. BLACK. The gentleman evidently does not know that Mr. Seabury did the same thing to the Tammany members of the minority that is happening to the gentleman today. It always happens to minorities of committees. I served as a minority member on a committee with Mr. Lehlbach in 1928 and wanted Bishop Cannon subpenaed for the very thing for which he is now on trial, but they would not subpena him for me; they turned me down on every application.

Mr. McGUGIN. They should not have done it.

Mr. HANCOCK of New York. Did the gentleman approve of that?

Mr. BLACK. Not then.

Mr. McGUGIN. Dr. Wirt quoted a statement from Professor Tugwell as follows:

> It is, in other words, a logical impossibility to have a planned economy and to have business operating its industries, just as it is also impossible to have one within our present constitutional and statutory structure. Modifications in both, so serious as to mean destruction and rebeginning, are required.

I want Professor Tugwell called before this committee. I want to know if in the administering of his official duties he is proceeding upon the theory that in inaugurating the present planned economy that it is a logical impossibility to have this planned economy with business operating its own industries, and likewise if it is a logical impossibility to have the planned economy under our present constitutional and statutory structure. I want to know in the carrying out of his present official duties if he is proceeding upon the theory that we must have modifications so serious in both our business structure and our constitutional and statutory structure as to mean destruction and rebeginning.

Dr. Wirt quoted Professor Tugwell as follows:

> The next series of changes will have to do with industry itself. It has already been suggested that business will logically be required to disappear. This is not an overstatement for the sake of emphasis; it is literally meant.

I want to know from Professor Tugwell if in his administering the agriculture act he is doing so in the light of this statement when he said that business will logically be required to disappear and that he made the statement not as an overstatement for the sake of emphasis but that it was literally meant.

I want to call the three directors of the Tennessee Valley Authority before this committee to ascertain by what authority of law they are setting up subsidiary corporations which are authorized to engage in the business of farming, selling and distributing farm products, manufacturing and selling goods and wares of every description, to lend money to any person, firm, or corporation with or without collateral, to borrow money and issue evidences of indebtedness without limit as to amount, and also to deal in and purchase stocks or other securities of any person, firm, associations, or corporation.

These directors of the T.V.A. have organized two of these subsidiary corporations. In one of them, Harry Hopkins, from emergency relief funds, is reported to have purchased stock. Harold Ickes, Public Works Administrator, is reported to have taken a million dollars of public-works funds to purchase the stock in the other subsidiary corporation. I want Mr. Hopkins and Mr. Ickes called before this committee to tell the committee and the country by what authority of law they are taking Public Works funds and purchasing the stocks of corporations, which corporations are authorized to engage in the business of farming, processing, and selling farm products and livestock, to engage in the business of manufacturing and selling goods and wares of every description, to lend money or endorse the obligations of individuals, firms, and corporations with or without collateral security, also to borrow money and issue evidences of indebtedness without limit as to amount and also to deal in and purchase the stocks and bonds of any corporation.

If it develops that there is no authority in law for the organizing of these two subsidiary corporations and for the using of Public Works funds for the purpose of purchasing stock in such corporations, then it stands that here are five men in the executive department of the Government who are operating without regard to the statutory and constitutional structure of the Government of the Republic under the Constitution.

If it is so established, then the issues presented by Dr. Wirt are proved, namely, that there are those in control of the executive department of the Government who are proceeding in a manner which amounts to an overthrow of the Republic under the Constitution, obviously not an overthrow by violence but an overthrow by a complete disregard for the laws and the Constitution of the Republic.

[Here the gavel fell.]

Mr. MILLARD. Mr. Speaker, I ask unanimous consent that the gentleman be allowed to finish his remarks.

Mr. McGUGIN. One minute will be all the time I need.

Mr. MILLARD. Mr. Speaker, I ask unanimous consent that the gentleman's time be extended 1 minute.

The SPEAKER pro tempore. Without objection, the gentleman's time will be extended for 1 minute.

There was no objection.

Mr. McGUGIN. This hearing will not be an open, fair American proceeding of which the American people may look upon with pride until the minority Members are permitted to call before the committee any and all witnesses they choose to call, and until the Honorable James A. Reed, as counsel for Dr. Wirt, is permitted to exercise all the rights and privileges of counsel in such proceedings. The rights of counsel in an American sense mean that Senator Reed as counsel for Dr. Wirt will have the right to cross-examine in open hearing any witness who appears before the committee to refute any statement made by Dr. Wirt.

Mr. O'MALLEY. Mr. Speaker, will the gentleman yield?

Mr. McGUGIN. Certainly.

Mr. O'MALLEY. The gentleman wants to subpena everybody but the President of the United States in his inquiry; why not include the President?

Mr. McGUGIN. If we were shown some reason why he should be subpenaed, I would have no objection to the President being subpenaed.

Mr. O'MALLEY. The gentleman is trying to turn this investigation into a pow-wow for Republican campaign purposes, and it is a perfectly ridiculous effort.

[Here the gavel fell.]

The SPEAKER pro tempore. The gentleman from North Carolina [Mr. BULWINKLE] is recognized for 11 minutes.

Mr. BULWINKLE. Mr. Speaker, I, with others possibly, cannot understand the procedure that we have witnessed just now. I know that it is not proper for a member of a committee of this House, before a decision is made, for the purpose of publicity and publicity only, to make a statement on the floor with reference to the proceedings of the committee. The rules of common decency require that the gentleman and I, and every man in this House serving on a committee, wait until the decision of the committee has been rendered before we criticize its conduct.

Wrong? Why, of course, the gentleman is wrong, as I stated yesterday, and the gentleman is usually wrong. The committee did not say yesterday that they would not call General Westervelt.

Mr. McGUGIN. Did not the committee vote down my request for General Westervelt to be subpenaed?

Mr. BULWINKLE. No. They said for the first hearing they would have these six. That is what they said. Oh, I know that the gentleman is sore because he thought Dr. Wirt was going to say something for him to work on. Dr. Wirt was a flop, just like some of the remarks that the gentleman from Kansas makes. It amounts to nothing else; just that. Why, the gentleman himself as a Member of this House on Saturday, March 24, made a statement, and I tell you that the committee has followed what the gentleman suggested to the letter.

Mr. McGUGIN. Will the gentleman yield?

Mr. BULWINKLE. Not now. I quote:

If the gentleman will keep quiet, that is what I am coming to. That is a strong statement that has come to the attention of the committee of this House—

The statement about Roosevelt being a Kerensky—

and I say that the obligation is on the committee to bring Dr. Wirt before the committee and under oath make him tell who the man is that made the statement to him.

The gentleman knows or should have known that yesterday the chairman allowed and permitted Dr. Wirt to go on with his statement about General Westervelt, and that what General Westervelt said happened after the publication even of the Rand statement.

Mr. McGUGIN. Will the gentleman yield?

Mr. BULWINKLE. I yield to the gentleman from Kansas.

Mr. McGUGIN. The speech the gentleman is talking about was made before even this committee was being considered. The committee I was talking about there was the Committee on Interstate and Foreign Commerce and obviously that committee could not go any further than Dr. Wirt, but now that we have a select committee, which is investigating the matter, they should go into it fully.

Mr. BULWINKLE. I cannot help it if the gentleman now tries to crawl out of his statement.

Mr. McGUGIN. Will the gentleman quote my other speeches?

Mr. BULWINKLE. I cannot quote them all. They run from one extreme to the other. Again quoting the speech of the gentleman—

The President of the United States, the Congress, and the people of this country have a right to know whether Dr. Wirt told the truth.

Is that not what the gentleman wants to find out?

Mr. McGUGIN. Certainly.

Mr. BULWINKLE. That is what the gentleman said.

Mr. McGUGIN. I want all witnesses called.

Mr. BYRNS. Why is it necessary to have present one of the most-distinguished lawyers in the whole of the United States in order to tell the truth before this committee, which is simply conducting an inquiry as to the source of this information?

Mr. BULWINKLE. The gentleman from Kansas knows we are not prosecuting or persecuting Dr. Wirt, not in the least. He was not here to be investigated. If he had been, I would have gone into his private character. If he had been, I would have brought out from him the fact that during the war, whether or not on account of his pro-

German activities, he was confined in the jail at Gary, Ind. I did not bring any of that before the committee. There was not the least bit of persecution of Dr. Wirt. The investigation was just simply to find out who it was in the Government that made certain statements shown in the Rand testimony. I cannot help it if the gentleman did not get out of Dr. Wirt what he expected to get. I know the gentleman is disappointed. I could see it all day yesterday that the gentleman was disappointed because he thought he was going to get some great hullabaloo that he could go before the people of this country with, and he could not say a thing after it happened.

Mr. O'MALLEY. Will the gentleman yield?

Mr. BULWINKLE. I yield to the gentleman from Wisconsin.

Mr. O'MALLEY. Probably the gentleman and some Members on his side, as a result of the returns in Illinois yesterday, are even more panicky for a campaign issue than before they got hold of Dr. Wirt.

Mr. BLANTON. I want to advise the gentleman from North Carolina that before he came from the cloakroom to the floor the gentleman from Kansas prefaced his remarks with the statement that every move the chairman of this committee made had been to suppress the truth. He should make proper reply to that charge.

Mr. McGUGIN. No. I will tell the gentleman exactly what I said. I said that every move that had been made since this committee was organized was to suppress the truth. I did not single out the chairman.

Mr. BULWINKLE. Suppress the truth?

Mr. McGUGIN. Yes.

Mr. BULWINKLE. We are bringing before the gentleman next week 5 of the Government employees and 1 news' reporter mentioned by Dr. Wirt.

Mr. McGUGIN. Will the gentleman bring General Westervelt?

Mr. BULWINKLE. Is General Westervelt a Government employee?

Mr. McGUGIN. Will the gentleman bring him before us, or any other person that Dr. Wirt mentioned?

Mr. BULWINKLE. Can the gentleman not read what Professor Tugwell said? We had the man before us yesterday that the gentleman thought he was going to get so much out of, and he did not get a thing. All he could do was to give some quotations from Professor Tugwell or Dr. Tugwell, whoever he is.

Mr. CONNERY. Will the gentleman yield?

Mr. BULWINKLE. I yield to the gentleman from Massachusetts.

Mr. CONNERY. Is this not a way to get at the administration because they are enforcing the N.R.A. and giving labor of the United States a break? Dr. Wirt comes from Gary, which is controlled, body and soul, by the United States Steel Corporation.

Mr. BULWINKLE. I do not like to say anything on this floor that I do not know exactly. I do know, however, that some of the Republicans thought that having statements like Rand's in the record would be a wonderful thing to use this fall in the elections, and they are disappointed because it is going to be an absolute flop.

Mr. COOPER of Ohio. Will the gentleman yield?

Mr. BULWINKLE. I yield to the gentleman from Ohio.

Mr. COOPER of Ohio. I may say to the gentleman that I was one of the members of the Committee on Interstate and Foreign Commerce that tried to stop Mr. Rand from reading that letter in the record, but the Democratic membership of the committee seemed very anxious to have it in there, so that they could probably call this investigation.

Mr. BULWINKLE. I am speaking of the time after they got it in there. I refer to some of the gentlemen on the gentleman's side.

Mr. COOPER of Ohio. There were not any of the Republicans that wanted the letter in the record.

Mr. BULWINKLE. I am not talking about that committee. The gentleman did not know what was in the letter. That had been sent out before, and you did not know about the matter.

Mr. COOPER of Ohio. We heard enough.

Mr. BULWINKLE. Take the gentleman from Kansas [Mr. McGUGIN]; he would like to have used that this fall.

Mr. McGUGIN. I am not a member of the Interstate and Foreign Commerce Committee. I am only a member of this select committee.

Mr. BULWINKLE. I know it. I said the gentleman would like to have had it in there.

Mr. DURGAN of Indiana. Will the gentleman yield?

Mr. BULWINKLE. I yield to the gentleman from Indiana.

Mr. DURGAN of Indiana. Did the evidence really disclose that Dr. Wirt was from Indiana?

Mr. BULWINKLE. Yes; from Gary, Ind.

Mr. DURGAN of Indiana. Did it disclose that he was a native of Indiana?

Mr. BULWINKLE. No.

Mr. DURGAN of Indiana. I thank the gentleman very much.

Mr. BLANTON. If the gentleman will yield, how can the chairman reconcile the difference that apparently exists between our friend from Ohio [Mr. COOPER] and our friend from Kansas [Mr. McGUGIN]? There seems to be a domestic difference in the party ranks among the brethren over there.

Mr. BULWINKLE. I will tell the gentleman the difference.

Mr. COOPER of Ohio. The gentleman from Texas [Mr. BLANTON] is not speaking for me.

Mr. BULWINKLE. I decline to yield further now, Mr. Speaker.

I am not speaking for the gentleman from Ohio, because the gentleman did not see the political significance of this when it was walking down the road, but the gentleman from Kansas did. That is the difference between them.

The gentleman from Kansas, of course, is sore about it—absolutely sore—because he would have gone out this fall and would have talked about the terrible things these Democrats are doing. Now, when the gentleman goes out he will have to say that there were two great discoverers in this century—one, Dr. Cook, who discovered the North Pole; and the other, Dr. Wirt, who discovered the Communists in the Government service. [Laughter and applause.]

Mr. Speaker, I yield back the balance of my time.

GRACE P. STARK

Mr. BLACK. Mr. Speaker, I rise in opposition to the motion that was made by the gentleman from Kansas, and which is still pending, to strike out the last word.

Mr. Speaker, I am here to defend the last word. I think we should have the last word on this committee and on this investigation. I never thought the hearing should have been held, but I do not want any misunderstanding about the conduct of the legislative committee to go out to the country by the gentleman from Kansas. I have served on legislative committees, and I know just what minority representation means on any legislative committee. I have squawked just as loudly as the gentleman from Kansas [Mr. McGUGIN] has squawked today about a denial of rights, and I looked just as indignant and I was just as furious, apparently, as the gentleman is. It did not mean anything.

No witness before any legislative committee at any time has ever had the right to have counsel. No witness in any court, under any conditions, has ever a right to have counsel, and any lawyer knows this. So there is no point to be made of that at all.

Now, as to the general proposition of the Democrats not giving them the right to call witnesses: I served on a committee in 1928, and I tried to get the committee to meet before the press. It was purely grand stand on my part, just as the gentleman is performing today—a little spring practice for the fans. I tried to get them to perform before the press; but no, Mr. LEHLBACH——

Mr. McFADDEN. Will the gentleman yield?

Mr. BLACK. I cannot yield now—I am doing too well. [Laughter.]

But Mr. LEHLBACH took me into his sanctified chamber back here in the Capitol, where he has a nice fireplace, and I thought they were going to apply the rack and thumbscrews to me. They voted down my motion to call Bishop Cannon and several gentlemen connected with organizations opposed to Smith. I was doing this for campaign purposes. I was using the committee for campaign purposes. I did not say so then—I say so now—the statute has expired. [Laughter.] I was doing just as the gentleman from Kansas [Mr. MCGUGIN] is doing today, but Mr. LEHLBACH, as czaristically as possible, made me a revolutionist, a Red, for the time being, and voted down everything I wanted done about calling witnesses. We went down into Texas, and I tried to have witnesses called there.

And, by the way, I nearly got caught. There was one witness on the stand who said, "A national organization is operating in this district", and right away I thought I was going to bring the Klan into the picture. There I was, a little New York man down in Texas, and I was going to challenge the Klan on its home grounds, and I said to this witness, "Was it the Ku-Klux Klan?" and LEHLBACH banged the table and said, "You can not ask that question." It was a perfectly legitimate question, so I asked it again, and they took a vote and the committee voted it down. So I went to the witness afterward and asked him what would have been his answer, and he told me it was the American Legion. [Laughter.] I was saved by Mr. LEHLBACH and was grateful to him.

Now, do not get excited. There is nothing in this investigation. It is not important to us whether there is anybody connected with the administration who is tainted with communism. What we should be disturbed about is what is happening in the minds of the people. Are the people in a state of mind tending toward revolt? If they are, it is our fault. This is what we ought to be thinking about and not what some economist or some writer on economic subjects connected with the administration is thinking about—but what are the people thinking about.

So far as I am concerned, I am no Presidential spokesman, but I can say this for the "brain trust": They have brains. They got on the pay roll when politicians could not. [Laughter and applause.]

Mr. TRUAX. Mr. Speaker, I rise in opposition to the pro forma amendment of the gentleman from New York. Mr. Speaker, I have a statement here from a gentleman in my State, who asserts that:

This man Wirt, Professor Wirt to you, who has been raising all the hell with our Democratic administration, is a bought and paid for creature of the Steel Trust and his recent exposure of the Democratic Party is a last desperate effort of this unpatriotic outfit to defeat the wage policy of the N.R.A. and the recovery program as a whole.

I was in Gary when I was old enough to cast my first vote and Professor Wirt was responsible for my vote going to Eugene V. Debs.

The reason?

Gary was and is a city built in a region of sand dunes so poor that nothing but a steel trust could exist on the spot. The site of the city then was a plot of sand 10 miles square. The trust bought all of this with the exception of a small bit afterward called the "patch" which the owner refused to sell and which afterward became the hell hole of the Chicago district.

I suppose that legal procedure was followed in the erection of the schools, but there might be some doubt of this. At least construction on the schools kept pace with construction of the mills and the concrete apartment houses for the Gary steel workers.

These schools have been widely copied in spite of the fact that their educational features are practically nonexistent, but have been replaced by a trade-school system designed to furnish a surplus of semiskilled labor for the masters of the infamous Professor Wirt.

The male graduates of Professor Wirt's schools cannot spell, read, write, or express themselves intelligently, but all are somewhat familiar with various trades to the extent that craftsmen in these trades in the Gary mills receive less than the prevailing wage in these trades and there is always a surplus of labor in the trades taught in the Gary schools. These facts can be established by your investigating committee by correspondence with the Central Labor Councils of Gary, Hammond, and Chicago.

Your committee would also find that the male graduates of the Gary schools are not as well educated, in the ordinary sense, as 10- or 11-year-old children who attended the country schools of Pennsylvania. That is, if the Gary graduates were picked at random and the more intelligent of the Pennsylvania children were chosen.

Professor Wirt has graduated numerous boys who can lay bricks, repair machinery, do iron or steel molding, and bits of other trades, but who are entirely unfamiliar with English, history, arithmetic, or other studies that Members of Congress would consider fundamental in the education of a child.

Anything that I can say as to the lack of educational facilities in the Wirt schools would not serve to paint the picture as bad as it actually is or would be in the eyes of the members of your body.

Professor Wirt's sole purpose in life has been to educate the youth in his charge so that they knew just enough to be loyal employees of the Steel Trust.

Now it happens that the employees of the Gary mills have taken advantage of section 7a of the Recovery Act and are organizing. This, in the estimation of Professor Wirt, is a combination of lese majesty, treason, and a few lesser crimes.

I ask Members of Congress, Who raised the money, who will produce the money, to finance Dr. Wirt in his campaign of slander and vilification of President Roosevelt and the new deal? Why does he need any defense if the charges are true and if he is not, as alleged, simply the mouthpiece of the Steel Trust, that gigantic institution that has bled the American people of millions?

Mr. CONNERY. Will the gentleman yield?

Mr. TRUAX. I yield.

Mr. CONNERY. I have an impression, and I think the gentleman has, too—I do not mean the committee that has been appointed for the purpose of an investigation—that the whole idea is to get Dr. Wirt before the committee and then try to give out to the country that the tendency of the Democratic administration is towards communism and socialism, and to discredit its efforts to give labor a break.

Mr. TRUAX. The gentleman is correct. Continuing with the letter:

Professor Wirt has the entire resources of the Steel Trust behind him in his effort to smash the Democratic program. If called to Washington to testify before your committee he will furnish more manufactured evidence than the Steel Trust can manufacture steel.

Now, gentlemen of this Congress, this man, Professor Wirt, has charged the distinguished Speaker of this House with being a radical, with fostering the principles of communism, with fostering the idea of the State taking over private industry. I want to say that the distinguished Speaker has been one of the most progressive men we ever had in this country. Away back in 1922, when we held a big Jackson Day rally in Marion, Ohio, when Warren Harding was President, we could find only one Democrat in this House or the other body who had courage enough to come out and uphold the principles of democracy, and that was your illustrious Speaker. [Applause.] It was then that he first exposed the machinations of Secretary of the Treasury Mellon. He told us about Mellon's ownership of the Aluminum Trust Co., and he told us about refunds that were being made by millions and which have had much to do with bringing on the depression that we have had.

I say to you without fear of successful contradiction that the whole Wirt testimony is merely a frame-up and an attempt to discredit the Roosevelt administration and the new deal. [Applause.]

Mr. O'MALLEY. Mr. Speaker, will the gentleman yield?

Mr. TRUAX. Yes.

Mr. O'MALLEY. As positive proof that this whole Wirt propaganda was built up by big business, the fact is that the reactionary capitalistic-controlled press has given 10 times as much space to Dr. Wirt and his charges as have the independent press, sympathetic with the Democratic administration.

Mr. TRUAX. That is true.

Mr. COOPER of Ohio. Mr. Speaker, will the gentleman yield?

Mr. TRUAX. Yes.

Mr. COOPER of Ohio. My colleague from Ohio decried the calling of this investigation, and he says that it was a frame-up. I ask the gentleman, Who started the investigation, who introduced the resolution in Congress for the

investigation? It was not a Republican, but it was a Democrat.

Mr. TRUAX. I would say to my colleague from Ohio that I am not accusing the Republican Members of Congress nor the Republican Party. I am accusing the United States Steel Corporation, owned by Morgan & Co., and I am sorry that certain Members on the gentleman's side have seized upon this opportunity to obtain campaign material for some hopeless causes this fall.

The SPEAKER. The time of the gentleman from Ohio has expired.

Mr. COOPER of Ohio. I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. COOPER of Ohio. Mr. Speaker, if I had my own way about it, the investigation of Dr. Wirt would not have been called by Congress. When the letter of Dr. Wirt was read before the Committee on Interstate and Foreign Commerce, of which I am a member, I tried to stop it from going into the record. It has been intimated here today that the Republicans insisted on calling this investigation. I deny that. The resolution for the investigation was introduced by a prominent Democratic member of the Interstate and Foreign Commerce Committee, and I am getting sick and tired of trying to mix this matter into partisan politics every day on the floor of the House when we should be devoting ourselves to things more worth while and working for those principles which we believe will be for the best interest of our country instead of playing politics. [Applause.] For more than 3 years our people have stood with backs to the wall fighting economic depression. I wish we, the Members of Congress, would forget partisan politics at this time and try and direct our efforts to legislation which will be of some benefit to our country and its citizens. [Applause.]

Mr. O'MALLEY. Mr. Speaker, I ask unanimous consent to proceed for 2 minutes.

The SPEAKER. Is there objection?

Mr. BLANCHARD. Mr. Speaker, I reserve the right to object. When these 2 minutes are concluded, if any other further requests are made to speak, I shall object.

The SPEAKER. Is there objection?

There was no objection.

Mr. O'MALLEY. Mr. Speaker, I feel a good deal like the gentleman from Ohio [Mr. COOPER]. Every day and every minute of time that we devote to Dr. Wirt costs the American taxpayers a lot of money. My private impression was that this investigation should never have been held, because it was cheap partisan politics, and the only object it seems to have had is to make a comic opera campaign issue for Members on both sides of the House, to discuss for hours and hours at great expense to the taxpayers. Every day this Congress runs costs the taxpayers a lot of money. Every minute we use, either in committee hearings or in session in the House, costs the taxpayers scores of dollars, when the bill is finally rendered to them. Personally I have not taken up much time on the floor of this House for any partisan speeches, and from now on I am impelled to object to unanimous-consent requests to discuss Dr. Wirt, that nervous little fellow from Gary, Ind., who does not yet realize that when we had an election in 1932 we did have a revolution, which the people were in favor of. That bloodless revolution against organized greed and exploitation is going on right now with the help of the Democratic administration, and it is returning this country to where it should have been if the Republican Party had given the people the same kind of a planned program for recovery that the Democratic administration has done. I do not think we ought to waste any more time on Dr. Wirt or any of his charges. He has disclosed by his statements that he has been doing the work of some people who have private profits and special interests at stake in this new deal, which they do not want to give up, even if their special privileges destroyed the welfare of millions of the common people.

The SPEAKER. The time of the gentleman from Wisconsin has expired.

Mr. COOPER of Ohio. Mr. Speaker, I ask unanimous consent to proceed for half a minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. COOPER of Ohio. Mr. Speaker, I notice the gentleman from Wisconsin again attacks the Republican Party.

Mr. O'MALLEY. That is practically impossible to avoid since your colleagues started this time-wasting argument today.

Mr. COOPER of Ohio. Why can we not leave partisanship out of the deliberations of this body for awhile and get down to the things that are of vital importance to the country?

Mr. O'MALLEY. I shall be glad to do that, if the gentleman can persuade members on his side, like the gentleman from Kansas [Mr. MCGUGIN], to desist. I would be glad enough to never mention the gentleman's party again, because I do not think it is strong enough in the country or in the House to be worth mentioning. The RECORD shows this argument started today on the Republican side.

The SPEAKER. The time of the gentleman from Ohio has expired.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

C. A. BETZ

The Clerk called the next bill, H.R. 3992, for the relief of C. A. Betz.

The SPEAKER. Is there objection?

Mr. HOPE. Mr. Speaker, I reserve the right to object in order to ask the author of the bill for some information. The bill purports to appropriate an amount in payment of expenses of an individual for making a trip from San Francisco to Bremerton Navy Yard. There is nothing in the bill or report to indicate the items of expense, whether the money was actually expended.

Mr. WELCH. Mr. Speaker, I introduced the bill (H.R. 3992) for the relief of C. A. Betz. It carries an appropriation of $103.34 for the relief of Mr. Betz, who is a boilermaker by trade.

In 1930 Mr. Betz received the following letter, from which I read, from the Navy Department:

> You are hereby tendered employment as a boilermaker in the industrial department. You are requested to report at the office of the labor board at once and bring this letter with you.

Mr. Speaker, Mr. Betz made the trip from San Francisco, Calif., to Bremerton, Wash., in response to this tender. Prior to his arrival at Puget Sound Navy Yard, however, conditions had so changed that his service as a boilermaker were not required. He was employed for a period of 8 days and was then discharged. It is 956 miles from San Francisco to Seattle. He was promised, as the report states, 4 months' employment. May I read briefly from the report of the Secretary of the Navy, Mr. Adams, who was Secretary at that time:

> Under the circumstances existing in this case, however, where the claimant was led to believe that he would be given about 4 months' work and was discharged after a period of 8 days, thus depriving him of an opportunity to secure reimbursement for the expenses incurred by him in responding to the Government's call, the Navy Department considers that the claimant is equitably entitled to relief, and therefore recommends favorable action on the bill.

I know that Mr. Betz is a dependable man. He is not asking any more than his actual expenses from San Francisco to Seattle, where, as I said, he was promised by the Government at least 4 months' employment, which was reduced, by a slacking up of a department over which he had no control, to 8 days. Inasmuch as he is a hard-working mechanic, I feel, and I believe the gentleman from Kansas will agree with me, that he is entitled to the expenses incurred for his trip from San Francisco to Seattle and return.

Mr. HOPE. Does the gentleman think this is a reasonable amount? The gentleman is familiar with conditions

and the distance and the rates either by rail or steamship. Does the gentleman regard this as a reasonable amount? I ask that question because there is nothing in the RECORD to indicate what this amount covers. I should like to have the gentleman's opinion.

Mr. WELCH. It is my opinion that it is not unreasonable. On the other hand, it is a reasonable amount. I have made the trip a number of times, and I can place myself in the position of this mechanic. I feel that the small sum of $103.34 provided for in the bill is only reasonable to pay the cost of his expenses from San Francisco to Seattle and return.

Mr. HOPE. Mr. Speaker, I withdraw my reservation of objection.

There being no objection the Clerk read, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to C. A. Betz the sum of $103.34. This sum represents the actual expenses incurred by Mr. Betz in making a trip from San Francisco to Bremerton Navy Yard in response to a summons issued by the Navy Department.

Mr. HOPE. Mr. Speaker, I offer the usual attorney's fee amendment, and also after the figures "$103.34" to insert "*Provided*, That this shall be in full settlement of all claims against the Government of the United States."

The Clerk read as follows:

Amendment offered by Mr. HOPE: Page 1, line 5, after the figures, insert "in full settlement of all claims against the Government of the United States."

At the end of the bill insert the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendments were agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ELLEN GRANT

The Clerk called the next bill, H.R. 4060, for the relief of Ellen Grant.

There being no objection, the Clerk read as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Ellen Grant, mother of Albert F. Grant, late boatswain's mate, second class, United States Navy, who died June 8, 1931, while a member of that organization, the sum of $303, being the actual expenses incurred in the burial of said Albert F. Grant.

With the following committee amendment:

On page 1, line 8, strike out "$303" and insert in lieu thereof "$200, in full settlement of all claims against the Government of the United States." On page 2, after the word "Grant", insert the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendments were agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GEORGE L. STONE

The Clerk called the next bill, H.R. 4475, for the relief of George L. Stone.

Mr. ZIONCHECK. Mr. Speaker, I object.

B. EDWARD WESTWOOD

The Clerk called the next bill, H.R. 4516, for the relief of B. Edward Westwood.

Mr. ZIONCHECK. Mr. Speaker, I object.

Mr. COOPER of Ohio. Mr. Speaker, will the gentleman withhold his objection?

Mr. ZIONCHECK. I will reserve the objection.

Mr. COOPER of Ohio. We have passed a great many bills like this today. The situation is that in 1931 the Federal Government started to construct a new post-office building at Youngstown, Ohio. Therefore it was necessary to change quarters. Temporary quarters were rented one block away from the old post office which was torn down. The facilities in the rented building were not very good; that is, the facilities for taking care of the money and the stamps. On Christmas day burglars broke into the office, pried open the money and stamp drawers, and stole $891.17. The postmaster was not responsible for that. It is a matter of record in the police court. The postmaster was helpless to prevent this crime, with the facilities he had, and to properly take care of the cash receipts and stamps, and yet he was forced to do it, because it was the building which the Government had rented.

I do not think the postmaster should be held responsible for $891 when he was not at fault at all.

Mr. ZIONCHECK. I notice that the Post Office Department in its report does not recommend the passage of this bill, taking the position that a proper degree of care was not taken by the postmaster for whom the gentleman now seeks relief.

Mr. COOPER of Ohio. No. The position that the Post Office Department took was that the money and stamps should have been kept in the safe; but there were 6, 8, or 10 people in this office all of whom had charge of money drawers and stamp drawers. It was a big office and there were no facilities inside the safe for each clerk to put his amounts in a separate drawer and lock it up. The safe did not accommodate that situation. Under this condition the postmaster would have had to have given the combination of the safe to 8 or 10 clerks and in case of trouble there would have been no one whom he could hold responsible for the safety of the money.

Mr. ZIONCHECK. Does not the gentleman think that the Post Office Department was advised of the facts of which the gentleman speaks, before they made an adverse recommendation?

Mr. COOPER of Ohio. I do not know whether the Post Office Department understood the situation or not. They rented this building and put the post office in there during the construction of the new building.

During the 12 years this postmaster has served he never had one black mark against his record. He has one of the finest records of any postmaster in the United States. I do not think it is fair that he should be held responsible for this money under circumstances where the office was burglarized.

Mr. ZIONCHECK. If the gentleman can get such a report from the Post Office Department today with regard to the lack of negligence of which he speaks, I shall be willing to have this bill pass over without prejudice to be called the next time the Private Calendar is called.

Mr. COOPER of Ohio. I think the Post Office Department in their report states just what the situation is.

Mr. ZIONCHECK. I have a contrary notation here.

Mr. COOPER of Ohio. The Post Office Department informed me that it would be impossible, under the law, for them to recommend it.

Mr. ZIONCHECK. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice and that it may be called up the next time the Private Calendar is called.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

C. W. MOONERY

The Clerk called the next bill, H.R. 4519, for the relief of C. W. Moonery.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any moneys in the Treasury not otherwise appropriated, the sum of $256.77, to compensate C. W. Moonery, of Lenapah, Okla., for actual financial loss sustained by him, without negligence on his part, through refund already made to the Post Office Department wherein postal funds for which he was responsible as postmaster of Lenapah, Okla., were on deposit in the First National Bank of Lenapah, Okla., where said bank failed under date of November 19, 1923, and was liquidated, none of said sum being repaid from the assets of said bank.

With the following committee amendments:

Page 1, line 5, strike out "$256.77" and insert in lieu thereof "$161.71."

Page 1, line 6, strike out the word "Moonery" and insert the word "Mooney."

Page 2, at the end of the bill, add the following:

"Amend the title so as to read: 'A bill for the relief of C. W. Mooney.'"

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ORVILLE A. MURPHY

The Clerk called the next bill, H.R. 5299, for the relief of Orville A. Murphy.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the United States Employees' Compensation Commission is hereby authorized to consider and determine, in the same manner and to the same extent as if application for the benefits of the Employees' Compensation Act had been made within the 1-year period required by sections 17 and 20 thereof, the claim of Orville A. Murphy on account of disability due to tuberculosis alleged to have been proximately caused by his employment in the service of the United States between April 6, 1920, and December 1, 1932: *Provided*, That no benefits shall accrue prior to the enactment of this act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

HERALD PUBLISHING CO.

The Clerk called the next bill, H.R. 5940, for the relief of the Herald Publishing Co.

Mr. HANCOCK of New York. Mr. Speaker, I object.

Mr. RICHARDS. Mr. Speaker, will the gentleman reserve his objection to permit me to make an explanation?

Mr. HANCOCK of New York. Yes.

Mr. RICHARDS. The claim before the committee was $446 for the injury and damage done a boiler owned by the Herald Publishing Co., of Rock Hill, S.C., while the Government occupied the premises. I hope the gentleman will consider this fact.

There was a contract between the Herald Publishing Co. and the Treasury Department whereby the Treasury Department leased from the Herald Publishing Co., of Rock Hill, S.C., a building for temporary use as a post office. There was a boiler in the building. The Government went into the building during the spring or summer months, and wishing to destroy certain papers that were not valuable and other trash they built a fire in this boiler. The position taken by the Herald Publishing Co., which I think is overwhelmingly established by the facts, was that there was negligence on the part of the Government employees.

The Treasury Department wrote a letter instructing the Herald Publishing Co. to go ahead and get a new boiler. Although they did not say they would pay for the boiler, it was implied that they would, and the company went ahead and got a new boiler, paying for it $446. The bill is for this amount on the ground that the explosion was caused by the negligence of the Government employees. The committee reduced the amount from $446 to $243, considering the latter amount to represent the value of the boiler at the time it was destroyed.

Mr. HANCOCK of New York. I understand that the Government leased this building as temporary quarters for the post office. They moved into the building on the 28th of May. On the 29th and 30th they burned some old papers, whereupon the boiler cracked wide open. It would seem to me that the boiler must have been defective.

Mr. RICHARDS. But the gentleman overlooks the fact that the contract provided that the Herald Publishing Co. should not be responsible for the negligence of the Government itself.

Mr. HANCOCK of New York. How could there have been negligence on the part of the Government employees in burning papers in the furnace? Such use does not crack a boiler in proper condition.

Mr. RICHARDS. It was undoubtedly due to the fact that there was not water in the boiler. This was the summertime, the off season when there was no reasonable expectancy on the part of the Herald Publishing Co. that the boiler would be used. If the Government employees wished to start a fire in the boiler at this time of the year it was incumbent upon them to see that there was water in it, or they certainly would be guilty of negligence.

Mr. HANCOCK of New York. An inspector was sent up there by the Post Office Department, and reported that the cracks were old and rusty; that some attempt had been made to calk them; and that the boiler was old and much worn. If that evidence is not disputed, I cannot reconcile myself to the fact that the Government is in any way responsible for the explosion of this boiler. I am sorry, but I feel I must object.

Mr. RICHARDS. Will the gentleman withhold his objection and pass this bill over without prejudice?

Mr. HANCOCK of New York. Certainly.

Mr. RICHARDS. I should like to say to the gentleman that anyone who knows anything about boilers knows that in an off season anyone who builds a fire in them should use at least reasonable care before doing so.

Mr. HANCOCK of New York. I do not know anything about the competency of this inspector, but he reports that the cracks were old and rusty and that some attempt had been made to calk them. They were amateurs, at least they were unsuccessful, and the inspector further reports that the boilers were old and worn.

Mr. RICHARDS. That is true, but the committee passed on this matter. We have affidavits of three employees working in the office and other very strong evidence that the boiler had been in good shape previously.

Mr. HANCOCK of New York. Those are what might be called self-serving declarations.

Mr. RICHARDS. They are contradictory to other evidence on file, I will admit, but the committee passed on this matter.

Mr. HANCOCK of New York. I feel I must object for the time being at any rate.

Mr. RICHARDS. Mr. Speaker, I will let the bill go over with the objection of the gentleman instead of passing it over without prejudice.

The SPEAKER. Is there objection?

Mr. HANCOCK of New York. Mr. Speaker, I object.

UNITED STATES MILITARY ACADEMY

The Clerk called the next bill, H.R. 7026, to credit certain services as cadets at the United States Military Academy.

Mr. ZIONCHECK. Mr. Speaker, I object.

ALFRED W. KLIEFOTH

The Clerk called the next bill, H.R. 7064, for the relief of Alfred W. Kliefoth.

Mr. ZIONCHECK. Mr. Speaker, I object.

JOHN P. SEABROOK

The Clerk called the next bill, H.R. 5310, for the relief of John P. Seabrook.

Mr. TRUAX. Mr. Speaker, reserving the right to object, I should like to inquire of the author of the bill if this is

similar in character to the one that was passed and vetoed by the President recently?

Mr. BURNHAM. Mr. Speaker, I am not sufficiently familiar with the record to answer the question. This is the case of a member of the Marine Corps having a bad-conduct discharge, but since that time reenlisted and has an honorable discharge. He has really been cited for meritorious service, and he wishes this blot removed from his record.

Mr. TRUAX. Does the Secretary of the Navy recommend this in a report?

Mr. BURNHAM. No; I presume not, because they never do.

Mr. TRUAX. Will the gentleman yield further?

Mr. BURNHAM. Yes.

Mr. TRUAX. I find the concluding paragraph of the report of C. F. Adams, Secretary of the Navy, is as follows:

In view of the foregoing, the Navy Department recommends against the enactment of the bill H.R. 12193.

Mr. ZIONCHECK. Will the gentleman yield further?

Mr. BURNHAM. I yield to the gentleman from Washington.

Mr. ZIONCHECK. We have passed a great many of these bills, and the Navy Department and the War Department usually object.

Mr. TRUAX. I am willing to give the President the opportunity to veto another one of these bills, so I withdraw the objection.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers and sailors John P. Seabrook, who was a member of the United States Marine Corps, shall hereafter be held and considered to have been honorably discharged from the naval service of the United States as a member of that organization on the 20th day of September 1920: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

FREDERICK L. CAUDLE

The Clerk called the next bill, H.R. 5689, providing for the advancement in rank of Frederick L. Caudle on the retired list of the United States Navy.

Mr. HANCOCK of New York. Mr. Speaker, I object.

Mr. O'MALLEY. Will the gentleman withhold his objection?

Mr. HANCOCK of New York. Yes.

Mr. O'MALLEY. On what basis does the gentleman object? The Navy Department has recommended the passage of the bill.

Frederick L. Caudle was stricken with tuberculosis after having served in the Navy from 1923 to 1926. He saw active service in Shanghai and at other places. In 1925 he was sent to Mare Island and was found to have pulmonary tuberculosis at the time he was summoned in for examination. The Navy Department at a later date found him incapacitated for service. It happened that 2 months after this finding he would have been eligible for advancement. He was forced to retire, whereas if he could have gotten 2 months' leave to which he was entitled, he would have automatically been retired as a lieutenant (junior grade). This man was incurably ill with tuberculosis. He has had it since 1925. It involves only $450 difference a year in retirement cost with which he may continue his fight for health and life. He may never be cured of tuberculosis. The bill was passed in the Senate some years ago and died in the House through an objection.

Mr. HANCOCK of New York. This young man was commissioned as an ensign in the Navy in 1923?

Mr. O'MALLEY. That is right.

Mr. HANCOCK of New York. And 2 years later, in 1925, he contracted tuberculosis?

Mr. O'MALLEY. That is right.

Mr. HANCOCK of New York. He was placed upon the retired list and is now receiving retirement pay. If he had been retired later, he would have received an increase in pay. He would have received a higher pay?

Mr. O'MALLEY. If he had been retired 2 months later, he would have had the advance in rank that would have given him this increased retirement pay, but the Navy forced his retirement through their findings as to his health.

Mr. HANCOCK of New York. How could the Navy promote a man to a higher rank when he is confined in the hospital suffering from tuberculosis? Is it not necessary that a man pass a physical examination in order to be promoted?

Mr. O'MALLEY. Yes; but they could have given him 2 months' leave so that his eligibility for advancement would have occurred. His automatic advancement was due in June. He was retired early in May. His retirement was forced because of his disability and through his failure to insist upon the leave then in vogue under Navy regulations.

Mr. HANCOCK of New York. He was disabled in 1925?

Mr. O'MALLEY. Yes.

Mr. HANCOCK of New York. That was a full year prior to this time?

Mr. O'MALLEY. No. He was not found incapacitated for service until April 1926.

Mr. HANCOCK of New York. If bills of this kind are to be passed, we will be setting a precedent. There is no reason why a man should be advanced a grade with retired pay under these circumstances.

Mr. O'MALLEY. Here is what the Navy Department said in a letter when the bill was under consideration in the Senate:

On the other hand, however, Ensign Caudle's retirement was effected immediately upon receipt of the recommendation of the Retiring Board and without the grant of any leave, in accordance with the then existing policy of the Navy Department. Since that time, however, the Navy Department has adopted the policy of granting officers a slight postponement in date of effect of retirement upon receipt of the recommendation of the Retiring Board. This postponement not to exceed their accrued leave and in no case to exceed 2 months. If this present policy had been in effect at the time of Mr. Caudle's retirement, his date of retirement would have been automatically set as in June 1926, rather than April 1926; which, thus set without regard to his impending date of promotion, would have carried the date of his retirement beyond the date he would have become due for promotion and would therefore, under the law, have entitled him to retire in the grade of lieutenant (junior grade).

All I am asking is that he be retired as a lieutenant instead of an ensign.

Mr. HANCOCK of New York. It seems to me this young man is being pretty generously treated by the Government. He served only 2 years. He is now retired for life on a reasonable amount. I do not know just what the amount is. Can the gentleman enlighten me as to what his retirement pay is now?

Mr. O'MALLEY. It is about $100 a month. He did not get hospitalization except for 1 year. He was not sent to a hospital after his retirement because for some unknown reason the retirement order overlooked the fact that this man's case was pulmonary tuberculosis.

Mr. HANCOCK of New York. Of course, it is not pleasant to object to any of these bills, but I have objected to several that were exactly like this one.

Mr. ZIONCHECK. One hundred and six dollars a month less 5 percent would be the retired pay of an ensign.

Mr. HANCOCK of New York. I think that is being fairly generous to a young man who served 2 years.

Mr. O'MALLEY. Would the gentleman withdraw his objection if I offered an amendment to strike out "with 3 years of service", which would give him at the Navy pay rate his retirement as a lieutenant junior grade, but would not give him any more retirement pay than his present status? This would at least give him the rank and at no additional cost to the Government. This young man did not want to retire but was forced to as a result of disease contracted while serving his country.

Mr. HANCOCK of New York. I feel I must object, Mr. Speaker.

ANNIE BRUCE

The Clerk called the next bill, H.R. 6246, granting 6 months' pay to Annie Bruce.

There being no objection, the Clerk read the bill as follows:

Be it enacted, etc., That the Secretary of the Navy be, and he is hereby, authorized and directed to pay out of the appropriation "Pay of the Navy, 1932", to Annie Bruce, widow of the late Lt. Frank Bruce, United States Navy, an amount equal to 6 months' pay at the rate said Frank Bruce was receiving at the date of his death.

With the following committee amendment:

Line 5, strike out "1932" and insert in lieu thereof "1935."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

W. B. FOUNTAIN

The Clerk called the next bill, H.R. 6863, for the relief of W. B. Fountain.

There being no objection, the Clerk read the bill as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged enlisted personnel of the United States Navy W. B. Fountain, aviation chief rigger, United States Navy, late of the Naval Operating Base, Hampton Roads, Va., until May 1925, shall hereafter be held and considered to have been discharged under honorable conditions from the naval service of the United States on the 4th day of May 1925: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AUSTIN L. TIERNEY

The Clerk called the next bill, H.R. 6871, for the relief of Austin L. Tierney.

There being no objection, the Clerk read the bill as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Austin L. Tierney, who served as a fireman, third-class, United States Navy, shall be held and considered to have been honorably discharged from the naval service of the United States as a fireman, third class, on April 25, 1918: *Provided*, That no pay, bounty, or allowances shall be held as accrued prior to the passage of this act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CARLETON-MACE ENGINEERING CORPORATION

The Clerk called the next bill, H.R. 4659, for the relief of Carleton-Mace Engineering Corporation.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Comptroller General of the United States be, and he is hereby, authorized and directed to adjust and settle the claim of Carleton-Mace Engineering Corporation, of Boston, Mass., on account of the extra cost of installing fire-protection system at the naval ammunition depot, Hingham, Mass., under contract no. 3808–B, which extra cost was occasioned by an embargo placed on freight by the United States Railroad Administration, thereby preventing the completion of the work under the above contract before cold weather set in, and to allow in full and final settlement of said claim such amount, not exceeding $32,726.14, as the Comptroller General may find from the facts and the evidence submitted to him to be the actual amount of the extra cost occasioned by the said embargo. There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $32,726.14, or so much thereof as may be necessary, to pay the amount herein authorized to be allowed.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MOSES ISRAEL

The Clerk called the next bill, H.R. 4793, for the relief of Moses Israel.

There being no objection, the Clerk read the bill as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Moses Israel the sum of $10,000 for damages suffered by reason of being struck and injured by a Government automobile which was driven by an employee of the Post Office Department.

With the following committee amendments:

Page 1, line 6, strike out "$10,000" and insert in lieu thereof "$3,500"; and at the end of line 8 insert the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

EDGAR SAMPSON

The Clerk called the next bill, H.R. 4832, for the relief of Edgar Sampson.

Mr. HOPE. Mr. Speaker, reserving the right to object, I have no objection, possibly, to the bill if it can be amended so as to provide that no benefits shall accrue prior to the passage of the act, and also the bill should be drawn up in the regular approved form that we have been using in measures of this kind.

Mr. CELLER. The gentleman states he would not object if we provided there should be no benefits accruing prior to the passage of the act. Just what does the gentleman mean by that?

Mr. HOPE. Just what the language says. It would include any benefits that accrued after the passage of the act and the action of the Employees' Compensation Commission in determining whether the claimant is entitled to relief.

Mr. CELLER. It seems to me it would be rather unfair to do that, because, due to a faulty reply by a Government official, this man was deprived of making his claim in the proper time. This bill only removes the bar of the statute of limitations.

Mr. HOPE. I have no objection to this man's being permitted to file a claim at this time without regard to the fact that the 1-year period is up, but I think the precedent we have always followed is that no benefits shall accrue prior to the passage of the bill.

Mr. CELLER. But if there is justice in the claim, I cannot see why the gentleman should want that provision in the bill. The man ought to be entitled to the benefits of the legislation from the time he was ill. It is now almost 5 years, and I think it would be very unfair to put on such a limitation.

Mr. HOPE. Of course, it is not the fault of the Congress or the Employees' Compensation Commission that the claim was not filed within the proper time. I think there are some equities in this case, but, strictly speaking, the man has no rights. We are giving him something when we pass this legislation, and I think we should follow the precedents that have been established in such cases.

Mr. CELLER. The gentleman will understand that this man is very old.

Mr. HOPE. I do not think there is any reason why we should not follow the precedents in this case. We ought not to go behind the passage of the act.

Mr. CELLER. It will not amount to very much, and if there is any justice at all this man should have it.

Mr. HOPE. If it does not amount to very much, the claimant is not losing very much. I see no reason for departing from the precedents, and I shall have to object.

Mr. CELLER. This claim was in Congress a year ago and someone objected to it, on what grounds I do not know, and so this man had to wait a year.

Mr. HOPE. I do not want to object, but if the gentleman will allow the bill to go through with the amendment, I will not object.

Mr. CELLER. I will accept the amendment.

Mr. HOPE. Mr. Speaker, in view of the gentleman's statement, I will withdraw my objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That sections 15, 17, and 20 of an act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916, as amended (U.S.C., title 5, pars. 765, 767, and 770, on p. 79), are hereby waived in favor of Edgar Sampson, who claims disability as a result of his employment under the Post Office Department in December 1927. The United States Employees' Compensation Commission is hereby authorized to accept formal notice of claim, now informally numbered Lf–17426, and to consider and act upon his claim under the remaining provisions of said act, as amended, in the same manner as if his claim and notice had been filed within 60 days after the said disability was incurred.

With the following amendment:

Strike out all after the enacting clause and insert the following: "That the United States Employees' Compensation Commission is hereby authorized to consider and determine the claim of Edgar Sampson arising out of disability and illness resulting in the involuntary removal to a hospital of said Edgar Sampson on December 24, 1927, in the same manner and to the same extent as if said Edgar Sampson had made application for the benefits of said act within the 1-year period required by sections 17 and 20 thereof: *Provided*, That no benefits shall accrue prior to the approval of this act, but any favorable award under this act shall be based upon physical condition of said Edgar Sampson of current date."

HARDSHIP ON PHILIPPINES

Mr. WELCH. Mr. Speaker, I ask unanimous consent to print in the RECORD an article in the Washington Herald of April 10, 1934, on Hardship on Philippines.

The SPEAKER. Is there objection?

There was no objection.

Mr. WELCH. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following article from the Washington Herald of April 10, 1934:

HARDSHIP ON PHILIPPINES

Manila dispatches report that consternation has been created among the Philippine people by the threat of Congress to impose a prohibitive tariff on copra and coconut oil.

Philippine leaders have appealed to the President and the Congress for protection against such an indefensible injustice to a dependent people, who are wholly at the mercy of a Congress in session 10,000 miles distant.

These Philippine leaders point out what American opponents of such a prohibitive tariff admit:

That to impose a prohibitive tax, which the House has voted and the Senate is considering, on copra and coconut oil would subject the Philippine people to the following hardships:

It would wipe out coconut plantations, which represent $150,000,000 of the Philippine Islands' wealth.

It would throw out of employment one third of the population of the Philippines, living in seven Provinces.

It would reduce to destitution and threaten with starvation 4,000,000 Filipinos, whose only means of support comes from the coconut trade that are to them in very truth "a tree of life." * * *

President Roosevelt is against this outrage. Secretary Dern has urged upon Congress the cruel consequences and the utter unfairness of inflicting upon the Philippine people an excise tax which would destroy one of their chief industries and nullify the traditional tariff policy under which the Philippine Islands have long been treated as an integral part of the United States.

Congressman WELCH, of California, has put the case convincingly against this iniquitous betrayal of America's solemn trust in the Philippine Islands when he said:

"This proposal strikes at the very vitals of the Philippine economic situation. Coconut oil has only had a 2 cents per pound duty since 1921 from other countries, but under the terms of reciprocity with the Philippines has been admitted free of duty from them.

"This embargo, for it is just that, means that these products will have to compete in the already oversupplied world market, which they cannot successfully do."

It is hard to believe that the Congress will ignore the protest of the President, the admonition of the Secretary of War, or turn a deaf ear to the desperate appeal for justice that comes from a dependent people across the Pacific, who look to the American flag for the same protection and give it the same loyal allegiance that is received and given by the people of continental United States.

What will honorable men the world over think of a Congress that stoops to oppress, by such a betrayal of trust, 4,000,000 helpless Filipinos whose only security lies in the sense of justice that ought to quicken every Senator and Representative in a Congress that calls itself American?

Is there no limit to the contempt for American honor, and the subserviency to the greedy demands of special privilege which seems to contaminate this Congress, where American responsibility to the Philippine people is involved?

VETERANS' LEGISLATION

Mr. GREENWOOD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. GREENWOOD. Mr. Speaker, the adjusted-service compensation was to equalize wages of the soldier with those who stayed at home and made money. It should have been paid in cash, as the task was finished, and the laborer is entitled to his hire. Every other unfinished contract, like munition makers, were paid in cash. The doughboy was given an endowment policy payable in 1945. He had no option but to accept. Now he needs the money, and our country can pay it without incurring any interest. Instead of issuing bonds the bill passed by the House proposes to issue Treasury notes which will have the full credit of the Government behind them. One billion dollars in gold could be ear-marked as a reserve to this issue. This would create as sound security as any that backs our Nation's currency. This two and one half billion would be equally distributed over every township of our country. It is a fixed and regulated inflation badly needed to help bring us back. Your Representative has three times voted to pay the bonus in cash, and hence continued to support the measure that recently passed the House and is now pending in the Senate.

Much criticism has been lodged against Congressmen for voting for the economy bill last year. This act is the keystone to the arch of our recovery program. Without the balancing of the Budget covering current expenditures of the Government, we could not have refunded former bonds nor borrowed money to carry out the lines of relief work of the last few months. We had to find jobs for the unemployed and to feed the hungry. The Economy Act is the basis for this program which has been promoted upon borrowed money. It was for the whole Nation to bring us back out of the desperate and tragic plight into which we had fallen. The Members of Congress, all Federal employees, and soldiers took their cuts for good of all.

In carrying out the provisions of the Economy Act, the President issued Executive orders making reductions in both World War and Spanish War veterans' compensations, that went much deeper than any Member of Congress anticipated the cuts would be made. Most unexpectedly and unjustly, your Representative believes, were Spanish War pensioners required to prove service connection for their disabilities. It is now more than 30 years since they served. There were scarcely any hospital records kept, their comrades are scattered or dead, and their doctors cannot be located. It is unjust to require the soldier to furnish a proof that cannot be found because the Nation kept no record of their illness nor their wounds. The recent bill cures this injustice and places Spanish War veterans back in their former pensionable status at 75 percent of their former pensions. I voted for the measure when it passed the House of Representatives but was in Indiana when it came up for action on the veto.

The recent bill passed over the President's veto also returns the presumptive cases of tuberculosis and mental disorder cases arising within the presumptive period after the World War back to 75 percent of their former compensation. This is also a just modification of the Economy Act and Executive orders arising therefrom. There are other needed changes provided in the recent amendment. It is a moderate adjustment of inequalities. Some belittle Congress for overriding the President's veto because of pressure from home. I believe that the true motive of Congress was to do

justice to the soldier. There is no official in public life who has presented to him the ills and problems of the people like a Member of Congress. He is the bumper for their appeals and protests. The Representatives have had presented some most aggravating and appealing cases of injustice. The Veterans' Bureau is often cold, unsympathetic, and unjustly technical. The Congressman appeals for these veterans for justice, but often to no avail. Eventually Congress takes matters into its own hands and rewrites the law so that advantage cannot longer be taken of the veterans by hard-boiled Veterans' Bureau doctors. This is a part of the new deal to do justice to those who fought our country's battles and suffered disabilities from the service.

The recent bill was the result of months of appeal to remedy these injustices. Many worthy cases were arbitrarily rejected and ignored. The administration of these Executive orders was not in the hands of the President but to Veterans' Bureau appointees who decided many just claims against the soldier. Congress has conscientiously endeavored to right the wrongs of the administration of the Economy Act. Most of the four-point program of the American Legion has been enacted. A fair measure of justice has been done the Spanish War veteran. The new law will be more in keeping with justice than the former act. This country cannot afford to be unfair, not even miserly with those who fought our country's battles when our future was hanging in the balance. The tragedies of war must be compensated. Not everyone who claims a pension is entitled to one, but those who have disabilities of service connection and their dependents are entitled to compensation by ancient and well-established precedents and accepted policies of our country.

We feel when fully understood these amendments will be approved, not alone by the soldier but also the people generally.

RECORD ON SOLDIER LEGISLATION ENACTED BY CONGRESS

Mr. HASTINGS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. HASTINGS. Mr. Speaker, the discussion of soldier legislation carries us back to the beginning of the World War and vividly recalls the days of hurried preparation, quick mobilization, and heroic action. The ex-service men joined the colors after the war resolution was passed on April 6, 1917. They upheld the fine traditions of our country. They are entitled to sympathetic consideration, legislation, and administration at the hands of a grateful Nation.

For the RECORD I want to briefly and frankly review some of the history of the legislation with reference to soldier benefits, and particularly that enacted during the Seventy-second Congress.

A committee was appointed at the previous session to make a comprehensive study of the entire subject of reduction of Government expenses and a bill was reported, but the drastic features with reference to soldiers were eliminated.

It was then urged that the Veterans' Administration was reviewing each case to determine what, if any, benefits each individual was entitled to receive, and the amount.

When the appropriation bill for the fiscal year beginning July 1, 1933, was in course of preparation before a subcommittee, of which I was a member, an effort was made, which I assisted in defeating, to drastically reduce the appropriation. An appeal was taken to the full committee, where I continued my opposition and where I urged that the Veterans' Administration was reviewing all cases, and that every case should stand on its own merits, and that if there were any undeserving cases the Veterans' Administration could correct and eliminate them.

I also invited attention to the fact that a joint committee had been continued to study the legislation and that that committee had not at that time reported. As a result, the appropriation bill was passed without the drastic reduction. This bill met with the veto of President Hoover upon the alleged ground that the appropriation was excessive. However, this was not correct because the amount carried in the bill was within and less than the Budget estimates.

Therefore when the present administration took charge on March 4, 1933, there was no appropriation for the Veterans' Administration or soldier benefits for the current year beginning July 1, 1933. An appropriation therefore had to be made.

The first message which President Roosevelt submitted to Congress on March 10, the day after he convened it in extra session, called attention in detail to the Government revenues and expenditures, showing that the expenditures for the preceding 3 years had exceeded the revenues by more than $5,000,000,000, insisting that no recovery was possible without a balanced Budget, which so vitally affected the Nation's credit, and urged that he be given broad powers to reduce Government expenses, including soldier benefits, salaries of all Government employees, including Members of Congress, and the transfer, consolidation, and elimination of bureaus and commissions, in the interest of economy and efficiency. He closed his message by stating:

> If the Congress chooses to vest me with this responsibility, it will be exercised in a spirit of justice to all, of sympathy to those who are in need and of maintaining inviolate the basic welfare of the United States.

An emergency was upon us. Every bank, national and State, had been closed by moratorium orders of the President and the Governors of the several States; factories were idle; some 10 or 15 million men and women were being supported from public or private funds.

The President had been elected by a tremendous popular vote. He carried 42 of the 48 States of the Union.

The chairman of the committee reporting and in charge of this bill, the economy bill, after quoting the above paragraph from the President's message, assured the Members of the House that the authority would be sympathetically exercised and administered. He said:

> This bill, if enacted, will not be an act on your part to take a dime from a single worthy ex-service man.

The majority leader of the House, in a fervent effort to support the President, gave a like assurance. Accepting these assurances, the bill afterwards known as the "Economy Act" was passed, with the support of many ex-service men.

However, the rules and regulations prepared for and approved by the President were admittedly too drastic, and many cases were brought to the attention of Members of Congress which showed there were injustices and inequalities in them.

Upon our bringing these to the attention of the President, the rules and regulations were from time to time amended. Congress sought further to correct the abuses in the law and the regulations.

The Connally amendment to the new appropriation bill was first adopted in the Senate. This, among other things, provided for a horizontal reduction of 25 percent. Later the Steiwer-Cutting amendment was adopted as a Senate substitute for the Connally amendment.

The President authorized himself to be quoted as being against both of these amendments and the House adopted a substitute correcting many abuses, and these amendments were thrown into conference between the two Houses.

At this juncture the House steering committee, of which I was a member, was called to make a study of how to secure the most concessions in the interest of the soldiers and to assist the conferees of the two Houses, of which I was a member, to iron out their differences.

Everyone knew it was impossible then to override the veto of the President.

The committee invited many ex-service men, Members of the House, including WRIGHT PATMAN, Capt. GORDON BROWNING, and LAMAR JEFFERS, and also called in consultation Watson Miller, representing the World War veterans, to study and interpret the various amendments proposed in the House and the Senate, the regulations and the law, and to devise plans how most effectively to present all phases of

the proposed legislation to the President, in the interest of the ex-service men.

As a result of these conferences, the steering committee appointed a subcommittee, of which I was a member, and enlarged it to include Capt. GORDON BROWNING, WRIGHT PATMAN, and LAMAR JEFFERS, to confer with the President. This we did at a number of prolonged conferences. The President expressed repeatedly the same views he gave utterance to at the Chicago convention.

We succeeded, however, in securing many modifications, including boards to review the presumptive cases, with their compensation continued until October 31, 1933, unless adverse action was taken before that date by the board, with the burden of proof upon the Government. There was reported to be 154,843 of these cases.

These conferences resulted in securing protection for 36.325 widows and dependents.

Non-service-connected World War veterans who are permanently and totally disabled were retained on the rolls. The Spanish-American War veterans, over 55 and under 62 and in need, were provided for. The hospital provision was liberalized. Regional offices were retained and appropriated for. In the meantime the regulations were further amended. In all, it was estimated that the objections of the President had been met and overcome and changes secured resulting in additional benefits for the soldiers of from one hundred to one hundred and fifty million dollars. All members of the committee agreed, as did Capt. GORDON BROWNING and WRIGHT PATMAN and LAMAR JEFFERS, representing the ex-service men, that it was better to accept this compromise than to lose all through a veto, and they earnestly urged the House to accept it.

Such, briefly, is the history, frankly stated, of the enactment of this legislation.

As the representative of the Second Oklahoma District, my constituency, and particularly the soldiers of all wars, are entitled to know my views and my record on soldier legislation while I have represented them in Congress. I do not hesitate to state them. I have outlined them more in detail in the CONGRESSIONAL RECORD of June 15, 1933.

In addition to supporting all appropriations and legislation during and since the World War recommended for the benefit of the ex-service men, permit me to state:

First. I supported and voted for the Gordon Browning amendment in the caucus which provided that the reduction in no event in the allowance to any soldier should exceed 25 percent. This passed the caucus, but not by a two-thirds binding vote, and the rules of the House did not permit its being offered when the bill came up for consideration.

Second. I did not favor the dropping by groups of the names of soldiers receiving benefits but urged that each case should be re-examined and decided upon its own merits.

Third. I favored the retention on the rolls of all those placed there under the law unless shown to be fraudulent or without merit, with the burden of proof upon the Government.

Fourth. I favored the retention of the presumptive cases on the rolls, both to nurse them back to health and as a matter of justice and humanity, because these cases should for the good of society be segregated from the public for its protection.

Fifth. I urged the President to retain on the rolls all those granted pensions under the act of July 3, 1930, reducing the amount not to exceed the proportion of the reduction to other soldiers, urging that the law could be amended as to future applicants, and in support of it I pressed these two arguments: First, that their cases had been settled; and second, many had incurred financial obligations since they had been granted pensions, based upon the amount of these Government allowances.

Sixth. I think the care of all of our soldiers is a national problem and that the obligation rests with the Government to hospitalize all soldiers to the extent of its facilities, giving first preference to cases of service origin, but to all soldiers to the extent of the Government facilities.

Seventh. I favored the retention of the local regional offices for the convenience of the ex-service men.

Eighth. I favored placing the widows and dependents of World War veterans on a par with the soldiers of all wars.

During the present session of Congress the independent offices appropriation bill was reported to the House under a special rule authorizing certain legislative amendments dealing with soldier legislation. When the bill reached the Senate amendments were added by many Senators, some of which were adopted, which, for the most part restored to the soldiers benefits enjoyed by them before the passage of the Economy Act of March 20, 1933, except as to Spanish-American War veterans who joined the service after the close of the war, August 12, 1898, and who did not participate in the Boxer Rebellion and the Philippine Insurrection, and as to certain World War veterans whose disabilities were not of service origin. The 29,000 presumptive cases, mostly tubercular and mental cases, were restored to the rolls except those who enlisted after the war and the disability is shown to have occurred before or after service. All entitled to hospital facilities and in need were directed to be hospitalized. In fact, except as to the precentage reduction, and except as to Spanish-American War veterans who joined the service after the close of the war on August 12, 1898, and to certain World War veterans whose disabilities were not of service origin, soldier benefits were restored, in substance, to what they were prior to the passage of the Economy Act.

Every effort was made to adjust the differences between the House and the Senate. I was a member of the conference committee and cooperated in every way in an effort to secure the enactment of legislation which would correct the inequalities and injustices done by the Economy Act of March 20, 1933, and did not hesitate to vote to override the President's veto, when I was convinced that he was in error over slight differences between himself and Congress.

It is estimated that approximately 330,000 World War veterans will be affected by this legislation, the annual increased cost of which is estimated at $83,000,000.

I introduced the bill (H.R. 7092) embodying the four-point program, sponsored by the American Legion, but the substance of this bill was embodied in the legislative amendments attached to the independent offices appropriation bill.

I also supported and voted for the bill providing for the payment of adjusted compensation or bonus certificates:

First, because I thought the compensation—compared to what was being paid to those in civil life—received by the soldiers during the war was inadequate.

Second, because it only provides for the remission of the interest from now until 1945.

Third, because it would greatly aid in relieving the depression. The money would be distributed to beneficiaries in every township and to members of almost every family in the country.

We must constantly keep in mind that there was no appropriation for the Veterans' Administration and for the soldiers of all wars when the new administration came into power March 4, 1933, and the President had the opportunity to urge his views either through the Economy Act or by limitation in the appropriation bill which had to be passed by Congress before funds would be available for the soldiers after July 1, 1933.

Having been privileged to represent the Second Congressional District during the fateful days of 1917 and 1918, I have always keenly felt my responsibility in connection with the World War. I am glad to have the opportunity in the RECORD to review the legislation enacted by Congress, and my own record in detail in connection with it. I am glad also to have the opportunity to frankly submit my views on soldier legislation, confident when they are known and understood that they will meet with the approval of those

whose records have added additional laurels to the flag of our beloved country and whose good opinion I prize.

EDGAR SAMPSON

Mr. McGUGIN. Mr. Speaker, I move to strike out the last word of the amendment. The Honorable James A. Reed, former United States Senator, has just called me on the telephone and requested me to state to the House that the charge made a few moments ago by the gentleman from North Carolina [Mr. BULWINKLE] that Dr. Wirt had served a term in jail during the World War is wholly malicious and wholly false; that Dr. Wirt's record is clean, and that he has never been arrested.

Mr. BYRNS. Mr. Speaker, will the gentleman yield?

Mr. McGUGIN. Yes.

Mr. BYRNS. I thought we had decided this afternoon to stop all further discussion of that matter. The gentleman himself started it. I though we had agreed to quit and attend to the business of the House and not play petty politics on this floor while there is important business to attend to.

Mr. McGUGIN. Does the gentleman say it is petty politics to stand here on the floor of the House and correct a statement which slanders a man, which charges that he served time in jail for disloyalty to the country, when it is not true? Is that petty politics?

Mr. BYRNS. I do not say that; but I say the gentleman's speech which started this discussion a while ago was nothing more nor less than petty politics.

Mr. McGUGIN. It was not petty politics. Petty politics does not warrant anyone to defame the character of an American citizen, be that citizen Dr. Wirt or any other citizen.

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to; and the bill as amended was ordered to be engrossed and read a third time; was read the third time, and passed.

A motion to reconsider was laid on the table.

JOSEPH DUMAS

The Clerk called the next bill, H.R. 4846, for the relief of Joseph Dumas.

The SPEAKER. Is there objection?

Mr. BLANCHARD. Mr. Speaker, I reserve the right to object in order to ascertain, if it is possible, the present condition of Mr. Dumas, if the author of the bill is present.

Mr. MORAN. Mr. Speaker, the information that I get is that he is still extremely lame, as it is stated he would be in the last sentence of the report.

Mr. BLANCHARD. I have examined the report, and on the basis of the report and the indications of the man's injuries, I think the sum of $2,500 is altogether too high.

Mr. ZIONCHECK. One thousand and five hundred dollars ought to be satisfactory.

Mr. BLANCHARD. If the gentleman will agree to accept an amendment reducing the amount to $1,500, I have no objection to the passage of the bill.

Mr. MORAN. I am obliged to accept.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated and in full settlement against the Government, the sum of $5,000 to Joseph Dumas, of Waterville, Maine, for injuries received by said Dumas on September 9, 1927, at said Waterville, through the negligence of an employee in the United States Railway Mail Service.

With the following committee amendment:

Page 1, line 6, strike out "$5,000" and insert "$2,500."

Mr. BLANCHARD. Mr. Speaker, I move to amend the committee amendment by striking out "$2,500" and inserting in lieu thereof "$1,500."

The SPEAKER. The Clerk will report the amendment.

The Clerk read as follows:

Amendment by Mr. BLANCHARD: Amend the committee amendment by striking out "$2,500" and inserting in lieu thereof "$1,500."

The SPEAKER. The question is on agreeing to the amendment of the committee amendment.

The amendment to the committee amendment was agreed to.

The committee amendment as amended was agreed to.

The SPEAKER. The Clerk will report the remaining committee amendments.

The Clerk read as follows:

Page 1, line 7, after the word "Maine", insert "in full payment and settlement of all claims against the United States", and at the end of the bill insert: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendments were agreed to, and the bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

FREDERICK L. CAUDLE

Mr. O'MALLEY. Mr. Speaker, I ask unanimous consent to return to Calendar No. 304, H.R. 5689, providing for the advancement in rank of Frederick L. Caudle, on the retired list of the United States Navy. The gentleman who objected and I have worked out an amendment satisfactory to both of us.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The Clerk will report the bill.

The Clerk read the bill, as follows:

Be it enacted, etc., That Ensign Frederick L. Caudle, United States Navy, retired, shall have the rank and receive the pay and allowances on the retired list of the United States Navy as a lieutenant (junior grade) with 3 years of service.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

Mr. O'MALLEY. Mr. Speaker, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. O'MALLEY: Line 6, after the word "with", insert "less than."

The amendment was agreed to; and the bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GALEN E. LICHTY

The Clerk called the next bill, H.R. 4847, for the relief of Galen E. Lichty.

The SPEAKER. Is there objection?

Mr. HOPE. Mr. Speaker, I reserve the right to object, to ask the author of the bill if he has any objection to the usual amendment providing that this shall be in full settlement of all claims against the Government of the United States, and also the attorney's fee amendment.

Mr. MOREHEAD. Mr. Speaker, this county came into my district under the new redistricting of the State. This claim has been approved and passed here, as the gentleman will notice, by the House, and also has been twice to the Senate, but failed to be enacted. I have no objection to the amendment.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $554.70 to Galen E. Lichty, stamp clerk of the post office at Beatrice, Gage County, Nebr., to reimburse him for funds stolen from the Beatrice post office by unknown persons on the day of November 17, 1928.

Mr. HOPE. Mr. Speaker, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. HOPE: After the figures in line 5, insert "in full settlement of all claims against the Government of the United States", and at the end of line 9 insert "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendments were agreed to; and the bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

THE REAL CAUSE OF THE DEPRESSION

Mr. LOZIER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. LOZIER. Mr. Speaker, disease is the result of the violation of the laws of health, the disregard of some natural law. Many governmental diseases are the direct result of a maladministration of our benign system of government and the penalties we pay for having abandoned the high ideals that underlie, permeate, and vitalize our free institutions. The great depression through which we have been passing is the result of too little government of the right kind and too much government of the wrong kind, under the Harding, Coolidge, and Hoover administrations.

For 12 years big business was in the saddle, booted and spurred, recklessly riding over the so-called "common people" and "middle classes." The beneficiaries of special-privilege legislation unconscionable augmented their unearned and undeserved bounties, and mercilessly exploited the masses. Class legislation was the order of the day. Powerful plunderbunds stabled their richly caparisoned horses of special privilege in the corridors of the Capitol to browbeat the Representatives of the people and punish all who refused or even hesitated to register their bidding. Predatory wealth and organized greed exacted and obtained their pound of flesh. Control of our currency, credits, and national wealth was in the hands of a few masters of finance and big-business buccaneers, who ruthlessly manipulated markets and depressed commodity prices, flooded the country with worthless stocks and bonds, overcapitalized industry, turned the stream of commerce from its natural channel, ushered in an orgy of speculation, staged a frenzied big-business carrousel, and inaugurated an era of legislative favoritism, economic greed, and social injustice.

And what was the result? Intermittent financial fevers, industrial malaria, unemployment flux, agricultural palsy, transportation anemia, bankers' chills, and strange as it may seem, at the same time, both high and low economic blood pressure. These maladies were the inevitable consequences of our having abandoned safe and sane methods in the management of our business and governmental affairs under the last three national Republican administrations.

In harmony with the false and pernicious political philosophy of the Republican Party prior to the inauguration of President Roosevelt, our Government became so entangled with business, and business became so interlocked with Government, that whatever influenced the one inevitably affected the other. Big business and the Government became as closely related as Eng and Chang, the Siamese twins, so that if either took snuff the other sneezed. Unbalanced budgets, reduced revenues, wasteful expenditures, corruption in high places, and a virile brood of vexatious political and governmental problems followed in the wake of economic, industrial, financial, and agricultural maladjustments.

Whether our economic, civic, and social problems are primarily governmental or economic, they undoubtedly flow from an improper relationship between the Government and the people. For 12 years, from the advent of the Harding administration to the end of the Hoover regime, something, yes, nearly everything, was out of balance.

The relationship between the several vocational groups has been artificially influenced and maladjusted by legislative favoritism or by unwise intermeddling by the Government in matters entirely within the sphere of private initiative. Favorable or unfavorable conditions were stimulated because of too much or too little government, and frequently highly artificial and exceedingly unsound economic conditions were created with either the express or implied sanction of the Government.

Under the last three national Republican administrations, a few powerful and well-organized groups applied irresistible pressure to our executive and legislative departments, and habitually dictated the language of the laws under which they plundered the people and recklessly disregarded the natural political and economic rights of the unorganized masses. Unfavorable and radical reaction from these artificially created conditions was inevitable.

What is the relationship between the Government and big business? Why should the Government suffer from the same distemper that afflicts agriculture, industry, transportation, banking, and commerce? When the manufacturer, the banker, the merchant, and the farmer eat sour grapes, why are Uncle Sam's teeth set on edge? In my opinion, the efficiency and usefulness of our Government were materially impaired as a direct result of our abandonment under Harding, Coolidge, and Hoover of many of the ideals, principles, and policies on which our governmental structure rests. We fell into the pit of depression because we did not walk in the old paths and because we strayed far from the landmarks established by the men who founded and bequeathed to us the best system of government so far devised by man.

Our Republic was set up by men who had just emerged from a successful rebellion against a paternalistic nation, under which there was an inequitable distribution of the burdens and benefits of government. Our constitutional fathers endeavored to establish and believed they had established a Nation, the activities of which would necessarily be confined exclusively to questions which had to do with personal and political liberty, social order, and the maintenance of a wise, stable, and benevolent Government, untouched by the filthy finger of privilege and unawed by the arrogant and greedy demands of predatory wealth and organized pillage.

It was never contemplated by the men who founded our free institutions that our Federal Government would be called upon to enrich one class of people at the expense of other classes, or to grant special privileges in one section or to one group, and deny similar privileges to other sections and other vocational groups; or that the Government would invade the domain of private business and allow certain favored classes to use its agencies and instrumentalities to accomplish their selfish, cynical, and sordid purposes.

Having won their freedom at the point of the sword, our forefathers had no thought of establishing a government like that against which they had rebelled. The men who charted our national course never would have sanctioned class legislation which under Republican administrations became a malignant cancer fastened to our body politic and gnawing at our vitals; nor would they have looked with tolerance on the creation of favored groups, who, under solemn legislative mandate, are permitted to use our governmental agencies for their own enrichment, at the expense of more numerous but less-favored classes.

If those intrusted with the conduct of our public affairs had steadfastly steered a straight course and not deviated from the letter and spirit of our organic law, and had not yielded to the seductive appeals of certain powerful and efficiently organized groups, and had refused to enact class legislation of any kind or character, we would not now be plagued with a multitude of embarrassing governmental problems, and the economic life of the American

people would have been less spectacular, but more balanced, stable, virile, and equitable.

We are confronted by these so-called "governmental problems", because in an hour of weakness we sanctioned the enactment of class legislation, which is contrary to the genius and spirit of our institutions. Having once opened the door to class legislation for the enrichment of one group at the expense of another, we are now seemingly powerless to close it. Having once enthroned special privilege, it insolently declines to abdicate or surrender its unearned bounties.

If we had not established the policy of enacting laws to supplement individual initiative and to create an artificial prosperity in certain lines of business, we would not be confronted by the unemployment problem, the industrial problem, the tariff problem, the transportation problem, the farm problem, the financial problem, and numerous other problems that threaten our industrial peace, social order, and economic life. And may I add, we have an agricultural problem, because, by legislative enactments extending over a long period of years, the Government destroyed the economic equality or balance that previously existed and should always exist between agriculture and industry. The Government has stabilized industry by high-tariff laws and given the American manufacturer a monopoly on the American market which enables him to sell his commodities to the farmer, laborer, and unprotected masses at unconscionable profits, thereby destroying the proper balance between the vocational groups, especially between agriculture and industry.

By legislative action the Government has come to the rescue of the manufacturer, the banker, the railroad, and big business. By legislative fiat these callings have been stabilized and their incomes and profits substantially increased. It would be futile at this late day to complain of the help which the Government has extended to these other favored classes, but I am convinced that agriculture should be given the same kind of help that has been so unstintingly granted to other industries. The business of practically every other great industry has been artificially stimulated, stabilized, and safeguarded by congressional action. This has materially strengthened and enriched these other vocational groups at the expense of agriculture. Our Government should either cease legislating for the stabilization and enrichment of other industries and activities, or it should extend the same treatment to agriculture.

But you say the Government has legislated for the benefit of the farmer, to which I reply that the farmer has been denied the only kind of legislation that can afford him substantial relief, legislation that will restore his purchasing power, stabilize the market price of his farm products on higher levels so as to enable him to balance his budget and sell his commodities at a price that will not only return the cost of production but yield a fair profit over production costs; legislation that will narrow the spread between what the farmer gets for his products and what he pays for his supplies.

In the last analysis the prosperity of all other vocational groups depends very largely on the prosperity of the agricultural classes, and until agriculture is restored to the list of profitable occupations, we will continue to flounder in the pit of depression.

C. J. HOLLIDAY

The Clerk called the next bill, H.R. 4927, for the relief of C. J. Holliday.

The SPEAKER. Is there objection?

Mr. BLANCHARD. Mr. Speaker, I object.

Mr. ZIONCHECK. Mr. Speaker, I object.

Mr. TAYLOR of South Carolina. Will the gentlemen withhold objections for a moment?

Mr. BLANCHARD. Yes. I am willing to reserve the objection.

Mr. TAYLOR of South Carolina. This is a case where a man went on a surety bond, without any pay or any fee, just as a friend. He signed a bond for another fellow who was in jail. He got out and absconded, and the bond was forfeited. Subsequently to that time, the man at his own expense apprehended the man and returned him to court, and satisfied the sentence. This is to reimburse the man for his bond. He received no fee whatever. This is not a professional bondsman.

Mr. ZIONCHECK. The United States district attorney and the Department of Justice are opposed to paying back this money, are they not?

Mr. TAYLOR of South Carolina. I think they are in favor of it.

Mr. ZIONCHECK. I believe the gentleman is wrong about that.

Suppose we pass the next four bills for the time being.

Mr. TAYLOR of South Carolina. Mr. Speaker, I ask unanimous consent that the next four bills be passed over for the time being, and that we may return to them later. They are numbers 313, 315, and 316 on the calendar.

Mr. ZIONCHECK. Number 314 involves a different principle.

Mr. TAYLOR of South Carolina. I just want to conserve time and check up on the point asked by the gentleman from Washington [Mr. ZIONCHECK].

Mr. BLANCHARD. Mr. Speaker, I ask unanimous consent that Private Calendar bills numbered 313, 315, and 316 be passed over without prejudice.

The SPEAKER. Without objection it is so ordered.

There was no objection.

PALMETTO COTTON CO.

The Clerk called the next bill, H.R. 4928, for the relief of the Palmetto Cotton Co.

Mr. HOPE. Reserving the right to object, I wish the author of the bill would explain the circumstances under which this remittance appears to be made.

Mr. TAYLOR of South Carolina. Mr. Speaker, this involves a mortgage given by a Mr. Tribble. A mortgage was given to the farmers' seed loan, a branch of the Government. Prior to that a mortgage was given to the Patrick Motor Co. The cotton was sold to the Palmetto Cotton Co., and they sent the money to the Government, disregarding the prior lien that was on the record in the court, in the proper place. The Government recognizes in this report that it is not entitled to this money, but under their machinery they cannot refund it, and this is the only way the man can be recompensed.

Mr. HOPE. This bill is to reimburse the party who bought the cotton, and apparently it was through his own negligence that the money was paid to the junior lien holder instead of the first lien holder.

Mr. TAYLOR of South Carolina. Yes; but it was an oversight. He should not be penalized for paying it to a man who was not entitled to it. The person to whom it was paid wants to refund it, and the only machinery by which it can be done is by this bill.

Mr. HOPE. Does the Government have any security by which it will get its money if this is refunded?

Mr. TAYLOR of South Carolina. I do not know; but certainly the Government will not be in any worse position by reason of passing this bill than it was when it took a second mortgage, when it should have exercised the precaution of taking a first mortgage. There is no use making this man the victim because of the Government's negligence in not properly protecting itself against a prior mortgage.

Mr. HOPE. Of course, it was due to the negligence of the party we are trying to relieve that the money was paid to the Government; but in view of the fact that the Department is willing that this bill should be enacted, and has no objection to it, I shall not object.

Mr. TAYLOR of South Carolina. I appreciate that on the part of the gentleman.

There being no objection, the Clerk read as follows:

Be it enacted, etc., That the Secretary of the Treasury is hereby authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $140, which sum represents a part of the remittance to the farmers' seed loan offices of the Department of Agriculture by the Palmetto Cotton Co. in payment of a loan of Hollock Tribble to the said farmers' seed loan office. upon which amount a prior lien or mortgage existed.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

HELENA C. VONGRONING AND STEPHAN VONGRONING

The Clerk called the next bill, H.R. 4958, for the relief of Helena C. VonGroning and Stephan VonGroning.

Mr. TRUAX. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection?

There was no objection.

ALFRED HARRIS

The Clerk called the next bill, H.R. 4990, for the relief of Alfred Harris.

Mr. ZIONCHECK. Mr. Speaker, I object.

SOPHIE CARTER

The Clerk called the next bill, H.R. 5000, for the relief of Sophie Carter.

Mr. HOLLISTER. Reserving the right to object, I should like to ask the proponent of this bill some questions. I have no objection except that it should contain certain formal amendments. I will withdraw my objection with the understanding that those amendments may be agreed to.

Mr. TRUAX. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

NICOLA VALERIO

The Clerk called the next bill, H.R. 5405, for the relief of Nicola Valerio.

Mr. TRUAX. Mr. Speaker, reserving the right to object, I ask that this bill be passed over.

Mr. BLANTON. Well, Mr. Speaker, it is double the amount that is customary, as a maximum allowed in a death claim.

Mr. BLACK. I am willing to have the amount reduced.

Mr. BLANTON. I think possibly the bill ought to be passed, but for only half the sum.

Mr. TRUAX. Mr. Speaker, I withdraw my objection.

Permit me to call to the attention of the gentleman the fact that we have been passing quite a number of bills for the relief of surviving relatives of individuals who have been killed because of the reckless driving of mail trucks. I think the Post Office Department should take some action to curb the reckless and careless driving of mail trucks by its employees.

Mr. BLANTON. Mr. Speaker, I think our colleague should go down to the Post Office Department and get every one of their employees on wheels admonished. For that matter I think he ought to get the Post Office Department to admonish also every postmaster and every custodian of a post office that hereafter they better be careful to adhere to the regulations with regard to locking safes and protecting the property of the United States Government, because we are going to be mighty careful in future about granting these reimbursements.

Mr. TRUAX. I suggest that the gentleman from Texas take the matter up himself.

Mr. BLANTON. I have been trying for 10 years to get that done. Let this be our insistent request upon the Post Office Department that it shall warn all employees to be extremely careful so that we may stop these numberless claims against the Government. I think maybe the very active senatorial aspirant from Ohio may be very helpful in bringing this notice from Congress to the Post Office Department.

Mr. TRUAX. I may say to the gentleman that as I have no post-office patronage, possibly it would be a good idea for me to do it.

Mr. HOLLISTER. Mr. Speaker, further reserving the right to object, there should be inserted in the bill a formal statement that it is in full settlement of all claims against the Government.

Mr. BLANTON. And the amount should be reduced from $10,000 to $5,000.

Mr. HOLLISTER. If that is inserted, I shall have no objection.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Nicola Valerio, father of Joseph Valerio, deceased, the sum of $10,000 on account of the death of the aforesaid Joseph Valerio, which was caused by his being struck by a post-office mail truck: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

Mr. HOLLISTER. Mr. Speaker, I offer the following amendment.

The Clerk read as follows:

Amendment offered by Mr. HOLLISTER: Page 1, line 6, after the "$10,000", insert "in full settlement of all claims against the Government of the United States."

The amendment was agreed to.

Mr. BLANTON. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BLANTON: Page 1, line 6, strike out "$10,000" and insert in lieu thereof "$5,000."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ROBERT R. PRANN

Mr. BLACK. Mr. Speaker, I ask unanimous consent that the bill (H.R. 6585) for the relief of Robert R. Prann, Private Calendar No. 117, be laid on the table.

The reason I submit this request is that a similar bill has passed the Senate. This bill was one of those objected to by the gentleman from New York [Mr. FISH] during the early part of the session when we had trouble with regard to inserting the Lindbergh telegram in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

DR. WIRT

Mr. SWICK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. SWICK. Mr. Speaker, several days ago I called upon the Members of this House to awaken from the hypnotic trance resulting from the monotonous rhythm of a one-man band sounding the paternalistic notes of the "brain trusters."

This morning in the caucus room of the new House Office Building, a committee composed of Members of this body convened for the purpose of inquiring into certain charges against these supermen, who have been drafted into Federal service for the purpose of national recovery, by a distinguished educator.

Leaders of this House and of the administration have seen fit to discredit this accuser, even to the extent of claiming it is all a partisan political move; and yet, to the consternation of the minority members of the committee, there appeared in the role of counsel for Dr. Wirt none other than Jim Reed, of Missouri, who is undoubtedly one of the outstanding Democrats, if not the outstanding, in the United States.

There seems to be a well-defined determination on the part of the committee, of the majority members I should say, to bring the hearing to a quick determination, even though it becomes necessary to resort to unprecedented and un-American practices to do so, by denying the man whom they have summoned the right to make a statement unhindered.

It is not my purpose to say whether the charges are true or untrue. I do believe they are of sufficient gravity to merit a very thorough investigation. The fact that Senator Reed has associated himself with the accuser is to any patriotic American proof that the situation is a serious one.

If there is an organized effort on the part of men and women now within the heart of our Federal Government to substitute the atheistic doctrines of communistic Russia for the constitutional rights of Americans, they should be exposed.

I believe the patriotic sense of Americans will demand that this matter be given the same thorough investigation as is given other questions of much less importance. If the charges are false—and let us hope they are—they should be proved so beyond a doubt; otherwise, they will hang like a dark cloud over us, and do much to hinder recovery.

CHARGES OF DR. WIRT

Mr. FOULKES. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. FOULKES. Mr. Speaker, I want to call attention to the fact that certain Congressmen are being flooded with letters—all of them mimeographed form letters or copies from such forms—that seem to smack of Nazi propaganda and that coincide with the charges of Dr. Wirt. They are plainly the work of some propaganda organization bent on painting the administration as "red" and inflaming the passions and prejudices of people.

This is the form that is followed in letters coming to me and to one other Congressman:

Much is being said in the daily press about communism existing in the Roosevelt "brain trust." As a citizen of your State, I join with others in requesting you to use your powers in having these charges investigated to the very limit. And if they are found to be true, I plead with you to do your utmost to purge official Washington of these subversive influences. We should not go to atheistic Moscow for ideas on how to run the government of a Christian nation.

The letters come from certain cities in Michigan, including Detroit, Benton Harbor, and Niles, and some in central New York—Johnson City, Oneonta, Glen Aubrey, Union, and Laurens. I am withholding the names of the signers for the present.

PLAYA DE FLOR LAND & IMPROVEMENT CO.

Mr. ZIONCHECK. Mr. Speaker, I ask unanimous consent to return to Calendar No. 108, the bill H.R. 5284, for the relief of the Playa de Flor Land & Improvement Co., and that said bill be now considered. I objected to it in the first place not understanding the bill. I understand, however, that it is urgent that the bill be passed.

Mr. BLANCHARD. Mr. Speaker, reserving the right to object, will the gentleman explain the bill?

Mr. ZIONCHECK. It gives the right to certain land companies in Panama to have their claims for land adjudicated by the Federal court in Panama. It does not authorize any appropriation, and Congress will pass upon any amount the court allows, if it should allow any.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That jurisdiction is hereby conferred upon the District Court of the Canal Zone to hear and determine, without intervention of a jury, but subject to the provisions for appeal as in other cases provided by the Panama Canal Act, as amended, the claim of the Playa de Flor Land & Improvement Co. against the United States on account of property taken by the United States in the Canal Zone.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

NATURALIZATION PROCEEDINGS

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent for the immediate consideration of House Concurrent Resolution No. 35.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the House concurrent resolution, as follows:

House Concurrent Resolution 35

Resolved by the House of Representatives (the Senate concurring), That the President is requested to return to the House of Representatives the bill (H.R. 3521, 73d Cong., 2d sess.) entitled "An act to reduce certain fees in naturalization proceedings, and for other purposes", for the purpose of correcting an error in said bill.

The House concurrent resolution was agreed to.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. BULWINKLE, for 3 days, on account of personal business.

To Mr. DOUTRICH, indefinitely, on account of illness.

To Mr. NESBIT, for 1 week, on account of death in family.

To Mr. KNUTE HILL, for 2 weeks, on account of illness of sister.

WILLIAM L. JENKINS

Mr. DITTER. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. DITTER. Mr. Speaker, in connection with the consideration earlier today of the bill (H.R. 1939) for the relief of William L. Jenkins, in answer to the question of the gentleman from Ohio, I made the statement that the bill had passed the Seventy-second Congress. I wish to correct that statement. It was favorably reported, but it was not passed.

ORDER OF BUSINESS

Mr. BYRNS. In order that Members may be advised, if the House is willing to acquiesce in the unanimous-consent request I am going to submit, I ask unanimous consent that on tomorrow, in the event the gentleman from Missouri [Mr. CANNON] is unable to be present to take up the appropriation bill for the District of Columbia, it may be in order to continue the call of bills unobjected to on the Private Calendar, beginning where the call left off this afternoon.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

SENATE ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The SPEAKER announced his signature to enrolled bills and an enrolled joint resolution of the Senate of the following titles:

S. 193. An act to amend section 536c of the act entitled "An act to amend subchapter 1 of chapter 18 of the Code of Laws for the District of Columbia relating to degree-conferring institutions", approved March 2, 1929;

S. 194. An act to change the name of B Street SW. in the District of Columbia;

S. 1820. An act to amend the Code of Law for the District of Columbia;

S. 1983. An act to authorize the revision of the boundaries of the Fremont National Forest in the State of Oregon;

S. 2006. An act for the relief of Della D. Ledendecker;

S. 2057. An act authorizing the sale of certain property no longer required for public purposes in the District of Columbia;

S. 2509. An act to readjust the boundaries of Whitehaven Parkway at Huidekoper Place in the District of Columbia, provide for an exchange of land, and for other purposes;

S. 2545. An act to extend the times for commencing and completing the construction of a bridge across the Columbia River at or near Astoria, Oreg.;

S. 2571. An act authorizing the Secretary of the Interior to arrange with States or Territories for the education, medical attention, relief of distress, and social welfare of Indians, and for other purposes;

S. 2675. An act creating the Cairo Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the Ohio River at or near Cairo, Ill.;

S. 2857. An act to amend an act entitled "An act to incorporate the Mutual Fire Insurance Co. of the District of Columbia", as amended; and

S.J.Res. 15. Joint resolution extending to the whaling and fishing industries certain benefits granted under section 11 of the Merchant Marine Act, 1920, as amended.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 30 minutes p.m.) the House adjourned until tomorrow, Thursday, April 12, 1934, at 12 o'clock noon.

COMMITTEE HEARING

COMMITTEE ON MERCHANT MARINE, RADIO, AND FISHERIES

(Thursday, Apr. 12, 10 a.m.)

Continue hearings on H.R. 5205, 8581, and 8930, also S. 2629, in the committee room.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. ZIONCHECK: Committee on Naval Affairs. H.R. 4944. A bill authorizing the Secretary of the Navy to make available to the municipality of Aberdeen, Wash., the U.S.S. *Newport;* without amendment (Rept. No. 1197). Referred to the Committee of the Whole House on the state of the Union.

Mr. BRUNNER: Committee on the Post Office and Post Roads. H.R. 7302. A bill to authorize the Postmaster General to receive, operate, and to maintain for official purposes, motor vehicles seized for violation of the customs laws; without amendment (Rept. No. 1200). Referred to the Committee of the Whole House on the state of the Union.

Mr. STUBBS: Committee on Indian Affairs. H.R. 8494. A bill to authorize the Secretary of the Interior to modify the terms of existing contracts for the sale of timber on the Quinault Indian Reservation when it is in the interest of the Indians so to do; with amendment (Rept. No. 1201). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. DREWRY: Committee on Naval Affairs. H.R. 2085. A bill authorizing the Secretary of the Navy, in his discretion, to deliver to the custody of the Woman's Club, of the city of Paducah, Ky., the silver service in use on the U.S.S. *Paducah;* without amendment (Rept. No. 1196). Referred to the Committee of the Whole House.

Mr. O'CONNELL: Committee on Naval Affairs. H.R. 5544. A bill for the relief of Capt. Arthur L. Bristol, United States Navy; without amendment (Rept. No. 1198). Referred to the Committee of the Whole House.

Mr. MILLARD: Committee on Naval Affairs. H.R. 6128. A bill to correct the naval record of Joseph Horace Albion Normandin; with amendment (Rept. No. 1199). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Invalid Pensions was discharged from the consideration of the bill (H.R. 1451) granting a pension to Cornelia M. Campbell, and the same was referred to the Committee on Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BLANTON: A bill (H.R. 9061) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1935, and for other purposes; to the Committee on Appropriations.

By Mr. BACHARACH: A bill (H.R. 9062) to regulate the expenditure of public moneys heretofore and hereafter available for expenditure in carrying out the act of May 18, 1933, known as the "Tennessee Valley Authority Act of 1933", and for other purposes; to the Committee on Military Affairs.

By Mr. REED of New York: A bill (H.R. 9063) to provide for preliminary examination and survey of Barcelona Harbor, Chautauqua County, N.Y.; to the Committee on Rivers and Harbors.

By Mr. SCHULTE: A bill (H.R. 9064) granting the consent of Congress to the State of Indiana to construct, maintain, and operate a free highway bridge across the Grand Calumet River at or near a point suitable to the interests of navigation, east of Clark Street, in Gary, Ind.; to the Committee on Interstate and Foreign Commerce.

By Mr. TREADWAY: A bill (H.R. 9065) granting the consent of Congress to the Department of Public Works of the Commonwealth of Massachusetts to construct, maintain, and operate a free highway bridge across the Connecticut River at Turners Falls, Mass.; to the Committee on Interstate and Foreign Commerce.

By Mr. SUMNERS of Texas (by request): A bill (H.R. 9066) to provide for the taxation of manufacturers, importers, and dealers in small firearms and machine guns, to tax the sale or other disposal of such weapons, and to restrict importation and regulate interstate transportation thereof; to the Committee on Ways and Means.

By Mr. VINSON of Georgia: A bill (H.R. 9067) to amend the act approved February 15, 1929, entitled "An act to permit certain warrant officers to count all active service rendered under temporary appointments as warrant or commissioned officers in the Regular Navy, or as warrant or commissioned officers in the United States Naval Reserve Force, for purpose of promotion to chief warrant rank"; to the Committee on Naval Affairs.

Also, a bill (H.R. 9068) to provide for promotion by selection in the line of the Navy in the grades of lieutenant commander and lieutenant; to authorize appointment as ensigns in the line of the Navy all midshipmen who hereafter graduate from the Naval Academy, and for other purposes; to the Committee on Naval Affairs.

By Mr. CELLER (by request): A bill (H.R. 9069) to provide for the establishment of unemployment and social insurance, and for other purposes; to the Committee on Labor.

By Mr. FITZGIBBONS: A bill (H.R. 9070) relating to the eligibility of persons for appointment in the classified civil service; to the Committee on the Civil Service.

By Mr. ARENS: Joint resolution (H.J.Res. 319) to investigate corporations engaged in the manufacture, sale, or distribution of agricultural implements and machinery; to the Committee on Interstate and Foreign Commerce.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BROWN of Georgia: A bill (H.R. 9071) granting a pension to Clarence Allen; to the Committee on Pensions.

Also, a bill (H.R. 9072) for the relief of the legal representatives of the estate of John H. Christy; to the Committee on Claims.

By Mr. BURNHAM: A bill (H.R. 9073) granting a pension to Robert Fuller; to the Committee on Pensions.

By Mrs. CLARKE of New York: A bill (H.R. 9074) granting a pension to Sarah W. Chisholm; to the Committee on Invalid Pensions.

By Mr. FOCHT: A bill (H.R. 9075) granting a pension to Minnie G. Jones; to the Committee on Invalid Pensions.

By Mr. GRIFFIN: A bill (H.R. 9076) conferring jurisdiction upon the Court of Claims of the United States to hear,

determine, and render judgment upon the claims of Edward A. McCormack; to the Committee on Claims.

By Mr. KINZER: A bill (H.R. 9077) granting a pension to George Newton Groff; to the Committee on Invalid Pensions.

Also, a bill (H.R. 9078) granting an increase of pension to Lydia A. Stuard; to the Committee on Invalid Pensions.

Also, a bill (H.R. 9079) granting an increase of pension to Sarah C. Wiley; to the Committee on Invalid Pensions.

By Mr. KURTZ: A bill (H.R. 9080) granting a pension to Susan Maude Hall; to the Committee on Invalid Pensions.

Also, a bill (H.R. 9081) granting a pension to Angeline Roudabush; to the Committee on Invalid Pensions.

By Mrs. McCARTHY: A bill (H.R. 9082) for the relief of Charles W. Cole; to the Committee on Military Affairs.

By Mr. PARKS: A bill (H.R. 9083) for the relief of R. K. Garfield; to the Committee on Claims.

By Mr. RANDOLPH: A bill (H.R. 9084) to authorize the Comptroller General to settle and certify for payment the account of M. M. Smith as de facto United States commissioner for the northern district of West Virginia from May 1, 1933, to October 1, 1933; to the Committee on Claims.

By Mr. SHANNON: A bill (H.R. 9085) for the relief of Dory Cleo Arnold; to the Committee on Naval Affairs.

By Mr. WOLFENDEN: A bill (H.R. 9086) for the relief of Stewart A. McDowell; to the Committee on Military Affairs.

By Mr. JONES: Joint resolution (H.J.Res. 320) authorizing suitable memorials in honor of James Wilson and Seaman A. Knapp; to the Committee on the Library.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3772. By Mr. ANDREW of Massachusetts: Petition adopted by the General Court of Massachusetts, favoring the making of loans by the Reconstruction Finance Corporation directly to industry instead of through the agency of mortgage-loan companies; to the Committee on Banking and Currency.

3773. By Mr. BEITER: Petition of the Radio Workers Federal Labor Union, No. 18739, Tonawanda, N.Y., urging support of the Wagner labor and Connery 30-hour week bills; to the Committee on Labor.

3774. By Mr. CONNERY: Petition of the Commonwealth of Massachusetts, memorializing Congress for legislation to promote the establishment of unemployment insurance; to the Committee on Labor.

3775. Also, resolution of the City Council of the city of Lynn, Mass., requesting that one of the new warships be named U.S.S. *Lynn*; to the Committee on Naval Affairs.

3776. By Mr. DONDERO: Resolution adopted by the Commission of the city of Royal Oak, Mich., urging that payment by the United States Government to all depositors of both State and national banks, including members of the Federal Reserve System, and all banks which had been members of the Federal Reserve System even though they were not such members at the time of closing, be authorized; to the Committee on Banking and Currency.

3777. By Mr. FOCHT: Petition from citizens of Huntingdon County, Pa., protesting against the enactment of Senate bills 2258 and 885; to the Committee on the Judiciary.

3778. By Mr. GOODWIN: Petition of the Woman's Christian Temperance Union of Cobleskill, N.Y., respectfully petitioning Congress for favorable action on the Patman motion picture bill (H.R. 6097) providing higher moral standards for films entering interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

3779. Also, petition of the New York State Association of Highway Engineers, Albany, N.Y., expressing approval of the Whittington bill, providing additional moneys for highway construction to the extent of $400,000,000; to the Committee on Roads.

3780. By Mr. FITZPATRICK: Petition of the South Yonkers Residents' Association, endorsing the McLeod banking bill; to the Committee on Banking and Currency.

3781. By Mr. LINDSAY: Telegram from Hon. George U. Harvey, president of the Borough of Queens, New York City, urging passage of the McLeod bill; to the Committee on Banking and Currency.

3782. Also, petition of Thomas L. L. Ryan, of Pedlar & Ryan, Inc., New York City, opposing amendment to revenue bill which would tax coconut oil 5 cents a pound; to the Committee on Ways and Means.

3783. Also, petition of the Women's Division to Navy Yard Retirement Association, Local No. 1, Brooklyn, N.Y., favoring the passage of House bill 4492; to the Committee on Pensions.

3784. Also, petition of Hazel I. Burkhardt, of New York City, opposing the passage of the bill to regulate the stock exchange; to the Committee on Interstate and Foreign Commerce.

3785. Also, petition of Paul Forster, of New York City, opposing the Fletcher-Rayburn bill; to the Committee on Interstate and Foreign Commerce.

3786. Also, petition of W. E. Malpas, of Hoboken, N.J., opposing the Fletcher-Rayburn bill; to the Committee on Interstate and Foreign Commerce.

3787. Also, petition of James Cunningham, of New York City, opposing the passage of the Fletcher-Rayburn bill; to the Committee on Interstate and Foreign Commerce.

3788. Also, petition of R. V. Martin, of Queens Village, Long Island, N.Y., opposing the passage of the Fletcher-Rayburn bill in its present form; to the Committee on Interstate and Foreign Commerce.

3789. Also, petition of Pasquale Chirichella, of Brooklyn, N.Y., opposing the passage of the Fletcher-Rayburn bill; to the Committee on Interstate and Foreign Commerce.

3790. Also, petition of Jesse Kettell, of Brooklyn, N.Y., opposing the Fletcher-Rayburn bill in its present form; to the Committee on Interstate and Foreign Commerce.

3791. Also, petition of Arnold A. Martin, of Brooklyn, N.Y., opposing the Fletcher-Rayburn bill; to the Committee on Interstate and Foreign Commerce.

3792. Also, petition of the Maramaros Young Men's Society of Brooklyn, Inc., urging support of the Lundeen bill (H.R. 7598); to the Committee on Labor.

3793. Also, telegram from William Merrill, of Brooklyn, N.Y., favoring passage of the McLeod banking bill; to the Committee on Banking and Currency.

3794. Also, telegram from Irving J. Applebaum, of Brooklyn, N.Y., urging support of the McLeod banking bill; to the Committee on Banking and Currency.

3795. Also, telegram from Hon. Joseph Clark Baldwin 3d, minority leader, board of aldermen, New York City, favoring enactment of the McLeod banking bill; to the Committee on Banking and Currency.

3796. Also, telegram from Robert Pierce, of Brooklyn and New York, favoring enactment of the McLeod bill; to the Committee on Banking and Currency.

3797. By Mr. MILLARD: Petition signed by residents of Westchester County, N.Y., urging the repeal of that part of the Economy Act which permits department heads to impose payless furlough days on Government employees; to the Committee on the Post Office and Post Roads.

3798. Also, petition signed by residents of White Plains, Westchester County, N.Y., protesting against the reduction of time for Radio Station WLWL; to the Committee on Merchant Marine, Radio, and Fisheries.

3799. By Mr. REED of New York: Petition of the Central Council of Associated Societies, of Dunkirk, N.Y., to commemorate the service of the Polish Army in France; urging unemployment insurance or old-age pension; to the Committee on Labor.

3800. By Mr. SWICK: Petition of Jane Sattins, representing 358 residents of Butler, Pa., favoring the amendment to Senate bill 2910 to eliminate monopoly and to insure equality of opportunity and consideration for educational, religious,

agricultural, cooperative, and similar non-profit-making associations in the granting of radio licenses; to the Committee on Merchant Marine, Radio, and Fisheries.

3801. Also, petition of Frances J. Shroup and numerous other citizens of Butler and Herman, Pa., favoring the amendment to Senate bill 2910 to eliminate monopoly and to insure equality of opportunity and consideration for educational, religious, agricultural, cooperative, and similar non-profit-making associations in the granting of radio licenses; to the Committee on Merchant Marine, Radio, and Fisheries.

3802. By Mr. TREADWAY: Resolution adopted by the General Court of Massachusetts, memorializing Congress in favor of direct loans to industry by the Reconstruction Finance Corporation; to the Committee on Banking and Currency.

3803. By the SPEAKER. Petition of the American Society for Pharmacology and Experimental Therapeutics; to the Committee on Interstate and Foreign Commerce.

3804. Also, petition of California Progressives, regarding the cancelation of air-mail contracts; to the Committee on the Post Office and Post Roads.

3805. Also, petition of the Vera Cruz Council, No. 647, Knights of Columbus; to the Committee on Merchant Marine, Radio, and Fisheries.

SENATE

THURSDAY, APRIL 12, 1934

(Legislative day of Wednesday, Mar. 28, 1934)

The Senate met at 12 o'clock noon, on the expiration of the recess.

CALL OF THE ROLL

Mr. LEWIS. I note the absence of a quorum and ask for a roll call.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	Kean	Pope
Ashurst	Cutting	Keyes	Robinson, Ind.
Bachman	Davis	King	Russell
Bailey	Dickinson	La Follette	Schall
Bankhead	Dill	Lewis	Sheppard
Barbour	Duffy	Logan	Shipstead
Barkley	Erickson	Lonergan	Smith
Bone	Fess	Long	Steiwer
Borah	Frazier	McCarran	Stephens
Brown	George	McGill	Thomas, Okla.
Bulkley	Gibson	McKellar	Thomas, Utah
Bulow	Goldsborough	McNary	Thompson
Byrd	Gore	Metcalf	Townsend
Byrnes	Hale	Murphy	Vandenberg
Capper	Harrison	Neely	Van Nuys
Caraway	Hastings	Norbeck	Wagner
Carey	Hatch	Norris	Walcott
Clark	Hatfield	Nye	Walsh
Connally	Hayden	O'Mahoney	
Copeland	Hebert	Overton	
Costigan	Johnson	Pittman	

Mr. LEWIS. I announce the absence of the Senator from Arkansas [Mr. ROBINSON], who has been detained by a rather serious illness in his family. I ask that this announcement stand for the day.

I also announce the absence of the Senator from California [Mr. MCADOO], the junior Senator from Florida [Mr. TRAMMELL], my colleague the junior Senator from Illinois [Mr. DIETERICH], the Senator from Maryland [Mr. TYDINGS], the Senator from Alabama [Mr. BLACK], the Senator from Massachusetts [Mr. COOLIDGE], the senior Senator from Florida [Mr. FLETCHER], the Senator from Virginia [Mr. GLASS], and the Senator from North Carolina [Mr. REYNOLDS], who have been called away on official business.

I regret to announce the absence of the Senator from Montana [Mr. WHEELER], occasioned by illness.

Mr. HEBERT. I wish to announce that the Senator from Pennsylvania [Mr. REED] and the Senator from Missouri [Mr. PATTERSON] are necessarily absent.

The PRESIDENT pro tempore. Eighty-one Senators having answered to their names, a quorum is present.

PETITIONS AND MEMORIALS

The PRESIDENT pro tempore laid before the Senate a memorial of several citizens of Muskogee, Okla., remonstrating against the passage of the bill (S. 2926) to equalize the bargaining power of employers and employees, to encourage the amicable settlement of disputes between employers and employees, to create a National Labor Board, and for other purposes, which was referred to the Committee on Education and Labor.

Mr. WALSH presented a petition of sundry citizens of Springfield, Mass., praying for such amendment of the pure food and drug laws as will assure the public of the continued professional protection of legally responsible registered pharmacists wherever drugs and medicine are supplied, distributed, or offered for sale, which was referred to the Committee on Commerce.

He also presented a resolution adopted by the Manufacturers' Textile Association, Worcester, Mass., protesting against the passage at the present time of the so-called "Wagner bill", being Senate bill 2280, providing for unemployment insurance, which was referred to the Committee on Education and Labor.

He also presented a resolution adopted by the Massachusetts State Council of Carpenters, favoring a speedy termination of the C.W.A. relief program, and that in place thereof the original P.W.A. program be immediately expedited, which was referred to the Committee on Finance.

He also presented a petition of citizens of Worcester, Mass., being members of the congregation of the First Church of Christ, praying for the prompt ratification of the World Court protocols, which was referred to the Committee on Foreign Relations.

He also presented the memorial of the Massachusetts Indian Association, Boston, Mass., remonstrating against the passage of the bill (H.R. 7902) to grant to Indians living under Federal tutelage the freedom to organize for purposes of local self-government and economic enterprise, to provide for the necessary training of Indians in administrative and economic affairs, to conserve and develop Indian lands, and to promote the more effective administration of justice in matters affecting Indian tribes and communities by establishing a Federal Court of Indian Affairs, which was refered to the Committee on Indian Affairs.

He also presented a resolution adopted by the City Council of Revere, Mass., favoring the passage of the bill (H.R. 7986) to amend the Radio Act of 1927, approved February 23, 1927, as amended (44 Stat. 1162), which was referred to the Committee on Interstate Commerce.

He also presented a resolution adopted by the Manufacturers' Textile Association Worcester, Mass., protesting against the passage of the so-called "Capper truth-in-fabric bill", which was referred to the Committee on Interstate Commerce.

He also presented the petition of members of Pioneer Lodge, No. 238, Brotherhood of Railroad Trainmen, of Springfield, Mass., favoring amendment of the Railway Labor Act and the passage of legislation providing for the 6-hour day and other matters for the benefit of trainmen, which was referred to the Committee on Interstate Commerce.

He also presented resolutions adopted by the Woman's Home Missionary Society of Watertown; the Worcester Better Films Council, of Worcester; and the Woman's Christian Temperance Unions of Springfield, Spencer, and Worcester, all in the State of Massachusetts, praying for the passage of the so-called "Patman motion-picture bill", being House bill 6097, providing for higher moral standards for films entering interstate and foreign commerce, which were referred to the Committee on Interstate Commerce.

He also presented resolutions adopted by the Central Political and Social Club, of Boston, Mass., favoring the adoption by the House of Representatives of a resolution submitted by Representative DE PRIEST, of Illinois, to pre-

vent alleged racial discrimination in a restaurant operated in the House wing of the Capitol, which were referred to the Committee on Rules.

RECIPROCAL TARIFF AGREEMENTS—DUTY ON LACES

Mr. HEBERT. I send to the desk a memorial signed by about 500 lace operatives of Rhode Island protesting against the reciprocal tariff bill now pending before Congress. I shall not ask that it be embodied in the RECORD, but I wish to have it noted therein.

The PRESIDENT pro tempore. The memorial will be received, noted in the RECORD, and appropriately referred.

The memorial presented by Mr. HEBERT from about 500 citizens, being lace operatives, of the State of Rhode Island, remonstrating against the passage of the bill (H.R. 8687) to amend the Tariff Act of 1930, especially as it might affect the tariff duty on laces, was referred to the Committee on Finance.

PAYMENT OF ADJUSTED-SERVICE CERTIFICATES

Mr. SCHALL. Mr. President, I ask leave to insert in the RECORD some petitions, numerously signed, sent me by the United States Veterans and Civilians, Inc., of the State of Minnesota, praying for the immediate cash payment of the adjusted-service certificates of ex-service men, and ask that they be referred to the appropriate committee.

There being no objection, the petitions were referred to the Committee on Finance, and the body of one of them was ordered to be printed in the RECORD, without the signatures, as follows:

UNITED STATES VETERANS AND CIVILIANS, INC.,
Minneapolis, Minn.

Petition to Seventy-third Congress of the United States of America:

We, the undersigned veterans and civilians of Minnesota, do hereby petition the Seventy-third Congress of the United States for the immediate cash payment of the adjusted-service certificate, or so-called "bonus bill." We, the undersigned, believe that the immediate passage of this bill will not only greatly aid and stimulate industries throughout the Nation, but will also cause a general resumption of employment, which will greatly benefit the agricultural sections. The immediate payment of the bonus bill will automatically take many thousands of men now on C.W.A. and on State and Government relief off of this form of Government aid, which has been such a great strain on State and National treasuries.

———.

HOME FINANCING

Mr. OVERTON. I send to the desk a resolution adopted by the executive committee of the United States Building and Loan League at a meeting recently held in Washington, D.C., and ask that it may be printed in the RECORD and appropriately referred.

There being no objection, the resolution was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

Resolution

Whereas the resumption of home-financing activities is a necessary part of the business recovery program of the country; and

Whereas the bulk of the funds for such activities must come from the thrift and savings of the American people to finance the buying, repairing, maintaining, owning, and building of homes; and

Whereas the United States Building and Loan League represents approximately 4,000 thrift and home-financing institutions which in their existence have financed over 8,000,000 American homes, and which today hold on behalf of their members 65 percent of the small home loans in the country; and

Whereas the executive committee of the league, including representatives of 42 States, are formally assembled in Washington, D.C., in response to the call of President Lieber; and

Whereas it is the judgment of the committee that a comprehensive program is desirable, looking to a resumption of activity on the part of thrift and home-financing institutions: Therefore be it

Resolved, That the committee propose and offer its complete cooperation to the President of the United States in carrying out the following program:

(1) A guarantee of the principal of Home Owners' Loan Corporation bonds, with a clear-cut legislative definition of policy as to the citizens entitled to this relief financing, which should be confined to economically unfortunate persons involuntarily in default. (Item covered in S. 2999.)

(2) Additional capital in the aid of employment should be allocated to the Home Owners' Loan Corporation to completely modernize and maintain properties upon which it has made advances. (Estimated at $100,000,000.) (Item covered in S. 2999.)

(3) In the further stimulation of employment growing out of home repairs, home maintenance, and home building provision should be made for the liberal purchase of shares in Federal savings and loan associations and in institutions affiliated with and under the supervision of the Federal home loan bank system. (Estimated at $300,000,000.) (Item partially covered in S. 2999.)

(4) Additional funds should be provided for the Federal home loan banks in order that they may continue their expanding services. (Estimated at $200,000,000.) (Item covered in S. 2999.)

(5) Insurance of savings and loan shares for such institutions affiliated with the Federal home loan bank system as desire to purchase this protection for their investing members. This proposal would result in an increased confidence in thrift and home-financing institutions and divert at least a portion of the savings of the people into these institutions by giving them similar protection to that enacted for banking institutions. One of the reasons for the scarcity of home-mortgage capital has been large inactive savings in banks which do not make home-mortgage loans. (Estimated at $100,000,000.)

(6) Establishment of a system of boards of conciliation to serve without pay as a part of the Home Owners' Loan Corporation to increase its services to home mortgagors and home mortgagees. (No cost.)

(7) A small fund to be used by the Federal Home Loan Bank Board in encouraging home maintenance, home buying, and home owning under sound supervision and planning. (Estimated, $500,000.) (Item adequately covered in S. 2999.)

This program, involving $600,500,000, could begin to operate broadly in every part of the country without encouraging speculative building excesses. Carrying on the program through existing institutions would be both timely and efficient, especially where advances are made leading to the employment of labor. The program would also put thousands of local institutions into activity and the funds made available by the Government would be substantially augmented by thrift savings. The projects, being self-liquidating, would repay the Government, amply secured, its entire cost of capital.

I hereby certify that the above is a true and correct copy of a resolution adopted by the executive committee of the United States Building and Loan League at a meeting held in the city of Washington, D.C., on the 27th day of February 1934.

H. F. CELLARIUS,
Secretary-Treasurer.

THE STEEL CODE

Mr. DUFFY. I ask unanimous consent to have printed in the RECORD and to lie on the table a very brief letter pertaining to the steel code. The writer has given a great deal of attention to social and industrial problems and, I think, presents an interesting viewpoint.

There being no objection, the letter was ordered to lie on the table and to be printed in the RECORD, as follows:

ALLIS-CHALMERS MANUFACTURING CO.,
Milwaukee, Wis., March 29, 1934.

Senator F. RYAN DUFFY,
Senate Office Building, Washington, D.C.

DEAR RYAN: We understand that Senator BORAH has recently introduced a resolution directing the Federal Trade Commission to investigate the steel code with reference to the subject of effect of the code upon the "little fellow."

In code experience I have come to the conclusion that a proper definition of a "little fellow" is one who is smaller than a competitor. Thus, although we are regarded as a large corporation in the Wisconsin picture, nevertheless we are distinctly a little fellow in the national picture.

In view of that fact it seems proper for us to advise you that the steel code has not worked to our disadvantage in competition with our larger competitors. On the other hand, we feel we have the assurance that we are on a parity with all competitors in the purchase of materials covered by the code in question.

With best regards, I am very truly yours,

H. W. STORY, *General Attorney.*

REPORTS OF COMMITTEES

Mr. DUFFY, from the Comittee on Military Affairs, to which was referred the bill (S. 1338) for the relief of John F. Patterson, reported it without amendment and submitted a report (No. 709) thereon.

Mr. VAN NUYS, from the Committee on the Judiciary, to which was referred the bill (S. 1978) to assure to persons within the jurisdiction of every State the equal protection of the laws, and to punish the crime of lynching, reported it with amendments and submitted a report (No. 710) thereon.

Mr. LOGAN, from the Committee on Claims, to which was referred the bill (S. 2972) for the relief of John N. Knauff Co., Inc., reported it without amendment and submitted a report (No. 711) thereon.

He also, from the same committee, to which was referred the bill (S. 2431) for the relief of the estate of Joseph Y.

Underwood, reported it with amendments and submitted a report (No. 712) thereon.

Mr. GIBSON, from the Committee on Claims, to which was referred the bill (S. 3335) for the relief of Joanna A. Sheehan, reported it without amendment and submitted a report (No. 713) thereon.

He also, from the Committee on Claims, to which was referred the bill (S. 2725) for the relief of the legal beneficiaries and heirs of Mrs. C. A. Toline, reported it with amendments and submitted a report (No. 714) thereon.

Mr. CAPPER, from the Committee on Claims, to which was referred the bill (S. 3264) for the relief of Muriel Crichton, reported it with an amendment and submitted a report (No. 715) thereon.

He also, from the same committee, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 3128. An act to pay certain fees to Maude G. Nicholson, widow of George A. Nicholson, late a United States commissioner (Rept. No. 716);

H.R. 1418. An act for the relief of W. C. Garber (Rept. No. 717); and

H.R. 2337. An act for the relief of Harry L. Haberkorn (Rept. No. 718).

Mr. BULKLEY, from the Committee on Foreign Relations, to which was referred the bill (S. 380) for the relief of certain officers and employees of the Foreign Service of the United States who, while in the course of their respective duties, suffered losses of personal property by reason of catastrophes of nature, reported it without amendment and submitted a report (No. 719) thereon.

Mr. COPELAND, from the Committee on Immigration, to which was referred the bill (S. 2692) relating to the record of registry of certain aliens, reported it with amendments.

He also, from the same committee, to which was referred the bill (S. 3346) to amend the naturalization laws with respect to records of registry and residence abroad, reported it without amendment.

ENROLLED BILLS AND JOINT RESOLUTION PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on the 11th instant that committee presented to the President of the United States the following enrolled bills and joint resolution:

S. 193. An act to amend section 586c of the act entitled "An act to amend subchapter 1 of chapter 18 of the Code of Laws for the District of Columbia relating to degree-conferring institutions", approved March 2, 1929;

S. 194. An act to change the name of B Street SW., in the District of Columbia;

S. 1820. An act to amend the Code of Law for the District of Columbia;

S. 1983. An act to authorize the revision of the boundaries of the Fremont National Forest in the State of Oregon;

S. 2006. An act for the relief of Della D. Ledendecker;

S. 2057. An act authorizing the sale of certain property no longer required for public purposes in the District of Columbia;

S. 2509. An act to readjust the boundaries of Whitehaven Parkway at Huidekoper Place in the District of Columbia, provide for an exchange of land, and for other purposes;

S. 2545. An act to extent the times for commencing and completing the construction of a bridge across the Columbia River at or near Astoria, Oreg.;

S. 2571. An act authorizing the Secretary of the Interior to arrange with States or Territories for the education, medical attention, relief of distress, and social welfare of Indians, and for other purposes;

S. 2675. An act creating the Cairo Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the Ohio River at or near Cairo, Ill.;

S. 2857. An act to amend an act entitled "An act to incorporate the Mutual Fire Insurance Co. of the District of Columbia", as amended; and

S.J.Res. 15. Joint resolution extending to the whaling and fishing industries certain benefits granted under section 11 of the Merchant Marine Act, 1920, as amended.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

Mr. NEELY, from the Committee on the Judiciary, reported favorably the nomination of Howard L. Robinson, of West Virginia, to be United States attorney, northern district of West Virginia, to succeed Arthur Arnold, term expired.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nomination of Bernard R. Duncan to be postmaster at Linden, Tenn., in place of Eva Shelton.

The PRESIDENT pro tempore. The reports will be placed on the Executive Calendar.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. JOHNSON:

A bill (S. 3349) conferring jurisdiction upon the Court of Claims to hear and determine the claim of the Mack Copper Co.; to the Committee on Claims.

By Mr. OVERTON:

A bill (S. 3350) for the relief of Mrs. G. A. Brannan; to the Committee on Claims.

By Mr. ERICKSON:

A bill (S. 3351) to authorize the Secretary of the Interior to turn over to a water users' association or unit thereof or other proper organization the operation of the several units of the irrigation project on the Blackfeet Indian Reservation, Mont., and for other purposes; to the Committee on Indian Affairs.

By Mr. DICKINSON:

A bill (S. 3352) granting a pension to Emily D. Spencer; to the Committee on Pensions.

By Mr. THOMAS of Oklahoma:

A bill (S. 3353) for the relief of the heirs of George Spybuck, deceased; to the Committee on Claims.

A bill (S. 3354) providing for the distribution of funds awarded in judgment to the Creek Nation of Indians; to the Committee on Indian Affairs.

By Mr. BARKLEY:

A bill (S. 3355) to authorize the coinage of 50-cent pieces in commemoration of the two hundredth anniversary of the birth of Daniel Boone; to the Committee on Banking and Currency.

By Mr. NYE:

A bill (S. 3356) to prohibit the carriage of articles and commodities in vessels of the United States in certain cases; to the Committee on Commerce.

By Mr. BAILEY:

A bill (S. 3357) authorizing the adjustment of the claim of the Moffat Coal Co. (with accompanying papers); to the Committee on Claims.

By Mr. WALSH (for Mr. TRAMMELL):

A bill (S. 3358) to provide for promotion by selection in the line of the Navy in the grades of lieutenant commander and lieutenant; to authorize appointment as ensigns in the line of the Navy all midshipmen who hereafter graduate from the Naval Academy; and for other purposes; to the Committee on Naval Affairs.

By Mr. BYRD:

A bill (S. 3359) for the relief of the D. F. Tyler Corporation and the Norfolk Dredging Co.; to the Committee on Claims.

REVISION OF AIR-MAIL LAWS—AMENDMENT

Mr. McCARRAN submitted an amendment in the nature of a substitute intended to be proposed by him to the bill (S. 3170) to revise air-mail laws, which was ordered to lie on the table and to be printed.

COMMITTEE TO GREET THE PRESIDENT

Mr. CONNALLY. Mr. President, the senior Senator from Arkansas [Mr. ROBINSON] is detained from the Senate because of illness in his family. He has asked me to announce,

in his absence, that the President will return tomorrow from his vacation, and an informal committee has been appointed to make arrangements to meet the President at the Union Station at 9:30 a.m., a committee on the part of the Senate as well as one on the part of the House. It is composed of the Senator from Arkansas [Mr. ROBINSON], the Senator from Texas [Mr. CONNALLY], the Senator from Connecticut [Mr. LONERGAN], and the Senator from Iowa [Mr. MURPHY], together with the Sergeant at Arms and the Secretary of the Senate. On the part of the House, an informal committee has been named consisting of Representatives GREENWOOD, WOODRUM, BYRNS, DICKSTEIN, and LOZIER, and the Sergeant at Arms.

It is suggested that such Senators as desire to join in welcoming the President—and we hope the minority will be represented by those Senators who can be present—meet in the President's room at the Union Station tomorrow morning at 9:30 o'clock, simply to greet the President on his return. Then they may retire to their offices or to the Senate.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. BORAH. Will the Senator read again the committee appointed from the Senate?

Mr. CONNALLY. I undertook to say that it was not an official committee, that it was purely unofficial. I will read the names if the Senator desires. It is not a committee appointed by the Senate at all, but simply an unofficial company to make arrangements.

Mr. BORAH. I do not understand why the Senator should appoint a committee to meet the President and confine it exclusively to the Democratic side.

Mr. CONNALLY. I had nothing to do with the composition of the committee. As I understand, the Senator from Arkansas selected this informal committee, not giving it the sanction of appointment by the Senate, and there is nothing official about the welcome. I undertook to point out that the committee was to be at the station and that other Senators who desired to come would be welcome.

Mr. BORAH. I still do not understand where this committee comes from. Who appointed it?

Mr. CONNALLY. I said that the Senator from Arkansas selected it.

Mr. BORAH. I do not understand why the Senator from Arkansas should select a committee of this kind composed entirely of Democrats to greet the President on his return.

Mr. CONNALLY. So far as I am concerned, I will be very glad to include the Senator from Idaho as a member of the committee.

Mr. HARRISON. Mr. President, will the Senator from Texas yield to me?

Mr. CONNALLY. I yield.

Mr. HARRISON. I am quite sure the Senator from Arkansas meant to show no discourtesy to anyone. He merely requested the three Senators named to be sure to be at the station to meet the President and asked the Senator from Texas to extend an invitation to other Members of the Senate who could be there. It does not seem to me that the Senator from Arkansas has shown any discourtesy at all.

Mr. McNARY. Mr. President, I was not present when the statement was made by the Senator from Texas, but in fairness to the Senator from Arkansas I may state that he spoke to me yesterday about the return of the President, and to me he expressed the desire that the Republican Members of the Senate should cooperate in the welcome. I say this in fairness to the Senator from Arkansas, and I thought that he would probably mention it in person today on the floor of the Senate. I am sure that I can say for him that no discourtesy was intended to this side of the Chamber.

Mr. BORAH. I did not suppose any discourtesy was intended, but it seemed to me rather extraordinary to read in the Senate the names of a committee appointed to meet the President, composed entirely of Senators from the Democratic side.

Mr. McNARY. I am not conversant with any committee that has been named, that matter was not discussed, but I can say, in fairness to the Senator from Arkansas, that he did notify me yesterday of the plan to welcome the President on his return.

Mr. CONNALLY. Mr. President, I am acting simply in the absence of the Senator from Arkansas, and I desire to confirm what has been said by the Senator from Oregon [Mr. McNARY]. My understanding is that the Senator from Arkansas conferred with the Senator from Oregon before these arrangements were at all undertaken. It was clearly understood that it was not the appointing of a Senate committee, it was purely a voluntary matter, to notify the Senators to be present. The Senators named were simply requested to see that the arrangements were made for such Senators as desired to be present.

I am sure the Senator from Arkansas did not contemplate or intend any discourtesy to Senators. On the other hand, he expressly requested that Senators on both sides of the aisle be invited to be present, and asked that they be asked to cooperate. That is as clear as I can make it.

Mr. LOGAN. Mr. President, will the Senator yield to me?

Mr. CONNALLY. I yield.

Mr. LOGAN. By whom were they to be invited, may I ask? If this is purely a private matter, and a private committee, what I want to know is why it is referred to in the Senate at all. Has the Senate appointed anybody?

Mr. CONNALLY. No.

Mr. LOGAN. The Senate has nothing to do with it, and as I understand, the Senator from Texas is merely making an announcement of what has been done by individuals.

Mr. CONNALLY. That is true.

Mr. LOGAN. Inasmuch as there was no action of the Senate, I do not see any occasion for referring to it in the Senate. Anybody who desires can get up a committee.

Mr. CONNALLY. Let me say to the Senator from Kentucky that, instead of sending engraved invitations to each Member of the Senate, I thought it not inappropriate simply to make an announcement of the fact. If that has offended anyone, or if anybody has had his feelings disturbed or ruffled, I am very sorry about it.

Mr. LONG. A point of order.

Mr. LOGAN. I am not offended. I simply did not see why it should be referred to in the Senate.

The PRESIDENT pro tempore. The Senator from Louisiana will state his point of order.

Mr. LONG. Where does all this "hurrally" come in on account of the President coming back to the city? What have we to do with it? Let him go and come when he gets ready.

The PRESIDENT pro tempore. The point of order is overruled.

Mr. LEWIS. Mr. President, I ask for a moment of order while I make an announcement.

Unhappily, this matter has been confused for lack of a complete understanding. I think it is quite evident that some of us can speak knowingly, that the object of the Senator from Arkansas was that in the event of some of the Democratic Senators wishing to go to the station to welcome the President, there should be no uncertainty, each thinking the other might go, and he designated certain Senators on the theory that they possibly would have time. He left to the leader of the opposition, the distinguished Senator from Oregon, to make such suggestion as he chose to his fellow Senators, to determine which ones would find it agreeable and convenient to joint those who had been designated by the leader on the Democratic side. There was nothing more than a suggestion along that line. I assure the Senator from Idaho that it was only on the theory that both sides would find what Senators could find it possible to go to greet the President without inconveniencing themselves in their engagements. That was the only object the Senator had in making the suggestion.

LIMITATION OF COTTON ACREAGE

Mr. FESS. Mr. President, during the discussion of the bill for the compulsory reduction of cotton acreage, some of us raised the question whether it would be of any particular benefit to the American cotton grower, but we did not have much doubt that it would be beneficial to the foreign cotton grower.

There appeared in the New York Times of Sunday last an article with the date line of Buenos Aires, commenting upon this legislation as it will affect favorably the cotton growers of South America. The article is about a quarter of a column in length, and if there is no objection I should like to have it read at the desk.

The PRESIDENT pro tempore. In the absence of objection, the article will be read.

The legislative clerk read as follows:

[From the New York Times of Sunday, Apr. 8, 1934]

ARGENTINA URGES BIG COTTON CROP—WANTS ACREAGE INCREASED IN EFFORT TO BUILD UP NEW TEXTILE INDUSTRY—INTERESTED IN OUR PLANS—FARMERS TOLD CURTAILMENT HERE MEANS BROADER MARKET FOR THEIR CROPS

By John W. White

BUENOS AIRES, March 30.—Argentina is watching with enthusiastic satisfaction the efforts made to reduce cotton acreage in the United States. News of every move in that direction is accompanied by editorials urging Argentine farmers to raise more cotton and assuring them that new markets are theirs for the asking.

Cotton is a new crop in Argentina and 96 percent of the production comes from the northern territory of the Gran Chaco, which is the southern portion of that vast Chaco area for which Bolivia and Paraguay are fighting north of the Pilcomayo River. Argentina is already producing nearly enough cotton to supply its textile mills, and it exported 28,000 tons of unginned cotton in 1932, most of it going to Great Britain and Germany.

TEXTILE INDUSTRY GROWING

The textile industry is rapidly becoming one of the most important manufacturing activities in Argentina. As part of the country's recovery plan, the Government is urging farmers to grow more cotton, at the same time urging the public to use more locally manufactured textiles. This is only one branch of importation which the national government is trying to curtail in its effort to preserve the trade balance needed to pay the services on the public debt.

But it is as a phase of awakening industrial consciousness that the newspapers are urging increased cotton production to feed more mills, to the end that Argentina may even export cotton textiles. They believe that this country can compete successfully in the sale of textiles to the Pacific coast republics. The following editorial from La Opinion, of Resistencia, capital of the Chaco territory, is typical:

"The recent abundant and opportune rains have been extremely beneficial for the cotton fields. Unless there are unforeseen difficulties these rains will produce an abundant crop. Certain plagues often cause widespread ruin for the producers, sometimes even destroying most of the crops. But unless these plagues appear this year, there is every reason to expect a fine crop. The outlook is very promising, especially as cotton is being sold at prices much higher than former years.

OUR CROP CUT A BENEFIT

"The optimism of growers is all the more well founded in view of the plan of the United States Government to reduce that country's cotton production by about 25 percent. This reduction will have a favorable effect on our country and must necessarily be of benefit to the cotton growers of our northern territories.

"This logical and desirable recompense for the efforts of the Chaco cotton growers is certain to be a stimulus for those planters who for several years have been working to improve the quality of their cotton. In view of the progress which the textile industry is making in our country, and also in view of the fact that there are markets on the Pacific coast which could be supplied with our cotton goods, our cotton production must be increased, by both extensive and intensive cultivation. Argentina has a magnificent future as a manufacturing country. Therefore it is necessary to increase the cultivation of our textiles on a much vaster scale."

Mr. FESS. Mr. President, the reason why I desired to have this dispatch from Buenos Aires read is that it bears upon our discussion as to who would benefit from legislation that would, in a compulsory manner, reduce the American production of cotton. I was concerned—though not because of any particular interest in cotton, except as an American product—as to how the reduction of our product, in view of the fact that so much of it is exported, would benefit the American grower. I could understand how anything that would stimulate the production of cotton in other countries would tend to supply the markets of the other countries, and to that degree take away those markets from us; and for that reason I had feared that the legislation would be beneficial to the foreign grower, while it seemed to me it might operate in exactly the opposite way as to the American grower.

This article appears to me to evidence the judgment of the foreign growers of cotton that our legislation is greatly for their benefit rather than of our own producers.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed without amendment the following bills of the Senate:

S. 163. An act for the relief of Capt. Guy M. Kinman; and

S. 3209. An act limiting the operation of sections 109 and 113 of the Criminal Code and section 190 of the Revised Statutes of the United States with respect to counsel in the case of United States of America against Weirton Steel Co. and other cases.

The message also announced that the House had passed the following bills and joint resolution, in which it requested the concurrence of the Senate:

H.R. 2416. An act for the relief of Mrs. George Logan and her minor children, Lewis and Barbara Logan;

H.R. 2541. An act for the relief of Robert B. James;

H.R. 2561. An act for the relief of G. Elias & Bro., Inc.;

H.R. 2682. An act for the relief of Bonnie S. Baker;

H.R. 2689. An act for the relief of Edward Shabel, son of Joseph Shabel;

H.R. 2692. An act for the relief of Lula A. Densmore;

H.R. 2748. An act for the relief of A. C. Francis;

H.R. 2749. An act for the relief of E. B. Rose;

H.R. 2750. An act for the relief of Scott C. White;

H.R. 3161. An act for the relief of Henry Harrison Griffith;

H.R. 3300. An act for the relief of George B. Beaver;

H.R. 3302. An act for the relief of John Merrill;

H.R. 3345. An act to authorize the Department of Agriculture to issue a duplicate check in favor of the Mississippi State treasurer, the original check having been lost;

H.R. 3551. An act for the relief of T. J. Morrison;

H.R. 3579. An act for the relief of O. S. Cordon;

H.R. 3580. An act for the relief of Paul Bulfinch;

H.R. 3611. An act for the relief of Frances E. Eller;

H.R. 3614. An act for the relief of Clara C. Talmadge;

H.R. 3636. An act for the relief of Thelma Lucy Rounds;

H.R. 3705. An act for the relief of Julia E. Smith;

H.R. 3748. An act for the relief of Mary Orinski;

H.R. 3749. An act for the relief of Hunter B. Glasscock;

H.R. 3868. An act for the relief of Arabella E. Bodkin;

H.R. 3900. An act authorizing the Secretary of the Treasury to pay certain subcontractors for material and labor furnished in the construction of the post office at Las Vegas, Nev.;

H.R. 3952. An act for the relief of Grace P. Stark;

H.R. 3992. An act for the relief of C. A. Betz;

H.R. 4060. An act for the relief of Ellen Grant;

H.R. 4519. An act for the relief of C. W. Mooney;

H.R. 4659. An act for the relief of Carleton-Mace Engineering Corporation;

H.R. 4793. An act for the relief of Moses Israel;

H.R. 4832. An act for the relief of Edgar Sampson;

H.R. 4846. An act for the relief of Joseph Dumas;

H.R. 4847. An act for the relief of Galen E. Lichty;

H.R. 4928. An act for the relief of the Palmetto Cotton Co.;

H.R. 5284. An act for the relief of the Playa de Flor Land & Improvement Co.;

H.R. 5299. An act for the relief of Orville A. Murphy;

H.R. 5310. An act for the relief of John P. Seabrook;

H.R. 5405. An act for the relief of Nicola Valerio;

H.R. 5689. An act providing for the advancement in rank of Frederick L. Caudle on the retired list of the United States Navy;

H.R. 6246. An act granting 6 months' pay to Annie Bruce;

H.R. 6863. An act for the relief of W. B. Fountain;

H.R. 6871. An act for the relief of Austin L. Tierney;

H.R. 7437. An act for the relief of E. C. West; and

H.J.Res. 315. Joint resolution granting consent of Congress to an agreement or compact entered into by the State of New York with the Dominion of Canada for the establishment of the Buffalo and Fort Erie Public Bridge Authority, with power to take over, maintain, and operate the present highway bridge over the Niagara River between the city of Buffalo, N.Y., and the village of Fort Erie, Canada.

The message further announced that the House had agreed to a concurrent resolution (H.Con.Res. 35) requesting the President to return to the House of Representatives the bill (H.R. 3521), for the purpose of correcting an error in said bill, in which it requested the concurrence of the Senate.

DR. WILLIAM A. WIRT

Mr. DICKINSON. Mr. President, I ask unanimous consent to have printed in the RECORD certain telegrams from Gary, Ind., relative to the reputation of Dr. William A. Wirt, with reference to whether or not Dr. Wirt was ever confined in jail. The communications are from the Commercial Club, from a Catholic rector, from an editor, and from other distinguished citizens.

There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

"Any charge that Dr. William A. Wirt was in jail in Gary for un-American acts or utterances during the World War period is utterly unfounded. I was mayor of Gary in 1917 and am the present mayor. No man stands higher in the esteem of the people of Indiana than Dr. Wirt." (Signed by R. O. Johnson.)

"I have been a resident and banker in Gary for 19 years, actively identified with the Democratic Party. Was a member of a conscription board during the war. Have known Dr. Wirt since I came here. He was neither imprisoned nor interned during the war or at any time during my residence in Gary. He is a true American." (Signed by Harry L. Arnold.)

"I have known William A. Wirt for 24 years and can say there is no more patriotic American than he. He was not under arrest during the war nor was his name ever brought under suspicion. On the contrary, he served his country as fearlessly during the war as he does in times of peace. I have complete confidence in Mr. Wirt's patriotism and sincerity, and I believe I have been so placed as to be a competent judge of both." (Signed by H. B. Snyder, editor of Post Tribune.)

"I have been Dr. Wirt's personal attorney for 27 years. Was mayor of Gary during the World War. Dr. Wirt was neither imprisoned nor interned in the Gary jail during the war for pro-Germanism nor any other cause. His Americanism has never been questioned by anyone here. He is regarded as an outstanding educational and intellectual leader throughout Indiana and the Nation as well as in our community." (Signed by William F. Hodges.)

"I have been a resident and Catholic parish leader of Gary for 27 years, intimately identified with social, civic, and religious activities of this community. Never heard of Dr. William A. Wirt's being imprisoned or interned for any cause during the war period or any other time." (Signed by Rev. Father Thomas Jansen.)

"The charge made on the floor of the House yesterday that Dr. Wirt because of pro-German tendencies during the war was interned, or even under suspicion, is entirely unfounded and unjust. As a Gary member of the Lake County Council of National Defense during the war I have full knowledge of any charge made during those trying days against any resident of the county, and more especially of Gary, of suspected disloyalty. Dr. Wirt took an active part in every patriotic endeavor during the war." (Signed by H. S. Norton, president of Gary Commercial Club and Chamber of Commerce.)

"I have known Dr. William A. Wirt intimately for 27 years. I was connected with many war activities during the war, and served with Dr. Wirt on the war-stamp drive, he being the chairman for our section. Dr. Wirt is an exceptionally conscientious, painstaking gentleman, and is held in very high regard by our citizens in all walks of life." (Signed by Harry Hall.)

REMOVAL OF TRADE RESTRICTIONS

Mr. REYNOLDS. Mr. President, I ask unanimous consent to have printed in the RECORD an article entitled "Removal of Trade Restrictions Best Way to Recover Prosperity", by Hon. John W. Hester, of Durham, N.C., which article was published in the Washington Evening Star of several days ago.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Evening Star]

REMOVAL OF TRADE RESTRICTIONS BEST WAY TO RECOVER PROSPERITY

The action of the House in voting to give the President the power to negotiate reciprocal trade agreements is, according to my way of thinking, one of the most encouraging pieces of legislation that has come from either branch of the Congress during this administration. I hope it makes the grade in the Senate.

Now, I am quite familiar with the stock argument as to the delegation of legislative power to the Executive. And, frankly, it is a delegation of the legislative function to the Executive. However, the history of the exercise of that function on the part of the Congress has been such as to convince the average man that it is useless to expect any sensible legislation on the subject from the Congress. It is known of all that tariff legislation has long since been reduced to the low level of a mere horse-swapping performance, with the outcome depending upon the trading instinct plus the political power of the interest affected.

But there is much to be said now for the delegation of such power that could not be said heretofore. Since the United States saw fit to enact its present tariff law over the protests of practically all of the trading nations of the earth there has been developed a radical change in the machinery for handling tariff matters. There has been a general delegation of the power to make trade agreements to the executive departments in response to the new nationalistic idea that every nation has to go it alone. This change in the general tariff-making machinery on the part of other countries makes it imperative that like machinery be set up in this country, otherwise we are likely to see the trade areas of the earth pre-empted by the countries possessing the more facile and flexible machinery. Hence, it is now a matter of practical necessity that the President be given the trade treaty-making power.

However, I am not primarily interested in the mechanics of the situation. Quite to the contrary, I am more interested in giving nature a chance to overcome man's follies. Furthermore, I am tremendously interested in making it unnecessary for this Government to follow in the wake of the tottering and crumbling European democracies, which becomes the more unavoidable and inevitable in the degree and to the extent that the spiritual and physical forces of the American people are cramped and restricted. A free people and a controlled economy are contradictory in thought and mutually exclusive in fact. I am unwilling to surrender the former for the latter until I am convinced by actual trial that nature's economy is not superior to any man-made, artificial economy. I know that the American people can do hundreds of things more efficiently and more cheaply than any other people on earth. I want to major those activities and ease out of the inefficient and the comparatively more costly activities.

For instance, I can't see any sense in our going counter to nature in trying to produce sugar in this country. Nature gave Cuba and the Philippines the moisture, the soil, and atmosphere or climate in which to grow sugarcane. We had better buy the land involved here in the growth of beets and cane from which sugar is made, give it back to its present owners, their heirs, assigns, and successors in perpetuity and pension their progeny for all time. It would certainly be a saving in dollars and cents. And, on the other hand, the industrial life of America is shot through and through with similar inefficient and unduly costly activities. This acting the wet-nurse to the inefficient and abnormal—yes, unnatural—activities here and abroad is what has caused the dislocation of trade and commerce and the resultant fall of democracies and republics. Republics and democracies are the agencies of free peoples only, and a free people can't be regimented or strait-jacketed. Consequently, republics and democracies fall in direct ratio to the extent of the adoption of coercive and restrictive agricultural, industrial, and commercial measures.

And the theory that overproduction is the cause of our present troubles is inconsistent with the fact that 80 percent of the peoples throughout the earth are undernourished, poorly clad, and inadequately housed. On the contrary, production is not and has never been equal to human needs. We have foolishly obstructed the distribution of what we produce, which has resulted in an overflow at the various points of obstruction.

The United States, with its people regimented and subjected to a controlled economy, is but a giant animal forced to feed upon its own flanks, with the sure prospect that sooner or later a vital part of the body will be reached and death will ensue. You can't obtain Russian objectives without the application of Russian methods. You can't imprison the spirit of America or shackle her activities and at the same time preserve her institutions.

For the foregoing reasons I want to see adopted every device that tends to the removal of trade restrictions. America can make her way in competition with the rest of the world if she is permitted to major those activities in which she excels and be relieved of the load of carrying the inefficient and unnatural. Furthermore, I favor at the earliest opportunity the adjustment of our foreign debts by the payment thereof in goods, the only way in which any substantial foreign debt has ever been paid. We developed this country very largely upon foreign capital and we paid our foreign obligations in goods. At the beginning of the World War we were paying a debt service charge in the sum of $200,000,000, not in money, but in goods.

At the close of the war the tables had turned and a debt service charge was running in our favor in the sum of $500,000,000 annually. Did we change our trade policy accordingly? No; we tried to make a debtor-nation trade policy fit a creditor-nation position. This was as impossible as the eating of the cake and having it, too. We must permit the payment of these obligations owing us in goods or cancel the same. The sooner we do one or the other, the better for all concerned.

WAR AND PROFITS—ADDRESS BY SENATOR NYE

Mr. BONE. Mr. President, I ask unanimous consent to have printed in the RECORD a radio address delivered by the Senator from North Dakota [Mr. NYE] on April 10 on the subject of "War and Profits." The address was delivered over an eastern radio hook-up.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

WAR PROFITS—THE PROFITS OF WAR AND PREPAREDNESS

A restless mind exists throughout the world today. One naturally is concerned about our Nation's preparedness for war. The cause of preparedness, however, has lent itself to abuses which amount to national scandal, and in time will cause nations to bow their heads in shame of the frightful things done in its name.

To provide an adequate national defense is a positive duty of government. But what constitutes an adequate defense? Is it preparation to defend ourselves against aggression? Or is it preparation to go to all quarters of the earth to carry on warfare? If the questions were left to the people, there is not serious doubt as to what the answers would be. If the people, unhampered by interests with selfish purposes, had their way, adequate defense would involve alone preparation for war at home. Then, with no nation preparing to leave its own borders to make war, there would quickly dawn a golden opportunity and invitation to further prune the expense of defensive preparation.

The sad facts are, though, that the people do not have their way upon matters involving ultimate war. Influences are constantly at work which disarm people of a feeling of security in what was once thought to be an adequate defense. These influences are by men who hold positions of great influence in our social and political order, men who have been highly successful in inducing others to accept as truth the baseless assertions of their false though profitable propaganda.

Americans left to their good sense and judgment will declare that never again will our country engage in war away from home. But never at any time is there let-up of that propaganda intended to convince us that other nations are more adequately prepared for war than are we. And the propaganda so effective with us is equally effective when used in other lands. The result is an increasing competition between nations in providing military strength; a competition so insane in its accomplishment that the world finds itself completely forgetting what really is adequate in the way of national defense; a competition which witnesses nations launched upon preparation programs on a scale never known to the world in peace times. Already the race is one which causes nations, including our own, to spend two and three times more money now than before the late World War. And here we are, only 15 years removed from that war, with its painful and expensive economic and physical consequences still upon us.

Under these circumstances it is fair to ask: Where does preparedness and national defense end? Viewing the insane trend of competition between nations it is equally fair to answer: It ends in war, war more terrible than any yet known; war, no one knows just where, when, or for what cause, but war nevertheless. And to whose profit and satisfaction, pray tell? Certainly not to that of the men and boys who will be called upon to carry on; not to that of their loved ones. Certainly not to the profit of the Nation, for now, while still bleeding from the last war, we see that war gives not profit but debt—burdensome, crushing debt.

Is our civilization helplessly insane and laboring under a complex utterly suicidal? Who profits, who gains any satisfaction from this mad race of so-called "preparedness"?

The answer is not difficult of finding for those who will face facts.

Many studies are being made, resulting in published articles on the subject of War and Profit. One of the most notable of these is to be found in the current number of Fortune Magazine. Here we find a most sordid tale of the scheming of European manufacturers to create a market for their instruments of war, of the perfect will of these manufacturers to supply the material to be used by enemy governments against their own, perhaps against the very factory workers whose labor created the munitions. These patriots have no prejudices. They perfect new death-dealing instruments and sell to whichever or however many governments will buy. There has been recorded the fact that French soldiers were mowed down by French-made guns in the hands of the enemy. German soldiers moving westward were killed by German-made guns sold to Belgium, while German-made machines sold to Russia visited death and destruction upon the men fighting for the Fatherland on the eastern front. Mounted in monumental fashion in a small English community is a great gun captured from the Germans in an engagement which cost the lives of many of the young men of that British community. On one side of the gun are engraved the names of the sons of Britain who gave up their lives in that engagement before the machine was captured; on the other side is engraved the name of the British munitions maker who sold the instrument to Germany. The story of the commercialism of war and preparation for it is ugly, gruesome. It does no credit to European munitions makers or to the countries which permitted these merchants to ply their trade.

But who are we to pity the poor souls with whom these European manufacturers play as with toys? Look at ourselves in America and the history of our own munitions makers, who supply Uncle Sam's needs in an adequate defense program and rush their supersalesmen off to foreign lands to ply their trade at peace conferences.

Last Friday was Army Day, and past the Capitol and down the city's parade avenue there marched and rode 5,000 of America's finest—America's defenders—strong, splendidly uniformed men, beautiful, well-matched steeds, shining steel helmets, rifles, and mounted guns. All this, with the proudly waving colors, is at once inspiring. Hats off to these well-trained men prepared at a moment's notice to rush to the defense of country and flag. Yet, even in that inspiring moment, I could not fully restrain myself and be blind to the fact that those glistening steel helmets, for example, were the profit-returning products of American manufacturers, a product intended to protect those fine heads under the helmets against the shrapnel and shells which the same manufacturers had sold to the military departments of other nations which might some day be our foe in war. What madness. What rotten commercialism. Name a more inhuman trade. Was ever a more insane racket conceived in depraved mind or tolerated by an enlightened people?

After the adequate defensive needs of the American Government have been provided for by the annual appropriations, it is said, off to South America go these manufacturers, breeding there suspicion and fear between countries while American statesmen strive to accomplish understanding and maintain peace. Incidentally, order books are carried along to record the orders for military needs which always grow out of suspicion and fear. China and Japan likewise seem to offer a fine market for our American merchants of death and destruction.

Just before the Civil War a leading financial figure conceived the idea of buying at auction thousands of rifles which the American Army was casting aside. The purchase was at a price of just over $3 per gun. The following year, when the Union forces desperately needed guns, this financier sold these same guns to the Government at $22 each, a 700 percent profit. When Fremont's soldiers tried to fire these guns, they shot off their own thumbs. But Morgan finally got his money, through court action, the court holding the contract was sacred. Is there profit for anyone in war?

But look out for Japan! we are cautioned.

If we should, by some unbelievable chance, find ourselves at war with Japan, it is safe to wager that our soldiers and sailors will find their enemy armed with and mowed down by instruments produced by American manufacturers—at a profit, of course.

In the name of adequate defense our American costs of maintaining the Army and Navy are now more than $700,000,000 annually, compared with $343,000,000 just before we entered the World War, the war that was going to end war. From 1913 to 1930 Great Britain's cost of national defense increased 42 percent; France, 30 percent; Italy, 44 percent; Japan, 142 percent; Russia, 30 percent; while your Uncle Sam rushed to a 200 percent increase in his defense costs.

When will we cease this mad game? But, let us remember that the surest way to maintain peace is to prepare for war, we are urged.

I deny that there is any foundation in fact or historical experience for the claim that preparation for war maintains peace. The claim is a myth, sponsored and nursed by those whose unclean profits would vanish if ever they permitted the world to know that preparation for war is marvelously profitable for a few.

Between the United States and Canada there stretches a boundary of thousands of miles. During the lifetime of these two neighbors there has never been stationed a soldier, a mounted gun, or any evidence of military defense. It is encouraging to know that today fine minds in both countries are conceiving the establishment of a monument to commemorate these years of peace without demonstration of armed strength.

This monument is to take most unusual form. On each side of the boundary, in the Turtle Mountains of my State of North Dakota and Canada, hundreds of acres are being set aside to be developed and made known as the "International Peace Garden." These acres will be landscaped and made a beautiful spot in commemoration of the peaceful relationship that has existed through all of these years without that common demonstration of adequate defense.

Oh, that there could be more such monuments.

There is a book about to come from the press which would save our Nation billions and our people much suffering if it could be read by every American. It is the story of profits and methods of munition makers, written by Engelbrecht and Kanighen, published by Dodd, Mead & Co., and chosen by the Book of the Month Club for May. And what a title this work has. Merchants of Death is its name. It is packed full of worth-while facts about our munition makers. To this book I must credit some of the information I have offered tonight, and to it I am indebted for a reminder of that advertisement once published by an American munitions manufacturer. This manufacturer had developed a death-dealing instrument which it was anxious to sell, and it advertised its accomplishment to the world as follows:

"The material is high in tensile strength and very special. The timing of the fuze of this shell is similar to the shrapnel shell, but it differs in that two explosive acids are used to explode the shell in the large cavity. The combination of these two acids causes a terrific explosion, having more power than anything of

its kind yet used. Fragments become coated with the acids in exploding and wounds caused by them mean death in terrible agony within 4 hours, if not attended to immediately.

"From what we are able to learn of conditions in the trenches, it is not possible to get medical assistance to anyone in time to prevent fatal results."

This is not a pleasant story with which to close my remarks. There ought to be something a little more cheering, and I think that cheer is to be found in the prospect, which is large, that within the next few days the Senate will pass the resolution which has been offered by Senator VANDENBERG and myself, calling for a sweeping investigation of the activities and methods resorted to by our munitions makers to fatten thin bank accounts in the name of preparedness.

I am sure that such an investigation will develop facts which will let people know how they are made monkeys of by profit-hungry, soulless madmen, who are making lunatics of the people of the world by their incessant propaganda for ever-larger appropriations in the name of an adequate defense. Truth always produces worth-while results. Truth concerning the methods and programs of our munitions makers might fetch an awakening which would demand the removal of the element of profit from national defense and war. I am sure such action will not necessitate additional relief camps to accommodate those gentlemen, who profit most largely when millions of men are giving their lives to the cause of flag and country. And it most assuredly will reduce the danger of more war and the terrific burdens of expense now required in the name of adequate defense.

INTERNAL-REVENUE TAXATION

The Senate resumed the consideration of the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Wisconsin [Mr. LA FOLLETTE] in the nature of a substitute for the amendment reported by the committee on page 196, beginning in line 13.

The amendment of Mr. LA FOLLETTE is as follows:

On page 196, after line 12, to strike out:

"SEC. 405. Estate tax rates: (a) The last 14 paragraphs of section 401 (b) of the Revenue Act of 1932 are amended to read as follows:

"'$126,000 upon net estate of $1,000,000; and upon net estates in excess of $1,000,000 and not in excess of $1,500,000, 20 percent in addition of such excess.

"'$226,000 upon net estates of $1,500,000; and upon net estates in excess of $1,500,000 and not in excess of $2,000,000, 22 percent in addition of such excess.

"'$336,000 upon net estates of $2,000,000; and upon net estates in excess of $2,000,000 and not in excess of $2,500,000, 25 percent in addition of such excess.

"'$461,000 upon net estates of $2,500,000; and upon net estates in excess of $2,500,000 and not in excess of $3,000,000, 27 percent in addition of such excess.

"'$596,000 upon net estates of $3,000,000; and upon net estates in excess of $3,000,000 and not in excess of $3,500,000, 30 percent in addition of such excess.

"'$746,000 upon net estates of $3,500,000; and upon net estates in excess of $3,500,000 and not in excess of $4,000,000, 32 percent in addition of such excess.

"'$906,000 upon net estates of $4,000,000; and upon net estates in excess of $4,000,000 and not in excess of $4,500,000, 35 percent in addition of such excess.

"'$1,081,000 upon net estates of $4,500,000; and upon net estates in excess of $4,500,000 and not in excess of $5,000,000, 37 percent in addition of such excess.

"'$1,266,000 upon net estates of $5,000,000; and upon net estates in excess of $5,000,000 and not in excess of $6,000,000, 40 percent in addition of such excess.

"'$1,666,000 upon net estates of $6,000,000; and upon net estates in excess of $6,000,000 and not in excess of $7,000,000, 42 percent in addition of such excess.

"'$2,086,000 upon net estates of $7,000,000; and upon net estates in excess of $7,000,000 and not in excess of $8,000,000, 44 percent in addition of such excess.

"'$2,526,000 upon net estates of $8,000,000; and upon net estates in excess of $8,000,000 and not in excess of $9,000,000, 46 percent in addition of such excess.

"'$2,986,000 upon net estates of $9,000,000; and upon net estates in excess of $9,000,000 and not in excess of $10,000,000, 48 percent in addition of such excess.

"'$3,466,000 upon net estates of $10,000,000; and upon net estates in excess of $10,000,000, 50 percent in addition of such excess.'

"(b) The amendments made by this section shall be effective only with respect to transfers of estates of decedents dying after the date of the enactment of this act.

"SEC. 406. Nondeductibility of certain transfers: Section 303 (a) (3) and section 303 (b) (3) of the Revenue Act of 1926, as amended, are amended by inserting after 'individual', wherever appearing therein, a comma and the following: 'and no substantial part of the activities of which is participation in partisan politics or is carrying on propaganda, or otherwise attempting, to influence legislation.'"

And in lieu thereof to insert the following:

"SEC. 404. Estate tax rates: (a) Section 401 (b) of the Revenue Act of 1932 is amended to read as follows:

"'(b) The tentative tax referred to in subsection (a) (1) of this section shall equal the sum of the following percentages of the value of the net estate:

"'Upon net estates not in excess of $20,000, 1 percent.

"'$200 upon net estates of $20,000; and upon net estates in excess of $20,000 and not in excess of $30,000, 2 percent in addition of such excess.

"'$400 upon net estates of $30,000; and upon net estates in excess of $30,000 and not in excess of $40,000, 3 percent in addition of such excess.

"'$700 upon net estates of $40,000; and upon net estates in excess of $40,000 and not in excess of $50,000, 4 percent in addition of such excess.

"'$1,100 upon net estates of $50,000; and upon net estates in excess of $50,000 and not in excess of $60,000, 5 percent in addition of such excess.

"'$1,600 upon net estates of $60,000; and upon net estates in excess of $60,000 and not in excess of $80,000, 7 percent in addition of such excess.

"'$3,000 upon net estates of $80,000; and upon net estates in excess of $80,000 and not in excess of $100,000, 9 percent in addition of such excess.

"'$4,800 upon net estates of $100,000; and upon net estates in excess of $100,000 and not in excess of $200,000, 12 percent in addition of such excess.

"'$16,800 upon net estates of $200,000; and upon net estates in excess of $200,000 and not in excess of $400,000, 16 percent in addition of such excess.

"'$48,800 upon net estates of $400,000; and upon net estates in excess of $400,000 and not in excess of $600,000, 19 percent in addition of such excess.

"'$86,800 upon net estates of $600,000; and upon net estates in excess of $600,000 and not in excess of $800,000, 22 percent in addition of such excess.

"'$130,800 upon net estates of $800,000; and upon net estates in excess of $800,000 and not in excess of $1,000,000, 25 percent in addition of such excess.

"'$180,800 upon net estates of $1,000,000; and upon net estates in excess of $1,000,000 and not in excess of $1,500,000, 28 percent in addition of such excess.

"'$320,800 upon net estates of $1,500,000; and upon net estates in excess of $1,500,000 and not in excess of $2,000,000, 31 percent in addition of such excess.

"'$475,800 upon net estates of $2,000,000; and upon net estates in excess of $2,000,000 and not in excess of $2,500,000, 34 percent in addition of such excess.

"'$645,800 upon net estates of $2,500,000; and upon net estates in excess of $2,500,000 and not in excess of $3,000,000, 37 percent in addition of such excess.

"'$830,800 upon net estates of $3,000,000; and upon net estates in excess of $3,000,000 and not in excess of $3,500,000, 40 percent in addition of such excess.

"'$1,030,800 upon net estates of $3,500,000; and upon net estates in excess of $3,500,000 and not in excess of $4,000,000, 43 percent in addition of such excess.

"'$1,245,800 upon net estates of $4,000,000; and upon net estates in excess of $4,000,000 and not in excess of $4,500,000, 46 percent in addition of such excess.

"'$1,475,800 upon net estates of $4,500,000; and upon net estates in excess of $4,500,000 and not in excess of $5,000,000, 48 percent in addition of such excess.

"'$1,715,800 upon net estates of $5,000,000; and upon net estates in excess of $5,000,000 and not in excess of $6,000,000, 50 percent in addition of such excess.

"'$2,215,800 upon net estates of $6,000,000; and upon net estates in excess of $6,000,000 and not in excess of $7,000,000, 52 percent in addition of such excess.

"'$2,735,800 upon net estates of $7,000,000; and upon net estates in excess of $7,000,000 and not in excess of $8,000,000, 54 percent in addition of such excess.

"'$3,275,800 upon net estates of $8,000,000; and upon net estates in excess of $8,000,000 and not in excess of $9,000,000, 56 percent in addition of such excess.

"'$3,835,800 upon net estates of $9,000,000; and upon net estates in excess of $9,000,000 and not in excess of $10,000,000, 58 percent in addition of such excess.

"'$4,415,800 upon net estates of $10,000,000; and upon net estates in excess of $10,000,000, 60 percent in addition of such excess.'

"(b) Section 401 (c) of the Revenue Act of 1932 (relating to the exemption for the purposes of the additional estate tax) is amended by striking out '$50,000' and inserting in lieu thereof '$40,000.'

"(c) Section 403 of the Revenue Act of 1932 (relating to the requirement for filing return under such additional estate tax) is amended by striking out '$50,000' and inserting in lieu thereof '$40,000.'

"(d) The amendments made by this section shall be effective only with respect to transfers of estates of decedents dying after the date of the enactment of this act."

Mr. LA FOLLETTE. Mr. President, the pending amendment proposes to raise the rates prevailing under the exist-

ing law and those proposed in the bill as reported from the committee insofar as taxation of estates is concerned. At the time the amendment which I offered relating to increasing income taxes was under consideration I debated at some length the whole question of graduated taxation and the need of increasing the revenues to meet the extraordinary expenditures made necessary by the economic crisis.

Whatever may be said concerning the repressive effects upon business of high income-tax rates, no such argument can be advanced effectively when we come to deal with the question of the rates of taxation upon estates when they pass at the time of death. In my view, graduated taxation upon estates or inheritance is the most justified form of taxation which can be levied. I recognize that Senators may differ as to the relative merits of an estate tax as distinguished from an inheritance tax. With some of the arguments advanced in support of the inheritance tax I am in complete sympathy. Nevertheless it has become the established policy of the Government to levy the tax against the estate. It is obvious that at this time and in this situation it is impossible to consider a change in policy in that regard.

I think practically everyone is in complete agreement that it is necessary to increase the yield from taxes in order to meet the expenditures made necessary in order to relieve distress and to provide some employment. It is my view that it will be necessary not only to continue these expenditures over a considerable period of time but I am likewise of the opinion that the Government will find it necessary to increase rather than to diminish these expenditures.

But whether or not the view which I hold proves to be correct, it is clear to all that insofar as paying for the expenditures which have already been made the economic crisis is not over, and it will be necessary over a long period of time for the Government to raise revenue to meet the obligations which have been incurred in order that those expenditures might be made.

With a concentration of wealth such as has taken place in this country, and confronted with a situation where it is necessary for us to increase our revenues, the justice and the equity of levying increased taxes upon estates are beyond argument.

Let me say just a few words concerning the provisions of the particular amendment. It reduces the exemption upon estates from $50,000, as provided in existing law, to $40,000. By a series of brackets the rates are increased under the amendment until upon an estate in excess of $10,000,000, 60 percent would be levied upon such excess. Senators should not fall into the error of assuming that the amendment provides a rate of 60 percent upon estates in excess of $10,000,000. Under the amendment the composite rate upon estates of $10,000,000 will be approximately 44 percent. Until an estate reaches $100,000,000, 60 percent will not be collected.

I desire to refer briefly to the rates, comparing those in the existing law with those proposed to be levied under the pending amendment. Upon net estates before exemption of $50,000 the existing law does not levy any tax. Under my amendment, and assuming the estate of a married person, all of which passes to the widow, an estate of $50,000 would pay a tax of $100. Under the rates in Great Britain such an estate would pay $2,500.

Upon an estate of $100,000 under the existing law such an estate would pay $1,500 of tax. Under my amendment it would be required to pay $1,600, and under the British rate $9,000.

An estate of $500,000 under the existing law would pay $42,500. Under my amendment such an estate would pay $60,200, and under the British rate $105,000.

An estate of $1,000,000 under the existing law would pay $117,500; under my amendment $170,800, and under the British rate $270,000.

An estate of $5,000,000 under the existing law would pay $1,149,500; under the amendment $1,696,600, and under the British rate $2,050,000.

An estate of $10,000,000 under existing law would pay $3,094,500; under the amendment $4,392,600, and under the British rate $5,100,000.

Mr. LEWIS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Wisconsin yield to the Senator from Illinois?

Mr. LA FOLLETTE. I yield.

Mr. LEWIS. I am sure the able and industrious Senator from Wisconsin recognizes that Great Britain, of course, is a single land not divided into separate States such as ours. I ask the Senator what would be the effect upon those States which have an income tax law if the Federal estate taxes are increased as he proposes? Will the amendment of the Senator operate in effect to exhaust the estate insofar as it could be taxed by the State?

Mr. LA FOLLETTE. No; I do not think so, I will say to the Senator from Illinois, because, as the Senator knows, in those States which have estate or inheritance taxes the rates of necessity have been very low for the reason that excessive rates would tend to induce individuals to move from a State which levied an excessively high inheritance-tax rate into a State which did not levy any tax or which levied lower rates. If the Senator is familiar with the situation which existed at the time the State of Florida adopted a constitutional amendment prohibiting the levying of inheritance or estate taxes, he will know that many individuals with large estates established residences in Florida in order to avoid the estate tax or the inheritance tax in their States. We had a very spectacular case of that kind in Wisconsin within recent years, the Beggs case.

Mr. DUFFY. Mr. President——

Mr. LA FOLLETTE. I yield to my colleague.

Mr. DUFFY. I recall the Senator's attention also to section 802 of the Revenue Act of 1932, which gives an 80-percent credit against the Federal tax for inheritance taxes paid in the State. I intend later to offer an amendment so that the same thing can be done, at a very much lower rate, as to income taxes; so the 80-percent provision would in a large measure offset that.

Mr. LA FOLLETTE. It is correct so far as the regular estate-tax rates are concerned; but this amendment applies to the additional rates which were imposed in the act of 1932.

Mr. President, under all the circumstances with which we are confronted, I think Senators will recognize that the rates I have proposed in the pending amendment are not severe. They are not excessive. They are very much lower than those imposed in other countries employing the estate or inheritance taxes as a means of raising revenue.

The Senator from Illinois [Mr. LEWIS] mentioned the fact that Great Britain is one governmental entity, and that there are not in that country other divisions or other entities of government levying taxes. Nevertheless, so far as the problem of raising revenue for the Federal Government is concerned, we must apply, it seems to me, the justice and the equity of the graduated system of taxation in order to collect the revenues which are essential.

Mr. GEORGE. Mr. President——

Mr. LA FOLLETTE. I yield to the Senator from Georgia.

Mr. GEORGE. The Senator's amendment, as I understand, now provides for a tax on net estates of $40,000 instead of $20,000.

Mr. LA FOLLETTE. The original amendment provided for a tax upon a net estate of $25,000; but after consultation with the chairman of the committee and other members of the committee I raised the exemption so that it would apply upon net estates of $40,000 and upward.

Mr. GEORGE. One further question: The Senator's amendment does not interfere with any credit for like tax paid to the State?

Mr. LA FOLLETTE. I want the Senator to get the amendment clearly in mind. This amendment is directed to the additional rates upon estates which were levied in the 1932 act, to which the credits do not apply. The Senator will remember that we had rates in the law before the 1932 act to which an 80-percent credit applied. Then in the 1932

act we levied additional rates to which the 80-percent credit does not apply.

Mr. GEORGE. And this is an additional levy to which it does not apply?

Mr. LA FOLLETTE. The Senator is correct.

Mr. HARRISON. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I yield.

Mr. HARRISON. Under the unanimous-consent agreement we are to vote in about 2 minutes. I understand that the Senator from Wisconsin has modified his amendment as he has suggested, so as to provide for an exemption of $40,000 instead of $25,000, as the amendment was originally drawn?

Mr. LA FOLLETTE. The Senator's statement is correct.

Mr. HARRISON. I may say to the Senator that I shall offier no objection to the adoption of the amendment, and shall vote for it.

Mr. LA FOLLETTE. I very much appreciate the support and attitude of the chairman of the committee and other members who have given this matter further consideration.

Mr. HARRISON. May I say to the Senator, if he will yield for a moment——

Mr. LA FOLLETTE. I yield.

Mr. HARRISON. I have directed the Joint Committee on Internal Revenue Taxation to make a study of the question of changing the estate tax to the inheritance tax.

Mr. LA FOLLETTE. I am very glad the Senator has directed the study to be made, and I think the results of it will be well worth the consideration of the Congress.

Mr. President, just a word as to how much this amendment is estimated to yield. The Treasury Department estimated that the original amendment would yield $100,000,000 annually more than is now being derived from estate taxes the first full year that the rates were in effect. I have not resubmitted this amendment to the Treasury Department for an estimate; but after consultation with experts who are here upon the floor I think I am very conservative in stating that upon the basis of the Treasury Department estimates, this amendment as now drawn should yield $90,000,000 annually in addition to the amount now being collected from estate taxes the first full year that the rates are in effect, if they shall prevail.

Mr. President, I ask unanimous consent to have printed in the RECORD at the end of my remarks the table of comparative rates to which I have referred.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Comparison of death taxes—estate of married person—all passing to widow

Net estate before exemption	1932 act	Revenue bill of 1934[1]	La Follette proposal	1917 act	Great Britain, present rates
$1,000					$10
$5,000					150
$10,000					300
$15,000					450
$25,000					1,000
$50,000			$100		2,500
$100,000	$1,500		1,600	$1,000	9,000
$150,000	5,000		6,000	3,000	18,000
$200,000	9,500		12,000	5,000	28,000
$300,000	19,500		26,400	11,000	51,000
$400,000	30,500		42,400	19,000	76,000
$500,000	42,500		60,200	27,000	105,000
$600,000	55,500		79,200	35,000	138,000
$800,000	84,500		122,000	57,000	200,000
$1,000,000	117,500		170,800	77,000	270,000
$2,000,000	315,500		463,400	196,000	660,000
$3,000,000	553,500		816,000	335,000	1,110,000
$5,000,000	1,149,500		1,696,600	673,000	2,050,000
$10,000,000	3,094,500		4,392,600	1,711,000	5,100,000

[1] Same as 1932 rates.

The PRESIDENT pro tempore. The question is on the amendment of the Senator from Wisconsin [Mr. LA FOLLETTE] to the committee amendment.

Mr. LA FOLLETTE and Mr. HARRISON called for the yeas and nays, and they were ordered.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. FESS (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. GLASS]. I am not advised as to how he would vote. Therefore, I shall have to withhold my vote. If at liberty to vote, I would vote "nay."

Mr. WAGNER (when his name was called). On this question I have a general pair with the senior Senator from Missouri [Mr. PATTERSON]. I transfer that pair to the senior Senator from Montana [Mr. WHEELER], and will vote. I vote "yea."

The roll call was concluded.

Mr. LEWIS. I announce the absence of the senior Senator from Arkansas [Mr. ROBINSON] and the senior Senator from Pennsylvania [Mr. REED], and announce the existence of a general pair between them.

I also desire to announce that my colleague [Mr. DIETERICH], were he present and voting, would vote "yea."

I desire to announce the following general pairs:

The Senator from California [Mr. MCADOO] with the Senator from Connecticut [Mr. WALCOTT]; and

The Senator from Florida [Mr. TRAMMELL] with the Senator from Maine [Mr. WHITE].

I desire further to announce that the Senator from Alabama [Mr. BLACK], the Senator from Florida [Mr. FLETCHER], the Senator from Virginia [Mr. GLASS], the Senator from North Carolina [Mr. REYNOLDS], the Senator from Florida [Mr. TRAMMELL], the Senator from Maryland [Mr. TYDINGS], and the Senator from California [Mr. MCADOO] are necessarily detained from the Senate on official business.

Mr. HEBERT. The Senator from Pennsylvania [Mr. REED] and the Senator from Missouri [Mr. PATTERSON] are necessarily absent. Their pairs have already been announced. I am authorized to say that, if present, both those Senators would vote "nay" on this question.

The Senator from Connecticut [Mr. WALCOTT] is detained on committee work.

Mr. LA FOLLETTE. I desire to announce that if the senior Senator from Montana [Mr. WHEELER] were present he would vote "yea."

Mr. WALSH. My colleague [Mr. COOLIDGE] is detained from the Senate on official business. If present, he would vote "yea."

Mr. HATFIELD (after having voted in the negative). I have a general pair with the senior Senator from Florida [Mr. FLETCHER]. I do not know how he would vote on this question. I transfer that pair to the senior Senator from Vermont [Mr. AUSTIN], and will allow my vote to stand.

The result was announced—yeas 65, nays 14, as follows:

YEAS—65

Adams	Couzens	Lewis	Robinson, Ind.
Ashurst	Cutting	Logan	Russell
Bachman	Davis	Lonergan	Schall
Bankhead	Dickinson	Long	Sheppard
Barkley	Dill	McCarran	Shipstead
Bone	Duffy	McGill	Smith
Borah	Erickson	McKellar	Steiwer
Brown	Frazier	McNary	Stephens
Bulkley	George	Murphy	Thomas, Okla.
Bulow	Gibson	Neely	Thompson
Byrnes	Gore	Norbeck	Vandenberg
Capper	Harrison	Norris	Van Nuys
Caraway	Hatch	Nye	Wagner
Carey	Hayden	O'Mahoney	Walsh
Clark	Johnson	Overton	
Connally	King	Pittman	
Costigan	La Follette	Pope	

NAYS—14

Bailey	Goldsborough	Hebert	Thomas, Utah
Barbour	Hale	Kean	Townsend
Byrd	Hastings	Keyes	
Copeland	Hatfield	Metcalf	

NOT VOTING—17

Austin	Fletcher	Reynolds	Wheeler
Black	Glass	Robinson, Ark.	White
Coolidge	McAdoo	Trammell	
Dieterich	Patterson	Tydings	
Fess	Reed	Walcott	

So Mr. LA FOLLETTE's amendment to the amendment of the committee was agreed to.

Mr. BLACK subsequently said: Mr. President, when the vote on the La Follette amendment was had I was detained in committee. Since no announcement was made as to how I would have voted if present, I desire to say that had I been present I would have voted for the amendment.

The PRESIDENT pro tempore. The question is on agreeing to the committee amendment, as amended.

The amendment as amended was agreed to.

Mr. BORAH obtained the floor.

Mr. LA FOLLETTE. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Idaho yield to the Senator from Wisconsin?

Mr. BORAH. I yield.

Mr. LA FOLLETTE. Mr. President, in view of the increase in the rates upon estates, and in conformity with the differential provided in the existing law between the estate-tax rates and the gift-tax rates, it now becomes necessary to modify the gift-tax rates and to increase them so as to make them commensurate with the rates upon estates.

To refresh the memories of the Senators, the gift-tax rates under existing law are three fourths of the rates of taxes upon estates, and the amendment which I now send to the desk will increase existing rates on gifts to three fourths of the rates which have just been adopted upon estates.

The PRESIDENT pro tempore. Does the Senator from Idaho yield for the purpose of the Senator from Wisconsin presenting his amendment?

Mr. BORAH. I yield.

Mr. LA FOLLETTE. I wish to make a brief statement concerning this amendment. The amendment is drawn to go into effect upon gifts after the 1st of January 1935. This provision is incorporated in the amendment in order to obviate the very difficult and technical problem of drafting an amendment which would take effect upon the signing of the bill insofar as the rates upon gifts are concerned.

Mr. HARRISON. Mr. President, will the Senator from Idaho yield for one moment?

Mr. BORAH. I yield.

Mr. HARRISON. Of course, it is always the policy, as stated by the Senator from Wisconsin, that, according to the estate-tax rates, there should be some differential between the gift tax and the estate tax, and it would seem to me, in view of the action of the Senate in increasing the estate tax, that the rates incorporated in the amendment of the Senator from Wisconsin should be adopted.

Mr. COUZENS. Mr. President, will the Senator from Idaho yield to me for a moment?

Mr. BORAH. I yield.

Mr. COUZENS. Will the Senator state what the difficulties are in putting the gift tax into effect at the same time?

Mr. LA FOLLETTE. I wish the Senator from Michigan would confer with Mr. Beaman about that. I went over the whole matter with him and with other experts from the Treasury, and the difficulty, as I understand, is due to the fact that we have the regular rates, the additional rates, and compute them on a calendar-year basis. It would be very difficult to apply the increase to the gift-tax rates at once.

Mr. COUZENS. Does not the estate tax take effect immediately upon the signing of the bill?

Mr. LA FOLLETTE. The estate-tax rates will take effect, but the gift tax presents a very much more difficult problem. After consulting with the legislative counsel and the experts from the Treasury I became convinced that the technical problem of drafting the amendment was more difficult than any advantage which would accrue from attempting to make the gift tax apply at once.

Mr. COUZENS. Of course, that leaves a loophole for the disposition of a great deal of wealth between now and the effective date of the estate tax.

Mr. LA FOLLETTE. True; but, of course, we will get the revenue under the existing rates if that takes place.

The PRESIDENT pro tempore. The amendment of the Senator from Wisconsin will be stated.

The CHIEF CLERK. On page 212, following the amendment by the Senator from Pennsylvania [Mr. REED] and the amendment by the Senator from Mississippi [Mr. HARRISON], heretofore agreed to, after line 15, it is proposed to insert the following:

SEC. 519. Gift tax rates: (a) The gift-tax schedule set forth in section 502 of the Revenue Act of 1932 is amended to read as follows:

"Upon net gifts not in excess of $20,000, three fourths of 1 percent.

"$150 upon net gifts of $20,000; and upon net gifts in excess of $20,000 and not in excess of $30,000, 1½ percent in addition of such excess.

"$300 upon net gifts of $30,000; and upon net gifts in excess of $30,000 and not in excess of $40,000, 2¼ percent in addition of such excess.

"$525 upon net gifts of $40,000; and upon net gifts in excess of $40,000 and not in excess of $50,000, 3 percent in addition of such excess.

"$825 upon net gifts of $50,000; and upon net gifts in excess of $50,000 and not in excess of $60,000, 3¾ percent in addition of such excess.

"$1,200 upon net gifts of $60,000; and upon net gifts in excess of $60,000 and not in excess of $80,000, 5¼ percent in addition of such excess.

"$2,250 upon net gifts of $80,000; and upon net gifts in excess of $80,000 and not in excess of $100,000, 6¾ percent in addition of such excess.

"$3,600 upon net gifts of $100,000; and upon net gifts in excess of $100,000 and not in excess of $200,000, 9 percent in addition of such excess.

"$12,600 upon net gifts of $200,000; and upon net gifts in excess of $200,000 and not in excess of $400,000, 12 percent in addition of such excess.

"$36,600 upon net gifts of $400,000; and upon net gifts in excess of $400,000 and not in excess of $600,000, 14¼ percent in addition of such excess.

"$65,100 upon net gifts of $600,000; and upon net gifts in excess of $600,000 and not in excess of $800,000, 16½ percent in addition of such excess.

"$98,100 upon net gifts of $800,000; and upon net gifts in excess of $800,000 and not in excess of $1,000,000, 18¾ percent in addition of such excess.

"$135,600 upon net gifts of $1,000,000; and upon net gifts in excess of $1,000,000 and not in excess of $1,500,000, 21 percent in addition of such excess.

"$240,600 upon net gifts of $1,500,000; and upon net gifts in excess of $1,500,000 and not in excess of $2,000,000, 23¼ percent in addition of such excess.

"$356,850 upon net gifts of $2,000,000; and upon net gifts in excess of $2,000,000 and not in excess of $2,500,000, 25½ percent in addition of such excess.

"$484,350 upon net gifts of $2,500,000; and upon net gifts in excess of $2,500,000 and not in excess of $3,000,000, 27¾ percent in addition of such excess.

"$623,100 upon net gifts of $3,000,000; and upon net gifts in excess of $3,000,000 and not in excess of $3,500,000, 30 percent in addition of such excess.

"$773,100 upon net gifts of $3,500,000; and upon net gifts in excess of $3,500,000 and not in excess of $4,000,000, 32¼ percent in addition of such excess.

"$934,350 upon net gifts of $4,000,000; and upon net gifts in excess of $4,000,000 and not in excess of $4,500,000, 34½ percent in addition of such excess.

"$1,106,850 upon net gifts of $4,500,000; and upon net gifts in excess of $4,500,000 and not in excess of $5,000,000, 36 percent in addition of such excess.

"$1,286,850 upon net gifts of $5,000,000; and upon net gifts in excess of $5,000,000 and not in excess of $6,000,000, 37½ percent in addition of such excess.

"$1,661,850 upon net gifts of $6,000,000; and upon net gifts in excess of $6,000,000 and not in excess of $7,000,000, 39 percent in addition of such excess.

"$2,051,850 upon net gifts of $7,000,000; and upon net gifts in excess of $7,000,000 and not in excess of $8,000,000, 40½ percent in addition of such excess.

"$2,456,850 upon net gifts of $8,000,000; and upon net gifts in excess of $8,000,000 and not in excess of $9,000,000, 42 percent in addition of such excess.

"$2,876,850 upon net gifts of $9,000,000; and upon net gifts in excess of $9,000,000 and not in excess of $10,000,000, 43½ percent in addition of such excess.

"$3,311,850 upon net gifts of $10,000,000; and upon net gifts in excess of $10,000,000, 45 percent in addition of such excess."

(b) Section 505 (a) (1) of the Revenue Act of 1932 (relating to the specific exemption for gift-tax purposes) is amended by striking out "$50,000" and inserting in lieu thereof "$40,000."

(c) The amendments made by subsections (a) and (b) of this section shall be applied in computing the tax for the calendar year 1935 and each calendar year thereafter (but not the tax for the calendar year 1934 or a previous calendar year), and such amendments shall be applied in all computations in respect of the calendar year 1934 and previous calendar years for the purpose of computing the tax for the calendar year 1935 or any calendar year thereafter.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Wisconsin [Mr. LA FOLLETTE].

The amendment was agreed to.

Mr. BORAH. Mr. President, I move to strike out section 141, beginning on page 110 of the bill. That is the section which provides for consolidated returns. If the motion should prevail, all corporations would make their separate and individual reports.

I wish I might have the serious consideration of the Senate with respect to this motion. I am sure the consolidated-returns provision results in very great advantage in the matter of taxes to the holding companies throughout the United States. I have talked with practically all the experts as to the advantage which the consolidated returns gives to large corporations and I am informed that it is an advantage in the matter of taxes which, under the provisions of this bill would amount to some $300,000,000 a year.

It seems to me, Mr. President, that above all things tax laws should be fair, they should be just to all alike, and that the consolidated returns giving the advantage to these large holding companies is a great disadvantage to all independent corporations paying taxes. It puts the small corporations—the independents—under a handicap which, when added to the disadvantage which the small corporations have in other respects, makes it impossible for small corporations to continue in business. The result is that day by day and year by year the small independent corporations are compelled to accept merger—another word for extinction. Why should the Government, through its tax laws, favor the large corporations?

I called attention yesterday evening to a matter which I want to call to the attention of the Senate again. It is an illustration of how consolidated returns work to advantage of large holding companies. I am reading from the House debates under the date of April 9, and the speaker, Mr. McFarlane is speaking alone, in this particular instance, of the holding companies of aviation corporations. He says:

> We find that the Bendix Aviation Corporation has saved, through the filing of consolidated returns, and in the change of income-tax laws which have been changed since the law of 1918, the sum of $625,863.49 in money they would have been required to pay to the Government had the law not been changed and had they been required to file separate returns rather than consolidated returns.
>
> The Curtiss-Wright Corporation saved $101,709.31 in the same way. The North American, or the General Motors Corporation, has saved $150,980.75. United Aircraft & Transport Corporation has saved $854,959.29. The Aviation Corporation of America has saved $313,454.44.

All told these five or six corporations had an advantage under the tax laws by reason of filing their consolidated returns of $2,046,967.28.

Taking, as an illustration, the small number of corporations just mentioned, we can well understand the tremendous advantage which the consolidated-returns provision gives to the large corporations of the country. It gives not only an advantage in the matter of taxes, but it gives a very decided advantage in the business world.

I call attention, Mr. President, to the kind of conditions which we are proposing to favor by this act. I am reading from a volume entitled "Power and the Public." In this volume, on page 16, it is said:

> Here is the Central Gas & Electric Co. of Delaware. That is a holding company, and either directly or indirectly holds and operates 57 companies in furnishing power and light to about 350 or 400 communities. Because it is a large concern and controls 57 operating companies, it has large credit, can employ the best engineering brains, and can operate these companies more intelligently and more efficiently for the community and for the investor than these separate 57 operating companies could do by themselves.

Under those conditions, why should the Government add to the advantage of the holding companies by lessening the amount of taxes which they pay? Again, it says:

> But now, to whom does the Central Gas & Electric Co. belong? To another holding company, the Central Public Service Co. And to whom does that belong? To the Central Public Service Corporation. That owns and controls the stock in the Central Public Service Co. And to whom does this Central Public Service Corporation belong? It belongs to the Public Utility Holding Co., which I believe does not hold all the stock in this company but enough to exercise a controlling influence in its affairs. And to whom does the Public Utility Holding Co. belong? It belongs to a concern which it is very difficult to define, a kind of hybrid holding-financing-trading-investment trust company, the American Founders.

From page 17 I read further:

> The United Founders owns three other investment trusts, which in turn are holding companies also—the American Founders Corporation, the American General Corporation, and the Investment Trust Associates. There are a great many others, but it controls these outright, owning from 70 to 90 percent of the stock. These holding companies in turn own another holding company, called United States Electric Power Corporation, or they have a large interest in it, which I will explain later. This United States Electric Power Corporation owns the Standard Power & Light Co., and that, in turn, controls the Standard Gas & Light Corporation. There are five layers of holding corporations. Then come the operating companies, of which I think there are 17 subsidiaries. I think one of them is an engineering company, which supplies management. There may be another company or two of that kind, but most of them are operating utility companies.

In another provision of this bill there is an express provision that the holding company may exempt from its income-tax return dividends received upon stock held in other companies, and thus in an intertwining, as it were, of these two provisions, the holding companies, the large companies, have a distinct advantage over the independent corporations in the matter of tax burdens.

I asked the tax experts to give me a statement upon this matter a few days ago, and I read the concluding paragraph of that statement. It is found upon page 6305 of the CONGRESSIONAL RECORD of April 10. The figures are now in the RECORD, and the experts, commenting on these figures, say:

> The foregoing statistics disclose some very interesting phases of the operations of consolidated corporations. While approximately 6 percent of all the corporations of the country are in the consolidated group, more than one half of the business transacted by all the corporations of the country was done by consolidated corporations.

In other words, these consolidated corporations are doing more than one half the business as against the independent corporations in the United States.

> The percentage of profit made upon gross sales is also very interesting. It is to be noted that the percentage of gross profit made by consolidated corporations upon their gross sales is between 2 percent and 2½ percent in excess of the gross profit made by separate corporations. While Bureau statistics of income do not afford sufficient data to permit of a computation of the net profit from operations, it is a well-known fact that many industries realize a net income from operations of only 2 to 3 percent of their gross sales. It can thus be seen that the margin of advantage enjoyed by the consolidated group is sufficient to put its competitors (single corporations) out of business. The excess percentages of gross profit realized by the consolidated group is also reflected in a like result in their statutory net income.

Now, Mr. President, I ask upon what possible theory should we give the advantage to the consolidated group in the matter of taxes when the very fact that they are operating as they are gives them an advantage in the business world over the independent corporations? It is one thing which has added, in my judgment, very greatly to the rapid increase of holding companies and of consolidated companies and of the disappearance of smaller independent corporations.

There is no reason in justice, there is no reason in practice, why these corporations should not make their separate and individual returns, and when we provide that they shall do so, we shall have all corporations upon the same basis and we shall deal with each and all upon a fair principle.

I ask, Mr. President, that we may have a yea-and-nay vote upon this amendment.

Mr. HARRISON. Mr. President, I hope the pending motion will not prevail. The committee has gone further than it has ever previously gone in the matter of consolidated returns. We now propose to put a tax of 13¾ percent upon all corporation profits, and then, if they file a consolidated return, we have raised the penalty in the present law, which was 1 percent, to 2 percent. In other words, under the bill as it is now written if a corporation files a consolidated return now, at its option, it has to pay 2 percent more than it would have to pay if it filed an ordinary corporation

return, so that it would pay for a consolidated return 15¾ percent.

It has been thought by the committee that it is necessary in some cases that consolidated returns be filed. It was pointed out by the railroads, for instance, that it was necessary for them to file consolidated returns, and it must not be forgotten by the Senate that certain States have laws respecting the doing of business by corporations, which make it necessary that a corporation doing business in a State must organize under its laws. As an example, the Postal Telegraph Co., which has to institute eminent-domain proceedings in order to construct its lines, and so forth, I am informed, has to incorporate in practically every State; and so there are practically 48 different corporations under it, but it has one bookkeeping process. So there are certain cases where consolidated returns, it seems to me, are reasonable and just. Of course, it is overworked in some instances, and certain concerns file consolidated returns that perhaps could stand on their own footing; but if they do arrange to file a consolidated return, the Government gets 2 percent more of the profits which they make than it would from the ordinary profits the corporation might make.

So, Mr. President, in view of the action of the committee in increasing the penalty provision for consolidated returns from the present 1 percent to 2 percent, thereby compelling corporations filing consolidated returns to pay 15¾ percent, I think this motion should be defeated.

Mr. COUZENS. Mr. President, there are undoubtedly some reasons for a consolidated return in cases such as have been referred to by the Senator from Mississippi, such as the Postal Telegraph Co. or other corporations that are engaged exclusively in one activity, but the viciousness of this section of the bill as it now stands is that it permits the filing of consolidated returns for other than allied industries, and thereby promotes an unfair competitive condition. Let me give as an example of the many cases which were discussed in the Finance Committee one of the large tire companies. It can open up a branch in California or in Michigan or elsewhere, and may lose money from the operation of such branch, but it may make a profit on a branch in Ohio. It wipes out its profit in Ohio by charging up the losses in Michigan or California, while independent manufacturers or merchants or whatever the organization may be in those localities cannot wipe out their profit by charging of losses in some other community. To that extent there is a very great disadvantage in the systems of consolidated returns to the competitive business situation.

I think if the amendment of the Senator from Idaho were agreed to, we could in conference draft a provision which would exempt those corporations which are engaged in a noncompetitive business and which are required by the statutes of the several States to take out separate articles of incorporation. For that reason, and because of the showing made by the Senator from Idaho, I think the amendment ought to be agreed to. Let us go to conference with it, and see if we can draft a provision which will not penalize those corporations that are required to take out separate articles of incorporation in various jurisdictions, such as the Postal Telegraph Co. or other corporations that are not in a highly competitive business.

Mr. NORRIS. Mr. President, the holding company——

Mr. LONG. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from Louisiana?

Mr. LONG. I suggest the absence of a quorum.

The PRESIDENT pro tempore. Does the Senator from Nebraska yield for that purpose?

Mr. NORRIS. No, Mr. President; I do not care to do so.

Mr. LONG. The reason I desire to make the point is that we are discussing a very important question, and I dislike to see Senators come in here when the vote is about to be taken without knowing what we have been discussing.

Mr. NORRIS. There is a fairly large number of Senators present, and those who are not present are eating lunch, I presume.

The PRESIDENT pro tempore. Does the Senator from Nebraska yield for the purpose suggested by the Senator from Louisiana?

Mr. NORRIS. No; I do not yield.

Mr. President, the holding company is a modern institution, comparatively speaking. If there is any use for its existence that use is very small indeed compared to the number of holding companies and the evils which they bring about not only in the way of taxation but in every other respect. If a State requires incorporation, under its laws, of a foreign corporation doing business within its borders, why cannot the corporation incorporate in that State as well as in some other State, or organize a new corporation? If it makes the money in that State, why should it not pay an income tax on the money it makes there, even though it loses money in another State, where it would not be compelled to pay any tax at all?

There may be some instances where a holding company is necessary. If there are, and if this amendment shall be agreed to, the conferees will be able to work out such a proposition. Ninety-five times out of a hundred the holding company is a parasite. It is organized for the express purpose of deceiving the public and for obtaining something for nothing. The books are full of such instances. I called attention sometime ago in some remarks on the floor of the Senate to some of the things that have happened and which could not happen except through the instrumentality of the holding company. If it prospers, the burden, in the end, falls upon the people who have to support these pyramided companies which are built up in the air and controlled in the end by men who own but a very small proportion of the stock. A few men, with a comparatively little investment, can control millions of dollars' worth of property and are doing it now. Sometimes they fall by their own weight.

I hold in my hand a copy of the magazine known as "Current History" for March 1934 containing an article written by Mr. Hester. I want to quote just a little from that article. It is interesting to read it all. He says, in one portion of the article:

> Recent experience, however, makes it difficult to remember the good side of holding companies.

That is true. The experience we have gone through as a people during the last 10 years has demonstrated it is difficult, as the author says, to remember the good side, although the author claims there are some good sides and there is a place for the holding company; but it has grown to be a mammoth evil in this country, and I think in a great many instances has been organized for the very purpose of escaping taxation.

> About 3 years ago Martin J. Insull debated with James S. Bonbright, professor of finance in Columbia University, in the Public Utilities Fortnightly, on the question of regulation for public-utility holding companies. Mr. Insull took the negative, Professor Bonbright the affirmative. But today Martin J. Insull and his brother Samuel are fugitives from justice and the unregulated Insull utility empire is in liquidation. Moreover, many of Chicago's financial institutions as well as thousands of investors—

I believe the author could truthfully have said millions of investors—

> have been ruined because public utility and investment companies were unregulated.

We have under the law no proper regulation of holding companies where they transmit power, let us say, from one State to another; where they are in reality transacting an interstate business. If we go to the State authorities they will claim to be interstate in their operation. If we go before the Interstate Commerce Commission they will claim they are separate identities in the different States and should be regulated there.

The author tells in another place how we can put together a holding company with a little money:

> For instance, suppose we have an operating company or companies whose outstanding bonds, preferred and common stock, total $150,000,000, divided into three equal amounts. The common stock carries the voting rights, and hence the control. Some scheming bankers and their associates desire to gain control of

these companies. All they have to do is to buy 51 percent of the common stock, or invest a little more than $25,000,000.

So far in this picture we have $25,000,000 controlling $150,000,000.

As they do not want to invest that much, they form a holding company and issue stock and bonds for the amount of the original investment in the form of $10,000,000 bonds, $10,000,000 preferred stock and $5,000,000 common stock. Of the last they retain 51 percent—

That is, 51 percent of the $5,000,000 common stock—

or $2,500,000, which gives them control. But they desire to have even less in the enterprise, so that they form another holding company and again issue bonds and stock—$1,000,000 in bonds, $1,000,000 in preferred and $500,000 in common stock. Of the common they retain 51 percent, and thus by investing just over $250,000 control, by this method of pyramiding, properties valued at $150,000,000. Can it be said that such a maneuver benefits the properties or the public? To ask the question is to answer it.

Mr. President, in some remarks I made on holding companies on a previous occasion I said something that I want now to quote. At that time I spoke at some length. I read then from a work by Mr. Clay. At one point in his work Mr. Clay said:

At the hearings before the New York Revision Commission it was brought out that this company—

He was speaking of a holding company—

had outstanding 3 classes of common stock, 5 series of preferred stock, 8 series of debentures convertible into stock, either at the holder's or the company's option, 6 series of debentures convertible into debentures at the holder's but not at the company's option, and one series of investment certificates convertible at the option of the holder for a term of years and at the option of the holder or the company thereafter.

This, as the object is, as a rule, enables a comparatively small number of men to evade taxation, to take from undercompanies the revenue that should inure in theory to them, but which in practice, as the Senator from Idaho [Mr. BORAH] read, enables the holding group to claim that by having a vast amount under control they can employ better experts and do their work better. In practice it enables them to burden the companies in the lower part of their pyramid, bleed them and milk them, and line their pockets with unearned gold. Ninety-nine times out of a hundred that is the result.

This author said further:

The 250 match factories throughout the world are held at least in ostensible ownership by a corporation organized under the beneficent laws of Delaware and called the International Match Co. The money for this purpose is supplied mainly by investors who buy bonds and nonvoting stock. The actual ownership and control is in the hands of the concern that owns the class A stock. This stock is owned by the Swedish Match Co., and the Swedish Match Co. is controlled by the Kreuger & Toll Co., of Sweden. It gets a bit more complicated if you examine it more closely. Thus here we have in America several large match-making corporations. One is the Federal Match Co. Its stock is owned by a Swedish corporation called the Vulcan Match Co. That is in turn controlled by an American company, the International Match Co. Once again control crosses the sea to the Swedish Match Co., which is finally owned by Kreuger & Toll.

By the investment, I might add, of a very small amount of money practically controlling the match business of the world, putting smaller companies out of business, and which finally, as we all know, fell of its own weight.

I read here from an illustration which I once before called to the attention of the Senate—a case in which the holding company in the electric-light business showed what it could do. It was in the little town of Lewiston, Maine; and it is not an exceptional case. It does not come anywhere near many other illustrations of holding companies I have given in the remarks I have made, going very much further, controlling many more corporations than are involved in this illustration; but it shows what was happening at the time these remarks were made and, as a matter of fact, is happening all over the country now. It shows how a few holding companies pyramided, with a very small amount of capital, control millions and millions of dollars' worth of property; and the people who do business with them cannot even find out, unless they are experts, who owns the company that is supplying them, for instance, with electricity or gas, or perhaps water.

Up in Lewiston, Maine, the Lewiston-Auburn Electric Light Co. supplies current, or did then, to the inhabitants of Lewiston, Maine. Suppose you were a resident there and wanted to know who owned the company. This is what you would find if you employed an expert somewhere to do it for you:

The Lewiston-Auburn Electric Light Co. is owned by the Androscoggin Electric Co.

The Androscoggin Electric Co. is owned by the Androscoggin Corporation.

The Androscoggin Corporation is owned by the Central Maine Power Co.

The Central Maine Power Co. is owned by the New England Public Service Co.

The New England Public Service Co. is owned by the National Electric Power Co.

The National Electric Power Co. is owned by the Middle West Utilities Co.

And that, then, meant Samuel Insull.

Mr. BORAH. Mr. President——

Mr. NORRIS. I yield to the Senator from Idaho.

Mr. BORAH. Is it not fair to presume that, if we had a just taxing law, a law assessing a tax against all these corporations individually, a number of them would go out out of existence?

Mr. NORRIS. They would have to go out of existence. Some of them are organized for the purpose of evading taxation. There is not any use in putting all those corporations one on top of another to conceal the real situation. It is a method of deception by which the American people are deceived in all lines of business.

I think this amendment ought to prevail.

Mr. BONE obtained the floor.

Mr. MURPHY. Mr. President——

The PRESIDING OFFICER (Mr. ASHURST in the chair). Does the Senator from Washington yield to the Senator from Iowa?

Mr. BONE. I yield.

Mr. MURPHY. I was about to suggest the absence of a quorum in order that we might have a vote on the amendment of the Senator from Idaho, if we are ready to proceed with the vote.

Mr. BONE. If we are to have a quorum call and a roll call on this amendment, I will refrain from saying what I was about to say. I had thought perhaps we would not have a roll call on the amendment, and I desired to record myself as in favor of the amendment of the Senator from Idaho.

Mr. BORAH. I think we shall be able to get a roll call. If not, we shall be here a good while.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Idaho [Mr. BORAH], to strike out section 141 on page 110, relating to consolidated returns.

Mr. BORAH. On that I call for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceed to call the roll.

Mr. VANDENBERG (when his name was called). On this vote I am paired with the junior Senator from Virginia [Mr. BYRD]. Not knowing how he would vote, I withhold my vote.

The roll call was concluded.

Mr. LEWIS. I regret to announce that the Senator from Montana [Mr. WHEELER] is detained from the Senate on account of illness.

I desire to announce that the Senator from Virginia [Mr. BYRD], the Senator from Arkansas [Mrs. CARAWAY], the Senator from Missouri [Mr. CLARK], the Senator from Oklahoma [Mr. GORE], the Senator from California [Mr. MCADOO], the Senator from Nevada [Mr. PITTMAN], the Senator from North Carolina [Mr. REYNOLDS], the Senator from Utah [Mr. THOMAS], the Senator from Florida [Mr. TRAMMELL], and the

Senator from Maryland [Mr. TYDINGS] are necessarily detained from the Senate.

I also announce the absence of my colleague [Mr. DIETERICH], made necessary by litigation in his State.

Mr. WAGNER. I have a general pair with the senior Senator from Missouri [Mr. PATTERSON]. I transfer that pair to the junior Senator from Illinois [Mr. DIETERICH] and vote "nay."

Mr. STEPHENS. I am paired with the Senator from Indiana [Mr. ROBINSON]. I transfer that pair to the Senator from California [Mr. MCADOO] and vote "nay."

Mr. HEBERT. I desire to announce that the Senator from Pennsylvania [Mr. REED] has a general pair with the Senator from Arkansas [Mr. ROBINSON], and the Senator from New Hampshire [Mr. KEYES] has a general pair with the Senator from Florida [Mr. TRAMMELL].

The legislative clerk recapitulated the vote.

Mr. BARKLEY. Mr. President, I ask that the vote be again recapitulated.

The vote was again recapitulated.

The result was announced—yeas 40, nays 37, as follows:

YEAS—40

Adams	Couzens	Johnson	Norris
Ashurst	Cutting	La Follette	Nye
Black	Dickinson	Logan	O'Mahoney
Bone	Dill	Long	Overton
Borah	Duffy	McCarran	Pope
Brown	Erickson	McGill	Russell
Bulow	Frazier	McKellar	Schall
Capper	Gibson	McNary	Shipstead
Connally	Hastings	Murphy	Thomas, Okla.
Costigan	Hatch	Neely	Thompson

NAYS—37

Austin	Copeland	Hayden	Stephens
Bachman	Davis	Hebert	Townsend
Bailey	Fess	Kean	Van Nuys
Bankhead	Fletcher	King	Wagner
Barbour	George	Lewis	Walcott
Barkley	Glass	Lonergan	Walsh
Bulkley	Goldsborough	Metcalf	White
Byrnes	Hale	Sheppard	
Carey	Harrison	Smith	
Coolidge	Hatfield	Steiwer	

NOT VOTING—19

Byrd	Keyes	Reed	Trammell
Caraway	McAdoo	Reynolds	Tydings
Clark	Norbeck	Robinson, Ark.	Vandenberg
Dieterich	Patterson	Robinson, Ind.	Wheeler
Gore	Pittman	Thomas, Utah	

So Mr. BORAH's amendment was agreed to.

REDUCTION OF FEES IN NATURALIZATION PROCEEDINGS—RETURN OF AN ENROLLED BILL

The PRESIDING OFFICER (Mr. ASHURST in the chair) laid before the Senate a concurrent resolution of the House of Representatives (H.Con.Res. 35), which was read, as follows:

Resolved by the House of Representatives (the Senate concurring), That the President is requested to return to the House of Representatives the bill (H.R. 3521, 73d Cong. 2d sess.) entitled "An act to reduce certain fees in naturalization proceedings, and for other purposes", for the purpose of correcting an error in said bill.

Mr. COOLIDGE. I ask for the present consideration of the House concurrent resolution just read; and, if that request is granted, I shall move to agree to it.

Mr. MCCARRAN. Mr. President, will the Senator please explain what the concurrent resolution is?

Mr. COOLIDGE. The bill referred to in the concurrent resolution went to the White House; and the concurrent resolution that came to the Senate from the House of Representatives this morning does not state what the purpose of asking for its return is, except that there was some sort of an error in the bill. The bill is the one reducing naturalization fees which we passed here, and which passed the House; but I do not know what the error is.

Mr. MCCARRAN. Does the concurrent resolution pertain to the message we have just received from the House?

The PRESIDING OFFICER. The clerk will please read again the message from the House.

The legislative clerk again read the concurrent resolution.

Mr. MCCARRAN. What is the motion of the Senator from Massachusetts?

Mr. COOLIDGE. To concur in the House concurrent resolution with the request to the President that the bill be returned from the White House for correction.

The PRESIDING OFFICER. Is there objection to the present consideration of the concurrent resolution? The Chair hears none.

The concurrent resolution was considered and agreed to.

HOUSE BILLS AND JOINT RESOLUTION REFERRED

The following bills and joint resolution were severally read twice by their titles and referred as indicated below:

H.R. 2416. An act for the relief of Mrs. George Logan and her minor children, Lewis and Barbara Logan;

H.R. 2541. An act for the relief of Robert B. James;

H.R. 2561. An act for the relief of G. Elias & Bro., Inc.;

H.R. 2682. An act for the relief of Bonnie S. Baker;

H.R. 2689. An act for the relief of Edward Shabel, son of Joseph Shabel;

H.R. 2692. An act for the relief of Lula A. Densmore;

H.R. 2748. An act for the relief of A. C. Francis;

H.R. 2749. An act for the relief of E. B. Rose;

H.R. 2750. An act for the relief of Scott C. White;

H.R. 3161. An act for the relief of Henry Harrison Griffith;

H.R. 3300. An act for the relief of George B. Beaver;

H.R. 3302. An act for the relief of John Merrill;

H.R. 3345. An act to authorize the Department of Agriculture to issue a duplicate check in favor of the Mississippi State treasurer, the original check having been lost;

H.R. 3551. An act for the relief of T. J. Morrison;

H.R. 3579. An act for the relief of O. S. Cordon;

H.R. 3580. An act for the relief of Paul Bulfinch;

H.R. 3611. An act for the relief of Frances E. Eller;

H.R. 3614. An act for the relief of Clara C. Talmadge;

H.R. 3636. An act for the relief of Thelma Lucy Rounds;

H.R. 3705. An act for the relief of Julia E. Smith;

H.R. 3748. An act for the relief of Mary Orinski;

H.R. 3749. An act for the relief of Hunter B. Glasscock;

H.R. 3868. An act for the relief of Arabella E. Bodkin;

H.R. 3900. An act authorizing the Secretary of the Treasury to pay certain subcontractors for material and labor furnished in the construction of the post office at Las Vegas, Nev.;

H.R. 3952. An act for the relief of Grace P. Stark;

H.R. 3992. An act for the relief of C. A. Betz;

H.R. 4060. An act for the relief of Ellen Grant;

H.R. 4519. An act for the relief of C. W. Mooney;

H.R. 4659. An act for the relief of Carleton-Mace Engineering Corporation;

H.R. 4793. An act for the relief of Moses Israel;

H.R. 4832. An act for the relief of Edgar Sampson;

H.R. 4846. An act for the relief of Joseph Dumas;

H.R. 4847. An act for the relief of Galen E. Lichty;

H.R. 4928. An act for the relief of the Palmetto Cotton Co.;

H.R. 5284. An act for the relief of the Playa de Flor Land & Improvement Co.;

H.R. 5299. An act for the relief of Orville A. Murphy;

H.R. 5310. An act for the relief of John P. Seabrook;

H.R. 5405. An act for the relief of Nicola Valerio; and

H.R. 5689. An act providing for the advancement in rank of Frederick L. Caudle on the retired list of the United States Navy;

H.R. 6246. An act granting 6 months' pay to Annie Bruce; and

H.R. 6863. An act for the relief of W. B. Fountain; to the Committee on Naval Affairs.

H.R. 6871. An act for the relief of Austin L. Tierney; ordered to be placed on the calendar; and

H.R. 7437. An act for the relief of E. C. West; to the Committee on Claims.

H.J.Res. 315. Joint resolution granting consent of Congress to an agreement or compact entered into by the State of New York with the Dominion of Canada for the establishment of the Buffalo and Fort Erie Public Bridge Authority, with power to take over, maintain, and operate the present highway bridge over the Niagara River between the city of

Buffalo, N.Y., and the village of Fort Erie, Canada; to the Committee on Foreign Relations.

INTERNAL-REVENUE TAXATION

The Senate resumed the consideration of the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes.

Mr. BORAH. Mr. President, I desire to offer one other amendment. I simply desire to finish up the matter we have in hand.

I move to strike out subsection (p) of section 23, on page 26. If the other matter goes to conference, this should go in connection with it.

Mr. HARRISON. Does the Senator expect to speak on this amendment?

Mr. BORAH. No; I am not going to speak on it unless I have to.

Mr. HARRISON. I very much hope the amendment of the Senator from Idaho will not be agreed to, because the subject he now deals with is quite different from that which was dealt with in his previous amendment. The present amendment deals with dividends paid by one corporation to another. The subject is quite different in character from the one covered by the Senator's motion to strike out the provision covering consolidated returns.

Mr. BORAH. I ask for a vote on my amendment.

Mr. GLASS. Mr. President, let us have an explanation of the proposal of the Senator from Idaho. I voted on the consolidated-returns amendment with many misgivings. I think holding companies as a general proposition are a curse; but, as I always do, I have tried to follow the committee when they consider a bill and report it. Let us have an explanation of this amendment.

Mr. BORAH. Mr. President, the amendment proposes to strike out subsection (p) of section 23. These are the deductions which may be made from gross income. The subsection reads as follows:

(p) Dividends received by corporations: In the case of a corporation, the amount received as dividends from a domestic corporation which is subject to taxation under this title. The deduction allowed by this subsection shall not be allowed in respect of dividends received from a corporation organized under the China Trade Act, 1922, or from a corporation which under section 251 is taxable only on its gross income from sources within the United States by reason of its receiving a large percentage of its gross income from sources within a possession of the United States.

I am seeking to strike out that provision because it permits holding companies to deduct from their corporate returns the dividends received from stock held in other corporations. I think it is a part of the same subject matter with which we have been dealing.

Mr. BLACK. Mr. President——

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Alabama?

Mr. BORAH. I yield.

Mr. BLACK. I wish to be perfectly clear as to the intent of the motion of the Senator from Idaho. I have not had an opportunity to read the section. Are we to understand that if this section is stricken out, the dividend which is originally paid by one company will be taxed, and then if the dividend is received by the next company it will again be taxed, so that the net effect of the Senator's proposal will be to discourage holding companies?

Mr. BORAH. Exactly.

Mr. BLACK. It tends in that direction; and we can vote for it with that understanding?

Mr. BORAH. That is my understanding. That is the reason why I have offered the amendment.

Mr. BLACK. I think the Senator is correct in his position.

Mr. HARRISON. Of course, Mr. President, if Senators desire to vote for the motion on the theory of striking out the provision and compelling these corporations to pay a tax on dividends, they can do it on the theory suggested by the Senator from Alabama, but that provision was in the law long before the provision concerning consolidated returns. I do not think the Senate desires to adopt a provision that if one corporation pays a dividend to another corporation, we shall tax that dividend, and that if it goes through 10 different channels, from one corporation to the other, every time it goes along it shall be taxed. That is what would be done in case the amendment of the Senator from Idaho should be adopted. I hope it will not be adopted.

Mr. BLACK. Mr. President, I desire to say just one or two words.

I am very heartily in favor of this amendment for the very reasons stated by the Senator from Idaho and because of the explanation given by the Senator from Mississippi. I thoroughly agree with the Senator from Virginia [Mr. GLASS] that holding companies are not conducive to good business management in this Nation.

This is the first opportunity we have had to express approval or disapproval of the holding-company system. I cannot see that holding companies are anything other than parasites upon the business structure of the country. I do not believe they add anything to the economical operation of business. I do not believe they have any place, except to pyramid profits in a way that is not to the best interests of the business itself, and is not to the best interests of the public. For this reason I sincerely hope we shall depart from the old custom which has been in existence.

It is true, as stated by the Senator from Mississippi, that heretofore the dividends have been exempted from taxation as they went up step by step. I have made some investigation in order to determine how we could best control holding companies. It is an almost impossible task. I have been utterly amazed at the profits that have been slipped into the reservoir of holding companies, as disclosed in certain investigations which have been conducted by the Senate. Holding companies are used in the main not for the purpose of aiding the consumer, not for the purpose of aiding legitimate stockholders, not for the purpose of adding anything to a sound, ethical business structure in this Nation. On the contrary, they are, as a rule, used for the purpose of concealing profits.

From the study I have been able to make during the investigation which has been in progress here for some time with reference to aviation, I do not agree that there are any advantages in the use of holding companies which can begin to compensate for the disadvantages which such companies impose upon the business in which they engage.

I will give the Senate an example: A man testified before a committee of the Senate. We showed him a chart of the business enterprises where there were interlocking directorates. He admitted that he did not know the names of all those companies, although he was the moving factor in the organization of them all. He could not even state the names of the companies from which he had drawn salaries as an officer. When the questions were asked, he turned around and asked his lawyer or his associates in order to ascertain whether or not he drew salaries from those companies.

There is another company which has been under investigation, which has absorbed, by mergers, 80 different corporations into one parent holding company. Business cannot be aided by such methods. It gives into a very few hands the control of all those companies, and the sad part of it is that it gives the control into the hands of people who cannot possibly know anything about the operations of the business.

In the case I spoke of a few moments ago, I asked that gentleman if he had any interest in a certain company, and at first he said he had not. His attention was called to the fact, however, that he had, and that he was an officer of the company, and had drawn $7,500 salary as an officer of the company. Of course he could know nothing whatever about the actual business operations of the company.

As far as I can see, the time has come when the Congress must determine on its policy as to holding companies; and I had intended offering some such amendment as the one which has been offered by the Senator from Idaho.

Mr. HARRISON. Mr. President, will the Senator yield?

Mr. BLACK. I yield.

Mr. HARRISON. Is it the Senator's opinion that this amendment is confined to holding companies?

Mr. BLACK. It is my opinion that it is confined to the dividends that pass from one company to another company.

Mr. HARRISON. For instance, a bank might have to take over some stock in a corporation. It would be forced, under the provisions of this amendment, to pay the tax in such event. The provision is not restricted to holding companies at all.

Mr. BORAH. If that be true, the amendment ought to go to conference for the purpose of enabling the conferees to draw a different provision.

Mr. HARRISON. That is the trouble about legislating on the floor in connection with a matter like this.

Mr. BLACK. Mr. President, I am perfectly willing to admit that there might be some instances in which the dividends should not be taxed when they go to another company, but certainly this is the only opportunity we have had to vote on this question.

I may state that so far as I am concerned, the fact that a bank owns a corporation is no reason why the corporation should not be taxed again. The banks, through their holding companies, have obtained control of a large part of the business of the country, and a few banks in the eastern section of the country control and dictate the policies. I am perfectly willing to discourage their obtaining control of these large companies as they do. Some of the very instances I have in mind are those in which banks in New York, which can have no possible knowledge of the operations of a shipping company or the operations of an aviation company in certain parts of this country, get control of the company and determine its policies.

I have in the correspondence a letter from the president of one of these companies in which he calls attention to the fact that his board of directors is composed entirely of bankers and financiers, that they do not know anything whatever about the operations of the company, and he complains that he is deprived of having the benefit on his board of the services of men who actually know something about operating the business of aviation.

While it may be true, as stated by the Senator from Mississippi, that this provision would go farther than the conferees might think it should go, I certainly think it is a step in the right direction, and I shall vote for it.

Mr. GLASS. Mr. President, I do not pretend to know anything about holding companies outside of banking institutions; but I do know that holding companies in banking institutions have wrecked more banks and created more distress and destitution than one could reasonably conceive.

In the Banking Act of 1933 we put such severe restrictions upon banking holding companies that we apprehend they will be driven out of business. We wanted to treat them fairly and to give them due notice that that was the purpose of the act, over a certain period of time. I was induced by unintentional misrepresentation on the floor of the Senate to compliment the management of one of these banking holding companies in the State of Michigan, but it turned out to be the rottenest one of the whole group and to have produced more disaster than any banking holding company which was ever organized in the United States.

If I could believe that the adoption of this proposed amendment would put an end, in a given period of time, to holding companies, giving them ample opportunity to readjust their business relations, I would not hestitate to vote for it, and, in the circumstances, I am going to vote for it anyway in order that it may go to conference and that the matter may there be discussed.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Idaho [Mr. BORAH].

Mr. HARRISON. Mr. President, I am sure the Senate does not want to do something that would be unwise and that might disastrously affect certain institutions. We have done almost everything that is humanly possible in order to safeguard the Government against holding companies accumulating large reserves. We have gone so far as to write a new provision in the bill against holding companies, so that if they accumulate in their reserves more than 20 percent they are to be taxed not merely 13¾ percent but 30 or 40 percent. There is another provision in the bill relative to such accumulations where the tax runs as high as 50 percent if they act intentionally to keep from distributing their earnings and paying their taxes. One of the objects of the bill is to safeguard and plug up these loopholes. But what is proposed to be done by this amendment? It is now proposed in the case of every business institution in the country that has a legitimate reserve which it desires to invest, not for speculative purposes but legitimately in the purchase of some stock, and if a dividend is declared on such stock, to put a tax upon that reserve. That is something that has never before been done in the history of the country. Notwithstanding the fact that a corporation already pays the 13¾-percent tax, if the dividend should go through the channel of 10 other corporations, such dividend might pay 10 taxes. Insurance companies are oftentimes forced, in order to meet the demands of policyholders in case of death or for annuities, to invest their money in legitimate stocks. What is now proposed to be done is also to put a tax upon such investments. If the Senate wants to do that, let it go to it, and adopt the amendment, but I appeal to this body not to do something without having their eyes wide open.

Mr. HASTINGS. Mr. President, may I inquire of the Senator from Mississippi is it not true that in many cases corporations engaged in business in different States are compelled to take out corporate franchises in each of those States?

Mr. HARRISON. Yes; that is true, I may say to the Senator.

Mr. HASTINGS. And under this provision it would be necessary for them to pay an additional tax upon each of those corporations, as I understand the amendment?

Mr. HARRISON. Yes; it would be if earnings were paid by one corporation to the other.

The VICE PRESIDENT. The question is on agreeing to the amendment.

Mr. HASTINGS. I call for the yeas and nays, Mr. President.

Mr. NORRIS. I will agree to that.

The VICE PRESIDENT. The yeas and nays are ordered.

Mr. NORRIS. Mr. President, it seems to me that the Senator from Mississippi [Mr. HARRISON] and the Senator from Delaware [Mr. HASTINGS] are conveying an erroneous idea to the Senate about the effect of this amendment. The amendment does not provide for levying a tax on those companies, but it does provide if they shall make a profit they shall pay the tax. What is wrong about that? If they make no profit they will pay no tax. There is not in the amendment a provision to levy a tax if there is an investment made in another company; but if the other company is bought, and the purchasing corporation operates it as a business, and makes money on it, which is subject to the income tax law, why should it not pay a tax on the profits? It is not a proposition to tax them, but it is a proposition that if they are liable to the tax they shall not be excused therefrom. They are not exempt if they make money, but if they do not make any money they pay no tax. There is nothing unfair about that.

The Senator from Virginia [Mr. GLASS] has put his finger on the sore spot so far as banks are concerned. He has told the Senate the story that as to banks his investigations show that holding companies have created all kinds of misery and suffering. That is true in every other line in which holding companies have been active. If a State compels the organization of a corporation to enable business to be carried on within its borders and the corporation makes money, why should it not pay a tax? This amendment only provides that if such a corporation makes money it shall not have any exemption anywhere else. It is not necessary for a corporation, if it does not want to do so, to buy up other corporations over all the United States. It is not a question of making an honest investment. They are dishonest invest-

ments 99 times out of 100, made for the purpose of "skinning" the public. We have been noticing that for the last 2 or 3 years, in fact, having it thrown into our faces. No man on earth, not even God Almighty, could tell where holding companies really were, and when you put your finger on one corporation it was another corporation in some other State that was organized for the purpose of deception. There is no honest intention in ninety-five cases out of one hundred for the doing of an honest business.

Mr. HASTINGS. Mr. President——

Mr. NORRIS. I yield to the Senator.

Mr. HASTINGS. My understanding is that the subsidiary which pays the dividends will not only pay a tax but that the holding corporation which owns the subsidiary will have to pay an additional tax. Is that also the Senator's understanding?

Mr. NORRIS. If the holding company makes any money, it will have to pay. If a corporation makes money, it will have to pay; if it makes sufficient to be subject to taxation. All this amendment does, I will say to the Senator, is to prevent a corporation in filing a return from deducting a profit which some other corporation owned by it has made on which it will not have to pay any tax.

Mr. HASTINGS. For instance, suppose that an insurance company is doing business in more than one State, and that a certain other State requires that insurance company to take out articles of incorporation under its laws in order to do business; it is all controlled from one place; and under this proposed amendment, as I understand, the subsidiary corporation if it made any money would pay the tax; and if it paid a dividend to the parent company, the parent company would also pay a tax on that.

Mr. NORRIS. Not on that.

Mr. HASTINGS. Oh, yes; on that, too.

Mr. NORRIS. It pays a tax on its profit that it gets out of it.

Mr. HASTINGS. It would pay a tax on that particular dividend, as I understand. Is not that also the Senator's understanding?

Mr. NORRIS. I do not understand it in that way. In the first place, the Senator puts a proposition that I do not believe, with due respect to him, exists.

Mr. HASTINGS. I am not certain, and I should like to find out definitely, because that is what I think is true.

Mr. GLASS. Mr. President, an insurance company, if it is organized in New York and does business in 47 other States, does not have to form 47 different corporations; it simply has to procure a license to do business in the other States.

Mr. NORRIS. That is all.

Mr. HASTINGS. In some instances I think it does have to take out articles of incorporation in other States. Particularly is that so in the case of railroads.

Mr. HARRISON. Mr. President, I understand the Postal Telegraph Co. has to take out a charter in each of the 48 States. That is what I understand from the experts.

Mr. LONG. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. LONG. I happen to know that each of those corporations has to file separate returns before the public-service commissions of the States where it does business, anyway; and there is no convenience in requiring it to file separate returns for its revenues, because it has to do it, I think, in practically every State of the Union anyway.

Mr. HASTINGS. The additional point is——

Mr. NORRIS. I yield to the Senator from Delaware.

Mr. HASTINGS. The additional point is that if the particular corporation in Louisiana makes a profit and pays a dividend to the parent company, the parent company also has to pay a tax upon that dividend again. That is the point.

Mr. NORRIS. Suppose it does; why should it not if it is making money?

Mr. HASTINGS. Very well; but I understood the Senator to say that he did not understand it to be that way.

Mr. NORRIS. I do not think the Senator was putting that question to me.

Mr. LONG. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. LONG. I want to correct one statement made by the Senator from Nebraska, that 95 percent of these corporations were organized for dishonest or deceptive purposes. I will say that 99⅞ percent plus are created for no other purpose in the world than to cheat State bodies and State commissions and tax-receiving agencies of the State and Federal Governments and to make it almost impossible to trace their returns. That is the purpose of them.

Mr. NORRIS. I was prevented by the interruptions from referring to the suggestion as to insurance companies. I should like to do that now.

I do not claim to be an expert or anything of that kind, but I believe I can safely say that there is not a State in the Union that compels an insurance company to organize a new corporation for the purpose of doing business within its borders. Insurance companies have to comply with the laws of the State which probably provide a form of licensing or some method under which anyone who wants to sue them will have a place to sue and someone upon whom to serve summons. But I do not believe there is an instance where the New York Life Insurance Co., for instance, if it wanted to do business in another State would be compelled to organize, say, the Sun Insurance Co., which they would own, in order to do business in that State. It is not done in that way. They do not organize separate corporations; it is unnecessary; and the insurance companies do not do it.

Mr. BARKLEY. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Kentucky?

Mr. NORRIS. I yield.

Mr. BARKLEY. I am not in a position to dispute what the Senator has said about it, but I do happen to recall that in the State of Texas every railroad that passes through the State must organize a separate corporation under the laws of the State of Texas. I wonder if the State of Texas makes the same requirement of every other corporation which does business in the State?

Mr. NORRIS. I cannot answer the Senator's question. A railroad very often, or any other corporation sometimes, is required by the laws of a State to incorporate in that State an identical corporation. That will not harm them any. There is nothing about it that is wrong. There is no holding-company operation involved at all. It is not necessary to have a holding company to do an insurance business in any State in the Union—none with which I am familiar, and I am familiar with quite a number of them. In not a single instance is it required that there shall be a holding company, and there are no holding companies, if I understand the situation correctly.

But, after all, let us see what we have here. We have adopted an amendment striking out section 141. The pending amendment ought to follow as a matter of course. It is something that follows from the amendment which has already been agreed to by the Senate. When I left the Chamber to go to lunch after that amendment was adopted I supposed the adoption of this amendment would be only a matter of form. If the one amendment prevails, as it has, then the other ought to be adopted. It is a matter of necessity under the action the Senate has already taken. It is House language which the amendment would strike out. If the amendment shall not be adopted, the matter will not be in conference, even though the other amendment has been agreed to. We will have two conflicting provisions and we will be unable to remedy the situation. This amendment striking out the House language must be adopted or the subject will not be in conference.

Mr. HARRISON. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Mississippi?

Mr. NORRIS. I yield.

Mr. HARRISON. Of course, it is quite true that the question of taxing dividends paid by one corporation to another

would not be in conference if the amendment were not adopted. That is true. But there is no similiarity at all between the amendment now pending and the amendment adopted a while ago, the so-called "Borah motion", to strike out section 141.

Mr. NORRIS. I understood there was.

Mr. HARRISON. They are not affiliated at all. They have nothing to do with each other. That motion was to strike out the right to make consolidated returns and to require every corporation to file its own return. This is a different matter altogether. It is not akin to the other in any way. This is not confined to holding companies at all. This affects every corporation that declares a dividend.

Mr. NORRIS. It includes every holding company, as I understand. It applies only in case one corporation owns another corporation. That is the only instance where a corporation would want to get credit for a loss or a gain in a different corporation to make up a loss somewhere else in another corporation.

Mr. HARRISON. I know the Senator wants to be absolutely fair. Is it the Senator's understanding that this amendment would apply to corporations owning a controlling interest in another corporation, or where one group might own the control in other corporations?

Mr. NORRIS. Yes.

Mr. HARRISON. That is not so.

Mr. NORRIS. I think it is.

Mr. HARRISON. No; it is not so.

Mr. NORRIS. I do not see how it can be otherwise.

Mr. BORAH. Why is it not so?

Mr. HARRISON. Because that matter is dealt with in other provisions of the bill.

Mr. NORRIS. The amendment is to strike out this language:

> In the case of a corporation, the amount received as dividends from a domestic corporation which is subject to taxation under this title.

That is what they can take out as exemptions.

Mr. HARRISON. There is nothing there about holding companies.

Mr. NORRIS. They do not use the term "holding companies", but it prevents a corporation taking out as dividends that which it receives from another corporation. That is what makes a holding company. When one corporation owns another, it may be called something else, if the Senator desires, but it is a holding company just the same when one corporation owns another. The language provides that they can deduct from their returns the amount that is received from another corporation.

Mr. President, I want to add—and I should like to have the attention of the Senator from Mississippi—that the Senator from Mississippi, I think, has been remarkably fair in his management of the bill. We have a proposal here now pending—the amendment of the Senator from Idaho [Mr. BORAH]—that would strike out some of the House language. If that amendment shall be defeated, the question will not be in conference at all. If the amendment shall be adopted, the Senator from Mississippi and his fellow conferees will still have it under their control. The Senate is willing and glad to trust them to do the fair thing. If he can, by any kind of investigation, find a case where one of these holding companies ought to be exempted, we will have it inserted in the conference report or adopt language that will permit it.

The matter will be in the hands of the conferees. But if the amendment is defeated it is gone forever. If the amendment is defeated, the question is not in conference. It seems to me the Senator, with his usual degree of fairness, ought to accept the amendment.

Mr. HARRISON. I thought the Senator was trying to cut out the holding companies. What the Senator's amendment does is to affect every other kind of company.

Mr. NORRIS. The Senator from Mississippi can control that in conference. If there ought to be some exemptions, they can be provided. If we do not adopt this amendment, the hands of the Senator from Mississippi are tied so he cannot do a thing.

Mr. HARRISON. The Senator does not want to tax every dividend paid by one corporation to another, does he?

Mr. NORRIS. I would like to tax the holding companies, unless we can find an exemption for holding companies which can show a decent right to live. I would like to tax them all out of existence. I confess that frankly. I would like to get rid of them all. They are something that did not bother our forefathers. They have grown up under our modern system, and in my judgment they have done one of the greatest injuries to the American people they have ever suffered. Insull is an example of the evil, a fair example of it. Kreuger, in the match business, is another one. They are scattered all through the world, these financial kings, who have robbed the common people in order to make millions for themselves. Eventually they fall down of their own weight.

Mr. HARRISON. May I say to the Senator that the committee was carrying out that purpose in writing additional income taxes on holding companies which went as high as 20 percent above the 13¾ percent. Also, in addition to that we have the other provisions in the bill relating to accumulated profits.

Mr. NORRIS. Yes; and I commend the committee. I commend the Senator from Mississippi for doing that. Those are mostly personal holding companies, but we want an opportunity here, and I think the Senator from Mississippi ought to be with us, to carry the same doctrine into other cases. All we are asking now is to have this amendment adopted so as to put the matter in conference. It is the only hope we have. Without it all hope is gone beyond any possible redemption.

Mr. GLASS. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Virginia?

Mr. NORRIS. Certainly.

Mr. GLASS. As I understand, the proposed amendment is complementary to the amendment we have already adopted and against which I voted.

Mr. NORRIS. Absolutely.

Mr. GLASS. If one provision is to go out, the other ought to go out likewise, so they will both be in conference.

Mr. HARRISON. Mr. President, I do not want to delay the Senate, but all the experts tell me the two matters are not complementary at all and not akin at all.

Mr. BORAH. I do not know to what experts the Senator refers. He says "all the experts." Experts tell me that the amendments are related and ought to be considered together.

Mr. NORRIS. Mr. President, the suggestions made by the Senator from Mississippi and the Senator from Idaho have shown us how dangerous it is to adopt 100 percent, and accept as absolutely true, the statements of experts.

Mr. ADAMS. Mr. President, I desire to direct an inquiry to the Senator from Mississippi [Mr. HARRISON].

Am I correct in my understanding that if this amendment should be adopted, it would force every insurance company to pay the full corporate tax rate upon the income from every share of stock which it holds as an investment and would also compel the payment of the tax by testamentary trusts?

Mr. HARRISON. No; I did not say that, but it might in fire-insurance cases. Dividends from a corporation to the insurance company would be subjected to the tax twice; and they might be taxed on 10 different occasions down the line.

Mr. ADAMS. Would that be true also of testamentary trusts, where a corporate trustee was designated by will and the trustee invested the funds in corporate stocks?

Mr. HARRISON. The trustee would have to pay the tax on the dividends.

Mr. ADAMS. So that there would be a double tax.

Mr. HARRISON. And if a bank had to take up stock in some corporation, it would have to pay the tax on the dividends.

Mr. ADAMS. And then, upon the distribution, the beneficiary would pay his individual tax?

Mr. HARRISON. Oh, yes.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Idaho [Mr. BORAH]. On that amendment the yeas and nays have been demanded and ordered. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. GLASS (when Mr. BYRD's name was called). I desire to announce that my colleague [Mr. BYRD] is unavoidably absent on official business.

The roll call was concluded.

Mr. HATFIELD (after having voted in the negative). I have a general pair with the senior Senator from Florida [Mr. FLETCHER]. I transfer that pair to the junior Senator from Rhode Island [Mr. HEBERT], who is detained on official business, and will allow my vote to stand.

Mr. BORAH (after having voted in the affirmative). I change my vote from "yea" to "nay."

Mr. FESS. I desire to announce that the Senator from Vermont [Mr. AUSTIN] is paired with the Senator from Alabama [Mr. BLACK]. If the Senator from Vermont were present, he would vote "nay", and if the Senator from Alabama were present he would vote "yea." These two Senators are detained in a meeting of the Committee to Investigate the Air Mail Contracts.

I also desire to announce the following general pairs:

The Senator from Oregon [Mr. MCNARY] with the Senator from Florida [Mr. TRAMMELL];

The Senator from Missouri [Mr. PATTERSON] with the Senator from New York [Mr. WAGNER];

The Senator from Pennsylvania [Mr. REED] with the Senator from Arkansas [Mr. ROBINSON]; and

The Senator from Maine [Mr. WHITE] with the Senator from California [Mr. MCADOO].

The Senator from Oregon [Mr. MCNARY], the Senator from Maine [Mr. WHITE], and the Senator from Vermont [Mr. AUSTIN] are detained on business of the Senate. The Senator from Pennsylvania [Mr. REED] and the Senator from Missouri [Mr. PATTERSON] are necessarily absent.

Mr. HARRISON. I regret to announce that the Senator from Montana [Mr. WHEELER] is detained from the Senate on account of illness.

I also desire to announce the necessary absence on official business of the Senator from Arizona [Mr. ASHURST], the Senator from Alabama [Mr. BANKHEAD], the Senator from Washington [Mr. BONE], the Senator from Colorado [Mr. COSTIGAN], the Senator from Illinois [Mr. DIETERICH], the senior Senator from Florida [Mr. FLETCHER], the junior Senator from Florida [Mr. TRAMMELL], the Senator from Illinois [Mr. LEWIS], the Senator from California [Mr. MCADOO], the Senator from Nevada [Mr. PITTMAN], the Senator from North Carolina [Mr. REYNOLDS], the Senator from Maryland [Mr. TYDINGS], and the Senator from New York [Mr. WAGNER].

The result was announced—yeas 33, nays 39, as follows:

YEAS—33

Brown	Erickson	McGill	Schall
Bulow	Frazier	McKellar	Sheppard
Capper	Glass	Neely	Shipstead
Caraway	Hatch	Norris	Steiwer
Connally	Hayden	Nye	Thomas, Okla.
Couzens	Johnson	Overton	Thompson
Cutting	La Follette	Pope	
Dickinson	Long	Robinson, Ind.	
Dill	McCarran	Russell	

NAYS—39

Adams	Coolidge	Harrison	O'Mahoney
Bachman	Copeland	Hastings	Smith
Bailey	Davis	Hatfield	Stephens
Barbour	Duffy	Kean	Thomas, Utah
Barkley	Fess	Keyes	Townsend
Borah	George	King	Vandenberg
Bulkley	Gibson	Logan	Van Nuys
Byrnes	Goldsborough	Lonergan	Walcott
Carey	Gore	Metcalf	Walsh
Clark	Hale	Murphy	

NOT VOTING—24

Ashurst	Black	Costigan	Hebert
Austin	Bone	Dieterich	Lewis
Bankhead	Byrd	Fletcher	McAdoo
McNary	Pittman	Robinson, Ark.	Wagner
Norbeck	Reed	Trammell	Wheeler
Patterson	Reynolds	Tydings	White

So Mr. BORAH's amendment was rejected.

Mr. MURPHY. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 132, line 15, it is proposed to strike out the words "during the taxable year."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Iowa.

Mr. MURPHY. Mr. President, the Senate has imposed high income-tax rates, but it has left an opening as large as a barn door for the evasion of those tax rates.

In recent years many so-called "family trusts" have been created with no other purpose than to avoid high surtaxes on large incomes. Under trusts of this type, the grantor transfers his property to a trustee and provides for the payment of the income to the beneficiaries of the trust, the members of his family, but he retains the right to revoke the trust at any time.

Congress recognized the seriousness of this situation as it related to the revenues as early as 1924, and in the revenue act of that year enacted a special provision requiring the income from a revocable trust to be taxable to the grantor.

The right of Congress to tax the income to the grantor in the case of a revocable trust was upheld by the Supreme Court in the case of *Corliss* v. *Bowers* (281 U.S. 376).

Taxpayers found a way to get around the revocable trust provision of the 1924 act, which was incorporated in all subsequent revenue acts. The difficulty with the wording of the present statute is that the income is not taxable to the grantor unless he retains the right to revoke within the taxable year. Therefore, to avoid the tax, many so-called "year-and-a-day" trusts have been created. Under the terms of most of these trusts, the grantor does not have the power at any time during the taxable year to revest in himself title to any part of the corpus of the trust except upon written notice delivered to the trustee during the preceding taxable year. The courts have held that the income from such trusts is not taxable to the grantor, among the cases so holding being *Faber* v. *U.S.* (1 Fed. Supp. 859); *Lewis* v. *White* (56 Fed. (2d) 390); *Langley* v. *Commissioner* (61 Fed. (2d) 796); *Ashforth* v. *Commissioner* (26 B.T.A. 1188).

In the Langley trust the grantor reserved the right to revoke on the giving of a notice of a year and a day. Since notice was not given during the taxable year 1927 the court held that the income of the trust for 1928 was not taxable to the grantor, since during 1928 he could not revest title to the corpus of the trust. The Treasury Department has acquiesced in all of the above decisions.

As demonstrating the tax effect of these revocable trusts, under the pending bill a man with an income of a million dollars would pay a tax of $571,158. By splitting this income up into three family trusts, such as I have described, receiving one part of the income for himself, he will effect a tax saving of $108,358, since the tax on $250,000, or a quarter of a million, amounts to only $115,700.

Take the case of a man with an income of $100,000. If he sets up one of these trusts, so that $50,000 of the income will be paid to his wife, the other half being retained by himself, he will decrease his tax by approximately 50 percent. Of course, if he created several of these trusts, he could secure an even greater reduction.

If a man had an income of $200,000, and wanted to avoid the tax on that to himself, and split it up into three trusts of $50,000 each, retaining $50,000 for himself, his tax would be reduced, by that operation, from $80,240 to $29,760, representing a saving in tax to him of $50,480.

There is no use, when raising surtaxes, to leave the way open, by the creation of these revocable trusts, for the avoidance of the imposition of those surtaxes.

My amendment, by striking out the words "during the taxable year", would close this avenue of tax avoidance. I submit that the Chairman of the Committee on Finance

might well accept the amendment, and let it go to conference.

Mr. HARRISON. Mr. President, I may say that I have talked this matter over and had the experts look into it. I have no objection to the adoption of the amendment.

The PRESIDING OFFICER (Mr. CONNALLY in the chair). The question is on agreeing to the amendment offered by the Senator from Iowa [Mr. MURPHY].

The amendment was agreed to.

Mr. DUFFY. Mr. President, I present an amendment, which I ask to have stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 33, after line 25, it is proposed to insert a new section to read as follows:

SEC. 31A. Taxes of States, Territories, and the District of Columbia: The amount of income tax, or corporation tax measured by income imposed by any State, Territory, or the District of Columbia shall be allowed as a credit against the tax, but not exceeding 10 percent of the tax against which such credit is taken. Such credit shall be allowed as provided in section 131 and the provisions of said section, so far as applicable, shall govern.

Mr. DUFFY. Mr. President, through a misunderstanding, this matter was not presented to the Committee on Finance of the Senate.

In 1933 there was organized under the laws of the State of Wisconsin an interim committee on tax problems, and a part of their duty was stated to be as follows:

And is specifically instructed to bring to the attention of the Federal Government the equity of allowing a credit in the payment of Federal income taxes of income taxes paid to the States.

The Legislature of the State of Wisconsin, by joint resolution, on three different occasions has memorialized Congress to consider this problem. The interim committee had intended appearing before the Finance Committee, but through a misunderstanding as to when hearings would close they were unable to do so.

The income tax being the fairest of taxes, as we all recognize, and being based upon ability to pay, I think it should be encouraged in the several States. The State of Wisconsin imposed an income tax before the Federal Government did, as did several other States. I believe my State was the first whose income tax law was held valid by the courts.

Mr. President, 26 States of the Union are levying income taxes on both corporations and individuals. Two of them are levying taxes on the incomes of corporations only and one on the incomes of individuals only. Three of them impose taxes upon gross income. Two others tax income from intangibles only.

Although the income tax is a fair tax, and the States are increasingly using it, yet it does bring about an unfair situation with reference to States which do not have State income taxes, particularly where corporations or individuals are doing business in competition with corporations and individuals of other States where they are not subject to income taxation.

There is a policy which this Government has established with reference to inheritance taxes, under the law of 1926, which would seem to justify this amendment. Since 1924 an estate tax has been levied by the Federal Government. If the Senate imposes an inheritance income tax, one is allowed a credit up to 80 percent. I recognize that the Government is so greatly in need of funds that a larger figure than 10 percent, for which my amendment calls, might well be justified. Yet I think the adoption of this amendment would establish a policy which would give great emphasis to the movement in the States of the Union toward levying income taxes, where at least they are not prohibited from doing so by their State constitutions. The amendment is in accord with the resolution of the State legislature of my State, and in accordance with the request of the interim committee.

I have conferred with the experts here as to what they thought it would cost. I have presented it in two alternative forms, one in the form of a tax of 10 percent on corporations, and the other in the form of a tax on both corporations and individuals. The experts tell me frankly that, because the larger States have State income taxes, it might cost as high as $75,000,000, but it does seem to me that it would establish a precedent which should be followed, and would be of great assistance in leading the various States to impose income taxes. I therefore think the policy should be adopted. The amendment I have presented is in the form of an allowance of both individual and corporation income-tax credits.

Mr. HARRISON. Mr. President, of course anything the junior Senator from Wisconsin might ask would naturally appeal to me; but this amendment would cost the Government somewhere between $75,000,000 and $100,000,000. It is too much of an experiment, it seems to me, for the Federal Government to begin at this time. The Government could not stand the loss of the revenue, the amendment presents an entirely new policy, to which the committee has given no consideration, and I hope the amendment will be defeated.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was rejected.

Mr. NYE. Mr. President, I send an amendment to the desk and ask to have it stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 13, after line 14, it is proposed to insert the following new section:

SEC. 14. Tax in the event of war: (a) Whenever Congress shall declare that a state of war exists, the income-tax rates then in force shall be increased by 100 percent: *Provided, however,* That in no case shall the tax so imposed, together with all other Federal, State, local, and foreign taxes imposed upon the same taxpayer exceed 98 percent of his entire net income: *Provided further,* That in no case shall the total of such taxes be less than 98 percent of each taxpayer's net income in excess of $10,000 a year. The 100 percent increase shall be further increased or diminished in order to come within these maximum and minimum limits.

(b) The tax imposed by this section shall be applicable to every year (whether calendar or fiscal) during any part of which the state of war shall exist, and to 1 year prior and 1 year subsequent to such period. The President shall by proclamation declare the date of termination of the war.

(c) The Secretary of the Treasury shall have power to prescribe regulations for the administration of the provisions of this section, which shall be construed as a part of the general income-tax law.

Mr. NYE. Mr. President, the purpose of this amendment would be that of accomplishing an increase in tax rates in the event of war, which in the case of incomes of $10,000 per year or less would provide a doubling of the tax rates. On incomes in excess of $10,000 per year the rate of taxation, roughly, would be 98 percent.

At first blush one is apt to consider this a most severe degree of taxation, and yet if we will consider what the requirements of life are, it is not difficult to see that the man with the huge income that was being taxed at so high a rate as 98 percent would still find himself with ample means to provide for himself and for his family. Certain it is that an income of $10,000 or $20,000 or $30,000 or $40,000, such as would be permitted under this amendment, would be sufficient to take care of the families of any one of those men who will be in the trenches, in the front lines, carrying on in the cause of country and flag during the time of war. I do not know why we should fret particularly about the question of confiscation, if that is what it amounts to, in event of war, for we have no hesitation whatsoever in confiscating lives, in confiscating limbs and bodies. We do not hesitate in time of war in confiscating the positions which the young men give up in order that they might carry on in the cause of their country. We show no hesitation at all in time of war in going out and destroying and damaging not only lives but property as well. Why, then, we should hesitate when it comes to what might amount to be confiscation of income, confiscation of wealth, is beyond me to understand.

In the one event as relates to life and relates to property and health we grind most ruthlessly in time of war. Why must we be so solicitous about taxing the huge incomes that accrue to individuals during time of war?

It has been very often said, Mr. President, that one of the surest ways of preventing war is to take the profit out of war. While there have been many theories advanced as to plans to end war and prevent war, I know of none that would go further than this plan of taxing profits and partly confiscating profits in time of war.

But it is asked, "Why do we not wait? Why act now? Why not wait until war comes, and then we can increase these tax rates to the extent that is being suggested now?"

I think, Mr. President, that the answer to that question is this: Instead of taking alone the profit out of war, let us take the prospects of profit out of war. Take the prospects away and, I am convinced from such consideration as I have given, that we would be much farther removed from the dangers of war than we are even at this particular hour.

Mr. President, taking the prospect of profit out of war, it seems to me, is a precaution we ought to heed at this time. If it be said we ought to wait until war is declared before we levy war-time tax rates, let us be reminded that when we went into the last war we did not move with great rapidity, indeed, we did not awaken to the terrific profits that men were making out of war until the war was over, and it was discovered that a single war had created in our country something like 22,000 millionaires. We waited too long. Let us not make the same mistake again.

And so if we were to move now, writing laws, writing regulations which would be convincing that another war was not going to permit men, institutions, or industries to reap these huge profits while men were giving their all in the front line of battle, we would have performed for our country a very splendid service.

There is not anyone in this Chamber who is not quite unalterably opposed to the thought of more wars, or to our engagement in more wars. Then that being the case, why, I ask again, Mr. President, wait to write tax rates that will prevail and that should prevail if another war were to be visited upon us?

The question of preventing more war is one that lends itself to much of discussion and is most inviting of debate. I feel that this amendment which is now before the Senate would go far in that direction.

Another splendid service to that end could be performed by the approval and passage of Senate bill 3356, which is a bill intended to put the United States onto a cash-and-carry basis in the event other nations engage in war and want to buy of us their supplies and their ammunition. That particular bill, which I have introduced, provides as follows:

> That it shall be unlawful for any person to transport or cause to be transported any articles or commodities from the United States, or any place subject to the jurisdiction thereof, in vessels registered under the laws of the United States, to any foreign country which is engaged in a dispute or conflict with another nation.
>
> SEC. 2. Whoever violates the provisions of this act shall, upon conviction thereof, be fined not more than $10,000, or imprisoned for not longer than 5 years, or both.

The purpose, Mr. President, of that legislation is very obvious. We are reminded that we may not be able to stay out of another world conflict; that when countries engage in war it might well be expected that one of them will be buying from the United States supplies, munitions of war; and that in their transportation to the purchasing nation they will be attacked by another warring nation, our American shipping will be sunk. To such an act the American flag must respond, and our soldiers and our sailors, our ships, must be thrown into that world engagement. So I say, Mr. President, that if we had legislation which left our markets open to foreign countries that wanted to buy from us while they were engaged in war, all well and good, but let them come, carry it away in their own shipping, under their own flag; not under the American flag, another great step in security of peace would be won.

Another splendid purpose could be served in the lessening of dangers of war by the adoption by the Senate of that resolution which has been approved by the Military Affairs Committee, approved by the Committee to Audit and Control the Contingent Expenses of the Senate, now on the calendar of the Senate, introduced by the Senator from Michigan and myself, calling for a sweeping investigation of the practices of our American munitions makers.

The question arises, What part do these manufacturers of arms play in the creation of wars and in the carrying on of wars? To the end that the American people and we ourselves in Congress might have knowledge of the very influential part which they do play in that emergency, I am hopeful that that particular resolution can very soon be taken up from the calendar, its passage accomplished, and a committee appointed to proceed with that sweeping study which is contemplated.

That investigation can be expected to ascertain what part of the American tax dollar ultimately reaches the manufacturer of munitions of war. It is known that in our normal expenditures as a Government today 75 cents of every tax dollar goes for the purpose of paying for war—past wars or future wars. What part of that 75 cents, what part of our total annual expenditures, is going to bolster up the commercial strength of those who are engaged in the manufacture of munitions?

We also ought to know how much of collusion there is on the part of manufacturers of munitions in their sales to the United States Government of armor plate and of other commodities that enter into our preparation for war.

We ought to know if it is true that American munitions makers engage in South America in programs which are intended to breed suspicion and fear between the countries of South America, suspicion and fear that invite to one thing—orders for more munitions to prepare for more war, to prepare for more of the military engagements of which these unfortunate countries have known so many.

What part do the munitions makers play and take in preventing the fuller accomplishments that are hoped for from peace conferences?

What part did the munitions makers play while our statesmen were in South America less than a year ago trying to accomplish peace and understanding?

What are the holdings of American banking interests in our munitions enterprises in America?

What part do the banks play in the accomplishment of sales of American munitions to countries that are bankrupt, to countries that decline to meet their obligations under their bonds? What makes it possible for them to keep buying munitions while they are defaulting upon their bonds? Do our American banking interests have any interest whatsoever in munitions enterprises in our country?

Another question that the investigation might help satisfy is how many Shearers are engaged by our American munitions makers to ply their trade in the lobbies of Congress and in the Legislative Halls of the Nation?

What part have the munitions makers played in preventing the successful outcome of efforts like that involved in the arms embargo effort of a year ago?

What part—and this is all important, it seems, Mr. President—what part of our preparation efforts as a nation are occasioned by the commercial objectives of war or preparation for war? How large an influence does the mere commercial interest of American industries play in building our preparation program, our plan to be prepared for another war? What practices do the munitions makers resort to in order to accomplish the awarding of contracts from their own Government and from other governments?

It would be very interesting, too, Mr. President, to know what part of the holdings, what part of the stocks of munitions enterprises are possessed by men and by interests who and which occupy dominating positions in our public life, who are leading our public thought and opinion with respect to national issues.

Those and other questions are such as we might hope to have answered if the investigation of which I speak should be undertaken. I repeat the expression of the hope that the Senate is going to permit that investigation to get very quickly under way. A poll of the Senate has revealed an overwhelming majority in this body in favor of it.

Getting back to the pending amendment, it may be asked, Mr. President, why should this amendment be pressed at

this time? There are those who insist that there is no danger of war, that war is not imminent at all, that we ought not to be concerned with it, and that we can deal with the tax problems involved soon enough when and if war does come. Mr. President, I think anyone who will face the facts will agree that there is just as much prospect of war in this world today as there was 2 or 3 months before the World War broke, almost 20 years ago. If, indeed, preparation is an invitation to war, then we may expect this world to be moving very directly into another terrible conflict such as was that of a very few years ago.

We find in the cause of preparation our own expenditures in the United States multiplied almost by three today over what they were in the years 1914 and 1915, before our entry into the World War. Whereas in 1915 the total cost of maintaining our Army and Navy was $343,000,000, during more recent years it has mounted to $840,000,000. Economy has pushed down expenditures slightly, but they are still in excess of $700,000,000 annually, or well over twice as much as we were spending in those years of peace before the breaking out of the terrible and great World War, the war that was going to end war. Our own preparations in America rather indicate that we have been the leader in the movement of preparing for more trouble. From 1913 to 1930 Great Britain's cost of preparation for war increased 42 percent, France's 30 percent, Italy's 44 percent, Japan's 142 percent, Russia's 30 percent, and the United States outdistanced them all with an increase in that same period of 197 percent.

Mr. President, we never consider the danger of war but that the finger is pointed toward that island over across the Pacific, and we are cautioned to keep our eye there; that that is going to be the source of our next trouble as a nation. Eleven years ago there was written for the magazine Asia an article which, it seems to me, ought to be brought to mind again, particularly here in the Senate. Eleven years ago that article was written reciting how impossible, how improbable was an engagement between the United States and Japan. The writer at that time declared—and I quote from the New Republic—

> The overwhelming opinion of naval experts on both sides of the Pacific is that a war between these two countries would come to nothing in any military sense. We could not possibly defend the Philippines or successfully attack the Japanese territory. The Japanese could not, except momentarily, invade the United States either directly or through Mexico. Recent naval inventions, instead of making long-distance warfare more feasible, has made it less so. Such a war would develop into a stalemate and a struggle of economic attrition. In this struggle the United States would be overwhelmingly superior.

The New Republic declares:

> We should like to call to the attention of the writer of that article of 11 years ago this passage from his article:
> "Tableau: Japan and the United States, four or five thousand miles apart, making faces at one another across a no-man's water as broad as the Pacific. Some genius might then arise to ask what it was all about and what the use was of the atrophy of national life and development. Or, to take a pessimistic view, jingo councils might prevail in both Nations until one or the other, or both, have bled to death through the pocketbook. If, then, it were realized by the people of this country and of Japan that a war would be a futile gesture, attended by no sufficiently compensating results, each Nation might be in a fair way to change its apprehensive habit of mind.

Mr. President, the writer of the article from which I have quoted was none other than the President of the United States when he was Assistant Secretary of the Navy or just after his retirement from that particular office. He speaks of a change in the "apprehensive habit of mind." If only such a change could be brought about, Mr. President, a world of good could be accomplished and suffering, economic and physical, could be avoided. Because we all want to attain that end I press an appeal for the passage of that kind of law at this time which will determine that in the event of more war there will not be tolerated that degree of profiteering which prevailed during the last war.

There has just come from the press a most interesting publication, revealing the antics of our American munitions manufacturers during the World War, and at other times. It is written by H. C. Engelbrecht and F. C. Hanighen, and has been given a title which fits the situation beautifully. Merchants of Death is the name of this new work. I wish to invite the attention of every Member of the Senate to this book which is deserving of their reading. It is a remarkable work, one about which a great deal is going to be heard. In this volume we find recorded some figures showing the profits enjoyed during the last war, profits that we certainly want to protect ourselves against in the event of further military engagements.

During 4 peace years the United States Steel Corporation enjoyed an average annual profit of $105,000,000, while during the 4 years of war its annual average profit was $239,000,000.

The du Pont interests during 4 years of peace found themselves enjoying an average annual profit of $6,000,000, while during 4 years of war they enjoyed an average profit of $58,000,000 annually.

The Bethlehem Steel Corporation in peace times had an average annual profit of $6,000,000, and in war times an average profit of $49,000,000 annually.

Anaconda Copper had an annual average profit of $10,000,000 in peace times, and an average in war times of $34,000,000.

Utah Copper, $5,700,000 in peace times and $21,600,000 in war times.

American Smelting & Refining Co., $11,500,000 in peace times and $18,600,000 in war times.

Republic Iron & Steel, $4,000,000 in peace times and $17,500,000 in war times.

International Mercantile Marine, in peace times $6,600,000 profits per year and in war times $14,000,000 in profits per year.

Atlas Powder Co., $485,000 profit in peace years per annum and $2,374,000 per year in times of war.

American and British manufacturing, $172,000 profit in peace times and $325,000 in time of war.

Canadian Car & Foundry, $1,300,000 in peace times and $2,200,000 in war times.

Crocker Wheeler Co., another munitions institution, $206,000 annually in peace times and $666,000 in war times.

Hercules Powder Co. in peace times had an annual profit of $1,200,000 and in time of war an annual profit of $7,430,000.

General Motors in peace times had a profit of $6,900,000 per year, and in war times $21,700,000 profits per year.

Mr. President, why should we hesitate, why should we delay for one moment writing now a provision which will say to those who might have an interest in another war, "In the event of another war your profits are going to be limited almost to the point of confiscation of the huge incomes which you take while men are bleeding, while homes are being deprived of the support they so desperately needed"? Why should we hesitate doing this particularly when we find our gigantic industrial enterprises in America reaching out at all times to enlarge upon their profits, no matter what the cost may be to humanity, no matter the suffering of mankind?

This volume, Merchants of Death, reminds us of an advertisement published by the Cleveland Automatic Machine Co. in the American Machinist, an advertisement having to do with a new discovery, the discovery of some new instrument that would bring death in terrible agony to men engaged in the defense of flag and country. I am going to insist upon reading this advertisement in part.

Speaking of the material this manufacturer had developed, the advertisement declares:

> The material is high in tensile strength and very special and has a tendency to fracture into small pieces upon the explosion of the shell. The timing of the fuse for this shell is similar to the shrapnel shell, but it differs in that two explosive acids are used to explode the shell in the large cavity. The combination of these two acids causes a terrific explosion, having more power than anything of its kind yet used. Fragments become coated with the acids in exploding and wounds caused by them mean death in terrible agony within 4 hours if not attended to immediately.

Listen to this further paragraph appearing in the advertisement:

From what we are able to learn of conditions in the trenches, it is not possible to get medical assistance to anyone in time to prevent fatal results. It is necessary to cauterize the wound immediately, if in the body or head, or to amputate if in the limbs, as there seems to be no antidote that will counteract the poison.

I continue quoting the advertisement:

It can be seen from this that this shell is more effective than the regular shrapnel, since the wounds caused by shrapnel balls and fragments in the muscle are not as dangerous, as they have no poisonous element making prompt attention necessary.

Now, here is a manufacturer, one who enjoys huge profits in time of war, one whose greatest prosperity is dependent upon war—here is one who develops not an instrument, not a tool, that is going to accomplish alone death or the disability of someone engaged in war, but is going to accomplish death "in terrible agony", to use his own language.

Profits! Profits! Mr. President, profit plays more of a part in preparing for war, in occasioning war, than any other one thing to which we might devote our attention. Because that is so emphatically true I have deep interest and concern in the amendment which I have offered, an amendment which, in the event of another war, would take that part of the profits of men in industries which is in excess of $10,000 a year and tax it to the extent of 98 percent.

Mr. President, I hope the amendment may prevail.

Mr. VANDENBERG. Mr. President, the pending amendment to the tax bill proposes the virtual confiscation of all war profits in the unhappy event of another conflict involving the United States. This raises, by implication, the whole question of a practical peace program for our country. Too much emphasis cannot be put upon the importance of the challenge involved in the amendment. It represents compulsory patriotism and practical pacifism. The length of the step proposed in the tax amendment is far less important than the direction of the step. The direction is the thing I am rising to applaud heartily and to support with all the earnestness at my command. The Senate here deals with the most powerful peace impulse which can be flung into the affairs of men.

It seems to me that the adoption of the amendment would be a major frontal attack upon the commercial motive in the war equation. The commercial motive in the war equation is public enemy no. 1 insofar as the promotion of practical peace is concerned. When an attack upon the commercial motive wholly succeeds, I am persuaded that the greatest possible peace insurance will have been developed. By the same happy token, national defense insurance also is promoted. The text of the pending amendment in its immediate detail may or may not be the appropriate mathematical calculation. That is immaterial. I repeat that it is the intent and the direction and the philosophy of the amendment which deserves the affirmative consideration of a Senate dedicated to the common welfare.

I want to point out, first of all, Mr. President, that this is no novel idea. It does not come here solely upon the responsibility of the author of this amendment which is offered from the floor. It has behind it credentials of utterly formidable character. It has behind it the accumulated authority of the work of the War Policies Commission, which was created by formal act of Congress in 1931, a body which met over a period of 12 months and devoted loyal service to the faithful quest for a formula, quoting the original resolution, "to promote peace and to equalize the burdens and to minimize the profits of war." That is a patriotic objective, a Christian objective, a democratic objective.

The War Policies Commission was made up of representatives of the Senate, appointed by the Vice President, representatives of the House, appointed by the Speaker, and representatives of the President's Cabinet, named in the original resolution. I want to indicate the personnel of the commission because I want to emphasize the importance of the credentials that lie behind this purpose to take the profit out of war by way of a tax amendment. It is not a matter born of casual adventure. It is no mere passing fancy. It is not a flash of pacific hysteria. It is the seasoned conclusion of a governmental clinic which reached a solemn verdict in the light of searching investigation.

These are the men who joined in the report of the War Policies Commission: The then Secretary of War, Patrick J. Hurley, chairman; Senator David A. Reed, vice chairman; Senator Joseph T. Robinson, of Arkansas; Representative John J. McSwain; Attorney General William D. Mitchell; the then Secretary of the Navy, Charles Francis Adams; the then Secretary of Commerce, Robert P. Lamont; Representative William P. Holaday; the then Secretary of Agriculture, Arthur M. Hyde; the then Secretary of Labor, W. M. Doak; Representative Lindley H. Hadley, who served as secretary; and myself.

I had the honor of being 1 of the 4 Members of the Senate who, by designation of Vice President Curtis, sat upon the War Policies Commission, who took this significant testimony over the period of a year, and who formulated this subsequent report which was laid at the bar of the Senate on March 5, 1932.

Mr. President, what is the crux, what is the kernel of the recommendations which were submitted by the War Policies Commission for the purpose of demonetizing the martial impulse? What was the chief weapon which the War Policies Commission forged in its effort to attack the commercial motive as it may stimulate war purposes and war programs?

I quote from the report of the commission, from its final recommendation:

In addition to all other plans to remove the profits of war—

And the commission reported a series of recommendations—

In addition to all other plans to remove the profits of war, the revenue law should provide that upon any declaration of war, and during the period of such emergency, individuals and corporations shall be taxed 95 percent of all income above the previous 3-year average, with proper adjustments for capital expenditures for war purposes by existing or new industries.

In other words, Mr. President, it was the considered judgment of a formidable joint official body representing the Congress and the Cabinet in 1932 that the profits should be taken out of war primarily by precisely the method which is proposed by the pending amendment. We blazed the trail which is rediscovered today in the pending tax amendment.

The unfortunate and unhappy thing is that when this thoroughly formidable and invincibly sustained report was submitted to the Congress in 1932 it received no consideration whatever of an affirmative, constructive character. Congress had no time for this great antiwar program. I introduced the legislation necessary to carry out all of these various purposes. The legislation lingered in committees and died in pigeonholes. Just one resolution finally passed the Senate, and that was a resolution calling upon the then Secretary of the Treasury to report to the Senate the mechanics of a proposal to implement this taxing recommendation of the commission. The then Secretary of the Treasury replied to the Senate that it was impossible, in advance of war itself, to develop a practical formula; that we must wait for the event.

Mr. President, that response was and is utterly inadequate to the situation to which we address ourselves. That response utterly negatives the purpose which we were and are seeking to obtain, because the prime importance of the whole movement is to notify in advance all American business, to notify in advance all those who may be affected in any degree, that if conflict ever again comes to the United States it is going to be a demonetized conflict so far as we can make it such. There are to be no more "war millionaires", because that phrase is not only a paradox but a curse upon the very word "democracy." There are to be no further favorites at home who capitalize for their own gain the sacrifices of their fellow citizens upon the battle line. Cash registers, in other words, will join in playing the national anthem, whether they wish or not.

The essential, primary purpose of the legislation is that its passage in time of peace shall notify all concerned that if and when the unfortunate, unthinkable thing of war again comes to the Nation, it must come on a basis without profits. It must come on a basis in which the burdens of the national defense are equalized. It must come on a basis of universal service so far as possible. It must come upon a basis which represents a fraternity in fact, a fraternity of effort to defend the flag and sustain the Republic. So I submit, Mr. President, that this pending amendment is nothing more nor less than the lengthened shadow of the report of the War Policies Commission, put effectually to work by way of repressive admonition.

It seems to me that one of the great influences of the movement, as I have already indicated, is its advance notification to all our people that war profiteering is dead in the United States; that no dollar sign ever again shall stain our battle banners; that this democracy, if ever again summoned to the martial reveille, will move forward in a common realization that it is all for one, and one for all in respect to the national defense. Then, if there be any influences which hungrily encourage war in contemplation of bloody dividends, cash from casualties—God save the mark!—they will know in advance that our America is done with all such death's head greed.

This is my idea not only of practical patriotism but also of practical pacifism.

I would leave no inference that there was any lack of fine patriotism on the part of many sectors of American business in the last conflict. Many sturdy business men dedicated themselves to the common cause with complete unselfishness. But it is common knowledge that many a pocketbook fattened at home while the A.E.F. was tramping down the valley of the shadow abroad. No such offense to equity and to democracy should be possible again, if ever again we are unavoidably caught in the grips of war.

Mr. President, let no one think that this movement to take the profit out of war, not only in the fashion indicated by the pending amendment but by the further important evolution to which I shall advert in a moment, lacks any interest on the part of the great mass of the American people themselves. The truth of the matter is that this movement to equalize the burdens of war, this movement to create universal service in time of war, was originally born in the conscience of our massed and embattled veterans. It found its initial spokesmanship in the resolutions adopted at the first national convention of the American Legion. The veteran himself—the man who has paid the price—is the man who is primarily interested and concerned in doing the precise thing which is here undertaken; and year after year the one great constructive dedication to which the American Legion in convention after convention has pledged its continuous faith is the movement to take the profit out of war, and to equalize these burdens, and to create a universal service in the national defense.

Nor is that all. The American Federation of Labor, at its last national convention in Cincinnati, directly resolved upon the necessity of an inquiry into the nationalization of the entire munitions business, again, as it will be seen, pointing its suspicions toward the malignant influence of the commercial motive in respect either to the national defense or to the preservation of the country in time of actual challenge.

We have the American Legion, we have the American Federation of Labor, squarely joining in this challenge. I suspect that we have every peace society in the land joining in the challenge. I suspect that we have every religious impulse in the land joining its prayers to this movement. It is a movement that cannot be wholly answered merely by the pending amendment, because that only touches the outer rim of the problem. But this is the only point at which the Senate, in this particular consideration, can deal with this phase of the national problem. Beyond the pending amendment is the great fundamental question which is raised by the pending Senate Resolution 206.

This, Mr. President, is the resolution which is sponsored by the Senator from North Dakota [Mr. NYE] and me. For purposes of easy identification, it is known as the Nye-Vandenberg resolution. It represents the consolidation of two previous resolutions seeking in parallel lines to reach a common focus, one presented by my colleague from North Dakota and one presented by me.

This resolution has the unanimous recommendation of the Senate Committee on Military Affairs. It has the unanimous recommendation of the Senate Committee to Audit and Control the Contingent Expenses of the Senate. It is pending on the calendar as Order of Business No. 623. It goes into the larger implications of this problem, which, I repeat, are typified and personified in one phase by the pending amendment.

I desire to read two or three sentences from the preamble of this resolution, because in these sentences rests the challenge which finds its first expression in the pending tax amendment, but which finds its larger expression in the resolution calling for the inquiry described in the resolution.

This resolution addresses itself to these propositions:

First, that the influence of the commercial motive is an inevitable factor in considerations involving the maintenance of the national defense.

Second, that the influence of the commercial motive is one of the inevitable factors often believed to stimulate and sustain wars.

In view of those theses, the resolution proposes that a select committee of the Senate, to be named by the Vice President, shall inquire into all phases of munitions influences at work in respect to the foreign policies of the United States or our contracts with any of its neighbors; shall inquire into all the influences of a doubtful or questionable character, if any, which may be at work within our own country in respect to our own national-defense proposals; shall review the antiprofits program of the War Policies Commission and give them life; shall particularly undertake to discover whether or not the actual nationalization of the munitions business of the land, by license or otherwise, may not be the most complete control of the defense factor and the peace factor, and the greatest possible guarantee of a pacific net result in the contacts of mankind.

The resolution is unanswerable in its challenge, Mr. President, and I am unable to believe that the Senate will permit it long to linger upon the calendar. As a matter of wise procedure, Mr. President, I would gladly refer the pending tax amendment to this new board of inquiry, instead of risking a vote upon it here this afternoon, if the Senate would interrupt its consideration of the pending bill long enough to pass the so-called "Nye-Vandenberg resolution."

I ask that the full text of the resolution may be printed in connection with my remarks at this point.

The PRESIDING OFFICER (Mr. POPE in the chair). Without objection, it is so ordered.

The resolution (S.Res. 206) submitted by Mr. NYE and Mr. VANDENBERG on the calendar day of March 12, 1934, is as follows:

Whereas the influence of the commercial motive is an inevitable factor in considerations involving the maintenance of the national defense; and

Whereas the influence of the commercial motive is one of the inevitable factors often believed to stimulate and sustain wars; and

Whereas the Seventy-first Congress, by Public Resolution No. 98, approved June 27, 1930, responding to the long-standing demands of American war veterans, speaking through the American Legion, for legislation to take the profit out of war, created a War Policies Commission, which reported recommendations on December 7, 1931, and on March 7, 1932, to decommercialize war and to equalize the burdens thereof; and

Whereas these recommendations never have been translated into the statutes: Therefore be it

Resolved, That a special committee of the Senate shall be appointed by the Vice President to consist of seven Senators, and that said committee be, and is hereby, authorized and directed—

(a) To investigate the activities of individuals and of corporations in the United States engaged in the manufacture, sale, distribution, import, or export of arms, munitions, or other implements of war; the nature of the industrial and commercial organizations engaged in the manufacture of or traffic in arms,

munitions, or other implements of war; the methods used in promoting or effecting the sale of arms, munitions, or other implements of war; the quantities of arms, munitions, or other implements of war imported into the United States and the countries of origin thereof, and the quantities exported from the United States and the countries of destination thereof; and

(b) To investigate and report upon the adequacy or inadequacy of existing legislation, and of the treaties to which the United States is a party, for the regulation and control of the manufacture of and traffic in arms, munitions, or other implements of war within the United States, and of the traffic therein between the United States and other countries; and

(c) To review the findings of the War Policies Commission and to recommend such specific legislation as may be deemed desirable to accomplish the purposes set forth in such findings and in the preamble to this resolution; and

(d) To inquire into the desirability of creating a Government monopoly in respect to the manufacture of armaments and munitions and other implements of war, and to submit recommendations thereon.

For the purposes of this resolution the committee is authorized to hold hearings, to sit and act at such times and places during the sessions and recesses of the Congress until the final report is submitted, to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures, as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the Commission, which shall not exceed $50,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

Mr. VANDENBERG. Mr. President, this afternooon the able Senator from North Dakota has submitted various challenging exhibits bearing upon this proposition. I doubt whether any man who sat in this Chamber a few weeks ago and heard the distinguished Senator from Idaho [Mr. BORAH] lay down an even broader challenge in respect to the influence which the munitions influence has not only upon the thinking of America but upon all of the pacific undertakings of all this whole wide world can for a moment decline the challenge which is here presented for a conclusive investigation to find out whether or not we shall be allowed to live at peace among ourselves and with our neighbors without artificial encouragements to friction and to misunderstanding, then to conflict, and then to disaster. If our own land is free of these sordid intrigues which we know to exist elsewhere, the proof of that cleansing fact would itself more than justify this effort.

Mr. President, it is interesting to note, in this connection, that one of the labor members of the Canadian Parliament this same week has suggested in the Parliament across the line that the governmental control of Canadian nickel might be the control of the fundamental element necessary in the production of the instrumentalities of war, because nickel is of such a primary concern in all of these operations. That is a precise paraphrase, in one aspect, of the proposal which I am arguing to our own Senate this afternoon.

I ask that an editorial in the Evening Star entitled "No Nickel, No War?" be inserted in the RECORD at this point.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Evening Star, Washington, D.C., Mar. 31, 1934]

NO NICKEL, NO WAR?

It has remained for Mr. J. S. Woodsworth, a Canadian Labor member of Parliament from Winnipeg, to propose a brand-new method for preventing war. His remedy is simple. He would make it impossible for nations to purchase nickel for armament purposes, especially armor plate, in the manufacture of which it is an essential ingredient.

As Canada has practically a monopoly of nickel, supplying 90 percent of the world's needs, Mr. Woodsworth favors nationalizing the commodity. It is due to increased war preparations, he suggests, that the output of nickel has more than doubled during the past year. Canada, it is proposed, should control both the output and its destination, so that nickel would not fall into the hands of armament makers. With war clouds gathering on the international horizon, Mr. Woodsworth thinks that the Dominion has a wonderful opportunity to fight on a dozen different fronts in this great war to end war.

It is a stimulating notion. Its patentee intermingles realism with his idealism when he admits that there would be some difficulty in government interference with such a big industry, but he reverts to the utopian by suggesting that in an international emergency the rights of stockholders should be sacrificed to the cause of humanity.

Mr. Woodsworth proposes that the League of Nations be asked to crack the nut and evolve a method of embargoing nickel along with narcotics.

Mr. VANDENBERG. Perhaps, as indicated in the editorial, this effort is utopian. But it bespeaks a philosophy and an ideal worth pursuing. Furthermore, this is supposed to be a practical age; and the practical fact is that competition in armaments is an impractical futility. I read just one contemporary news despatch from Sheffield, England:

The latest armor-piercing shell made in Sheffield was described today by Sir Robert Hadfield, famous metallurgist. It weighs nearly a ton. When fired at armor-plate thickness equal to the caliber of the gun, it not only perforates the plate without breaking, but has sufficient velocity to go 9 miles farther.

Who can speak of "the next war" in terms of dependable knowledge respecting the weapons with which it would be fought?

Who knows? Nobody knows! We each strive to outsmart the other. No; the effective attack upon the institution of war is an attack upon the war psychology, and an attack upon the commercial motive strikes at the heart of the problem. Indeed, I firmly believe it means more to honorable peace than either leagues or courts.

Mr. President, let me say very frankly that in many respects the Senator from North Dakota and I approach this problem from different viewpoints. Indeed, the interesting thing to me is that men who do have different viewpoints, relatively speaking, in regard to preparedness and in regard to the national defense, can find such a completely common ground as we find in respect to this particular pending amendment and in respect to the resolution to which I have adverted. The Senator from North Dakota, for example, voted against the Vinson Navy bill. I voted in favor of the Vinson Navy bill.

I do think it is important that the country should have its attention more directly focused on the statement made by the President of the United States when he signed the Vinson bill, because he signed it in the spirit in which I voted for it, and that is a totally different spirit from what has been ascribed to it by many critics. I ask that this statement may be inserted in the RECORD at this point in my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

TEXT OF STATEMENT

The President's statement follows:

"Because there is some public misapprehension of facts in relation to the Vinson bill, it is only right that its main provisions should be made wholly clear.

"This is not a law for the construction of a single additional United States warship.

"The general purpose of the bill is solely a statement by the Congress that it approves the building of our Navy up to and not beyond the strength in various types of ships authorized, first, by the Washington Naval Limitations Treaty of 1922, and, secondly, by the London Naval Limitations Treaty of 1930.

"As has been done on several previous occasions in our history, the bill authorizes purchase and construction over a period of years. But the bill appropriates no money for such construction, and the word 'authorization' is, therefore, merely a statement of the policy of the present Congress. Whether it will be carried out depends on the action of the future Congresses.

"It has been and will be the policy of the administration to favor continued limitation of naval armament. It is my personal hope that the naval conference to be held in 1935 will extend all existing naval limitations and agree to further reductions."

Mr. VANDENBERG. Mr. President, let it be noted that we did not appropriate a single dollar for a single additional battleship. We merely declared a policy, and thus put the world on notice that arms limitations must be a matter of mutual participation. I share President Roosevelt's philosophy in this respect, despite what I have said of the impractical futility of competitive armaments.

With another naval conference pending in 1935–36, I believe the United States is in an infinitely stronger position to exercise a persuasive influence and an authoritative voice in discussion with other major naval powers, if we shall have made it plain that our international neighbors cannot expect our naval power to be reduced except as they join us in mutual limitations.

Despite all philosophy and metaphysics to the contrary, I believe in the importance of rational preparedness.

But this is beside the present point.

I have diverted only to indicate that two schools of thought, which may differ respecting the national defense, can find common ground, without division, without reservation, without equivocation, and without even a split hair between us in dedication and objective, when the promotion of peace by the demonetization of war is the issue.

The travesty of a competitive world race in armaments is beyond mitigation. It is competition in the agencies and instrumentalities of mass murder.

The travesty of war itself—except as a last defensive resort—must impress the conscience of every citizen.

This does not depreciate the martial triumphs of the past, nor the heroic sacrifice of our men in uniform who have placed their hearts upon the altars of the Republic. This does not deny our historic obligation to the defenders who have consecrated our institutions with their blood. This does not underestimate the desperately important service still rendered us every hour by those who continue to hold themselves in readiness again to serve and save us in an emergency. On the contrary, it is in their name that we owe civilization our maximum effort to prevent needless and futile and sterile conflict in this modern world.

I do not believe in disarming America in the midst of an armed world. Such unshared idealism would be a menace both to our own security and to the persuasive influence which we might hope to exercise upon the armed aspirations of others. It would not aid peace for us or for the world.

But I profoundly believe in stressing the formula and the philosophy of mutual disarmament by international agreement to the utmost limit. The United States must urge ever forward in this cause. There is no uniform effort of this nature to which we dare dissent. It is our tradition. It is our creed. It is our practice. It is our aspiration.

Yet when we are put upon notice that the world's most conscientious efforts in this direction are constantly jeopardized by the intriguing influences of an international munitions lobby, which thirsts for the blood of war as the wellspring of its prosperity, we certainly are warned that practical pacifism must attack and conquer this commercial motive before it can succeed in bringing its pacific benediction to the earth.

I do not know whether this malignant influence is in any degree persuasive within our own United States or not. Under the Nye-Vandenberg resolution we can find out; and we can find out many other useful things.

I favor an everlasting end to anything that smacks of a munitions lobby, here or elsewhere, or that reflects the commercial war motive at work. Then, and only then, can rational neighborliness have a fair chance to compose itself in peace.

Many believe—and some undertake to prove—that the profits factor not only engenders deliberate international frictions which seek sordid toll out of resultant trouble but also that wars often are prolonged by this same horrible stimulant.

I favor an end not only to the stimulant but also to any suspicion of an opportunity that it may ever again curse and victimize our people.

Obviously, then, I favor the theory and philosophy of the pending amendment to the tax bill, because it marches in the right direction, and I repeat that the commercial motive at work in this war equation is public enemy no. 1 as respects the true cause of real peace. The tax amendment should be adopted, or, far better, the Senate should suspend its regular order long enough to pass the so-called "Nye-Vandenberg resolution" this very afternoon and then let the tax amendment be explored, along with these other problems, by the proposed board of inquiry.

Mr. President, I ask that at the conclusion of my remarks a most illuminating article appearing in the Detroit News on this subject be printed in the RECORD, and that a pertinent editorial from the New York World-Telegram may also be printed in the RECORD.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

(See exhibits 1 and 2.)

Mr. VANDENBERG. Mr. President, in conclusion, I urge that the pending amendment be agreed to, because it is the first effort that has yet been made in Congress to carry into effect the splendid report of the War Policies Commission, submitted 2 years ago upon the highest authority of the Government, and heretofore completely and utterly and disappointingly ignored; or I urge that the Senate take the larger view and the longer step and approve Senate Resolution 206 and send the tax amendment to this new body for review.

EXHIBIT 1

[From the Detroit News]

MUNITIONS MEN FACING SENATE INVESTIGATION—SPECTACULAR REVELATIONS ARE EXPECTED IF INQUIRY IS AUTHORIZED—MOVE LAUNCHED BY VANDENBERG AND NYE TO TAKE THE PROFIT OUT OF WAR

By Jay G. Hayden

WASHINGTON, March 17.—The most interesting and spectacular of all the parades of banking and industrial moguls which are marching across the Senate stage these days may be the investigation of munition makers, scheduled to take place during the coming summer.

The Committee on Military Affairs on Friday unanimously approved a resolution drafted jointly by Senators VANDENBERG and GERALD P. NYE (Republican) North Dakota, which calls for an examination of the munition-making business in all its phases, both domestic and foreign.

The resolution will be reported to the Senate Monday, and before the end of the week it almost certainly will be passed and the select committee of seven which it proposes to conduct the investigation appointed.

PLANS ARE LAID

Under the tentative plan the committee will be headed by Senators MORRIS SHEPPARD, Democrat, Texas, Chairman of the Military Committee, and M. M. LOGAN, Democrat, Kentucky, chairman of a military subcommittee which favorably reported the Vandenberg-Nye resolution.

The Republican members of the committee almost certainly will be VANDENBERG, NYE, and WILLIAM E. BORAH, of Idaho, if the latter can be persuaded to serve. BORAH has been a leader in crusading against excessive war profits throughout his nearly 30 years in the Senate, and his former chairmanship of the Foreign Relations Committee particularly qualifies him to deal with the international phases of the inquiry.

The resolution would authorize a thorough-going inquiry into the export and import of war materials. One of the surprises of the present situation is that the State Department, which heretofore has frowned on any such investigation on the ground it might injure our relations with foreign nations, has entered wholeheartedly into preparation of the Vandenberg-Nye resolution.

Not only is Secretary of State Cordell Hull thoroughly in sympathy with the project, but his actions have been taken as indicating that President Roosevelt also wants the investigators to go the limit.

INTEREST IN REVOLTS

There is, for example, the interesting question, frequently raised but never answered, as to the degree to which American munition makers have figured in the frequent revolutions in the nations of South and Central America.

The committee particularly is expected to inquire as to the relationship between loans made by American banks in South and Central America and orders for munitions placed with American manufacturers.

Further, it would like to know the extent to which military factions in China have been supplied with equipment by American plants, and, even more interesting, whether it is true as has been charged that the United States has supplied a considerable part of the war materials Japan has been so busily collecting.

It is remembered that a few years ago the country was startled by the disclosure that three of the largest American warship builders had paid William B. Shearer $25,000 to conduct propaganda at the naval conference at Geneva in opposition to any further limitation of armaments.

CITES ARMS DELEGATES

Senator BORAH, speaking in the Senate a few days ago, brought out the fact that a French delegate at the unsuccessful disarmament conference in 1932 was Charles Dumont, an official of the Schneider, Creusot firm of munition makers, and that the British delegation included Col. A. G. C. Dawney, brother of a director of Vickers-Armstrong, largest of the British armament manufacturers.

The committee would like to find out the extent to which munition manufacturers have figured in each of the disarmament conferences held since Charles Evans Hughes first convened the naval powers in Washington in 1921.

Senator BORAH also read into the RECORD excerpts from a recent magazine article, alleging that French munition makers joined with those of Germany to elevate to power Adolph Hitler, "the one man most capable of stirring up a new outbreak of international anarchy in Europe."

The article declared further that when Hitler came into power, the same French munition makers, through the newspaper which they control, "immediately broke out in a fever of denunciation

against the Hitler regime and called for fresh guaranties of security."

"Capone or Dillinger are not more heartless and bloodthirsty than the man who builds up armaments in another nation for the purpose of sending his own people to the front that he may furnish the means by which to murder them", declared BORAH.

LAUNCHED BY LEGION

The present movement for taking the profit out of war armaments had its inception in a resolution adopted by the American Legion soon after its organization. Due to continuing demands of the ex-soldiers, Congress finally created a War Policies Commission, which, in 1929, after an exhaustive hearing, reported in favor of two major steps: first, to freeze all prices as of the day on which a war is declared, and, second, to assess a tax of 95 percent on all profits, during the war, in excess of the average during the previous 3 years.

Senator VANDENBERG was a member of this War Policies Commission, and his interest in the subject never has lagged since that time. In three successive Congresses he has introduced bills to put the Commission's proposals into effect, only to have them tied up in the Committee on Military Affairs.

During the time that Senator DAVID A. REED (Republican), Pennsylvania, a State in which manufacturing of war materials is a major industry, was Chairman of the Military Committee it was impossible even so much as to secure a hearing on the proposition—this despite the fact that REED himself had been a member of the War Policies Commission.

GOES STEP FARTHER

Senator VANDENBERG, in the present Congress, went farther. He introduced a resolution to have a new investigation which would not only review the work of the War Policies Commission but would examine also profits from the manufacture of war materials in peace time, particularly considering "the desirability of creating a Government monopoly in respect to the manufacture of armaments and munitions and other implements of war."

Senator NYE about the same time introduced a resolution, calling for investigation by the Foreign Relations Committee of American imports and exports of arms and all the circumstances surrounding them. These two resolutions have been combined to provide for the present select committee.

Discussing the proposed investigation, Senator VANDENBERG said:

"I believe in the maintenance of a completely adequate national defense so long as we live in an armed world. But I believe in promoting a disarmed world to the utmost limit. It is in this direction that peace will be found. Of all the war factors that need to be disarmed, the most powerful, and the most subtle, and the most deadly is the profit factor. If the commercial motive is cut out of war and defense, the greatest peace insurance on earth will have been established.

PROFIT PLAN BALKED

"Three years ago I was one of four Senators who sat on the official War Policies Commission, designed to equalize the burdens of war and take the profit out of war. We made great progress. Among other recommendations we set up a machinery for a profits tax in time of war which would take 95 percent of excess earnings from the time war was declared. But we never were able to legislate. The Treasury told us we must wait until we actually were at war before we could expect to write any such legislation. But that robs the movement of all its preventive ability.

"This time we intend to get results. Not only do we seek to limit war profits and equalize its burdens, but we intend to probe the whole field of propaganda which it is charged enters into competitive armaments and actually into the fomenting of war itself. Still more, we intend to study the fundamental question whether the manufacture of all armaments and munitions should or should not be a Government monopoly.

"In my view, this is the ultimate necessity. It cost $25,000 to kill a man in the World War, according to authentic figures. That is an utterly gruesome contemplation. It is horrible to contemplate death in any such terms; yet, so long as war is discussed in this sort of fiscal arithmetic, it is obvious that the commercial motive is a dangerous menace to all our peace aspirations."

The resolution as reported from committee provides $50,000 for expense of the investigation. It is the plan of Senators VANDENBERG and NYE first to employ a corps of expert investigators to examine books and records of munition-making concerns, together with the records of imports and exports, and data of the State and Commerce Departments bearing on the subject.

When witnesses are called, it is expected the committee will be armed with information which will make their testimony worth while. This is the technique of Senate investigations conducted recently, and it has proved vastly more effective than the "fishing expeditions" which congressional committees in the past were wont to conduct.

EXHIBIT 2

THE MUNITIONS ROOM

Without noise two Senate committees have been placing dynamite that may blow the lid off the munitions racket. First the Military Affairs Committee and now the Committee on Audit and Control have reported out the Nye-Vandenberg resolution for such an investigation.

Ever since the League of Nations Commission reported that the international armament ring was fomenting war, and the three chief American naval shipbuilding companies were caught wrecking the Geneva Disarmament Conference with their secret-paid agent Shearer, there has been need for a thorough inquiry in this country.

Recent reports of profiteering and alleged corruption in several industries seeking Army, Navy, and aircraft contracts under the vast new governmental expenditures have increased the incentive for an investigation.

Henry Ford declares that "the people in general don't want war, but it has been forced on them by scheming munition makers looking for enormous profits through the sale of arms."

That doubtless is an oversimplification of the cause of war, but the fact that the munitions racket is one of several major war forces is universally recognized by the experts.

Last week Sir Robert Hadfield, in congratulating English stockholders on the bountiful prospects for the armament business, said: "Happily a favorable turn of events has followed, with much more hopeful results. We are, indeed, devoutly thankful for present mercies, but may I add that for what I hope we are about to receive may the Lord make us truly thankful."

With less irreverence Americans may be thankful for the revelations concerning the munitions boom which, we hope, we are about to receive.

ROBBING THE PEOPLE OF LOUISIANA OF THEIR HOME-LOAN FUNDS

Mr. LONG. Mr. President, on the 9th day of April 1934 I had occasion to submit to the Senate some statistics relative to the operation of the home-loan bank in Louisiana. I submitted some figures which I wish to supplement and to republish for the illumination of the Senate.

Down in Louisiana, as I presented on the floor of the Senate a few days ago, a home-loan bank was opened up, and we found that it had been variously alined, as I disclosed to the Senate.

I said that they took the chief examiner out of one office which was dominated by a certain Sullivan by name; that they took the chief appraiser out of an office dominated by the same gentleman, and that they took many of the other employees in it, and finally we found that a very peculiar condition had arisen there.

I hold in my hand a statement showing a few of the loans we found had been made by a building and loan company controlled by the same man Sullivan, who has wrought havoc in these other matters. Here I have a statement of two loans of the building and loan company. The Senator from Tennessee [Mr. MCKELLAR] was very much interested in this the other day.

I have a statement showing the loans of the Hibernia Homestead Association, run by Sullivan, made with the Home Owners' Loan Corporation. It shows that on the 29th day of March 1934 the home-loan bank put out $1,989.35 of its bonds, and they brought on the market $1,971. They were exchanged for home building and loan stock of the Hibernia Homestead Association, which cost only $800. The home owner got $800, the Government put out $1,971, and they took $1,171 of the amount to pay off to the racketeers.

Then there was a lady, perhaps she is a widow, by the name of Mrs. L. J. Kline, a distressed home owner, and on the 23d day of last month Mrs. Kline went to that building and loan organization in New Orleans in order to take up a loan amounting to $2,712.85. The Home Owners' Loan Corporation issued bonds of the exact amount—$2,712.85. They sold that on the market for $2,661. And how much did the home owner get? Why, Mr. President, they bought up the stock of the building and loan company for $1,120 on the market, that is at $40 a share, and they gave the profiteer $1,541—$300 more than the home owner.

In other words, Mr. President, we found these faults so rampant that we concluded that since they were going at such a rate, we should make a little examination into the man Sullivan who was the man behind the gun; and while they had allowed us to examine until we discovered out of the first 67 examinations 65 cases of downright fraud and rottenness to the core, the next thing, when we undertook to examine the Hibernia Homestead, which was run by Mr. Sullivan himself, the man who had put Mr. Leon Verges as the chief appraiser of the Home Owners' Loan Corporation, the man who had taken another employee from the race

track and made him the contact man, who took a lawyer out of his office and made him the title examiner, who took a nephew of his partner in this business and made him the chief counsel, who took the man who was the president of the board of governors of the race track and made him the assistant manager, who took one of his political stool pigeons whom he tried to make the city attorney, but he could not make him city attorney, and made him the manager of the home loan—when we had developed 65 cases of rampant fraud, swindle, and rottenness in those funds, we went into Mr. John P. Sullivan's own Homestead, thinking at first that he would have taken the precaution not to have been so flagrant in his own transactions; but lo and behold, when we got there, the home loan in Louisiana lifted up the banner—they put up the shield—and announced that they would not allow the State bank examiner's department to examine into the matter that affected John P. Sullivan's Hibernia Homestead.

Mr. FESS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Ohio?

Mr. LONG. I yield.

Mr. FESS. I ask unanimous consent to have inserted in the RECORD after the remarks of the Senator from Louisiana shall have been concluded an article appearing in the Baltimore Sun of this date headed "The Home Loan Incident", by Frank R. Kent.

Mr. McKELLAR. I did not hear the Senator. What did the Senator from Ohio request?

Mr. FESS. The request was to insert the article "The Home Loan Incident", by Frank R. Kent, appearing in the Baltimore Sun of this morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The article appears at the conclusion of Mr. LONG's remarks.)

Mr. LONG. Mr. President, I desire to show the Senate that there is no dispute of the facts I have just mentioned. They have been admitted to be correct. Yesterday they were admitted to be 100-percent true. That which I now send to the desk was admitted to be 100-percent true under oath. It was testified to by the banking department and it was accepted, was not denied by Mr. Habans himself on the witness stand. I send four tables to the desk and ask that they may be printed at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibits 1, 2, 3, and 4.)

Mr. LONG. Then, Mr. President, the next thing we did was to get the banking department, when they held up the shield and said they would not allow Sullivan's own company to be examined, a company wherein we thought he would have had enough caution to have been a little discreet; but lo and behold, when they would not let the man from the State go in there to get the figures, we knew that there was something rotten in Denmark, so we managed to go to the mortgage records and get five cases, and we have the details on all five of them. Two of them we have reverified. I want the Senate to listen to a telegram concerning this one outfit, which I will read:

NEW ORLEANS, LA., *April 11, 1934.*

Hon. J. S. BROCK,
State Bank Commissioner of Louisiana,
c/o Hon. Huey P. Long, United States Senator:

P. L. Miller owed Hibernia Homestead Association $1,989.35, through transfers and retransfers, all dated March 29, 1934. Association accepted $2,000 par value its shares, in full settlement. H.O.L.C. made available in bonds total amount due association. Homestead shares surrendered worth on market $800; H.O.L.C. bonds worth $1,971; profit in transaction to A. L. Siezler—

That is the man whose name they put up——

$1,171. Eliminate profit to Siezler and shareholder forced to sell his shares could have received $98 for each hundred instead of $40 per hundred paid to him. Mrs. L. J. Kline owed $2,712.85 to Hibernia Homestead through transfers and retransfers, all dated March 23, 1934. Homestead, received $2,800 par value its shares in full settlement. H.O.L.C. made available in bonds full amount due association. Homestead shares worth on market $1,120; H.O.L.C. bonds worth $2,661; profit in transaction to John Henry Brown—

A man we have not been able to find. We have not been able to find a man named John Henry Brown, but we guess there is such a man as that. It is a very common-sounding name—

fifteen hundred forty-one dollars. There are other transactions by this Homestead of a similar nature. Item asks for release of these transactions. Await your instructions.

W. E. WOOD, Assistant Supervisor.

Mr. President, we in Louisiana are not going to get more than 40 cents on the dollar of our money. They have set aside for us our quota down there for the purpose of relieving the home owners, but they have resorted to the rotten, swindling scheme of letting this racketeer put his chief appraiser in there to appraise the property; they have let him put the lawyer in there to examine the title; they have let him put the lawyer in there to make the abstracts; they have let him put his race-track henchman in there as the manager; they have let him put his stoolpigeon in there as manager; they have let him put his man from the race track and made him the contact man; and with that rigged up, Mr. President, he goes in there with his own building and loan concern, this racketeer—and it is complimenting him when I call him a racketeer—he goes in there with his own outfit and takes $800 worth of his own stock that is selling on the market for less than $800, and gets $1,971 worth of Government bonds, puts $1,191 down in his own pocket, and gives the poor little home owner $800 of the Government's money.

That is what we have to stand for in this land of the free and home of the brave. It is admitted; it is confessed. They know all about it. We are faced with such facts as I have stated, Mr. President. That is what we are standing for.

I am sending as a supplement to the tables I have already offered another statement, which I ask unanimous consent to have printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 5.)

Mr. LONG. Mr. President, I am not through yet. I wanted to find out if this thing was being authorized. So I summoned as a witness on yesterday Mr. John H. Fahey, who is the Home Owners' Loan manager in Washington, D.C. I presented to him, not the last exhibit that I sent to the desk today, because up until that time we had been unable to get the facts out of the Hibernia Homestead, but I presented to Mr. John H. Fahey the other exhibit which I previously sent to the desk, containing 65 loans, 47 of which went to the profit of Stanley W. Ray. So I summoned Mr. Fahey, who is the head of the Home Owners' Loan Corporation in Washington, and I presented to him these exhibits, and I asked Mr. Fahey to give his opinion of the matter after those exhibits had been explained to him, which are not now denied and which will not be denied. What did Mr. Fahey say? Eliminating the part of his answer that is not material, Mr. Fahey said:

I would not hesitate to say this, Senator, that if our office in New Orleans accepted from a speculator wholesale operations of this sort without taking it up in advance with this board and finding out what the facts were behind it, he had no business to do it.

Senator LONG. And if he had taken it up with your board, you would not have stood for it, would you?

Mr. FAHEY. I express only my own opinion. I certainly would do everything in my power to prevent it.

Senator LONG. You expressed an opinion to me this morning when I asked you about it that was more emphatic, did you not?

Mr. FAHEY. You can make it as emphatic as you please. I do not believe in that kind of transaction.

I am quoting from volume no. 7, page 653, of the hearing held before the Senate Finance Committee, dated the 11th day of April 1934.

Mr. President, on the floor of the Senate the other day the Senator from Michigan [Mr. COUZENS] propounded an inquiry, and suggested that if what I had said here could

be proved, there would be developed a startling state of facts. He wanted to know if it was possible to prove certain things about this character whom I have described, who is in control of the Home Loan Office, whose manipulations and fleecing of the Government and distressed home owners I have already shown by written evidence that is admitted, and who is denounced by Mr. Fahey. The Senator from Michigan wanted to know if it could be possible that the same man had placed three of his employees in the internal-revenue office and that some of those employees were also employed in his office, working there part of the day after they had worked in the internal-revenue office.

Well, what happened? Lo and behold, when we had tied the rope of evidence around them so closely that they could not escape from it, they took the stand themselves and admitted that he had put not two ladies in, as I had stated, but three, one of them being his private secretary. He testified and she testified that she works part of the time in the internal-revenue office, and keeps the books of this gentleman in the afternoon and is paid by him for the job that she is doing there. Another one whom we traced going into the internal-revenue office until 4 o'clock and then coming back to his office, admitted that she went back into his office 2 or 3 or perhaps 4 times a week and did her private work there, took care of her private chores there, writing her personal letters on the typewriter and doing other work. Another one we proved had made application for a position and had stated in the application, "Resigned to accept this position"; and we proved that it had been agreed by the coterie headed by Sullivan that she was to be given the job even before she left his own office. We proved that another one by the name of George P. Hayman had been put into the internal-revenue office from the race track, the gambling institution which this gentleman owns and controls or now claims to have had mortgaged to him.

Hayman went into the internal-revenue office to work up a case against a man by the name of Gay, and when he could not do that he was transferred to the office of the Home Loan Corporation from the internal-revenue office, into which he had been put from the race track. Thus it has been proven that four of them, not three of them, had gone out of Sullivan's office and the race track into the internal revenue collector's office, proving by the testimony of two of them themselves that they went back to Sullivan's office and did work, and by one of them that she was still paid for doing work in the office there which she had left. Yet we are held up to denunciation; and in that State, with its people needing help, with our home-loan funds trafficked with in such a manner that the Hibernia Homestead, operated by this same character, takes $1,194 out of $2,000, or thereabouts, which the Government puts up, we are held to that kind of a condition, notwithstanding the statement in writing that I have here from Mr. Fahey that he does not approve of that kind of thing and he wants to do all in his power to prevent it.

Who keeps these men in there? Who is it that is responsible for the situation? With the head of the Home Loan Corporation of the United States denouncing what is going on, who is it that is keeping them there? Who is it that is keeping them there today? Why is it that they cannot be gotten rid of?

Why is it that they are taking 60 cents out of every dollar of the Government's money that is supposed to go to the distressed and destitute home owner, money that has been put up by the Government and that is supposed to take care of the poor man who is in distress to keep his home? If a man will steal 60 cents out of every dollar of this kind of money, he is a great deal worse than the man who will go into a grave and take a nickel off a dead man's eye. I would rather have a grave robber, 10 to 1, than to have to stand in Louisiana today for this kind of men who are taking 60 cents out of every dollar and robbing the home owner and robbing the United States Government of it.

Mr. Fahey says that this is a most outrageous thing, that he disapproves of it, that he would not have it at all, and yet when we get to the Hibernia Homestead, owned by this character, Sullivan, from whose concern is appointed the chief examiner, from whose office is appointed the abstractor, whose partner's nephew was made the attorney, from whose race-track associates is appointed the chairman of the board of directors of his race track in one position, who appointed his stool-pigeon candidate for city attorney in another position, who installed a man from the race track as contact man with the public, we find that he goes to his own Hibernia Homestead corporation with a widow's application for a $2,600 loan, of which she gets $1,100 and $1,500 goes to the profit of the racketeer, putting that deal through the Hibernia Homestead, which was in it. We traced it right in his teeth this time.

So it happens that we find that of the $2,000 of stock they put in there and that was selling on the market for $800 on that day, 17 of the 20 shares were owned by the secretary of his Homestead; so that seventeen twentieths of the amount of money made—$1,100 out of $1,700—actually was in the hands of the secretary of his Homestead.

Mr. President, those are the conditions we are having to put up with; that is what we are having to put up with in my State; that it what he have to stand for. It is denounced on the one hand, and yet we have got a white cloth up in front of the Home Loan Corporation to keep us from finding out anything else about Sullivan's transactions. They have put up the sheet. Out of the first 67 cases advanced we found downright stealing and crookedness, according to the estimate of Mr. Fahey, which I have here—in 65 out of the 67. Then, we went to investigate the Hibernia Homestead, Sullivan's own concern, of which his brother-in-law is president and which he testified he controls; but when we attempted to find fraud there, lo and behold, it was discovered that they had some kind of a special ruling that prevented the State banking department of the State of Louisiana from finding out any further facts. No; they must find out no more facts. When we came to the place where we had reached the pivotal point as to the gentleman there who had operated the gambling race track, whose business partner and brother was one of the directors employed in the wire service that went into every gambling house in the city, whose chief of police went on the witness stand and testified that he closed down the handbooks when Sullivan's track was operating, in order that the gambling houses would have to send their clients into the race track to do their betting, the shield of silk was stretched in front, and there has been forbidden any more disclosures about him.

"Touch not mine anointed, and do my prophets no harm." We are not to see further into the matter. We had been told that we were going to be allowed to go and find out the balance; but I do not know whether we would be or not.

Mr. President, once I was denounced on the score of this man because I permitted him in my organization. The letter which I hold in my hand was printed throughout the South. It was extolled as true by the newspapers of that State, including nearly all of them who were opposed to me at the time; particularly the sole remaining newspaper syndicates gave it both their column and their editorial approval. I had to stand it at the time. I think Senators will want to hear it, and I am going to send it to the desk and ask the clerk to read it as audibly as he possibly can and not too fast.

The PRESIDING OFFICER. Without objection, the clerk will read, as requested.

The legislative clerk read as follows:

[State organization headquarters for HUEY P. LONG. Harvey E. Ellis, State campaign manager; phones 103, 203, 303]

(Strictly personal and confidential)

COVINGTON, LA., *April 20, 1927.*

HON. HUEY P. LONG,
Shreveport, La.

MY DEAR HUEY: Maloney recently jockeyed Sullivan into a pocket and Sullivan was forced to support you on your own terms. He had no other place to go. I tried to make this plain to you. You know my opinion of Sullivan. He stands for three things: Racing, gambling, and whisky. Were I opposing you, Sullivan would be the issue that you would have to meet, and I would win.

I do not know what, if any, commitments you have made for Sullivan's support; but unless you had a clear, definite understanding with him that he was to stay in the background and not take a prominent part in the campaign, and that you were to be free, if conditions arose, to make such declarations and commitments as you saw fit in regard to the racing and gambling evil in New Orleans, you have, in my opinion, placed yourself at a very serious disadvantage, regardless of the support that Sullivan may bring, and at best it is going to be difficult to make the general public believe that you have not made commitments satisfactory to Sullivan to protect racing and gambling in New Orleans.

Dog and horse racing and gambling will be one, if not the principal issue in the coming gubernatorial campaign, and you are going to be forced to make public your position on this issue, and if Sullivan has been permitted to take a leading part in directing your city organization and you do not make a declaration that is satisfactory to Sullivan and the interests he represents, Sullivan will, at an inopportune time, bolt and disorganize your organization. If you yield to Sullivan as a matter of expediency, you will lose the respect and confidence of the people of this State, which are worth more than a thousand governorships. Your hands will be tied, and, even if you are elected Governor, your administration will be embarrassed and you will be unable to give this State a clean, progressive, fearless, honest administration, which is the reward that I hope to claim for my work in your behalf.

I have made many pledges and promises to people who were disinclined to support you, as to what your position would be on all great moral public questions, and these people will hold me responsible for your actions in the event that you are elected Governor.

I understood and I thought that I had made it clear that I would be consulted before you even agreed to accept Sullivan's support, in order that I could protect you and keep your hands free, which I could and would have done.

Now, I am unwilling to go any further until I hear from you fully and definitely as to what commitments, if any, you have made to Sullivan, what understanding, if any, you have, either expressed or implied, and how you intend to meet the dog, horse-race, and gambling issues in the State of Louisiana, and particularly in the city of New Orleans.

Very sincerely yours,

HARVEY E. ELLIS.

Mr. LONG. Mr. President, I send to the desk my reply to that letter, under date of April 21, 1907. I shall not take the time to have it read, but I wish it to be inserted in the RECORD at the conclusion of my remarks. The body of the reply will show, as published coincidentally with the letter just read, that whenever the minute arrived that the gambling institutions of that city and of that State under Sullivan undertook to take control of Louisiana and to operate in violation of the law, he would no longer be allowed to have anything to do with the politics of the administration of which I was the head. The record that has been disclosed shows whether or not that promise was kept.

I send these letters to the desk because, with other documents previously submitted, they will disclose that every remark that has been made on the floor of the Senate by me has not only been proved but has been admitted, not by their undertaking to have generalities to obscure it but by cold letters and documents and by the cold fact that one has to admit his business, the kind of business he is in, the kind of contrivances he is running, and exactly what is being done there, all shown to be in strict accordance with the representations and statements I have made here on the floor of the Senate.

The PRESIDING OFFICER. Without objection, the letter referred to by the Senator from Louisiana will be printed in the RECORD.

The letter is as follows:

SHREVEPORT, LA., *April 21, 1927.*

(Strictly personal and confidential)

Hon. HARVEY E. ELLIS,
Covington, La.

MY DEAR HARVEY: I have your letter of April 20, in which you speak of Maloney, Sullivan, dog races, horse races, whisky, etc. I have not secured the support of either Maloney or Sullivan at this time, although I once had the promise of Maloney, which apparently is not recollected by him. I have made no one any promises and will not make any, either expressed, implied, or otherwise. Further than this, my position on the questions of gambling, whisky, and others have been established so long and so openly repeated, that it would be useless for me to enumerate them now. I have expressed them to you most thoroughly and they met with your accord.

It is true that in my consistent antiring position that I have worked under the same campaigns against the old-established New Orleans ring, with all parties opposing them, regardless of what may have been their convictions and opinions on other questions. Sullivan has frequently been in this antiring line-up, and all of us have fought under the same banner when he was. For instance, 95 percent of the ministers and bishops of this State, Sullivan, and myself (as well as yourself) fought with him, leading the city fight in 1920. Four years before that time I supported Thomas C. Barrett and the prohibition ticket, you recall, when Sullivan, Maloney, Sanders, Behrman, Carbajal, and yourself supported the other side. While Paul Maloney was usually with the old organization for the part of the time I was fighting them, when he has been away from them and under the banner under which I have always fought, naturally I have been with him, too. The chances are if he stays away from them he will stay with me, or if he goes back to them he will be against me. Also, the chances are, I should imagine, that if Sullivan should make a fight against conditions that exist under the ring rule that he would naturally have to come to me, but that if he decided to fight for them that he would have to be against me.

I never saw or bet on a horse race in my lifetime. I never saw or bet on a dog race in my lifetime. Since I was a 12-year-old youth, my stand on prohibition has been a stand of open public record.

All parties who ever supported me must know of my consistent public position; never has a promise or assurance which I made to the public been violated in my entire career; no one can misunderstand me. Anyone supporting me knows by a record just whom it is he supports and for what he stands. They further know that there has been no vane or weather marks to record changes in my attitude or in the persons with whom I am affiliated or whose support I accept. All come on terms of HUEY LONG which, in this State, with pardonable pride, I must say, rather represents the highest order of principle and service, rather than the title of many particular designated persons.

Since the year 1908, when as a 15-year-old boy, I took my stand and handled a ward against the ring ticket being run in this State, I have the honor to say that I have varied not a jot nor tittle, neither back nor forth. Many there are who have, however, but I have never joined the side when I thought committed to the rule of a people's subjugation, or pronounced myself that way, and naturally had to fight under the banner which I have never left.

Yours sincerely,

HUEY P. LONG.

EXHIBIT 1.—*Liberty Homestead Association, transactions with Home Owners' Loan Corporation handled through Stanley W. Ray*

Date of sale	Name of borrower	Total amount due	Cash received	Stock received	Home Owners' Loan Corporation bonds and cash received	Market quotation stocks	Market quotation Home Owners' Loan Corporation bonds	Profit to Ray
Nov. 18, 1933	Salazar, Mrs. M. D	$8,266.95		$7,600	$4,265.00	39½	82¾	$527.29
Dec. 7, 1933	St. Amant, Claude	2,000.00		2,400	1,347.90	42¾	83½	98.75
Dec. 18, 1933	Albeanese, J. D	3,300.00		3,300	1,912.75	39	84	319.08
Dec. 23, 1933	Wolfe, Walter J	1,701.88		2,600	1,492.47	50	83¾	[1] 51.45
Dec. 14, 1933	Davis, Ida G	7,195.43	$1,500.00	8,000	6,341.09	38⅞	84⅜	769.85
Dec. 9, 1933	Meunier, Jules	6,368.27		7,900	4,419.03	42¾	84	354.71
Dec. 23, 1933	ExKano, Paul	1,010.24		1,800	1,000.00	50	83¾	[1] 62.50
Jan. 9, 1934	Cook, Mrs. Walter	9,080.49	2,284.54	10,000	7,889.09	39	92½	1,112.79
Jan. 12, 1934	Acosta, J. P	1,112.19	344.00	1,500	1,158.19	38	92	151.36
Jan. 15, 1934	Landry, E. J	2,066.10	919.88	2,000	2,141.04	37½	92	49.84
Jan. 20, 1934	Cooper, Thos. B	3,992.83	1,521.00	3,000	3,308.24	39½	92¼	345.63
Feb. 1, 1934	Valenti, Mrs. C	5,697.76	1,182.00	5,000	3,813.00	39	96	528.48
Jan. 27, 1934	Thomas, Mrs. M. S	4,868.75	1,100.00	4,000	3,234.26	40	95	372.30
Jan. 30, 1934	Walther, F. L	7,099.46	475.00	6,500	3,787.08	39½	95	555.15
Feb. 6, 1934	Bianca, Mrs. Louis	3,927.40	250.00	4,000	2,233.86	40⅛	97⅞	330.54
Feb. 23, 1934	Weinmann, Mrs. J. M	3,457.72	1,250.04	2,200	2,388.93	40¼	95¼	139.03
Mar. 1, 1934	Waguespack, Mrs. F	4,991.64	1,685.76	3,500	3,623.07	40¼	94⅜	324.69
Mar. 2, 1934	Sheldon, Ernest	1,642.44		1,900	931.12	40¼	97¼	140.64
Mar. 9, 1934	Buffet, A. J	4,291.18	2,346.00	2,000	3,551.09	40¼	97⅛	297.90
Mar. 15, 1934	Brown, et al., Mrs. Paul	3,600.00		3,250	1,625.39	40¼	97¼	273.19
Mar. 23, 1934	Christophe, F. J	3,172.31	968.00	2,200	2,138.38	41	98⅛	227.51

[1] Loss.

EXHIBIT 1.—*Liberty Homestead Association, transactions with Home Owners' Loan Corporation handled through Stanley W. Ray*—Continued

Date of sale	Name of borrower	Total amount due	Cash received	Stock received	Home Owners' Loan Corporation bonds and cash received	Market quotation stocks	Market quotation Home Owners' Loan Corporation bonds	Profit to Ray
Mar. 23, 1934	Horanz, Rosine	$5,210.39	$3,300.00	$2,000	$4,549.20	41	98⅛	$343.70
Do	Lamarie, M. B	6,019.57	2,620.00	3,500	4,549.20	41	98⅛	408.70
Mar. 22, 1934	Mercier, Jos. E	1,423.36		2,000	997.77	41¾	98⅛	143.30
Do	Rasmussen, H. F. W	5,751.66	1,048.00	5,000	3,617.33	41	98⅛	451.18
Feb. 21, 1934	Catamia, S	3,500.00	1,618.33	2,000	2,840.59	40¾	96½	307.27
	Total	110,153.02	24,412.55	99,150	79,155.07			8,458.93

EXHIBIT 2.—*Transactions in the Acme Homestead Association, New Orleans, La., sales for stock manipulated through the Home Owners' Loan Corporation*

Date of sale	Name of purchaser	Book value	Cash received	Stock received	Commissions paid	Bond quotations	Attorney's fees	Estimated profit	Estimated bond proceeds	Other expenses	Bonds issued	Name of original owner
Dec. 18, 1933	Briant, H. A. (P.J.L.)	$6,443.31		$7,100	$284.00	84	$384	$1,058.49	$4,040.49	$500	$4,810.11	H. A. Briant.
Jan. 27, 1934	Prieto, Virginia M. (P.J.L.)	3,402.53	$500.00	3,500	160.00	95		450.09	2,420.09		2,558.52	George Huet.
Do	do	2,963.66	192.00	4,500	187.68	95		841.81	2,923.81		3,077.70	Mr. and Mrs. A. Berthelot.
Feb. 23, 1934	do	1,615.67	102.40	2,000	84.10	95¼		621.66	1,564.03		1,642.03	Luke Francis.
Mar. 5, 1934	Thrift Realty Co., Inc. (Sigeler)	9,105.23	560.00	11,440		96¾		1,285.83	6,089.63		6,873.66	Mrs. H. K. Elmer.
Do	do	3,812.86	250.00	3,950	168.00	96¾		413.00	2,322.00		2,400.00	E. J. Colgas.
Do	Leaman, Mrs. Virginia P. (P.J.L.)	5,209.81	360.00	6,100	258.40	96¾		1,287.60	4,209.63		4,351.04	Mrs. Eva Beelman.
Mar. 7, 1934	do	6,365.25	900.00	6,200	355.00	96¾		1,247.93	4,809.93		4,971.51	Frank Di Georga.
Do	do	1,303.87	250.00	1,500	70.00	96¾		543.51	1,443.51		1,492.27	Jonas Wormser.
Mar. 23, 1934	Dumaine Realty Co. (Moyor)	6,229.79		6,600	264.00	98⅛		593.70	3,355.70		3,429.61	A. A. Antoine.
Do	Dumaine Realty Co. (Eiseman)	6,171.78	300.00	6,700	280.00	98⅛		466.16	3,580.16		3,648.58	Clarence L. Smith.
	Total							8,809.78				

Amount of bonds issued obtained from Home Owners' Loan Corporation.
Stock quotations actual.
All transactions calculated on basis of stock valued at 42.

EXHIBIT 3.—*Transactions handled by Meyer Eiseman for Union Homestead Association, New Orleans, La.*

Date	Name of borrower	Total due	Cash received	Stock received	Bonds approved	Stock quotations	Bond quotations	Brokers' estimated profit	
Dec. 27, 1933	Bulltman, O. C	$2,271.78	$700.00	$1,600	$1,940.00	48	84	$161.68	
Jan. 16, 1934	Gomez, Mrs. A. P	1,942.49		2,000	1,500.28	48	92	420.00	
Dec. 12, 1933	Jones, J. O	20,484.59		20,500	10,947.83	48	84	870.00	$12,750
Jan. 12, 1934	Fenassci, E. J	1,675.41		1,750	1,102.80	48	92	321.00	1,262
Feb. 1, 1934	Dieck, H. T	3,993.37	300.00	3,650	1,900.00	48	96	371.04	2,524
Feb. 17, 1934	Eiserloh, N. W	3,093.24	800.00	2,500	2,427.74	48	95¼	499.00	2,624
Mar. 21, 1934	Brown, Y. E	7,309.07	553.41	7,000	4,690.91	51	98⅛	478.63	
Mar. 27, 1934	Braquet, T. V	1,931.35	447.90	1,700	1,560.24	51	98	213.90	

EXHIBIT 4.—*Eureka Homestead Society, New Orleans, La., loans negotiated through Home Owners' Loan Corporation by Stanley W. Ray*

Name	Apparent profit figured from bid prices	Date sold by association	Book value	Payment in cash	Payment in stock of association	Home Owners' Loan Corporation net amount of par value bonds issued after deductions	Bonds		Stock		Home Owners' Loan Corporation folio no.
							Bid	Offered	Bid	Offered	
Peter Yuratich	$133.96	Mar. 21, 1934	$5,299.90		$5,299.90	$3,265.04	98¼	98⅝	58		A-502
Frank Sullivan	1,449.38	Feb. 28, 1934	10,012.27	$4,500.00	5,512.27	9,504.49	94¾	95¼	57¼		A-321
H. C. Bocage	954.14	Mar. 2, 1934	2,699.15		2,699.15	2,570.08	97¼	98	57¼		A-330
Mrs. Katherine K. Oertling	357.20	Feb. 23, 1934	7,690.60	6,000.00	1,690.60	7,690.60	95¼	95¾	57¼		A-279
Mrs. Laura Mersch	1,639.89	Dec. 26, 1933	5,333.29		5,333.29	5,333.29	83¾	84½	53		A-80
Mrs. C. Eustes	2,053.66	Jan. 16, 1934	17,663.85		17,663.85	13,019.44	91¾	92½	56	60	A-144
J. R. Nagle	687.98	Dec. 20, 1933	2,619.93		2,619.93	2,604.28	84	84½	57¼		A-61
Mrs. T. Puneky	1,077.18	Jan. 15, 1934	4,823.96		4,823.96	4,106.53	92	92¾	56	60	A-138
L. T. Schrer	1,005.61	Mar. 7, 1934	4,798.05	800.00	3,998.05	4,232.36	96¾	97¼	57¼		A-375
Mrs. L. McDonald	826.52	Jan. 15, 1934	2,530.84		2,530.84	2,471.88	92	92¾	56	60	A-114
Uncas Tureaud	452.25	Dec. 28, 1933	1,675.39		1,675.39	1,675.39	84	84½	57	58½	A-84
Mrs. Myrtle Schwartz	1,654.58	Nov. 15, 1933	16,500.00		16,500.00	13,126.52	83	84	56		A-8
B. S. Boree	263.93	Dec. 29, 1933	5,000.00		5,000.00	3,702.64	84¼	84¾	57		A-48
Charles Goulon	320.11	Jan. 6, 1934	4,052.09		4,052.09	2,872.23	90½	92¼	56	59	A-112
Mrs. Athene Harvey	1,191.97	do	4,908.41		4,908.41	4,709.72	90½	92½	56		A-115
Frank Albert	382.76	do	1,259.11		1,259.11	1,208.35	90½	92½	56		A-116
Felix Simms	574.52	Jan. 4, 1934	2,768.45		2,768.45	2,403.23	86¾	87½	56		A-107
Joseph Brown	861.08	Feb. 27, 1934	2,281.43		2,281.43	2,281.43	95	95½	57¼	60	A-291
Jean and A. Perret	721.19	Jan. 6, 1934	2,156.33		2,156.33	2,131.59	90½	92½	56	59	A-118
George C. Muhs	1,160.65	Mar. 15, 1934	3,979.81	700.00	3,279.81	3,852.94	97¼	97⅝	57½		A-434
Total	17,768.56		108,052.86	12,000.00	96,052.86	92,762.03					

EXHIBIT 5.—*Transactions of the Hibernia Homestead Association with the Home Owners Loan Corporation, New Orleans, La.*

Date	Name of mortgagor	Amount due	Bonds approved	Stock received	Cash value of stock	Cash value of bonds	Profit to broker	Name of brokers
Mar. 29, 1934	P. L. Miller	$1,989.35	$1,989.35	$2,000	$800	$1,071	$1,171	A. L. Sizzler.
Mar. 23, 1934	Mrs. L. J. Kline	2,712.85	2,712.85	2,800	1,120	2,661	1,541	John Henry Brown.

The article requested by Mr. FESS to be printed in the RECORD is as follows:

[From the Baltimore (Md.) Sun, Apr. 12, 1934]

THE HOME LOAN INCIDENT

By Frank R. Kent

WASHINGTON, April 11.—No clearer case of devotion to the spoils system has ever been given than that of House Democrats in the vote yesterday on the amended Home Owners' Loan Corporation bill. It was not only a degrading act but a stupid one. It ought to arouse public resentment. It exhibits the House leaders, who prate about patriotism and public spirit, as wholly hollow and insincere.

The facts are these: Senator NORRIS, of Nebraska, had inserted an amendment which provided that "no partisan political test shall be permitted, but all agents and employees shall be appointed or promoted solely on the basis of merit and efficiency." It is hard to see how any man who believes in decent government, or wants the administration to succeed, could oppose that. One great weakness of the H.O.L.C. is that it is so largely manned by politicians. In many States it is entirely in their hands, and in some, notably Illinois, this has led to festering abuses.

The Board endorsed the Norris amendment. The President endorsed it and the Senate passed it. Mr. Roosevelt went further, and personally communicated with Chairman STEAGALL, of the House Banking Committee, expressing hope the House would concur. There seemed no ground upon which it could be decently opposed. Yet the House committee deliberately dropped the Norris amendment, and reported the bill without it. Under the rule by which it was considered last Wednesday no amendment not proposed by the committee could be offered on the floor. There was no chance to vote on the Norris proposal. This did not, however, prevent discussion, and a stirring speech pointing out the devastating effects of the committee's action was made by Representative JOHN HOLLISTER, of Ohio, who believed the whole purpose of the plan can be defeated by the mire of politics in which it is steeped. At that time there was no way to put the House on record and the bill was almost unanimously passed as it came from the committee.

But a way was found yesterday when a motion was offered directing the House conferees to restore the Norris amendment. On this a roll call was taken. It was defeated by 230 to 116. All the negative votes were Democrats. Thus, the Democratic House proclaimed itself unwilling to curb its appetite for pie even at the risk of crippling an important administration policy, even when proposed by friends of the administration, even when adopted by the Democratic Senate, even when requested by the Democratic President. A more indefensible act has not been committed in Congress for a long time.

The primary purpose of the bill was to give Federal guaranty to the principal as well as interest of the home loan bonds, which the corporation exchanges for distressed mortgages. There was, however, an amendment put in that still further shocks those who believe most of the mortgages taken over will be a complete loss. This amendment sets aside $200,000,000, which the corporation is authorized to loan in cash for maintenance, repair, rebuilding, and modernization. This, it is claimed, ridiculously enlarges the scope of the scheme. It means that after the Government has taken over a mortgage upon which neither principal, interest, nor taxes can be paid, it will then lend to the mortgagee money to repair and maintain his home. Under this, it is held, a man cannot only unload his mortgage on the Government but borrow cash to paint his porch or put in a new kitchen sink. All the Government asks for this additional cash is another lien on the property.

It is a new idea that got by without discussion. The contention is that this extension of H.O.L.C. authority can ultimately have but two results. Either the Government, forced to foreclose, will find itself the owner of literally innumerable modernized and repaired houses, with which it will not know what to do; or Congress will wipe out all the obligations, leaving the home owner with his house free of mortgage, repaired and modernized at Government expense. Most incline to the latter view. They see another organized minority in the making, which will be able to put pressure on Congressmen to be relieved from paying the Government, just as the veterans do to have their pay restored.

INTERNAL-REVENUE TAXATION

The Senate resumed the consideration of the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes.

Mr. KING. Mr. President, as I came into the Chamber I was advised that an amendment proposed to the pending bill by the Senator from North Dakota [Mr. NYE] was under consideration. I am in sympathy with the general purpose of the amendment but it occurs to me that in the consideration of a revenue bill, limited in its scope and in its duration, it is not a proper vehicle to carry the important amendment offered by the Senator. My recollection is that several weeks ago a resolution was offered by a number of Senators, including the Senator from North Dakota, which called for an investigation of the manufacture, sale, and distribution of munitions and implements of war. The resolution, as I recall, was comprehensive and went far beyond what I have just indicated. Under that resolution a study would be made of questions relating to war, and as ancillary to the same, a study of what legislation should be enacted for the purpose of raising revenues to meet military expenditures.

The amendment offered by the Senator could, with propriety, be referred to this committee in order that it might consider what legislation should be enacted in the event of war looking to the conscription of property to meet the expenses of such conflict.

Several years ago I offered in the Senate a measure which, in effect, declared that in the event of war all property should be at the disposal of the Government in order to enable it to successfully prosecute such war. I think a number of other amendments, similar in character, have been offered since then.

I believe that the general sentiment in the United States is that in the event of war our resources shall be devoted to the cause of our country. The American people, upon many occasions, have demonstrated their devotion to our country, and their willingness to surrender property, as well as to give their lives, in the defense of this Republic. It has been my view that heavy as were the burdens of taxation imposed during the war, larger taxes should have been imposed upon those who derived enormous profits. Many corporations, as well as individuals, derived colossal profits from their enterprises by reason of the war. Even before the United States entered the war it is known that great fortunes were made by many corporations and individuals in the United States. They supplied the Allied, as well as the Central Powers, with commodities of various kinds, as well as war munitions, from which they derived stupendous profits, and after our country entered the war the profits which flowed into the coffers of various corporations, as well as individuals, were entirely too great. It has been claimed that several thousand millionaires were made during the war.

It is unfortunate that during periods of conflict such as that through which the world passed, corporations and individuals should be enriched and that hundreds of millions should be added to the wealth of those who furnished supplies and munitions made necessary by war activities.

If the world should again be called upon to pass through the tragedies and horrors of a great war, legislation should be enacted that would prevent profits from being reaped and war profiteers and millionaires being developed.

I repeat, Mr. President, that the amendment offered by the Senator expresses, I believe, the views of a great majority of the people, and I have no doubt that in the event of war, legislation would promptly be enacted that would deny to individuals or corporations opportunities for profit from the suffering and death of American boys. War is hateful and horrible and it must not return profits and fortunes to individuals and corporations.

I sincerely hope that the resolution to which I have referred and which was offered by a number of Senators several weeks ago will be passed and that the comprehensive investigation called for by the resolution will be made. As I have stated, the amendment now before us would logically and properly fall within the purview of such investigation.

Mr. HARRISON. Mr. President, I am very anxious, and I know other Senators are very anxious, to move ahead as rapidly as possible with the revenue bill now before us. I think we can make a good deal of headway tonight. I would make this suggestion. I do not know whether it will meet with the approval of other Senators, but I see no objection to this course. The Senator from Michigan [Mr. VANDENBERG] referred to a resolution now on the calendar providing for the appointment of a committee to investigate this question. I would suggest that that resolution be considered and adopted at this time and that the amendment of the Senator from North Dakota be referred to that committee when it shall be appointed.

Mr. VANDENBERG. Mr. President, that would be agreeable to me.

Mr. NYE. Mr. President, I know there are many Senators who would like to have a chance to vote upon the pending amendment, and yet I realize there are good reasons why there should be wider consideration given to the sort of legislation that is required. For my own individual part, I shall be quite willing to have that course taken.

Mr. HARRISON. I hope it may be taken.

Mr. NYE. Then I will move——

Mr. HARRISON. Mr. President, if the Senator will merely ask unanimous consent for immediate consideration of the resolution, I think that will accomplish the purpose.

MANUFACTURE AND SALE OF MUNITIONS OF WAR

Mr. NYE. Mr. President, I ask unanimous consent for the immediate consideration of Calendar No. 623, being Senate Resolution 206, providing for the appointment of a special committee to investigate the subject matter which we have had under discussion.

The PRESIDING OFFICER. Is there objection to the request of the Senator from North Dakota?

There being no objection, the Senate proceeded to consider the resolution (S.Res. 206) submitted by Mr. NYE and Mr. VANDENBERG on March 12, 1934, and reported from the Committee to Audit and Control the Contingent Expenses of the Senate with amendments, on page 2, line 2, to strike out "five" and insert "seven"; in line 5, after the word "individuals", to insert "firms, associations"; and in line 6, after the word "corporations", to insert "and all other agencies"; on page 3, line 11, after the word "committee", to insert "or any subcommittee thereof"; and in line 21, to strike out "$50,000" and insert "$15,000", so as to make the resolution read:

Whereas the influence of the commercial motive is an inevitable factor in considerations involving the maintenance of the national defense; and

Whereas the influence of the commercial motive is one of the inevitable factors often believed to stimulate and sustain wars; and

Whereas the Seventy-first Congress, by Public Resolution No. 98, approved June 27, 1930, responding to the long-standing demands of American war veterans speaking through the American Legion for legislation "to take the profit out of war", created a War Policies Commission, which reported recommendations on December 7, 1931, and on March 7, 1932, to decommercialize war and to equalize the burdens thereof; and

Whereas these recommendations never have been translated into the statutes: Therefore be it

Resolved, That a special committee of the Senate shall be appointed by the Vice President to consist of seven Senators, and that said committee be, and is hereby, authorized and directed—

(a) To investigate the activities of individuals, firms, associations, and of corporations and all other agencies in the United States engaged in the manufacture, sale, distribution, import, or export of arms, munitions, or other implements of war; the nature of the industrial and commercial organizations engaged in the manufacture of or traffic in arms, munitions, or other implements of war; the methods used in promoting or effecting the sale of arms, munitions, or other implements of war; the quantities of arms, munitions, or other implements of war imported into the United States and the countries of origin thereof, and the quantities exported from the United States and the countries of destination thereof; and

(b) To investigate and report upon the adequacy or inadequacy of existing legislation, and of the treaties to which the United States is a party, for the regulation and control of the manufacture of and traffic in arms, munitions, or other implements of war within the United States, and of the traffic therein between the United States and other countries; and

(c) To review the findings of the War Policies Commission and to recommend such specific legislation as may be deemed desirable to accomplish the purposes set forth in such findings and in the preamble to this resolution; and

(d) To inquire into the desirability of creating a Government monopoly in respect to the manufacture of armaments and munitions and other implements of war, and to submit recommendations thereon.

For the purposes of this resolution the committee or any subcommittee thereof is authorized to hold hearings, to sit and act at such times and places during the sessions and recesses of the Congress until the final report is submitted, to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures, as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed $15,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

The amendments were agreed to.

Mr. FESS. Mr. President, is the proposed investigation to be conducted by a Senate committee?

Mr. HARRISON. Yes. The resolution was reported favorably from the Committee on Military Affairs and then referred to the Committee to Audit and Control the Contingent Expenses of the Senate. The latter committee reported the resolution favorably with certain amendments, among which was one reducing the amount from $50,000 to $15,000.

Mr. FESS. The Committee to Audit and Control has already approved the resolution?

Mr. HARRISON. Yes; it has been reported favorably by that committee with certain amendments which have just been agreed to.

The PRESIDING OFFICER. The question is on agreeing to the resolution as amended.

The resolution as amended was agreed to.

The preamble was agreed to.

Mr. HARRISON. Mr. President, I now ask unanimous consent that the amendment submitted by the Senator from North Dakota [Mr. NYE] may be referred to the special committee provided for in the resolution just adopted when the committee shall be appointed.

The PRESIDING OFFICER. Without objection, it is so ordered.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had passed without amendment the bill (S. 606) to authorize the waiver or remission of certain coal-lease rentals, and for other purposes.

The message also announced that the House had disagreed to the amendment of the Senate to the bill (H.R. 2032) for the relief of Richard A. Chavis, requested a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. HILL of Alabama, Mr. THOMPSON of Illinois, and Mr. CARTER of Wyoming were appointed managers on the part of the House at the conference.

The message further announced that the House insisted upon its amendments to the bill (S. 828) to authorize boxing in the District of Columbia, and for other purposes, disagreed to by the Senate; agreed to the conference requested by the Senate on the disagreeing votes of the two Houses thereon, and that Mrs. NORTON, Mr. PALMISANO, and Mr. WHITLEY were appointed managers on the part of the House at the conference.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 163. An act for the relief of Capt. Guy M. Kinman;

S. 3022. An act to amend sections 3 and 4 of an act of Congress entitled "An act for the protection and regulation of the fisheries of Alaska", approved June 26, 1906, as amended by act of Congress approved June 6, 1924, and for other purposes; and

S. 3209. An act limiting the operation of sections 109 and 113 of the Criminal Code and section 190 of the Revised Statutes of the United States with respect to counsel in the case of United States of America against Weirton Steel Co. and other cases.

INTERNAL-REVENUE TAXATION

The Senate resumed the consideration of the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes.

Mr. HARRISON. Mr. President, I should like, if possible, to clear up one or two matters before we take up the next subject, which will lead to debate.

I send to the desk a clarifying amendment to the substitute offered by me, on behalf of the committee, for the surtax

amendment. The substitute was offered and adopted on April 4.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. In the second bracket, after the phrase "7 percent", there should be inserted "in addition."

The amendment was agreed to.

Mr. HARRISON. Mr. President, in view of the adoption of the so-called "Borah amendment" as to consolidated returns, it is necessary to make certain clerical changes at other places in the bill; and I ask unanimous consent that these changes may be made.

The PRESIDING OFFICER. The amendments will be stated.

The LEGISLATIVE CLERK. On page 155, it is proposed to strike out lines 10 to 13, both inclusive.

The amendment was agreed to.

The LEGISLATIVE CLERK. On page 158, it is proposed to strike out lines 10 to 13, both inclusive.

The amendment was agreed to.

On page 161 it is proposed to strike out lines 11 to 14, both inclusive.

The amendment was agreed to.

The LEGISLATIVE CLERK. On page 242, line 19, it is proposed to strike out "sections 131 and 141" and insert "section 131."

The amendment was agreed to.

The LEGISLATIVE CLERK. On page 76, it is proposed to strike out "this act or" in line 2, and again in line 5, and again in lines 10 and 11, and again in line 14.

The amendments were agreed to.

Mr. HARRISON. Mr. President, I ask that the order I send to the desk may be entered. It is the usual order following the consideration of each of these bills authorizing certain changes to be made.

The PRESIDING OFFICER. The order will be read.

The order was read and agreed to, as follows:

Ordered, That in the engrossing of the amendments of the Senate to the pending bill (H.R. 7835) the Secretary of the Senate be authorized:

(1) To make such changes in the table of contents as may be necessary to make such table conform to the action of the Senate in respect of the bill;

(2) To make such clerical changes as may be necessary to the proper numbering and lettering of the various portions of the bill, and to secure uniformity in the bill in respect of typography and indentation; and

(3) To amend or strike out cross-references that have become erroneous or superflous, and to insert cross-references made necessary by reason of changes made by the Senate.

Ordered further, That the said bill, when passed, be printed showing the Senate amendments numbered.

Mr. HARRISON. Mr. President, there are two committee amendments remaining that have not as yet been acted upon. One is with reference to "hot oil", under which informants are to be paid something. The committee struck out the House provision. I do not think they knew much about it, or made much investigation. I should like to have the Senate act on the matter. The committee recommended striking out the House provision.

Mr. LA FOLLETTE. Mr. President, is it the Senator's desire that this matter should go to conference, or otherwise?

Mr. HARRISON. I think it would be very well for it to go to conference. Only by striking out the House text can it go to conference.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 210 it is proposed to strike out lines 1 to 24, inclusive, and on page 211 it is proposed to strike out lines 1 to 8, inclusive, in the following words:

SEC. 514. Penalties and awards to informers with respect to illegally produced petroleum: (a) Any person liable for tax on any income from illegally produced petroleum, who willfully fails to make return showing such income within the time prescribed by law, or 30 days after the enactment of this act, whichever expires later, shall, in addition to all other penalties prescribed by law, be liable to a civil penalty of $500 plus $50 for each day during which such failure continues.

(b) Any person not an officer of the United States who furnishes to the Commissioner or any collector original information leading to the recovery from any other person of any penalty under this section may be awarded and paid by the Commissioner a compensation of one half the penalty so recovered, as determined by the Commissioner.

(c) As used in this section, the term "income from illegally produced petroleum" means any income (not shown on a return made within the time prescribed by law, or 30 days after the enactment of this act, whichever expires later) arising out of any sale or purchase of crude petroleum withdrawn from the ground subsequent to January 1, 1932, in violation of any State or Federal law (not including withdrawal in violation of any code of fair competition approved under the National Industrial Recovery Act or illegal withdrawal, the penalties for which have been mitigated or satisfied in pursuance of law prior to the enactment of this act), or arising out of any fee derived from acting as agent for any seller or purchaser in connection with a sale or purchase of such petroleum or products thereof, or any amount illegally received by any person charged with the enforcement of law with respect to such petroleum or products thereof.

The amendment was agreed to.

Mr. HARRISON. Mr. President, there is one other provision, with reference to the produce tax, on which I understand the Senator from North Dakota desires to be heard. I should like to get some idea about what other amendments there are.

Mr. LA FOLLETTE. Mr. President, I desire to offer an amendment to make income-tax returns public records. I understand that the Senator from Missouri [Mr. CLARK] has an amendment with relation to the taxation of tax-exempt securities. Those are the only amendments about which I can inform the Senator.

Mr. HARRISON. I understand that the Senator from Arizona [Mr. ASHURST] has an amendment and that the Senator from Minnesota [Mr. SHIPSTEAD] has an amendment. Unless some Senator raises an objection, it is my purpose to accept the amendment that is to be offered by the Senator from Minnesota. We might dispose of some of these matters now, and tomorrow take up the other subjects that are to be discussed briefly.

Mr. LA FOLLETTE. Has the Senator abandoned any hope of disposing of the bill today?

Mr. HARRISON. I really do not think we can dispose of the bill today.

Mr. LA FOLLETTE. In that case it will be perfectly agreeable to me to withhold until tomorrow the offer of the amendment in which I am interested.

Mr. NORRIS. Mr. President, the Senator from Missouri [Mr. CLARK], whom I do not see in the Chamber at the present time, has a very important amendment.

Mr. HARRISON. I understood that the Senator from Missouri was planning to offer that amendment and that it might involve some discussion.

Mr. NORRIS. It will involve some discussion.

Mr. ASHURST. On what particular subject is the amendment?

Mr. NORRIS. On the taxation of what are now called "tax-exempt" securities.

Mr. HARRISON. Will the Senator from Minnesota offer his amendment now?

Mr. SHIPSTEAD. Yes, Mr. President. I send to the desk an amendment which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 237, after line 20, it is proposed to insert the following:

Section 2 of the Liquor Tax Act of 1934 is amended to read as follows:

"SEC. 2. Paragraphs (3) and (4) of subdivision (a) of section 600 of the Revenue Act of 1918, as amended (relating to the tax on distilled spirits generally and the tax on distilled spirits diverted for beverage purposes) (U.S.C., supp. VI, title 26, sec. 1150 (a) (1) and (2)), are amended to read as follows:

"'(3) On and after January 1, 1928, and until the effective date of title I of the Liquor Taxing Act of 1934, $1.10 on each proof-gallon or wine-gallon when below proof and a proportionate tax at a like rate on all fractional parts of such proof- or wine-gallon; and

"'(4) On and after the effective date of title I of the Liquor Taxing Act of 1934, $2 on each proof-gallon or wine-gallon when below proof and a proportionate tax at a like rate on all fractional parts of such proof- or wine-gallon.

"'*Provided, however,* That on and after the effective date of the Revenue Act of 1934 any manufacturer finding it necessary to use alcohol (other than denatured or specially denatured alcohol) in the arts or sciences or in the manufacture, extraction, solution, or preservation of any article of commerce which when manufactured and prepared for the market is unfit for use for intoxicating-beverage purposes, may use the same under regulations which shall be prescribed by the Secretary of the Treasury, and upon satisfying the collector of internal revenue for the district wherein he resides or carries on business that he has complied with such regulations and that such alcohol has been used therein for no other purposes than hereinabove stated, and exhibiting and delivering up the stamps which show that a tax has been paid thereon, shall be entitled to receive from the Treasury of the United States a rebate or repayment of 90 cents on each proof-gallon or wine-gallon of alcohol when below proof and a proportionate amount at a like rate on all fractional parts of such proof- or wine-gallon: *Provided, however,* That such rebate or repayment shall not be made in the case of any alcohol withdrawn from bonded warehouses prior to the effective date of the Revenue Act of 1934.

"'The Secretary of the Treasury shall forthwith prescribe the regulations provided for herein for the supervision and enforcement of this act.'"

The PRESIDING OFFICER. The question is on the amendment of the Senator from Minnesota [Mr. SHIPSTEAD].

Mr. COPELAND. Mr. President, I simply desire to appeal to the Senator from Mississippi [Mr. HARRISON] to take this amendment to conference, because it is a matter which ought to be given consideration.

Mr. McKELLAR. Mr. President, I desire to join in that request.

Mr. HARRISON. Mr. President, the committee gave consideration to the question of alcohol going into medicinal preparations. We received many telegrams from over all the country with reference to the subject. I thought it was another amendment that the Senator was going to offer. I did not know it was this one; but I am willing to let the amendment go to conference and be considered there.

Mr. COUZENS. Mr. President, I desire to ask the Senator from Minnesota a question about the last sentence of the amendment. There seems to be a blank there.

Mr. SHIPSTEAD. The last sentence of the printed amendment has been stricken out.

Mr. COUZENS. The whole paragraph?

Mr. SHIPSTEAD. No; the regulations are provided for.

Mr. COUZENS. May I ask that the clerk read again the last section of the amendment?

The PRESIDING OFFICER. The clerk will reread the last section of the amendment.

The legislative clerk read as follows:

Provided, however, That such rebate or repayment shall not be made in the case of any alcohol withdrawn from bonded warehouses prior to the effective date of the Revenue Act of 1934.

The Secretary of the Treasury shall forthwith prescribe the regulations provided for herein for the supervision and enforcement of this act.

The PRESIDING OFFICER. The Chair is advised that the amendment has been modified from the form in which it was originally printed.

The question is on agreeing to the amendment offered by the Senator from Minnesota.

The amendment was agreed to.

Mr. SHIPSTEAD. Mr. President, I send to the desk another amendment, which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 236, line 10, it is proposed to strike out "$20" and insert "$75", so as to read:

SEC. 607. Tax on furs: The tax imposed by section 604 of the Revenue Act of 1932 shall not apply to articles sold by the manufacturer, producer, or importer, after the date of the enactment of this act, for less than $75.

Mr. SHIPSTEAD. Mr. President, it will be necessary to reconsider the action on the committee amendment that was agreed to the other day in order to present this amendment; and I hope the Senator from Mississippi will consent to have that done.

Mr. HARRISON. I ask unanimous consent that the action on the committee amendment may be reconsidered for the purpose of considering the amendment offered by the Senator from Minnesota.

The PRESIDING OFFICER. Is there objection? The Chair hears none; and the vote whereby the committee amendment was agreed to is reconsidered.

The question is on the amendment offered by the Senator from Minnesota to the amendment of the committee.

Mr. HARRISON. Mr. President, the Senator from Minnesota has talked to members of the committee with reference to this amendment with regard to fur coats which are used in the northern part of the country. May I ask the Senator from Minnesota whether such coats cost $75 or more?

Mr. SHIPSTEAD. Not much of a coat can be purchased for $75, but a person can get along with a $75 fur coat. The amendment will save a poor man who has to have a fur coat for himself or his wife from paying a tax upon what is really a necessary article. Though not of universal use in the country, in the northern half of the United States fur coats are necessities for the people.

Mr. COPELAND. Mr. President, I desire to add my appeal to that of the Senator from Minnesota.

Mr. HARRISON. The Senator from Minnesota talked to me about this matter. We have had a great deal of trouble about the fur section of the bill. I had hoped we might be able to strike it out altogether, but we cannot lose the revenue. If the Senate wishes to adopt this amendment, it will be perfectly agreeable to me up to a value of $75.

Mr. COUZENS. Mr. President, has the Senator from Mississippi made an estimate of the amount of revenue that will be lost in case this amendment shall be adopted?

Mr. HARRISON. We received $7,000,000 of revenue from the whole fur tax. The experts think that if this amendment should be adopted we probably would lose around $2,000,000 of revenue.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Minnesota to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

Mr. McKELLAR. I offer an amendment, which I ask to have stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 127, after line 4, it is proposed to insert the following new subsection:

(d) Under regulations prescribed by the Commissioner, with the approval of the Secretary, every corporation subject to taxation under this title shall, in its return, submit a list of the names of all officers and employees of such corporation and the respective amounts paid to them during the taxable year of the corporation by the corporation as salary, commission, bonus, or other compensation for personal services rendered, if the aggregate amount so paid to the individual is in excess of $15,000. The Secretary of the Treasury shall submit an annual report to Congress compiled from the returns made containing the names of, and amounts paid to, each such officer and employee and the name of the paying corporation.

Mr. HARRISON. Mr. President, I hope the Senate will agree to this amendment, because already the corporations have to furnish the Secretary of the Treasury a salary list. This amendment would merely direct that the Secretary of the Treasury shall transmit that list of salaries, where they amount to $15,000 or more, and of bonuses of $15,000 or more, so that they might be published.

Mr. McKELLAR. Mr. President, I was very sorry the other amendment was voted down a day or two ago, but this will compensate in part.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Tennessee.

The amendment was agreed to.

Mr. HARRISON. Mr. President, I ask the Senator from North Dakota [Mr. FRAZIER] whether we cannot now take up the produce amendment and get it out of the way?

Mr. FRAZIER. I am perfectly willing to proceed at this time.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 237, after line 11, it is proposed by the committee to insert the following amendment:

SEC. 611. Stamp tax on sales of produce for future delivery: (a) Effective on the day following the enactment of this act subdivision 4 of schedule A of title VIII of the Revenue Act of 1926, as amended, is amended by striking out "5 cents" wherever appearing in such subdivision, and inserting in lieu thereof "1 cent".

(b) Section 726 (c) of the Revenue Act of 1932 is repealed.

Mr. HARRISON. Mr. President, the Senator from Oklahoma [Mr. GORE] and the Senator from South Carolina [Mr. SMITH] are very anxious to be present when this amendment is discussed. I now notice that neither of those Senators is present, so I hope some other amendment may be taken up.

Mr. NORRIS. Mr. President, I should like to have an amendment I desire to offer considered at this time.

Mr. HARRISON. Very well.

Mr. NORRIS. When the last revenue act was before the Senate, the question was raised of the exemption from taxation of some of the farmers' cooperative organizations. A construction had been placed upon the existing law to which objection was made. The matter was referred by resolution to the Committee on Agriculture and Forestry of the Senate. That committee took considerable testimony on the Senate resolution which bore on the subject. As a result of the hearings, at which appeared the representatives of the farm organizations as well as the representatives of the Bureau of Internal Revenue, no objection was raised to the change, except that the representatives of the Bureau of Internal Revenue contended that a construction which they had placed upon the law was a correct one.

It was a controverted question. In order to settle it, I was directed, as chairman of the committee, to propose an amendment to the revenue bill which was about to be brought before the Senate. I did that. We took it up in the Senate; and after some debate on it and a full explanation, the amendment was agreed to. It went into the measure. Most Senators thought it remained in the bill. As a matter of fact, it was one of the many amendments which went out in conference. I am presenting now the same amendment, and I send it to the clerk's desk and ask that it be reported.

I might say that while I do not remember the exact figures it would result in a very small loss in revenue. The committee was of the opinion that the decision of the Bureau of Internal Revenue was too severe, that it was not correct, but we felt that the way to remedy the situation was to insert an amendment in the revenue bill, and that is how it came before the Senate.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 53, after line 16, it is proposed to insert the following:

Neither shall any such association be denied exemption because it does not keep ledger accounts with nonmembers of the business it transacts with such nonmembers, but it shall only be required to keep such records of its business with nonmembers as will show the actual business done with such nonmembers; and provided further, that the profits, if any, derived from its business with nonmembers in any fiscal year of the association shall be allowed to remain in the business of the association, subject to the right of such nonmember to use his share upon a patronage basis to qualify as a member of the association.

Mr. HARRISON. Mr. President, the Senator from Nebraska will recall that this matter was debated at length in 1932. As I understand, it is the same proposal that was presented by the Senator at that time.

Mr. NORRIS. Yes.

Mr. HARRISON. The Senate adopted the amendment then.

Mr. NORRIS. It did.

Mr. HARRISON. And it went out in conference.

Mr. NORRIS. It went out in conference.

Mr. HARRISON. It went out in conference at that time because the conferees adopted the view of the Treasury Department.

Mr. NORRIS. I might discuss the matter fully, since I know all about it as far as the arguments go; but, as a matter of fact, some of the representatives of the Bureau of Internal Revenue at that time were unfriendly. I do not go any higher than those representatives, because I do not blame the administration. I had an agreement with the representatives of the Bureau, and with the attorney for the farmers-union elevators in my State, and I thought the whole controversy was to be settled. It was not settled, because of the unfriendliness of some of the officials of the Bureau of Internal Revenue.

I have reason to believe, from my conversations and from my correspondence with the present officials of the Bureau of Internal Revenue, that they would put a construction on the law different from that put on it by their predecessors, and no amendment of this kind would be necessary if it had not been that they were confronted with the old record, and they want some legislation in order to meet the situation.

Mr. HARRISON. Mr. President, I am willing to let the matter go to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Nebraska [Mr. NORRIS].

The amendment was agreed to.

Mr. HARRISON. Mr. President, if the Senator from North Dakota is ready to proceed with the produce matter, the Senator from Oklahoma [Mr. GORE] is here. Following that I think I shall move that the Senate take a recess, if it will meet with the approval of the Senate. I should like to get this matter out of the way tonight.

Mr. MCNARY. Mr. President, may I supplement the Senator's statement by saying that the Senator from South Carolina [Mr. SMITH] wanted to be present when this matter was considered.

Mr. HARRISON. I sent for the Senator from South Carolina, who is very much in favor of the Senate committee action, and he came to the Chamber, but had a conference to attend, so he left again, and I promised to send for him if it was necessary. I had hoped that the Senator from North Dakota might allow the amendment to be adopted, and let us try it out this way for a while.

Mr. FRAZIER. Mr. President, I do not intend to make any serious objection to the adoption of the amendment, but I want to speak on it before it is adopted. I am perfectly willing to speak tonight, or when the Senate meets tomorrow.

Mr. LA FOLLETTE. Mr. President, I desire to offer an amendment to the pending bill, which I ask to have printed and lie on the table. I should also like to have the amendment printed in the RECORD.

The amendment was ordered to be printed and to lie on the table, and to be printed in the RECORD, as follows:

On page 45, to strike out, beginning in line 23, down through line 5, on page 46, and insert:

"(a) Returns made under this title upon which the tax has been determined by the Commissioner shall constitute public records and shall be open to public examination and inspection under rules and regulations promulgated by the Secretary and approved by the President. Whenever a return is open to the inspection of any person, a certified copy thereof shall, upon request, be furnished to any person under rules and regulations prescribed by the Commissioner with the approval of the Secretary. The Commissioner may prescribe a reasonable fee for furnishing such copy.

"(b) (1) The Secretary and any officer or employee of the Treasury Department, upon request from the Committee on Ways and Means of the House of Representatives, the Committee on Finance of the Senate, or a select committee of the Senate or House specially authorized to investigate returns by a resolution of the Senate or House, or a joint committee so authorized by concurrent resolution, shall furnish such commitee sitting in executive session with any data of any character contained in or shown by any return.

"(2) Any such committee shall have the right, acting directly as a committee, or by or through such examiners or agents as it may designate or appoint, to inspect any or all of the returns at such times and in such manner as it may determine.

"(3) Any relevant or useful information thus obtained may be submitted by the committee obtaining it to the Senate or the House, or to both the Senate and the House, as the case may be.

"(c) The proper officers of any State may, upon the reqeust of the Governor thereof, have access to the returns of any corporation, or to an abstract thereof showing the name and income of the corporation, at such times and in such manner as the Secretary may prescribe.

"(d) All bona fide shareholders of record owning 1 percent or more of the outstanding stock of any corporation shall, upon making request of the Commissioner, be allowed to examine the an-

nual income returns of such corporation and of its subsidiaries. Any shareholder who pursuant to the provisions of this section is allowed to examine the return of any corporation, and who makes known in any manner whatever not provided by law or permitted by regulation the amount or source of income, profits, losses, expenditures, or any particular thereof, set forth or disclosed in any such return, shall be guilty of a misdemeanor and be punished by a fine not exceeding $1,000 or by imprisonment not exceeding 1 year, or both.

"(e) The Commissioner shall as soon as practicable in each year cause to be prepared and made available to public inspection in such manner as he may determine, in the office of the collector in each internal-revenue district and in such other places as he may determine, lists containing the name and the post-office address of each person making an income-tax return in such district."

RECESS

Mr. HARRISON. Mr. President, we have worked pretty hard today, and I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 4 o'clock and 45 minutes p.m.) the Senate took a recess until tomorrow, Friday, April 13, 1934, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES

THURSDAY, APRIL 12, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Our divine Father, Thou whose heart throbs with yearning and who waits to forgive, let in Thy light, whose splendor streams through the countless windows upon this old, rugged world. Show us Thyself that we may see ourselves. We thank Thee for divine love touched with pity. Oh, the blending of majesty with sympathy, of strength with gentleness, of passion with repose, of perfection with sinful, sorrowing men. Blessed Lord God, how inaccessible Thou art; yet we see Thee in our Savior's compassion, which arches over all like a rainbow from sky to sky. Heavenly Father, sustain us in our daily circumstances and experiences. Be with us, bravely fighting, nobly living, patiently suffering, and joyfully climbing, all because we live. Glory be unto Thy holy name. Amen.

The Journal of the proceedings of yesterday was read and approved.

A PARLIAMENTARY QUESTION

Mr. WARREN. Mr. Speaker, I rise to propound a parliamentary inquiry.

I have always thought that this fool discharge rule that we have here in the House is an abomination; that it is an ever-present threat to orderly procedure, party responsibility and leadership, and that it will finally club off the heads of its proponents and those who seek to perpetuate it. Believing as I do, I should like to see it made as odious as possible. I therefore hesitate to propound this inquiry that might make it more palatable.

In yesterday's Washington Times there appeared an article on the McLeod bill which stated that a petition was on the Speaker's desk to discharge the committee. This article carries the names of 123 Members of the House who have signed the petition and it has been published now to the world. We have a clear-cut decision on this rule, although it was only adopted in December 1931. The first discharge petition, as I now recall, was one to discharge the Committee on Rules from a bill that was reported out by the Committee on Irrigation and at that time—February 23, 1932—Mr. Hall, of Mississippi, called attention to the presence of the petition on the Speaker's desk. Speaker Garner at that time ruled:

> Any Member desiring to file such a petition may file it with the Clerk and notify the Members, as he sees proper, either from the floor or by written communication. These signatures cannot be made public until the required number of Members have signed the petition.

Mr. Speaker, I desire to ask by what authority any Member, officer, or employee of the House has given out this information in violation of the rules, or if there has been any relaxation in that rule?

Mr. O'CONNOR. Will the gentleman yield?

Mr. WARREN. I yield to the gentleman from New York.

Mr. O'CONNOR. I am glad the gentleman has brought up this point, because it recalls to me the time when there was a petition on the desk, Mr. Longworth being the Speaker, and the names were given out to the public in some way. There was also an allegation at that time that somebody had taken the petition book or paper off the desk and had gone out on the steps of the Capitol and had it photographed, with a great hullaballoo and show about the matter. At that time Speaker Longworth suggested to some of the leaders of the House that he would welcome an investigation and would gladly appoint a committee to investigate the matter and submit it to the House for proper punishment to be inflicted upon anybody who was guilty of disclosing the names on the petition before it had been completed. He felt, and the leaders did, that such conduct was a gross violation of the rules of the House.

Mr. McDUFFIE. Will the gentleman yield?

Mr. WARREN. I yield to the gentleman from Alabama.

Mr. McDUFFIE. I am glad the gentlemen from New York, who is a prominent member of the Rules Committee, is present, because I shall ask him as a member of that committee if he thinks there is a possibility of having his committee report a resolution that he has introduced, not repealing the discharge rule, and I do not think the House wishes to repeal the discharge rule, but to amend it so that when a majority of the Members of this House signify their intention or suggest by signing a petition for the discharge of a committee, even the Rules Committee, from further consideration of a bill, such a bill can and should be presented to this House for consideration. May I say, as the gentleman from North Carolina has so well said, I know of nothing that this House could do that will interfere more with orderly procedure than to continue to operate under the present discharge rule.

It is an ideal thing, it is true, for a block or a minority, to be used, not altogether for purposes of good legislation, but for political purposes. It is a millstone about the neck of the majority charged with the responsibility for legislation. We, the majority, are held responsible for legislation. A minority has its useful purpose. Under our form of government indeed it is well to have a minority in the legislative branch of the government.

Mr. SNELL. Will the gentleman yield for a question?

Mr. McDUFFIE. I yield to the gentleman from New York.

Mr. SNELL. The gentleman would not lay the adoption of this rule to the present minority?

Mr. McDUFFIE. Not at all. Nor did I suggest that.

Mr. SNELL. I just wanted to know the gentleman's attitude.

Mr. McDUFFIE. I am hoping the gentleman, who is a good legislator, will join with those on this side who wish to eliminate or amend the rule so as to provide that a majority of the Members of this House may have any legislation considered that such a majority may deem necessary. It is wrong for 145 Members of this House to force 435 Members to consider and vote for bills that may not be approved by a majority.

I have had gentlemen in this House who at first were thoroughly in favor of this discharge rule but who observed its operation, tell me that they now appreciate the handicaps of such a rule, and that they are now willing to eliminate or amend the rule.

I am calling upon the leaders of this House, whose hands I have tried to uphold, and especially upon the Rules Committee, to report the resolution offered by the gentlemen from New York, [Mr. O'CONNOR] to amend the so-called "discharge rule."

Mr. PATMAN. Will the gentleman yield?

Mr. McDUFFIE. I yield to the gentleman from Texas.

Mr. PATMAN. The gentleman realizes that 21 members of a committee can get consideration of any proposal. The

gentleman further realizes that one Member of the other body may get consideration of any proposal. Does not the gentleman believe that 145 Members of this House should receive as much consideration in reference to getting consideration of a proposal as 21 members of a committee or one Member of the other body?

Mr. McDUFFIE. This House is thoroughly representative of the sentiment of the American people and this sentiment is reflected in the committees as well as on this floor. The committees will act when a majority sentiment of this House is in favor of action. I believe in majority government. The trouble with this Government today is that we are drifting toward block government, a government by minorities, the very thing that this administration is trying to obviate, if you please, and the very thing, under our form of government, which will ultimately lead to the destruction of the government.

Mr. COLDEN. Will the gentleman yield?

Mr. McDUFFIE. I yield.

Mr. COLDEN. I wish to inquire of my esteemed colleague if he would require——

Mr. BLANTON. Mr. Speaker, I rise to a point of order. This violation of the rules of the House was by the Hearst newspapers. No newspaper in Washington knows our House rules better than Mr. Hearst's, for he once served in this House.

Mr. RICH. Regular order, Mr. Speaker.

Mr. BLANTON. I am making a point of order, which is the regular order.

Mr. BOILEAU. Mr. Speaker, regular order.

The SPEAKER. The gentleman from Texas is stating a point of order.

Mr. BLANTON. I have the floor on a point of order.

I repeat that no newspaper knows better what the rules of the House are than the Hearst newspapers. They have deliberately violated this rule. They do not care anything about the rules of the House.

Mr. BOILEAU. Mr. Speaker, I make the point of order that the gentleman is not discussing the point of order.

Mr. BLANTON. But the Speaker has held I have the floor on my point of order. I repeat the Hearst newspapers know the rules of this House, yet deliberately break such rules. They deliberately ignore the House rules.

Mr. BOILEAU. Mr. Speaker, I make the point of order that the gentleman from Texas is not addressing his remarks to the point of order.

Mr. BLANTON. I am addressing the Speaker of this House on my point of order.

The SPEAKER. The House will be in order and the gentleman from Texas will proceed.

Mr. BLANTON. What do the Hearst newspapers care about the rules of the House?

Mr. SNELL. Mr. Speaker, I do not care to get into this, but this is not the proper time for such a statement if the gentleman is making a point of order.

Mr. BLANTON. I want to submit to the Speaker that on his own motion he ought to appoint a committee to find out what employee of this House, or what Member of this House, has violated the rules and given these names to the Hearst newspapers.

I want every colleague in this House to look in this morning's Herald and see how the Hearst newspapers try to make monkeys out of the Members of the United States Senate. After printing all of the names of the 46 Senators who were for the Couzens' tax amendment, Hearst's Herald this morning said they are "all members of the new demagogic party", and that they are "all believers in un-American class distinction and discrimination", and that they are "all supporters of the cold deck and the misdeal", and are "all headed for the discard."

Just how much longer will the House and Senate stand for that?

Mr. McDUFFIE. Mr. Speaker, the gentleman from North Carolina [Mr. WARREN] very kindly yielded to me, and I assure the House I shall detain them but a moment longer.

Mr. COLDEN. I desire to ask my esteemed colleague why he would require such a petition to have 218 signatures when that is more than is required to pass the average bill in this House; in other words, you are stifling the House and such a number is not based upon the number shown on the roll calls that have been had in the House.

Mr. McDUFFIE. Mr. Speaker, I did not mean to precipitate all this trouble. I simply rose to say that I was ready to join with the Speaker and the leader and others in authority in the leadership of this House to act promptly and immediately to amend the rules of the House by eliminating this assinine discharge rule. There are now about 25 petitions for discharge of committees on the Clerk's desk, and under this foolish rule there is no telling what manner of bill the Members of this House will be called to vote on if the Congress remains here long enough. Such a rule means legislation by petition of blocks and minorities.

Mr. BYRNS. Mr. Speaker, will the gentleman from North Carolina [Mr. WARREN] yield to me a moment?

Mr. WARREN. Certainly.

Mr. BYRNS. I need not tell this House what I think of the discharge rule permitting 145 Members to take from a committee the consideration of important legislation pending before that committee. There is, of course, a reason, and a good reason, for the appointment of committees. We are getting to the point now where we are undertaking to legislate by discharge of committees rather than giving the committees an opportunity to report upon the bills pending before them. I do not have to tell you gentlemen how impossible it is for this House to legislate on the floor of the House upon any important matter of legislation. The very idea in appointing committees is to give them an opportunity to investigate and have hearings and report measures to the House so that the House may have complete information before it is called upon to vote.

Something has been said about amending this rule. The Speaker—and I take it I am authorized to say this—and myself and other gentlemen upon the floor of this House made a very earnest effort at the special session to get up a resolution amending the rule, and again at the beginning of this session. I think that a majority of this House should always have the right to control legislation, but I do not think any minority should have the right, over the protest of a majority, to take an important bill from a committee which is considering it and have the measure considered here on the floor of the House without the deliberation which all legislation should receive.

Mr. MARTIN of Massachusetts. Will the gentleman yield?

Mr. BYRNS. Yes.

Mr. MARTIN of Massachusetts. Why did not the gentleman bring up the resolution amending the rule, which the Committee on Rules reported out over a year ago?

Mr. BYRNS. I will tell the gentleman why. I spoke to many Members on his side of the Chamber as to whether or not they would give their support to an amendment of this rule, and I was never able to get the slightest intimation from any Member upon the Republican side that he would give us such support. The gentleman himself is upon the Rules Committee——

Mr. MARTIN of Massachusetts. Does the gentleman want to admit that with a majority of 3 to 1 he cannot control the House?

Mr. BYRNS. It is not a question of control. It is the question of the Republican Members, who did not have this particular rule, joining those Democrats who are honestly opposed, and defeating it, as they did the rule when it was before the Rules Committee. The gentleman is a member of the Rules Committee, and I want to ask the gentleman, and, of course, he is privileged to speak of his own action, if he was not against that rule in the committee.

Mr. MARTIN of Massachusetts. I voted against it, and if you bring it up I will vote against it again, but you have not had the courage to bring it up.

Mr. BYRNS. How can we bring it up when the gentleman's committee has failed to report it out?

Mr. MARTIN of Massachusetts. How many votes would you need to bring up that rule?

Mr. BYRNS. We would need to have the committee first report it.

Mr. MARTIN of Massachusetts. The committee has reported the bill.

Mr. BLANTON. After we bring it up, will the gentleman support it?

Mr. MARTIN of Massachusetts. No.

Mr. BLANTON. Will the gentleman from New York [Mr. SNELL] support it—no.

Mr. BYRNS. I think the rule ought to be amended, but I think it should be amended at the beginning of a session. After you get up a proposition such as the one pending now, I do not know whether we can amend it or not, or, indeed, whether it would be the fair thing to do; but I do want to appeal to the Members on this side of the Chamber who have not signed this petition to permit the committee which has the measure under consideration to report on it so that it may be considered in the regular way and with due deliberation. [Applause.]

The SPEAKER. The Chair is ready to answer the inquiry by the gentleman from North Carolina. The Chair will read the part of the rule applicable to the gentleman's inquiry.

Clause 4, rule XXVII:

"4. A Member may present to the Clerk a motion in writing to discharge a committee from the consideration of a public bill or resolution which has been referred to it 30 days prior thereto (but only one motion may be presented for each bill or resolution). Under this rule it shall also be in order for a Member to file a motion to discharge the Committee on Rules from further consideration of any resolution providing either a special order of business, or a special rule for the consideration of any public bill or resolution favorably reported by a standing committee, or a special rule for the consideration of a public bill or resolution which has remained in a standing committee 30 or more days without action: *Provided*, That said resolution from which it is moved to discharge the Committee on Rules has been referred to that committee at least 7 days prior to the filing of the motion to discharge. The motion shall be placed in the custody of the Clerk, who shall arrange some convenient place for the signature of Members. A signature may be withdrawn by a Member in writing at any time before the motion is entered on the Journal. When Members to the total number of 145 shall have signed the motion, it shall be entered on the Journal, printed with the signatures thereto in the CONGRESSIONAL RECORD, and referred to the Calendar of Motions to Discharge Committees."

This matter has been passed upon before when presented to Speaker Garner, and with reference to this matter he said:

Any Member desiring to file such a petition may file it with the Clerk and notify the Members as he may see proper, either from the floor or by written communication. These signatures cannot be made public until the required number of Members have signed the petition.

There is a reason for not publishing the names, of course. Publishing the names in the newspaper invites people generally throughout the United States to bring pressure on those who have not signed the petition to sign it, and pressure upon those who have signed the petition to take their names off. Publication of the names of those who have signed the petition before it is published in the RECORD and the Journal has the effect to deny completely to the petition that secrecy to which it is entitled under the rule.

The Chair holds that the publication of the names prior to the signing of the petition by 145 Members was improper and should not have been done.

CITIZENSHIP AND NATURALIZATION

Mr. BANKHEAD, from the Committee on Rules, reported the following resolution, which was referred to the House Calendar and ordered to be printed:

House Resolution 329 (Rept. No. 1229)

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H.R. 3673, a bill to amend the law relative to citizenship and naturalization, and for other purposes; and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and shall continue not to exceed 3 hours, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on Immigration and Naturalization. The bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. RICH. Mr. Speaker, under the decision of the Speaker with reference to the McLeod bill, what is going to be done about it?

The SPEAKER. The Chair is not deciding anything in reference to the McLeod bill. The Chair in answering the parliamentary inquiry of the gentleman from North Carolina stated that the publication of the names was a violation of the rule, and so rules.

ORDER OF BUSINESS

Mr. BYRNS. Mr. Speaker, I want to present a unanimous-consent request, and in explanation I want to say that there are on the calendar seven Senate bills known as jurisdictional bills. They are on the Speaker's desk. In other words, they are bills simply referring certain claims to the Court of Claims for consideration and decision. So far as I know there can be no possible objection to this reference. They have been reported by the committees of the House, and as I understand, unanimously. There is nothing involved except the question whether or not the claims shall be referred to the Court of Claims.

Mr. SNELL. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. SNELL. My attention has been called to the bills but I have not been over them carefully. Some of the bills I remember way back when I was a member of the Committee on War Claims of the House. I wonder if the gentleman has given attention enough to them to know that a great number of them would run into millions of dollars if they got judgment in the Court of Claims, and also that the statute of limitations has run against some of them—I do not know that it has run against all of them.

Mr. BYRNS. I will say to the gentleman frankly that I have not had an opportunity to do so. It was in my mind that some of these seven bills are meritorious, and perhaps all of them.

I believe these bills ought to be considered one by one, and let the House pass on them. If there is any objection to them on the part of any Member, of course, they will not be passed.

Mr. SNELL. Just what was the unanimous-consent request?

Mr. BYRNS. The request I was about to submit was that there be first called the following Senate bills: S. 1934, S. 1935, S. 503, S. 2905, S. 2898, S. 232, and S. 1091.

Mr. SNELL. The gentleman just wants to have them called now?

Mr. BYRNS. My request is that they be first called, and then after they have been disposed of, that we proceed with the calendar.

Mr. SNELL. I would not object to that. I thought the gentleman wanted them passed right now.

Mr. BLANCHARD. Reserving the right to object, have these Senate bills been to the House Committee on Claims?

Mr. BYRNS. My information is that the Senate bills have not, but House bills upon the same subject have been before the House committee and are now upon the calendar.

Mr. BLANCHARD. The request is to call them first on the calendar today?

Mr. BYRNS. Yes.

Mr. BLANCHARD. Of course, I would have to object to that, because no one has had an opportunity to look them over.

Mr. BYRNS. Oh, they are on the same calendar.

Mr. BLANCHARD. But they are not the first bills to be called, and have not been examined.

Mr. BLANTON. Oh, yes; we who work on this calendar have examined them, and the Clerk will call the calendar

number, and all there is to do is to turn to the bill on the calendar.

Mr. BLANCHARD. Well, I object to that request.

Mr. BYRNS. I submitted the request yesterday, and I understood from that side that the matter would be looked into and that there would be no objection.

Mr. BLANCHARD. If the gentleman will modify his request that they may be called up during the day sometime, I will not object.

Mr. BLANTON. Then we will go right back to the start.

Mr. BLANCHARD. I am not going to permit them to be disposed of except by objection, and I do not want to do that, because I want an opportunity to look them over.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

Mr. TABER. Reserving the right to object, Mr. Speaker, if the gentleman will prefer a unanimous consent request that on the next day on which the Private Calendar is called, these will be called first, I shall not object, but if it is going to be asked that they go ahead now, I shall object. If the gentleman will modify his request so that they could be first on the next day the Private Calendar is called, I shall be satisfied, but I shall object if it is to be done today.

Mr. BYRNS. Of course, the gentleman can control that, and I will have to withdraw my request if the gentleman insists. I will submit the request in a modified form, as suggested by the gentleman from New York, that at the next call of the Private Calendar the bills which I have enumerated will be the first called.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

Mr. TARVER. Reserving the right to object, I desire to ask if among those bills there is one for the relief of George A. Carden and Anderson T. Herd, which proposes to vest the Court of Claims with jurisdiction to consider the claims of these gentlemen, under which an award might be made of a large amount. Is that bill included in the list which the gentleman named?

Mr. BYRNS. I do not know the bill, but someone tells me that it is included.

Mr. TARVER. I shall object to there being accorded a bill of that character special consideration.

Mr. BYRNS. If this request is granted, the gentleman will have a right to object to the bill when it is called.

Mr. TARVER. I understand that, but I am not willing to agree that that bill shall be given preferential consideration.

Mr. BYRNS. I do not know anything about the bill to which the gentleman refers. I have the bills by numbers, but not by title.

Mr. TARVER. The bill was reported from my committee—that is, the House bill—but the Senate bill, I presume, is the same thing.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee, as modified?

Mr. TARVER. Unless there is withdrawn from the request the Herd and Carden bill, I object.

Mr. BYRNS. What is the number of that bill?

Mr. TARVER. I do not know the number of it. That is the one that involves the question of vesting the Court of Claims with jurisdiction to consider the claims of these gentlemen for profits that they would have received had they been allowed to operate certain ships during the World War.

Mr. BYRNS. Mr. Speaker, I modify my request a second time to meet the views of the gentleman from Georgia [Mr. TARVER], and I hope it will be satisfactory to the other Members, by eliminating from the request the Senate bill which corresponds with House bill 8482, and to which the gentleman from Georgia has referred, as the claims of Messrs. George A. Carden and Anderson T. Herd. That would leave only six bills which would be given this preferential call.

Mr. TABER. The request is that they shall be called on the next day the Private Calendar is called?

Mr. BYRNS. That is the understanding.

Mr. McFADDEN. Reserving the right to object, has the gentleman in mind fixing another date for calling the Private Calendar?

Mr. BYRNS. Just as soon as we can, but I am not able to tell the gentleman when we can do it.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee, as modified?

There was no objection.

RICHARD A. CHAVIS

Mr. McSWAIN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 2032) for the relief of Richard A. Chavis, with a Senate amendment, disagree to the Senate amendment, and ask for a conference.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. HILL of Alabama, THOMPSON of Illinois, and CARTER of Wyoming.

TOBACCO TAXES

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to insert therein a speech of my colleague from North Carolina [Mr. HANCOCK].

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. McCORMACK. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following speech of my colleague from North Carolina [Mr. HANCOCK], before the subcommittee of the Ways and Means Committee, March 30, 1934:

Mr. HANCOCK. Mr. Chairman and gentlemen of the committee, may I, in utter sincerity, congratulate you for the very fair, earnest, and intelligent manner in which these hearings have been conducted. The cause of the farmer and the business man may ever expect fair and wise treatment, in my judgment, before the present constituted Ways and Means Committee, of which North Carolina's distinguished son, the Honorable R. L. DOUGHTON, is its able chairman. To my own knowledge, for years he has shown a keen interest in every form of legislation looking to the material well-being of the farmers of his own State and the country at large. I also want to say that, in my judgment, there is no man in this country, including the "brain trust" more competent to lead in the consideration of this question than my friend, the distinguished gentleman from Kentucky, the chairman of this subcommittee.

I feel that such an admirable case has already been made out for an immediate correction of the tax injustice which has for years laid its heavy, cruel hand upon the tobacco grower, that any attempt on my part might be useless at this time. I am, therefore, appearing not so much with the idea of making an intelligent contribution to the solution of this problem as I am for the purpose of manifesting my genuine interest.

In discussing this problem, I should abhor the idea of injecting any sectional view, for this is no time to see parts of this great Nation without seeing all parts. We must, if we meet our duty, keep our eyes constantly fixed on the country as a whole without regard to classes or groups. I should with equal abhorrence dislike to engage in maudlin or sentimental discussion. To my way of thinking, there is nothing that could happen of greater importance to a very large portion of the farmers of the South than immediate action by this Congress providing for an adjustment downward of the present excessive and monopolistic tax on tobacco products. Careful analysis shows that this tax finally rests upon the grower and his land. No sane man would be bold enough to undertake an argument in favor of its fairness. Plain, ordinary justice adds its condemnation. Shortly after taking the oath of office as a Representative from the State of North Carolina I began to battle against this injustice, and introduced a bill to cut the tax in half. One thing and another has, up to a few weeks ago, seemed to work against and frustrate every effort in this direction. We have at last, however, come to our day in court, and under the new deal I am confident that our efforts in this direction will not be in vain. In our approach to this problem we must consider the rights of all concerned, but in this consideration the welfare of the grower is paramount. This committee must, of course, concern itself with the fiscal condition of the Government, for upon the committee rests at times the unpleasant duty of exacting taxes from the people. Viewed in the light of present economic conditions, and particularly the problems of agriculture, all will admit that the grower, consumer, and manufacturer for years to come will be materially affected by the nature of such revision of these taxes as may be made, but none to the extent of the grower if the proper safeguards and regulations are applied.

Those who are familiar with the operations of the tobacco industry, removed from personal attachment and selfish interest, realize that there has never been an equitable distribution of the income and profits. With the Government exacting 3, 4, 5, 6, and sometimes 7 dollars in tax for every dollar received by the grower, and the manufacturers receiving in net profits an amount double the gross income received by the grower, and the consumer paying 15 times the price for the finished product that is paid to the farmer for the raw product, it takes no expert to see the blunder or admit the economic crime. A cursory review of all facts and figures shows that the invested dollar has been multiplied and protected at the expense of human labor and social justice. Fundamental human rights have been all but forgotten. This is not, however, peculiar to this industry.

A new conception of business fairness is in vogue, and a new application of neighborliness is slowly but surely finding lodgment in the business world.

No doubt the injustices of the past have been those human-nature characteristics visited upon man since the early days. With the awakening of a new public conscience and a greater social responsibility, I am confident that by proper Government regulation the welfare of all will come ahead of the welfare of a few. Few of the few would demand a different situation.

I have the honor and responsibility of being one of North Carolina's Representatives in Congress. The Fifth District, from which I come, is a large tobacco-producing district, and grows almost exclusively bright flue-cured cigarette tobacco. This same district is perhaps the largest tobacco-manufacturing district in the United States and pays through collections of taxes on tobacco products an amount larger than any other district in the United States, with perhaps one or two exceptions. Granville County, where I was born, has been a pioneer tobacco-growing county, and wherever tobacco has made its march of progress the leader could find his ancestry back in Granville. It is therefore little wonder that I make claim to an intimate knowledge of tobacco in whatever form it may be made or used. I am perhaps more familiar with the growers' problem than any other phase of the industry. It is his interest that I seek first to improve and then protect.

I would not at this time undertake to depict to you the horrible plight of his unenviable existence. Not more than 1 out of 4 years does the average grower of tobacco show even a meager profit. If his records were accurately kept on the same basis that an up-to-date business institution's records are kept, you would marvel at his courage and determination to carry on. It might conservatively be estimated that one third of the working people of North Carolina are engaged in some form of activity involving the making, handling, or processing of tobacco. The income from this work is the lifeblood of our State. The health, morale, and happiness of our people rise and fall in comparison to the income from tobacco. It is the sine qua non of our economic existence. Low and unfair prices for the past several years, together with other contributing factors, have reduced a large number of our people to abject poverty. Disease and undernourishment have attended those of younger years, and many a home has been wrecked on the rift of this economic dislocation. The privations and sufferings have been unbearable, and the dignity of good men's souls has been lowered. Under the present system a large percentage of our farmers are bound in slavery even as the children under Pharaoh were bound. They can no longer enjoy the freedom that was their fathers'.

Under the present system the tobacco farmer has little, if any, voice in pricing his product; it is not a question of what he will take, but it is a question of what he can get. He does not often even have a fair gambler's chance. I scorn and resent the idea that he would seek alms or charity from anyone. There is not another class of people in the world who have taken such punishment standing up and on the chin, so to speak. If you gentlemen could visit some of their homes and see the squalid conditions under which they must live, be patriotic, and rear their children to good citizenship, you would glory in their spunk, their faith, and their fortitude. No one can make me believe that the average capitalist who controls their labor and almost their very destinies is not as much ashamed of this situation as I am. It is not the men, but the system that I am attacking.

At this point I want to say that the growers of tobacco are not primarily concerned with any squabble between the manufacturers or with any legislation which does not look to the general welfare of all. They are interested in all those who make a market for their product. All of the properly operated companies serve a useful purpose and are no doubt needed in the trade. I have no financial interest whatever in any tobacco company, but I am concerned in seeing that their proper relative position in the economic picture is maintained and preserved. Any person who lives in the great State of North Carolina and does not feel likewise should, in my opinion, move his citizenship to another land.

In approaching a discussion of the immediate problem before this committee, I want to presume to remind you that Government is not something, but that Government is for something. It is today for the rehabilitation of the economic structure of this Nation, and to that end the President and the Congress are waging a valiant and, I hope, victorious battle. My effort to aid in the solution of this problem has no concern with the individual position of any manufacturer. I want to see such action taken by this committee as will best serve those whose needs are greatest and whose rights must be protected. The big issue, to my mind, is one of farm relief. What can this committee do to rehabilitate and stabilize this great agricultural industry and thereby contribute to the recovery program under way? I am not so much concerned with the kind of tax revision as I am with the justice and effect of the tax revision, and after careful study and deliberate thought I submit the following views for your earnest consideration.

Looking back, instead of forward, will help but little in the solution of this problem. It is necessary to look at it realistically. In doing this we face two stubborn facts: There are in the Carolina-Virginia-Kentucky region, as well as sections of other States producing tobacco, a great multitude of people and a great extent of land hitherto engaged in the production of tobacco, mainly cigarette stock, which population and acreage cannot be transferred by any sort of sudden magic to other purposes. The other is that no sort of outside regulation of industry, in defiance of the laws of economics, can be made permanent. The question of a revision of the taxes is primarily a matter of concern to the grower, as well as of great social and economic importance to all our people. It is, however, the grower who needs most to hold and add to what has been gained for him under the new deal. A return to a situation in which he cannot make wages fair and in just proportion to the industry's income, after 1 year of fair prices following so long a period of unjustified, heart-breaking loss, would be worse than tragic. Leaving the war burden and the prohibition burden on tobacco, and particularly on cigarettes, makes for an ill-balanced tax program, and I seriously doubt if there is a single taxation expert who would not say that it not only lacks equity but is a blunder and worse than a crime. All of us are concerned in the solution of this problem, both as taxpayers and consumers. But these considerations concern us more intimately and more materially in the cigarette-tobacco section, because it has been conclusively shown during these interesting hearings that the reduction of the tax would benefit directly a class of our people numerically large and upon whose profits and income the rest of us are largely dependent—the growers of tobacco.

I am both delighted and encouraged that this committee has gone to work in earnest to study this question, with the idea of recommending to the Congress an equitable revision of these taxes. One proposal which has been sponsored before the committee is to reduce the tax so that the manufacturers of 10-cent cigarettes can have a safe margin to insure a continuation of their business and to provide for them a moderate profit. Some of the manufacturers of the 10-cent cigarettes reduced their prices several years ago, and, perhaps, at that time could not anticipate the increased costs resulting from a compliance with N.R.A. requirements and other governmental demands. They now seek a revision of the taxes on cigarettes on a classified or price-selling basis. The other proposal facing this committee would be to recommend to the Congress a uniform general reduction in the tax on all tobacco products. The theory of the proponents of the classified tax seems to be that their advent on the market has aided the price for the lower grades of the leaf. There is no doubt but that there is a large aggregate trade that will take cigarettes at 10 cents that will not take them at 12½ or 15 cents. An increased price for lower grades will certainly raise the average and the value of the cigarette-crop stock as a whole, provided the price of the higher grades is maintained. Would a classified tax or a differential to the 10-cent manufacturers aid in maintaining the higher-priced grades? I take it that no one here would consider seriously at this juncture any revision of taxes, the benefit of which would flow to the consumer and manufacturer alone. From the statement of profits made by the cigarette manufacturers, they show little, if any, suffering on the average throughout this entire period of business depression. If the importance of this matter did not lie primarily with the growers of tobacco, I could not approach it with any zeal or enthusiasm.

At the same time, I recognize that the manufacturers are interested in anything that tends to increase their volume of business. I also appreciate the much-needed saving, in the penny times we have been experiencing, which would accrue to the individual consumer if by a general reduction in the tax the price of cigarettes were, as they must be, lowered in full proportion. I have not the slightest doubt that if a proper general reduction of the tax rate were made, it would all be passed on by the manufacturers to the growers and consumers, with no benefit to the manufacturers except from an increased volume of business which would put them unquestionably in a position to push for even greater consumption, thereby further expanding the market for the farmer's overproduced product. In my candid judgment, that is what the grower needs and is the only thing that in the end will be helpful to the grower in the long run without such measure of governmental restriction of production as would tend to defeat its own purpose.

Let me divert to the fact that everything that has been done or is being done in Washington in aid of farm prices proceeds from the assumption, as is necessarily the economic fact, that price is a matter of balance between production and consumption. When more is produced than is consumed, prices are necessarily weak, and when less is produced than is desired for consumption prices are just necessarily strong. A natural balance of consumption and production means stable, satisfactory prices for the product. Balance can be restored in either of two ways when conditions permit. Of course, where there is no chance of increasing consumption to take up the overproduction—and thereby attain balance and a satisfactory price—there is no way out except through reducing production and getting that way the balance that makes price.

But, desirable as that method may be, it is always subject to the objection that even when it is successful in raising the price, the

grower gets that raised price only on a restricted production. How much better for him, and for the country generally and the recovery plan itself, if balance between production and consumption, with resultant satisfactory prices, could be worked out without too much restriction of production? Do not misunderstand me. I am not criticizing the Government's plan for trying to get the grower a good price. I have given my support as a Member of Congress to every such proposal. To see that the growers get good prices is the prime consideration. That is the main purpose of these hearings. But I am pointing out that if through expansion of consumption, on top of the Government's plan for restricting production, the good price when obtained could be obtained on a larger quantity of tobacco instead of a smaller quantity, the grower would thereby be enormously benefited above any benefit that can come to him through restriction of production without taking full advantage of opportunities for increasing consumption at the same time. It is as simple as saying that hogs will go up faster when the consumers double their consumption at a time when the producers are cutting their production in half than they will when the only thing being done is to have the producers reduce their production.

Here is the unique position of tobacco.

The possibility of an enormous increase in consumption of tobacco products is the thing that differentiates the tobacco grower's problem, and his opportunities, from the problem and the opportunities of the growers of any other farm commodity in this country. In this respect, tobacco holds a unique position, quite different from all other commodities. I know of no easy, immediately workable and effective way of greatly increasing the consumption of any other farm product than tobacco. What can be done to increase greatly and immediately the consumption of wheat, or corn, or cotton, or pork, or beef, or silk, or any other farm product, save tobacco, upon which the Government is at work? I know of no special opportunity and have heard none suggested for any special, heavy increase in consumption that can be made effective at once. The way to the market is already wide open for each of these products. No special barrier stands between the grower and a price for his product. Therefore, each of these products is now enjoying, however disastrous it may be, its full potential market under these conditions. Is that true of the tobacco grower's product? With the road, to whatever market there is, wide open for every other grower of a farm product in this country, the Government stands by the tobacco grower's road to market and exacts on cigarette tobaccos the grower would sell about $1.08 a pound and on the tobaccos that go into smoking and chewing tobacco and snuff, $0.18 per pound. Is that an open market, or even a fair market for the tobacco grower? Does that kind of a handicap placed on his product give him any fair opportunity for those who manufacture and sell his product to develop for him that full volume of consumption of his product that is open to every other grower of an agricultural product in this country?

No wonder the Government feels the urge to reduce production heavily. It has cut consumption enormously by almost prohibitive tax rates on the product, and if it is to continue to maintain rates that choke off consumption the only way to get that balance of production and consumption that will give the grower a satisfactory price is to choke off production, a process which, however well it may be justified in any given circumstance, always carries with it at least a partial defeat of its own purpose. I mean that even when price is attained, it stands, under a restricted production procedure, attained for a smaller volume of product instead of a larger, as would be the case if price could be obtained, to an extent, at least, through increasing consumption and without having to go too far in the matter of restricting production. Other things equal, the grower does not want his acres thrown out of use and himself out of work and opportunity. More use for acres instead of less, more work for the grower, more work in the warehouses and in the factories, more business for the distributors, greater volume all along the line from grower to consumer is the policy that fits with everything which I understand Mr. Roosevelt, our great and courageous leader, is trying to do in his attempt to effect recovery by eliminating unemployment and by making satisfactory farm prices possible. He well knows that there can be no lasting, permanent prosperity or human contentment until the farmer is liberated from his chains of economic slavery and paid for his labor and produce a price that will permit him to live and move as those who have been getting, in one way or another, the income that was rightfully his. The vast difference between the price he receives and what the consumer pays is a tale of unrighteousness.

Again I say that, in my view of it, the question to be studied by your committee has its prime importance for the grower and not for the manufacturer. I do not think that the manufacturer has a particularly big stake in it, but I do believe that this hearing with its resulting change in the tax law, if any, is of enormous importance to the grower.

And I believe, further, that if the growers really demand such a change in the law as will give them their best opportunity for a satisfactory market for their product in increased volume, the administration and the Congress will be very slow to deny that demand, even if the return to the United States Treasury is somewhat less at least for a while. But, in my opinion, no relief of this kind will be given the grower except upon his own and his true representatives' insistent demand for it. I can see a great opportunity for the growers in this situation, and I know that real aid to them is the first and controlling thought of this committee. The manufacturers have to admit that the excessive taxes hurt the grower more than they do the manufacturer, and except as the growers are demanding the relief for themselves the Government will hardly act, because, of course, the United States Treasury likes that heavy return from tobacco products. And even the fact that while liquor taxes were out tobacco all but carried the full load that liquor and tobacco used to carry between them, and that liquor is now back, carrying its part of the old load, will not suffice to move the Congress except upon the demand of the growers. They are now paying both a maximum prohibition rate and a maximum war rate on their product. To illustrate by the cigarette tax, it went from $1.25 a thousand to $2.05 a thousand during the war, and then in anticipation of the loss of revenue from liquor in 1919 was pushed up to $3, where it has been ever since.

The war and prohibition are only history now, but nobody has taken the war harness or the prohibition burden off the tobacco growers, and I think the growers are the only persons who can accomplish this removal. In the matter of tobacco taxes, the Government has its mouth on a wet teat, and it is not in nature to give up that kind of thing except on somebody's demand.

In this connection, I believe the committee will heartily concur in this further observation. If tobacco taxation is to be approached in the future, as in the past, almost exclusively from the point of view of the Treasury Department, then there will not, in my opinion, be much accomplished out of this hearing. But, gentlemen, this is the new deal. This is an attempt to deliver the country from a condition brought about very largely through the purchasing power of the farmer falling back until he could no longer buy the products of industry. A fundamental object is to rebuild the farmer's purchasing power. The farmer is out in front. He is a prime concern in the new deal. There is almost no reasonable limit to what will be considered and should be considered for him if only it offers promise of rehabilitation and stabilization of the farm situation. This of necessity must continue to be our great objective.

Only a few weeks ago authorization was made to spend $200,000,000 to rehabilitate the beef-cattle industry. And that out of general funds. There are no special funds paid into the Government on account of the beef-cattle industry. But the product of the tobacco grower has been piling up in the United States Treasury for many years an annual return of nearly $400,000,000, a thing no other farm product has ever done. Is the tobacco grower to be denied the benefits of a greatly increased market for his products through reduction of tax rates solely because, forsooth, for the time being the United States Treasury might collect somewhat less from his product? And that when millions of general funds are being spent freely in attempting to rehabilitate and stabilize other industries through measures not so sure of success or of such a fine measure of success as a reduction of tobacco taxes would be? It is my thought that at last the time has come, and come under Mr. Roosevelt, when tobacco taxation may and should be looked at from the point of view of its effect upon the power and not solely from the point of view of the return of tax to the Treasury. Surely the billions tobacco has paid into the Treasury would warrant its taking a few millions less for a while if a great constructive work of rehabilitating and stabilizing tobacco growing can thereby be accomplished.

But to go to the immediate propositions that are before the committee. These are important in two ways: First, from the angle of the possible danger to the grower; that is, in the idea of a differential in the cigarette tax rate; and, second, from the angle of opportunity for the grower; that is, in a substantial reduction of the tax rate by, say, 40 percent.

As to the danger for the grower in the differential, it is a matter of common knowledge that the tobaccos that go into the higher-priced brands of cigarettes, the big or so-called "standard brands", are the tobaccos that have sold relatively high and have held the market averages up. It is almost equally well known, to those who know the facts, that one of the prime reasons the larger manufacturers had for refusing for 4 years to bring out and press 10-cent cigarettes was the fact that they felt that if they did so they would to a large extent destroy the higher market growers now have open to them for tobaccos that can go into the higher-priced cigarettes. With an overproduction of tobaccos in almost all classifications, it is a question of preserving to the greatest possible extent the market for those tobaccos out of which the growers can get the highest return. Obviously, the manufacturers' ability to pay high prices for leaf tobacco is greater when the cigarette consumption of the country is on two-for-a-quarter brands than when it is on 10-cent brands; and just as obviously, when a smoker is moved from the higher-priced brand to a lower-priced, the farmer has gotten a market for some of his tobacco at a lower price by sacrificing his market for some of his tobacco that otherwise would sell at a higher price. That is literally going forward one step and slipping back two. The grower cannot get where he wants to go by doing that; and if, by establishing a differential in tax, based on selling price, the Government is going to force the manufacturers to do what they have so long, in the interest of the farmers and perhaps their own, refused to do, then the result has to be, as I see it, that to the extent that the business is transferred to the cheaper brands the farmer loses the high market for the leaf that goes into the higher-priced brands.

If the top price which the manufacturer can pay for tobaccos to be marketed in the form of cigarettes is to be no higher than that which can now be paid for them for use in 10-cent cigarettes, or that could be paid for such use even after a 30-cent differential in tax were established, then indeed, it seems to me, the average for

the crop would have to fall so low as to work great hardship on the grower. It cannot be said too emphatically that, in my thinking of this serious problem, the one thing from a domestic standpoint that offers hope of keeping tobacco growing on a basis that can be made satisfactory to the farmer is the preservation and the extension of the market for tobaccos in cigarettes at prices that leave the manufacturers a chance to pay for such tobacco prices very much above the market averages for tobaccos. If the top is to come down to or close to the average, as a differential alone as suggested unquestionably would accomplish, then the new average must be distressing indeed. My thought is that if all of the cigarette business were put on 10-cent brands, under the present tax or with the tax on them reduced to $2.70 as they have asked, the result would be that nobody able to pay anything like the too low prices now paid for tobaccos to go to market in the form of higher-priced cigarettes, those tobaccos would have to find a market at a very much lower level, with resulting crop averages even more disastrous to the growers than the prices for the past several years. Then when they checked back heavily on growing, tobaccos would get to be scarcer and therefore higher. Then the manufactured products would have to go back up, with the result that we would be back where we started from, with no result from our trip around a vicious circle except that many growers would have been destroyed and much of opportunity for all of them thrown away meanwhile in the years it would take to go through that cycle.

That is a suggestion of a prime reason, as you know, why, as I have been reliably informed, some manufacturers at least have refused to try to put the business on cheap brands. Now, if the Government, by establishing a tax differential, should force the manufacturers or processors to do this thing that for 4 years, at great sacrifice of volume of business on their higher-priced brands, they have refused to do, then the worst may be surely expected unless the Government steps in and uses the strong arm. But if once the grower sees the sure result to him and makes his position known to the Government, such action will not, in my opinion, be taken. I know that this administration is trying earnestly to help the farmer and will not make itself a party to something that is to work injury to him. And it is not hard for anybody to see that an established tax differential, based on selling price, offers such a reward, if you please, for selling the farmer's product so low that everybody in the business would immediately find himself under the urge—yes, even the necessity, if he wants to preserve his volume of business—of getting into that game. It will be a disastrous day for the grower of tobacco when and if the Government offers the suggested reward for marketing his product cheap instead of at the best possible price.

Of course, many cigarettes can be sold at 10 cents to purchasers who are not able to pay 12½ or 15. Likewise, many can be sold at 8 cents or two for 15 to purchasers who will not buy even at 10 cents. I recognize the value of lower prices to the consumer as making for the maximum consumption of leaf from the grower and therefore for better prices for him. But it is one thing to get more consumption by sacrificing price on existing consumption through offering a reward to the manufacturer to sell the farmer's product low; and it is an entirely different thing to get that increased consumption, and even more, without at all impairing the capacity of the manufacturers to continue to pay the higher prices now paid for tobaccos for use in meeting already existing demands. And there is where the great opportunity for the grower lies in the existing situation and in the work of this committee following its hearings.

I think that it is perfectly clear, on a study of all angles of the situation, and in the light of the facts adduced before the committee, that every advantage for the grower that is contended for in the plea for the $2.70 tax on the cheaper as against $3 tax on the higher cigarettes, can be realized in another way without any of the dangers and hurts of the differential and without injury to the present 10-cent brands; and that in the same way many other advantages of a more far-reaching effect will at the same time be accomplished for the grower.

Let us contemplate a 40-percent reduction in the taxes on cigarettes, tobacco, and snuff. That passed on by the manufacturer, as it ought to be and must be, would result in a 10-cent retail price for all of the larger brands of cigarettes now selling at 12½ cents or more in States not levying special State taxes. Likewise, it would seem to mean for the present 10-cent cigarettes a retail price of two packages for 15 cents. But best of all, from the grower's point of view, it leaves the manufacturers' ability to pay the grower maximum prices—though I doubt whether this has ever been done—for cigarette leaf absolutely unimpaired and does not put the manufacturer under the temptation or the necessity to sell the farmer's product at the lowest price in order to benefit by the concession that is sought for those undertaking to sell at the low figure.

By such a tax reduction the grower would have opened to him immediately all of the advantages of increased consumption that would come to his product from a 10-cent price on the present big brands and the added consumption that would come from having the present 10-cent brands, which could then sell at two for 15 cents, reach still other smokers who are not now willing to pay either 10 or 12 or more cents and are consequently not consuming or are rolling their own out of granulated or other tobaccos which can never net the farmer anything approaching what he gets for tobaccos that can be marketed through cigarettes. As has been stated, there are presumably, according to Government reports on cigarette papers, some 50 or 60 billion cigarettes rolled by smokers each year. If this business could be put on a manufactured-cigarette basis, the benefits to the farmer, it seems to me, would be very great, indeed. It would also go far in making up the temporary loss to the Treasury.

And then there is the great volume of women smokers who, when money is short or prices high, do not change to rolling their own, but simply quit consuming. They could, if it were desirable, be brought back as consumers through proper tax adjustments. I am not arguing in favor of the woman smoking or dipping snuff, either, for that matter. And in pipe tobaccos, chewing tobaccos, and snuff, there is, too, an enormous possibility of increasing consumption through a tax rate that would permit more tobacco in a package or piece.

In other words, lying right by the destructive danger that I see for the tobacco grower in the proposal for the differential in tax on cigarettes selling at different prices, I think I see in a uniform reduction of 40 percent on tobacco, snuff, and cigarettes, the greatest opportunity for a perfectly definite and very extensive contribution to recovery and stabilization, at least in this one phase of the agricultural problem. It is the farmer's case, and whether it has any recognition in the Congress will, I think, depend on whether and how vigorously the growers present it. Makeshifts through emergency measures may stimulate, but permanent relief on a sound economic basis can be accomplished by no other practical and immediately workable plan save a general reduction in the excise taxes on tobacco products.

God knows, as I believe you gentlemen do, from the testimony you have heard, that there has never been presented to a committee of any Congress a more worthy, just, and humanitarian appeal. Personally, I have every confidence that it will not go unheeded. The tobacco growers of your country and mine leave their cause with faith and hope to your judgment and conscience.

Mr. WOODRUFF. Mr. Chairman, I find it necessary to leave, but before I do so, I express the hope that before the hearing is closed the expert on tobacco in the Agricultural Department, and also some representative from the Treasury Department who has knowledge of these facts and can give us some idea of what we can and cannot do, will appear before the committee and give us the benefit of all their information.

Mr. VINSON, I may say, for the benefit of the gentleman from Michigan, the committee, and the folks who are here, we have found in making this fight for a reduction in tobacco taxes that when we talk to officials, regardless of how much they know about general subjects, unless you get a specialist on tobacco, you might as well be using a foreign tongue.

It was my thought, and I hoped it was agreeable to the subcommittee, to do our best toward painting the real picture as it exists, getting all of the data and information we could obtain on this, and then lay that on the doorstep of the Agriculture Department and the Treasury Department; and I hope that they will give consideration to the facts and figures obtainable, and then subsequent to that, to call them in before this committee to testify on the subject.

That was the thought I had, and if that is agreeable to the committee, will be the course we pursue.

Mr. WOODRUFF. In that connection, when these hearings are placed in the hands of the officials you speak of, I hope that a request will accompany that presentation that the officials who will appear before the committee read the hearings that we have had heretofore very carefully.

Mr. VINSON. I do not know whether you would make that through a written or verbal request, but it was the hope, at least, that they would consider these hearings very carefully. That was the very thought I had in mind.

Mr. HANCOCK. Mr. Chairman, if there are no questions, I will retire.

Mr. WOODRUFF. I hope when you submit the hearings of the committee to the representatives of the Department you refer to, that they will read very carefully the full testimony at these hearings.

Mr. MCCORMACK. Mr. HANCOCK, have you anything you want to say as to what you would consider to be a fair price to the producer of the tobacco?

Mr. HANCOCK. I have an idea based on conditions in my own county. I know something about the cost of labor, and know something about what it takes to make a crop of tobacco, or a barn of tobacco. Of course, that varies in different places, and it depends somewhat on the weather and the skill with which a man attends his crop.

I was talking to a group of farmers in my home county about 3 weeks ago, and one of them happened to have been here the other day, Senator Curry, and it seems that the director of the experiment station there, who engages in experiments involving tobacco, requested a group of farmers to compute the best they could the cost per pound to make a barn of tobacco. Those figures, of course, vary, but under present conditions, and basing the schedule of wages similar to the schedule recognized by the Government under the N.R.A. operations, I do not believe that tobacco can possibly be made in my part of the country for less than 20 cents a pound, on the average. Of course, you understand, it costs as much to make a sorry grade of tobacco as it does a good grade.

The CHAIRMAN. As to what its cost is, I did not quite get your statement; did you say "probably" or "possibly"?

Mr. HANCOCK. I said "possibly" it could not be profitably made for less than 20 cents.

Mr. MCCORMACK. Did you mean 20 cents a pound to make a reasonable profit, or that 20 cents would be the cost of production?

Mr. HANCOCK. I think at around 20 cents the farmer could make a profit, under normal conditions.

Mr. MCCORMACK. That would include a reasonable return on capital investment and fixed charges?

Mr. HANCOCK. I doubt whether it would. There is not 1 percent of them that ever figure that, in arriving at the cost of their product, down our way.

Mr. MCCORMACK. I realize that, but I think they ought to do it.

The CHAIRMAN. You mean it would take that price to make a decent living for the man and his family?

Mr. HANCOCK. That is correct, Mr. DOUGHTON.

Mr. VINSON. We thank you, Mr. HANCOCK, for your very fine statement.

I think it is only fair to state that from the first day I ever saw FRANK HANCOCK in Congress, up until this good hour, he has been waging a battle in the tobacco growers' interest as he saw it, and because of our having cooperated in this common cause, I am going to impose upon him and ask him to secure the data and submit it for the record showing the various rates of tobacco taxes in the 13 or 14 States that impose tobacco taxes.

We have been talking about Federal taxes so much I had forgotten almost that in Arkansas they have a 5-cent-a-pack tax on cigarettes.

Mr. HANCOCK. Mr. Chairman, I shall be glad to furnish that information for the committee.

THE VETO OF THE INDEPENDENT OFFICES BILL

Mr. TABER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. TABER. Mr. Speaker, on March 20, 1933, upon President Roosevelt's urgent recommendation, the Economy Act was passed, effecting definite savings in the civil expenses of the Government approximating annually about $125,000,000. These savings, along with $150,000,000 more, which had been made prior to the advent of the Democratic administration, expire automatically on the 30th of June 1934.

The Economy Act also revamped the entire pension system, beginning with the Spanish-American War and running down to date. The President was authorized to determine by regulations what pension should be paid to veterans of the different wars and their dependents. This power was given to him because it was believed that he was in a position to effect certain economies that were necessary for the stability of the Government and because the Congress trusted the President to do the job and do it right—and a little more, perhaps, because this was the first great delegation of power to the President in the hysterical situation in which the Congress and the President and everyone else were. It was impossible to realize the fundamentals of liberty and to realize what the delegation of authority meant. It was believed by most Members of Congress that the President would keep his word and would establish fair regulations which would give the veterans a fair deal and at the same time give the taxpayers a fair deal.

As administered, the regulations first put into effect accomplished reductions of about $440,000,000 in the expenditures of the Veterans' Bureau. That these regulations were bad, poorly drawn, ill considered, and not of the type that the country would stand for is evidenced by the fact that the President had already, at the time his veto message was signed on March 27, 1934, changed the regulations so as to place back on the roll of the Veterans' Bureau $117,000,000. At that time, he also signed regulations which would, for the fiscal year 1935, according to the best information I can obtain, cost the country $60,000,000 more. Thus, nearly half of the original savings were given back by order of the President, so that it is wrong to say that Congress wrecked the Economy Act.

There are still more than $250,000,000 of savings under the veterans' provision of the Economy Act.

Five hundred thousand non-service-connected veterans, put off the rolls by the Economy Act, are still off the rolls.

Let us recite some of the high points in the promulgating of regulations and in the administration of this act by the President. In the first place, the Spanish War veterans, approximately 200,000 in number, were all thrown off the rolls. They were given, however, a chance to establish service connection for their disability and the regulations stated that the burden of proof was placed on the Government to prove that they were not service connected. Because of the methods of the Veterans' Bureau practically all of the Spanish War veterans' cases failed to establish service connection.

Was this done in accordance with the regulations? No. In case after case I charge that the Spanish War veterans were thrown off the roll without their folder even being examined by a representative of the Veterans' Bureau. In case after case it has appeared that such an examination shows, on the face of the papers already in the Veterans' Bureau at the time the regulations were drawn, that the case is entitled to service connection. Nevertheless, seldom, except where it was requested by a Member of Congress, did they call upon the War Department for the Adjutant General's records to find out whether the veteran was entitled to service connection for a disability incurred in service.

This method of handling the Spanish War cases had created such a furore that prior to the end of Congress in June 1933 the President was forced by public opinion to modify his regulations so as to provide a non-service-connected $15-per-month pension to the Spanish War veterans. Thereby he disposed of any program of restricting the Spanish War group to service connection. The furore that was created at that time did not subside, but the bad administration of the Veterans' Bureau, insofar as the Spanish War cases go, was continued. Nothing apparently was learned from experience, and when Congress came back here in January the same failure to give fair consideration to the Spanish War cases continued. It was only possible to have their cases considered where the Congressman, in the individual case, went over and stood over the Veterans' Bureau with a sledge hammer. The furore reached such heights that by the time the independent offices bill had reached the Senate, Congress felt that unless it took the matter in its own hands and attempted to solve this problem in some practical way that the entire Economy Act would be wrecked.

With reference to the World War veterans, the regulations provided for a straight 10-percent cut in war-service-connected cases, and in addition, a change in the method of rating cases so that the war disabled were cut from 25 to 30 percent on an average, and in some cases were cut as high as 60 percent. I had one case of a man who had lost a leg on the battlefield where at first he was cut from $113 a month to $8, and only after I had raised a storm of protest was any kind of a fair adjustment made.

All presumptive service-connected cases—that is, most of the tuberculosis and shell-shocked cases—were thrown off the rolls.

The non-service-connected cases were thrown off the rolls, with the exception of about 32,000 who were totally and permanently disabled. These totally and permanently disabled non-service-connected cases were paid $30 a month.

In the administration of the direct service-connected group, reasonably fair speed was made in taking away from the war disabled, the 25 to 30 percent cut which was made. When it came to handling the presumptive cases, practically no speed and practically no results were obtained in determining whether these people were actually entitled to relief from the Government.

The Board of Appeals did not function in many cases, and the cases were permitted to pile up on the theory that Congress would meet this situation by legislation. This action, together with the furor that was aroused by the direct cut of the war disabled, created another storm of protest and resulted in the writing into the bill in the Senate of the restoration of $30,000,000 for the war disabled to restore them to their old rating schedule and to wipe out the cut of 25 to 30 percent which the President had placed upon them. It created a sentiment which demanded what the bill contained—restoration to the roll of all presumptives, the tuberculosis, and nerve cases—on a 75-percent basis, pending the review of their cases, with the burden of proof on the Government to show that their case was not service-connected. After these cases have been disposed of by the

Board of Appeals in the Veterans' Bureau in accordance with this rule, they will either go on the roll as direct service-connected cases or they will go off entirely.

The independent offices bill carried the following increases to veterans:

1. For Spanish War veterans	$37,400,000
2. To restore the war-disabled veterans to the rates they were receiving prior to the 19th of March 1933	30,000,000
3. To restore the World War presumptively service-connected cases on a 75-percent basis	9,312,500
Total	76,712,500

As to presumptives, the President, by his Executive order of March 27, 1934, the date of the veto message, restored 29,000 to the rolls, as against 25,000 in the bill. Otherwise the President's action as to presumptives was practically the same as the bill.

As to the Spanish War veterans, he restored them pending a new review of their cases and final determination by the Board of Appeals without any limit as to the dates of service, or anything of that kind, and without limitation as to whether the cases were of misconduct origin. The President's regulations of March 27 would have cost, for the Spanish War veterans, in my opinion, nearly $50,000,000 for the fiscal year 1935, or more than it will cost to pay the pensions for the Spanish War veterans according to the bill.

The thing that the President did not approve of and did not want to go along on was restoring compensation to the war disabled, amounting to $30,000,000. On the other items he presents himself as almost in substantial agreement with the bill. The cost of his regulations of March 27 for Spanish War veterans and the presumptives would have been approximately $60,000,000 for the year 1935. On April 6, the President canceled his regulations of March 27, so nothing will ever be learned as to what they would cost by practical experience. It can only be estimated.

On the overriding of the veto there was presented to the Congress the question of whether or not they would spend $16,000,000 more for veterans than the President would and continue certain economies which were carried in the bill, which would die on June 30, 1934, if the bill did not become a law, amounting to $125,000,000; so that we had on the one side of us, Shall we spend $16,000,000 more than the President is willing to and save $125,000,000? There were in addition some small expenditures which the President had not recommended for the civil forces of the Government, but they were small as compared to the saving to be effected by the overriding of the veto.

It is true that the bill did not carry an extension of as great economies as the President had finally urged in his Budget message, but after a hard fight it was the best compromise that could be worked out and put through. No one believes that if this veto had been sustained that it would have been possible to pass any bill effecting economies in this session of Congress. To save one half of $250,000,000 of economies in civil expenses in the face of the President's orgy of expenditures reflects credit on Congress. To meet our sacred obligation to the veterans who were actually disabled in the World War is a credit and not a source of shame for Congress.

We have all learned, as a result of this whole thing, that nothing can come from a delegation of the authority of Congress to the President except disaster—in this measure and many others.

If Congress had not taken the bit in its teeth and made these reasonable adjustments, which will call for no additional taxes, the entire remaining savings of the Economy Act, amounting to $250,000,000 a year, would be wiped out.

By voting to override the veto Congress did not pass the bonus. The bonus was not in this bill.

Personally I have always stood and still stand for economy in government; for fair treatment of our soldiers; and for fair treatment of our Government employees. I do not believe that a failure to meet one's legitimate obligations is economy. Congress has been berated by many people who do not know what was in the independent offices bill. It has been exceedingly difficult to set the country right on this subject, in view of the false propaganda which has been put out by people who did not know what they were saying.

I hope that those who have been disturbed by the action of Congress in overriding the veto will now realize, after the facts have been presented to them, that Congress voted to override the veto because it was right that it be overridden, and that the overriding was in the interest of the taxpayers and saved money for the taxpayers.

THE PRIVATE CALENDAR

The SPEAKER. The Clerk will call the first bill on the Private Calendar, beginning at the star.

GIUGLIO ZARELLA

The Clerk called the bill (H.R. 5415) for the relief of Giuglio Zarella.

Mr. HOLLISTER. Mr. Speaker, I object.

JOSEPH RICCO

The Clerk called the next bill, H.R. 5416, for the relief of Joseph Ricco.

Mr. ZIONCHECK. Mr. Speaker, I object.

JULIA SANTIAGO

The Clerk called the next bill, H.R. 5579, for the relief of Julia Santiago.

Mr. HOPE. Mr. Speaker, I object.

A. H. MARSHALL

The Clerk called the next bill, H.R. 5588, for the relief of A. H. Marshall.

Mr. HOPE. Mr. Speaker, I object.

Mr. WILLIAMS. Mr. Speaker, will the gentleman withhold his objection?

Mr. HOPE. Mr. Speaker, I withhold my objection to permit the gentleman from Missouri to make an explanation.

Mr. BLANTON. Well, Mr. Speaker, I am going to object.

This is a bill to appropriate $20,000. The report from the Department shows that he was granted more benefits than the extent of his injuries, and that the Government owes him nothing. We must save this $20,000. I shall object to it, so what is the use of taking further time on it?

NORTHWEST MISSOURI FAIR ASSOCIATION

The Clerk called the next bill, H.R. 5674, for the relief of the Northwest Missouri Fair Association, of Bethany, Harrison County, Mo.

Mr. HOPE. Mr. Speaker, I object.

Mr. MILLIGAN. Mr. Speaker, will the gentleman reserve his objection a moment?

Mr. HOPE. Mr. Speaker, I withhold my objection to permit the gentleman to make an explanation.

Mr. MILLIGAN. I would like to know what the gentleman's particular objection to this bill is.

Mr. HOPE. I may say to the gentleman that this is a bill which proposes to appropriate $25,000 from the Federal Treasury to pay damages which are alleged to have been caused by a fire at the State fair grounds in Bethany, Mo. I have gone over the report very carefully and also the letter from the War Department and the findings of the military commission which held hearings in this matter. I am unable to find anything in that report or those hearings which would indicate that there is any liability whatever on the part of the United States Government.

Mr. MILLIGAN. I may state to the gentleman that the record does not show how this fire started, but it does show that this military unit was in absolute control of these fair grounds and had complete policing power of it, and that while they occupied this fair ground the fire did occur and destroyed the property.

The record, as I stated, does not show how the fire started, but this unit was in absolute control of these fair grounds at the time it occurred.

Mr. HOPE. The record does show that the fire started in the grandstand, I believe.

Mr. MILLIGAN. Yes.

Mr. HOPE. And at that time the grandstand was occupied by a crowd witnessing a baseball game.

Mr. MILLIGAN. And they had been invited by this military organization which had control of the fair grounds.

Mr. HOPE. The crowd was there to witness the baseball game between members of this military organization and an outside team, as I understand it; town people and members of the military organization, I assume, were there.

Mr. MILLIGAN. Not of this particular town where the grounds were located, but another town.

Mr. HOPE. As I understand it, none of the buildings were occupied by these troops at the time; they were simply camping there in the open.

Mr. MILLIGAN. It is true that the buildings themselves which were destroyed were not occupied, but they were on the fairgrounds, and the fairgrounds as a whole were under the control of this military organization. There is no doubt the organization was using the grandstand where the fire originally started.

Mr. HOPE. I think that if it could be shown that this fire was caused by the occupancy of these buildings by this military organization and that somebody belonging to the organization was responsible for starting the fire, either willfully or through gross negligence, there might be some claim against the Government of the United States; but the finding of this military tribunal which met to consider this matter clearly indicates, it seems to me, that such was not the case.

Mr. MILLIGAN. But they had complete jurisdiction and charge of these grounds. They held this ball game. They invited guests or at least allowed guests to come there and occupy the grandstand during this ball game.

The fire occurred in the grandstand which these guests were occupying at the time of the fire.

Mr. LOZIER. May I say to the gentleman from Kansas that this military unit was traveling from Fort Leavenworth to a fort in Iowa. On a Saturday afternoon they came into the town of Bethany and requested the privilege of camping in the fairgrounds. This privilege was granted. Troops took possession and had charge of the fairgrounds from Saturday afternoon until after the fire Sunday afternoon. They were occupying these fairgrounds by the generosity and courtesy of the fair association. They had complete charge of and policed the grounds. On Sunday afternoon they scheduled a baseball game in which a team drawn from this military unit participated, and to which the general public was invited. The troops had charge of the gates and in a military manner directed the traffic and crowd. During the progress of the game, fire was discovered in the rear part of the grandstand. No one knows how this fire originated.

The question involved in this bill is, Will the United States Government escape liability in a case of this kind, where its troops marching through the country are granted the privilege of camping on grounds owned by a county fair association and, while they are in possession of the fair grounds, $25,000 worth of property is destroyed? Of course, no one saw the fire originate, but in all good conscience and equity, certainly the Government of the United States should indemnify the fair association for the damages the property sustained while in possession of the troops and the Government ought not to put upon the Fair Grounds Association the burden of proof and compel the association to affirmatively show that this fire originated as a result of the negligence of some member of that troop.

I think in all fairness that the Government of the United States ought not raise this issue or resist this payment. The troops were there by the courtesy of the fair association, and it would be unconscionable to require the Fair Association to affirmatively establish the origin of the fire or to show that it resulted from the negligence of the troops. The military forces were in charge of the buildings. They were in charge of the grounds. They were in charge of the crowd which was there by the invitation of the troops. The visitors were guests of the regiment. While the troops were occupying these grounds, putting on a show to which the public was invited, $25,000 worth of buildings were destroyed. I repeat it is unconscionable for the Government of the United States under these conditions to say to the fair association: "You turned over these grounds to us. You permitted us to encamp here. While we are in possession, your buildings were destroyed by fire, which originated from an unknown cause. Now we are going to put upon you (the association) the responsibility to affirmatively show that the fire originated through some overt act or negligence on the part of some of these troopers." The Government of the United States, in all equity and good conscience, should be willing to respond for the reasonable damages sustained under these conditions.

Mr. MILLIGAN. It is true that they maintained a wire fence 10 feet high around the grounds. The gates were locked at all times, and were opened and unlocked for this organization, which put guards on the gates.

Mr. LOZIER. That is true. May I say that the evidence also shows that the troops in moving their trucks ran across a fire hose, damaging the hose and preventing it from functioning efficiently.

Mr. HOPE. There is some difference of opinion on that point. The evidence is quite conflicting.

Mr. LOZIER. There is no contradiction of the fact that the Government trucks did run over the fire hose and as a result the hose was damaged to such an extent that it was not able to deliver a sufficient supply of water to extinguish the flames. It is perfectly all right for the gentleman from Kansas to object, but I hope the time has not come when the Government of the United States can escape liability in a case of this character. A company of troops, marching from one State to another, enters a friendly community, asks the people to give them a camping place in a fairground owned by public-spirited citizens; and while in possession of this property, it is destroyed. Is it conceivable that the Government of the United States, after enjoying these courtesies, and doing this damage, can say to the people whose hospitality they have enjoyed, "We will place upon you the burden to affirmatively show that some member of the troop is responsible for the conflagration"? If the fire was caused by one of the guests of the United States dropping a cigar or lighted match in trash, certainly the Government of the United States ought not to escape liability.

Mr. HOPE. The gentleman is an attorney, of course. If these grounds had been leased to a tenant and a fire occurred while that tenant, a private individual, was in control and in occupancy of these premises, would the gentleman say that the tenant was responsible for any damage that might occur as a result of the fire?

Mr. LOZIER. Answering the gentleman, may I say that the question as to what caused the fire is a question of fact. If the evidence in this case were submitted to a jury to try the issue of fact as to whether or not this fire resulted from negligence on the part of the United States or some of its guests, the jury would find from the evidence that the Government of the United States was responsible for this conflagration.

Mr. HOPE. That is not answering the question. My question was, If this were a case where a private individual was occupying the property as a tenant and the property burned under these circumstances, no one knowing the cause of the fire, would the gentleman say the tenant was liable for the damage that occurred?

Mr. MILLIGAN. The agreement was when they took over the grounds that they would return them in as good, if not better, condition than when they received them.

Mr. HOPE. The gentleman understands an act of God, such as a fire, is always an exception.

Mr. MILLIGAN. This was not an act of God under the law, and there is no evidence to that effect.

Mr. HOPE. There is nothing to show that it was not.

Mr. LOZIER. May I answer the gentleman's question by saying that the gentleman is familiar with the principle that a greater degree of care is required when the bailee or the person in possession is there by tolerance, accommodation, and courtesy and not for hire?

Mr. HOPE. The gentleman understands that there was rent paid. The Army paid a rental charge of $10, as I understand, and the water bill.

Mr. LOZIER. Just a nominal rent.

Mr. HOPE. I do not know how nominal it was, but there was a charge made for the occupancy of these grounds.

Mr. MILLIGAN. I beg the gentleman's pardon. They did not charge for occupying these grounds, but the next day the lieutenant in command of this organization came and paid $10 and the water bill just before he left.

Mr. ZIONCHECK. Mr. Speaker, I demand the regular order.

The SPEAKER. The regular order is demanded.

Mr. HOPE. Whether there was compensation paid or not, I think the same principle would apply. Mr. Speaker, I object.

B. EDWARD WESTWOOD

Mr. COOPER of Ohio. Mr. Speaker, I ask unanimous consent to return to Private Calendar 297, the bill (H.R. 4516) for the relief of B. Edward Westwood, that was passed over yesterday without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The Clerk read the title of the bill.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Postmaster General is authorized and directed to credit the account of B. Edward Westwood, postmaster at Youngstown, Ohio, in the sum of $891.17, such sum representing the deficit in the account of the said B. Edward Westwood, caused by burglary to the post office on December 25, 1931, and for which casualty the said B. Edward Westwood was in no way responsible.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

VETERANS' LEGISLATION

Mr. COLMER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including therein a speech made last evening by the gentleman from Texas [Mr. BAILEY] on the question of veterans' legislation as affected by the independent offices bill.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. COLMER. Mr. Speaker, under the leave to extend my remarks in the RECORD I include the following speech made last evening by the gentleman from Texas [Mr. BAILEY] on the question of veterans' legislation as affected by the independent offices bill.

Friends of the radio audience, I am greatly indebted to the National Broadcasting Co. for the invitation to speak to you tonight, not only because of the pleasure it gives me, but also because it may serve to clear up a considerable misunderstanding which seems to prevail concerning the independent offices appropriation bill. This is the bill which was recently vetoed by the President and subsequently passed by both Houses of Congress.

I have seen a number of editorial comments in daily papers concerning this bill and its effect on veterans that, to say the least, astounded me. It is quite apparent that those comments were written by men who had never read this bill, or who did not understand it even if they had read it.

So far as I have seen, there have been no comments about the employees' pay restoration, and I am going to confine myself solely, for the present at least, to the provisions of the bill specifically dealing with veterans' benefits, because these are the provisions which have been so greatly misunderstood and because of which most of the difficulty has arisen.

I have before me a letter from the Budget Bureau advising that the figure of increased benefits awarded to veterans by this bill is a total of $103,000,000, $20,000,000 of which comes in the fiscal year 1934 for the remainder of that year, and $83,000,000 of which is the estimated annual increase in appropriation for the year 1935. I have also before me a photostatic copy of the calculations of the Veterans' Bureau in which this $83,000,000 is detailed. In round figures this calculation shows the increased payments to World War veterans admittedly disabled in service equal to $30,000,000; the increased payments to 29,000 presumptives, pending disposal of their cases on appeal, at the rate of $11,750,000; the increased payments to Spanish-American War veterans equal to $37,427,000; and certain small miscellaneous items for pensions prior to the war of 1898, insurance, etc., amounting to approximately $4,000,000.

Turning now to the provisions of the bill itself, it will be found that the veterans' provisions come under title 3, being amendments 26 to 35, inclusive. It is these amendments which contain the appropriation of $83,000,000. I think I can show you that $61,750,000 of this amount was, or would have been, necessary to take care of expenditures authorized and to be incurred under regulations issued by the President.

Referring to the veto message, the President said:

"I intend now by regulation forthwith to direct an appeal by the Administrator of Veterans' Affairs in each and every one of these disallowed 29,000 cases with the further direction that in the final determination of these cases every reasonable doubt be resolved in favor of the veteran, and every assistance be rendered in the preparation and presentation of these cases. While these cases are pending the veterans will be paid 75 percent of the compensation they received prior to the time they were removed from the rolls. If the appeal is allowed, they will receive back compensation. Only in cases disallowed by the Board of Appeals will the veteran thereafter be permanently removed from the rolls. This regulation will be put into effect at once."

The necessary initial cost incurred under this order is $11,750,000 annually.

Further the veto message said:

"By regulation 12 a presumption of service origin was extended to Spanish-American War veterans on the rolls on March 19, 1933. In order to take the same action which I am taking in regard to World War veterans, I am directing the restoration to the rolls, as of this date, at 75 percent of the amount they were receiving on March 19, 1933, all Spanish-American War veterans pending a final determination of their cases before the Board of Appeals."

The necessary initial cost of this order is at the rate of $50,000,000 a year. It will be seen that by adding the cost of these two orders the total expense authorized by the President is at the rate of $61,750,000 a year, which, deducted from $83,000,000, the amount provided by the bill, leaves a net increase of only $21,000,000 in round figures.

By calculations on the same basis, the Presidential regulations added $16,000,000 for the balance of this fiscal year, while Congress appropriated $20,000,000—an increase of only $4,000,000. Adding this $4,000,000 to the $21,000,000 shows that Congress only added $25,000,000 out of the total of $103,000,000 provided in the bill for the balance of this year and the whole of next year.

I have seen editorial comments to the effect that it was a "veterans' steal", that it restored undeserving cases to the pension roll, that Congress yielded to the pressure of the veterans' lobby because of fear of reelection. There is not a one of these statements true. I say unhesitatingly that this law does more for the deserving cases and less for the undeserving cases than any general law passed by Congress since the war. It affected three general classes of veterans—two of the World War and one of the Spanish-American War.

Not a single World War veteran was permanently restored to the rolls whose disability did not arise directly by reason of the service which he performed to his country. Some non-service-connected disabled men among the presumptives may have been restored temporarily pending appeals, but none permanently. Not a single veteran was restored to the roll who had not joined the Army prior to the expiration of the war, nor was anyone restored whose disability arose by reason of his own misconduct, and in Spanish-American War cases the pension was allowed only to veterans who did not have sufficient income to pay a Federal income tax.

Now let us take the actual bill and analyze it.

First. You will remember that under the Economy Act World War veterans suffering from disabilities admittedly proven to have been incurred by their service had their compensation reduced from an average of $43 a month to an average of $34 a month. This bill restored the previous compensation, or an average of $9 a month. The total cost, according to the Veterans' Bureau, of this provision, is $30,000,000 per year. There certainly can be no objection on the part of anybody to that feature of this law. The Government has a sacred obligation to these men who sacrificed their bodies and their health to our cause.

Second. This bill restored to the pension rolls, pending appeal, certain men who contracted a disability such as tuberculosis, dementia praecox, paralysis, etc., prior to January 1, 1925. Under a law passed in 1925 these men had been presumptively entitled to a service-connected rating, and that being true, they had not attempted to obtain evidence of the origin of their disability, but had relied, as they were entitled to rely, solely upon the presumption. Last year we provided, and the Chief Executive signed, a bill entitling these men to their compensation pending a review of their cases. The present bill gave these men 75 percent of their compensation pending an appeal from this review. This bill specifically provided, however, that the Government could show "by clear and convincing evidence" that their disability arose prior to or subsequent to their service. So that these men are not permanently on the rolls. They are entitled to the benefit of the doubt. They are relieved of the burden of proof, but if their disabilities did not arise by reason of their service they will go off the pension rolls after the decision of their cases on appeal.

If you will read the veto message, you will see that the Chief Executive offered to and actually did do exactly the same thing that this bill does, restore these men at 75 percent of their previous compensation pending appeal and giving them the benefit of any reasonable doubt. A very careful study of this regulation and this bill leads me to the conclusion that the result of the words used in the Executive order and in the bill will be almost exactly the same. The cost of this was $11,750,000.

The third class of veterans affected was the Spanish-American War veterans, and this case was the only one in which men whose disabilities were not strictly of service origin were put on

the pension rolls. I might say in this connection that the Federal Government has granted these service pensions to the veterans of every war since the Revolution when they arrived at ages between 55 and 60. Spanish-American War veterans are now an average of 61 years of age and have received since 1930 service pensions ranging from $20 to $60 per month for total disability, irrespective of the origin of this disability. All this was changed under the Economy Act and in its place the Chief Executive allowed these men $15 per month if over 55 years of age, 50 percent disabled, and in need, and $30 per month if totally disabled and in need. All this bill did was to make this service pension begin at $15 for men 25 percent disabled and run up to $45 for men totally disabled. The total additional cost of this legislation would be $37,500,000.

In this connection let me call your attention again to the veto message, wherein the Chief Executive offered to restore all the Spanish-American War veterans who had previously been receiving pensions to the rolls at 75 percent of their previous amount, pending a review of their cases, to determine the service-connected origin of their disability. The total cost of this would be $50,000,000 a year for the first year. This was an increase of $13,000,000 over this bill, which arises by reason of the fact that the recent law excluded approximately 15,000 veterans, 12,000 of whom joined the service after the close of the Spanish-American War; approximately 1,000 of whom were suffering from diseases caused by their own misconduct; and 2,000 of whom were not exempted from the payment of an income tax and therefore not in need. Of course it might be said that these men, under the President's plan would ultimately go off the rolls because they cannot prove their service connection. I do not want to enter into the difficulty, even the impossibility, of requiring such proof from these veterans after 36 years of separation from the service. I know that difficulty, as does everyone who has tried to help them in the preparation of their affidavits. But I do call your attention to the fact that if the boards of review handled an average of 60 cases a day that it would take over 3,000 workings days—more than 10 years, to complete the review of all these cases.

Now if you will review these facts you will find that the additional cost of full compensation to men admittedly disabled by their service constitutes the increased annual cost of $21,250,000 over and above that recommended by the administration. I have said that this cost was $30,000,000, but you will remember that the administration recommended a $13,000,000 increase to Spanish-American War veterans. There are in the bill certain increases of 5 percent in the pensions of veterans of the Civil War, Indian wars, etc., amounting to about $4,000,000, and after deducting these amounts from the $13,000,000 it leaves the net increase of $21,250,000.

This bill passed the House originally without any legislation with respect to veterans. It went to the Senate and was amended to include a 15-percent pay restoration costing $187,500,000 and considerably increased veterans' benefits. When it came back to the House we wrote our own amendment, which afterward became the law, and by that amendment excepted from the provisions all soldiers who joined after the close of each war, all misconduct cases, all cases that were on by fraud, accident, or mistake, and all cases of Spanish-American War veterans who had sufficient income to be required to pay an income tax, all widows who remarried, and in every way limited the operation of this bill to veterans whom everybody admits are truly deserving.

We voted for it at that time and subsequently voted for it when the Senate again disagreed. It was our duty to make a study of the legislation, and we did so, and having reached that conclusion and voted that way, we could not go back on the conviction which had been formed.

The editorial comment has referred to this action of Congress as a revolt against the President. There is nothing further from the truth than that statement. The leadership of Franklin D. Roosevelt cannot be impaired by such a minor disagreement as this. There is no Member of Congress who today does not yield as great a measure of admiration and respect for our President as before this occurrence. The legislative branch of the Government had its duty to perform, the executive branch had its duty to perform; and the leadership in the White House remains unimpaired in the confidence of the Congress, just as whole-heartedly and as sincerely as it remains unimpaired in the confidence of the people.

THE PRIVATE CALENDAR

COAL-LEASE RENTALS

The Clerk called the next bill, H.R. 5703, to authorize the waiver or remission of certain coal-lease rentals, and for other purposes.

There being no objection the Clerk read a similar Senate bill (S. 606), as follows:

Be it enacted, etc., That the Secretary of the Interior be, and he is hereby, authorized and directed to waive and remit all rentals due the United States and charged against the Alaska Matanuska Coal Co., holder of Anchorage, Alaska, coal-land lease no. 04794–05236, between April 3, 1926, and May 3, 1929, during which period the lessee company was out of possession and prevented from operating said mine because same was in the hands of a receiver appointed by the United States Court for the District of Alaska; also between July 10, 1931, and August 10, 1932, during which period the Alaska Railroad was in possession of said mine and operating same, reimbursing itself therefor by mining, removing, and using coal.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CHARLES G. JOHNSON, STATE TREASURER OF CALIFORNIA

The Clerk called the next bill, H.R. 5855, for the relief of Charles G. Johnson, State treasurer of the State of California.

Mr. TRUAX. Mr. Speaker, reserving the right to object, is the author of the bill present?

Mr. CARTER of California. Mr. Speaker, the author of the bill, the gentleman from California [Mr. ENGLEBRIGHT], is unavoidably detained at a very important committee meeting, but I know some of the circumstances.

The gentleman will, perhaps, recall that the President, a few days ago, vetoed a somewhat similar bill on the ground it could not be determined whether or not the interest coupons had ever been paid, as they had no means of checking that. However, in this case the bonds are in the denomination of $100,000. There are several of them—10, I believe—and it is the interest coupons that are lost. Now, owing to the fact that these bonds are of large denominations, the Treasury Department has been able to check them, and it finds that these coupons have never been redeemed. The 10 coupons set out here which were lost or destroyed, inadvertently, by the State treasurer of California, have never come in. The State treasurer offers to put up a bond to indemnify the Government in the event these interest coupons should ever appear.

Mr. TRUAX. In view of the fact the President did veto a similar bill, would not the gentleman be willing for this bill to be passed over without prejudice?

Mr. CARTER of California. Let me say to the gentleman that the President vetoed the other bill because they were of small denominations, and it would have taken months and months of search to determine whether or not the interest coupons had been paid. That is not the case here. A search has been made in this case, and they found the sacks in which interest coupons from bonds of the same series have been cashed, and the coupons on these particular bonds have not been cashed. This takes it out of the rule on which the President vetoed the other bill. I think the bill is absolutely fair. The Government is amply protected by the bond that the State of California, through its treasurer, will put up. A long time has already elapsed, and the interest coupons have not come in. If I could not make this statement with certainty, then the gentleman's objection would be absolutely good and valid.

Mr. TRUAX. The gentleman will note the concluding paragraph of Mr. Ogden L. Mills' letter, in which he states:

> I do not desire to make any recommendation as to this bill or to express an opinion as to its merits. If it is to be passed, however, it should not be in its present form, for the reason that it does not sufficiently identify the coupons for which relief is to be given. I am enclosing herewith a draft of the bill in the form preferred by the Treasury Department if it is decided to grant relief.

Mr. CARTER of California. That objection which the gentleman raises is perfectly reasonable and logical. If the gentleman will turn to the first part of Mr. Ogden Mills' letter, he will note that the number of the bill Mr. Mills is talking about is H.R. 11525. The bill the gentleman has in his hand is H.R. 5855, which is the bill that the Secretary of the Treasury said should be introduced.

Mr. TRUAX. But he did not recommend the passage of the bill.

Mr. CARTER of California. In this form; yes. This is the bill he said should be passed.

Mr. TRUAX. In view of the circumstances, I ask the gentleman to let this bill be passed over without prejudice until the next call of the calendar.

Mr. CARTER of California. To be taken up later in the day? I should be very agreeable to that.

Mr. TRUAX. Either later in the day or at the next call of the calendar.

I ask unanimous consent, Mr. Speaker, that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

OSCAR P. COX

The Clerk called the next bill, H.R. 5935, for the relief of Oscar P. Cox.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Oscar P. Cox, United States marshal for the district of Hawaii, the sum of $524.37. Said sum represents the amount charged Oscar P. Cox by the United States by reason of his hiring extra guards to accompany Federal prisoners from Hawaii to Leavenworth, Kans.

With the following committee amendment:

At the end of line 10 insert "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

MABEL CARVER

The Clerk read the next bill on the calendar, H. R. 6324, for the relief of Mabel Carver.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Mabel Carver the sum of $2,500 for injuries sustained on August 24, 1929, as a result of being shot by a United States Marine while visiting the United States navy yard at Philadelphia, Pa.: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this Act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

With the following committee amendment:

In line 5, after the figures "$2,500", insert "In full settlement of all claims against the United States."

The committee amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

TO RESTORE WATER OF HIGH MINERAL CONTENT ON LAND OWNED AND CONTROLLED BY THE FEDERAL GOVERNMENT

The Clerk called the next bill on the calendar, H.R. 6366, making appropriation to restore water of high mineral content on land owned and controlled by the Federal Government.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That a sum not to exceed $250 is appropriated, out of any money in the Treasury not otherwise appropriated, to be expended under the supervision of the postmaster at Lincoln, Nebr., for the purpose of providing a pump which will restore the flow of mineral water to the fountain, the well being dug on Government square about March 15, 1872. The well was put down at large expense by the citizens of Lincoln, Nebr., and was known as "Market Square Well." The well is now covered over by the Lincoln post-office building, but is in good state of preservation and can be restored to its former use without a large expense. After the well is restored to its former status the citizens of Lincoln are to maintain the well without expense to the Government. The Government owning and controlling the ground, the citizens in justification believe that this restoration of water of great mineral benefit to the community should be made by the Government by means of a small Federal appropriation, as stated, to purchase and install the necessary pump.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

LUCIEN M. GRANT

The Clerk called the next bill on the calendar, H.R. 6386, for the relief of Lucien M. Grant.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc, That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Lucien M. Grant, lieutenant commander, Construction Corps, United States Navy, the sum of $184.02 for actual and necessary expenses incurred by him in transportation of his dependents and personal effects from Philadelphia, Pa., to Pensacola, Fla., and return, while carrying out orders of the Navy Department.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

MRS. PLEASANT LAWRENCE PARR

The Clerk called the next bill on the calendar, H.R. 6890, for the relief of Mrs. Pleasant Lawrence Parr.

The SPEAKER. Is there objection?

Mr. HOPE. Reserving the right to object, Mr. Speaker, I ask that the bill be passed over, and that we may return to it later in the day.

The SPEAKER. Without objection, it is so ordered.

J. F. HUBBARD

The Clerk called the next bill on the calendar, H.R. 6936, for the relief of J. F. Hubbard.

The SPEAKER. Is there objection?

Mr. HANCOCK of New York. Reserving the right to object, I note from the record that this claim originated in 1902—32 years ago. It would look as if this claimant had slept on his rights.

Mr. COFFIN. I do not know when the bill was introduced.

Mr. HANCOCK of New York. It seems that he was guilty of lapses in not enforcing his claim until this late day. I think we ought to discourage the revival of these old claims.

Mr. COFFIN. I only know from the report that the money was placed to the credit of the United States Treasurer and shows an outstanding liability.

Mr. HANCOCK of New York. The gentleman sees that the claimant made no effort to collect it since 1907, when he made a feeble effort. I feel that I must object.

MRS. JOSEPH RONCOLI

The Clerk called the next bill on the calendar, H.R. 7028, for the relief of Mrs. Joseph Roncoli.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Mrs. Joseph Roncoli the sum of $2,500 in full settlement of all claims against the Government of the United States for injuries sustained by her when struck by a truck owned and operated by the Navy Department while alighting from a street car at Twenty-third Street and Seventh Avenue, in New York City: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

ST. ANTHONY'S HOSPITAL, MICHIGAN CITY, IND.

The Clerk called the next bill, H.R. 7067, for the relief of St. Anthony's Hospital, at Michigan City, Ind.; Dr. Russell A. Gilmore; Emily Molzen, nurse; and the Hummer Mortuary.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Navy be, and he is hereby, authorized and directed to pay, out of the naval hospital fund, to St. Anthony's Hospital at Michigan City, Ind., the sum of $224.30; to Dr. Russell A. Gilmore the sum of $170; to Emily Molzen, nurse, the sum of $203; and to the Hummer Mortuary the sum of $10; in all, $607.30, for services and professional treatment rendered to Max Harmon Connelly, fireman, third-class (F-1), United States Naval Reserve, while ill with typhoid fever contracted during the period from August 8 to August 22, 1931, while on active duty.

With the following committee amendments:

Line 8, after the figures "$607.30", insert "in full settlement of all claims against the Government of the United States"; page 2, line 6, after the word "duty", insert "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claims. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendments were agreed to, and the bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider laid on the table.

ESTATE OF NELLIE LAMSON

The Clerk called the next bill, H.R. 7168, for making compensation to the estate of Nellie Lamson.

The SPEAKER. Is there objection?

Mr. HOPE. Mr. Speaker, I reserve the right to object, to inquire whether the author of the bill would have any objection to the usual formal amendments relating to the attorneys' fees and that the amount mentioned in the bill shall be in full settlement of all claims against the Government of the United States.

Mr. DIMOND. Mr. Speaker, I am very glad to accept those amendments.

Mr. ZIONCHECK. Mr. Speaker, I reserve the right to object. I don't think the Government should pay for the loss of some fox pups, which were alleged to have been killed by careless blasting. I think it would be hard to establish a cause of action.

Mr. DIMOND. Will the gentleman reserve his objection until I can make an explanation?

Mr. ZIONCHECK. Certainly.

Mr. DIMOND. Mr. Speaker, while I was not present on the ground—I live within 200 miles of the place where the injuries occurred—yet I am familiar with the matter. The blasting was the cause of the death of these foxes just as much as if the gentleman were to shoot me and I should drop down dead. He could say that I died of heart disease and not of the shot, but after all, when a man has a bullet through him, that is generally considered the cause of his death.

Mr. ZIONCHECK. Is it not true that along the Alaska Railroad they were continually blasting?

Mr. DIMOND. This was not the Alaska Railroad, it was the Alaska Road Commission.

Mr. ZIONCHECK. They were doing a considerable amount of blasting along that highway.

Mr. DIMOND. They were warned in advance, and orders were given by the superintendent to put the blasts off in such fashion that they would not do this particular damage, but instead of that the blasting was turned over to an inexperienced man, and instead of putting the blasts off in proper fashion he was grossly negligent and permitted the blasts to go off in such fashion that they caused this damage.

Mr. ZIONCHECK. Could they not have taken the foxes and the pups away from there?

Mr. DIMOND. That was not possible. That would have resulted in the death of the foxes, anyway. Although I have never raised foxes, I am familiar with their breeding. You cannot move them when they are young.

Mr. ZIONCHECK. Does the gentleman contend that this blast killed the adult foxes later on?

Mr. DIMOND. Yes; the blasts were the cause of the deaths of all these foxes.

Mr. ZIONCHECK. They died the next day.

Mr. DIMOND. Foxes are very sensitive animals, and as nearly as anybody can arrive at a reasonable conclusion, these blasts did cause the death of all of them. Any loud or violent noise is liable to bring about the same result. I hope the gentleman will not object, because this is a very just claim.

Mr. ZIONCHECK. Not being an authority on foxes or fox pups, I shall take the word of the gentleman from Alaska for it and withdraw my objection.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $325 to Frank A. Lamson, as the administrator of the estate of Nellie Lamson, of Lower Tonsina, Alaska, deceased, as compensation for the loss of 19 foxes, the property of the said Nellie Lamson, which were killed as a result of careless dynamite blasting on the homestead of the said Nellie Lamson by the employees of the Alaska Road Commission while engaged in public work for the Government on May 2, 1931.

Mr. HOPE. Mr. Speaker, I offer the following amendments, which I send to the desk.

The Clerk read as follows:

Amendments by Mr. HOPE: Page 1, line 5, after the figures, insert "in full settlement of all claims against the Government of the United States", and at the end of line 12, page 1, insert "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendments were agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider laid on the table.

H. A. SODERBERG

The Clerk called the next bill, H.R. 7289, for the relief of H. A. Soderberg.

The SPEAKER. Is there objection?

Mr. TRUAX. Mr. Speaker, I reserve the right to object. Is the author of the bill present?

Mr. MURDOCK. Yes.

Mr. TRUAX. Will the gentleman please explain this?

Mr. MURDOCK. This is a bill to compensate H. A. Soderberg, United States commissioner at Ogden, for services rendered by him during the time intervening between the expiration of one commission and his reappointment to the same office a few months later on. The matter was submitted to Comptroller General McCarl and the amount was reduced from $169, the original amount of the bill, to $147.

Mr. TRUAX. Does the gentleman mean that Mr. Soderberg was fulfilling the duties of his office in the interim that occurred between the two appointments?

Mr. MURDOCK. Yes.

Mr. TRUAX. His original appointment had lapsed?

Mr. MURDOCK. Yes.

Mr. TRUAX. And later on he was reappointed and continued his duty?

Mr. MURDOCK. Yes.

Mr. TRUAX. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Comptroller General of the United States is authorized and directed to settle and certify for payment to H. A. Soderberg, out of any money in the Treasury not otherwise appropriated, the sum of $147 in full for services rendered as a de facto United States commissioner at Ogden, Utah, from January 4 to August 19, 1931: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

ELIZABETH T. CLOUD

The Clerk called the next bill, H.R. 190, for the relief of Elizabeth T. Cloud.

There being no objection, the Clerk read as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Elizabeth T. Cloud, of Atlantic City, N.J., the sum of $771.97 on account of personal injury sustained by her on October 17, 1916, by falling on the steps of the Atlantic City post-office building.

With the following committee amendments:

Page 1, line 6, strike out the figures "$771.97" and insert in lieu thereof the figures "$596.97"; page 1, line 9, after the word "building", insert a colon and the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendments were agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

JACOB DURRENBERGER

The Clerk called the next bill, H.R. 200, for the relief of Jacob Durrenberger.

Mr. TRUAX. Mr. Speaker, reserving the right to object, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

PIERRE E. TEETS

The Clerk called the next bill, H.R. 206, for the relief of Pierre E. Teets.

Mr. TRUAX. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

ANNE B. SLOCUM

The Clerk called the next bill, H.R. 210, for the relief of Anne B. Slocum.

Mr. TRUAX. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

BENJAMIN STERN ET AL.

The Clerk called the next bill, H.R. 265, for the relief of Benjamin Stern, and Melville A. Stern and Benjamin Stern, as executors under the last will and testament of Louis Stern, deceased, and Arthur H. Hahlo as executor under the last will and testament of Isaac Stern, deceased, all of New York City, N.Y., for compensation and in settlement of their damages and loss sustained by virtue of a lease in writing, dated September 12, 1919, between the said parties and the United States of America, by Daniel C. Roper, Commissioner of Internal Revenue.

Mr. ZIONCHECK. Mr. Speaker, I object.

WILLIAM A. REITHEL

The Clerk called the next bill, H.R. 290, for the relief of William A. Reithel.

Mr. ZIONCHECK. Reserving the right to object, unless the author of the bill agrees to a reduction in amount to $3,000, I shall have to object to the bill.

Mr. RUDD. The author of the bill is sick.

Mr. ZIONCHECK. Mr. Speaker, under the circumstances, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection?

There was no objection.

ARTHUR RICHTER

The Clerk called the next bill, H.R. 308, for the relief of Arthur Richter.

Mr. ZIONCHECK. Mr. Speaker, I object.

DOUGLAS B. ESPY

The Clerk called the next bill, H.R. 325, for the relief of Douglas B. Espy.

Mr. ZIONCHECK. Mr. Speaker, I object.

CON MURPHY

The Clerk called the next bill, H.R. 326, for the relief of Con Murphy.

Mr. ZIONCHECK. Mr. Speaker, I object.

MORRIS DIETRICH

The Clerk called the next bill, H.R. 374, for the relief of Morris Dietrich.

Mr. ZIONCHECK. Mr. Speaker, I object.

BROOKHILL CORPORATION

The Clerk called the next bill, H.R. 458, for the relief of the Brookhill Corporation.

Mr. ZIONCHECK. Mr. Speaker, I object.

YVONNE HALE

The Clerk called the next bill, H.R. 492, for the relief of Yvonne Hale.

Mr. TRUAX. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

JOHN N. BROOKS

The Clerk called the next bill, H.R. 704, for the relief of John N. Brooks.

Mr. ZIONCHECK. Mr. Speaker, I object.

KATHRYN THURSTON

The Clerk called the next bill, H.R. 878, for the relief of Kathryn Thurston.

Mr. HOPE. Mr. Speaker, I object.

Mr. LAMNECK. Will the gentleman reserve his objection?

Mr. HOPE. I will withhold it.

Mr. LAMNECK. This is a case where a detective working during the time the railroads were under control of the Federal Government was murdered.

For a long time afterwards it could not be proven that he was murdered. About 12 years after his death a man confessed to his murder and the guilty party was executed. Now, according to all the rules and regulations the widow of this murdered detective was entitled to compensation for his death in the discharge of his duty. His widow is in destitute circumstances. At one time she was paid a small amount of money because it could not be proven that this man was murdered in the discharge of his duty; but later it was found that he had been murdered in the discharge

of his duty and it was thought that this destitute widow was entitled to fair compensation for the loss of her husband. It is a just case and ought to be allowed.

Mr. HOPE. Of course, the former settlement was supposed to be in full settlement of all damages for which the Railroad Administration was liable, was it not?

Mr. LAMNECK. They could not prove any liability on the part of the Railroad Administration because they did not know that he was actually murdered until 12 years after his death.

Mr. HOPE. If, however, he was killed in the discharge of his duties as a watchman, there would have been some liability whether he was murdered or had been killed in some other manner.

Mr. LAMNECK. But they could not prove that he was actually killed in the discharge of his duties.

Mr. HOPE. Does the gentleman think the legal liability of the Railroad Administration would have been any greater had this man been murdered than if he had been killed in some other manner in the discharge of his duty?

Mr. LAMNECK. I certainly do. Had it been known at the time of his death that he was killed in the discharge of his duties, the widow would have been entitled to a much greater sum than she was paid.

Mr. REED of New York. Mr. Speaker, will the gentleman yield?

Mr. HOPE. I yield.

Mr. LAMNECK. She was paid $1,000. That did not pay even the funeral expenses. This woman is in terrible circumstances now and certainly is entitled to more than $1,000, as I see it.

Mr. HOPE. There is nothing in the report except the bare statement that indicates that there was any proof that this man was actually murdered. There is a statement in the report that later his murderer was found and confessed.

Mr. REED of New York. What are the facts in that connection?

Mr. LAMNECK. The facts were that at the time he lost his life the circumstances were mysterious. They did not really know what happened. Later when this criminal was caught and confessed, he said he had murdered this man, that he had broken into a box car and when the detective came up he shot the detective.

Mr. REED of New York. What amount is ordinarily allowed in such cases?

Mr. LAMNECK. It varies a great deal.

Mr. REED of New York. But it is more than $1,000?

Mr. LAMNECK. Yes; it is at least $5,000 or $6,000. Under the workmen's compensation law they are allowed $6,000.

Mr. REED of New York. Is it not the usual custom of Congress to allow $5,000 on a death claim?

Mr. LAMNECK. I urge the gentleman from Kansas to be lenient in this case, for the claimant is a worthy person. The widow is entitled to this money. If ever there was a just claim this is it.

Mr. REED of New York. Has the widow any children?

Mr. LAMNECK. Yes; she has a family.

Mr. HOPE. This was a claim which originated 15 years ago during the war period.

Mr. LAMNECK. That is right.

Mr. HOPE. The correspondence is set out in the report.

Mr. LAMNECK. I have absolute proof in my files. I did not know that we were going to cover a hundred bills in such a short time or I would have had my files here. I have a copy of the confession in the files.

Mr. HOPE. I am perfectly willing to take the gentleman's word for it. The only reason I made the inquiry was that in the report the matter is disposed of with the bare statement that later it was discovered that he had been murdered.

It seems to me, in view of the great length of time which has elapsed, and in view of the further fact that the former settlement was supposed to be a full and complete settlement, that this bill calls for a little too large an amount to be paid.

Mr. LAMNECK. I am willing to compromise on the amount.

Mr. HOPE. I would suggest that if the gentleman would be willing to accept an amendment reducing the amount to $2,500 I would not offer any objection.

Mr. LAMNECK. Mr. Speaker, I will accept the amendment the gentleman suggests.

Mr. HOPE. With that understanding, Mr. Speaker, I withdraw my objection.

Mr. LAMNECK. That much is better than nothing.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Kathryn Thurston, widow of Charles Thurston, the sum of $4,000 in full settlement of all claims against the United States because of the death of the said Charles Thurston, who was an employee of the United States Railroad Administration and who was killed while in the performance of his duties as such employee on or about February 2, 1920, at Columbus, Ohio: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

Mr. HOPE. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HOPE: Page 1, line 6, strike out "$4,000" and insert in lieu thereof "$2,500."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MARY E. RONEY

The Clerk called the next bill, H.R. 940, for the relief of Mary E. Roney.

Mr. BLANTON. Mr. Speaker, there are a number of reasons why this bill should not pass, I may state to our good friend from Maryland.

In the first place, we have established here a rule of practice for the guidance of all Members—and it is the Members themselves who have established it—that on a death claim the maximum shall be $5,000. This is a Washington case. This Government has done much for Washington and the people of Washington.

This man was killed by being struck by a police patrol; not a Government patrol but a District of Columbia police patrol. Under the law the widow did not have to go to court, she did not have to employ a lawyer, she did not have to go to any trouble like the gentleman's constituents and mine have to when they get hurt at home. The Commissioners of the District very promptly, under the law, granted her the full maximum for a death claim, $5,000; and they paid her in cash and she has received the money. Now, one of the most prominent Members of Congress, one of our most valuable Members, one of our popular Members, happens to be her Congressman, the gentleman from Maryland [Mr. LEWIS], and he comes in and wants the Government, in addition to the $5,000 which is the maximum for a death claim, which amount the claimant has received, to pay her $3,000 more.

Under all the circumstances the Government is not liable for one penny; it is not liable morally, it is not liable legally, it is not liable equitably.

Does the gentleman want us, because we are his good friends and because we appreciate him and because we would vote for him for probably any position for which he might run, to stand by and let this bill pass?

Mr. LEWIS of Maryland. The gentleman from Maryland only wants the gentleman from Texas to be willing to sub-

mit this matter to the conscience of the House and not deny this widow lady her day in court by a merely arbitrary objection.

Mr. BLANTON. The gentleman admits that she has received $5,000 in cash?

Mr. LEWIS of Maryland. I do; but this one fact does not constitute the whole case.

Mr. BLANTON. The gentleman is a just man. Does he not think that there have been some pathetic cases here where men have been killed and have left their widows and little children in a terrible state of dependency? Does not the gentleman think that, if we pass his bill, we ought to go back and open up all the other cases and increase the amount allowed them from $5,000 to $8,000?

Mr. LEWIS of Maryland. The gentleman is a very skillful actor from the courthouse, one can see. All I am asking you and other Members here is that this matter be submitted fairly to the conscience of this body. May I make a further statement of the facts in a most general way.

Mr. BLANTON. Certainly.

Mr. LEWIS of Maryland. George H. Rooney, a man 37 years of age, a World War veteran, privately employed as a certified watchmaker in the city of Washington, was on his way home on October 14, 1930. He was earning a salary of $4,000 a year. Alighting from a street car, he was run down by a police patrol automobile operating on the wrong side of the road.

Mr. BLANTON. In Washington, for Washington, and for the District of Columbia.

Mr. LEWIS of Maryland. If the gentleman has any doubt about the liability of the District of Columbia under this bill rather than the General Government, I shall thank him for an amendment which will relieve his doubt.

Mr. HOLLISTER. Will the gentleman yield?

Mr. LEWIS of Maryland. I yield to the gentleman from Ohio.

Mr. HOLLISTER. Does not the gentleman feel that when we have adopted a rule of thumb, you might say, over quite a period of time as to the amount that may be paid in a particular case we should stick to the rule?

Mr. LEWIS of Maryland. I do not. A rule that violates the laws of conscience and justice lives long enough if it lives but one session; and I should not be bound by it.

Mr. HANCOCK of New York. Is it not true that the law of the District fixes $5,000 as the limit in such cases?

Mr. LEWIS of Maryland. The law probably does. This particular matter has been taken to the District Commissioners and they themselves confessed the injustice and inadequacy of the compensation paid. I may pay this tribute to their sense of justice. They tried to give the widow some sort of a position in the District service that would complete the compensation, but none could be found.

Mr. HOLLISTER. Was this man not an employee of the District?

Mr. LEWIS of Maryland. He was not. He was a private employee.

Mr. HOLLISTER. I mean the employee that caused the accident.

Mr. LEWIS of Maryland. The District police patrol was running along the wrong side of the road. As the decedent got out of the street car the police patrol struck him and hurled his dead body some 60 feet.

Mr. HOLLISTER. But a District employee did cause the accident and there is a limitation in the District of Columbia in such cases of $5,000.

Mr. LEWIS of Maryland. That is to govern litigation in a courthouse. The bill provides that nothing shall go to attorneys. The gentleman from Texas has told us that nothing has gone to attorneys so far. Here is a widow with a child to raise, and with a little property on which there is a mortgage.

Mr. HANCOCK of New York. On what theory is there liability on the part of the Government?

Mr. LEWIS of Maryland. The liability is upon the District of Columbia and the bill is intended to fix the liability only of the District of Columbia. It asks for additional compensation of $5,000.

Mr. BLANTON. Will the gentleman yield further?

Mr. LEWIS of Maryland. I yield to the gentleman from Texas.

Mr. BLANTON. Where the District has a law fixing the maximum liability at $5,000 for death from a tort, and where the people of the District of Columbia have to respond in taxes for all the money paid out of their funds, and where their rights are in our charge—we are the custodians of their rights—does the gentleman think it would be fair for us to override their laws and regulations in a particular case because it appeals to his heart and his conscience, not general to everybody, but just in this particular case? Does the gentleman think we ought to throw the law and all rules aside and pay out more money?

Mr. LEWIS of Maryland. Mr. Speaker, my answer to that is that whatever the rule of justice is when applicable to a private defendant is equally a rule of justice applicable to the District of Columbia. I know of no principle of justice upon which the District of Columbia may be permitted to reduce its obligation one half as compared with the liability of a private defendant.

Mr. BLANTON. I want to be fair with the gentleman from Maryland.

Mr. LEWIS of Maryland. I want the gentleman to be fair to this case.

Mr. BLANTON. It is now 23 minutes to 2 o'clock. If the gentleman will ask unanimous consent that at 3 o'clock we take this bill up under the general rules for consideration and each side be given 15 minutes' debate, and then vote on the question, we will meet the gentleman on the issue and let the Membership vote. If the gentleman will ask unanimous consent to that effect, I will not object.

Mr. LEWIS of Maryland. I think the gentleman's proposal has been made in good faith. The gentleman suggests that I ask that consideration be postponed until 3 o'clock?

Mr. BLANTON. If the gentleman will ask unanimous consent that at 3 o'clock we take this up under the general rules of the House, allowing 15 minutes on the side for debate, and let the Membership of the House vote on this matter, I shall not object, because I do not believe the House, after such debate, will pass the bill.

Mr. LEWIS of Maryland. Mr. Speaker, I make such a unanimous-consent request.

Mr. HOLLISTER. Mr. Speaker, reserving the right to object, may I point out again that we are establishing a precedent that is going to interfere with the orderly procedure in reference to the calling of the Private Calendar. A great many gentlemen have put aside a certain amount of time to come here and take care of their private bills. A precedent of this kind merely invites similar procedure in other cases, and I am therefore compelled to object.

The SPEAKER. Is there objection to the present consideration of this bill?

Mr. HOLLISTER. I object.

AMATEUR BOXING IN THE DISTRICT OF COLUMBIA

Mrs. NORTON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table S. 828 to authorize boxing in the District of Columbia and for other purposes, with House amendments thereto, insist on the House amendment and agree to the conference asked by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentlewoman from New Jersey?

There was no objection.

The Chair appointed the following conferees: Mrs. NORTON, Mr. PALMISANO, and Mr. WHITLEY.

BERYL ELLIOTT

The Clerk called the next bill, H.R. 1000, for the relief of Beryl Elliott.

Mr. HANCOCK of New York. Mr. Speaker, I object.

Mr. McKEOWN. Mr. Speaker, will the gentleman withhold his objection a moment?

Mr. HANCOCK of New York. I withhold it, Mr. Speaker, to permit the gentleman from Oklahoma to make a statement.

Mr. McKEOWN. Mr. Speaker, this bill has been reported favorably and passed by the House on one or two occasions.

Mr. HANCOCK of New York. I also note it has been objected to on several occasions, I may say to my friend.

Mr. McKEOWN. The only man who ever objected to it was Mr. Stafford.

Mr. HANCOCK of New York. Let me say very frankly to the gentleman from Oklahoma that I admire him for his persistence and aggressiveness. I note he appeared for this claimant before the Compensation Commission in 1926 and pleaded her cause and then made an application to reopen the case and filed additional evidence. The gentleman was unsuccessful in both of these attempts. For some reason he did not file an appeal but has been introducing bills for this woman's relief from 1926 to date. However, it does not seem to me we should be called upon to sit here as a court of appeals.

Mr. McKEOWN. They made it quite plain that this is the only appeal she can have. There is really no appeal from the order of the Commission, and they did not give us any appeal. They were willing to grant the relief if they had the power to do it. As a matter of fact, this woman is sick with tuberculosis, and she is a widow with a child. All we have asked is that she be given the same thing that has been given everybody else under the present rules. This case came up at a time when the rule was different from what it is today, and for that reason she was denied this relief. At that time they did not permit such tuberculosis cases to be considered, and that is why this relief was not granted. Since that time the rule has been changed.

This party contracted tuberculosis while she was employed in this hospital and today has active tuberculosis, and the only reason I have been persistent is because of the merit in the case.

Mr. HANCOCK of New York. We all admire the gentleman for his loyalty to his constituents.

Mr. McKEOWN. This woman does not even live in my district. She is now in San Antonio, Tex., where she has to live because of her tubercular condition. She was originally in my district, but in the early days she went into the service of the Government, and I have taken up her case, although she is not in my district. I have followed it with all the earnestness I possess, because of its real merit.

At the time this case was heard there was no allowance because of presumptive tuberculosis, and such claims were not paid.

This bill passed the House at one time, and I hope the gentleman will not press his objection. The gentleman will note that there is an amendment to the bill giving the Commission the right to consider this woman's case.

Mr. HANCOCK of New York. The Compensation Commission has specifically found twice, after very full hearing and careful consideration of the evidence to which the gentleman now refers, that the claim should not be allowed on the ground that the evidence did not show that the disease was incurred as a result of her employment by the Government. It is, of course, most unfortunate that anyone should have to suffer from tuberculosis, but there is no reason why the Government should pay an annual retirement allowance unless the disease was the result of her service with the Government. After careful consideration we have two decisions that the tuberculosis was not incident to such service, and I do not feel we are qualified here to overrule the decision of the Compensation Commission.

Mr. McKEOWN. I may say to the gentleman that Dr. Erwin, who was considered one of the ablest men on the gentleman's side of the House, went into this case very thoroughly, and he was the first man to report this bill from the Committee on Claims, based upon the evidence we have in these affidavits showing her contact with this disease.

Mr. HANCOCK of New York. That evidence was before the Employees' Compensation Commission?

Mr. McKEOWN. Not these affidavits.

Mr. HANCOCK of New York. And it was submitted by the Employees' Compensation Commission to the Committee on Claims of the House?

Mr. McKEOWN. Only part of the evidence was submitted to the committee. Mr. Underhill was chairman of the committee at that time and had this woman examined to ascertain her condition, and I am sure the gentleman does not want to do this poor woman an injustice.

Mr. HANCOCK of New York. It is extremely difficult to deny my friend from Oklahoma anything, but I do not think we are justified in overruling two decisions of the Employees' Compensation Commission, based on the same evidence.

Mr. McKEOWN. At the time those decisions were rendered, this new rule had not been adopted. If any such person contracts tuberculosis I think he ought to be paid just the same as he would be paid for losing a finger or anything of that sort.

Mr. HANCOCK of New York. I do, too, but that question has twice been determined by the Commission adversely to this claimant.

Mr. McKEOWN. But the decisions were not based upon that theory.

Mr. HANCOCK of New York. The gentleman's bill amounts to an adjudication that this woman is entitled to compensation.

Mr. McKEOWN. The committee had this matter up, and I am sure the gentleman does not want to do this poor widow an injustice. It does not mean a thing to me, because she does not even live in my district and she cannot even vote for me. I am simply pleading now that the gentleman, out of the goodness of his heart, will do the right thing by this woman, because I know the circumstances are just as set out here. She was a very healthy woman and was put in the room where these men were who were suffering from tuberculosis, and she was thrown in constant contact with them, and there was not proper ventilation, and so forth. There is no question about the facts.

Mr. HANCOCK of New York. I feel I must object to the bill for the present.

Mr. McKEOWN. I hope the gentleman will not do that.

Mr. HANCOCK of New York. If I can see it in any different way after further study, I shall ask that we return to the bill and consider it.

Mr. McKEOWN. That means killing the bill, and I have been working on this for 5 years. Mr. Stafford was the only man who ever objected to the bill, and the bill has been passed by the House.

Mr. HANCOCK of New York. I myself shall ask that it be reconsidered if, after further study, I come to the conclusion that the gentleman's viewpoint is correct, but at the present time I cannot see it in that way.

Mr. McKEOWN. I do not think the gentleman should object.

The SPEAKER pro tempore (Mr. LAMNECK). Is there objection to the present consideration of the bill?

Mr. HANCOCK of New York. I object, Mr. Speaker.

LYDIA C. SPRY

The Clerk called the next bill on the calendar, H.R. 1248, granting insurance to Lydia C. Spry.

The SPEAKER pro tempore. Is there objection?

Mr. TRUAX. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection?

There was no objection.

JAMES E. DETHLEFSEN

The Clerk called the next bill on the calendar, H.R. 1402, for the relief of James E. Dethlefsen.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $5,000 to James E. Dethlefsen, who sustained injuries at Nenana, Alaska.

With the following committee amendment:

Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The committee amendment was agreed to.

Mr. HANCOCK of New York. Mr. Speaker, I offer the following amendment: In line 5, after the word "appropriated", insert "in full settlement of all claims against the Government of the United States."

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

FIRST CAMDEN NATIONAL BANK & TRUST CO., CAMDEN, N.J.

The Clerk called the next bill on the calendar, H.R. 1488, for the relief of the First Camden National Bank & Trust Co., of Camden, N.J.

The SPEAKER pro tempore. Is there objection?

Mr. TRUAX. I reserve an objection.

Mr. WOLVERTON. The purpose of the bill is to authorize the Secretary of the Treasury to pay to the First Camden National Bank of Camden, N.J., the sum of $11,120.97 in full satisfaction of its claim for refund of taxes erroneously paid for the year 1927 on income from certain securities, through a mutual mistake made by the bank's accountant and by the representative of the Internal Revenue Department of the Government.

Mr. TRUAX. When was the claim filed?

Mr. WOLVERTON. I do not understand what the gentleman means by "filed."

Mr. TRUAX. With the Treasury Department.

Mr. WOLVERTON. It is not a case that comes within the statute permitting a claim to be filed with the Treasury Department. While the Treasury admits that the claimant made an overpayment, yet the Treasury Department takes the position that they cannot set aside the agreement which resulted in the overpayment and which was clearly an error. In other words, the Government of the United States is now in possession of $11,120.97 to which it admits it is not entitled because of the error made by the accountant of the bank and which error was likewise made by its own representative from the revenue department.

Mr. TRUAX. I will say that I am opposed to this bill on the same ground that I have objected to others, namely, that for years I have been protesting against the refund of income taxes to corporations and individuals. I believe we have drained our Treasury in the past 12 years through illegal and unjust refunds to large corporations and rich individuals.

In this particular case the sum of $11,120.97 is involved, which amount is considerably more than the salary of any one of us for a year.

Mr. WOLVERTON. It is not a question of amount. It is a principle that is involved. Should the Government retain money which it acknowledges was paid through a mutual mistake? It may be that in the past refunds have been made by the Treasury to large corporations and others which the gentleman may feel were not justified; however, that is not the case of this claim. This is an overpayment to the Government which has been acknowledged as such by the Treasury, but, unfortunately, holds that by the signing of a settlement agreement under section 606 of the revenue act, the Treasury is precluded from making a refund, even though the original payment was through an error, and one in which the Government participated through its representative. If such agreement had not been signed, this claimant would not be in the position it is now in; that is, required to obtain legislative sanction for the Treasury to repay the money. The bank had been honest and fair in making its return of income to the Government and should not now be penalized for having made a mistake and for having signed an agreement form presented in a casual way by the Government representative, and which form had no proper use in this particular case.

Mr. TRUAX. We have also advanced to the banks of this country $4,000,000,000 through the Reconstruction Finance Corporation and other agencies. The banks have not passed this credit on down to the people who deal with the banks but they have hoarded this money to keep themselves liquid. As one Member of the House, I have reached the point where I refuse to go along on any plan that will help the banks and not the individual depositors. Hence my urgent and enthusiastic support of the McLeod bill.

Mr. WOLVERTON. I join with the gentleman in that. I have likewise signed the petition to bring the McLeod bill before the House for action.

Mr. TRUAX. I congratulate the gentleman on that.

Mr. WOLVERTON. Will the gentleman allow me to state the actual facts in this matter? I desire to show how unjust it would be to deny this claim.

Mr. TRUAX. I am sorry, but I must inform the gentleman in advance that I am going to object to this bill.

Mr. WOLVERTON. Will the gentleman hear me through?

Mr. TRUAX. Yes.

Mr. WOLVERTON. I think the gentleman will find, from a careful examination of the underlying facts of this case, that whatever objection he may have to the Government making general refunds in tax cases, such would not apply to this particular case. Nor do I believe that if he gives careful consideration to the facts will any reason be found to justify an objection.

Mr. ZIONCHECK. Mr. Speaker, I demand the regular order.

Mr. WOLVERTON. Will the gentleman withhold that demand?

Mr. ZIONCHECK. I think that adequate explanation has been made. The gentleman from Ohio [Mr. TRUAX] is either going to object or not object.

Mr. BLANTON. Let me appeal to my friend from Washington. The gentleman from New Jersey [Mr. WOLVERTON] has done some of the most valuable work in this House on the Committee on Military Affairs that has been done by anyone, and he deserves some special consideration. I think the gentleman should be permitted to complete his statement.

Mr. ZIONCHECK. Is this an $11,000 speech that he is making now?

Mr. BLANTON. He has saved for the Government 11 times $11,000 in some of the work that he has done.

Mr. ZIONCHECK. Very well, I withdraw my demand for the regular order.

Mr. WOLVERTON. I thank you. With reference to the suggestion that large payments in the form of refunds have been heretofore made without proper justification, and to which the gentleman's approval——

Mr. TRUAX. Large and small, I would say.

Mr. WOLVERTON. I have voted every time the opportunity has been given on this floor against the method that permits that sort of thing to be done in the privacy of the departments without knowledge thereof coming to this House. But, my objection to such a procedure in some cases would certainly not apply to a case where it was apparent that the payment for which a refund was sought, was the result of a mutual mistake or error participated in by both the claimant and the Government.

Mr. TRUAX. Would the gentleman vote for a bill that would make it illegal for the Treasury Department to refund any income taxes back beyond the preceding calendar year?

Mr. WOLVERTON. I would be inclined to do so.

Mr. TRUAX. I am glad to hear the gentleman say that.

Mr. WOLVERTON. I believe that there should be some change in the method or procedure by which refunds are made. Whether it should be limited to one calendar year or some other limitation is a matter for consideration.

Mr. TRUAX. Will not the gentleman concede that if it is wrong in the case of the big refund, it is wrong with the little refund, if the same principle is involved?

Mr. WOLVERTON. That might seem to follow, but in no case where it is agreed that the payment was made by error should any procedure be adopted that would preclude the Government from being just as honest as an individual should be. There should be the same duty to repay. The moral obligation is the same. The Treasury Department admits that this bank has overpaid the Government to an amount over $11,000. It also admits that the error made by the bank accountant was also made by the Government agent who examined the income-tax return of the bank. The gentleman has spoken about the attitude of banks. In reply to his suggestion that banks have been willing to receive help from the Reconstruction Finance Corporation and unwilling to extend it to others, permit me to say that such a criticism does not apply to the First Camden National Bank, this claimant. In the strenuous days that followed the collapse of 1929, before there was any legislation to help banks, either by voluntary association or by means of the Reconstruction Finance Corporation, this bank, being in a position to do so, loaned of its resources to other banks. It deposited large sums of its own funds in other banks. It also loaned large sums on long-term obligations to other banks in order that no loss might come to depositors by a closing of any bank in that city. The action of this bank, with the cooperation given to it by another bank, stabilized the whole banking situation in the locality in which it exists.

Mr. TRUAX. I do not doubt the gentleman's statement, and I think the bank is to be commended for its action, but I note in the report from Mr. Ogden L. Mills, Secretary of the Treasury, that the Treasury Department is opposed to the enactment of the bill.

Mr. WOLVERTON. Would the gentleman from Ohio take the opinion of Ogden Mills on anything other than this?

Mr. TRUAX. No.

Mr. WOLVERTON. The hypocrisy of the thing——

Mr. TRUAX. Does the gentleman mean the hypocrisy of the bill or of Mr. Mills?

Mr. WOLVERTON. Of Mr. Mills—that he should object to this payment, if it be true, that he has either individually through interests he has, by estate or otherwise, had the very benefits through the Treasury Department that his report denies to this bank.

Mr. TRUAX. Is not Ogden Mills the one who is wanting to reorganize the gentleman's party?

Mr. WOLVERTON. If President Roosevelt is as popular in 1936 as he seems to be today, I am fearful it would not help the Republican cause to give the Republican nomination to Ogden Mills.

Mr. TRUAX. That is about the strongest argument which the gentleman has made yet, but the point I wanted to make is this: That if a refund could not be obtained under either Mr. Mellon or Mr. Mills, then God knows who it could be obtained from.

Mr. WOLVERTON. I think the House should do so. There is no question about the moral obligation. Suppose you and I sat down today and went over our accounts, and tomorrow, or the next month or next year, we found we had made a mistake; that I had taken from you $11,000 by a mutual mistake that we both had made. Certainly the gentleman from Ohio would expect me to refund it, and if it were the other way about, I know the gentleman would refund it to me. There would be no question about that.

Mr. TRUAX. There seems to have been a mistake made in favor of the Steel Trust during Mr. Mellon's regime to the extent of $100,000,000.

Mr. WOLVERTON. I would prefer to talk about this particular case. When the auditor from the Department of Internal Revenue came to the bank, as they do each year, to check up, he found, as they always had found in the past, that there was no objection to be made to the return as rendered. In the same manner as theretofore the auditor representing the Department so reported to the officers of the bank and had them sign a slip of paper or form which they supposed was a certification that everything was all right. When the Government auditor had completed his examination he said: "I find everything all right. Here is a little slip of paper. Sign it." They signed it, thinking it was an O.K. Now the Department uses that form to say that it was a settlement and yet there never was anything in dispute. In other words, the Government used a form that should have been used in a case where there had been a dispute between the Government and the taxpayer as to what should or should not be allowed, but in this case there was no dispute. Now, the Department is standing on that form to preclude payment.

Here is a case where the Government acknowledges it has the money wrongfully, but cannot pay it back, and consequently this bank is obliged to come before this House and ask for favorable consideration of this bill. If there is one agency in this land that should be fair with its citizens, it is the Government, and if the Government expects its citizens to be honest with it, it should be honest with them. I know, and the gentleman knows, that if two individuals had made this acknowledged mutual mistake between them, they would settle it between themselves. I certainly hope the gentleman will withdraw his objection and permit the Government to do that thing which the Government and I and everyone else knows would be done in our private affairs, and thereby set a proper example.

Mr. TRUAX. I will say that the gentleman has made a most eloquent and forceful speech, and if words or if sincerity could change an inherent principle that I have agreed to stand behind upon all tax revisions coming on the Private Calendar, his eloquence and his sincerity and his convincing and evidently wholly truthful statement would accomplish that purpose. It would be a wonderful thing if this great Government of ours would today start to do simple justice to every one of our citizens. It would be a great thing if this Congress would permit the Frazier bill to be enacted into law so that 3,000,000 farmers who are hanging on by the skin of their teeth, threatened with foreclosure by money lenders and by banks and by the Farm Credit Administration, could be taken care of.

Mr. WOLVERTON. May I say to the gentleman that I do not think he will find many on this side of the aisle who have voted for more of the President's recovery measures than I have.

Mr. ZIONCHECK. It is with the deepest regret that I am compelled to object to this bill.

The SPEAKER pro tempore. Objection is heard.

BENJAMIN STERN ET AL.

Mr. BOYLAN. Mr. Speaker, I ask unanimous consent to return to Calendar No. 342, H.R. 265, for the relief of Benjamin Stern, and Melville A. Stern and Benjamin Stern, as executors under the last will and testament of Louis Stern, deceased, and Arthur H. Hahlo, as executor under the last will and testament of Isaac Stern, deceased, all of New York City, N.Y., for compensation and in settlement of their damages and loss sustained by virtue of a lease, in writing, dated September 12, 1919, between the said parties and the United States of America, by Daniel C. Roper, Commissioner of Internal Revenue.

Mr. HOLLISTER. Reserving the right to object, was the gentleman here when that bill was called?

Mr. BOYLAN. No. I was engaged in committee work.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

Mr. HOPE. Mr. Speaker, I object.

Mr. BOYLAN. Will the gentleman withhold his objection?

Mr. HOPE. I withhold it.

Mr. BOYLAN. May I ask what the gentleman's objection is based on?

This man actually suffered a loss of $43,000. The committee amended the bill to make it read $30,000.

The issue in question involves a lease. The claimant had an office building in New York in which the collector of internal revenue wanted to engage offices for the third district. The collector of internal revenue was so anxious to get into the building that the owner had to pay a bonus of $10,000 to a tenant to vacate in order that the Internal Revenue Bureau could get possession of the premises. The owner then spent $2,500 for alterations and repairs.

The Internal Revenue Department entered into a lease for 5 years and 4 months, but after the expiration of 8 months it moved out and abandoned the premises.

Surely the gentleman from Kansas would not say that this was fair or equitable treatment after a representative of the Government had actually signed a lease for a period of 5 years and 4 months.

Mr. HOPE. The gentleman from New York does not contend that a valid legal lease was signed in this case, does he?

Mr. BOYLAN. Yes; a valid lease was signed by the Commissioner of Internal Revenue.

Mr. HOPE. Clearly, the officer who signed that lease or who made the agreement had no right to do so under the provisions of the Federal Statutes. He had no right to make a lease for a longer period than a year; and this, of course, is the reason the Treasury Department has disapproved this bill.

Mr. BOYLAN. Similar leases are entered into every year in the city of New York. I can cite instances of leases that have covered a period of 10 years.

Mr. HOPE. Those leases in fact were annual leases renewable from year to year. As I understand it, there is no way that the Government can make a lease for a period longer than 1 year, because there is no authority of law for a lease to be made for a longer period. Is not this a correct statement of the law in the case?

Mr. BOYLAN. The owner having that in mind brought it up very particularly, as the gentleman will see by reference to page 2 of the report:

> But the claimants refused to lease unless the Department agreed not to put in the lease the usual cancelation clause and demanded assurances that the Department would remain in occupancy for 5 years and 4 months except on one contingency, that is, in the event that Congress failed to appropriate money for the entire Revenue Service. This was incorporated in the lease (see exhibit D), the clause in the lease was interpreted in a collateral letter of the Commissioner of Internal Revenue (Roper) to mean:
>
> "This means, therefore, that one lease binding for entire 5 years and 4 months period will be made subject only to cancelation in case Congress fails to make appropriation to revenue department, a condition that the agent should readily see could not arise."
>
> On receipt of this assurance from Roper and on Roper's agent McQuillan's similar assurance, the claimant owners signed and delivered the lease with a covering letter stating that the lessor understood the lease to mean:
>
> "That the failure to make appropriations for the payment of the rent applies for the whole of the Revenue Service and not to this particular lease. This is in accordance with the statement contained in the telegram of September 6 to the effect that cancelation is to be effective only in case Congress fails to make appropriations to the Revenue Service."

Now, the gentleman would not hold that the Government could idly sign a lease or a contract and then violate it. The gentleman would abhor that in private practice. The gentleman would say that a citizen was certainly without protection, that he was without a leg to stand on with the Government if after faithfully and honestly entering into a contract with the Government it was repudiated. The converse of this proposition is equally true.

Mr. HOPE. It may be true that some agent of the United States Government made some entirely unauthorized statements and representations in this matter, but if they were made they certainly were not binding on the Government of the United States in any way, and I fail to see any equities in this case which would justify us in granting this relief, or any more relief, than would be permissible under a strict interpretation of the law.

Mr. BOYLAN. Has the gentleman read the report? In the first place the owner had to pay a bonus of $10,000 to get the premises for the Government to occupy. There is no denial of that. In addition he had to pay $2,500 for the alterations required. Surely the gentleman from Kansas would not hold that the Government was acting fairly, after causing the owner to incur these expenses, if it did not compensate him for them. Surely the gentleman from Kansas does not believe that the Government ought idly to enter into a lease for a period of 5 and 4 months and then abandon the premises after 8 months. The gentleman does not consider that fair, I know.

Mr. HOPE. As I say, there may have been some unauthorized statements by representatives of the Government which might have misled the owner of this building. I would not say there were not, although that is disputed, I think.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. BOYLAN. Certainly.

Mr. BLANTON. If our friend from New York would take 5 minutes and discuss one of his many humorous subjects, possibly he might get his bill through. We should like to hear him on some humorous topic.

Mr. BOYLAN. Well, if the gentleman will put the bill through I will talk on any subject he may name. [Laughter.] Not only for 5 minutes but for 30 minutes if it should be desired.

Mr. BLANTON. Give us a little talk about March 17.

Mr. BOYLAN. I shall be very happy to if this bill is passed.

Mr. HOPE. Mr. Speaker, much as I regret it, I am obliged to object.

Mr. BOYLAN. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

HENRY STANLEY WOOD

The Clerk called the next bill, H.R. 1802, for the relief of Henry Stanley Wood.

Mr. TRUAX. Mr. Speaker, I shall have to object to this bill on the same grounds mentioned in the case of the preceding bill.

Mr. BEEDY. If the gentleman from Ohio has settled in his own mind that he is going to object, there is no use of my taking up the time of other Members. A Member is always anxious to do this duty by his claimant constituents, and we are always disappointed when we do not have a chance to present the case, but I think it is an imposition upon other Members to insist upon arguing these cases when a Member, who has given the matter some study, is conscientiously determined that he is going to object. If the gentleman has decided to object, I am sure he does so in good conscience, and I shall therefore not insist on detaining the House, much to my regret.

Mr. TRUAX. Mr. Speaker, I object.

CORINNE BLACKBURN GALE

The Clerk called the next bill, H.R. 1870, for the relief of Corinne Blackburn Gale.

There being no objection, the Clerk read the bill, as follows:

> *Be it enacted, etc.*, That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Corinne Blackburn Gale, widow of William Holt Gale, late American Foreign Service officer, retired, the sum of $8,000, being 1 year's salary of her deceased husband.

With the following committee amendment:

> Page 1, line 7, after the word "husband", insert a colon and the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim.

any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read a third time, and passed, and a motion to reconsider was laid on the table.

PHILIP F. HAMBSCH

The Clerk called the next bill, H.R. 1933, for the relief of Philip F. Hambsch.

Mr. TRUAX. Mr. Speaker, reserving the right to object, the Secretary of the Treasury recommends a lesser amount than the amount contained in the bill. May I ask the gentleman if he would be willing to have the bill amended?

Mr. COLE. An amendment to that effect will be agreeable.

Mr. HANCOCK of New York. Would the gentleman from Maryland object to an amendment adding the usual attorney-fees clause to the bill?

Mr. COLE. Not at all. As a matter of fact, there is no attorney in this transaction.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Comptroller General of the United States is authorized and directed to credit the account of Philip F. Hambsch, formerly a special disbursing agent of the Bureau of Prohibition, with the sum of $622.58, such amount representing sums disbursed by him and disallowed by the Comptroller General in certificate of settlement of account no. K-40891-TI, March 14, 1929.

SEC. 2. The surety on the bond of said Philip F. Hambsch, as such special disbursing agent, is hereby relieved of any liability on account of such disallowance.

Mr. TRUAX. Mr. Speaker, I offer the following amendment: On page 1, line 6, strike out "622.58" and insert in lieu thereof the sum of "$572.36."

The Clerk read as follows:

Amendment offered by Mr. TRUAX: Page 1, line 6, strike out "$622.58" and insert in lieu thereof "$572.36."

The amendment was agreed to.

Mr. HANCOCK of New York. Mr. Speaker, I offer an amendment. At the end of the bill add the usual attorney-fees clause.

The Clerk read as follows:

Amendment offered by Mr. HANCOCK of New York: At the end of the bill add the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and, upon conviction thereof, shall be fined in any sum not exceeding $1,000."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

NORMAN C. BRADY

The Clerk called the next bill, H.R. 1935, for the relief of Norman C. Brady.

Mr. HOPE. Mr. Speaker, I object. I will reserve my objection if the gentleman desires to make a statement.

Mr. COLE. May I ask the gentleman what his objection to the bill is?

Mr. HOPE. I object to the principle of the bill. I do not believe we should start in and establish a precedent here that the Government of the United States is liable in damages which might occur from failure to deliver a letter. It seems to me that if we get started in that field there will be no limit.

Mr. COLE. I may say to the gentleman that I do not know whether there is any precedent for a bill of this character or not, but what remedy will a man have if the Post Office Department delivers a registered letter to the wrong addressee and the man suffers an admitted loss?

Mr. BLANTON. There is the remedy that he can use private messenger service. For the small fee of 18 cents which permits a return card showing receipt of the letter, there is no government in the world that could guarantee the safe delivery of a registered letter by paying damages. All of us who deal with the Government know that when we register a letter the Government is not informed of the importance of the letter and does not know what is on the inside of the letter.

Mr. HASTINGS. Why does the Government take the man's money?

Mr. BLANTON. Whenever we establish such a precedent, there would be all sorts of frauds upon the Government.

Mr. HASTINGS. The gentleman does not answer the question. Why does the Government take this extra postage from the man, except to insure the speedy and safe delivery of the letter?

Mr. BLANTON. Does not the gentleman from Oklahoma know that if you establish such a precedent it would bankrupt the Government with all sorts of claims?

Mr. HASTINGS. That is not the point. The gentleman dodges the issue.

Mr. BLANTON. No; I do not. I say it is foolish for an American citizen to register something that is valuable and expect the Government to pay big damages.

Mr. COLE. Let me disabuse the gentleman's mind. There was no money in this particular letter. This poor fellow—and I know he is very poor—had pawned some valuable property.

Mr. ZIONCHECK. When he pawned this $265 article, did he not receive in return, say, $80 or $90? He pawned it for a consideration.

Mr. COLE. Yes. He had the pawn ticket, which, of course, entitled him to redemption of the goods.

Mr. ZIONCHECK. He would have had to pay a certain amount of money to get the goods back, if he had already received $90 or $100.

Mr. COLE. He has to be notified as to the expiration of the pawn ticket under the law of Maryland. The pawnbroker sent the notice by registered mail. The carrier was disciplined.

Mr. HOPE. There is nothing in the record to show that this was sent by registered mail.

Mr. COLE. My understanding is that it was sent by registered mail.

Mr. HOPE. That would not make any difference anyway.

Mr. COLE. I do not think in principle it would.

Mr. BLANTON. I do not think we could ever afford to establish a precedent of having the Government pay losses on account of the failure of delivery of registered mail, because the gentleman from Oklahoma, who serves well and ably on the Appropriations Committee, could not put in enough hours during the year to appropriate money in order to pay all the claims arising therefrom.

Mr. HASTINGS. I believe the Government of the United States is broad enough and rich enough to do justice to every one of its citizens. If the Government has done an injustice, or if its agents have caused a loss to an individual on account of the failure of delivery of a registered letter and there was a loss by reason of that fact, then I think the Government should pay the loss. The man paid an extra amount to have the letter safely delivered. I do not know a thing about the facts in this case.

Mr. COLE. May I say that the letter was properly addressed. The Post Office Department had a forwarding address of a man with a similar last name. The postman delivered it to the wrong place. Later on he went and found all of this property had been sold by the pawnbroker and on pressing for an explanation he was told that he had been sent notice through the mail. He produced the receipts, went to the post office and they found that the letter, through no fault of this man, had been delivered to the wrong person.

Mr. TRUAX. Was it a registered letter?

Mr. COLE. It is my understanding the letter was registered.

Mr. TRUAX. But the gentleman is not sure about that?

Mr. COLE. No; I am not. Of course, all the Post Office Department could do was to reprimand the carrier for dereliction of duty, gross carelessness, and negligence.

Mr. HOPE. Mr. Speaker, much as I regret to do so, I feel I must object.

THE PRIVATE CALENDAR

R. A. HUNSINGER

The Clerk called the next bill, H.R. 1977, for the relief of R. A. Hunsinger.

Mr. ZIONCHECK. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice, to be called up at the next call of the calendar.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

LOTTIE NAYLOR

The Clerk called the next bill, H.R. 2036, for the relief of Lottie Naylor.

Mr. HOLLISTER. Mr. Speaker, I object.

Mr. PALMISANO. Mr. Speaker, my colleague, the gentleman from Maryland, is unavoidably absent on account of illness, and I ask unanimous consent, in his absence, that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maryland?

There was no objection.

ANNE B. SLOCUM

Mr. BACON. Mr. Speaker, I ask unanimous consent to return to Calendar No. 341, the bill (H.R. 210) for the relief of Anne B. Slocum. The gentleman from Ohio asked that the bill be passed over without prejudice, and the gentleman is agreeable to this unanimous-consent request.

Mr. ZIONCHECK. Mr. Speaker, reserving the right to object, what is this bill?

Mr. BACON. It is a bill for the relief of Anne B. Slocum, the widow of a Foreign Service officer who died while on his post in Foreign Service. The State Department has no objection to the bill and there are long lines of precedents in favor of its passage.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the title of the bill.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Anne B. Slocum, widow of Clarence Rice Slocum, late American consul at Fiume, the sum of $3,500, being 1 year's salary of her deceased husband, who died while in the Foreign Service; and there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, a sufficient sum to carry out the purpose of this act.

With the following committee amendment:

At the end of the bill insert "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

JEANIE G. LYLES

The Clerk called the next bill, H.R. 2038, for the relief of Jeanie G. Lyles.

There being no objection, the Clerk read the bill, as follows:

Be it enacted etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Jeanie G. Lyles, of Anne Arundel County, Md., mother of De Witt C. Lyles, late lieutenant, Twentieth Regiment United States Infantry, the sum of $2,500, which sum is hereby appropriated for the invention, by the said Lt. De Witt C. Lyles, of an attachment to the packsaddle frames used by the United States Army; and for the further use by the Army from said date of said invention there shall not be paid any further sum.

With the following committee amendments:

Page 1, line 8, strike out "$2,500" and insert "$1,500", and on page 2, line 3, insert: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

WESTERN ELECTRIC CO., INC.

The Clerk called the next bill on the calendar, H.R. 2182, for the relief of the Western Electric Co.

The SPEAKER pro tempore. Is there objection?

Mr. TRUAX. Reserving the right to object, this provides for payment from the Treasury of the sum of $7,192.35 to the Western Electric Co., that is affiliated with the Power Trust of this country, on a cost-plus contract that goes back to June 1920. I can see no merit whatever in the bill, and therefore I object.

WESTERN ELECTRIC CO., INC.

The Clerk called the next bill on the calendar, H.R. 2183, for the relief of Western Electric Co., Inc.

The SPEAKER pro tempore. Is there objection?

Mr. TRUAX. I object.

ENOCH GRAF

The Clerk called the next bill on the calendar, H.R. 2203, for the relief of Enoch Graf.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Enoch Graf, first lieutenant, Quartermaster Corps, United States Army, the sum of $2,644.61. Such sum represents the net loss sustained by Lieutenant Graf due to financial irregularities and frauds against the United States by a civilian employee of the Quartermaster Corps at Camp Custer, Mich., during the period from October 1926 to October 1927, for which Lieutenant Graf was held responsible.

Mr. HOPE. Mr. Speaker, I offer the usual attorney's fee amendment.

The Clerk read as follows:

Add at the end of the bill the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AUGUSTA BURKETT

The Clerk called the next bill on the calender, H.R. 2338, for the relief of Augusta Burkett.

The SPEAKER pro tempore. Is there objection?

Mr. HANCOCK of New York. I object.

JOE G. M'INERNEY

The Clerk called the next bill on the calendar, H.R. 5542, for the relief of Joe G. McInerney.

The SPEAKER pro tempore. Is there objection?

Mr. HANCOCK of New York. The gentleman has no objection to an amendment using the ordinary language, "back pay, pension, or allowance", in this bill?

Mr. McMILLAN. Not at all.

The Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, or benefits upon persons honorably discharged from the United States Coast Guard, their widows, children, and dependent relatives Joe G. McInerney shall be held and considered to have been discharged under honorable conditions as a coal heaver from the cutter *Forward* on December 13, 1902: *Provided*, That no pay or bounty shall be held to have accrued prior to the date of the enactment of this act.

Mr. HANCOCK of New York. Mr. Speaker, I offer the following amendment.

The Clerk read as follows:

Page 1, line 9, after the word "no", strike out "pay or bounty" and insert the words "back pay, pension, or allowances."

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

RUSSELL H. LINDSAY

The Clerk called the next bill, H.R. 5886, for the relief of Russell H. Lindsay.

The SPEAKER pro tempore. Is there objection?

Mr. ZIONCHECK. Mr. Speaker, I object.

Mr. HANCOCK of New York. Mr. Speaker, I object.

LT. H. W. TAYLOR

The Clerk called the next bill, H.R. 5780, for the relief of Lt. H. W. Taylor, United States Navy.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury is hereby authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $52 to Lt. H. W. Taylor, United States Navy, to reimburse him for travel expenses incurred in connection with an airplane flight from Philadelphia, Pa., to Key West, Fla., in December 1925, under orders issued by naval authorities.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CERTAIN OFFICERS OF THE DENTAL CORPS, U.S.N.

The Clerk called the next bill, H.R. 6690, for the relief of certain officers of the Dental Corps of the United States Navy.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That all commissioned officers now on active duty in the Dental Corps of the United States Navy who, while heretofore on active duty as reserve or temporary commissioned officers, had qualified for appointment to the Dental Corps of the United States Navy pursuant to an examination held at the United States Naval Medical School, Washington, D.C., in January 1920, and who since that date have continuously served on active duty, shall hereafter be entitled to a position on the precedence list in accordance with that attained in said examination: *Provided*, That such officers of the Dental Corps shall be assigned running mates for promotion purposes in accordance with their precedence as so determined: *And provided further*, That no back pay or allowances shall accrue to any officer by reason of the passage of this act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

KARIM JOSEPH MERY

The Clerk called the next bill, H.R. 2339, for the relief of Karim Joseph Mery.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized to pay to Karim Joseph Mery, of San Antonio, Tex., out of any money not otherwise appropriated, the sum of $5,000 as compensation for the death of his son, Joseph Karim Mery, a minor, who was killed at San Antonio, Tex., on July 10, 1923, by the negligent driving of a United States Army truck.

With the following committee amendment:

Page 1, line 9, after the word "truck", insert: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

RUSSELL & TUCKER

The Clerk called the next bill, H.R. 2340, for the relief of Russell & Tucker and certain other citizens of the States of Texas, Oklahoma, and Kansas.

The SPEAKER pro tempore. Is there objection?

Mr. HOPE. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice, to be returned to later in the day.

The SPEAKER pro tempore. Is there objection?

There was no objection.

RELIEF OF CERTAIN NEWSPAPERS

The Clerk called the next bill, H.R. 2431, for the relief of certain newspapers for advertising services rendered the Public Health Service of the Treasury Department.

The SPEAKER pro tempore. Is there objection?

Mr. HANCOCK of New York. Mr. Speaker, I reserve the right to object.

Mr. LUDLOW. Mr. Speaker, this bill was drafted by the Treasury Department to pay a very honest debt that was contracted by the Government. There is no question about the moral obligation to pay for this advertising.

Mr. HANCOCK of New York. Mr. Speaker, will the gentleman explain why this account has been held up for 16 years and no action taken upon it?

Mr. LUDLOW. I cannot. I suppose I inherited the bill, I might say, by reason of the fact that I was so long associated with the press gallery, and this being the bill for the relief of various newspapers I was called upon to introduce it. I looked into the matter and consulted the Treasury officials, and satisfied myself that it is a perfectly good claim. There is no question about the facts. The services were rendered. These advertisements were published. The only reason why the accounts were not allowed in regular order was through inadvertence. They were placed by the Public Health Service in the regular way but through inadvertence they did not get to the Secretary of the Treasury for his formal approval.

Mr. HANCOCK of New York. It is not what we call a lawyer's bill, an old claim that has been revived?

Mr. LUDLOW. I think not. It was brought to my attention by one of the principal men in the newspaper business in the city of Indianapolis, who asked me to look after it. I know he is in entire good faith, and I know that the claim is a righteous one in that the service was rendered and the bill before you was actually drawn by the Treasury Department, as the report shows, in order to pay this claim. The Department recognizes that the claim is a valid one.

Mr. HANCOCK of New York. Where claimants have slept on their rights for a long period of years most of us have an inclination to object to their claims.

Mr. LUDLOW. I can appreciate that. These are great newspapers. They are not pressing this. They are not in

financial straits or anything like that, but it is a righteous claim for services rendered.

Mr. HANCOCK of New York. It appears to be an honest debt.

Mr. LUDLOW. It is an honest debt, and it is up to the Congress to decide whether or not an honest debt is to be paid. That is all there is to it, and that is all I have to say.

Mr. HANCOCK of New York. I think the principle of the statute of limitations ought to apply after a lapse of years. I do not know just when that time arrives.

Mr. LUDLOW. As far as I know, there is no statute of limitations in a case like this.

Mr. HANCOCK of New York. There would be as between private individuals, of course. The ordinary individual debt outlaws in 6 years.

Mr. LUDLOW. The service was rendered in 1918. The advertisements were published, and everything was done by the newspapers to comply with the requirements of the Government.

Mr. HANCOCK of New York. My question is, Have they made any effort to collect this debt?

Mr. LUDLOW. Since that time?

Mr. HANCOCK of New York. Yes.

Mr. LUDLOW. I know only what is set forth in the report. I have an itemized statement here of the papers which published the items.

Mr. HANCOCK of New York. Has the gentleman introduced the same bill at previous Congresses?

Mr. LUDLOW. I did introduce it. It was reported out favorably in two previous Congresses.

Mr. HANCOCK of New York. I shall not object.

There being no objection, the Clerk read as follows:

Be it enacted, etc., That the Comptroller General of the United States be, and he is hereby, authorized notwithstanding the provisions of section 3828 of the Revised Statutes of the United States, to settle, adjust, and certify the following claims for advertising services rendered the Public Health Service, Treasury Department, namely: The claims of certain Chicago newspapers for advertising services rendered October 3, 1918, amounting in all to $2,894, under the appropriation "Suppressing Spanish influenza and other communicable diseases, 1919"; the claim of a Houston (Tex.) newspaper, $65.17; and the claim of a New York newspaper, $30, for advertising services rendered between June and October, 1920, under the appropriations "Pay of personnel and maintenance of hospitals, Public Health Service, 1920", and "Maintenance, marine hospitals, 1921."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had agreed to a concurrent resolution of the House of the following title:

H.Con.Res. 35. Concurrent resolution requesting the President to return to the House of Representatives the bill H.R. 3521 for the purpose of correcting an error in said bill.

The message also announced that the Senate had agreed to the amendments of the House to the bill (S. 3022) to amend sections 3 and 4 of an act of Congress entitled "An act for the protection and regulation of the fisheries of Alaska, approved June 26, 1906, as amended by act of Congress approved June 6, 1924, and for other purposes.

THE PRIVATE CALENDAR

HOMER J. WILLIAMSON

The Clerk called the next bill, H.R. 2432, for the relief of Homer J. Williamson.

Mr. TRUAX. Reserving the right to object, this is another bill to refund income taxes in the sum of $1,045.81, and it was paid in 1918 and 1919.

Mr. LUDLOW. Will the gentleman withhhold his objection?

Mr. TRUAX. I will.

Mr. LUDLOW. I certainly hope that my friend will have a heart in this case, because I think there never was a more meritorious bill brought before this Congress. The beneficiary of this bill is a splendid young man, a candy manufacturer of Indianapolis. He was in doubt as to how to fill out his income-tax blank for the calendar year 1918. He wanted to fill it out honestly, so what did he do? He went to the Federal building in Indianapolis to consult the revenue agents there, the experts who among all persons are supposed to know how to fill out these returns. He took with him his trial balance and his other data and he placed all the information on the table right before this agent of the Government. The agent filled out his return for him, an agent of the Government, not the taxpayer, and the agent made a mistake. Owing to that mistake the taxpayer was overcharged in the sum of $1,045.81 on his taxes for the calendar year 1918. He knew nothing about it. It went along year after year and not until the 5-year period of the statute of limitations had expired, did another representative of the Government, in overhauling the same taxpayer's return for the calendar year 1919, discover that an agent of the Government had misinformed this man and had incorrectly made out his return, and as a result he had been overcharged in this amount.

Certainly, if there ever was an honest claim, it is this one. This man should be refunded that money for every reason in the world, because it was not due to any negligence of his. He wanted to do the right thing, and the Government is responsible for the error, and nobody but the Government is responsible for the error. Therefore, it is an obvious case of justice, where this man should have this money handed back to him that was erroneously paid to the Government.

Mr. TRUAX. I will say to my friend and colleague from Indiana that it is with extreme regret that I must object to his bill. Had the gentleman been on the floor yesterday and today all the time, he would have noted that on several occasions bills embodying the same principle, although for much larger amounts of money, have been objected to. The report of the Secretary of the Treasury Mellon, in the closing paragraph, says:

> In view of the foregoing and in fairness to other taxpayers whose claims for refund have been denied on the same grounds, the Department is unable to lend its approval to the proposed bill.

I have already taken the position and so stated on several occasions, that when Mr. Mellon, that champion refunder of all refunders, refuses to refund, then, there is evidently not much merit in the claim.

Mr. LUDLOW. On the statements of fact as I have made them here, does the gentleman not think that if this transaction had been between ordinary private citizens, one citizen would hand the money back to the other, when it was overpaid? Certainly, he would. It would simply be common honesty to do so, and the Government ought to be as honest as its citizens.

Mr. TRUAX. I will say to the gentleman that, as previously stated, I think the refunding of income taxes paid 10 or 12 years ago, and the credit abatements that go along with them, is the worst and most costly racket that has ever been practiced on this Government. The taxpayers and the Government have been robbed of millions of dollars through that practice.

There were thousands of illegal refunds made by Secretaries of the Treasury. If I had it within my power, I would stop the practice today of refunding any taxes paid during a preceding calendar year.

Mr. LUDLOW. The gentleman's remarks have no pertinency whatever, as attached to this bill, because there is no doubt about the facts of this bill. There was an overpayment of taxes through no fault of the taxpayer but through the fault of an agent of the Government.

Mr. TRUAX. That is the claim made with reference to other bills, as well as the gentleman's bill; and to the other bills I have already objected to.

Mr. LUDLOW. What is the purpose of these private bills if it is not to do justice in individual cases which cannot be reached by general rules and general laws?

Mr. TRUAX. Does the gentleman refer to the special cases dealt with in private bills?

Mr. LUDLOW. I say, What is the purpose of the Private Calendar if it is not to do justice in those instances which cannot be reached through generalization?

Mr. TRUAX. I would call the gentleman's attention to the procedure of passing bills on the Private Calendar. A Member introduces a bill, maybe not because he himself favors the bill but because he is practically forced to introduce it by a good constituent. The bill goes to the Committee on Claims and is referred to a subcommittee. The subcommittee reports it to the full committee and the full committee reports it to the House.

Mr. LUDLOW. I understand that, but let me ask the gentleman this one question: Disassociating this case entirely from all other income-tax refunds and considering it purely on its merits, does not the gentleman think it is a meritorious claim? As I stated a while ago, Homer J. Williamson took his figures covering the year 1918 and went to the Federal building at Indianapolis, and consulted a deputy collector, who prepared his return, which resulted in a tax of $1,442.48. The deputy collector inadvertently and erroneously included in the closing inventory the items of accounts receivable amounting to $5,000, and equipment and fixtures amounting to $1,642.35, which made the closing inventory a total of $15,302.15 when it should have been $8,659.80, thus making an overpayment for 1918 in the sum of $1,045.01.

Mr. Williamson relied upon the knowledge and the ability of the said deputy collector in the preparation of that return. His attention was not called to this error until July 5, 1924, when Revenue Inspector Earl D. Haley reported upon an examination of his records for the years 1919, 1920, and 1921. He is entitled to a refund. If he does not get it, I will just about conclude that there is no justice left in the world.

Mr. TRUAX. It might possibly be a meritorious claim if such claims could be called meritorious; but as stated before, in view of my position for the past 4 or 5 years of criticizing caustically Mr. Mellon for refunding income taxes going back as far as 1917 and 1918, war-profits taxes, taxes on incomes piled up by war profiteers, I cannot overlook this case.

Mr. ZIONCHECK. Mr. Speaker, I demand the regular order.

Mr. TRUAX. If I withdraw my objection in this case, I must do so for the gentleman from Michigan and the other gentlemen to whose bills I have objected.

Mr. Speaker, the regular order is demanded. The regular order is that I object.

RUBY F. VOILES

The Clerk called the next bill, H.R. 2438, for the relief of Ruby F. Voiles.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $75 to Ruby F. Voiles, which represents the amount of a reward she should have received for furnishing information leading to the apprehension of the criminals who held up and robbed a mail truck at the Dearborn Street Station, Chicago, Ill., on April 6, 1921.

With the following committee amendments:

Page 1, line 5, after "$75", insert the following: "in full settlement of all claims against the Government of the United States."

Page 2, line 1, insert the customary attorneys' fee amendment, as follows: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendments were agreed to.

Mr. McGUGIN. Mr. Speaker, I move to strike out the last word of the bill.

Mr. Speaker, I ask unanimous consent to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

TREATMENT ACCORDED DR. WIRT HAS BEEN UNFAIR AND WITHOUT PRECEDENT

Mr. McGUGIN. Mr. Speaker, the first obligation upon the Membership of Congress is to retain public confidence in representative government. Confidence cannot be retained except that the representatives conduct themselves in absolute fairness in all public matters and toward all citizens who may have business before the Congress or any of its committees. In the matter of the select committee to investigate the charges presented by Dr. Wirt, I submit that the conduct of two members of the committee toward Dr. Wirt has been so obviously unfair that this committee can no longer retain the confidence and the respect of the people of the country. I refer to the treatment which has been accorded to Dr. Wirt by the chairman of the committee, Mr. BULWINKLE, and by another member of the committee, Mr. O'CONNOR.

In the House of Representatives on April 11, Mr. BULWINKLE said that if he had cared to go into the private character of Dr. Wirt, he would have brought out the fact that during the war on account of his pro-German activities he was confined in jail at Gary, Ind.

This statement is wholly false and has been completely repudiated by responsible citizens of Gary, Ind., including Democratic leaders, Rotary Club, Chamber of Commerce, Y.M.C.A., Teachers' Association, Federated Womens' Clubs, Catholic and Protestant ministers, and various mayors of the city during the past 20 years.

In the House of Representatives in open session on April 12, Mr. O'CONNOR, the ranking majority member of this committee, displayed public prejudice and bias toward Dr. Wirt in the most patent and obvious manner. His conduct was such as to condone the wholly false and malicious statement made against Dr. Wirt by the chairman, Mr. BULWINKLE.

Mr. O'CONNOR did this after he had a full and fair opportunity to know that the statements made against Dr. Wirt by Chairman BULWINKLE were false and malicious. Mr. O'CONNOR displayed obvious bias and prejudice against Dr. Wirt when he refused to permit me to put into the RECORD yesterday telegrams from citizens of Gary, Ind., which telegrams completely repudiate the false and defamatory statement of Chairman BULWINKLE that Dr. Wirt was in jail in Gary, Ind., for pro-German activities. Mr. O'CONNOR, in refusing to permit these telegrams to go into the RECORD, placed himself in a position where the public can reach but one logical conclusion, that is that his hatred for Dr. Wirt is so bitter that he is wholly unwilling for a false and malicious statement defaming the doctor's character to be corrected.

These telegrams were from Harry L. Arnold, for 19 years actively identified with the Democratic Party at Gary; H. B. Snyder, for 24 years a citizen of Gary and editor of the Post-Tribune; William F. Hodges, for 27 years personal attorney to Dr. Wirt and mayor of Gary during the war; Rev. Father Thomas Jansen, for 27 years pastor of a Catholic parish at Gary; H. S. Norton, president of the Gary Commercial Club and Chamber of Commerce; Harry Hall, for 27 years an acquaintance of Dr. Wirt, and worked under Dr. Wirt as chairman of war activities in Gary; and R. O. Johnson, the present mayor of Gary and mayor of Gary during the war.

No court of five judges would be permitted to pass judgment upon the statements of any witness, which court had so openly and flagrantly displayed its bias, prejudice, and hatred for the poor victim before it, should one of the five judges publicly make the false statement that the witness had been in jail for disloyalty and should another of the judges refuse to permit to be made public the irrefutable evidence that such defamatory statements against the witness were wholly false. Such conduct on the part of a court would not be unlike the treatment this committee has accorded to Dr. Wirt.

The people of the United States can have no confidence in the findings of this committee if those findings are to be made up by Members who have displayed the bias and prejudice against Dr. Wirt which has been openly displayed by Mr. BULWINKLE and Mr. O'CONNOR. From the standpoint of the House of Representatives, I realize that the great embarrassment is that if Mr. BULWINKLE and Mr. O'CONNOR do withdraw from the committee, they will have to be replaced by those appointed by the Speaker. That will bring up something else which will be shocking to the public confidence. The public cannot help but wonder about the Speaker's fairness and impartiality in making the new appointments. This is due to the fact that the Speaker was reported in the press as saying, before Dr. Wirt appeared before the committee, that Dr. Wirt would be put in jail if he did not testify. There was no occasion for that statement. Dr. Wirt had not refused to testify. There is only one logical construction which can be placed upon the Speaker's statement and that is that in advance the Speaker was undertaking to discredit Dr. Wirt before the people of the country.

There is still something else which is most embarrassing when the House of Representatives undertakes to correct this condition so that the public confidence can be retained in the absolute fairness of the House, which is that on Wednesday about 30 minutes after Mr. BULWINKLE had made the malicious statement that Dr. Wirt had been in jail at Gary, Ind., during the war, I took the floor as a mere courtesy, and as a matter of common justice, at the request of James A. Reed, the attorney for Dr. Wirt, and said:

> The Honorable James A. Reed, former United States Senator, has just called me on the telephone and requested me to state to the House that the charge made a few moments ago by the gentleman from North Carolina [Mr. BULWINKLE] that Dr. Wirt had served a term in jail during the World War is wholly malicious and wholly false; that Dr. Wirt's record is clean and that he has never been arrested.

Mr. BYRNS, the majority leader, interrupted me with the statement:

> I thought that we had agreed to quit and attend to the business of the House and not play petty politics on this floor while there is important business to attend to.

Now, the American people essentially like fair play. The American people cannot believe that there is fair play when the floor leader of this House makes a statement that it is petty politics for a Member to consume 1 minute of the time of the House in merely correcting a false and defamatory statement which had just been made upon the floor against a citizen of the country.

There is something else which is shocking to public confidence for which the House of Representatives is not to blame. I refer to the press report yesterday of Secretary Ickes when he undertook to discredit and defame Dr. Wirt before a press conference by making the charge that Dr. Wirt had been endeavoring to mulct from sacred Public Works funds money for his own personal benefit. Dr. Wirt has made the statement that this statement on the part of Secretary Ickes is false. Whether this statement be true or false, this much is obvious, that the real purpose of Secretary Ickes in making the statement at this time is to defame the character of Dr. Wirt and to discredit him. If, in this matter, Secretary Ickes' purpose had been to render a public service, he would have made public his statement of yesterday at the time that he, Ickes, claims Dr. Wirt tried to despoil this sacred Public Works fund, which was at a time before Dr. Wirt had made his public statement which is now so irritable to Secretary Ickes.

The public will understand that it is more pleasant for Secretary Ickes at this time to defame the character of Dr. Wirt in this manner than it would be for Secretary Ickes to appear before this committee to tell to the committee and to the country by what authority of law he used a million dollars of Public Works funds to purchase stock in a corporation known as the Electric Home & Farm Authority, incorporated under the laws of Delaware by the directors of the Tennessee Valley Authority, which corporation is authorized by its charter to manufacture, buy, sell, and deal in electrical appliances, and goods, wares, and merchandise of every class and description necessary or useful for the operation of the corporation, also to lend money and to extend financial assistance and guarantee the obligations of individuals, firms, corporations, and others with or without security, also to borrow money and issue evidences of indebtedness of all kinds whether secured by mortgage, pledge, or otherwise without limit as to amount and also to purchase, deal with, or dispose of stocks, bonds, or other securities of any person, firm, association, trust, or corporation.

While it may be more pleasant for Secretary Ickes at this time to question the character of Dr. Wirt than it would be for him under oath to tell this committee and the country by what authority of law he is taking a million dollars of Public Works funds to buy the stock in a corporation authorized to do the things which this Delaware corporation is authorized to perform—and which will be done with Government money which was appropriated by Congress for the primary purpose of taking care of unemployment—yet I am quite certain that the public would much rather have Secretary Ickes come before the committee to tell by what authority of law a million dollars of Public Works money has been used for the purpose of purchasing the stock in such a corporation.

If it develops that there is no authority in law for Mr. Ickes, Public Works Administrator, to permit $1,000,000 of Public Works funds to be invested in the stock of a corporation authorized to perform such business, then at least one statement in the charges of Dr. Wirt will have been proved conclusively, namely, that one high official in the executive department of the Government, none less than a Cabinet officer, is conducting his affairs without regard for the laws of the Republic under the Constitution.

In order for the American people to understand fully the magnitude of the effort to destroy the character of Dr. Wirt, I think that the people would be very much interested if they could have the full and complete report of a most important press conference in Washington on Wednesday morning. By a full report, I mean the "off the record" report as well as the record report. From the information which I have been able to receive, the off-the-record report includes the statement from one high in the executive circles:

> I advise you to look into the private character and private life of Dr. Wirt. I am not in a position to tell it to you now.

The conduct of the chairman of the committee, the ranking majority member of the committee, the Speaker of the House of Representatives, the majority floor leader of the House of Representatives, and Mr. Ickes, a Cabinet officer, toward Dr. Wirt presents an issue far greater than the issue presented in the original Wirt charge. That issue is, Can an American citizen appear before a committee of Congress without being besmirched by members of the committee, the Speaker of the House of Representatives, the majority leader, and a Cabinet officer? This is an issue which leaves Dr. Wirt as a mere pawn in the game. If the time has come when any citizen, high or low in financial or social caste, white or black, Jew or Gentile, cannot appear before a committee of Congress under subpena without his character being falsely and maliciously defamed, then the rights and liberties of the American citizens are gone. If that time has come, then the America of Washington, Jackson, Jefferson, Cleveland, Theodore Roosevelt, and Woodrow Wilson is dead. This is the real issue now involved in the controversy originally presented by Dr. Wirt.

If the American people of this generation have the courage of their patriotic fathers and mothers they will arise and stamp out the un-American and unconscionable treatment which has in the last few days been heaped upon Dr. Wirt by falsely defaming his character and his loyalty and patriotism to country. When the American people make this fight they will not alone be fighting to obtain justice for Dr. Wirt, they will be fighting to retain justice and liberty for themselves and their posterity.

Whenever the rights of the American citizens are completely restored, not only will an American citizen have the right to appear before a congressional committee under

subpena without his character being falsely defamed, but he will also have the traditional American right to make his opening statement to the committee and to have counsel in the usual American manner. Dr. Wirt has been denied both of these rights. When he was denied the right to make his opening statement, he was denied the right and privilege which has been enjoyed by all the hundreds and thousands of citizens who have heretofore appeared before congressional committees. He was allowed the right of counsel, but it was with the humiliating restriction that counsel could only propound questions after he had first presented his questions to the committee in writing. This was a most humiliating and un-American restriction. Its only purpose could be that the committee was afraid to permit the American people to know the questions which were propounded by the counsel and unduly to hamper the counsel in asking questions.

Mr. Speaker, in the speech yesterday by the gentleman from North Carolina [Mr. BULWINKLE], chairman of the select committee which is supposed to inquire into the charges made by Dr. Wirt, he said——

Mr. BLANTON. Mr. Speaker, a point of order.

The SPEAKER. The gentleman will state it.

Mr. BLANTON. I thought we settled this Wirt matter yesterday. Now, the gentleman from Kansas is an entertaining speaker, and I should like to hear him on any other subject.

Mr. McGUGIN. I think that is true.

Mr. BLANTON. But there ought to be an end here to this Wirt matter. We have referred that to a committee.

Mr. SIROVICH. Does the gentleman think the gentleman is going from bad to "Wirt"?

Mr. BLANTON. Yes; and vice versa.

Mr. McGUGIN. Mr. Speaker, I refuse to yield.

Mr. BLANTON. If the gentleman is going to insist on delivering his eloquent address, I think he should have an audience to listen to him.

Mr. McGUGIN. Mr. Speaker, I refuse to yield further and have my time taken away from me.

Mr. BLANTON. Mr. Speaker, I make the point of order that there is not a quorum present, although I may withdraw it later.

Mr. McGUGIN. The gentleman may make his point; let us have a good crowd.

Mr. BLANTON. Mr. Speaker, he moved to strike out the last word; we should like to hear the gentleman on the subject of "the last word", so I withdraw the point of order that there is not a quorum present in order that the gentleman from Kansas may discuss "striking out the last word."

Mr. BLANCHARD. Mr. Speaker, I make the point of order there is not a quorum present.

The SPEAKER. The Chair will count. (After counting.) Evidently there is not a quorum present.

Mr. BYRNS. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 126]

Abernethy	Carley, N.Y.	Fish	Kelly, Ill.
Adair	Carpenter, Nebr.	Fitzgibbons	Kennedy, Md.
Adams	Cary	Fitzpatrick	Kennedy, N.Y.
Allen	Cavicchia	Flannagan	Kerr
Allgood	Celler	Foss	Kinzer
Andrew, Mass.	Chavez	Frear	Knutson
Ayres, Kans.	Cochran, Pa.	Fulmer	Kocialkowski
Bakewell	Condon	Gifford	Kurtz
Beam	Connery	Gillespie	Kvale
Beck	Connolly	Goldsborough	Lambertson
Berlin	Corning	Granfield	Lanzetta
Biermann	Crosby	Greenway	Lehlbach
Black	Crowther	Hamilton	Lemke
Boehne	Culkin	Hart	Lesinski
Boileau	Cummings	Harter	Lewis, Colo.
Brennan	Darrow	Healey	Lewis, Md.
Britten	De Priest	Hess	Lloyd
Brooks	DeRouen	Hill, Knute	McCarthy
Brown, Ky.	Dockweiler	Hoeppel	McCormack
Browning	Douglass	Imhoff	McFarlane
Buckbee	Doutrich	Jacobsen	McKeown
Bulwinkle	Doxey	James	Milligan
Burke, Calif.	Duffey	Jeffers	Montague
Cannon, Mo.	Edmiston	Jenckes, Ind.	Montet
Cannon, Wis.	Edmonds	Jones	Moynihan, Ill.
Murdock	Randolph	Somers, N.Y.	Wigglesworth
Nesbit	Rayburn	Stalker	Wilcox
Norton	Reid, Ill.	Sullivan	Wilson
O'Brien	Reilly	Sumners, Tex.	Withrow
O'Malley	Richards	Taylor, Colo.	Wolfenden
Oliver, Ala.	Rogers, Okla.	Taylor, Tenn.	Wood, Ga.
Oliver, N.Y.	Ruffin	Tobey	Woodruff
Owen	Sadowski	Treadway	Woodrum
Peavey	Sandlin	Underwood	Young
Perkins	Schaefer	Waldron	
Peyser	Sears	Wallgren	
Ramspeck	Simpson	White	

The SPEAKER. Two hundred and eighty-five Members have answered to their names. A quorum is present.

On motion of Mr. BYRNS, further proceedings under the call were dispensed with.

Mr. McGUGIN. Mr. Speaker, am I recognized?

The SPEAKER. The gentleman from Kansas is recognized.

Mr. McGUGIN. Mr. Speaker, in the first place, may I say to the Members of the House that I am not responsible for their being called over here.

In the speech yesterday of Mr. BULWINKLE, Chairman of the Select Committee——

Mr. BLANTON. Mr. Speaker, I make the point of order that the gentleman moved to strike out the last word. The last word is "1921." If the gentleman will confine himself to the subject, I shall not interrupt him any more, but we do expect him to confine himself to the subject.

Mr. McGUGIN. Does the gentleman from Texas seriously object to my reading six telegrams from substantial citizens of Gary, Ind., stating that Dr. Wirt is an upright citizen and that he was never in jail, as was charged on the floor of this House yesterday?

Mr. BLANTON. What has that to do with the business of the Congress?

Mr. McGUGIN. When did the gentleman from Texas decide to confine himself to the business of the Congress?

Mr. BLANTON. The gentleman knows that his speech has to be answered. That will take up more time. If he wants to put a prepared speech in the RECORD by extending his remarks, I shall not object.

Mr. McGUGIN. Mr. Speaker, I do not yield further to the gentleman from Texas.

Mr. BLANTON. Mr. Speaker, if the gentleman from Kansas desires to speak out of order, I ask unanimous consent that the gentleman may have 5 minutes to speak out of order and that I have 5 minutes to answer him.

Mr. O'CONNOR. Mr. Speaker, reserving the right to object.

Mr. BLANTON. I want some Democrat to answer the gentleman from Kansas.

Mr. O'CONNOR. Mr. Speaker, reserving the right to object, I understand there is a unanimous consent request before the House. As a member of the special committee, the gentleman from Kansas did me the honor yesterday of paying me a few compliments.

Mr. BLANTON. I yield the right to the gentleman from New York if he wants to answer the gentleman from Kansas.

Mr. O'CONNOR. I understand the gentleman from Kansas used 10 minutes. I imagine he will use at least 10 minutes today, according to the size of the manuscript he has before him. I do not now know whether I will dignify his speech with a reply, but I would like to have the opportunity and I ask unanimous consent to answer the gentleman for 10 minutes if I see fit, and I hope I do not see fit to answer him.

Mr. BLANTON. Mr. Speaker, I will modify my request and ask unanimous consent that the gentleman from Kansas be permitted to proceed for 10 minutes, that I be given 3 minutes to answer him, and that the gentleman from New York may have 10 minutes, if he desires.

Mr. SCHULTE. Mr. Speaker, I object.

Mr. McGUGIN. Mr. Speaker, in the speech yesterday of Mr. BULWINKLE, chairman of the select committee——

Mr. BLANTON. Mr. Speaker, I make the point of order that the gentleman from Kansas is not confining himself to the subject, which is a motion "to strike out the last word."

Mr. TABER. Mr. Speaker, the gentleman has not proceeded far enough to determine that.

Mr. BLANTON. This motion to strike out the last word has nothing to do with the speech yesterday of Mr. BULWINKLE. I imagine the last word that will be said on "Dr. Wirt" will be at the next primary in Kansas.

The SPEAKER. The gentleman from Kansas will confine himself to a discussion of the pro forma amendment.

Mr. McGUGIN. I am sorry that those on the Democratic side do not see fit to let me read to the House six telegrams from Gary, Ind., which completely refute the slanderous statement made here yesterday against Dr. Wirt; but having already obtained permission to extend my remarks, I will simply include them in my remarks.

Mr. BLANTON. The gentleman cannot do that without permission.

Mr. McGUGIN. I already have permission.

Mr. O'CONNOR. Mr. Speaker, I make the point of order that under the rules of this House no one can insert anything in the RECORD, whether it is a telegram or not, without unanimous consent.

Mr. McGUGIN. I have already obtained unanimous consent.

Mr. O'CONNOR. To insert these telegrams in the RECORD? No!

Mr. Speaker, I make the point of order that no one can insert in the RECORD a document written by anybody else, or even read them on the floor, without unanimous consent as to those particular documents.

The SPEAKER. The gentleman from New York is correct. The Clerk is looking up now to see what the unanimous-consent request was.

Mr. BLANTON. Mr. Speaker, I ask unanimous consent that the gentleman from Kansas [Mr. McGUGIN] be allowed to proceed for 5 minutes and that the gentleman from New York [Mr. O'CONNOR] may have 5 minutes to answer.

Mr. SCHULTE. Mr. Speaker, I object.

Mr. McGUGIN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. McGUGIN. What is the ruling of the Speaker? Am I denied the opportunity to put these telegrams in the RECORD?

The SPEAKER. The Chair is advised that the gentleman was given permission to extend his own remarks in the RECORD. Therefore the gentleman is denied permission to put the telegrams in the RECORD.

Mr. McGUGIN. Then, I will have to go over to the Senate and get them in.

Mr. RICH. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. RICH. Is it possible that the Democratic gag rule here is going to be such as to not allow Republicans to put statements in the RECORD?

The SPEAKER. The gentleman does not state a parliamentary inquiry.

Mr. RICH. It is high time that the House of Representatives dignify itself with the business before it.

The SPEAKER. The gentleman is out of order.

Mr. McGUGIN. In the speech yesterday by Mr. BULWINKLE, chairman of the select committee, which is supposed to inquire into the charges made by Dr. Wirt, he said:

> The gentleman from Kansas knows we are not prosecuting or persecuting Dr. Wirt; not in the least. He was not here to be investigated. If he had been, I would have gone into his private character. If he had been, I would have brought out from him the fact that during the war on account of his pro-German activities he was confined in the jail at Gary, Ind. I did not bring any of that before the committee. There was not the least bit of persecution of Dr. Wirt.

These were the exact words which Mr. BULWINKLE uttered upon the floor. I copied them from the original transcript as it came from the reporters. This statement is a bold, outright statement on the part of Mr. BULWINKLE when he said:

> I would have brought out from him the fact that during the war on account of his pro-German activities he was confined in the jail at Gary, Ind.

When this speech was reported in the RECORD this morning I find that it has been changed to read as follows:

> I would have brought out from him the fact that during the war whether or not, on account of his pro-German activities, he was confined in the jail at Gary, Ind.

The words "whether or not" were added to the original reporter's transcript of this speech. I submit that adding the words "whether or not" is a case of hedging on the bold and actual charge which was made on the floor by the gentleman from North Carolina. It is not only hedging but it is presenting a wholly unfair statement.

Supposing Mr. BULWINKLE had asked Professor Wirt this question: "Please tell us 'whether or not', on account of your pro-German activities, you were confined in the jail at Gary, Ind.?" If Dr. Wirt had answered "yes", it would have meant that he was in the jail at Gary, Ind., for pro-German activities. If Dr. Wirt had answered "no", it would have meant that he was not in jail for pro-German activities but in the jail at Gary, Ind., for something else. Any way he could answer such a question, he would have been left in the position of admitting that he was in the jail at Gary, Ind., notwithstanding the fact that he was never in jail.

Adding these words "whether or not" to the Bulwinkle statement as it was actually made on the floor is not unlike the insidious stock question which is frequently referred to, namely, Have you quit beating your wife? If the witness answers "no", of course, it is left as an established fact that he is still beating his wife. If he answer "yes", then it stands that he formerly beat his wife but has now quit. This, of course, leaves a witness who has never beaten his wife in a most embarrassing position.

It is not for me or any other member of the committee to be called upon to defend or bolster up Dr. Wirt. It is simply up to Dr. Wirt to make his statement and let the public be the judge.

The responsibility is upon me and every other member of the committee to insist that Dr. Wirt have the same square deal as should be accorded any witness appearing before a congressional hearing.

I submit that in the light of the record he has not had the fair, courteous treatment which should be accorded to any citizen appearing before a congressional hearing.

First, before Dr. Wirt came to Washington, the Speaker of the House was quoted in the papers as saying that if Dr. Wirt does not answer the questions presented, we will put him in jail. What occasion was there for such a statement from the Speaker of the House? Dr. Wirt had not said that he would not answer questions. The only possible purpose for such a statement from the Speaker would be to discredit in advance a witness in the eyes of the people.

Second, when Dr. Wirt appeared before the committee he had with him his counsel, the Honorable James A. Reed, former United States Senator from Missouri. Senator Reed was denied the opportunity to appear for Dr. Wirt with all the liberties and privileges which counsel for other witnesses have enjoyed.

Third, Dr. Wirt was denied the opportunity to make an opening statement. When Dr. Wirt was denied this opportunity he was denied a courtesy and a right which has been enjoyed by all the hundreds and thousands of other witnesses who have appeared before congressional committees.

Fourth, the majority members of this committee have refused to call all the people named in Dr. Wirt's testimony. They have refused to call Secretary of Agriculture Wallace and the Assistant Secretary of Agriculture Tugwell, both of whom were named by Dr. Wirt, and of whom there is documentary evidence to substantiate and prove the statements made by Dr. Wirt pertaining to these two gentlemen.

The denial to Dr. Wirt to have counsel in the usual sense, to make the usual and customary opening statement, and the refusal of the committee to subpena all the people who were named by Dr. Wirt, including Secretary Wallace and Professor Tugwell, were done by the three majority members of the committee, over the protest of the two minority members.

When it is said that the committee has refused to do certain things in this matter, let it always be remembered that it has been the three majority members who have denied these rights, commonly extended to other witnesses, to Dr. Wirt, while the two minority members, Mr. LEHLBACH and I have insisted at all times that Dr. Wirt should have the right to make his opening statement, the right of counsel, including the right of his counsel to cross-examine anyone who refutes the statements of Dr. Wirt, and that all witnesses named by Dr. Wirt be called.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

BLANCH BROOMFIELD

The Clerk called the next bill, H.R. 2518, for the relief of Blanch Broomfield.

Mr. HOLLISTER. Mr. Speaker, I object.

JOHN L. HOFFMAN

The Clerk called the next bill, H.R. 2556, for the relief of John L. Hoffman.

Mr. HOPE. Mr. Speaker, I object.

Mr. MEAD. Will the gentleman withhold his objection?

Mr. HOPE. I withhold it temporarily, Mr. Speaker.

Mr. MEAD. Mr. Speaker, I may say in explanation to my distinguished colleague that this claim affects a railroad employee who was going to his work on June 16, 1917, and was attacked by a soldier who was guarding a bridge. The soldier was intoxicated and attacked this railroad worker, who was on his way to his work. As a result of the injuries inflicted upon this man he was confined to his home from June 16 until July 23. The soldier was in the Federal service and was not a member of the National Guard at the time, and therefore no relief could be given by any State agency.

This man has suffered ever since this accident. He has a hole in the top of his head that did not heal and he has had to wear glasses because of impaired vision. It is possible that he may eventually lose his rights as a railroad trainman because of defective eyesight. The man is permanently injured and he is asking the only government that can consider his claim, the Federal Government, because it was a Federal officer who struck him down, to provide this relief.

I may also say that this soldier admitted in court that he was intoxicated and did not know anything about what he had done. He was sentenced to 6 months at hard labor for assaulting this worker and was dishonorably discharged from the Army on account of this attack.

Under the circumstances and because of the fact that this man has suffered so much and has waited so long for this meager measure of relief, I hope the gentleman will withdraw his objection.

Mr. HOPE. Mr. Speaker, I have found nothing in the report to indicate that this man has suffered any permanent injury or has suffered any severe injury of any sort.

Mr. MEAD. I have a letter here in my file that explains to the Secretary of War that his report was inaccurate and in no way conveyed the correct information to the committee, and I furnished the Secretary of War with a letter from the superintendent of the Lehigh Valley Railroad to disprove the one claim that the War Department made, which was that he was only away from his work 1 day. The records of the railroad company indicate that he was away from his work from June 17 until July 23.

The next objection was made when the bill came before the House a year ago. It was claimed then that the soldier was a member of the National Guard and that the State should pay the claim. I have a letter from the deputy attorney general of the State giving the day and date when the regiment was Federalized and indicating it was clearly and purely a Federal claim.

I have all the records here and I have answered every claim made by the War Department and I have given the committee every bit of evidence, and I may say further I have here such information as the gentleman may desire.

Mr. HOPE. I would have no objection to considering any evidence the gentleman may have, but the report of the committee is certainly very different from the statement of the gentleman.

Mr. MEAD. No; the report of the committee indicates he was away from work from June 16 until July 23. That is in the report of the committee.

Mr. HOPE. The report of the committee, however, furnishes no information whatever as to any permanent injury which this man may have suffered. I think that is a matter of very great importance, and if the gentleman has any evidence showing the existence of a permanent injury, I would be quite willing to consider it, and I am going to suggest that under the circumstances——

Mr. MEAD. The report of the committee indicates that this man has a serious injury. It goes on to say that he suffered an injury to his head and that he had stitches taken to sew up a wound on his head and that his right ear was also lacerated. It indicates that he suffered from dizzy spells, and that the soldier was intoxicated, was arrested, and found guilty and sentenced to serve 6 months.

Mr. HOPE. There is nothing in the report that I have been able to discover to show that this man suffered any permanent injury. If he did, of course, that alters the case considerably, and I am going to suggest to the gentleman that we permit this matter to be passed over for the present.

Mr. MEAD. If the gentleman will permit, here is an affidavit from Wayland W. Williams, an eyewitness, and here is another statement from the superintendent of the Lehigh Valley Railroad, and another one from Charles Benson. These were furnished to the committee and indicate not only the nature of the attack but the permanency of the injury to this man as well as the time he lost.

I know this man and I know that after a period of 12 or 15 years he is broken in health as a result of this injury. All that is requested for him in this bill is such money as will pay the actual expenses incurred, including the loss of time and medical treatment.

Mr. HOPE. Was there any medical evidence furnished the committee to show that his present condition of health is directly due to this attack?

Mr. MEAD. This occurred during the war. The evidence furnished the committee was submitted years ago. The evidence furnished at that time indicated that this man was permanently disabled. There was no objection and the claim was not questioned in this manner before. The only question brought up before was that this claim should be referred to the State. I took it up with the Attorney General and he advises that it is not a State case, because the regiment was federalized.

If I had know anyone was going to object today I would have furnished the information concerning his present physical condition.

This man is asking for only $2,000 to reimburse him for the expenses involved in connection with the injury which resulted from a brutal attack on the part of an intoxicated soldier who confessed his guilt in court.

Mr. HOPE. Let me say to the gentleman that I was going to suggest that if he would accept an amendment reducing the amount to $500, I would not object, but I do not think $500 is enough if his injuries are as the gentleman has stated; but I would like to have time to make a further investigation as to the permanency of these injuries. So I am going to suggest that we let the bill be passed over for the present, and that the gentleman furnish me with such evidence as he may have to show the permanency of these injuries, and I shall agree to offer no objection if I am satisfied as to such injuries.

Mr. MEAD. I shall be very sorry if the gentleman objects at this time, because 2 years ago an objection was made, and that was about 14 years after the war was over, and was based on the alleged fact that this was a National Guard regiment.

I have furnished information to disprove that contention. Now, if objection is made again, it will probably go over for 2 years more.

The $2,000 will only pay the doctor and hospital bills, and the expenses resulting from his loss of work. This is not a constituent of mine, but I know this man and I know the condition he is in. The bill only calls for a small amount of money, and I would like to have the gentleman withdraw his objection.

Mr. HOPE. The Private Calendar will be considered again shortly. I am willing to have it come up at the next call of the calendar, and if I find the facts to be as indicated by the gentleman, I shall be glad to help him get the bill through. But I would like to have time to look up the facts.

Mr. MEAD. There are several affidavits in the report.

Mr. HOPE. I have read the affidavits. If the facts are as the gentleman indicated, I think the man is entitled to the full $2,000, but if not, I think $500 is ample.

Mr. MEAD. Five hundred dollars would hardly pay him for loss of time on the railroad. The doctor who attended him has since died, and therefore it would be impossible to get an affidavit from him.

Mr. HOPE. Mr. Speaker, I ask unanimous consent that this bill be passed over for the present, and called up as the second bill on the next call of the Private Calendar.

The SPEAKER pro tempore (Mr. SIROVICH). Is there objection to the request of the gentleman from Kansas?

There was no objection.

JACOB DURRENBERGER

Mr. BACON. Mr. Speaker, I ask unanimous consent to return to Calendar No. 339, a bill (H.R. 200) for the relief of Jacob Durrenberger. The gentleman from Ohio, through a misunderstanding, asked that it go over without prejudice. I have since talked to the gentleman and he stated to me that he has no objection to the bill.

The SPEAKER pro tempore. Is there objection to returning to Calendar No. 339?

There was no objection.

The SPEAKER pro tempore. Is there objection to the bill?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Jacob Durrenberger, out of any money in the Treasury not otherwise appropriated, the sum of $2,000 as compensation for personal injuries caused as a result of an accident involving an Army vehicle at Jamaica, Long Island, N.Y., on September 16, 1929.

With the following committee amendments:

In line 6, strike out the words "as compensation" and insert in lieu thereof "in full settlement of all claims against the Government of the United States."

At the end of the bill add the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendments were agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

JOSEPH A. M'CARTHY

The Clerk called the next bill, H.R. 2641, for the relief of Joseph A. McCarthy.

The SPEAKER pro tempore. Is there objection?

Mr. HOPE. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection?

There was no objection.

FRANK W. CHILDRESS

The Clerk called the next bill, H.R. 2651, for the relief of Frank W. Childress.

The SPEAKER pro tempore. Is there objection?

Mr. HOLLISTER. Mr. Speaker, I object.

Mr. SANDERS. Mr. Speaker, will the gentleman reserve his objection?

Mr. HOLLISTER. Yes.

Mr. SANDERS. The facts found by the committee are that this man was a rural-mail carrier, that he was serving a 20-mile route, but was paid for an 18-mile route. The report states that he earned $1,191.18 more than he was paid. If the gentleman will look at the letter from the Post Office Department, the last one in the committee report, he will see that the Department does not advise against the bill; that is to say, they do not say that this is an unjust claim, but they say that it is not in the interest of efficient administration. In view of these facts, what objection has the gentleman to letting the bill go through?

Mr. HOLLISTER. Mr. Speaker, if I understand the bill correctly, here is the case of a mail carrier on a rural route who carried the mail over that route during a period of years, apparently well satisfied with his contract. After he severed his connection with the Government he discovered that during all that period he was traveling a little farther than he thought, and he comes in now and asks to be paid an additional amount of money because while he thought he was traveling only 18 miles, really, as a matter of fact, he was traveling a 20-mile route.

Mr. SANDERS. He was not responsible for that, because the Government determined the mileage.

Mr. HOLLISTER. I agree with my colleague about that, but it does not seem to me that this is a case where the Government is properly liable. It would open up discussion in a thousand cases, just as the Department says. It is not as if the man had made a claim and had been refused at the time, but after he severed his connection with the Government he discovered that he had traveled more miles than he thought he had.

Mr. SANDERS. The gentleman is not serious that he thinks there would be a thousand cases like this?

Mr. HOLLISTER. I am sure I do not know. I know only that the Department called attention to the fact that it would open up a very large field. I do not say that other claims would be on all fours with this, but it would open up cases where people had possibly done more work than they thought they had. I suggest the gentleman should introduce a general bill and take it up before the proper committee and decide whether such cases should be paid for. It has often seemed to me, in these individual cases, where a general principle is covered, that we should first find out whether the Congress wants to recognize the principle; and if so, consider the individual bills afterward.

Mr. SANDERS. I do not think the gentleman will find any parallel case to this, and I do not see the necessity for a general bill. Of course, if the gentleman insists upon his objection, that is all there is to it.

The SPEAKER pro tempore. Is there objection?

Mr. HOLLISTER. Mr. Speaker, I object.

D. F. PHILLIPS

The Clerk called the next bill, H.R. 2666, for the relief of D. F. Phillips.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the United States Employees' Compensation Commission be, and hereby is, authorized to consider and pass upon the application of D. F. Phillips, former rural free delivery carrier at Resaca, Ga., for the benefits of the Compensation Act approved September 7, 1916, on account of an injury occurring in the year 1919, notwithstanding the provisions of section 20 of said act requiring that all claims be filed within 1 year from the date of injury.

Mr. HANCOCK of New York. Mr. Speaker, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. HANCOCK of New York: At the end of line 10, insert: "*Provided*, That no benefit shall accrue prior to the passage of this act."

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time and passed.

A motion to reconsider was laid on the table.

PAUL I. MORRIS AND BEULAH FULLER MORRIS

The Clerk called the next bill, H.R. 2669, for the relief of Paul I. Morris and Beulah Fuller Morris.

The SPEAKER pro tempore. Is there objection?

Mr. TRUAX. Mr. Speaker, I reserve the right to object, to ask the gentleman from Georgia [Mr. TARVER] whether there is any legal liability upon the Government in this claim?

Mr. TARVER. Mr. Speaker, this bill is exactly, in principle, like one in favor of Leo Byrne passed during the Seventy-first Congress, except in that case the claimant was in training in the Reserve Officers' training camp, whereas this decedent was in training in the civilian military training camp. In this case the trainee died, as recognized by the War Department, as a result of exposure to meningitis while in training at Fort McClellan, Ala. The bill proposes to accord to his parents benefits they would have received had he died as a civilian employee of the Government in service of the Government as a result of the discharge of his duties. It is to my mind inconceivable that there could be any valid objection to it. It is, as I said, in line with the precedent already established, except that this man was a private and in the other case the man was an officer.

Mr. TRUAX. I asked the gentleman whether there was any legal liability and responsibility upon the part of the United States Government, and not merely for a precedent.

Mr. TARVER. I think there is a moral responsibility upon the part of the Government.

Of course, none of these bills would have to be introduced and considered by Congress if there were a legal way by which the claims could be collected without special legislation. It is on a parity with every other claim bill passed, as far as that particular feature of it is concerned.

Mr. HANCOCK of New York. Reserving the right to object, I think the gentleman is hardly accurate when he states that the bill in hand is identical in principle with the Byrne Act passed a year or two ago. In that case a young man named Byrne was attending an officers' reserve training camp and was injured during the training period. He was given pay and allowance not to exceed $150.

Mr. TARVER. One hundred dollars a month?

Mr. HANCOCK of New York. No. A total of $150.

Mr. TARVER. If the gentleman will examine the report, I think he will find it was $100 a month.

Mr. HANCOCK of New York. I have the act before me. It is no. 470 of the Seventieth Congress, an act for the relief of Leo Byrne.

Mr. TARVER. I am sure the gentleman is mistaken, but if he has the act before him, of course that will show.

Mr. HANCOCK of New York. Well, I have the act right in front of me. It is a very short bill.

Mr. TARVER. The pay allowance in that case awarded to the claimant might not have been in excess of $150, as the gentleman says. My impression is that the allowance was $100 a month, but the difference in amount does not affect the principle involved.

Mr. HANCOCK of New York. In the case before us, the parents are asking for a pension, and, as the War Department points out, to do so would establish a precedent which would undoubtedly lead to many similar claims. It has never been done before, according to the War Department.

Mr. TARVER. It is not a precedent for this reason: The Byrne case is a precedent. In that case there was awarded what was considered to be fair compensation for the injury sustained by the trainee in service. That is what we are asking in this case. It makes no difference that the amount is different. The question involved is the same—that is, whether or not the Government should assume responsibility for damages incurred as the result of injuries sustained by a trainee in either the Reserve Officers' training camp or the civilian military training camp. It does not make any difference whether the amount is $150 or $1,500. The only question is, Should the Government pay under those conditions?

Mr. TRUAX. Will the gentleman yield?

Mr. TARVER. Yes; I yield.

Mr. TRUAX. The precedent cited is the case of Leo Byrne?

Mr. TARVER. That is right.

Mr. TRUAX. In that case the Government paid the individual himself who had been injured?

Mr. TARVER. Correct.

Mr. TRUAX. In this case the parents of the individual are to be reimbursed. As I understand it, the War Department recommends the enactment of section no. 2, but not of section no. 1. Is that true?

Mr. TARVER. Section no. 2 relates only to the payment of the doctor's bills and the funeral expenses incurred by the father of the trainee in the amount of $764. The War Department recommends the payment of that amount, and I apprehend, of course, there would be no objection to that in any event; but while the War Department does not recommend payment of the amount provided for in the first section of the bill, it offers, as I understand it, as its only objection, the fact that there is no law which authorizes such payment. That, of course, is true. If there were such a law it would not be necessary to enact one now. My position is that the Congress has already established a precedent by which the Government has recognized responsibility in such cases, and that in line with that precedent this legislation should properly be enacted.

Mr. HANCOCK of New York. Does the gentleman think it wise to pass special bills in preference to general legislation, considered in the committee and debated in Congress, to take care of an entire class of cases?

Mr. TARVER. I think it would be wiser to handle the question by general legislation, but until action is taken by Congress looking toward that end, it occurs to me that Congress would not like a moral injustice, although, perhaps, not a legal injustice, to be done to the dependent parents of this deceased trainee. I think it is the purpose of Congress, in passing bills on the Private Calendar, to take care of individual instances not provided for under general law, where a moral injustice might result if it were not done.

Mr. HANCOCK of New York. It is a very inequitable and unsatisfactory way of doing business.

Mr. TARVER. I quite agree with the gentleman. I think it should be done by general legislation, but, pending consideration by Congress of general legislation, it seems to me we should endeavor to do equity in each individual case as it may be presented to us.

Mr. HANCOCK of New York. I remember a similar bill about a year ago in behalf of a trainee in a citizens' military training camp in Texas, where objection was made. If we are to follow precedents, that is one that I recall, which would justify an objection to this bill.

Mr. TARVER. I am not familiar with the precedent stated by the gentleman. No doubt that is correct, but I do not recall the case.

Mr. TRUAX. In this bill, the report states that this youth, between 17 and 18 years of age, contributed slightly to the support of the family. I assume that this pension is for what he would have contributed had he lived for a period of 8 years.

Mr. TARVER. That is correct.

Mr. TRUAX. The gentleman thinks the pension mentioned, of $15 a month, would be proper and sufficient to cover whatever his contribution would have been?

Mr. TARVER. I doubt if it would be enough to cover what his contribution might have been, but it is in line with the allowance usually made by the Compensation Commission in similar cases.

Mr. HANCOCK of New York. Is the gentleman from Ohio willing to take the responsibility along with me of establishing a precedent of paying pensions to parents of boys injured at training camps? That is the question that is put up to us squarely.

Mr. ZIONCHECK. What about the boys in the C.C.C. camps?

Mr. HANCOCK of New York. They are covered by general law. The Federal Employees' Compensation Act applies to the men employed in the C.C.C. camps.

Mr. TARVER. That is the question we were discussing a while ago. We have no general law here, and for that reason must deal with these individual cases by special acts. But is there not every justification for saying that if such responsibility should be assumed by the Government in the case of employees in C.C.C. camps it should likewise be held at least morally responsible in the case of the training camps?

Mr. HANCOCK of New York. There is general law covering the C.C.C. camps. I call the gentleman's attention to this statement in the report of the War Department:

> The payment of compensation to parents of citizens' military training camp students is not authorized by existing law under any circumstances. The War Department does not favor the payment of such compensation in this case. To do so would establish a precedent which would undoubtedly lead to many similar claims.

Mr. TARVER. It is not a case of setting a precedent, for the precedent has already been established; but it must be recognized by the gentleman that the justice of the proposition is settled if we agree that it is just that the Government should pay similar compensation in the cases of employees in the C.C.C. camps, there can be no valid distinction made.

Mr. HANCOCK of New York. I understand there is a law covering the compensation of men injured in C.C.C. camps.

Mr. TARVER. There is; and, therefore, it is not necessary to pass special bills. In the case under consideration it is necessary to pass a special bill in order that justice may be done by reason of the fact that Congress has not passed a general law.

Mr. TRUAX. Mr. Speaker, would the gentleman from Georgia be willing to agree to a unanimous consent request that this bill be passed over until the next call of the Private Calendar in order that we may investigate?

Mr. TARVER. I would, of course, be compelled to accede to the gentleman's request should he insist upon it; but let me point out to the gentleman that this boy died 4 years ago, and this bill has been reported favorably to every Congress since that time by the Claims Committee. We have now reached the bill for consideration. If there is further delay it renders less probable the passage of the bill through the Senate. The parents of this deceased boy are in very distressed circumstances. They have waited almost 4 years. It seems clear that the bill, in spirit, is in accordance with previous actions of the House, and I sincerely trust the gentleman will not insist upon his suggestion.

Mr. TRUAX. I may say to the gentleman from Georgia that I have understood that perhaps bills on the Private Calendar may be considered tomorrow, or, if not tomorrow, at least very soon.

Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice until the next call of the Private Calendar.

Mr. TARVER. Mr. Speaker, reserving the right to object, the gentleman means, I hope, that it shall be assigned third place on the calendar at the next call?

Mr. TRUAX. That is right.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

ADA T. FINLEY

The Clerk called the next bill, H.R. 2673, for the relief of Ada T. Finley.

Mr. HANCOCK of New York. Mr. Speaker, reserving the right to object, the bill in its present form is practically a direction to the Compensation Commission to find that the claimant is entitled to compensation and to pay her whatever amount the law allows. I think the bill should be so amended as to leave open for determination by the Compensation Commission the question of whether or not the claimant sustained the injuries complained of in the performance of her duties.

Mr. TARVER. I want to be perfectly frank with the gentleman from New York. The bill is intended to be mandatory in its provisions. The case has already been considered by the Employees' Compensation Commission. A claim was filed by the claimant within the time allowed by law.

The insistence in this case is that the undisputed evidence in the files shows clearly that the claimant's disability of valvular heart trouble, while existing in a mild form upon her employment by the Government was severely aggravated during the time of employment which was as a follow-up nurse for the then Veterans' Bureau from 1920 to 1926.

It is a question which involves a matter of policy. I would not have the gentleman consent to the passage of this bill upon the theory that the bill asks merely permission for the claimant to present her case to the Employees' Compensation Commission, since it is intended, as I have said, to give mandatory instructions to the Commission to allow the claim.

Mr. HANCOCK of New York. That is the way the bill reads?

Mr. TARVER. Yes.

Mr. HANCOCK of New York. I understood that the gentleman had a new theory upon which this claimant was to proceed, or that there was some new evidence and that he was merely asking that the Compensation Commission again take jurisdiction, because of the new developments since the previous determination.

Mr. TARVER. No.

Mr. HANCOCK of New York. I would have no objection to a rehearing, but I object to any bill which attempts to make of Congress a court of appeals, and which bill overrules the considered action of the Compensation Commission.

Unless the bill can be amended in order to be consistent I shall be obliged to object. I have objected to several similar bills.

Mr. TARVER. I call the gentleman's attention to the fact that evidence appears in the report in the form of an affidavit by Dr. J. D. L. McPheeters, the physician under whom the claimant did her work, in which he testifies as to the circumstances which led him, her superior officer, to believe that the aggravation of her disability was occasioned by the performance of her duty. Upon that affidavit, as well as upon other evidence which appears in the report, it seemed to me to be conclusive that the claimant's disability did arise because of her service; and since it seemed that the Commission had improperly refused compensation, I thought it was a proper subject matter for presentation to Congress by a special bill.

Mr. HANCOCK of New York. I read Dr. McPheeter's affidavit and understood that on the strength of his statements the gentleman hoped for a reversal of the previous decision of the Compensation Commission.

Mr. TARVER. No; that is not it.

Mr. MILLARD. Mr. Speaker, I demand the regular order.

The SPEAKER pro tempore. The regular order is demanded; is there objection to the present consideration of the bill?

Mr. HANCOCK of New York. Mr. Speaker, I object.

ALBERT H. JACOBSON

The Clerk called the next bill, H.R. 2803, for the relief of Albert H. Jacobson.

Mr. TRUAX. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

Mr. ZIONCHECK. Mr. Speaker, I object.

Mr. TRUAX. Then, I object to the bill, Mr. Speaker.

JAMES B. CONNER

The Clerk called the next bill, H.R. 3056, for the relief of James B. Conner.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated and in full settlement of all claims against the United States Government, the sum of $2,500 to James B. Conner for the loss of his eye, sustained while performing his duties assigned to him in the mechanical shop of the Department of Agriculture.

With the following committee amendment:

Page 1, line 9, after the word "Agriculture", insert a colon and the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

WILLIAM J. RYAN

The Clerk called the next bill, H.R. 3066, for the relief of William J. Ryan, chaplain, United States Army.

Mr. HOLLISTER. Mr. Speaker, I object.

Mr. SUTPHIN. Will the gentleman reserve his objection?

Mr. HOLLISTER. I reserve my objection.

Mr. SUTPHIN. I understand this bill is the result of an accident which occurred in San Francisco several years ago when Father Ryan's car had a collision with an Army truck. His car was damaged to the extent of $225, or whatever the bill calls for. The amount is recommended for payment by the Army Department. This bill has twice passed the Senate. Once before it has been objected to in the House.

Mr. TRUAX. Will the gentleman yield?

Mr. SUTPHIN. I yield to the gentleman from Ohio.

Mr. TRUAX. Who will be the recipient of this money?

Mr. SUTPHIN. Father William J. Ryan, who is a Catholic priest, stationed at Fort Hancock, N.J. He is not a resident of my district. He came in there only recently. This claim originated some years ago, when he was stationed on the Pacific coast, and I sincerely trust the gentleman will withdraw his objection.

Mr. TRUAX. This gentleman is a chaplain in the Army?

Mr. SUTPHIN. He is a priest in the Army at the present time.

Mr. HOLLISTER. While I appreciate the War Department has recommended favorable action on the bill, I am unable to see under what principle such a recommendation was made.

Mr. SUTPHIN. I may say in answer to the gentleman that I hope no personal prejudice enters into this in any way.

Mr. HOLLISTER. There is no personal prejudice of any kind on my part.

Mr. SUTPHIN. I know the gentleman is usually fair.

The SPEAKER. Is there objection?

Mr. HOLLISTER. I shall have to object unless the gentleman wants me to make a statement as to my reasons.

Mr. SUTPHIN. I wish the gentleman would.

Mr. HOLLISTER. Here is a case of injury to property by a Government vehicle, driven by a Government employee, but there is no evidence whatsoever of any negligence. It does seem to me that we should as far as possible confine allowances in these cases to the same situation where an ordinary private corporation would have been responsible under similar circumstances.

Mr. DICKSTEIN. Will the gentleman yield?

Mr. HOLLISTER. I yield to the gentleman from New York.

Mr. DICKSTEIN. Has not the Committee on Claims considered all of these elements in connection with the question of negligence?

Mr. HOLLISTER. The committee may have.

Mr. SUTPHIN. This bill has passed the Senate twice and has been objected to in the House once before.

Mr. DICKSTEIN. If the only objection the gentleman has is whether or not the proof has been established as to contributory negligence, I think I can relieve the gentleman's mind.

Mr. HOLLISTER. There is no question of contributory negligence. It is simply a question of whether there is negligence on behalf of the Government employee, and this does not appear. Therefore, it does not seem to me right to allow the claim. I think the gentleman will find that the Committee on Claims occasionally reports bills out even though there is no negligence shown.

Mr. DICKSTEIN. Not to my knowledge, and I know something about the Claims Committee.

Mr. HOLLISTER. But the report so states.

Mr. SUTPHIN. The report also shows that the street was slippery when the truck and the car collided.

Mr. HOLLISTER. That is true.

Mr. SUTPHIN. We are not claiming any negligence, but nevertheless, the damage occurred, and the Chaplain is certainly entitled to reimbursement.

Mr. HOLLISTER. The gentleman perhaps misunderstood me. I understand his position, but we on this side and the gentlemen on the other side are taking the position that proof of damage alone is not sufficient; that in cases of this kind there must be the same proof of negligence as would permit recovery against a private corporation.

Mr. SUTPHIN. The gentleman is an able lawyer, and he knows the only redress a civilian has today where he incurs damage as the result of collision with an Army or Navy truck, whether it results in death or otherwise, is to come to Congress and have a bill for damages passed.

Mr. HOLLISTER. And we must treat them in the same way as they are treated in a court of law.

Mr. BLANTON. Will the gentleman yield?

Mr. HOLLISTER. I yield to the gentleman from Texas.

Mr. BLANTON. Relative to what the gentleman from New York said about bills passed in the Claims Committee, if the gentleman will get the bound volumes respecting claims that were taken up in the Sixty-fifth and Sixty-sixth Congresses in that committee, you will find a bound volume of minority reports that I filed myself against claims in that committee.

Mr. DICKSTEIN. Will the gentleman yield?

Mr. BLANTON. I yield to the gentleman from New York.

Some of them were pretty big bills, running into hundreds of thousands of dollars.

Mr. DICKSTEIN. I happen to be very high up on that committee, and I do not think the gentleman will find the committee reporting any bill that the committee did not have all the details.

Mr. BLANTON. This was before the gentleman's time.

Mr. DICKSTEIN. We do differently now.

Mr. BLANTON. The committee got into a bad practice back yonder and has not altogether got rid of the practice.

Mr. DICKSTEIN. We do not do that now. In all of these bills where there is negligence or contributory negligence involved we go into the question, and if there is any contributory negligence on the part of the claimant we kick the bill out.

Mr. BLANTON. It is lots easier to get a bill reported favorably by the Claims Committee than it is to get a bill to stop immigration reported out of the gentleman's committee.

Mr. DICKSTEIN. I hope the gentleman will not take up immigration, but will let us talk about this bill. The fact of the matter is that the Claims Committee is a hard-working committee and it seems to me that when that group reports out a bill after giving the matter consideration and finding it has merit, it is very hard that one man should get up here and object to it.

Mr. BLANTON. Any committee that reports out hundreds of bills during each session is a hard-working com-

mittee. It is the large number of bills they report favorably that makes the committee hard working.

Mr. DICKSTEIN. Does the gentleman know how many bills are denied a favorable report? The gentleman does not believe every bill is reported out of the committee?

Mr. SUTPHIN. May I ask the gentleman from Ohio if this is not constructive negligence?

Mr. HOLLISTER. May I ask the gentleman to give me a definition of constructive negligence?

Mr. SUTPHIN. I shall have to refer the gentleman to one of my lawyer friends.

Mr. BRUMM. May I say to the gentleman that that is a principle of law that is as old as the hills.

Mr. HOLLISTER. I shall have to apologize to the gentleman for not being familiar with the term.

Mr. BRUMM. It is very familiar in Pennsylvania under the common law. If there are three parties and the third or innocent party suffers by the act of one of the parties, although there is not absolute negligence in the ordinary sense, as between the two parties, the one who commits the act is negligent under what is known as "constructive negligence."

Mr. HOLLISTER. The gentleman means he is negligent, whether he is negligent or not?

Mr. BRUMM. He is negligent under the law, and that principle is as old as the hills.

Mr. HOLLISTER. I am afraid I do not understand that theory of law.

Mr. BRUMM. Here is an actual case in Pennsylvania. I am driving a car and there is a young girl in the way, and to turn out and save the life of that young girl I strike a third party, a man who is coming along on that side of the road. I am guilty of negligence as to the third or innocent party.

Mr. HOLLISTER. Of course, that is not this case.

Mr. BRUMM. I understand that it is.

Mr. SUTPHIN. The truck slid and hit this chaplain's car and damaged it to the extent of $225, and I trust the gentleman will give this bill his favorable consideration, because it is a very meritorious claim.

Mr. MILLARD. Mr. Speaker, I demand the regular order.

Mr. HOLLISTER. Mr. Speaker, I object.

C. K. MORRIS

Mr. KLEBERG. Mr. Speaker, I ask unanimous consent to return to the bill (H.R. 2322) for the relief of C. K. Morris. This bill is no. 255 on the calendar, and on April 3 there was an agreement between the gentleman from Ohio [Mr. HOLLISTER] and me that it would be agreeable to return to this bill.

Mr. ZIONCHECK. Mr. Speaker, reserving the right to object, I would like to find out the nature of the bill to which the gentleman from Texas wants to return.

Mr. KLEBERG. This is a bill to which the objector, the gentleman from Ohio [Mr. HOLLISTER], requested me to provide him with some legal authority to establish the connection between the master and servant in this case, which involves an Army truck that collided with a passenger vehicle driven by the claimant, Mr. Morris.

Mr. ZIONCHECK. I have no objection to having a demonstration of legal talent at this time, Mr. Speaker.

The SPEAKER pro tempore (Mr. SIROVICH). Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the title of the bill.

Mr. HOLLISTER. Mr. Speaker, reserving the right to object, does the gentleman from Texas wish to make a statement?

Mr. KLEBERG. Yes; I would like to call my friend's attention to the request he made on the last private calendar day when this bill was up. The gentleman stated he would like to have some authority on the principle involved in this bill which, in the first place, does not show definitely that the soldier was driving the truck within the scope of his employment.

I would call the gentleman's attention to the fact that in the case of *McClung* v. *Dearborn* (134 Penn. State 396) it was stated:

> It was the master's duty, not only to give orders in such a case, but to see that the orders were obeyed.

Judge Cooley, on torts, states:

> It is immaterial to the master's responsibility that the servant at the time was neglecting some rule of caution which the master had prescribed or was exceeding his master's instructions or was disregarding them in some particular and that the injury which resulted is attributable to the servant's failure to observe the directions given him.

In this case the servant was ordered to turn in the truck at half past 3 in the afternoon. The accident occurred at 5 o'clock in the afternoon. The soldier was found in a drunken condition and was fined in the city court for being drunk and disorderly and for driving recklessly at the time the accident occurred.

Now, with reference to the deviation, whether or not he was still on the job, it is perfectly clear that the pilot that goes out of his route is still acting within the master's liability. A servant, while he makes a deviation for purposes of his own, must remain liable, even though he drives out of the more direct road for purposes of carrying out his master's orders.

In the case of Gibson against Dupre, it was held that the liability of the master is not affected by slight deviations of the servant for his own ends when about the business of the master.

The servant, prior to the accident and after he had obtained that for which he had been sent, had gone upon an errand of his own. The jury having found that the accident occurred while the servant was acting within the scope of his employment the finding was approved.

In the case of the Cleveland-Nehi Bottling Co. against Schenck it was held:

> Error is assigned to the refusal of the trial court to instruct the jury that, if the collision resulted from Tucker's violation of his instructions, the appellant was not liable. No complaint is made of that part of the charge dealing with the measure of appellant's responsibility if the jury found that Tucker was intoxicated. The contention is that the taking of a drink by Tucker in violation of his instructions was such a deviation from his duty as to sever pro tempore the relationship of employer and agent and relieve appellant from liability for his negligent act of running the truck into the automobile. We cannot accept the affirmation of that proposition. Where the servant steps entirely aside from his duty and goes off to serve some purpose of his own, there is, of course, a severance for the time being of the responsible relationship of the master.

So here we have a clear case of deviation.

We know that in the case of the Army there is no place where discipline is more strict, no place where more of an effort is made to see that the orders are carried out. Had this man taken the truck back and thereafter gone out in it without orders and had an accident, nevertheless both he and the truck were in the service of the Army per se, and the question does not apply for the purposes for which he was given instructions but rather to the scope of the act as to its being in the service of the employer. Under this case, the master would still be held. It was the duty of the Department to see that the orders were obeyed. It was its added duty to see that its property, the truck in question, was not used ad libitum in the absence of express authorization.

In either case, merely the use of the truck by the soldier would have been sufficient to establish the master-and-servant connection, and if he in returning to turn the truck in got drunk en route, intoxication would not be a defense.

Mr. HOLLISTER. Mr. Speaker, the question of deviation, which the gentleman has argued so forcibly, is always a matter of degree. This seems to be one of those borderline cases where there is a question whether such deviation leaves the employee still in the scope of his employment. In such a case, I believe the doubt should be resolved in favor of the claimant. The gentleman has made such a forceful presentation of his case, that I withdraw my objection.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to C. K. Morris, San Antonio, Tex., the sum of $3,450. Such sum shall be in full settlement of all claims against the United States on account of damages sustained by the said C. K. Morris due to personal injuries suffered by his wife and damages caused to his automobile by a collision with a United States Army truck in San Antonio on November 10, 1930.

With the following committee amendment:

Line 6, strike out "$3,450" and insert "$1,000."

The committee amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

FRANK A. SMITH

The Clerk called the next bill, H.R. 3130, to extend the benefit of the United States Employment Compensation Act to Frank A. Smith.

The SPEAKER. Is there objection?

Mr. TRUAX. Mr. Speaker, I call the attention of the author of the bill to the fact that the Compensation Commission thinks that the case has equities, but does not think that the man should be paid compensation for that period while he was working; that is, between November 15, 1922, and September 30, 1924. If the gentleman is willing to accept that as a recommendation to go along with the bill, I have no objection.

Mr. BURNHAM. Mr. Speaker, this bill merely gives the claimant the right to file his claim with the Compensation Commission. The bill does not call for compensation in any amount. I would be willing, however, to have that amendment embodied.

Mr. HANCOCK of New York. Mr. Speaker, will the gentleman accept the amendment containing the usual proviso that no benefit shall accrue prior to the passage of the act?

Mr. BURNHAM. Certainly.

Mr. TRUAX. Would the gentleman agree to have this recommendation of the Commission inserted as a part of the report upon the bill?

Mr. BURNHAM. What objection would there be to passing the bill merely giving the claimant the right to file his claim with the Compensation Commission? The statute of limitations had run against him. He did not file his claim within 1 year. He endeavored to continue to serve with the Navy, without any thought of filing a claim for compensation.

Mr. TRUAX. Mr. Speaker, I think the gentleman has given a good explanation of that feature which I mentioned, and it probably will be taken care of when it goes before the Commission. I withdraw my reservation of objection.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That sections 17 and 20 of the act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties and for other purposes", approved September 7, 1916, as amended, are hereby waived in favor of Frank A. Smith, a former employee of the War Department.

Mr. HANCOCK of New York. Mr. Speaker, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

At the end of the bill insert: "*Provided*, That no benefit shall accrue prior to the passage of this act."

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

JOHN W. BARNUM

The Clerk called the next bill, H.R. 3146, for the relief of John W. Barnum.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the United States Employees' Compensation Commission is hereby authorized and instructed to receive and determine the claim of John W. Barnum, a former employee of the United States Shipping Board, without regard to the limitation of time within which such claims are to be filed under the act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916, as amended.

Mr. BLANCHARD. Mr. Speaker, I offer the following amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. BLANCHARD: At the end of the bill insert: "*Provided*, That no benefit shall accrue prior to the approval of this act."

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

RUFUS HUNTER BLACKWELL, JR.

The Clerk called the next bill, H.R. 3188, for the relief of Rufus Hunter Blackwell, Jr.

Mr. HOLLISTER. Mr. Speaker, I object.

PETROLIA-FORT WORTH GAS PIPE LINE

The Clerk called the next bill, H.R. 3293, to provide for the settlement of damage claims arising from the construction of the Petrolia-Fort Worth gas pipe line.

The SPEAKER. Without objection, a similar Senate bill, S. 2315, will be substituted for the House bill.

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That the Secretary of the Navy is hereby authorized to transmit to the General Accounting Office for payment, in accordance with the approved findings contained in the report rendered by Lt. Ira P. Griffin, Civil Engineer Corps, United States Navy, to the Navy Department under date of July 29, 1921, all unpaid claims for rights-of-way and damages to private property sustained in connection with the construction on behalf of the United States during the years 1918 and 1919, of a gas pipe line extending from Petrolia to Fort Worth, Tex.

SEC. 2. That the Secretary of the Navy is also authorized to transmit to the General Accounting Office for payment the claim of W. S. Wakeman in the sum of $65 in addition to the sum for said claimant approved in the above-mentioned report.

SEC. 3. That acceptance by any claimant of an amount offered for settlement pursuant to this act shall be deemed to be in full settlement of his claim against the United States.

SEC. 4. No payment shall be made to any claimant under the provisions of this act who has received satisfaction from any other source for the damages sustained due to the laying of said gas pipe line.

SEC. 5. That there is hereby authorized to be appropriated for the purposes of this act, out of any money in the Treasury not otherwise appropriated, the sum of $7,356.75.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill was laid on the table.

WHITE B. MILLER

The Clerk called the next bill, H.R. 3295, for the relief of the estate of White B. Miller.

There being no objection, the Clerk read as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the estate of White B. Miller, former special assistant to the Attorney General, the sum of $25,000 in full satisfaction of the claim of said estate against the United States for compensation for legal services rendered by the said White B. Miller on behalf of the United States in connection with the tax litigation involved in the Cannon against Bailey cases, a final report of which litigation was rendered by the deceased on March 14, 1929.

With the following committee amendment:

Page 2, line 3, after the figures "1929", insert a colon and the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount

appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

RELIEF OF RUSSELL & TUCKER

Mr. KLEBERG. Mr. Speaker, I ask unanimous consent that Calendar No. 373, H.R. 2340, for the relief of Russell & Tucker and certain other citizens of the States of Texas, Oklahoma, and Kansas, be made no. 4 on the next day the Private Calendar is called. It so happened that I was unavoidably absent from the Chamber at the time the bill came up. I have an agreement with the gentleman from Kansas [Mr. HOPE], who had an amendment that he wished to offer to the bill. I ask unanimous consent that this bill be made no. 4 on the calendar the next day the Private Calendar is called.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. PARKER, for the remainder of the week, on account of urgent business.

THE PRIVATE CALENDAR

FRANKLIN SURETY CO.

The Clerk called the next bill on the Private Calendar, H.R. 3459, for the relief of the Franklin Surety Co.

Mr. TRUAX. Reserving the right to object, and I will not object, I would like to ask the distinguished leader when we are going to adjourn?

Mr. BYRNS. I had understood that we would adjourn right away, but the gentleman from Illinois says he has a bill.

Mr. BRENNAN. Reserving the right to object, I have been here all day waiting for this bill.

Mr. BLANTON. Well, Mr. Speaker, somebody else would want to take up his bill next. We had a tentative understanding we would quit at 4:30. The ones who work on this calendar have a great deal more to do than the Members who are present only to pass their private bills.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The SPEAKER. Without objection, a similar Senate bill (S. 1076) will be substituted for the House bill.

There was no objection.

The Clerk read as follows:

Be it enacted, etc., That the Comptroller General of the United States is hereby authorized and directed to adjust and settle the claim of the Franklin Surety Co. for extra work performed in connection with the completion of contract of April 10, 1929, between the United States and the Wiglan Building Co., Inc., for remodeling the Government warehouse at New York, N.Y., and to allow thereon not to exceed $11,725.71 in full and final settlement of all claims by the said Franklin Surety Co. against the United States arising out of said contract. There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $11,725.71, or so much thereof as may be necessary, for payment of said claim.

With the following committee amendment:

At the end of the bill insert the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendment was agreed to.

The bill as amended was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill was laid on the table.

ORDER OF BUSINESS

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that on tomorrow after the disposition of business on the Speaker's table and the special orders made or that may be made by the House, it may be in order to continue the call of bills unobjected to on the Private Calendar.

Mr. HOLLISTER. Mr. Speaker, I understood that there were six bills which it was agreed should be taken up at the beginning of the next call of the Private Calendar. I have no objection to considering these bills, but I am wondering whether the gentleman has given any thought to the work involved in preparing the bills on the Private Calendar and that we have had 2 steady days of the Private Calendar.

Mr. BYRNS. I may say to the gentleman that I have not. I realize a great volume of work and responsibility is entailed on the part of the gentlemen on both sides of the Chamber designated by the House to do this work.

I suggest that we proceed tomorrow until these gentlemen get ready to quit. I am sure the House will be disposed to quit at that time; but I should like to dispose of as many bills as can be disposed of.

Mr. BLANTON. Mr. Speaker, do we understand that at the close of business tomorrow the House will adjourn over until Monday?

Mr. BYRNS. That is the present intention.

Mr. BLANTON. Will not the gentleman submit that request now so we will know what we are going to do and arrange our program accordingly? Also, will not the gentleman state to the House that the District bill will not come up for consideration until Monday? This will stop a flood of inquiries.

Mr. BYRNS. The District appropriation bill, I may say, will not come up for consideration until next week. Whether it will come up Monday will depend upon the calendar for that day. Bills on the Consent Calendar will be considered, and bills will be considered under suspension of the rules. I had hoped that possibly the District bill might be called up on the afternoon of Monday.

Mr. BLANTON. But it will not be called up before next week?

Mr. BYRNS. No; it will not.

Mr. BLANTON. Why does not the gentleman ask now that when we adjourn tomorrow we adjourn until Monday, so we can arrange our program?

Mr. BYRNS. I have no objection to making that request.

Mr. SNELL. I may say to the gentleman from Tennessee that the Members charged with the preparation of bills on the Private Calendar have 10 bills ahead now.

Mr. BYRNS. Perhaps they will have another 10 bills by tomorrow.

Mr. HANCOCK of New York. That may be possible, but that will be about as much as we can do.

Mr. BYRNS. The only object in my insistence is that I had hoped we might complete the call of Private Calendar to give every Member who has a bill on it an opportunity to have his bill considered. Of course, we made good progress both yesterday and today, and I think that in two or three more meetings we can get through with this Private Calendar.

Mr. SNELL. So far we have been considering bills on the Private Calendar under the old rules. Does the gentleman expect to call them up under the regular rules of the House at any time during the session of the House?

Mr. BYRNS. Yes.

Mr. BLANTON. I think it was shown pretty conclusively that that rule was no good, for we spent a whole day under its operation and passed but four bills.

Mr. SNELL. The gentleman says it has been conclusively demonstrated to be no good. I disagree with him. I have a bill I should like to have considered. Many similar bills have

been passed since, and I should like to have that bill of mine fairly considered.

Mr. BLANTON. The gentleman might call it up under suspension of the rules.

Mr. SNELL. I will not ask that it be taken up under suspension of the rules.

Mr. BYRNS. At the present time the House is considerably ahead of the Senate in the matter of legislation. Of course, the Senate has the tax bill under consideration. It will have the tariff bill and possibly some other legislation. I am not saying that there will not be other legislation to come before the House which the committees have not reported; but I do think that we should get through with these bills, and then, as the gentleman from New York suggests, we may have an opportunity of considering the Private Calendar under the regular rules of the House. Then the gentleman from New York will have his day in court.

Mr. SNELL. I shall not object to the gentleman's request.

Mr. TRUAX. Mr. Speaker, reserving the right to object, why could we not have an understanding that we will consider say 25 bills on the Private Calendar and then adjourn?

Mr. BYRNS. I shall be very happy if we could consider that many.

Mr. HANCOCK of New York. Why not have it understood that we will adjourn at a certain hour? There is no telling how long it may take to consider a certain number of bills, I may say to the gentleman from Ohio.

Mr. TRUAX. That suits me.

Mr. BYRNS. I think we can arrange it satisfactorily without any objection on either side of the Chamber.

Mr. Speaker, I renew my request that after disposition of business on the Speaker's table tomorrow and following such special orders as may be pending before the House that we proceed with the call of the Private Calendar and consider bills unobjected to, beginning where we left off this afternoon.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. WILSON. Mr. Speaker, I ask unanimous consent that after disposition of matters on the Speaker's desk tomorrow I may be permitted to address the House for 15 minutes.

Mr. TRUAX. Mr. Speaker, reserving the right to object, as I understand it, we are to consider the Private Calendar tomorrow following a 30-minute address by the gentleman from Missouri [Mr. SHANNON]?

Mr. BYRNS. That is true.

Mr. TRUAX. Then we are to have a 15-minute address by the gentleman from Louisiana?

Mr. BYRNS. Yes; if the request is granted.

Mr. TRUAX. Can we not consider a certain number of bills tomorrow?

Mr. BYRNS. No; but we will adjourn at a time satisfactory to the gentleman.

Mr. TABER. Mr. Speaker, I object to any more unanimous-consent requests at this time.

Mr. WILSON. Mr. Speaker, I have not taken up much of the time of the House, and this is a very important question.

Mr. TABER. Things have happened today indicating a disposition on the part of the majority to prevent the truth coming out.

Mr. BYRNS. The truth is what we want.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

Mr. TABER. I object, Mr. Speaker.

ADJOURNMENT OVER

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that when the House adjourns tomorrow it adjourn to meet on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 163. An act for the relief of Capt. Guy M. Kinman;

S. 3022. An act to amend sections 3 and 4 of an act of Congress entitled "An act for the protection and regulation of the fisheries of Alaska", approved June 26, 1906, as amended by the act of Congress approved June 6, 1924, and for other purposes; and

S. 3209. An act limiting the operation of sections 109 and 113 of the Criminal Code and section 190 of the Revised Statutes of the United States with respect to counsel in the case of United States of America against Weirton Steel Co., and other cases.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 43 minutes p.m.) the House adjourned until tomorrow, Friday, April 13, 1934, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON THE PUBLIC LANDS

(Friday, Apr. 13, 10:30 a.m.)

Hearing in room 328, House Office Building.

EXECUTIVE COMMUNICATIONS, ETC.

405. Under clause 2 of rule XXIV, a letter from the chief scout executive of the Boy Scouts of America, transmitting, in accordance with the act of June 15, 1916, a copy of the Twenty-fourth Annual Report of the Boy Scouts of America (H.Doc. No. 301), was taken from the Speaker's table, referred to the Committee on Education, and ordered to be printed, with illustrations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. BROWN of Michigan: Committee on Banking and Currency. H.R. 8479. A bill to promote resumption of industrial activity, increase employment, and restore confidence by fulfillment of the implied guaranty by the United States Government of deposit safety in national banks; with amendment (Rept. No. 1230). Referred to the Committee of the Whole House on the state of the Union.

Mr. BRUNNER: Committee on the Post Office and Post Roads. H.R. 9046. A bill to discontinue administrative furloughs in the Postal Service; without amendment (Rept. No. 1231). Referred to the Committee of the Whole House on the state of the Union.

Mr. LANHAM: Committee on Public Buildings and Grounds. H.R. 8909. A bill to authorize the Secretary of the Treasury to amend the contract for sale of post-office building and site at Findlay, Ohio; with amendment (Rept. No. 1232). Referred to the Committee of the Whole House on the state of the Union.

Mr. STUDLEY: Committee on the Post Office and Post Roads. H.R. 7299. A bill to authorize the Post Office Department to hold contractors responsible in damages for the loss, rifling, damage, wrong delivery, depredation upon, or other mistreatment of mail matter due to fault or negligence of the contractor or an agent or employee thereof; with amendment (Rept. No. 1233). Referred to the Committee of the Whole House on the state of the Union.

Mr. TAYLOR of South Carolina: Committee on the Post Office and Post Roads. H.R. 7392. A bill to authorize the Post Office Department to hold railroad companies responsible in damages for the loss, rifling, damage, wrong delivery, depredation upon, or other mistreatment of mail matter due to fault or negligence of the railroad company or an agent or employee thereof; with amendment (Rept. No. 1234). Referred to the Committee of the Whole House on the state of the Union.

Mr. BROWN of Michigan: Committee on Banking and Currency. H.R. 7908. A bill to promote resumption of industrial activity, increase employment, and restore confidence by fulfillment of the implied guaranty by the United

States Government of deposit safety in national banks; with amendment (Rept. No. 1235). Referred to the Committee of the Whole House on the state of the Union.

Mr. KRAMER: Committee on Immigration and Naturalization. House Joint Resolution 288. Joint resolution to temporarily restrict habitual commuting of aliens from foreign contiguous territory to engage in skilled or unskilled labor employment in continental United States; with amendment (Rept. No. 1236). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. BLACK: Committee on Claims. H.R. 519. A bill for the relief of the estate of Marcellino M. Gilmette; with amendment (Rept. No. 1202). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 682. A bill for the relief of Floyd L. Walter; with amendment (Rept. No. 1203). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 1284. A bill for the relief of Alena Barger; with amendment (Rept. No. 1204). Referred to the Committee of the Whole House.

Mr. SCHULTE: Committee on Claims. H.R. 2441. A bill for the relief of George R. Brown; with amendment (Rept. No. 1205). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 4196. A bill for the relief of Helen Marie Lewis; with amendment (Rept. No. 1206). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 4244. A bill for the relief of the Washington Post Co., with amendment (Rept. No. 1207). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 4964. A bill for the relief of William A. Ray; with amendment (Rept. No. 1208). Referred to the Committee of the Whole House.

Mr. GUYER: Committee on Claims. H.R. 5019. A bill for the relief of H. A. Taylor; without amendment (Rept. No. 1209). Referred to the Committee of the Whole House.

Mr. SEGER: Committee on Claims. H.R. 5021. A bill for the relief of Frederick G. Barker; with amendment (Rept. No. 1210). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5289. A bill for the relief of Capt. George W. Steele, Jr., United States Navy; without amendment (Rept. No. 1211). Referred to the Committee of the Whole House.

Mr. GUYER: Committee on Claims. H.R. 5406. A bill for the relief of Charles E. Molster, disbursing clerk, Department of Commerce, and Dr. Louis H. Bauer, a former employee; without amendment (Rept. No. 1212). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5422. A bill for the relief of Bertha W. Lamphear; with amendment (Rept. No. 1213). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5443. A bill for the relief of John Henry Tackett; with amendment (Rept. No. 1214). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5857. A bill for the relief of Mrs. William G. Sirrine; with amendment (Rept. No. 1215). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims: H.R. 5917. A bill for the relief of E. E. Heldridge; with amendment (Rept. No. 1216). Referred to the Committee of the Whole House.

Mr. SEGER: Committee on Claims. H.R. 5938. A bill for the relief of Francis M. Johnston; with amendment (Rept. No. 1217). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 6247. A bill for the relief of Hugh G. Lisk; with amendment (Rept. No. 1218). Referred to the Committee of the Whole House.

Mr. GUYER: Committee on Claims. H.R. 7377. A bill for the relief of the McCune State Bank, of McCune, Kans.; with amendment (Rept. No. 1219). Referred to the Committee of the Whole House.

Mr. SWANK: Committee on Claims. H.R. 8180. A bill for the relief of Mrs. Otto H. Reed; with amendment (Rept. No. 1220). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 8554. A bill granting compensation to George S. Conway, Jr.; with amendment (Rept. No. 1221). Referred to the Committee of the Whole House.

Mr. BROWN of Kentucky: Committee on Claims. S. 1258. An act for the relief of Charles F. Littlepage; with amendment (Rept. No. 1222). Referred to the Committee of the Whole House.

Mr. BROWN of Kentucky: Committee on Claims. S. 1531. An act for the relief of Elizabeth Buxton Hospital; with amendment (Rept. No. 1223). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. S. 1692. An act for the relief of the Compagnie Generale Transatlantique; with amendment (Rept. No. 1224). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. S. 1693. An act for the relief of the International Mercantile Marine Co.; with amendment (Rept. No. 1225). Referred to the Committee of the Whole House.

Mr. O'BRIEN: Committee on Claims. S. 2664. An act for the relief of John F. Korbel; with amendment (Rept. No. 1226). Referred to the Committee of the Whole House.

Mr. O'BRIEN: Committee on Claims. S. 2677. An act for the relief of Samuel L. Wells; without amendment (Rept. No. 1227). Referred to the Committee of the Whole House.

Mrs. CLARKE of New York: Committee on Claims. S. 2709. An act for the relief of Trifune Korac; with amendment (Rept. No. 1228). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. WALTER: A bill (H.R. 9087) to authorize the conveyance of certain Government land to the borough of Stroudsburg, Monroe County, Pa., for street purposes and as part of the approach to the Stroudsburg viaduct on State Highway Route No. 498; to the Committee on Public Buildings and Grounds.

By Mr. GOLDSBOROUGH: A bill (H.R. 9088) to provide for the examination and survey of waterway from Little Annemessex River to Tangier Sound, Md.; to the Committee on Rivers and Harbors.

By Mr. SMITH of Virginia: A bill (H.R. 9089) to vest police powers in the health officer of the District of Columbia, his deputy, assistants, agents, and inspectors; to the Committee on the District of Columbia.

By Mr. GOLDSBOROUGH: A bill (H.R. 9090) to provide for the examination and survey of channel from George Island Landing, Md., to deep water in Chincoteague Bay; to the Committee on Rivers and Harbors.

By Mr. KENNEY: A bill (H.R. 9091) to amend the laws relating to proctors' and marshals' fees and bonds and stipulations in suits in admiralty; to the Committee on the Judiciary.

By Mr. McREYNOLDS: A bill (H.R. 9092) to authorize the Secretary of War to lend to the housing committee of the United Confederate Veterans 250 pyramidal tents, complete; fifteen 16-by-80-by-40-foot assembly tents; thirty 11-by-50-by-15-foot hospital-ward tents; 10,000 blankets, olive drab, no. 4; 5,000 pillow cases; 5,000 canvas cots; 5,000 cotton pillows; 5,000 bed sacks; 10,000 bed sheets; 20 field ranges, no. 1; 10 field bake ovens; and 50 water bags (for ice water); to be used at the encampment of the United Confederate Veterans, to be held at Chattanooga, Tenn., in June 1934; to the Committee on Military Affairs.

By Mr. McSWAIN (by request): A bill (H.R. 9093) to authorize the Secretary of War to abandon or evacuate real

estate no longer required for cemeterial purposes in Europe, and for other purposes; to the Committee on Military Affairs.

By Mr. JEFFERS: A bill (H.R. 9094) to authorize adjudication of claims for yearly renewable term insurance pending on March 20, 1933, and to allow suit thereon in cases of final denial thereof; to the Committee on World War Veterans' Legislation.

By Mr. CHAPMAN: A bill (H.R. 9095) to authorize the coinage of 50-cent pieces in commemoration of the two hundredth anniversary of the birth of Daniel Boone; to the Committee on Coinage, Weights, and Measures.

By Mr. BANKHEAD: Resolution (H.Res. 329) for the consideration of House bill 3673, a bill to amend the law relative to citizenship and naturalization, and for other purposes; to the Committee on Rules.

By Mr. FREAR: Joint resolution (H.J.Res. 321) proposing an amendment of section 8, article I, of the Constitution; to the Committee on the Judiciary.

By Mr. McCORMACK: Joint resolution (H.J.Res. 322) to provide for the disposal of smuggled merchandise, to authorize the Secretary of the Treasury to require imported articles to be marked in order that smuggled merchandise may be identified, and for other purposes; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BURNHAM: A bill (H.R. 9096) for the relief of George Hall; to the Committee on Military Affairs.

By Mr. BRUNNER (by request): A bill (H.R. 9097) for the relief of the Sterling Bronze Co.; to the Committee on Claims.

By Mr. DIMOND: A bill (H.R. 9098) authorizing the sale and lease of certain lands near Homer, Alaska, for use in connection with the Jesse Lee Home; to the Committee on the Public Lands.

By Mr. HAMILTON: A bill (H.R. 9099) for the relief of T. R. Flinchum; to the Committee on Claims.

By Mr. HILL of Alabama: A bill (H.R. 9100) for the relief of Eva S. Padilla; to the Committee on Claims.

By Mr. JEFFERS (by request): A bill (H.R. 9101) to change the designation of Lefler Place to Second Place; to the Committee on the District of Columbia.

By Mr. KLEBERG: A bill (H.R. 9102) authorizing Capt. Virgil N. Cordero, United States Army, to accept the decoration of the Cross of Military Merit, First Class; to the Committee on Military Affairs.

Also, a bill (H.R. 9103) authorizing Capt. Timothy Sapia-Bosch, United States Army, to accept the decoration of the Order of Isabel the Catholic; to the Committee on Military Affairs.

By Mr. LAMNECK: A bill (H.R. 9104) for the relief of Jesse M. Miller; to the Committee on Military Affairs.

By Mr. MALONEY of Connecticut: A bill (H.R. 9105) for the relief of Albert Ralphaiel Anastasio; to the Committee on Naval Affairs.

By Mr. SMITH of Washington: A bill (H.R. 9106) granting a pension to Lucy Lesher; to the Committee on Invalid Pensions.

By Mr. STOKES: A bill (H.R. 9107) for the allowance of certain claims for extra labor above the legal day of 8 hours at the Hog Island Shipyard, Philadelphia, Pa.; to the Committee on Claims.

By Mr. STRONG of Pennsylvania: A bill (H.R. 9108) granting a pension to Genevieve Rochester; to the Committee on Invalid Pensions.

By Mr. TAYLOR of South Carolina: A bill (H.R. 9109) for the relief of W. H. Hughs; to the Committee on Claims.

By Mr. THURSTON: A bill (H.R. 9110) granting an increase of pension to Martha J. Wick; to the Committee on Invalid Pensions.

By Mr. WALDRON: A bill (H.R. 9111) for the relief of Mary C. Derbyshire; to the Committee on Naval Affairs.

By Mr. WELCH: A bill (H.R. 9112) to amend the naval record of Ralph Timothy Sullivan; to the Committee on Naval Affairs.

By Mr. WOLFENDEN: A bill (H.R. 9113) to authorize the appointment of Joseph W. Cavanagh, former lieutenant, Supply Corps, United States Navy, to such grade and rank on the active list, and for other purposes; to the Committee on Naval Affairs.

By Mr. WOODRUM: A bill (H.R. 9114) granting a pension to Blanche F. O'Beirne; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3806. By Mr. BOYLAN: Resolution unanimously adopted at the annual meeting of the Catholic Club of the city of New York, urging the passage of House bill 8301 which will be helpful in reinstating WLWL back to its former standing in the broadcasting field by permitting it an adequate number of hours on the air; and also favoring amendment offered in Senate Interstate Commerce Committee to section 301 of the Radio Act; to the Committee on Interstate and Foreign Commerce.

3807. By Mr. BRUNNER: Petition of Court Columbia, No. 45, Catholic Daughters of America of New York City, favoring support of Senate bill 2910, section 301, presented on March 15, 1934, by Radio Station WLWL, New York City; to the Committee on Merchant Marine, Radio, and Fisheries.

3808. Also, petition of sundry citizens of Queens County, N.Y., favoring support of Senate bill 2910, section 301, presented on March 15, 1934, by Radio Station WLWL, New York City; to the Committee on Merchant Marine, Radio, and Fisheries.

3809. Also, petition of Ridgewood Council, No. 1814, Knights of Columbus, Fresh Pond Road and Catalpa Avenue, Brooklyn, N.Y., favoring support of Senate bill 2910, section 301, presented on March 15, 1934, by Radio Station WLWL, New York City, N.Y.; to the Committee on Merchant Marine, Radio, and Fisheries.

3810. By Mr. CHASE: Resolution of A. L. Ruud, chairman of the County Board of Clay County, Minn., approving appropriations for highway work in the various States; to the Committee on Roads.

3811. Also, petition of J. C. Willis and sundry citizens of St. Paul, Minn., advocating modification of the National Securities Exchange Act of 1934 in its present form, or postponing its consideration until the next session of Congress, so as to afford additional time for a more equitable law to be framed; to the Committee on Interstate and Foreign Commerce.

3812. Also, resolution of the Council of the City of Minneapolis, Minn., favoring continuance of Civil Works Administration program, in lieu of Relief Works Administration program; to the Committee on Appropriations.

3813. Also, petition of sundry citizens of Freeborn County, Minn., urging continuance of Civil Works Administration employment program, or some other Federal activity; to the Committee on Appropriations.

3814. By Mr. DICKSTEIN: Petition of David A. Mahoney and many other citizens of New York City, favoring the discontinuance of payless furloughs for postal employees; to the Committee on the Post Office and Post Roads.

3815. By Mr. DUNN: Petition of numerous voters of the Thirty-fourth Congressional District of Pennsylvania, regarding employment in the post offices in the United States; to the Committee on the Post Office and Post Roads.

3816. By Mr. GOODWIN: Petition of Climax Grange, No. 1437, Coxsackie, Greene County, N.Y., favoring the 5-percent tax on butterfat substitutes; to the Committee on Ways and Means.

3817. By Mr. Haines: Resolution adopted by Orrstown (Pa.) Council, No. 195, Sons and Daughters of Liberty, urging restricted immigration; to the Committee on Immigration and Naturalization.

3818. By Mr. HILDEBRANDT: Resolution of the Mitchell Study Club, of Mitchell, S.Dak., urging support of House bill 6097 for supervision of motion pictures, known as the "Patman bill", and House resolution No. 144; to the Committee on Interstate and Foreign Commerce.

3819. By Mr. HOIDALE: Resolution of the City Council of the City of International Falls, Minn., protesting against the abandonment of the Civilian Conservation Corps camps in the county of Koochiching, Minn.; to the Committee on Appropriations.

3820. Also, resolution of the Junior Chamber of Commerce, Eveleth, Minn., demanding favorable action by Congress on the unemployment and social insurance bill now in the House Committee on Labor; to the Committee on Labor.

3821. Also, resolution of the American Legion Post, Moorhead, Minn., requesting introduction and support of legislation in Congress to waive all interest on loans made by the Government to ex-service men upon adjusted-compensation certificates; to the Committee on World War Veterans' Legislation.

3822. Also, resolution of the Northfield Lions Club, requesting Congress to enact legislation to permit fair competition between the railroads and water-transportation companies; to the Committee on Interstate and Foreign Commerce.

3823. Also, resolution of the City Council of the City of Minneapolis, Minn., petitioning the continuation of the C.W.A. program in the city at the rate of compensation paid under the regular union scale and on a 30-hour-week basis; opposing the use of forced labor in such public work; to the Committee on Appropriations.

3824. By Mr. JOHNSON of Minnesota: Resolution advocating further appropriations for public highways; to the Committee on Roads.

3825. Also, petition to make appropriations for the building of homes, and to provide construction of homes, and for other purposes; to the Committee on Banking and Currency.

3826. Also, resolution by the Upper Mississippi Waterway Association, favoring the passage of the plank in the Farmer-Labor platform calling for immediate completion of the 9-foot channel, in the Mississippi River; to the Committee on Rivers and Harbors.

3827. Also, resolution passed by the Land O'Lakes Creameries, Inc., urging a higher rather than a lower tariff revision; to the Committee on Ways and Means.

3828. Also, resolution by the Land O'Lakes Creameries, Inc., urging amendments to the Agricultural Adjustment Act; to the Committee on Agriculture.

3829. Also, resolution passed by the City Council of the City of St. Paul, Minn., urging the appropriation of additional funds to continue local projects throughout the United States; to the Committee on Appropriations.

3830. By Mr. KELLY of Pennsylvania: Petition of 1,135 citizens of the Thirty-first Congressional District of Pennsylvania, urging that National Recovery Administration principles be enforced in the United States Postal Service; to the Committee on the Post Office and Post Roads.

3831. By Mr. KENNEY: Petition of Vera Cruz Council, No. 647, Knights of Columbus, New York City, urging Members of Congress to support the amendment to section 301 of Senate bill 2910, providing for the insurance of equity of opportunity for educational, religious, agricultural, labor, cooperative, and similar non-profit-making associations seeking licenses for radio broadcasting by incorporating into the statute a provision for the allotment to said non-profit-making associations of at least 25 percent of all radio facilities not employed in public use; to the Committee on Merchant Marine, Radio, and Fisheries.

3832. Also, petition of members of St. Paul's Parish, of the city of Jersey City, State of New Jersey, urging Senators and Representatives in Congress to support the amendment to section 301 of Senate bill 2910, providing for the insurance of equity of opportunity for educational, religious, agricultural, labor, cooperative, and similar non-profit-making associations seeking licenses for radio broadcasting by incorporating into the statute a provision for the allotment to said non-profit-making associations of at least 25 percent of all radio facilities not employed in public use; to the Committee on Merchant Marine, Radio, and Fisheries.

3833. By Mr. McLEAN: Resolution of the common council of the city of Linden, N.J., approving in substance the Lundeen bill (H.R. 7598); to the Committee on Labor.

3834. By Mr. PEAVEY: Petition of about 50 citizens of Ashland, Wis., favoring legislation to make it possible to pay off depositors of closed banks in full; to the Committee on Banking and Currency.

3835. By Mr. RICH: Petitions of citizens of Lycoming County, Pa., favoring continuance of the Civil Works program; to the Committee on Banking and Currency.

3836. By Mr. RUDD: Petition of the Thomas F. Malone Association, South Ozone Park, Long Island, N.Y., favoring the broadening of the Home Owners' Loan Corporation; to the Committee on Banking and Currency.

3837. Also, petition of the Globe Tile Co., Brooklyn, N.Y., opposing the passage of Senate bill 2616 and House bill 7659; to the Committee on Ways and Means.

3838. By The SPEAKER: Petition of Pennsylvania State Society of the National Society United States Daughters of 1812, for the enactment of legislation for the protection of their national emblem; to the Committee on the Judiciary.

SENATE

FRIDAY, APRIL 13, 1934

(Legislative day of Wednesday, Mar. 28, 1934)

The Senate met at 12 o'clock noon, on the expiration of the recess.

THE JOURNAL

On motion of Mr. HARRISON, and by unanimous consent, the reading of the Journal for the calendar days Tuesday, April 10, Wednesday, April 11, and Thursday, April 12, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. LEWIS. I note the absence of a quorum and ask for a roll call.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Hatfield	Patterson
Ashurst	Costigan	Hayden	Pope
Bachman	Couzens	Hebert	Reynolds
Bailey	Cutting	Johnson	Robinson, Ind.
Bankhead	Davis	Keyes	Russell
Barbour	Dickinson	King	Schall
Barkley	Dill	La Follette	Sheppard
Black	Duffy	Lewis	Shipstead
Bone	Erickson	Logan	Smith
Borah	Fess	Lonergan	Steiwer
Brown	Fletcher	Long	Stephens
Bulkley	Frazier	McGill	Thomas, Okla.
Bulow	George	McKellar	Thomas, Utah
Byrd	Gibson	McNary	Thompson
Byrnes	Glass	Metcalf	Townsend
Capper	Goldsborough	Murphy	Vandenberg
Caraway	Gore	Neely	Van Nuys
Carey	Hale	Norris	Wagner
Clark	Harrison	Nye	Walcott
Connally	Hastings	O'Mahoney	Walsh
Coolidge	Hatch	Overton	White

Mr. LEWIS. I announce the absence of the Senator from Arkansas [Mr. ROBINSON], occasioned by illness in his immediate family.

I desire further to announce that my colleague, the junior Senator from Illinois [Mr. DIETERICH], is detained by an important engagement in his State; that the Senator from Nevada [Mr. PITTMAN] is necessarily detained from the Senate; and that the Senator from Maryland [Mr. TYDINGS], the Senator from Nevada [Mr. MCCARRAN], the Senator from Florida [Mr. TRAMMELL], the Senator from California [Mr. MCADOO] are likewise detained on official business; and the Senator from Montana [Mr. WHEELER] is absent on account of illness. I ask that these announcements may stand for the day.

Mr. HEBERT. I desire to announce that the Senator from Pennsylvania [Mr. REED] and the Senator from New Jersey [Mr. KEAN] are necessarily absent.

The VICE PRESIDENT. Eighty-four Senators have answered to their names. A quorum is present.

PHILIPPINE INDEPENDENCE

The VICE PRESIDENT laid before the Senate a letter from the Secretary of War, transmitting copy of a radiogram dated April 8, 1934, from the Governor of Zamboanga, P.I., stating "people of Zamboanga in mass meeting today passed resolution expressing praise and deep gratitude President Roosevelt and Congress for passage Philippine Independence Act", which, with the accompanying paper, was ordered to lie on the table.

CONTRACT WITH BOSTON IRON & METAL CO.

The VICE PRESIDENT laid before the Senate a letter from the Secretary of Commerce, reporting, pursuant to Senate Resolution 221 (agreed to April 10, 1934), concerning the contract dated November 25, 1932, between the United States and the Boston Iron & Metal Co., providing for the sale and scrapping of 124 merchant vessels under control of the former Shipping Board, which was ordered to lie on the table and to be printed.

ANNUAL REPORT OF BOY SCOUTS OF AMERICA

The VICE PRESIDENT laid before the Senate a letter from the Chief Scout Executive of the Boy Scouts of America, transmitting, pursuant to law, the 24th annual report of the Boy Scouts of America, which, with the accompanying papers, was referred to the Committee on Education and Labor.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate numerous resolutions adopted by various religious, social, temperance, and other organizations of the Territory of Hawaii, favoring the passage of the so-called "Patman motion picture bill", being House bill 6097, providing higher moral standards for films entering interstate and foreign commerce, which were referred to the Committee on Interstate Commerce.

Mr. COPELAND presented a resolution adopted by members of the Wayne County (N.Y.) American Legion, favoring the passage of legislation appropriating $3,000,000 for vocational training in schools, which was referred to the Committee on Appropriations.

He also presented a petition of sundry citizens of Yonkers, N.Y., praying for the passage of legislation preventing governmental department heads from imposing payless furloughs on employees, which was referred to the Committee on Appropriations.

He also presented a resolution adopted by the South Yonkers Residents' Association, Yonkers, N.Y., favoring the passage of the so-called "McLeod bill", providing for the payment of depositors in closed banks, etc., which was referred to the Committee on Banking and Currency.

He also presented a resolution adopted at a meeting of employees of the financial district of New York, together with business men at Mineola, Long Island, N.Y., protesting against the passage of the so-called "Fletcher-Rayburn stock exchange regulation bill", which was referred to the Committee on Banking and Currency.

He also presented a memorial of sundry citizens of Brooklyn, N.Y., remonstrating against the passage of the so-called "Fletcher-Rayburn stock exchange regulation bill", which was referred to the Committee on Banking and Currency.

He also presented a resolution adopted by the board of trustees of the incorporated village of Farmingdale, Long Island, N.Y., protesting against inclusion of municipal bonds in the provisions of the national securities exchange bill of 1934, as amended, which was referred to the Committee on Banking and Currency.

He also presented a memorial of sundry citizens of Brooklyn, N.Y., remonstrating against the passage of the so-called "Fletcher-Rayburn stock exchange regulation bill", which was referred to the Committee on Banking and Currency.

He also presented a memorial of sundry citizens, being employees of the Buffalo and western New York financial district, remonstrating against the passage of the so-called "national securities exchange bill of 1934" in its present form without liberalizing amendments, which was referred to the Committee on Banking and Currency.

He also presented a resolution adopted by the Buffalo (N.Y.) Chamber of Commerce, favoring the immediate construction of a new Federal building at Buffalo, N.Y., which was referred to the Committee on Public Buildings and Grounds.

He also presented resolutions adopted by the Chambers of Commerce of Williamson, W.Va., and Cincinnati, Ohio, protesting against the passage of the bill (S. 2926) to equalize the bargaining power of employers and employees, to encourage the amicable settlement of disputes between employers and employees, to create a national labor board, and for other purposes, which were referred to the Committee on Education and Labor.

He also presented a resolution adopted by members of Radio Workers' Federal Union, No. 18739, of Tonawanda, N.Y., favoring the passage of the so-called "Wagner labor bill" and the "Connery 30-hour work week bill", which was referred to the Committee on Education and Labor.

He also presented a petition of sundry citizens, being residents of the Thirty-ninth Congressional District of New York, praying for the entrance of the United States into the League of Nations in the interest of world peace, which was referred to the Committee on Foreign Relations.

He also presented a resolution adopted by members of Hollis-Bellaire Post, No. 980, the American Legion, Department of New York, favoring the adoption of the so-called "four-point program of the American Legion", which was referred to the Committee on Finance.

He also presented a resolution adopted by the Flatlands Merchants' Association, Brooklyn, N.Y., favoring the prompt payment of adjusted-service certificates of ex-service men, which was referred to the Committee on Finance.

He also presented resolutions adopted by religious, missionary, and temperance organizations in the State of New York, favoring the passage of the so-called "Patman motion-picture bill", being House bill 6097, providing higher moral standards for films entering interstate and foreign commerce, which were referred to the Committee on Interstate Commerce.

He also presented numerous resolutions, petitions, and papers in the nature of petitions of religious, fraternal, and other organizations, and of sundry citizens, all in the State of New York, praying for amendment of Senate bill 2910, the communications commission bill, so as to allow more liberal radio time to religious, social, and welfare organizations, which were referred to the Committee on Interstate Commerce.

He also presented a resolution adopted by the Women's City and County Club, Poughkeepsie, N.Y., favoring the passage of legislation providing for the dissemination of birth-control information on sound hygienic and medical principles, which was referred to the Committee on the Judiciary.

He also presented a resolution adopted by the Republican Club of the ninth assembly district, Brooklyn, N.Y., protesting against the proposed elimination of Fort Hamilton as an Army reservation and the transfer of the military forces there to Fort Wadsworth, which was referred to the Committee on Military Affairs.

He also presented a resolution adopted at a meeting held under the auspices of the Women's International League for Peace and Freedom in New York City, N.Y., protesting against expenditures for war preparation as contemplated in the so-called "Vinson Naval Construction Act", which was ordered to lie on the table.

He also presented a resolution adopted by the Kendall Club of the Jamestown (N.Y.) Police Department, protesting against reduced employment and the furlough of employees in the Postal Service, which was referred to the Committee on Post Offices and Post Roads.

He also presented a petition of sundry citizens of New York City, N.Y., praying for the immediate discontinuance of payless furloughs of postal employees, which was referred to the Committee on Post Offices and Post Roads.

He also presented a resolution adopted by members of the Social Branch of the Walhalla Letter Carriers, Clerks, and Rural Carriers, of Walhalla, S.C., favoring the passage of legislation to place village carriers and city carriers in the Postal Service on the same basis, which was referred to the Committee on Post Offices and Post Roads.

He also presented a petition of sundry citizens of Brooklyn and vicinity, in the State of New York, in support of the so-called "Nye resolution" providing an investigation of the munitions industry, which was ordered to lie on the table.

PROPOSED SUGAR LEGISLATION

Mr. COSTIGAN. Mr. President, without reflecting in any respect on any Member of the Senate or on the Finance Committee, which is carefully considering the subject, and solely for the information of the Senate as to the urgent need for the promptest possible action, I ask to have read at the desk, placed in the CONGRESSIONAL RECORD, and appropriately referred a telegram dealing with the administration's sugar bill, received from an authoritative spokesman for the beet growers of the Intermountain West.

There being no objection, the telegram was referred to the Committee on Finance and read, as follows:

GREELEY, COLO., *April 12, 1934.*

Hon. EDWARD P. COSTIGAN,
Senate Chamber:

Mass meeting of estimated 1,100 beet farmers at Greeley, Colo., April 11, appeals to Members of both branches Congress to rush passage Jones-Costigan bill, as beet-planting season is rapidly passing. Great Western sugar-beet contract now offered has been rejected because contract contains provision giving company right and option to nullify it if Secretary of Agriculture or competent Government official or tribunal does not sanction company contract by public notification on or before August 1. Beet growers, labor, and business are suffering from delay.

J. D. PANCAKE,
Secretary of Mass Meeting and Mountain States Beet Growers' Marketing Association.

AMENDMENT OF COMMUNICATIONS BILL

Mr. WAGNER. Mr. President, I present and ask that there be printed in the RECORD and appropriately referred a petition and communications from very distinguished religious organizations of New York in relation to a proposed amendment to the communications commission bill.

There being no objection, the communications and petition were referred to the Committee on Interstate Commerce and ordered to be printed in the RECORD, without the signatures on the petition, as follows:

ST. IGNATIUS COUNCIL, No. 362,
KNIGHTS OF COLUMBUS,
New York, April 11, 1934.

Hon. ROBERT F. WAGNER,
United States Senate, Washington, D.C.

DEAR SIR: The following resolution adopted by our council is sent to you for your kind consideration. It reads as follows:

"*Resolved,* That we the members of St. Ignatius Council, No. 362, Knights of Columbus, of the city of New York, State of New York, call upon our Senators and Representatives in Congress to support the amendment to section 301 of Senate bill 2910, providing for the insurance of equity of opportunity for educational, religious, agricultural, labor, cooperative, and similar non-profit-making associations seeking licenses for radio broadcasting by incorporating into the statute a provision for the allotment to said non-profit-making associations of at least 25 percent of all radio facilities not employed in public use; and further

"*Resolved,* That we place ourselves on record as approving the valiant struggle of the non-profit-making associations conducting radio stations to preserve their ideals of serving in the public interest."

The foregoing resolution was adopted by the unanimous vote of the members of St. Ignatius Council, No. 362, Knights of Columbus, of the city of New York, State of New York, having a membership of over 200, on the 6th day of April 1934.

We hope that you will give your support to the amendment, and any effort on your part in its favor will be greatly appreciated.

Closing with best wishes for your personal health and welfare,

I am respectfully yours,

PHILIP C. HENNESSY,
Grand Knight.

APRIL 10, 1934.

HONORABLE DEAR SIR: This is an appeal on behalf of Radio Station WLWL of New York City, the only Catholic broadcasting outlet in the entire northeast section of the United States.

For the past several years WLWL has courageously struggled against many of the obstacles and handicaps so that this station could continue, and that the work which is being done by the Catholic Church in one of the principal Catholic centers will not be jeopardized or completely wiped off the air.

Since 1927 WLWL has been discriminated against unjustly. Once a station with unlimited time, it is now reduced to 15½ hours a week. Columbia Broadcasting has profited by the curtailment of WLWL's time, contrary to the regulations of the Federal Radio Commission.

The efforts to obtain WLWL's just rights from the Federal Radio Commission up to the present have been unsuccessful. Columbia Broadcasting holds the wave length on which WLWL has only 15½ hours and refuses to give it up; its attitude is clearly expressed in a letter received by WLWL from Mr. Edward Klauber dated March 7, 1934, in part, as follows:

"Let me say once more, in order that our position may be entirely clear, that we do not feel that we can conscientiously or with due regard to our own interests or those of our audience surrender any of this wave length to you, nor do we know that the Commission would allow you to have it, even if we were willing."

Educational and religious radio stations that are striving to render real service for educational and moral life of their listeners are given but a few hours and are thereby sacrificed for unnecessary and commercial programs.

The Radio Commission has consistently discriminated against educational agencies in the allotment of broadcasting facilities, though the development and extension of education is a deep-rooted policy of our people.

I would request that you carefully consider the amendments as follows: Section 301–A, 301–B, and 301–C, and use your best endeavors to support these bills. By so doing you will aid the cause of moral, educational, and religious progress in our country, whose proudest boast is its devotion to the cause of education.

With due appreciation of your loyal support to the amendments sections 301–A, 301–B, and 301–C, I am,

Yours very truly,

CATHOLIC WOMEN'S UNION OF NEW YORK STATE,
MARY FILSER LOHR, *President.*

MARCH 31, 1934.

Hon. ROBERT F. WAGNER,
United States Senate, Washington, D.C.

DEAR SENATOR WAGNER: May I ask your support for the amendment to Senate bill 2910, section 301, presented on March 15, 1934, by Station WLWL of New York, N.Y.?

I believe the amendment is a fair and just one and in line with the best principles of our democratic government. It will help to preserve the rights of the radio stations devoted to important and necessary public work, such as Station WLWL, in which I am particularly interested.

Very truly yours,

——— ———.

REPORTS OF COMMITTEES

Mr. SHEPPARD, from the Committee on Military Affairs, to which was referred the bill (S. 3023) to amend section 4878 of the United States Revised Statutes, as amended, relating to burials in national cemeteries, reported it without amendment and submitted a report (No. 720) thereon.

He also, from the same committee, to which was referred the bill (S. 99) for the relief of Francis Gerrity, reported it with amendments and submitted a report (No. 726) thereon.

Mr. LOGAN, from the Committee on the Judiciary, to which was referred the bill (S. 3272) for the relief of the city of Baltimore, reported it without amendment and submitted a report (No. 721) thereon.

Mr. WAGNER, from the Committee on Foreign Relations, to which was referred the joint resolution (H.J.Res. 315) granting consent of Congress to an agreement or compact entered into by the State of New York with the Dominion of Canada for the establishment of the Buffalo and Fort Erie Public Bridge Authority with power to take over, maintain, and operate the present highway bridge over the Niagara River between the city of Buffalo, N.Y., and the village of Fort Erie, Canada, reported it without amendment and submitted a report (No. 722) thereon.

Mr. STEPHENS, from the Committee on Claims, to which was referred the bill (S. 1382) for the relief of Uldric Thompson, Jr., reported it with an amendment and submitted a report (No. 723) thereon.

Mr. GORE, from the Committee on Interoceanic Canals, to which was referred the bill (S. 3247) for the relief of the Playa de Flor Land & Improvement Co., reported it without amendment and submitted a report (No. 724) thereon.

Mr. SMITH, from the Committee on Agriculture and Forestry, to which was referred the bill (S. 2899) establishing certain commodity divisions in the Department of Agriculture, reported it with amendments and submitted a report (No. 725) thereon.

ENROLLED BILLS PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on today, April 13, 1934, that committee presented to the President of the United States the following enrolled bills:

S. 163. An act for the relief of Capt. Guy M. Kinman;

S. 3022. An act to amend sections 3 and 4 of an act of Congress entitled "An act for the protection and regulation of the fisheries of Alaska, approved June 26, 1906, as amended by act of Congress approved June 6, 1924, and for other purposes; and

S. 3209. An act limiting the operation of sections 109 and 113 of the Criminal Code and section 190 of the Revised Statutes of the United States with respect to counsel in the case of the United States of America against Weirton Steel Co. and other cases.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. THOMAS of Oklahoma:

A bill (S. 3360) making receivers, liquidators, referees, trustees, or other officers, or agents, appointed by any court of the United States and authorized to conduct any business, or conducting any business, subject to taxes levied by any State the same as if such business were conducted by private individuals or corporations; to the Committee on the Judiciary.

By Mr. McNARY:

A bill (S. 3361) for the relief of Nancy Catherine McBride; to the Committee on Finance.

A bill (S. 3362) for the relief of Horace G. Wilson; to the Committee on Claims.

By Mr. BARBOUR:

A bill (S. 3363) for the relief of the George A. Fuller Co.; to the Committee on Claims.

By Mr. BYRNES:

A bill (S. 3364) for the relief of G. T. Fleming;

A bill (S. 3365) for the relief of C. J. Holliday;

A bill (S. 3366) for the relief of C. O. Meyer; and

A bill (S. 3367) for the relief of J. B. Trotter; to the Committee on Claims.

By Mr. COPELAND:

A bill (S. 3368) to authorize contribution of Federal funds to aid the State of New York in the improvement of a section of the Erie Canal (with accompanying papers); to the Committee on Commerce.

A bill (S. 3369) to repeal section 389 of the United States Code, being section 239 of the United States Criminal Code (with an accompanying paper); to the Committee on the Judiciary.

By Mr. COPELAND, Mr. VANDENBERG, and Mr. MURPHY:

A bill (S. 3370) granting the consent of Congress to any two or more States to enter into agreements or compacts for cooperative effort and mutual assistance in the prevention of crime, and for other purposes; to the Committee on the Judiciary.

By Mr. SCHALL:

A bill (S. 3371) to provide for the advancement on the retired list of the Army of John A. Lundeen, a colonel, United States Army, retired; to the Committee on Military Affairs.

By Mr. GLASS (for Mr. TYDINGS):

A bill (S. 3372) for the relief of John L. Alcock; to the Committee on Claims.

A bill (S. 3373) granting an increase of pension to Fannie B. Kinsella (with accompanying papers); to the Committee on Pensions.

By Mr. GIBSON:

A bill (S. 3374) to extend the times for commencing and completing the construction of a bridge across Lake Champlain from East Alburg, Vt., to West Swanton, Vt.; to the Committee on Commerce.

By Mr. ADAMS:

A bill (S. 3375) to provide for the distribution of power revenues on Federal reclamation projects, and for other purposes; to the Committee on Irrigation and Reclamation.

By Mr. BARBOUR:

A bill (S. 3376) to amend the provision in the act approved March 3, 1931, governing the computation of commissioned service of Naval Academy graduates who have been retired for age or service ineligibility for promotion; to the Committee on Naval Affairs.

By Mr. STEIWER:

A bill (S. 3377) for the relief of the Coast Fir & Cedar Products Co., Inc.; to the Committee on Claims.

By Mr. HAYDEN:

A bill (S. 3378) granting a pension to Lewis G. Simpson; and

A bill (S. 3379) granting an increase of pension to Lorenzo D. Walters; to the Committee on Pensions.

By Mr. WALSH (for Mr. TRAMMELL):

A bill (S. 3380) providing for the appointment of Richmond Pearson Hobson, formerly a captain in the United States Navy, as a rear admiral in the Navy, and his retirement in that grade; to the Committee on Naval Affairs.

By Mr. KING:

A bill (S. 3381) authorizing the Secretary of War to lend certain Army equipment to the city of Price, Utah, for the accommodation of persons attending the interstate musical contest to be held at such city during the year 1934; to the Committee on Military Affairs.

HEARINGS BEFORE COMMITTEE ON PENSIONS

Mr. McGILL submitted the following resolution (S.Res. 222), which was referred to the Committee to Audit and Control the Contingent Expenses:

Resolved, That the Committee on Pensions, or any subcommittee thereof, hereby is authorized during the Seventy-third Congress to send for persons, books and papers, to administer oaths, and to employ a stenographer, at a cost not exceeding 25 cents per hundred words, to report such hearings as may be had on any subject before said committee, the expense thereof to be paid from the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during any session or recess of the Senate.

AMERICA MUST CHOOSE—ADDRESS BY SENATOR BANKHEAD

Mr. LEWIS. Mr. President, I tender at this point the radio speech of the junior Senator from Alabama [Mr. BANKHEAD], made last night, upon a current problem which is now before the Senate. I ask that it be included in the RECORD at the appropriate place.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

I shall discuss the subject "America Must Choose" from the standpoint of agriculture.

What interest have the producers of cotton, wheat, corn and hogs, tobacco, rice, and fruits in foreign trade? The distance of foreign markets from our inland farms is so great that it is difficult for our farmers to actually and vividly observe the movement of their export crops as they flow into the channels of commerce. The average farmer carries his commodity to his local market and sells to the local buyer. He may note the train or truck moving it, as it starts to a destination unknown to him. He knows that people somewhere will consume it. He does not ordinarily give any thought to the location of the people who will ultimately buy and consume the products of his year's labor. He does not concern himself with investigating how many bales of cotton and bushels of wheat and pounds of tobacco are consumed in the United States. He does not figure how much will be left, without a market in our country, and where the excess will find buyers for consumption. He does not picture the cargoes of his farm commodities as they move out into the oceans, carrying to the peoples of foreign countries farm surpluses in excess of American consumption.

When I say he does not concern himself with the things I have pointed out, I mean that he did not do so, and had no reason to do so, until very recent years. Domestic and foreign consumers supplied markets for his crops.

In 1930 surpluses began to pile up and prices started down. Something had happened in the market places, remote from the farms. Whatever had taken place was bearing down heavily upon basic agriculture.

Our farmers worked as hard as before. They continued to produce the material that feeds and clothes all of our people, but month after month for 3 long years the farmers got closer and closer to the call of the sheriff—once! twice! three times! sold!! as their farms went under tax and mortgage foreclosures.

In 1930 the Smoot-Hawley tariff bill was passed. Tariff tax rates were added to the Fordney-McCumber bill, which levied the highest tariff taxes in the history of our country prior to that time. The old formula of protection was abandoned, new and excessive taxes were added, not for mere protection, not for the benefit of workers in industry, because none of the new taxes were added to workers' pay rolls. The new rates had the following effects:

First. They put into effect a practical embargo on many items formerly imported here in exchange for some of our exports.

Second. For a short time the new tariff rates increased the profits of protected industry. That was the purpose of the law. It did not continue effective because it killed the goose that laid the golden egg.

Third. It started a world-wide tariff war which has continued to increase in volume and ferocity to this good day.

Instead of commerce moving in the normal stream of international trade we are now confronted, wherever we turn, with high-tariff barriers, with quotas and embargoes.

Other countries vigorously protested against the passage of the Smoot-Hawley bill. More than 1,000 leading economists of all political faiths presented a joint statement, warning us with what we now know was prophetic wisdom, of the dire results which would follow the passage of that bill.

The nations of the world are now engaged in trade warfare with each other, and especially with the United States. Foreign countries are not fighting the commerce war by assembling their legislative bodies on the field of battle, and with calm and dignity, and after months of weary debates, formulating tariff laws with thousands of separate specific tariff rates.

All of the important trade countries have intrusted to their executives—their generals in command—the plenary power to deal with international commerce. Reciprocal trade agreements of mutual advantage to the contracting countries are being made in various parts of the world. The United States stands out alone. Our President has no power to make trade agreements with other nations. When he is given that power, we will be in position to take a brick here and there from the top of our tariff walls, for specific imports from countries entering into reciprocal trade agreements with us, and at the same time we will find a way through the tariff walls of such countries for products of industry and agriculture produced in this country.

When we examine the loss of foreign markets for our principal agricultural products, we can better realize why surpluses have piled up and prices have gone down.

In 1928 the grand total of the value of exports of principal agricultural products was $1,863,100,000. The most important items were cotton, wheat, lard, tobacco, rice, and fruits.

In 1932 the total value of agricultural exports dropped to $662,300,000. More than $1,200,000,000 lost to the farmers of the United States in 1 year, and the same amount lost to the capital assets of our country. The loss was, in fact, much more to our farmers.

The backing-up on the farms and the local markets of the huge quantities of farm products, previously sold in foreign markets, brought about a reduction of about 66⅔ percent in the price of the entire crops of most of the export agricultural commodities. Wheat and flour have almost disappeared from the list of exports.

In 1928 we exported bread grains valued at $214,500,000. In 1933 the total value of bread grains exported was only $19,500,000, a shrinkage of $195,000,000.

Cotton decreased from $920,000,000 to $398,000,000, a shrinkage of $522,000,000.

In 1928 our total exports were valued at $5,128,000,000. The total value in 1932 was only $1,611,000,000.

Our imports during the same period decreased from $4,000,000,000 to $1,300,000,000 in round figures.

Our tariff walls kept out imports. New tariff barriers abroad stopped our exports. Foreign countries could not continue to buy our products, when they could not pay by selling us their products. The balance of trade in our favor had brought to us more than one third of all the gold in the world. The United States and France and England hold more than half the gold money stocks of the world. The other large trading countries do not have gold enough to properly support their currencies. They cannot continue to ship gold to us to pay for our products. They can buy from other countries and pay with exchange of goods. They cannot deal with us on that basis. Our tariff laws prevent it. We have no agency with legal authority to negotiate trade agreements. It is highly important for the whole country, and especially for agriculture, that a way shall be provided for reopening foreign markets for our surplus farm production.

Theoretical economists who never produced any wealth, who are merely brain workers, loudly protest against any suggestion looking to less production by farmers although they admit it means more money for the farmers. Many of the same objectors favor a 6-hour day for industrial workers, thereby reducing the production of industrial commodities. The same objectors in large numbers favor the tariff policy which has so greatly reduced the markets for farm products. They ignore the fact that industry cannot succeed without purchasing power by the millions of our people engaged in agriculture.

Until normal consumption has been restored, the farmers owe it to themselves and their families to adjust their production to the effective demands of the limited markets. By doing so they can get as much money for the smaller crops as they got for full crops before their markets were taken from them.

The people who protest against the reduction of farm crops make no objection when industry closes plants and discharges employees as a result of decreased buying power for industrial commodities. What answer would these absentee farm economists make if it should be proposed that farm implement and fertilizer factories should continue to produce at full capacity, and sell their products to the farmers at whatever price they could get for them? They would promptly announce that any management which followed such a course should be removed. It has never occurred to them that it is just as destructive to the farmer's financial affairs to use his full farm plant and manpower to produce and sell below cost of production as it would be for manufacturers to follow that plan.

To adjust the supply to the effective demands of the market is recognized as good business management in industry. But it is insisted that the farmer should toil 14 hours a day, produce all he can, and sell it for what it will bring, regardless of the financial loss to the farmer. I have no sort of patience with men who reason that way.

What would happen to the cotton industry in this country if we had no foreign markets? Our average production is around 15,000,000 bales a year. We consume in this country about 6,000,000 bales. We must look to foreign markets for approximately 60 percent of our cotton crop. The importance of cotton in the economic life of our country is not generally understood. Cotton constitutes nearly 25 percent in value of all of our exports.

Total exports of the United States from 1791 to 1933 amounted to $150,000,000,000. In this period the excess of merchandise exports over merchandise imports amounted to $36,600,000,000.

In the same period exports of unmanufactured cotton amounted to $30,000,000,000. From 1826 to 1933, inclusive, all exported cotton manufactured goods were valued at $3,750,895,000.

Without cotton our balance of trade and the increase of our national wealth from foreign trade for 142 years would be only $2,850,000,000.

Cotton has furnished 92 percent of the total amount constituting our balance of trade since the establishment of our Government. Very little cotton is produced anywhere in the world, except the long-staple Egyptian cotton, which compares favorably with our grade and staple of cotton. People throughout the civilized world need and want our cotton. They bought the usual quantity in 1919, when the price was 36 cents a pound. They will continue to buy it at a fair price if they can pay in goods. They cannot continue indefinitely paying in gold. We are near the end of securing the payment of the balances of trade in gold. We cannot renew and expand our foreign trade on the basis of paying in gold.

By granting power to our President to make trade agreements we will be adopting the same formula that is now being successfully executed by the other nations of the world. Increase in foreign trade will result and without injury to any industry in this country which produces in substantial quantity.

Agricultural producers in this country will be the most direct beneficiaries as a result of enlarged foreign trade.

When normal consumption for farm products is reestablished, farmers will gladly return to normal production. Until that time arrives, wise farmers know that they should protect their own household by adjusting the supply to the reduced trade demands.

THE FARMER-LABOR PARTY OF MINNESOTA—ADDRESS BY STATE SENATOR ROCKNE

Mr. SCHALL. Mr. President, I ask leave to insert in the CONGRESSIONAL RECORD a radio speech delivered by State Senator Rockne, of Minnesota, on Thursday, April 5, about the recent Farmer-Labor convention held in St. Paul, and the platform it adopted.

Senator Rockne has well stated the issues in Minnesota in a courageous manner, and deserves credit, not only up there, but in the entire country. We are just being treated to an exposé of the thoughts and plans of the "brain trust"; and Governor Olson, who is responsible for the platform, was the local representative of the Democratic national administration on the N.R.A., and then resigned to take charge of the C.W.A. for my State.

Last Tuesday Dr. Wirt, in his testimony, referred to a conversation in which some high official here in Washington stated that the quickest way to advance the cause of a planned economy was to shut off food for the hungry; that that would agitate the people into action and violence quickly.

Not only Minnesota, but the whole country, may be interested to know whether the "brain trust" had a hand in drafting this platform to test public opinion and whether the recent demonstrations of violence in Minneapolis, inspired by Communists, is not part of this revolutionary philosophy, both on the part of the "brain trust" and of the Governor when he says:

Now, I am frank to say that I am not a liberal * * * I am what I want to be—I am a radical.

I ask unanimous consent that the address of State Senator Rockne be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

SPEECH OF SENATOR ROCKNE

For the second time in their history as a State, the people of Minnesota are called upon to make a momentous decision.

In 1860 our forefathers were required to say whether the State of Minnesota, though far from the region of slavery, should be loyal to the Union and send troops to defend it.

Their answer is written in the blood of the men who were later thrown into the breach at Gettysburg to successfully stem the charge of Pickett's brigade.

No law that the Minnesota Legislature has passed since that time has altered or materially changed the course of the people. The decision to stand by Abraham Lincoln, however, was of such importance that its influence still lives in every citizen of the Commonwealth.

Today the people of Minnesota—the sons and daughters, the grandsons and granddaughters of the men who, nearly three quarters of a century ago, went to the defense of the Union—must decide whether they will permit, through confiscation and taxation, the destruction of the State of their fathers and grandfathers.

It is the second big moment in the history of Minnesota. I am confident that we will acquit ourselves as gloriously as did the men and women who met the issue in 1860.

Millions of men and women throughout the Nation were stunned a few days ago as the leaders of the Farmer-Labor Party, and later a majority of the delegates to the State convention in St. Paul, committed themselves to a program of socializing the State through the medium of taxation—to the overthrowing of the Government of the United States—to the abolishment of private ownership of property referred to as "capitalism" or "the system", and finally as they launched a campaign to attain the objects of their platform by setting class against class.

I want it clearly understood that my remarks do not apply to the rank and file of the Farmer-Labor Party.

I have reference to a small group of willful leaders who first came into prominence with the organization of the Nonpartisan League in North Dakota, the membership of which, as you know, was almost exclusively among farmers. This group was instrumental in doing untold damage to the faith and credit of North Dakota by promoting the same program they now propose for Minnesota. When they failed in North Dakota, they moved into this State and formed a union between the farmers and the city laborers and called that union the Farmer-Labor Party. Gradually they have eliminated the farmer except as he is useful in helping them politically, until today we find that they have stolen the organization which is the Farmer-Labor Party in name only, and have turned it over to the Socialist-Communist element consisting for the most part of city radicals.

It is to these few men who exploited North Dakota and who now desire to exploit Minnesota and its people that I refer throughout this period of broadcast. Nothing that I say is to be construed as a criticism of the thousands of men and women who have honestly subscribed to the original principles of the Farmer-Labor Party, but who now find their party betrayed into the hands of the Socialists and Communists by a clique of promoters.

After many years of preliminary work these men are today ready to turn Minnesota into a laboratory for political experiment, and they have thus given the people of the State an opportunity to eliminate them forever as political factors. I know the people will not fail.

I have paid for this opportunity to address the citizens of Minnesota for several reasons:

The first is my conviction that the Farmer-Labor program puts every home and every farm in Minnesota in jeopardy, and I would feel negligent in my duty if I did not raise my voice in protest.

The second is that Governor Olson last winter announced his intention to invade my district and personally oppose my return to the State senate, for which I am again a candidate and for no other office, and I am taking this means of accepting his challenge and his choice of weapons—the Farmer-Labor platform.

The third reason is that the Republican county conventions and the Democratic organizations which will soon be in session should be in no doubt or disagreement as to the issue of the day, and I am addressing my remarks to them as the only going political organizations that will oppose this iniquitous Farmer-Labor program.

I cannot too strongly urge them to make proper and careful endorsements of candidates to the State legislature and to never lose sight of the fact that every legislative candidate who carries the Farmer-Labor endorsement is committed to the party program. Repudiate it as some of them undoubtedly will, they cannot escape the obligation imposed on them by the Farmer-Labor Party to accept the program in full without reservation in return for an endorsement by the organization. The Farmer-Labor platform, adopted in St. Paul last week, will be the platform on which will stand the Farmer-Labor candidates to the legislature. Make no mistake about that.

In the coming campaign there will be just one issue, and there will be just two sides to that issue.

Either we will favor the confiscation of private business property by the State government, thereafter to be managed by politicians, or we will not.

Either we will favor the destruction of individual rights or we will fight to preserve them.

We will be in favor of destroying all that men have saved, be it much or little, or we will oppose it.

Either we will favor academic freedom in the broadest and most liberal sense of the phrase, or we will resist insidious influences in the education of our young people.

We will be for the Constitution, or we will be against it.

There can be no halfway, no in-between ground in this fight.

There can be no idle hands in a campaign which is to determine whether Minnesota shall be industrially and individually free, or governmentally controlled—whether it is to secede, as it were, from the Union and exist as a mongrel among State governments.

In order that there can be no doubt as to the design and purpose of the Farmer-Labor Party leaders, I shall read a few words from the platform adopted at the convention. I quote:

"We demand public ownership of all mines, water power, transportation, and communication, banks, packing plants, factories, and all public utilities. Provided, that this shall not apply to bona fide cooperative owned and operated enterprises."

Here, then, is the first and major objective of the Farmer-Labor Party which will become effective as soon as it has taken over complete control of the State government, including the legislature. Succeeding in this, the Farmer-Labor Party proposes to set up a form of society in Minnesota so contrary to the purpose of the Constitution, so different in fundamental principles, that the individual will thereafter count for nothing, and the State for everything.

In support of this statement may I quote from a recent editorial which appeared in the Minneapolis Tribune. Referring to this new socialized state, the editor of the Tribune said:

"It does not mean taking money away from the rich and giving it to the poor; it doesn't mean giving every man a day's work and every farmer a fair price for his product. It means that every working man, every capitalist, and every farmer becomes simply an ant in the hill or a bee in the hive."

What a gloomy prospect!

The people of Minnesota should understand thoroughly what it is the Farmer-Labor Party proposes to do.

It proposes to take over all the machines of production—all the power companies, telephone companies, street-car lines, railroads, bus lines, packing plants, and ore mines. It proposes moreover, to have its own bank and its own general-insurance business.

How is this to be done? By armed force? Or is it to be done by purchase? Is the constitution which provides how the State shall acquire private property to be upheld or is it to be scrapped?

If all these private enterprises are to be acquired through the peaceful and lawful means of purchases, where is the money to come from?

The State owned and operated enterprises will pay no taxes. Government expenses will be greater because there will be operating losses to pay and emergencies to meet, to say nothing of bigger pay rolls, and all of this must and will come out of the farmer, the home owner, the small-town business, the professional men and women, the salaried workers who may be employed by the few private enterprises the State does not absorb.

You will be told that there will be no operating losses—nothing but profits. Write to your friends in North Dakota and find out from them the results in that State with this same bunch managing the various State activities. Before I finish this broadcast, I will tell you what they were.

The Farmer-Labor Party makes a direct appeal for votes when it provides that public ownership shall not apply to bona fide cooperatively owned and operated enterprises.

Will someone please explain to me the difference between a cooperatively owned enterprise and an enterprise owned by 100 shareholders?

The Farmer-Labor leaders make another direct appeal for support from the farmers of Minnesota when they declare, by implication, that public ownership will not apply to the farms.

How well they know that the farmer is and always has been, by reason of his very choice of occupations, the greatest individualist in the entire classification of society.

In the great Russian experiment the government first seized the industrial machinery—the machines of production. Then came the seizure of the productive as well as the undeveloped land. Such a plan is of necessity a part of the socialization theory. Control of the product of the machine and of the man power cannot be achieved without equal and complete control of the means of producing food.

Where would the socialized industrial state find itself with productive lands in private hands?

Such a combination is impossible under the Marxian theory of government. Nor have the farm and its owner escaped socialization in any of the great experiments.

The farmer of Minnesota, as in other countries, will be used where and when and how the State dictates.

My friends, do not be lulled into sleep by the splendid oratory of the Farmer-Labor Party leaders who will smile engagingly and assure you that no such violence is contemplated.

Let me say to you that no longer than 2 days ago none other than the manager of the Farmer-Labor Party—himself a public servant—was present at a meeting in Big Stone County where he was engaged in arousing the farmers of western Minnesota to a deeper sense of hatred for what he spoke of as "the system."

He heaped abuse upon the newspapers, upon all the business institutions of the State; and when he felt that he had the farmers sufficiently aroused, he urged them to close their ears and their minds to argument and reason and to fight for the Farmer-Labor socialistic program regardless of its consequences.

Now, there must be something wrong with any program that cannot submit to the fullest public discussion. Any policy as broad and far-reaching as that which the Farmer-Labor Party proposes, should, in my judgment, be subjected to the most careful study, and it should be the topic of the widest possible debate.

And yet, here comes the manager of the Farmer-Labor Party to urge the farmers, who are so vitally affected, not to reason, not to read, not to think, not to listen or discuss the plan with anyone who opposes it.

They do not want the farmer to realize that with labor in control of the machines of production, labor will fix not only its own rate of pay, but the price of goods to the farm, and the farmer will pay it, because in the eyes of the socialized state which they claim to favor, the farmer will still be a capitalist.

They do not want the farmer to realize that as the means of production become more and more socialized, the Government pay roll will become more and more topheavy until we reach a stage where a majority of the people of the country are paid from public funds, and when that time comes, what will happen to the minority, to the farmer, and the home owner? That is what they do not want the farmer to think about. That is why the Farmer-Labor Party leaders are urging the farmers to shut their ears and their minds to argument and to reason.

It is the Farmer-Labor way of warning the people its program is going to be exposed. The Farmer-Labor Party leaders know very well that it should be and will be exposed and by this method they hope to minimize the damaging effect of these disclosures.

To anyone who may console himself with the belief that this is just a gesture—just a program to attract votes—a plan which the Farmer-Labor Party does not really mean to enforce, let me say that the Farmer-Labor Party leaders were never more serious in their lives. They believe this is their day.

They are so bent on enforcing their will that they have a committee of five appointed by the executive committee of the party (I quote from the convention proceedings) "to see that the legislators who are weak in their votes and strong in their protestations are called to account", and that "the party owes it to the State that when a man is put up and the Farmer-Labor label placed over him, he carries on."

Is there any comfort in these statements for the farm owner, the home-owner, the small business proprietor, the professional man, the mother, the clergyman, who may feel that no group would seriously attempt to overthrow the government?

Why, my friends, the Farmer-Labor platform is so radical and so revolutionary that some of the party's most loyal members cannot subscribe to it. I have before me the statement of one of the party members from Winona County—a leader in the legislature, a representative of railroad labor, a member of the shopcrafts organization—who said—I quote: "I am a liberal, but a conservative one. In fact the Winona County delegation thought the party platform adopted too radical and did not support it."

This party leader says the platform was too radical for his delegation, but it is not too radical for the Governor. Governor Olson says he is not a liberal, but a radical, and the program which is proving too much for some of his followers, is none too radical for his blood.

This breaking-away on the part of the Winona County delegation is clearly an indication that the rank and file of the party is beginning to desert the leadership of the willful few. It is evidence that within the Farmer-Labor membership there is strong opposition to the Socialist-Communist program of the convention.

Permit me to quote briefly from the Governor's published speech before the convention. He said: "Now, I am frank to say that I am not a liberal. I enjoy working on a common basis with liberals for their platforms, etc., but I am not a liberal. I am what I want to be—I am a radical. I am a radical in the sense that I want a definite change in the system."

Those who have followed the Governor in the last two campaigns, believing him to be a liberal, now find him to be a self-advertised radical. They find that his program is not the program of Jefferson, of Jackson, of Wilson, or of Franklin Roosevelt; not the program of Washington, of Lincoln, or of Theodore Roosevelt; but of Karl Marx, of Debs, of Haywood, of William Z. Foster.

The Governor has thus announced himself in complete accord with the Farmer-Labor program. It is, as a matter of fact, the Governor's program, because he is the party. Therefore any disposition on his part to pretend that the program is subject to modification or to milder interpretations should be regarded as just an adroit guard which he throws up to ward off the blows of those who do not agree with him.

This is Governor Olson's program. He inspired it, and he has dictated its terms. He will rise or fall on it. The actual writing of it he left to Julius F. Emme and other Communists, but it is the Governor's child, and no amount of oratory or side-stepping can distort its likeness to make it resemble anyone else.

I have previously referred to the group of willful leaders who are standing at the Governor's right hand—the small group of individuals who attempted the same radical program in North Dakota.

Who are these men?

Henry Teigan, a member of the State senate, an employee of the banking department, who was general secretary of the Non-Partisan League in North Dakota for 7 years. He was secretary also of the Socialist Party of North Dakota for 10 years prior to the organization of the league.

George Wallace, member of the Minnesota State Tax Commission, who was tax commissioner of North Dakota from 1912 to 1922.

Vince Day, secretary to Governor Olson, who wrote the famous House bill No. 44, the constitutional measure by which North Dakota was put into business. Mr. Day was legal adviser to the league in North Dakota.

George Griffith, chief oil inspector of Minnesota, who was North Dakota State manager of the Non-Partisan League for several years.

William Anderson, at present employed by the Minnesota Tax Commission, who was industrial commissioner of North Dakota during the days of the league.

I pause at this point to call to your attention the interesting fact that Mrs. Arthur Le Sueur, of Minneapolis, who was recently appointed by Governor Olson to the State board of education, has been a Socialist-Communist writer for many years under the name of Marian Wharton. She was at one time principal of the People's College, of which Eugene V. Debs was chancellor, where they developed Communist lecturers and writers. Mrs. Le Sueur was in charge of the speakers' bureau of the National Non-Partisan League and was active in the Minnesota Non-Partisan League campaign in 1918.

Here is the damage that has been wrought in North Dakota:

After approximately 12 years devoted to recovery from the experiments, the people of North Dakota are still more than $10,000,000 in the red, not counting rural credits, home builders' association, highway, and other cash funds diverted. The grand total, I am confident, would be several times this amount.

You may judge from this what the damage will be in Minnesota under the same brand of management.

We have known for many years that the underlying motive of the Farmer-Labor Party was socialistic, but the party would never admit it. Now the party is out in the open. The Governor has spoken, and the program is before us. Carried to its one and inevitable conclusion, it will destroy not only all human rights, but all property rights upon which human rights have rested for nearly 3 centuries.

This country was founded upon the human right to own property, to possess homes, to own factories, and to carry out enterprises all for the benefit and advancement of human rights. Our forefathers enacted the copyright laws, the patent right laws, the homestead laws, the transportation laws, and all these great agencies which have been the inducement to bring to America people from over all the world.

Particularly has this been true of the Scandinavian, the German, the Irish, and the French races. Here they have been permitted to worship their God and educate their children as they saw fit. When enterprises became too large to be carried on by individual effort or capital, we permitted the partnership and the corporation to be formed, where the thrifty and the energetic put their individual savings together for the common purpose of developing transportation, industries, conveniences—all in the interests and for the benefit of humanity.

We have encouraged these agencies in the past by permitting individuals to join with other individuals in putting their savings into one organization until today the ownership of these enterprises is vested in millions of our own people.

For thousands of years civilization made slow and painful progress away from the absolute power of the state—away from the cruelty of the mailed fist that took away the human rights about which the Governor speaks so feelingly—and only within the past 150 years has civilization been successful to any marked degree.

Within that period the individualists of all lands, the hewers of wood, the herders of geese, have found in America a haven. Under the Government of America they have found the opportunity to exercise their initiative and their enterprise. It is now proposed that we burn the pages of history and that we fall in behind the dreamers and the carpet baggers who will return us to the state whence we came.

Within the past century, in the wake of the German revolution of 1848, thousands of Germans, including the immortal Carl Schurz, came to this country—to this Northwest—here to make history, here to find the right to live their individual lives, and to escape the power of the state.

Shall we turn back the hands of the clock and return to the evils from which our ancestors escaped at so great a cost?

In closing, may I leave this word with the thoughtful people of the State—draft and elect candidates to the legislature who will represent your opinion, not the opinion of a few men who are ready to scrap the past and gamble with the future.

The fight is on. We are not unmindful of the responsibility, but we welcome the opportunity to meet the issue.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had

passed without amendment the bill (S. 2315) to provide for the settlement of damage claims arising from the construction of the Petrolia-Fort Worth gas pipe line.

The message also announced that the House had passed the bill (S. 1076) authorizing adjustment of the claim of the Franklin Surety Co., with an amendment, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H.R. 190. An act for the relief of Elizabeth T. Cloud;
H.R. 200. An act for the relief of Jacob Durrenberger;
H.R. 210. An act for the relief of Anne B. Slocum;
H.R. 878. An act for the relief of Kathryn Thurston;
H.R. 1402. An act for the relief of James E. Dethlefsen;
H.R. 1870. An act for the relief of Corinne Blackburn Gale;
H.R. 1933. An act for the relief of Philip F. Hambsch;
H.R. 2038. An act for the relief of Jeanie G. Lyles;
H.R. 2203. An act for the relief of Enoch Graf;
H.R. 2322. An act for the relief of C. K. Morris;
H.R. 2339. An act for the relief of Karim Joseph Mery;
H.R. 2431. An act for the relief of certain newspapers for advertising services rendered the Public Health Service of the Treasury Department;
H.R. 2438. An act for the relief of Ruby F. Voiles;
H.R. 2666. An act for the relief of D. F. Phillips;
H.R. 3056. An act for the relief of James B. Conner;
H.R. 3130. An act to extend the benefit of the United States Employment Compensation Act to Frank A. Smith;
H.R. 3146. An act for the relief of John W. Barnum;
H.R. 3295. An act for the relief of the estate of White B. Miller;
H.R. 4516. An act for the relief of B. Edward Westwood;
H.R. 5542. An act for the relief of Joe G. McInerney;
H.R. 5780. An act for the relief of Lt. H. W. Taylor, United States Navy;
H.R. 5935. An act for the relief of Oscar P. Cox;
H.R. 6324. An act for the relief of Mabel Carver;
H.R. 6366. An act making appropriation to restore water of high mineral content on land owned and controlled by the Federal Government;
H.R. 6386. An act for the relief of Lucien M. Grant;
H.R. 6690. An act for the relief of certain officers of the Dental Corps of the United States Navy;
H.R. 7028. An act for the relief of Mrs. Joseph Roncoli;
H.R. 7067. An act for the relief of St. Anthony's Hospital at Michigan City, Ind.; Dr. Russell A. Gilmore; Emily Molzen, nurse; and the Hummer Mortuary;
H.R. 7168. An act for making compensation to the estate of Nellie Lamson; and
H.R. 7289. An act for the relief of H. A. Soderberg.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred or ordered to be placed on the calendar as indicated below:

H.R. 190. An act for the relief of Elizabeth T. Cloud;
H.R. 200. An act for the relief of Jacob Durrenberger;
H.R. 878. An act for the relief of Kathryn Thurston;
H.R. 1402. An act for the relief of James E. Dethlefsen;
H.R. 1933. An act for the relief of Philip F. Hambsch;
H.R. 2038. An act for the relief of Jeanie G. Lyles;
H.R. 2203. An act for the relief of Enoch Graf;
H.R. 2322. An act for the relief of C. K. Morris;
H.R. 2339. An act for the relief of Karim Joseph Mery;
H.R. 2431. An act for the relief of certain newspapers for advertising services rendered the Public Health Service of the Treasury Department;
H.R. 2438. An act for the relief of Ruby F. Voiles;
H.R. 2666. An act for the relief of D. F. Phillips;
H.R. 3056. An act for the relief of James B. Conner;
H.R. 3130. An act to extend the benefit of the United States Employment Compensation Act to Frank A. Smith;
H.R. 3146. An act for the relief of John W. Barnum;
H.R. 3295. An act for the relief of the estate of White B. Miller;
H.R. 4516. An act for the relief of B. Edward Westwood;
H.R. 5542. An act for the relief of Joe G. McInerney;
H.R. 5780. An act for the relief of Lt. H. W. Taylor, United States Navy;
H.R. 5935. An act for the relief of Oscar P. Cox;
H.R. 6324. An act for the relief of Mabel Carver;
H.R. 6366. An act making appropriation to restore water of high mineral content on land owned and controlled by the Federal Government;
H.R. 6386. An act for the relief of Lucien M. Grant;
H.R. 7028. An act for the relief of Mrs. Joseph Roncoli;
H.R. 7067. An act for the relief of St. Anthony's Hospital, at Michigan City, Ind.; Dr. Russell A. Gilmore; Emily Molzen, nurse; and the Hummer Mortuary;
H.R. 7168. An act for making compensation to the estate of Nellie Lamson; and
H.R. 7289. An act for the relief of H. A. Soderberg; to the Committee on Claims.
H.R. 1870. An act for the relief of Corinne Blackburn Gale; to the Committee on Foreign Relations.
H.R. 210. An act for the relief of Anne B. Slocum; and
H.R. 6690. An act for the relief of certain officers of the Dental Corps of the United States Navy; to the calendar.

INTERNAL-REVENUE TAXATION

The Senate resumed the consideration of the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes.

Mr. HARRISON. Mr. President, I should like to have the amendment with reference to the tax on sales of produce for future delivery disposed of. I understand that the Senator from North Dakota [Mr. FRAZIER] wishes to discuss it.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 237, after line 11, it is proposed by the committee to insert the following amendment:

SEC. 611. Stamp tax on sales of produce for future delivery: (a) Effective on the day following the enactment of this act subdivision 4 of schedule A of title VIII of the Revenue Act of 1926, as amended, is amended by striking out "5 cents" wherever appearing in such subdivision, and inserting in lieu thereof "1 cent".
(b) Section 726 (c) of the Revenue Act of 1932 is repealed.

Mr. FRAZIER. Mr. President, in the revenue act passed a little over a year ago there was a tax of 5 cents per $100 applied on futures trading. A similar provision was in the pending bill as it passed the House, but the Senate Committee on Finance has proposed to strike out the provision. That is the committee amendment which is pending before the Senate at this time.

I wish to comment just briefly on the statement made before the Finance Committee by a representative of the New Orleans Cotton Exchange, Mr. Paul J. Christian. He said:

We wish especially to point out, Mr. Chairman, that increasing this tax from 1 cent to 5 cents has practically driven the small speculator out of the cotton market and has left the trading that is done on the futures exchange dealing in cotton almost entirely to the mill trade.

A little further on he placed in the record at the committee hearings a statement of the amount of cotton produced for several given years and also the volume of futures traded in on the cotton market. The 5-cent tax did not go into effect until the 21st of June 1932, so the figures he gave for 1931 and 1932 were applicable before the 5-cent tax went into effect, and came under the tax of 1 cent per $100 on futures trading. The total crop of cotton produced in 1931–32 was a little over 17,000,000 bales, and the average price according to these figures was 5.89 cents per pound. The volume of futures trading was 67,489,620 bales. The 5 cents per $100 tax went into effect on the 21st of June 1932.

The figures for the next year, 1932–33, under the 5-cent tax, dropped to 13,000,000 bales produced, the average price being 7.15 cents, and the number of bales bought and sold on the market was 76,562,000. The year before under the 1-cent tax there were only 67,000,000 bales sold and under the 5-cent tax there were 76,000,000 bales sold, an increase of 9,000,000 bales. The representative of the cotton exchange of New Orleans to whom I have referred, said that the little speculators were being driven off the market and

they did not have a good market because of that fact. The fact remains that the average price went up from 5.89 cents to 7.15 cents, and the trading on the cotton exchange increased by 9,000,000 bales. His statement would seem to be rather inconsistent.

I do not care to give other figures, but I want to quote a little further from his statement. He went on to say that the tax accomplishes the very effect it was not intended to have. The total income from the 5-cent-revenue tax for the last year, 1933, was $4,206,597.74. If there had been the same amount of trading under the 1-cent tax there would have been an increased amount returned, and that increase would have amounted to $3,365,278. That is a mere bagatelle, I admit, and probably not worth quarreling about when we are endeavoring to raise revenue for the Government. A little over $3,000,000 is hardly worth discussing. The committee informs us that the bill as reported by the committee will raise all the revenue that is needed for the Government for the next fiscal year, enough to pay the interest on loans and all that, and that we will have a little to spare, and that no more money is needed. I am not going to insist that the committee amendment be rejected for that reason, but I do want to make a few statements in regard to it.

This representative of the New Orleans Cotton Exchange submitted the views of that exchange to the committee. I understand that is one of the big cotton exchanges of the country, especially for spot cotton. The New York Cotton Exchange is really the gambling exchange for cotton and handles a great deal more fictitious cotton than is handled by the New Orleans exchange. On the New Orleans exchange they handle the real cotton, though, of course, there is some speculating done there.

Here is another item in the statement of this representative of the New Orleans Cotton Exchange:

> While the volume of trading has varied from year to year, we have seen that in the year 1932–33 it was approximately six times the size of that year's crop.

Mr. President, last year—1932–33—the cotton exchange handled six times as much cotton as was produced in the United States during the same period. The manipulations of the market in the buying and selling of cotton were six times as much as the actual amount of cotton produced, and that is what they claim regulates the price and fixes the price of cotton for the farmers who produce this product of the Southern States. It seems to me quite strange that a great farm product such as cotton, one of the necessities of life, should have its price regulated and fixed by gamblers upon the stock market. There is one firm of cotton brokers, I am reliably informed, which deals both in the South and in New York, which makes more money each year in gambling on cotton than all the cotton farmers of the South make in net profits.

Mr. LEWIS. Mr. President——

The VICE PRESIDENT. Does the Senator from North Dakota yield to the Senator from Illinois?

Mr. FRAZIER. Yes; I am glad to yield.

Mr. LEWIS. My able friend does not make these comments as applicable to the grain market in Chicago?

Mr. FRAZIER. I will come to that a little later. I have some figures on the grain market also.

Mr. LEWIS. I will not interrupt the Senator, then, if he expects to discuss the matter later. I should like to hear the detail of his argument.

Mr. FRAZIER. Yes; I will discuss that phase of the matter later. I desire to read further from this statement:

> While the volume of hedging has varied from year to year, we have seen that for the year 1932–33 it was approximately six times the size of that year's crop, which would mean at current prices that every hundred bales of cotton would be subjected, in addition to other taxes and charges, to a "futures" tax of approximately $18, which would be reflected back to the farmer.

This witness is figuring on the 12-cent basis of cotton, which, as I understand, is practically the price at the present time. In the table that he put in the record, however, for the 1932–33 crop, he figures the average price at 7.15 cents; but in this estimate, in figuring the tax, he figures the whole crop at 12 cents. That is all right. I am not making any objection to that. At 12 cents a pound, a bale of cotton of 500 pounds would sell for $60; and the tax at 5 cents per hundred dollars, on the $60 that that one bale of cotton brings, would mean the vast amount of 3 cents tax under this provision—3 cents on a bale of cotton weighing 500 pounds—and 3 cents per bale of 500 pounds means three five-hundredths of 1 cent per pound.

I congratulate the Committee on Finance on being so anxious to save three five-hundredths of a cent per pound for the cotton growers of the South. They need it. Oh, yes; they need to save everything they can, because their conditions have been going from bad to worse for years and years. The condition of the cotton growers of the South has been getting just a little worse each year.

Before our Committee on Agriculture and Forestry the other day there was a hearing on a measure to distribute free cotton to families who were needy; and a lady who had done community work throughout the South came before the committee and told us how, in a certain county in one of the Southern States, she and others had gone out teaching the farmers how to make cotton mattresses out of the raw cotton, and that they were accomplishing a good deal; and she said she hoped the bill before the committee could go through, so that more of this cotton could be distributed throughout the South. I asked this lady if she meant to give us the impression that the farmers who produced cotton in the Southern States in great quantities were so hard up that they could not even afford to buy cotton mattresses, and she said that seemed to be the case. So, Mr. President, they need to save, and the Congress should be interested in those poor cotton farmers, and save them three five-hundredths of a cent on each pound of cotton if they can do it, of course.

The chairman of the committee said that all the testimony before the committee was that this tax would be passed back to the farmer. It would be mighty hard to pass back to the producer directly this three five-hundredths of 1 cent on each pound of cotton. It is absolutely impossible, because they do not figure in these small fractions of cents on the price of cotton. Even if it were passed back, however, it would not hurt the farmer very much. There were practically 13,000,000 bales of cotton produced last year in the South. According to the Agricultural Department there are approximately 2,000,000 cotton farmers. That would mean an average of 6½ bales of cotton to each farmer. If the tax is 3 cents a bale, that would mean 19½ cents on the total production of the average farmer of the South that he would be penalized if the tax were passed back to him directly, which I am satisfied is not the case. Even if it were passed back, however, this tax would cost him 19½ cents on his year's crop if he paid all of it.

The fact is that this tax is only on future trading. The six-and-a-half-bale average, of course, includes the big cotton planter, the big landlord who raises hundreds of bales of cotton; so the average of the individual farmer is mighty small. Many of them are much below the six and a half bales, which is the average for all the cotton farmers of the United States. The average farmer takes his bale or two or three bales of cotton to town and sells it, and does not hedge on it by any means. He needs the money just as quickly as he can get it, and he takes that money. He sells his cotton as spot cotton at whatever price the gamblers are willing to fix for his cotton the day he sells it, and so the average farmer pays no futures tax, at least not directly, on that cotton.

On the other hand, of course, if this $18 tax was on each bale—which is pyramided six times, because it is six times the amount of actual sales, according to what is shown by the record here—if this was $18 a bale and could be added to the $60 a bale which the cotton farmer of the South gets at the present price, it would make $78 per bale, or 15⅗ cents per pound, for his cotton; and that would be a mighty nice increase. But it will not be done.

Let me read you what this representative of the cotton exchange says the reduction of this 5-cent tax to 1 cent will

do for the cotton farmers. He says that every hundred bales of cotton—

Would be subjected, in addition to other taxes and charges, to a "futures" tax of approximately $18, which would be reflected back to the farmer.

He says this $18 tax per 100 bales would be reflected back to the farmer. The figures I have quoted, however, show that last year, under the 1-cent tax, the farmers got 5.89 cents, on the average, for their cotton; and the first year, with the 5-cent tax, they got an average of 7.15 cents; and this witness is figuring it at 12 cents, which is the price, or was the price a few days ago, of cotton in the southern cotton market.

The cotton exchanges say that this $18 tax that they claim would be paid would be reflected back to the farmer. It is not paid, however, because, according to the figures of the Treasury Department, only a little over $4,000,000 is collected on all future commodity trades, which includes wheat and many other commodities; and there were bought and sold on the Chicago market alone over 10,000,000,000 bushels of wheat last year—10,000,000,000 bushels! The 5-cent tax was not paid on all of that, either, because if it had been paid on all that wheat and on all this cotton the tax would have been at least a million dollars more than the Treasury reports.

I think the whole 5-cent tax should be taken off, and that the cotton exchanges should give $18 a bale additional to the farmers; but, of course, it is obvious how utterly foolish this man's reasoning is. There were 13,000,000 bales of cotton produced last year, and $18 per 100 bales additional would be $2,340,000 additional money. Mr. President, this argument of the cotton-exchange representative is absolutely absurd under the existing facts, and I am satisfied that there was not one "round turn" more of cotton sold or not sold on the market because of this 5-cent tax.

I am not very familiar with cotton-marketing processes, but I have obtained some figures which it seems to me, at least, are rather interesting. It seems that the cotton exchanges charge nonmembers $25 for a "round turn" of 100 bales of cotton. I did not know what a "round turn" meant, but it seems that that is the way they sell cotton, and that is the expression they use. If on all this cotton that was brought and sold on the markets for the last year they had charged a commission of $25 per "round turn", it would mean a charge for commissions of $19,140,500, Mr. President—$19,000,000 for commissions—and yet they complain about a 5-cent tax per $100, or 3 cents a bale; and the total amount received by the Government for all commodity trading was only a little over $4,000,000. If the cotton brokers sold all of this cotton to their own members—I understand that they charge their own members per "round turn" $12.50—if they sold it all at $12.50 commission, it would mean that the total commission on this total amount sold would be $9,570,250. That is what the amount would be if they sold it all to their own members. Of course, it is not all sold to their own members, and it is certain that they do not pay a tax of 5 cents per $100 on all of it. If they did, it would amount to more than half of all the taxes collected by the Treasury Department on futures trading.

I do not know just how much money they have to put up when they sell one of these "round turns" or buy a "round turn", but it is only a small portion of the actual cost of the cotton.

Mr. President, it is evident to me, from the statement of this representative of the cotton trade of New Orleans, that the 5-cent tax made no difference whatever in the gambling in the markets, because they bought and sold 9,000,000 more bales, or thereabouts, in 1932–33 than they did the year before.

Now, I want to speak briefly about the wheat situation. This 5 cents per hundred dollars means a tax of one twentieth of 1 percent. Shortly after the bill was passed, a little over a year ago, the grain men made a good deal of complaint about it. I remember that the Senator from Illinois received a telegram, signed, as I recall, by about a hundred or more workers in the exchanges of the Chicago Board of Trade, saying that if that 5 cents per hundred dollars tax were imposed it would put them out of business—that it would close the exchanges. They were worrying about their jobs, because this tax of 5 cents per hundred was to be imposed on trading in futures. The Senator from Illinois came to me and said, "Senator, you are largely responsible for having this tax put on and I want you to tell me how to answer these people." I read the telegram and then went on to explain it to him. He said, "I do not want your explanation. I want you to write a letter on which I can base a letter to them giving an explanation of this tax." So I wrote a letter and gave it to the Senator, and I did not hear any more from it; I do not know what the effect was.

In my own State there was a good deal of criticism. One of the opposition papers, on June 10, 1932, carried a little article attacking my colleague and me. It said we were responsible for this 5-cents-a-hundred tax on future trading in grain, and it said that it meant that it would saddle a direct tax of more than $5,000,000 annually on the wheat growers of North Dakota. They went on to say that it was the worst blow the wheat farmers had ever had, and they laid it to the so-called "friends of the farmers" here in the Senate, referring to my colleague and me.

As I said, this 5-cents-per-$100 tax amounts to only one twentieth of 1 percent. A year ago wheat was bringing approximately 50 cents a bushel, and at that price a thousand dollars would buy on the option market 20,000 bushels of wheat. One who purchased put up 5 cents a bushel margin in order to buy these options. That is the general price. On this thousand-dollar transaction there would be a 50-cent tax. The commission men charge nonmembers one fourth of 1 cent a bushel commission for handling their sales. On this thousand-dollar option the nonmember of the board of trade would pay a tax of 50 cents, the Government tax, and would also have to pay a commission of $50 to the commission men for handling this option. A lot of them engaged in such buying of wheat last summer.

Mr. LEWIS. Mr. President, will the Senator yield?

Mr. FRAZIER. I yield.

Mr. LEWIS. Respecting the letter which I asked the Senator to write, and which he did write with great accommodation, giving great details to my grain men, setting forth his reasons for the measure he advocated, it is only fair for me to tell the Senator that, while his logic was attractive, it was in nowise convincing.

Mr. FRAZIER. Mr. President, before I conclude I will give the Senator from Illinois some figures which I think will convince him. I did not have the figures a year ago, but I have them now.

When the price of wheat started to rise about a year ago, a great many thought they could make some easy money by dabbling in the market, buying a little wheat. Wheat continued to go up in price for several weeks. The man who bought a thousand dollars' worth, or 20,000 bushels, on option, when his wheat advanced 5 cents in price, could pyramid and take another 20,000 bushels on option without expending any more money, further than paying the extra 50-cent tax to the Government and the extra $50 commission to the commission man. They kept on pyramiding. As fast as the wheat went up 5 cents a bushel, they would pyramid and double the amount of their options.

Wheat got up to about $1 a bushel, or a little over, and the commission men began to get worried. They were afraid it would drop suddenly, or that something would happen, and they raised the ante. They thought 5 cents a bushel was not enough and they raised it to 15 cents a bushel, so that one would have to put up 15 cents a bushel in order to buy or sell wheat in the grain market, because they were afraid of what might happen. So purchasers could not pyramid until there was a 15-cent rise, and when there was a 15-cent rise they would pyramid again, doubling the amount of their holdings. That went on until the price of wheat rose to $1.26 a bushel. On July 19 or 20 they decided that the price of wheat was high enough, that there were too many independent fellows dabbling in the market, that they would have to teach them a lesson. So in those 2 days, July 19 and 20, the price of wheat dropped in the market 28 cents a

bushel. Although on the Chicago Board of Trade there is a rule that if the market moves either way more than 5 cents in 1 day the directors may close the market for that day and prevent any of their members from being gouged, either by an increase or a decrease of more than 5 cents a bushel. But in this case they dropped the market 28 cents in 2 days and did not close the market, because it was not their own men who were being fleeced. Their own members had evidently sold short and made a profit. But when the price went down 28 cents in 2 days the average little buyer who had been raising his ante and pyramiding for weeks was frozen out. He lost all the money he had in wheat. One could not walk the streets up in my State in the larger cities without meeting someone who would say, "I have made so many thousand dollars in the wheat market." But after the 20th of July we did not hear any more of that talk at all. They did not even tell us how much they lost; but they did lose all they put in.

Mr. President, I have the figures here from the Department of Agriculture showing the volume of future trading on the Chicago Board of Trade by months for the years 1930 to 1933. I do not intend to give all of them, but I should like to give some.

As I stated previously, this tax went on in the latter part of June 1932, so July was the first full month when the 5-cent tax was really in effect. In June 1932, 711,075,000 bushels of wheat were handled on the Chicago Board of Trade.

In July, the first month after the 5-cent tax went on, the trading dropped to 482,360,000 bushels, a little over 200,000,000 bushels less than during the month before the tax was on. That was to demonstrate to the people of the Nation that this 5-cent tax was putting the grain market out of business. What happened the next month? The speculators forgot about this lesson they were teaching the people about the effect of the 5-cent tax when they saw a chance to make a little money. In August, the next month, the trading in wheat in the Chicago market amounted to 1,018,240,000 bushels. That was in August, the second month after this 5-cent tax went on. They increased their trading in wheat from 482,000,000 to 1,018,000,000 in 1 month.

Normally there is raised in the United States about 900,000,000 bushels of wheat, and in 1 month on the Chicago Board of Trade they sold over a billion bushels. They say they are doing that for the benefit of the farmer, the poor, down-trodden farmer, who needs a little better price for his wheat, so they speculate, they gamble in wheat, which goes to make the staff of life, and they fix the price of it by their gambling methods on the Chicago Board of Trade.

Mr. LONG. Mr. President, I wonder if the Senator has ever noticed that every time we start to regulate these racketeers they tell us to go easy; that we are liable to put them out of business. I wonder if the Senator has ever stopped to think where any real harm would be done if these thieves were taken out of control of these institutions altogether?

Mr. FRAZIER. Mr. President, I will comment on that a little later.

Mr. LEWIS. Mr. President——

The PRESIDING OFFICER (Mr. BARKLEY in the chair). Does the Senator from North Dakota yield to the Senator from Illinois?

Mr. FRAZIER. I yield.

Mr. LEWIS. I will ask if the able Senator from Louisiana refers to the cotton market of the town of New Orleans?

Mr. LONG. I refer to the Cotton Exchange of New Orleans as being run by a gang of rotten thieves, and I have told them in New Orleans that they are a gang of rotten crooks who rob the farmers, and the only regret of my life is that I was not strong enough to force this bunch of crooks out of there. I do not want their support in any respect.

Mr. FRAZIER. The Senator from Illinois can sympathize with the Senator, and he knows there are some who might be similarly classified on the board of trade in Chicago.

Mr. LONG. Mr. President, I would rather take my chances in any nigger crap game that ever existed than in these exchanges.

Mr. LEWIS. Mr. President, I am not an expert on "a nigger crap game", but I will say to my able friend the Senator from North Dakota that I cannot accept that the standard which has been set as to the cotton exchange in New Orleans can be applied to the grain exchange in the great and imperial city of Chicago.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Louisiana?

Mr. FRAZIER. I yield.

Mr. LONG. I do not want to reflect upon the grain exchange, because it may be that my friend in Illinois has gone in there and given them a coat of whitewash that will make better men out of them; but I will say that if his outfit has received a spiritual blessing of some sort, I do not know of it, and that the Senator had better look around and be very careful if he puts his money in one of them, because anyone who has no better sense than to play his money in that game ought to be bored for a hollow horn. He has not the chance of a last year's birdsnest to come out of there without being fleeced.

Mr. FRAZIER. I agree with the Senator from Louisiana.

Mr. LEWIS. Mr. President, I do not hesitate to say, with the indulgence of my able friend from North Dakota, that I would not venture to put my money in such an enterprise for two reasons—one is that I have no money; the other reason is unnecessary. I, however, must add that my friend's estimate as to the grain exchange upon the theory that it needs any coat of whitewash I am sure is made under a misapprehension. Whatever was wrong with them before, whatever their previous shortcoming, was cured by the exchange going Democratic and voting for the President.

Mr. LONG. Probably that might be true of the New Orleans Exchange if they had voted for me, but they have never done it.

Mr. FRAZIER. Mr. President, I want to say for the benefit of the Senator from Louisiana and any other Senators from the Southern States who are familiar with the cotton situation and perhaps not so familiar with the wheat situation, that the cotton gamblers are pikers compared with the wheat gamblers. They only bought and sold six times as much cotton as was raised in this country last year, but in Chicago they bought and sold on their Board of Trade alone 20 times as much wheat as was raised in the United States last year.

Mr. LONG. Mr. President, will the Senator further yield?

Mr. FRAZIER. I yield.

Mr. LONG. The trouble is there was enough left out of the wheat farmer so they could take twenty slices out of him, but when they take six of the kind of slices they take out of the cotton farmer there is not anything left.

Mr. LEWIS. Mr. President, it is to the genius of the Board of Trade of Chicago that we have the ancient scriptural admonition to make two grains and two blades grow where only one grew before.

Mr. FRAZIER. They surely do, with a vengeance, make two grains grow and then some, where only one grew before.

In the whole of the year 1932 there were sold on the Chicago Board of Trade a little over 8,000,000,000 bushels of wheat; in 1931 almost 7,000,000,000 bushels, but in 1933, when this tax of 5 cents a $100 was in effect, which tax, it was claimed, would put them out of business, their trading amounted to 10,355,912,000 bushels of wheat.

The trading in all grains, which include corn, oats, rye, and barley, last year in Chicago amounted to over 15½-billion bushels. And still they will say that the 5-cent tax is putting them out of business.

Mr. President, if I could have my way I would put this tax high enough so I would put the exchanges out of business. The farmers' organizations have been trying to change the marketing system for years. The farmers' organizations throughout the Nation are opposed to this gambling in farm

products. So long as we have this gambling market for farm products, so long as speculators or traders set our markets, do Senators think the Agricultural Department down here, with their so-called "farm-emergency legislation" which we passed at the special session, is going to give the farmers an honest market for their grain? Oh, no, there is no chance of that, Mr. President. There is no chance under the existing conditions that the farmers will get an honest market for their grain or cotton.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Idaho?

Mr. FRAZIER. I yield.

Mr. BORAH. May I ask the Senator as to the exact situation? I understand there is a tax now of 5 cents.

Mr. FRAZIER. There now is a tax of 5 cents a hundred dollars on future trading.

Mr. BORAH. And the committee amendment reduces it to 1 cent?

Mr. FRAZIER. Yes.

Mr. BORAH. The Senator from North Dakota is opposed to that amendment?

Mr. FRAZIER. Inasmuch as it only amounts to about three and one half million dollars I am not going to insist on the amendment being stricken out or even insist on a vote being taken on it, because they say they do not need the money here in the administration, and then they say it will be that much more for the farmer; and if it is, all good and well.

Mr. BORAH. Does the Senator think it would be that much more for the farmer?

Mr. FRAZIER. Not directly. It is not passed back to the farmer directly. It is impossible for it to be passed back to the farmer directly, because it is such a small item on each bushel of grain or on each pound of cotton. The farmers and the workers, however, pay most of the taxes indirectly. I cannot think of many taxes which they do not pay indirectly.

Mr. BORAH. I still do not understand why, if the Senator's able argument is to be taken—and I am impressed with it—that tax should be reduced.

Mr. FRAZIER. I think it should be increased; but if they are going to leave it at 5 cents, it might as well be 1 cent, because the gamblers gamble just as much and the Government, it is said, does not need the money.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Louisiana?

Mr. FRAZIER. I yield.

Mr. LONG. My mentality operates so slowly that I thought of something that I should have been able to think of at the time when the comments were passing between the Senator from North Dakota and the Senator from Illinois. I believe the Senator from Illinois stated that the stock exchange in Chicago went Democratic in the last election, thus purging them of all their dishonest practices.

Mr. LEWIS. I never conceded that any of my people have ever indulged in dishonest practices.

Mr. LONG. But after denying the dishonest practices, as I understand, the Senator said they went Democratic. The facts are though, Mr. President, that they do not have to go Democratic or Republican. They never go out of office. They are sitting in both parties. They do not ever have to change. They have just as good a hold in one party as in the other.

Mr. FRAZIER. These exchanges are nonpartisan. I am coming to that.

Mr. LONG. That raises the question as to the Nonpartisan League. My friend from North Dakota may think he was in the Nonpartisan League when it was first formed, but the Nonpartisan League was formed in these stock exchanges. That was the beginning of the Nonpartisan League.

Mr. FRAZIER. Yes; it was formed a long, long time ago, before we ever thought of it in North Dakota.

Mr. LOGAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Kentucky?

Mr. FRAZIER. I yield.

Mr. LOGAN. I desire to remind the Senator from Louisiana that the Nonpartisan League began when the Democrats joined the Republicans on the tariff question; it did not begin in the stock exchange.

Mr. LEWIS. Mr. President, I believe I owe it to the Senator from Louisiana to say that if he wishes to confess here that he was rather slow of mind he will find back in Louisiana there are those who will certify he is fast in other directions. [Laughter.]

Mr. COUZENS. Mr. President——

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Michigan?

Mr. FRAZIER. I yield.

Mr. COUZENS. I think the Senators have missed the point, because the Nonpartisan League started in Wall Street long before we ever came to the Senate.

Mr. FRAZIER. I think there have been a number of nonpartisan leagues started in the business world.

In 1933, according to the figures from the Department, the total amount of wheat sold and handled on the Chicago Board of Trade was 10,355,912,000 bushels. Last year, according to the Department of Agriculture, we raised in the United States the smallest wheat crop that we have grown for years—515,000,000 bushels.

The amount bought and sold on the Chicago market was just a little more than 20 times as much as we raised in the same year in the United States, and it was 5 or 6 times as much as all the wheat grown in the world in the same period of time. But the gentlemen on the Chicago Board of Trade—very respectable gentlemen, as my friend from Illinois would say—make a vast amount of money in handling this farm product, in buying and selling it, and fleecing the little fellows who come in and dabble in the market, who, as I agree with my friend from Louisiana, should know better and should stay out.

In Fargo last summer they told me a bucket shop was started. It was not exactly a bucket shop, but someone was kind enough to take the money that little speculators wanted to put in the market—a few dollars—and send it to Chicago and buy options for them. They cleaned up the savings of bootblacks, the savings of the newsboys, the stenographers, the hotel clerks, and anybody else who had a few dollars, or a few hundred dollars, or a few thousand dollars to spend; they cleaned them up on the Chicago Board of Trade on the 19th and 20th of July, when they dropped wheat 28 cents in 2 days.

Mr. LONG. Mr. President, will the Senator further yield?

Mr. FRAZIER. I yield.

Mr. LONG. For every man you can find who ever made a dime out of one of these stock exchanges or cotton exchanges or grain exchanges I will find 10,000 men who have lost all they had. The old Louisiana lottery was an honor to us compared to these exchanges. The Louisiana lottery ought to be enshrined as an example of purity and virtue compared to the stock exchanges that exist in the United States today.

Mr. FRAZIER. I agree with the Senator from Louisiana again.

Mr. LONG. I should say they had about one chance out of five on a fair break, maybe, on a percentage basis in the old Louisiana lottery. I would almost say that where you find 1 man who has gained there will be at least 10 men who have been wrecked in these stock exchanges, more than in the old Louisiana lottery. I would almost say that where there is to be found today 1 man who has made money at least 10,000 men have been wrecked on the exchange. It is a criminal enterprise; it is a nefarious enterprise; it is put up for the purpose of robbing somebody. Think of selling a crop that is 10 times greater than has ever been grown. There is not anything gained in the way of marketing crops. The exchange is operated for the purpose of furnishing an

aristocratic manner of gambling, a means by which it is absolutely certain that the little man will be fleeced out of whatever he ventures in the transaction.

Mr. FRAZIER. Mr. President, if the Chicago Board of Trade—and the same thing is true of the cotton exchanges—want the little fellow to deal on the market, as the representative who came before the committee said they do, why do they not reduce their commissions and let them deal. The tax of 5 cents a hundred dollars is not keeping them out; it is the commission they have to pay. On the Chicago Board of Trade members are charged one eighth of a cent a bushel for trading, while nonmembers are charged one fourth of a cent—twice as much—and then, I understand, they have an inner ring in the membership of the Chicago Board of Trade. Seats are sold for anywhere from $5,000 up to $70,000, I understand, and those who belong to the inner ring do not even have to pay one-eighth cent per bushel for gambling in the market, but they have a reduction on that rate—I do not know what it is, but probably half that amount or just enough to pay the actual expenses of the sale. Oh, yes, they take care of their own members; there is no question about that, so long as they play the game with them, but even members who try to buck the group there in control lose their seats; they are fleeced and forced to go out of business.

Mr. LEWIS. Mr. President, I will merely remark that if my able friend from North Dakota and the Senator from Louisiana, in expressing in their bemoaning accents the experience of those who have operated in this house of speculation are referring to their own experience, I deplore the results and express to them my sympathy.

Mr. LONG. Mr. President, that is one instance where I have shown better sense than have the constituents of the Senator from Illinois. They never got a nickel of my money. I learned long ago not to sit in at the other man's game. I tried that when I first went West as a young man, and gave it up. I will say to the Senator from Illinois I may have been negligent, I may have shown deficiencies in other respects, but never have they gotten a dime of my money. At least I have had that much sense.

Mr. FRAZIER. I appreciate the sympathy of the Senator from Illinois, but it is misplaced. I can say with the Senator from Louisiana that I never spent a dollar on the Chicago Board of Trade or any of the other exchanges.

Mr. LONG. I should like to say further that I hope our good example in staying out may be potent, for fear the Senator from Illinois might do the reverse.

Mr. LEWIS. I might add that from the information the two eminent Senators seem to disclose as to all the details of such transactions, they have shown themselves eminently qualified to take advantage of the board of trade in its ignorance and lack of discernment.

Mr. FRAZIER. Mr. President, speaking for myself, I have never felt that way about it, but I agree with the Senator from Louisiana that for an outsider who undertakes, with the hope of winning, to play at a game where the other fellow knows the game and makes the rules that govern the game, I have not much sympathy if he does get fleeced; and he gets fleeced, there is no doubt about that.

I am taking more time than I expected to take, but I want to give a few figures as to wheat. I have given some as to cotton. The price of wheat to the farmer during the last few weeks has been around 60 cents a bushel; and at 60 cents a bushel a hundred bushels would sell for $60, and on $60 this 5-cent tax per $100, on 100 bushels of wheat would amount to 3 cents, or 0.03 of 1 cent a bushel. Can it be said that they pass that tax back to the farmers? Such a small fraction as 0.03 of a cent per bushel cannot be passed back to the farmers. It is impossible. Of course, if a farmer shipped a carload of wheat and hedged against it on a thousand-bushel car, he would pay a little tax of about 30 cents on the thousand bushels. Even that would not break the average farmer; 30 cents on a thousand bushels is not going to break him. He is going broke because he cannot get the cost of production for the bushels of wheat that he sells or for any other product that he sells. That is why he is going broke.

The one reason is because he does not have an honest market for his wheat and other products. The farmer in the South is going broke because he does not have an honest market for his cotton. The gamblers fix the price; they manipulate the prices and break those who produce cotton, and, also, break the farmers in the North who produce wheat.

It is to be noted that the title of this bill is "To provide revenue, equalize taxation, and for other purposes." The words "for other purposes" can mean almost anything, but it was suggested to me the other day that the words "other purposes" probably mean to make it possible to raise campaign funds; and I think that probably is what they mean in connection with the pending revenue bill.

The other day the Senator from Wisconsin [Mr. LA FOLLETTE] offered an amendment to increase the rates of taxation on incomes in the higher brackets. That amendment was voted down, as I remember, by 47 nays to 36 yeas. Out of the 47 nays there were 18 Republicans and 29 Democrats. As was shown by the Senator from Wisconsin, the adoption of the amendment would mean in the case of some of the big corporations in the higher brackets that they would probably have to pay $100,000 more tax than they would pay under the bill without his amendment. As I have said, that amendment was voted down. The National Democratic Committee watch all these votes here. A member of the Democratic National Committee could go to one of those big concerns in New York or some other place and say, "By defeating the La Follette amendment we saved your company $100,000 in taxes for the coming year. We want a campaign fund." Do you think, Mr. President, they would give it? They would be pretty cheap skates who would not put up ten or fifteen thousand dollars, inasmuch as they were saved $100,000 a year from the tax.

Then the National Republican committeeman could go to them and say, "The Democrats did not have enough votes down there in the Senate to defeat the La Follette amendment, and 18 Republicans had to vote with them in order to head off a higher tax. We saved you $100,000 on your tax, and we want a contribution for our campaign fund"; and they will get it. Oh, yes; we have a nonpartisan league right here in the Senate.

Mr. BAILEY. Mr. President, may I ask the Senator for some light on a matter that has caused me considerable trouble concerning the question of cotton options. My information is that the Department of Agriculture had 2,300,000 bales of cotton under option last year, which means, of course, that they had bought options to that extent on the cotton exchange; that they transferred those options to the farmers for a consideration, and they are now valued at $43,000,000. I should like to have the Senator discuss the matter of cotton options and dealings on the cotton exchange in the light of the policy of the Department of Agriculture.

Mr. FRAZIER. I am not responsible for the policy of the Department of Agriculture.

Mr. BAILEY. I want light on the matter if the practice is so bad as the Senator says.

Mr. FRAZIER. The Senator from South Carolina [Mr. SMITH] can explain that. He was responsible for that law being passed, to give the cotton farmers a chance to make some money from the cotton options. I did not like the theory of it, but so long as it did not have anything to do with the northern farmers, in whom I was directly interested or directly represented, I made no objection to it.

Mr. BAILEY. Does the Senator think it was all right to corrupt the southern farmers and not the northern farmers? Is that the idea?

Mr. FRAZIER. They apparently made some money out of it. Whether it is corrupting them or not I do not know, but I am very much afraid that it is.

Mr. BAILEY. Is it a good thing when they make money out of it?

Mr. FRAZIER. That depends, of course, on one's viewpoint.

Mr. BAILEY. I was just asking the Senator.

Mr. FRAZIER. Some people think it is a good thing to go out and hold up a bank, or get money in some other similar way, and I have more respect for the highwayman who goes out and holds up somebody in broad daylight or goes into a bank and holds up the bank than I have for the gamblers on the cotton and wheat markets who rob the farmers by manipulating the prices of the farm products.

Mr. BAILEY. The Senator applies that to the Department of Agriculture and its policy of doing precisely that thing? I get the point.

Mr. FRAZIER. As I have said, I am not responsible for the Department of Agriculture.

Mr. BAILEY. But the Senator did say he had as much respect for the bank thief as he had for anybody that did that, and the Department of Agriculture has done it.

Mr. LONG. Mr. President, I want to give a little cotton viewpoint, since I come from a cotton State. We have to deal as the rigging is set up; in other words, that is our only method of dealing; we have to take the thing as we find it. I do not agree with the policy of the Department of Agriculture, but that is the best thing we could get. I do not agree with it at all. I do not think it is necessary that they have to do it in that way; but if they are going to do it in that way, we have to buy and sell on the exchange market today. We know we are being fleeced of our earnings, or a large part of them, but it is made up in that way and that is all we can do. What ought to have been done by this Government, and what I would much prefer to have been done, was to have an honest method of exchange for our products, instead of having to go through the exchange to do it. Why could not the Government have operated an exchange?

Mr. FRAZIER. It would have put the speculators out of business.

Mr. LONG. That is the only reason.

Mr. BAILEY. I will ask the Senator, with the permission of the Senator from North Dakota, would it be a good thing if the Government did that?

Mr. LONG. Not along the lines of the cotton exchange, but the Government could have its own agencies and could prevent exchange manipulation.

Mr. BAILEY. I get the point that the Senators who are discussing this matter are also condemning the Government of the United States and its Department of Agriculture.

Mr. FRAZIER. I have no hesitancy in condemning much of the policy of the present Agricultural Department.

Mr. LONG. I have no hesitancy whatever in saying that the Government has recognized fraud after fraud. I do not mind saying that the Government has recognized it. Why have we got Capone in the penitentiary for violating the liquor law? Why have we got Capone down there for violating the income tax law? Yet we have a bunch of market riggers who have taken from every living man, woman, and child of this country what has been produced by the sweat of their brows, and the robbery has been continually committed through the stock exchanges, the cotton exchanges, and the grain exchanges.

Mr. FRAZIER. Mr. President, what the farm organizations want and what I think the real friends of the farmer want is a fixed price based on the cost of production and a fair profit for the farm products. Let the Government set up a market to handle these products and to handle the surpluses. I am satisfied it could be done a great deal more cheaply than it is being done under the present system and could be done a great deal better and fairer all around; that the farmer could have better prices for his products and could sell the finished product to the consumer cheaper than it is now being sold, by eliminating a part of the handling charge and the manipulating expense that now prevails in the markets.

Just a few days ago a miller from the great State of New York came to my office. He makes a specialty of the manufacture of rye flour. He said that within the last few weeks the Polish Government had shipped to the United States over 9,000,000 bushels of rye. He said when they shipped it they had their agent go on the Chicago Board of Trade and sell short 9,000,000 bushels of rye. The effect of that is to depress the market for rye in the United States. The Polish Government pays a bonus or a bounty of about 20 cents a bushel to the Polish rye farmers. There is a provision in our tariff law that in a case where a bonus is paid which amounts to dumping by any foreign country, our tariff rate on such article can be raised. An investigation was had, and I do not know what the excuse was, but it was decided that this was not dumping and so nothing was done.

The Tariff Commission, according to the newspapers, asked the President to use his power to increase the duty on rye by 50 percent, but that was not done. The Polish rye continues to come. Our rye farmers are forced to sell their rye below cost of production and thus to go broke.

I am hopeful that some arrangement can be made, before another revenue bill comes before the Senate in the next Congress, to regulate or do away entirely with these gambling markets for cotton and wheat. I hope that can be done. I hope we can have a fixed price based on cost of production and a fair profit to the farmer—and why not? We know that under the N.R.A. program it is said that the manufacturers, the wholesalers, the jobbers, and the retailers must have cost of production and a fair profit. I agree that they must, but that cost of production and fair profit has been denied to the American farmer. He has been denied that right which is given to the manufacturer, the wholesaler, the jobber, and the retailer right now.

If anyone on earth is entitled to cost of production and a fair profit for what he produces, it is the American farmer, because he produces products which the people must have in order to live. We could get along without automobiles, but we cannot get along without bread made from flour or without clothes made from cotton which the farmer produces. Yet the farmer is told he is not entitled to cost of production, and we continue to let the gamblers fix the prices of his products.

A pre-war parity price was adopted for the farmer. It is now admitted that even if they got the pre-war parity for wheat and the other farm products the farmers will not be getting cost of production. There is now pending before the Committee on Agriculture and Forestry an amendment to the law proposing to change the method of determining the fair exchange value of these products so the farmer can get more nearly, at least, cost of production for his products, and I understand that the Department of Agriculture favors this amendment.

If the Finance Committee of the Senate think they can get more campaign funds out of the cotton exchanges, the grain exchanges, and the other commodity exchanges by cutting down this tax from 5 cents to 1 cent per $100, I am not going to make any objection. They contend that it is passed back to the farmer anyway, and probably it is. Probably he pays it indirectly. In some way or other it is gotten out of the farmer, so I am not going to make any objection to this change in the rate and I am not even going to ask for a record vote upon the committee amendment.

Mr. LEWIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Illinois?

Mr. FRAZIER. I yield.

Mr. LEWIS. I am very much interested in the suggestion of the able Senator from North Dakota as to campaign expenses. I do not understand exactly to what he alludes, but I inform him that as I have been selected by the Democratic Senators as chairman of the Democratic senatorial committee having in charge the matter of the election of Senators at the coming elections, I am anxious to know how this fund he invents is to be distributed by which I may, as chairman of the Democratic senatorial campaign committee, be permitted to obtain and distribute a part of that fund to help accomplish the reelection of Democratic Senators as a measure of national salvation.

Mr. FRAZIER. I would suggest to the able Senator from Illinois that he explain the situation to some of his friends on the Chicago Board of Trade, explaining that this 5-cent

tax which is to be reduced will save them some millions of dollars, two or three millions of dollars at least, and that because of that reduction they can afford to put some of that money, which otherwise would have gone to payment of the tax, into the Democratic campaign fund as a business proposition, in the hope that Democrats may be reelected with the same viewpoint and that they can come back when the next revenue bill is before the Congress and save them some more money. The Senator will thus not only lay the foundation for raising campaign funds for the present year but for future campaign years as well.

Mr. LEWIS. I may say the Senator gives me a grain of hope, in view of the agricultural situation.

Mr. HARRISON. Mr. President, I merely wish to say that I understand the position of the Senator from North Dakota [Mr. FRAZIER], but nevertheless I hope the action of the committee will be confirmed.

In the hearings before the Senate Finance Committee Mr. J. W. T. Duvel submitted the views of the Grain Futures Administration of the Department of Agriculture. He said he represented the Grain Futures Administration, and continued:

> We feel that that 5-cent tax is too high to permit the easy and efficient working of the exchanges. It is a tax the burden of which comes primarily on the people who stand in the market and take orders, there buy and sell, as the merchant or the speculator is in the market. The tax itself is not necessarily such a burden on the man who makes one trade, but it is the man who is in the market all the time and who is taking the orders.

Mr. President, I hope the action of the committee will be ratified, and I ask for a vote on the amendment.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

The PRESIDING OFFICER. There being no amendment pending, the question is on the engrossment of the amendments and the third reading of the bill.

Mr. HARRISON. Mr. President, I understand the Senator from Wisconsin [Mr. LA FOLLETTE] has an amendment which he desires to offer.

Mr. LA FOLLETTE. Mr. President, my amendment was printed in the RECORD of yesterday, and I offer it at this time.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 45, it is proposed to strike out, beginning in line 23, down through line 5, on page 45, and to insert:

> (a) Returns made under this title upon which the tax has been determined by the Commissioner shall constitute public records and shall be open to public examination and inspection under rules and regulations promulgated by the Secretary and approved by the President. Whenever a return is open to the inspection of any person a certified copy thereof shall, upon request, be furnished to any person under rules and regulations prescribed by the Commissioner with the approval of the Secretary. The Commissioner may prescribe a reasonable fee for furnishing such copy.
>
> (b) (1) The Secretary and any officer or employee of the Treasury Department, upon request from the Committee on Ways and Means of the House of Representatives, the Committee on Finance of the Senate, or a select committee of the Senate or House specially authorized to investigate returns by a resolution of the Senate or House, or a joint committee so authorized by concurrent resolution, shall furnish such committee sitting in executive session with any data of any character contained in or shown by any return.
>
> (2) Any such committee shall have the right, acting directly as a committee, or by or through such examiners or agents as it may designate or appoint, to inspect any or all of the returns at such times and in such manner as it may determine.
>
> (3) Any relevant or useful information thus obtained may be submitted by the committee obtaining it to the Senate or the House, or to both the Senate and the House, as the case may be.
>
> (c) The proper officers of any State may, upon the request of the Governor thereof, have access to the returns of any corporation, or to an abstract thereof showing the name and income of the corporation, at such times and in such manner as the Secretary may prescribe.
>
> (d) All bona fide shareholders of record owning 1 percent or more of the outstanding stock of any corporation shall, upon making request of the Commissioner, be allowed to examine the annual income returns of such corporation and of its subsidiaries. Any shareholder who pursuant to the provisions of this section is allowed to examine the return of any corporation, and who makes known in any manner whatever not provided by law or permitted by regulation the amount or source of income, profits, losses, expenditures, or any particular thereof, set forth or disclosed in any such return, shall be guilty of a misdemeanor and be punished by a fine not exceeding $1,000 or by imprisonment not exceeding 1 year, or both.
>
> (e) The Commissioner shall as soon as practicable in each year cause to be prepared and made available to public inspection in such manner as he may determine, in the office of the collector in each internal-revenue district and in such other places as he may determine, lists containing the name and the post-office address of each person making an income-tax return in such district.

The PRESIDING OFFICER. The Senator from Wisconsin [Mr. LA FOLLETTE] is recognized.

Mr. ROBINSON of Indiana. Mr. President, will the Senator from Wisconsin yield to enable me to suggest the absence of a quorum?

The PRESIDING OFFICER. Does the Senator from Wisconsin yield for that purpose?

Mr. LA FOLLETTE. I do.

Mr. ROBINSON of Indiana. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Hatfield	Patterson
Ashurst	Costigan	Hayden	Pope
Bachman	Couzens	Hebert	Reynolds
Bailey	Cutting	Johnson	Robinson, Ind.
Bankhead	Davis	Keyes	Russell
Barbour	Dickinson	King	Schall
Barkley	Dill	La Follette	Sheppard
Black	Duffy	Lewis	Shipstead
Bone	Erickson	Logan	Smith
Borah	Fess	Lonergan	Steiwer
Brown	Fletcher	Long	Stephens
Bulkley	Frazier	McGill	Thomas, Okla.
Bulow	George	McKellar	Thomas, Utah
Byrd	Gibson	McNary	Thompson
Byrnes	Glass	Metcalf	Townsend
Capper	Goldsborough	Murphy	Vandenberg
Caraway	Gore	Neely	Van Nuys
Carey	Hale	Norris	Wagner
Clark	Harrison	Nye	Walcott
Connally	Hastings	O'Mahoney	Walsh
Coolidge	Hatch	Overton	White

The PRESIDING OFFICER. Eighty-four Senators have answered to their names. A quorum is present.

Mr. LA FOLLETTE. Mr. President, if Senators will refer to the amendment in printed form, I should like to state that the only new language that is proposed to be inserted is contained in the first sentence, which reads as follows:

> Returns made under this title upon which the tax has been determined by the Commissioner shall constitute public records and shall be open to public examination and inspection under rules and regulations promulgated by the Secretary and approved by the President.

The rest of the amendment is existing law as contained in the 1926 revenue act.

I have offered the amendment in this form upon the advice of the legislative counsel that this is the most orderly and logical way of achieving the purpose sought by the amendment without altering existing law.

Mr. President, it is not my intention to discuss the amendment at length. It has been debated upon every tax bill which has been considered in this Chamber since 1922. On numerous occasions since that time the Senate has gone on record by substantial majorities in favor of the principle that income-tax returns should be regarded as public records.

For many months a subcommittee of the Committee on Ways and Means, and the committee itself, considered necessary and desirable revisions of our revenue legislation. The Finance Committee, after the bill came from the House, devoted a great deal of time and attention to the subject. I believe I am safe in saying that a large proportion of the measure now before the Senate is the direct result of the investigation conducted by the Senate Committee on Banking and Currency. This bill as drawn, in nearly every provision, attempts to close the loopholes which large income-tax payers, with the advice and help of their high-priced tax attorneys, have found in the existing revenue legislation.

The investigation conducted by the Committee on Banking and Currency revealed a shocking number of legal forms of tax dodging which large income-tax payers were using as a means of escaping their fair share of the tax burden under our present revenue legislation.

I am firmly convinced that the adoption of this amendment making income-tax returns public records, and its final enactment into law, will do more to bring about the filing of honest tax returns in this country, will do more to prevent this legalized form of tax dodging, than all of the devices which have been conceived by the experts and by committees of Congress and embodied in this bill in an effort to close these particular avenues of legalized tax evasion.

Mr. LEWIS. Mr. President——

Mr. LA FOLLETTE. I yield to the Senator from Illinois.

Mr. LEWIS. Did not the able Senator from Wisconsin press a similar amendment to a successful end in the Senate at the last session?

Mr. LA FOLLETTE. The amendment was adopted overwhelmingly in the Senate, but in conference it was modified, leaving it entirely within the discretion of the President as to whether or not this policy should be inaugurated; and no action has been taken on it since that time. All that this amendment proposes to do is to declare it to be the policy of Congress that income-tax returns shall constitute public records and to make it mandatory upon the Secretary of the Treasury, with the approval of the President, to issue rules and regulations under which these returns may be examined and inspected.

Mr. McKELLAR. Mr. President, under the present rules and regulations not only are outsiders prevented from looking at any tax returns but Members of Congress are denied that opportunity. I doubt very much whether the members of the committee of which the Senator from Wisconsin is a member could look at any tax returns.

Mr. LA FOLLETTE. Mr. President, I have never been able to see the logic of the argument that income-tax returns should be considered secret records. As every Senator knows, property-tax returns in every State in the Union are of public record. Any person who makes a property-tax return in any State knows full well that that property-tax return is a matter of public record and open to inspection on the part of any official or citizen who is interested.

When the income tax was first inaugurated in this country, income-tax returns were public records.

It is an interesting fact that in 1870 the number of tax returns on incomes over $2,000 were 94,887. In 1871 Congress altered the policy and returns were made secret. In the next year, 1872, the number of tax returns of individuals with incomes of $2,000 or more fell to 74,000. This startling reduction in the number of income-tax returns filed came about in spite of the fact that individual bank deposits, bank clearings, and other information indicating business activity showed that 1871 and 1872 were more prosperous years than 1870.

In my own State we have had a like experience insofar as the public policy of income-tax returns is concerned. From 1916 to 1924 income-tax returns in that State constituted secret records, which could not be inspected or examined by anyone excepting officers connected with the income-tax commission.

In 1921 the Legislature of Wisconsin ordered a back audit of income-tax returns for the preceding 6 years. As a result of that audit by the tax commission it was ascertained that corporations and individuals had willfully underestimated and understated their incomes, with the result that $3,500,000 of back income taxes due the State were collected.

In 1923, at the regular session of the legislature following this exposure of wholesale and willful understatement and withholding of income taxes due the State, income-tax returns in Wisconsin were made public records, and they have been public records ever since that time. The remarkable fact is that since income-tax returns were made public records in the State of Wisconsin there has been no such wholesale and willful understatement and underdeclaration of incomes as was experienced during the period when these tax returns were shrouded in secrecy.

Mr. President, I contend that if income-tax returns had constituted public records during the period prior to the investigation recently conducted by the Senate Committee on Banking and Currency no such flagrant cases of tax avoidance or tax evasion would have been disclosed by that committee.

Mr. MURPHY. Mr. President——

The PRESIDING OFFICER (Mr. LOGAN in the chair). Does the Senator from Wisconsin yield to the Senator from Iowa?

Mr. LA FOLLETTE. I yield.

Mr. MURPHY. I have in my hand an extract from the report of the Wisconsin Tax Commission of 1930, and if the Senator will permit me, I should like to read therefrom as indicating what that commission reported the experience in Wisconsin to be. I quote:

> The repeal of the secrecy clause by the 1923 legislature opened all income-tax returns to public inspection. The repeal was urged and passed upon the supposition that public inspection would result in fewer incorrect returns and in discovering much unreported income. These expected results have not materialized in any degree in the administration of either the individual or the corporation returns. There have been no instances where public inspection has brought forth unreported income, and as to its anticipated effect in producing more correct income returns, experience has shown that it has had the opposite effect. Knowing that their returns are open to inspection, taxpayers consolidate and condense their reports to make them as unintelligible as possible to those inspecting them, thus making their auditing by the commission or by the income-tax assessor more arduous, necessitating additional work, considerably more correspondence, and consequent expense and delay.
>
> In most of the income-tax assessment offices public examination of returns is infrequent and of little consequence, but in five or six of such offices and in the office of the tax commission such examination is attended by considerable annoyance and expense.
>
> A survey shows that public examination is almost wholly without any public motive or significance, but that advantage is taken of it to serve purely private and personal interests. Our filed returns are used by credit organizations, which have men on hand almost constantly digging into the files. Returns are examined to prepare lists of prospective purchasers of stocks and bonds and for other soliciting and advertising purposes. A common use of returns is to secure information in negotiating for the purchase of business properties, and very frequent use is made of them in delving into the intimate concerns of business competitors. Many such examinations are by competitors from without the State, who offer the Wisconsin business no such reciprocal information or advantage. Income-tax files are also frequently used for information in court actions and many examinations are made out of curiosity, and at times for the sole purpose of annoying and harassing a reporting taxpayer.
>
> In the Milwaukee office the time of an employee for 2 hours of every day is taken in waiting upon persons who are using the files for private purposes. In the period between November 1, 1929, and September 22, 1930, over 3,000 files were examined in the office of the tax commission. The crowded filing room is frequently occupied by six or seven persons going through the files and crowding the desk room of regular employees. The entire time of one clerk is employed in serving these purely personal investigators and at times other clerks are called upon to assist her.
>
> The indiscriminate examination of returns is not only an imposition upon the reporting taxpayer, but is also an imposition upon the State and upon its tax administration officers and employees. The commission does not favor any secrecy of returns that would bar examination in the public interest, but it does suggest that the promiscuous misuse of files for private purposes to the great inconvenience and annoyance of officials, and the expense to the State, ought to be discontinued. No other State or country having such files in custody permits such misuse of them. These files contain the record of the lifeblood and register the pulse of the person and private business affairs of our own taxpayers and should be accessible only when the public interest is concerned.

Mr. LA FOLLETTE. Mr. President, I am familiar with that report of the tax commission of 1930, and I am not at all surprised that the Senator should think it very much in point.

The fact remains, however, that the legislature and the succeeding governors of the State have not made any attempt to change the law.

The fact also remains, as I stated a few moments ago, that when we had secrecy of returns in the State, a back audit revealed three and a half million dollars, which was

subsequently collected and turned into the treasury of the State, as a result of willful and fraudulent withholding of taxes upon the part of corporations and of individuals.

Since that time there has been no such flagrant violation or willful withholding of tax upon the part of individuals and corporate taxpayers.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I will in just a moment.

Mr. President, insofar as the willful misuse of material is concerned, my amendment permits the Secretary of the Treasury, with the approval of the President, to draw up and to promulgate rules and regulations to govern the examination and inspection of income-tax returns.

I now yield to the Senator from Michigan.

Mr. VANDENBERG. Mr. President, the point raised by the Senator from Iowa [Mr. MURPHY] is the one that disturbs me. I cordially concede the premise of the Senator from Wisconsin that except for publicity we would never have known of needed corrections in the income-tax law, and that, therefore, obviously publicity is essential to the extent that it is required for a public use.

What I desire to know from the Senator is whether or not, under the language of this amendment, it would be possible for the rules and regulations, as promulgated by the Secretary of the Treasury and approved by the President, to be confined in any degree in respect to their use, inasmuch as they are first constituted public records. Does not the fact that they are constituted public records confine the subsequent power of regulation to the statement of rules of procedure respecting their inspection, rather than rules as to who could inspect them?

Mr. LA FOLLETTE. I think perhaps the Senator is correct in his latter statement that under the language of this amendment rules and regulations would be issued as to their reasonable inspection and public examination.

Mr. VANDENBERG. In other words, under the language as written it would not be possible for the President and the Secretary, by their rules and regulations, to confine the consultation of this information?

Mr. LA FOLLETTE. I am not just sure that I understand what the Senator means. I do not believe, under the terms of this amendment, that the rules and regulations could prevent anything excepting the unreasonable requests to examine these returns and to make the time and manner of inspection reasonable from the point of view of the administrative officers. I do not know whether I have answered the Senator's question or not.

Mr. VANDENBERG. Let me be specific. Could these rules and regulations, in the Senator's judgment, for example, be confined to a consultation of the total tax only, if that met with the judgment of the Secretary of the Treasury and the President?

Mr. LA FOLLETTE. No; I do not think so.

Mr. VANDENBERG. Could the rules and regulations, if it be the judgment of the Secretary and the President, require that one who seeks to consult them must disclose a public interest?

Mr. LA FOLLETTE. No; I do not think so.

Mr. VANDENBERG. Would the Senator resist that sort of a limitation upon publicity?

Mr. LA FOLLETTE. Mr. President, we have had such an unfortunate experience, may I say to the Senator, in the effort to provide that income-tax returns should be open to inspection and examination, that I would hesitate very much to accept an amendment that would grant any great latitude in the matter.

May I recall to the Senator's attention the fact that under the language in the existing law permissive authority is given to the President of the United States to make income-tax returns open to public inspection and examination to such an extent as he may deem advisable, if I may paraphrase the language? No action has been taken upon it at all.

I would also like to direct to the Senator's attention the fact that in instance after instance, when the Senate has gone on record in favor of making income-tax returns public records, changes have been made in conference which have entirely nullified and destroyed the objective which the Senate sought to attain. We had one experience that I remember very well when the Senate went on record in favor of making income-tax returns public records. The conferees came back with the proposition that in the office of each collector there should be published a list of the taxpayers, with the amount opposite their names of the taxes which they paid.

Mr. President, to my mind that provision absolutely destroyed the effect of the proposal to make income-tax returns public records. Every Senator knows that the examination of a statement showing a man's name and how much taxes he has paid does not reveal any material facts. The individual making out his return knows full well that no question as to how he has computed his tax or what devices he may have used to reduce it are revealed.

My feeling is, may I say to the Senator from Michigan, that one of the great beneficial effects from this amendment, if it is agreed to, will be the psychological effect upon the taxpayer when he sits down to make out his return. As I said a few moments ago, I am satisfied that we would never have known of the shocking evasions of taxes which were revealed by the investigations of the Senate Committee on Banking and Currency if those taxpayers had known that the returns which they were filing with the Government were going to be a matter of public record.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I yield.

Mr. McKELLAR. I am very heartily in favor of the Senator's amendment. I do not think it goes quite far enough insofar as Members of the Congress are concerned. I think Members of the Congress should have the right to examine returns in carrying on their legislative duties. Otherwise I think the Senator's amendment is all right.

The Senator knows that I have fought for publicity of tax returns for many years, and the bill to which he has just referred, which was emasculated by the House after it had passed the Senate, was an amendment that, as I recall, I offered and the Senate adopted.

I hope the Senator's amendment will be adopted. I think it should. It would be well to amend it so as to insure the right of Representatives and Senators to inspect returns.

Mr. LA FOLLETTE. Mr. President, I am satisfied that under the language of this amendment every Senator and every Representative would have the right to examine returns, because if the Senator will refer to the first sentence of the amendment he will find that it reads:

> Returns made under this title upon which the tax has been determined by the Commissioner shall constitute public records and shall be open to public examination and inspection under rules and regulations promulgated by the Secretary and approved by the President.

Mr. McKELLAR. A very similar provision is now the law.

Mr. LA FOLLETTE. No, may I say to the Senator; the provision is not similar.

Mr. McKELLAR. It is very similar to that, and if the Secretary of the Treasury should not want the returns examined he could make rules and regulations under which they could not be examined.

Mr. LA FOLLETTE. No, Mr. President. I desire to point out to the Senator what happened. When the Industrial Recovery Act, which contains certain tax provisions, as the Senator will remember, was under consideration at the last session I offered an amendment which was more sweeping than the amendment now under consideration. The amendment I then offered did not grant to the Secretary or to the President the right to issue regulations concerning it. My amendment was adopted and went to conference. The conferees inserted language which removed the mandatory effect of the amendment. The law now reads:

> And all records made under this act shall constitute public records and shall be open to public inspection.

Here is what the conferees put in:

To such extent as shall be authorized in rules and regulations promulgated by the President.

The language which I now offer is mandatory.

Mr. McKELLAR. Will the Senator read it?

Mr. LA FOLLETTE. The language is:

Returns made under this title upon which the tax has been determined by the Commissioner shall constitute public records and shall be open to public examination and inspection under rules and regulations promulgated by the Secretary and approved by the President.

Mr. McKELLAR. The language is very similar, and I hope the Senator's language will give what I think should be given, namely, the power of examination by a Representative or a Senator. The reason for that is simply this: How are we able to properly legislate upon such matters when we are kept in the dark as to what the effect of the legislation is?

Mr. LA FOLLETTE. I agree with the Senator 100 percent about that, but I want to again call his attention to the fact that in the existing law are the words, "to such extent", which clearly confers upon the President and the Secretary discretion as to whether they are to be open to inspection at all or not.

This amendment is drawn in such form that it is mandatory upon the Secretary and the President to issue the rules and regulations.

I want to point out one further beneficial effect which I believe the adoption of this policy will have upon the vigilance and the activity of those who are entrusted in the Internal Revenue Bureau with the problem of auditing and passing upon income-tax returns. Today it is an offense for any official of the Internal Revenue Bureau or any employee thereof to disclose any facts concerning any return which has passed under his eye. If this amendment shall be adopted, it will be possible for employees in the Bureau who are aware of situations which ought to reach the attention of Senators and Representatives in Congress, and others who are interested in this problem, to bring such situations to their notice. It will do a great deal, in my opinion, to improve the morale and to increase the zeal and vigilance of those who are charged with auditing and passing upon the returns.

Senators who are familiar with the voluminous testimony and the long report which came from the select committee on taxation, know full well that in instance after instance there were revealed decisions rendered and actions taken by employees of the Internal Revenue Bureau which revealed gross favoritism and special privileges extended. Those employees of the Bureau would never have dared to extend those special privileges had they known that the returns and their decisions were not shrouded in secrecy which protected them from exposure.

Mr. DILL. Mr. President——

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Washington?

Mr. LA FOLLETTE. I yield.

Mr. DILL. I am anxious to know why the Senator from Wisconsin inserts in his amendment subsections (b), (c), and (d), particularly subsection (b). What is there that necessitates those subsections?

Mr. LA FOLLETTE. Mr. President, it is because the provisions to which the subsections refer are in the existing law. They represent small concessions which we have won in the years we have battled over this proposition. I did not want to cast any doubt upon the provisions respecting the right of certain committees and others to inspect income-tax returns by proposing to repeal them, and, therefore, in order to have the language in the pending bill, it is necessary to reenact them in this amendment. The Senator will see if he will refer to page 57, line 22, reference is made to title II of the Revenue Act of 1926. The only new material in my amendment is contained in the first clause; the remainder of it is the reenactment of title II of the act of 1926.

Mr. DILL. The reason it confuses, I may say, is that it gives the impression on reading it that the members of those committees would not have the right of inspection without the provision. It seemed to me that subsection (a) gave full power to everybody to inspect these records. I note that paragraph (2) under subsection (b) refers to corporations but paragraph (1) does not; and I was fearful that that might be understood to imply that there was some limitation upon this information being published.

Mr. LA FOLLETTE. It certainly is not the intent, may I say to the Senator? For instance, referring to paragraph (2) on page 2, line 12, my amendment reads:

(2) Any such committee shall have the right, acting directly as a committee, or by or through such examiners or agents as it may designate or appoint, to inspect any or all of the returns at such times and in such manner as it may determine.

The subsection leaves it entirely within the discretion of the committee or its duly authorized agents, regardless of any regulation which may be issued under paragraph (a).

Mr. DILL. I see. That explains it in part. I am very anxious that whatever legislation may be passed shall not limit the public in any way as to the inspection of these tax returns.

Mr. LA FOLLETTE. Mr. President, upon further consideration I think the Senator's suggestion is well taken concerning subsections (c) and (d); and, if I may have the attention of the illustrious Chief Clerk, I modify my amendment by striking out, beginning on line 21, page 2, all of paragraphs (c) and (d).

Mr. DILL. The punishment provided should not apply if the records are to be published.

Mr. LA FOLLETTE. Certainly not.

Mr. NORRIS. What was the modification the Senator proposed to his amendment?

Mr. LA FOLLETTE. On page 2, line 21, I propose to modify the amendment by striking out paragraph (c) and paragraph (d), on page 3, beginning in line 1 and ending on line 13, and then the letter "(e)" should be changed to "(c)."

Mr. President, when the revenue bill was under consideration at the special session I offered the following amendment:

Section 55 of the Revenue Act of 1932 is amended by inserting before the period at the end thereof a semicolon and the following: "except that all returns made under this act after the date of enactment of the National Industrial Recovery Act shall constitute public records, and shall be open to examination and inspection."

Upon that amendment, Mr. President, we had a record vote in the Senate, and the amendment was adopted 56 to 27, 13 not voting.

I ask unanimous consent to have the roll call upon that previous amendment inserted at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

The yea-and-nay vote referred to is as follows:

The result was announced—yeas 56, nays 27, as follows:

Yeas, 56: Adams, Ashurst, Bachman, Barkley, Black, Bone, Borah, Bratton, Brown, Bulkley, Bulow, Byrnes, Capper, Caraway, Clark, Connally, Coolidge, Costigan, Cutting, Dickinson, Dill, Duffy, Erickson, Frazier, George, Hatfield, Hayden, Johnson, Kendrick, King, La Follette, Long, McCarran, McGill, McKellar, Neely, Norris, Nye, Overton, Patterson, Pope, Reynolds, Robinson of Indiana, Russell, Sheppard, Shipstead, Smith, Thomas of Oklahoma, Thomas of Utah, Thompson, Trammell, Vandenberg, Van Nuys, Wagner, Walsh, and Wheeler.

Nays, 27: Austin, Bailey, Bankhead, Barbour, Carey, Copeland, Dieterich, Fess, Goldsborough, Hale, Harrison, Hastings, Hebert, Kean, Keyes, Lonergan, Metcalf, Murphy, Reed, Robinson of Arkansas, Schall, Steiwer, Stephens, Townsend, Tydings, Walcott, and White.

Not voting, 13: Byrd, Couzens, Dale, Davis, Fletcher, Glass, Gore, Lewis, Logan, McAdoo, McNary, Norbeck, and Pittman.

So Mr. LA FOLLETTE's amendment was agreed to.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Wisconsin [Mr. LA FOLLETTE].

Mr. LA FOLLETTE. Mr. President, I ask for the yeas and nays.

Mr. NORRIS. Mr. President, the question relative to the publicity of income-tax returns has been before the Congress, as I remember, in the consideration of every revenue bill since I have been a Member of the Senate. It was first proposed by the elder La Follette, as I recall. Extended arguments on the question were made during several different Congresses. The proposition was finally adopted by the Senate on a motion made by myself. The amendment went to the other House and was there rejected. The matter went to conference and was brought back here in a modified form. I mention this because of the suggestion made by the Senator from Michigan, who is not in the Chamber at the present time, in regard to a suggested amendment which he offered to the amendment of the Senator from Wisconsin. The emasculated form in which the conference committee agreed to the amendment, as I now remember, provided, in effect, that the records should be public and that the total amount of tax paid by the taxpayers should be given to the public upon request. Of course, those who favored the original amendment realized that the emasculated form in which it was left by the conference committee gave practically nothing; but that was the best that could then be obtained. It did not work successfully, because it gave no one any information of any importance and failed to bring any good result.

Mr. DILL. Mr. President——

Mr. NORRIS. I yield to the Senator from Washington.

Mr. DILL. The effect of it was, I may suggest to the Senator, to satisfy the curiosity of those who wanted the figures, without being of any real service to those who wanted to make the publicity provision of some value in insuring honest returns by individuals.

Mr. NORRIS. Mr. President, the Senator from Washington is correct. The real object of an amendment of this kind is not to try to publish over the country information in regard to returns, although such a result might come, and would do no harm, in my judgment, but the real object that is sought to be attained by an amendment of this kind is to increase the honest revenue of the Government of the United States.

I think it will be conceded by everyone that secrecy in income-tax returns is a great inducement to those who desire to do so to make returns that are not full and complete, but which cover up information that ought to be given not only to the Government but to the public. This results in the amount of their taxes being very much reduced. No one can find out the details of such returns.

I do not believe that any great rush will be made to get information that may be available if such an amendment shall be adopted. Curiosity might cause those of an unusually inquisitive mind at first to seek access to the returns, but it would become one of the stable things connected with the Government, just as tax returns in every State in the Union, I believe, are available now to the public. The taxpayer in making his tax return submits a schedule of his property, signs it, and swears to it, and it is a public document.

In those States with which I am familiar, particularly my own, one can go into the county assessor's office and have access to a return made by any resident of the county for any reasonable length of time in the past—at least for several years. No one has ever been hurt by that provision. No one has ever been injured. Tax returns are public business, and publicity tends to make the taxpayer honest if he is inclined to be dishonest. It tends to make the honest man more careful in making his return, and the adoption of this amendment will bring into the Treasury of the Government of the United States millions and millions of extra dollars which will not come if returns shall continue to be secret. So far as I am concerned, that is the object I have in voting for such an amendment. I presume in this Chamber there is not a man who has made a property return to his local county assessor who has not had to account for his property and for his notes and bonds and securities which are taxable. He has had to account for all his other personal property. He has accounted for it in detail.

There are differences in the various laws, of course, but in a general way that is what happens every year of a man's life. He makes a return every year, and any citizen can go into the tax assessor's office and see what his return is. There has never been any trouble that I have ever heard of anywhere in the United States caused by an onrush of curiosity seekers who go there to see the returns made by citizens of the county. If that is true as to other tax returns, why should not the income-tax returns be public, too? If we have to return all our personal property, why should we not return our income and why should not one return be as public as the other? It makes no man pay a tax that he does not owe. It increases the amount of taxes collected. All students of the subject admit that it increases the amount very greatly, because it prevents the dishonest man from covering up his income. That is what we do not want to happen. It would be useless to enact an income tax law if we did not expect to tax the incomes of all citizens alike under the law. We ought to be more careful to get all the money coming from dishonest men as well as from honest men.

This provision will not hurt any citizen. It will bring millions of dollars into the Treasury of the United States without any injury to anybody. I see no reason why the same rule should not be applied to Federal income-tax returns that is applied everywhere in the taxation of property.

DR. WILLIAM A. WIRT

Mr. ROBINSON of Indiana. Mr. President, I shall detain the Senate only a moment, merely to bring to its attention two telegrams which came to me from Gary, Ind., just today. One telegram reads as follows:

GARY, IND., *April 12, 1934.*

Senator ARTHUR R. ROBINSON,
Senate Building, Washington, D.C.:
Resent BULWINKLE's damaging statement concerning Dr. Wirt.
PETER GOUNOD,
President Dante Aligheri Lodge 1220, Order of Sons of Italy of America; also President Italo-American Political Club.

Another telegram reads as follows:

GARY, IND., *April 12, 1934.*

ARTHUR R. ROBINSON,
United States Senator, Washington, D.C.:
Pottawatamie Chapter N.S.D.A.R. resent falsification made by Mr. A. L. BULWINKLE regarding Dr. W. A. Wirt during World War and insist he retract same.
ALTA S. BABCOCK, *Regent.*

I also desire at this time to have inserted in the RECORD an article appearing in this morning's Washington Post entitled "Wirt's Answer to Secretary Ickes."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Post of Friday, Apr. 13, 1934]

WIRT'S ANSWER TO SECRETARY ICKES—GARY EDUCATOR SAYS NEITHER HE NOR MEMBERS OF PARK PROMOTION CORPORATION SOUGHT ANY PUBLIC FUND OF ANY KIND

(Following is the text of a statement issued last night by Dr. William A. Wirt, Gary, Ind., educator, in answer to the statement of Secretary Ickes that Wirt was interested in a project to obtain $2,000,000 of Government funds for an amusement park in Porter County, Ind.:)

I have not been interested, and no one else connected with Dune Acres, Inc., referred to by Secretary Ickes, has been interested in securing money from any Federal, State, or local government for any sort of project.

For several years efforts had been made to preserve the scenic beauty of the famous Lake Michigan beach dune region in the adjoining county of Porter, east of Gary, as a State or national park. Finally the State of Indiana secured about half of the desired lake front and three of the dunes. The remaining area, including seven dunes, was doomed to be despoiled by encroaching industry.

A few public-spirited citizens in Gary organized Dune Acres, Inc., 12 years ago to preserve the part of the region that had not been taken by the State, and I was elected president of the corporation.

COMMUNITY GOT DEEDS

This was not a money-making project, but we hoped to make it self-liquidating by leasing residential lots on the parts not desirable for park purposes. The seven dunes and the entire beach frontage were set aside for public parks. As the proceeds from

residential lot leases made it possible to pay for the dunes they were deeded to the community.

No promotion fees, no dividends whatsoever have been paid, and only absolutely essential salaries have been paid for operation and development of the area. I have carried all executive and administrative burdens for a yearly salary of $2,500 a year, out of which I have had to pay all office, stenographic, and clerical services.

The corporation secured a 99-year lease on the property, with an agreed purchase price of $600 an acre and an annual rental of $30 an acre and the taxes until the land was purchased. The land has been carried for 12 years, and the carrying charges with interest and taxes now amount to about $400 an acre.

Last December some people in Porter County proposed to develop with the aid of Federal funds a clubhouse and yacht basin, with recreation features on a part of this property. They asked Dune Acres, Inc., for an option. This we gave for 60 days, on the basis of $1,000 an acre for 100 acres having 2,000 feet of lake frontage. This lake frontage is within 30 miles of the downtown business district of Chicago.

No one connected with Dune Acres, Inc., is directly or indirectly connected with the company which asked for the Public Works money. I never mentioned the subject to any Federal or State official. In fact, the option was given by Dune Acres, Inc., because it was desired by the public. The option price was based on the first cost of the land plus the carrying charges for interest and taxes.

Neither I nor other directors of Dune Acres, Inc., knew anything about this project until last December, and we know very little yet. The option expired February 15, 1934, but would probably be renewed if public interest required it.

We have always been under the impression that we were performing a public service in trying to preserve the part of the region which the State of Indiana did not include in the State park.

Mr. ROBINSON of Indiana. Mr. President, it seems rather remarkable that such a great effort should be made to stifle this inquiry. Everybody is talking about the same thing, not only in Washington but all over the United States, so why Dr. Wirt should be singled out to be pilloried and to be suppressed completely because he happens to place in direct, understandable words what everybody in the country is talking about is something that is difficult to understand.

Yesterday there appeared in the Washington Herald on the front page an editorial entitled "The Wirt Inquiry." I read just a few paragraphs:

His treatment by the House committee left much to be desired in courtesy and a just understanding of a respected citizen and a good American obviously attempting to perform what he considered a duty.

It is our belief—and, we think, that of most sound-thinking Americans—that he has rendered a distinct and valuable public service and is entitled to commendation.

The apparent determination of the special committee of the House to narrow the inquiry as much as possible by confining Dr. Wirt to a literal recital of precisely what was said to him, in what words and by whom, showed either a most unintelligent attitude toward the subject under examination, or a narrow and partisan effort to outdo zeal itself in punishing a man with the effrontery to call in question any phase of the national administration.

No one with regard for the truth will dispute the fact that the departments at Washington are full of rattle-brained college-boy advisers seeking to put into practice and write into administrative measures and regulations a lot of sickly Soviet bunk which their adolescent or halfbaked minds have not been able to digest or sensibly appraise.

Mr. President, I ask that the entire editorial may be inserted in the RECORD at this point.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Washington Herald, Thursday, Apr. 12, 1934]

THE WIRT INQUIRY

There can be no real doubt that Dr. William A. Wirt, of Gary, Ind., sincerely believes there is an element in the present administration, important in numbers and even more so in influence, which is aiming to bring about a social revolution in the United States.

Both in his letter of March 23, made public by James H. Rand, Jr., in testifying before the House Interstate Commerce Committee, and in his examination before the special committee of the House of Representatives, Dr. Wirt merely stated what is common talk in all circles in Washington and throughout the country.

His treatment by the House committee left much to be desired in courtesy and a just understanding of a respected citizen and a good American obviously attempting to perform what he considered a duty.

It is our belief—and, we think, that of most sound-thinking Americans—that he has rendered a distinct and valuable public service and is entitled to commendation.

The apparent determination of the special committee of the House to narrow the inquiry as much as possible by confining Dr. Wirt to a literal recital of precisely what was said to him, in what words and by whom, showed either a most unintelligent attitude toward the subject under examination, or a narrow and partisan effort to outdo zeal itself in punishing a man with the effrontery to call in question any phase of the national administration.

No one with regard for the truth will dispute the fact that the departments at Washington are full of rattle-brained college-boy advisers seeking to put into practice and write into administrative measures and regulations a lot of sickly Soviet bunk which their adolescent or half-baked minds have not been able to digest or sensibly appraise.

When the general counsel for the National Recovery Administration says in a public address, "The long-discussed revolution is actually under way in the United States. It is here. It is in process"—what earthly reason is there for trying to rend asunder the modest educator, Dr. Wirt, for saying far less?

How comic an old political warhorse like Speaker RAINEY appears, with his mock indignation against Dr. Wirt, when Secretary Wallace, of the President's Cabinet, is on record as holding that "Our people on the street and on the soil must change their attitude concerning the nature of men and the nature of human society", and discusses at great length the "Enduring social transformation, such as our new deal", interspersing his thesis with arguments for the necessity of a regimented public opinion, which if it means anything, means the suppression of free speech and a free press.

Disquieting and significant as such statements may be, they are nothing compared with the outgivings of Dr. Rexford Tugwell, whose influence and intimacy as an adviser of the President is perhaps as great as that of anyone within the Presidential circle.

Tugwell is now busy explaining and disavowing, but the frequency and unmistakable tolerance with which he cites the principles and the practices of the Soviet Republic render his disclaimers unconvincing.

If Congress is really desirous of finding out how dangerously radical some of the college-boy advisers of the administration are, it could do so readily by asking Mr. Richberg, General Johnson's chief adviser and aide, what he meant when he said, "The revolution is already here."

But, as we said, the investigating committee is evidently anxious to smother the whole discussion and is determined to do so, as was shown in its cavalier treatment of that fine American and distinguished former Senator, James A. Reed, who attempted unsuccessfully, as counsel, to secure for Dr. Wirt a genuine and proper hearing.

Whether the radicalism of the administration is really dangerous or not will be disclosed, however, sooner or later.

And there will be no doubt about it, if we have any more incidents like the air-mail fiasco.

HOARDERS OF SILVER

Mr. ROBINSON of Indiana. Mr. President, while I am on my feet, I desire to propound a question to the Chair with reference to a resolution adopted unanimously by the Senate some 2 or 3 weeks ago.

At that time a resolution (S.Res. 211) was introduced by myself asking the Secretary of the Treasury, if not incompatible with the public interest, to furnish the Senate with a list of the silver hoarders of the United States; those who, according to the Secretary, had been hoarding silver; the silver speculators who, he had charged, were not disinterested in seeking silver legislation at this session.

As I say, the resolution was unanimously adopted by the Senate. So far as I know, the Secretary of the Treasury has ignored it. I am wondering if the Chair has any information on the subject.

The PRESIDING OFFICER. The Chair has no information on the subject.

Mr. ROBINSON of Indiana. Mr. President, then I think the resolution ought to be brought to the attention of the Secretary again by the Secretary of the Senate.

Mr. FESS. Mr. President, will the Senator yield?

Mr. ROBINSON of Indiana. I yield to the Senator.

Mr. FESS. This morning's New York Herald Tribune contains an article with reference to the silver investigation, with the following heading, which may answer the question of the Senator:

Senate seeks data on silver in Wall Street—extension of inquiry to individual holdings of broker firms causes speculation in Capital—Treasury to get results of survey.

That may be what is going on.

Mr. ROBINSON of Indiana. Mr. President, that may be true; but at the time of the adoption of my resolution, as much as 3 or 4 weeks ago, the Secretary of the Treasury said he then had information as to those who were specu-

lating in silver or hoarding it to receive a higher price ultimately. What the Senate desired at the time, I think, was to know the names of those who were then silver hoarders. Of course, since then, during the last 3 or 4 weeks, they have had every opportunity in the world to sell out their holdings if they desired to do so; but the purpose of the resolution was to learn at the time who then were doing the speculating and to have the names furnished to the Senate.

Mr. COUZENS. Mr. President——

Mr. ROBINSON of Indiana. I yield to the Senator from Michigan.

Mr. COUZENS. May I point out that, according to the press reports, Mr. Pecora, the counsel for the Banking and Currency Committee, has sent out a questionnaire to the members of the New York Stock Exchange asking for certain information on this subject? While I have not the exact form of the questionnaire or the particular information he is seeking, I suggest to the Senator from Indiana that he might confer with Mr. Pecora. I think, by so doing, he could secure some enlightenment on the question he is raising.

Mr. ROBINSON of Indiana. Mr. President, I should like to ask the Senator from Michigan, if he has the information, whether this questionnaire goes back to March, at the time the statement was originally made by the Secretary of the Treasury.

Mr. COUZENS. As I stated to the Senator, I have not seen the questionnaire and do not know its exact form; but I thought, as long as the Senator was making an inquiry, he could perhaps get more direct information by asking Mr. Pecora for a copy of the questionnaire, to see whether it satisfies his wishes.

Mr. ROBINSON of Indiana. I shall be glad to do that; but of course I assume that that is the Senate committee's questionnaire. The resolution to which I refer undertook to elicit from the Secretary of the Treasury the information he had at that time with reference to the charges he had made that there were certain interests in the country that were hoarding silver and speculating in the metal for their own gain, and that they were not disinterested in legislation that was being sought at the moment to place a higher value on silver.

Mr. COUZENS. Mr. President, will the Senator yield further?

Mr. ROBINSON of Indiana. I yield to the Senator from Michigan.

Mr. COUZENS. I understood—and I am speaking only from press reports—that the information Mr. Pecora is getting is being sought at the request of the Secretary of the Treasury to supplement the information the Secretary had, in response to the resolution of the Senator from Indiana.

Mr. ROBINSON of Indiana. I thank the Senator for the statement.

Mr. LEWIS. Mr. President, will the Senator from Indiana allow me to interpolate a remark?

Mr. ROBINSON of Indiana. I yield to the Senator from Illinois.

Mr. LEWIS. It is but fair to the Secretary of the Treasury that we say, in connection with the statement made by the Senator from Indiana, that the Secretary has made it plain that any allusions he made as to anyone being interested touching silver did not in anywise apply to any Member of Congress, nor were they intended so to reflect.

Mr. GLASS. But they ought to apply to any Member of Congress who is engaged in that sort of business.

Mr. LEWIS. The Secretary stated, however, that he had no evidence of such interest.

Mr. COUZENS. The statement, as I understood, said that the names the Secretary had did not include any Member of Congress.

Mr. ROBINSON of Indiana. Mr. President, this morning there was published in the New York Herald Tribune an editorial, part of which reads as follows:

On March 15 last Secretary Morgenthau announced that the Department of the Treasury had investigated the ownership of the some 200,000,000 ounces of silver held speculatively in the United States, and that on the basis of that investigation he was convinced that the agitation for further silver aid was not all disinterested.

We believe that Secretary Morgenthau should not have stopped there. We believe that he should have made known the names of the principal holders of these unprecedently huge stocks of silver. We believe that such a course now is more imperative than ever, since the legislation just proposed would direct the Government to relieve owners of these silver stocks of their holdings. If there is any connection between the speculative interest in silver, and the present move to nationalize the metal, then the country is by all means entitled to know it.

DR. WILLIAM A. WIRT

Mr. COUZENS. Mr. President, before the Senator from Indiana had diverted from the subject of Dr. Wirt to the subject of silver I was anxious to put before the Senate an editorial which appeared in the Washington News of today. That paper has the knack of writing the best editorials I have had the pleasure of reading, and I desire to read this one to the Senate. It is entitled:

OTHER REVOLUTIONISTS

Now that the public has had its laugh at Dr. Wirt, whose revolutionary plot bomb turned out to be only a firecracker, a more serious question arises. Why is Dr. Wirt and his group of the Committee for the Nation so anxious to destroy public confidence in the Roosevelt administration and the new deal? And why do they stoop to such methods?

Governmental red bugaboos of this kind are not new; every 2 or 3 years they are manufactured. But they usually are not taken seriously by anyone but the illiterate and ignorant.

Mr. Rand, the big industrialist and active head of the Committee for the Nation, is an exceedingly intelligent and reputable citizen. It was he who first peddled the Wirt stuff to Congress and forced national publicity. Mr. Rand must have known then, as the world knows now, its puny and contradictory nature.

The country is accustomed to irresponsible old ladies of both sexes shadow-flirting with such goblins. The country is also aware that unscrupulous men sometimes use these red fakes to mask their own selfish purposes, as described some years ago by R. R. McGregor, head of the National Electric Light Association's Illinois branch: "My idea would be not to try logic or reason but to try to pin the Bolshevik idea on my opponent."

Unwilling to class the reputable leaders of the Committee for the Nation in either of those two irresponsible classes, we wonder how and why such men as Mr. Rand got involved in this shady performance. If they were fooled and were not trying to mislead the public by smearing the new deal, is it not about time that they say so?

After all they are a propaganda organization working for what is described as a "revolutionary" monetary change. Is it not fair that the full purposes and operations of such an organization be as open as the Tugwell and Wallace public speeches out of which the Wirt hoax was spun?

EDITORIAL EXPRESSION OF VIRGINIA NEWSPAPERS—AIR-MAIL CONTRACTS

Mr. GLASS. Mr. President, I assume that the debate on the amendment tendered by the distinguished Senator from Wisconsin [Mr. LA FOLLETTE] has about ended; and now, when we are in the midst of attaching importance—perhaps proper importance—to newspaper utterances, I wish to mention a more or less inconsequential matter.

I am the publisher of two newspapers in Virginia. Both of them are edited by very bright and virile young men; and they sometimes—in fact, I might modestly say for them that they frequently—write very striking editorials.

Not long ago one of these editorials was reproduced in a Washington newspaper in a very conspicuous way—double-columned, double-leaded, double-headed—and ascribed to me because I am the owner of the newspaper.

Several days ago one of these editorials was inserted in the CONGRESSIONAL RECORD with mention of the fact that the paper was owned "by Senator GLASS", the implication being that the editorial voiced my sentiments and my convictions.

Mr. President, I trust that will not become a habit, because I do not undertake to control the editorial utterances of my newspapers. They have but one standing order, and that is that they shall say nothing abusive of me and nothing of a commendatory nature of me. As to their utterances in other respects, I have nothing whatsoever to do with them.

This editorial introduced into the CONGRESSIONAL RECORD undertakes to condemn the administration for what the editor conceives to be its precipitate action in revoking

the air-mail contracts. I do not know whether the action was precipitate or not, or whether it was justified. I am not apologizing for the editorial, because it simply followed the general comment of the press throughout the United States in characterizing the action as precipitate. But I do not want it understood, because this editorial appeared in my newspaper, that it voiced my convictions, because I do not know whether the action was precipitate or not.

I simply know, as I have stated several times upon the Senate floor, that, as a member of the Committee on Appropriations of the Senate for 4 or 5 years, I have protested against the extravagant appropriations for the air mail; and I repeat now what I have several times said, that of all the extravagant luxuries in which we indulge I think the air mail is the worst, and I would abolish it completely.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had passed without amendment the following bills of the Senate:

S. 1075. An act for the relief of Walter Thomas Foreman;

S. 1934. An act conferring jurisdiction upon certain courts of the United States to hear and determine the claim by the owner of the four-masted auxiliary bark *Quevilly* against the United States, and for other purposes; and

S. 1935. An act to amend the act of March 2, 1929, conferring jurisdiction upon certain courts of the United States to hear and determine the claim by the owner of the S.S. *W. I. Radcliffe* against the United States, and for other purposes.

REGULATION OF THE COTTON INDUSTRY—CONFERENCE REPORT

Mr. BANKHEAD submitted the following report, which was ordered to lie on the table:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 8402) to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 4, 5, 7, 8, 11, 13, 14, 15, 16, and 17.

That the House recede from its disagreement to the amendments of the Senate numbered 3, 6, 9, 10, and 19, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows: In lieu of the matter proposed to be stricken out by the Senate amendment insert a comma and the following: " but if the President finds that the economic emergency in cotton production and marketing will continue or is likely to continue to exist so that the application of this act with respect to the crop year 1935–36 is imperative in order to carry out the policy declared in section 1, he shall so proclaim, and this act shall be effective with respect to the crop year 1935–36. If at any time prior to the end of the crop year 1935–36, the President finds that the economic emergency in cotton production and marketing has ceased to exist, he shall so proclaim, and no tax under this act shall be levied with respect to cotton harvested after the effective date of such proclamation "; and the Senate agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert a comma and the following: " for the crop year 1935–36, if the provisions of this act are effective for such crop year, that two thirds of the persons who have the legal or equitable right as owner, tenant, share cropper, or otherwise to produce cotton on any cotton farm, or part thereof, in the United States for such crop year "; and the Senate agree to the same.

Amendment numbered 12: That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert " $1,000, or by imprisonment for not exceeding 6 months, or both "; and the Senate agree to the same.

Amendment numbered 18: That the House recede from its disagreement to the amendment of the Senate numbered 18, and agree to the same with an amendment as follows: In lieu of the matter proposed to be stricken out by the Senate amendment insert:

" SEC. 24. The Secretary of Agriculture is authorized to develop new and extended uses for cotton, and for such purpose there is authorized to be made available to the Secretary not to exceed $500,000 out of the funds available to him under section 12 of the Agricultural Adjustment Act."

And the Senate agree to the same.

E. D. SMITH,
J. H. BANKHEAD,
ARTHUR CAPPER,
Managers on the part of the Senate.

MARVIN JONES,
H. P. FULMER,
WALL DOXEY,
CLIFFORD R. HOPE,
J. ROLAND KINZER,
Managers on the part of the House.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that on the 13th instant the President approved and signed the following acts:

S. 194. An act to change the name of B Street SW., in the District of Columbia;

S. 552. An act for the relief of Manuel Merritt;

S. 682. An act to prohibit financial transactions with any foreign government in default on its obligations to the United States;

S. 2006. An act for the relief of Della D. Ledendecker;

S. 2057. An act authorizing the sale of certain property no longer required for public purposes in the District of Columbia;

S. 2324. An act for the relief of the Noank Shipyard, Inc.;

S. 2509. An act to readjust the boundaries of Whitehaven Parkway at Huidekoper Place in the District of Columbia, provide for an exchange of land, and for other purposes;

S. 2545. An act to extend the times for commencing and completing the construction of a bridge across the Columbia River at or near Astoria, Oreg.;

S. 2550. An act granting an easement over certain lands to the Springfield Special Road District in the county of Greene, State of Missouri, for road purposes;

S. 2675. An act creating the Cairo Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the Ohio River at or near Cairo, Ill.;

S. 2689. An act to authorize the Department of Labor to make special statistical studies upon payment of the cost thereof, and for other purposes; and

S. 2729. An act to repeal an act of Congress entitled "An act to prohibit the manufacture or sale of alcoholic liquors in the Territory of Alaska, and for other purposes ", approved February 14, 1917, and for other purposes.

INTERNAL-REVENUE TAXATION

The Senate resumed the consideration of the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Wisconsin [Mr. LA FOLLETTE] relative to the publicity of income-tax returns.

Mr. MURPHY. Mr. President, having reference to the amendment offered by the senior Senator from Wisconsin [Mr. LA FOLLETTE] providing for publicity of income-tax returns, the inference from what has been said in support of this amendment is that there is wholesale evasion of income taxes by fraud, and that publicity of income-tax returns would be corrective of that.

The Senator from Wisconsin, whose motives are the highest, and whose public service is distinguished, has stated that, following the adoption of the publicity feature of the income tax law in Wisconsin, income-tax collections were increased $3,500,000, and the implication again was that that represented taxes which had been fraudulently withheld.

The assumption that the Federal Government does nothing about correcting income-tax returns is greviously in error. The Federal Government maintains an army of income-tax investigators. They report annually approximately $75,000,000 in additional income taxes. All of that money does not represent, by any means, fraudulent evasion by the taxpayer. I think the fraudulent taxpayer is a rare exception. I think the failure to pay most of that money is due to misunderstanding of the provisions of law, and frequently to court decisions subsequently made settling questions of interpretation.

If the Senator from Wisconsin should modify his amendment to provide publicity of the names of taxpayers merely, I should be for it.

Mr. HARRISON. Mr. President, I may say that the present law so provides.

Mr. LA FOLLETTE. That is provided in the existing law.

Mr. MURPHY. I understand that. If it were intended to continue that merely, I should be for it. The amendment as offered would destroy all privacy of an individual. It would permit the public to go in and inspect the return of the individual. I submit that that is not necessary. The good that has come out of recent income-tax disclosures has come from committees of Congress and not from publicity. Congress may have all returns for public purpose.

Mr. President, back in 1930 and 1931 Mr. Morgan did not pay an income tax. The publication of the returns of taxpayers would have disclosed that Mr. Morgan did not pay an income tax. I am not sure that it was not fortunate that it was not known that Mr. Morgan did not have to pay an income tax due to losses. Who can say what the psychological effect would have been if that had become common knowledge back in those troublous days of 1931 and 1932, and the report had gone forth that the House of Morgan was in a bad way? Who will say that there would not have been dire consequences of that report?

We assume that virtue attaches per se to all publicity, and so publicity was required of R.F.C. loans. I grant that it served a useful purpose in the publication of the fact of the loan to Mr. Dawes. On the other hand, two runs were made on a bank in my home town, and it withstood them. Later its necessities compelled it to borrow $375,000 from the R.F.C., and immediately following the publication of the borrowing of that money the third and fatal run started on the bank, and it went down.

A further effect of that publicity provision was that many banks would not borrow from the R.F.C., because the loans would appear in their bills payable, and it would be the signal for a run on their deposits.

Mr. President, I think we ought to leave some privacy to the taxpayer. I do not believe we ought to dedicate ourselves to furnishing a fine morsel of gossip for Mrs. Grundy to roll around the bridge table with a relish that a cow rolls its cud. I very well remember the farmer who, about to pay $2, turned his back on you and unwound a shoestring from his purse and did not let you see what was in the purse. There was something sacred in his right to secrecy as to what he had.

We are interested in the income tax merely as a means of providing revenue. We are not interested in disclosing the private affairs of the millions of taxpayers to the Mrs. Grundys.

The large taxpayers are not evading their taxes illegally. They are employing the best talent available to ascertain how to evade the law and yet keep within its provisions. Publicity of income-tax returns is not going to help as respects them.

An amendment I submitted yesterday, and which the Senate adopted, closed a hole through which millions have been lost to the Government. An amendment which I offered, and which the Senate did not see fit to adopt, affecting capital gains, would have closed the door through which a billion has been lost to the Government. Those are the abuses to the correction of which we ought to dedicate our efforts, and we should not dedicate them to bringing embarrassment needlessly and uselessly, invading the privacy and the peace and the happiness of people who feel that they have a right to keep their own affairs to themselves, consenting that the Government shall discharge its functions as respects the investigation of returns through agents employed by it.

Mr. LA FOLLETTE obtained the floor.

Mr. LONG. Mr. President, will the Senator yield to me? I have been trying to get the floor for 2 or 3 hours to put a telegram in the RECORD.

Mr. LA FOLLETTE. Is the Senator intending to debate the telegram?

Mr. LONG. No; I just want to have it read.

Mr. LA FOLLETTE. I yield.

NOMINATION OF D. D. MOORE

Mr. LONG. I send to the desk two exhibits for the RECORD. I ask that the one headed "Transactions of the Hibernia Homestead Association with the Home Owners' Loan Corporation, New Orleans, La.", which explains the telegram, be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The statement is as follows:

Transactions of the Hibernia Homestead Association with the Home Owners' Loan Corporation, New Orleans, La.

Date	Name of mortgagor	Amount due	Bonds approved	Stock received	Bond quotation	Stock quotation	Names brokers	Profit to brokers
Mar. 29, 1934	P. L. Miller	$1,989.35	$1,989.35	$2,000	99⅛	[1] 40	A. L. Sizeler	$1,171
Mar. 23, 1934	Mrs. L. J. Kline	2,712.85	2,712.85	2,800	98⅛	[1] 40	J. H. Brown [2]	1,541
Feb. 6, 1934	Mr. and Mrs. R. Bennett	3,126.17	2,740.74	3,300	97⅞	[1] 40	A. L. Sizeler	1,337
Mar. 19, 1934	Mrs. Howard W. McCoy	7,165.67	6,065.35	7,100	97¼	[1] 40	I. Forcheimer	3,059
Mar. 14, 1934	W. C. Maher	2,861.06	2,861.06	2,900	97⅛	[1] 40	Thrift Realty Co. (A. L. Sizeler)	1,625
	Total	17,855.10	16,369.35					8,733

[1] Approximate stock quotation.
[2] Husband of assistant secretary of the Hibernia Homestead Association.
NOTE.—Above figures include the deductions made for taxes, paving, etc.

Mr. BARKLEY. Mr. President, reserving the right to object to the request of the Senator from Louisiana, may I ask the Senator from Louisiana whether these documents he now proposes to have read, bearing upon the nomination of Mr. D. D. Moore, were in his possession while we have been holding hearings in the Committee on Finance with reference to that matter?

Mr. LONG. Mr. President, I would say to the Senator that the document as abstracted was presented to the Senate Finance Committee this morning, but the matter is of such

public interest that I am sending it to the desk to have it read.

Mr. BARKLEY. Was this telegram which is proposed to be read in the possession of the Senator this morning?

Mr. LONG. Yes.

Mr. BARKLEY. Was it offered as evidence to the committee?

Mr. LONG. The bank examiner was there to testify to the exhibit. The telegram will explain it, since I cannot put the witness before the Senate.

Mr. BARKLEY. Was the telegram in the Senator's possession?

Mr. LONG. Oh, yes.

Mr. BARKLEY. And was the other document in the Senator's possession?

Mr. LONG. Yes.

Mr. BARKLEY. Why did not the Senator put them in the hearing?

Mr. LONG. It was all put in the hearings. The entire subject matter is in the hearings.

Mr. BARKLEY. What is the necessity then for having it put in the RECORD?

Mr. LONG. I want the balance of the Senate, and the Government as a whole, and the people as a whole, to have the advantage of gleaning the knowledge—the authenticated knowledge—that out of loans, say, of $3,000, more than half is being taken from the Government and home owners and going into private hands, so that the Government would be able, with those facts before it, to prevent such activities from spreading, and also prevent them from happening further in the Commonwealth of Louisiana.

Mr. BARKLEY. May I inquire whether these documents which it is now proposed to publish in the CONGRESSIONAL RECORD, were in the possession of the Senator when the State manager of the Home Owners' Loan Corporation testified before the Senate Finance Committee?

Mr. LONG. Similar ones were, but not this particular one. I will say to my friend from Kentucky that the reason was that they closed down the Home Owners' Loan and would not let us get this particular information when the first 65 cases were discovered. They would not let us have the data on the last five, and we were delayed a couple of days, which necessitated the delay in putting them in the RECORD. We discovered 65 cases of outright fraud, but these last 5 are simply to supplement the others.

Mr. BARKLEY. I am not going to object to the insertion of this particular document in the RECORD——

Mr. LONG. I thank the Senator.

Mr. BARKLEY. But I think in view of the fact that for the last 2 weeks the Senate Committee on Finance has held hearings on these matters, and that the committee has brought scores of witnesses to Washington at public expense to find out about the nomination that is now in question, there have been entirely too many documents inserted in the CONGRESSIONAL RECORD which were not offered to the committee.

The PRESIDING OFFICER. The clerk will read the telegram.

The legislative clerk read as follows:

NEW ORLEANS, LA., *April 12, 1934.*

Hon. J. S. BROCK,
State Bank Commissioner of Louisiana,
Care of Hon. Huey P. Long, United States Senator,
Washington, D.C.:

Following transactions through Hibernia Homestead Association. Mr. and Mrs. R. Bennett owed association $3,126.17 through transfers and retransfers interposing A. L. Sizeler, all dated February 6. Homestead accepted $3,300 its stock in full settlement, Bennett executed mortgage to Home Owners' Loan Corporation of $2,949.35; Home Owners' Loan Corporation made available $2,740.74; bonds quoted at 97⅞; profit, $1,337.

Mrs. Howard W. McCoy owed association $7,165.57 through transfers and retransfers, interposing I. Forcheimer, all dated March 19. Association accepted $7,100 its stock in full settlement. Home Owners' Loan Corporation made loan on same property for $6,710.14, making available therefrom $6,065.35 in bonds quoted at 97¼; profit $3,059.

In connection with above transactions, notaries-public records would not yield information concerning deductions, if any, for repairs. Deductions figured for payment of taxes and paving.

In connection with following transactions, figures cover all deductions:

W. C. Maher owed association $2,861.06 through transfers and retransfers, interposing Thrift Realty, Inc., A. L. Sizeler's company, all dated March 14. Association accepted $2,900 of its shares in full settlement. Home Owners' Loan Corporation made loan on same property in amount $3,592.49, out of which was made available bonds in the amount of $2,861.06, quoted at 97⅜; profit $1,625.

Mrs. L. J. Klein owed association $2,712.85, through transfers and retransfers, all dated March 23, interposing J. H. Brown. Association accepted $2,800 of its share in full settlement. Home Owners' Loan Corporation made loan on same property of $3,017.89, making available in bonds $2,712.85, quoted at 98⅛; profit $1,541.

P. L. Miller owed association $1,989.35 through transfers and retransfers, all dated March 29, interposing A. L. Sizeler. Association accepted $2,000 of its shares in full settlement. Home Owners' Loan Corporation made loan on same property in amount $2,866.28, making available in bonds $1,989.35, quoted at 99⅛; profit $1,171.

In connection with Miller transaction, $1,700 Hibernia Homestead shares canceled were the property of A. S. Cain, its secretary. Value of $40 per share given Homestead stock in all cases.

J. H. Brown, interposed in one of the above deals, is husband of the assistant secretary of Hibernia Homestead Association. Figures used in connection with loans made by Home Owners' Loan Corporation and deductions therefrom obtained from offices of the notaries public who passed the acts. Although these were entirely Hibernia Homestead transactions, Home Owners' Loan Corporation, through Showalter, refused to give the association information as to net amount of bonds made available.

W. E. WOOD,
Assistant Supervisor.

INTERNAL-REVENUE TAXATION

The Senate resumed the consideration of the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Wisconsin [Mr. LA FOLLETTE] providing publicity for income-tax returns.

Mr. LA FOLLETTE. Mr. President, I desire to say a few words in reply to the remarks of the Senator from Iowa [Mr. MURPHY].

In the first place I made no statement that there was wholesale evasion of taxation by fraud. I did say, and I reiterate, that the greater portion of the pending bill is the result of the exposures of the Senate Committee on Banking and Currency with regard to income-tax avoidance. It was the result of that investigation which turned the attention of the Congress and the experts of the Treasury itself upon these forms of legalized tax evasion that have been worked out by some large income-tax payers and their tax attorneys.

I did say, and it is a fact, that when we had secrecy on income-tax returns in Wisconsin, and a back audit was made for a 6-year period, that the tax commission collected 3½ million dollars which had been fraudulently or erroneously withheld from payment into the treasury of the State. I said further that since that time, 1923, when income-tax returns have been made public records in my State, there has been no such wholesale nor such willful withholding or underestimate of taxes.

Mr. DUFFY. Mr. President——

The PRESIDING OFFICER. Does the Senator yield to his colleague?

Mr. LA FOLLETTE. I yield.

Mr. DUFFY. Does the Senator know of any other of the 29 States that have State income-tax laws that has a similar provision to that of Wisconsin?

Mr. LA FOLLETTE. No; I think Wisconsin is the only State that I know of.

Mr. NORRIS. Mr. President, may I ask the Senator a question?

Mr. LA FOLLETTE. I yield.

Mr. NORRIS. Since the State of Wisconsin has had publicity of income-tax returns, has the State experienced, as is claimed by some will happen in this instance, a great onrush of the public to find out and to publish everything that they can determine from these returns? Has there been any activity in that direction?

Mr. LA FOLLETTE. The Senator from Iowa read into the RECORD an excerpt from the report of the Wisconsin

Tax Commission in 1930, in which the commission went on record in favor of repeal of the provision making income-tax returns public records, and cited as one of the reasons that in one or two of the offices of the commission it had been necessary for one clerk to be assigned to wait upon those who wished to see returns. It also stated that in some instances individuals interested in the collection of bills, or collection agencies, had employed returns for that purpose. But, as I pointed out at that time, no action has been taken by the legislature, and, so far as I know, no Governor since 1930 has recommended or urged that there should be any change in this policy, which has prevailed since 1923, and I feel certain that no such legislation could be passed.

Mr. WALSH. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I yield.

Mr. WALSH. I recently received a new objection to this proposal, and I should like to have the views of the Senator from Wisconsin with respect to it. One of the leading employers in my State wrote protesting against making public, through the income-tax publicity, the pay rolls of his employees. I was wondering if the Senator from Wisconsin had any experience with that phase of the subject.

Mr. LA FOLLETTE. Not that I know of. Mr. President, I want to quote to the Senate a statement from Dr. C. C. Plehn, connected with the University of California for a number of years and who was formerly president of the American Economic Association and of the National Tax Conference. He says:

> To a people unaccustomed to an income tax it may seem that one's income is a very intimate, personal, and private affair, and there is a natural dread of letting one's business rivals know one's business. But, as a matter of fact, the income-tax statement or return would be no more likely to be examined out of sheer curiosity or for purposes of gossip than are the property-tax returns, about which no such veil of secrecy is drawn, and the business rival generally has better information already than he could possibly obtain from the returns. Against such dark secrecy it may well be urged that it is very important to feel assured that all incomes—my neighbor's as well as mine—are fairly and truly assessed, a thing that can never be if the final assessments never see the light of day. Fear of publicity is a bogie man.

Mr. President, if an investigating committee could continue the activities which the Senate Banking and Currency Committee have carried on, perhaps the argument in support of this amendment would not be so persuasive as I feel it to be.

Mr. President, there is the more important consideration, as I view it, that under the present law when the individual income-tax payer sits down to make out his return, if, upon his own initiative or upon the advice of an attorney, he makes a fraudulent return he knows that that return is to be shrouded in secrecy and, in many instances, perhaps he does not hesitate to follow such a course; but if he knows that his return is a matter of public record, he will hesitate a long time before he will resort to any device designed to relieve him of his fair share of the tax.

Mr. DUFFY. Mr. President, when this proposition was previously before the Senate at the special session I supported it, and I believe that I shall support it again, but my experience in Wisconsin, the only State, according to my colleague, which has experimented in this way in the case of income-tax returns, is that there is considerable justification for the criticisms which were made by the Wisconsin Tax Commission in 1930. I have known of numerous instances in my State, especially in lawsuits, where income-tax returns, being public records, were used for purely private purposes, and not for the purpose of obtaining more taxes for the State government. I know that certain investigations to determine a man's credit have been the basis of the examination of individual tax returns; and I think there has been considerable prying into the returns. While all those abuses, I think, have existed, and do, to some extent, still exist, it seems to me that under this amendment, which provides that such returns shall be open to public examination under rules and regulations to be promulgated by the Secretary of the Treasury and approved by the President, there might be some such restrictions imposed as would do away with prying for private purposes and the inspection of tax returns not for the purpose of helping the Government collect more taxes or to prevent fraud.

I desire to make this statement to the Senate because I have been active in the practice of the law in Wisconsin, and have seen the privilege of inspecting tax returns used for various private purposes; but if certain restrictions, which I think can be incorporated in the regulations shall be provided, I believe that perhaps the good that will come from having income-tax returns open to the public will outweigh the disadvantages which I feel will accompany unrestricted publicity.

Mr. COUZENS. Mr. President, I do not want to rehash this question, because every time it has come before the Senate, while I have been here, I have voted for publicity of returns; but particularly do I want to draw to the attention of the Senate the fact that the select committee of the Senate which investigated the Internal Revenue Bureau for a number of years found that in many instances employees and the chiefs of bureaus in the Department of Internal Revenue made rulings as to one corporation which they refused to apply to another corporation or other corporations. In other words, I think we found over a thousand different rulings with respect to the interpretation of the law as applied to deductions and credits which were applied in the cases of some corporation but denied application in the cases of other corporations. Those rulings were not published, although it was provided by a regulation of the Internal Revenue Department that all such decisions and rulings should be published. In fact, we found in our investigation that some of the rulings, after having been promulgated by the general counsel or the Commissioner of Internal Revenue, had notations on them, "This ruling not to apply to any other case."

I submit that a corporation or an individual securing a special ruling for a specific case should not have that exclusively applied to it or him without having it apply, under like circumstances, to other corporations or other individuals.

There is now no way by which the counsel for one corporation can ascertain the ruling which was applied to another corporation unless he has access to the returns to determine the application of the ruling. Such an opportunity is not afforded by the present law but it would be afforded should this amendment be adopted. That is one consideration which is very important but which has not been spoken of today. That is the reason I take the liberty at this time to mention it.

Mr. HARRISON. Mr. President, I shall occupy the time of the Senate for only a few moments merely to state my opposition to this amendment.

Before doing that, may I say, Mr. President, there is every reason why we should finish this bill this afternoon. I think there are only two or three amendments that will be offered, and I believe there will not be much discussion on them. So I appeal to Senators that we may keep away from extraneous discussions and confine ourselves to the issue, so that we may pass this bill today and follow it with another important measure.

It will be recalled that in 1924 we adopted an amendment along the lines of the suggested pending amendment providing for the publicity of income-tax returns. There will be recalled also the storm of protest that went up from one end of the country to the other as the figures were published in all the newspapers, furnishing choice items of gossip around the table and topics for tête-à-têtes in fashionable and other places.

Every essential provision, it seems to me, Mr. President, is in the present law. I wish to say to my Democratic friends that the President has now been in control of the affairs of the Government at the White House for over a year. He has given this question consideration from every angle. Under the present law the President of the United States is empowered to promulgate all necessary regulations

providing for every kind of publicity that he thinks should be accorded. He has not seen fit to follow the suggestion outlined in this amendment, and I submit that it ought not to be adopted, not only because the President of the United States has not seen fit to exercise his authority to provide greater publicity but because of the experience we had from 1924 to 1926. Following that experience we repealed, in 1926, the publicity provision of the previous revenue act and gave to the President the full power to make such regulations regarding the publicity of income-tax returns as he might see fit.

I know that the Secretary of the Treasury is working upon certain regulations which may provide greater publicity with reference to income-tax returns. In my opinion, the regulations thus to be prepared may provide for the publication of the amount which each individual pays in income taxes. It may be provided in the regulations that anyone may go to the Department and ascertain the amount of income tax an individual pays; but this amendment not only makes it mandatory upon the President of the United States to provide for publicity, but it gives to every individual in this country the right to go to the Internal Revenue Bureau and scan every man's income tax in every particular, to pry into it in any way, giving the opportunity perhaps to competitors to use the information to their own advantage and also opportunity to curiosity seekers merely to satisfy their own curiosity.

I am not going to debate this question further. The Senate knows what it wants to do; and I will submit it to a vote. If the Senate wants a record vote I ask for the yeas and nays on the amendment.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. GIBSON (when his name was called). On this vote I have a pair with the Senator from Nevada [Mr. PITTMAN]. Not knowing how he would vote, I withhold my vote.

Mr. ROBINSON of Indiana (when his name was called). I have a general pair with the junior Senator from Mississippi [Mr. STEPHENS], who is unavoidably detained from the Senate. If he were present, he would vote "nay." If I were permitted to vote, I should vote "yea." Not being able to secure a transfer of my pair, I withhold my vote.

The roll call was concluded.

Mr. LEWIS. I wish to announce the absence of the senior Senator from Arkansas [Mr. ROBINSON] because of very serious illness in his family, and to announce that he has a general pair with the senior Senator from Pennsylvania [Mr. REED].

I also wish to announce the necessary absence of the Senator from Nevada [Mr. MCCARRAN], who is paired with the Senator from New Jersey [Mr. KEAN]. If present, the Senator from Nevada would vote "yea", and the Senator from New Jersey would vote "nay."

I announce the necessary absence of the Senator from California [Mr. MCADOO], who is paired with the Senator from Connecticut [Mr. WALCOTT].

I also announce the absence on official business of the Senator from Alabama [Mr. BLACK], paired with the Senator from Vermont [Mr. AUSTIN], and announce that were the Senator from Alabama [Mr. BLACK] present he would vote "yea", and were the Senator from Vermont [Mr. AUSTIN] present he would vote "nay."

I also announce the necessary absence of my colleague the senior Senator from Illinois [Mr. DIETERICH], who has a special pair on this question with the Senator from Montana [Mr. WHEELER]. If present, the Senator from Montana would vote "yea", and the Senator from Illinois would vote "nay."

I announce also the necessary absence of the junior Senator from Georgia [Mr. RUSSELL], who has a special pair on this question with the Senator from Maryland [Mr. TYDINGS]. If present, the Senator from Georgia would vote "yea", and the Senator from Maryland would vote "nay."

Mr. LA FOLLETTE. Mr. President, if the senior Senator from Montana [Mr. WHEELER] were present he would vote "yea."

I wish to announce the unavoidable absence of the senior Senator from South Dakota [Mr. NORBECK] and to state that, if present, he would vote "yea."

Mr. HATFIELD (after having voted in the affirmative). I have a general pair with the senior Senator from Florida [Mr. FLETCHER], who is absent on official business. Not knowing how he would vote, I withdraw my vote.

Mr. ROBINSON of Indiana. I find that I can transfer my general pair with the junior Senator from Mississippi [Mr. STEPHENS] to the senior Senator from South Dakota [Mr. NORBECK], which I do, and vote "yea."

Mr. HEBERT. I announce the absence of the Senator from Vermont [Mr. AUSTIN], the Senator from Maine [Mr. WHITE], and the Senator from Alabama [Mr. BLACK], who are in attendance upon the committee investigating air-mail contracts; also the absence on official business of the Senator from Connecticut [Mr. WALCOTT]. I am informed that if present the Senator from Vermont [Mr. AUSTIN] and the Senator from Connecticut [Mr. WALCOTT] would vote "nay" on this question.

I also wish to announce that the Senator from Pennsylvania [Mr. REED] and the Senator from New Jersey [Mr. KEAN] are necessarily absent.

Mr. LEWIS. I desire to announce that the Senator from Arkansas [Mr. ROBINSON], the Senator from Maryland [Mr. TYDINGS], the junior Senator from Nevada [Mr. MCCARRAN], the junior Senator from Florida [Mr. TRAMMELL], the Senator from Montana [Mr. WHEELER], the Senator from Illinois [Mr. DIETERICH], the Senator from California [Mr. MCADOO], the senior Senator from Nevada [Mr. PITTMAN], the Senator from Mississippi [Mr. STEPHENS], the Senator from Nebraska [Mr. THOMPSON], and the senior Senator from Florida [Mr. FLETCHER] are necessarily detained from the Senate.

The result was announced—yeas 41, nays 34, as follows:

YEAS—41

Adams	Connally	Hatch	Overton
Ashurst	Costigan	Hayden	Patterson
Bachman	Couzens	Johnson	Pope
Bone	Cutting	La Follette	Reynolds
Borah	Dickinson	Logan	Robinson, Ind.
Brown	Dill	Long	Sheppard
Bulkley	Duffy	McKellar	Shipstead
Bulow	Erickson	Neely	Thomas, Okla.
Capper	Frazier	Norris	
Caraway	George	Nye	
Clark	Gore	O'Mahoney	

NAYS—34

Bailey	Davis	King	Steiwer
Bankhead	Fess	Lewis	Thomas, Utah
Barbour	Glass	Lonergan	Townsend
Barkley	Goldsborough	McGill	Vandenberg
Byrd	Hale	McNary	Van Nuys
Byrnes	Harrison	Metcalf	Wagner
Carey	Hastings	Murphy	Walsh
Coolidge	Hebert	Schall	
Copeland	Keyes	Smith	

NOT VOTING—21

Austin	Kean	Robinson, Ark.	Walcott
Black	McAdoo	Russell	Wheeler
Dieterich	McCarran	Stephens	White
Fletcher	Norbeck	Thompson	
Gibson	Pittman	Trammell	
Hatfield	Reed	Tydings	

So Mr. LA FOLLETTE's amendment was agreed to.

Mr. HASTINGS. Mr. President, I move to reconsider the vote by which section 141 of the bill was stricken out yesterday, the motion to strike out having been made by the senior Senator from Idaho [Mr. BORAH].

I do not desire to discuss the motion to reconsider at all, but I should like to have it voted on.

Mr. BORAH. Mr. President, the motion to reconsider will be discussed.

Mr. HARRISON. Mr. President, will the Senator yield?

Mr. BORAH. I yield to the Senator from Mississippi.

Mr. HARRISON. I hope the Senator from Delaware will not press his motion to reconsider that vote. I say that for the reasons I am about to state.

I voted with the Senator from Delaware. I feel just as strongly now as I felt when I addressed the Senate in opposition to the motion of the Senator from Idaho to eliminate consolidated returns. The motion prevailed, however. I do

not know whether or not there has been any shift of votes. There ought not to be a shift of votes. Members of the Senate ought to know, when they vote, what they are voting for; and I accept their votes as expressing their judgment.

After amendments are adopted or defeated here, if motions are to be constantly made to reconsider the votes by which they were adopted or defeated, we shall never finish the consideration of this bill. In this case, the question involved will go to conference. It will be in issue between the two Houses. Therefore, I hope the Senator from Delaware will not press his motion to reconsider the action on that amendment; and I say the same thing to the Senator from Idaho [Mr. BORAH], who entered a motion to reconsider the vote upon another amendment which I opposed.

Mr. CLARK. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Missouri?

Mr. BORAH. I yield.

Mr. CLARK. I am in general sympathy with the attitude of the Senator from Mississippi on the matter of reconsidering amendments. I should like to direct his attention, however, to an occasion not very many weeks ago when the Senate had solemnly adopted an amendment to a very important bill, and the Senator from Mississippi spent the night working very hard to change votes and then came in next morning and made a motion to reconsider, which was carried. It seems to me there ought to be some consistency. [Laughter.]

Mr. HARRISON. That is quite true, and I think the motion I made the next day prevailed; but the question was deeper-seated, and there were greater reasons for reconsideration then than there are in this particular case.

Some Senators may have the physical strength to contest these matters here for weeks and for months, but some of us have not. Of course the Senator from Delaware has a perfect right to make his motion to reconsider. I am merely expressing a desire that we may finish the consideration of this bill today; and I do hope that, if any motion to reconsider is made, we shall not consume too much time in its discussion.

Mr. HASTINGS. Mr. President, will the Senator from Idaho yield to me for a moment?

Mr. BORAH. I yield.

Mr. HASTINGS. I think my motion is not an unreasonable one. Except for the change of my own vote, there was a difference of only 1 vote in the roll call on this question yesterday. At least two Senators have returned to the Chamber who were not here yesterday, and I am sure they would like to have an opportunity to vote upon the question. I do not know what the result will be.

I will state to the Senator from Mississippi that I have not tried to get any votes for this amendment or for this motion. I am anxious, however, in view of the close vote yesterday, that the Senate have an opportunity again to pass upon the question. I am anxious that that shall be done without argument, if possible, although I assume it is not possible. I do not care to discuss the matter myself, because I think the Senate knows perfectly well what it is about, but I should like to know whether or not my motion will prevail. If it does not prevail, I shall have no complaint to make about it.

Mr. HARRISON. Mr. President, will the Senator from Idaho yield?

Mr. BORAH. I yield to the Senator from Mississippi.

Mr. HARRISON. I am not criticizing the Senator from Delaware. The Senator from Delaware is a member of the Finance Committee. He has rendered fine service on the committee. He has attended the sessions during the consideration of this bill, and he has a perfect right to make the motion. I was merely expressing the hope that we might finish the consideration of this bill tonight, and that we might not reconsider too many votes.

Of course, I shall vote for the motion to reconsider if the Senator insists upon it, carrying out the consistency of my position in voting against the original proposal; but I had hoped the Senator would not insist upon his motion to reconsider.

Mr. BORAH. Mr. President, upon yesterday I moved that the following words be stricken from the bill:

> In the case of a corporation, the amount received as dividends from a domestic corporation which is subject to taxation under this title.

Those words are found in subdivision (p) of section 23. I move to reconsider the vote by which that motion was rejected.

Mr. President, some changes have taken place since yesterday afternoon.

The PRESIDING OFFICER. The motion of the Senator from Idaho will be entered. The other motion, that of the Senator from Delaware [Mr. HASTINGS], is now pending.

Mr. BORAH. I desire to discuss the two motions together. I realize that technically I cannot make the motion at this time, but I can have it before the Senate as the next question.

As I say, there have been some changes since yesterday afternoon. I do not know whether there have been any changes in votes or not, but there has been a tremendous activity. Persons have come here not Members of the Senate, who are interested in this matter from a financial standpoint, and have exerted every possible influence—in terms of honesty, I assume—to bring about a change in the vote. I do not want this question of reconsideration to go to a vote without a very thorough presentation of all the facts, both with reference to what has happened since yesterday afternoon and with reference to the question upon its merits.

Mr. President, when the motion was carried to strike out section 141, it had no other effect than to send the matter to conference, where it could be considered by conferees, who would not be in anyway prejudiced in its favor. The conferees would have been exclusively Members of both Houses who had voted against the amendment; so it is to be assumed that the amendment would have been considered from the standpoint of the motion now made, at least with a degree of unconscious bias. All we were asking was that the matter be considered in conference, it being admitted upon the floor, even by those opposed to it, that there were defects in the provisions with reference to consolidated returns.

It must be conceded that there are some companies which ought not to be permitted to enjoy the benefits of consolidated returns. It is claimed that there are other companies which possibly might be excepted from the effect of the provision as to consolidated returns, and in fairness and justice excepted. In my own view there should be no exceptions. My own view is that everyone should stand before the law imposing taxes upon his individuality, corporate or personal, and that every corporation should make its individual returns. It is the only way in which the real facts with reference to tax liabilities can be established. If, however, there are corporations which it would seem to some ought to be excepted, that matter may be taken care of by the conferees. It is now proposed by this motion to prevent a subject of this importance and this intricacy from being considered by the conferees.

Mr. President, let us read the two proposals together and see just who it is who is so greatly interested in defeating the action of yesterday.

In the section I have just read, among the things that may be deducted from the gross amount of income is—

> In case of a corporation, the amount received as dividends from a domestic corporation which is subject to taxation under this title.

In other words, the great holding companies of the country have permission under this provision to except from their returns all dividends received upon stock in subsidiary corporations. The result is that the great holding companies of the country, holding sometimes as high as 70 and 80 subsidiary corporations, organized for the purpose of making profits themselves, may except from their returns all

dividends received upon the stock of their subsidiary corporations.

That is a special invitation to holding companies to organize. They occupy a position under the taxing law which no other corporation occupies. They have an advantage which no other corporation has; and therefore during the past twenty-odd years a large number of holding companies have sprung up.

I read yesterday something as to the extent to which these holding companies have been organized. I desire to call attention to some additional facts in regard to the matter, so that the Senate may know who it is who is so anxious that this subject be not permitted to go before the conferees for consideration. As they do under the tax law already, they desire to step from under any further survey or examination upon the part of anyone.

For the purpose of illustration, I read a single paragraph:

Now, to whom does the Central Gas & Electric Co. belong? To another holding company, the Central Public Service Co. And to whom does that belong? To the Central Public Service Corporation. That owns and controls the stock in the Central Public Service Co. And to whom does this Central Public Service Corporation belong? It belongs to the Public Utility Holding Co., which I believe does not own all the stock in this company, but enough to exercise a controlling influence in its affairs. And to whom does the Public Utility Holding Co. belong? It belongs to a concern which it is very difficult to define, a kind of hybrid holding-financing-trading-investment trust company, the American Founders.

And then, in another illustration, the writer of this volume gives an account of holding companies having control and in many instances owning the entire stock of 90 subsidiary companies.

Why are these companies organized? They are organized, as said by the able Senator from Nebraska [Mr. NORRIS] yesterday, in many instances for the purpose of deception; in many instances for the purpose of evading the law with reference to the control of utilities. They are organized because they have a special advantage in the financial world in the management and control of their subsidiaries. We are asking that they shall account for the income which they receive upon the stock of their holding companies.

I ask the Senate, in all fairness, upon what theory are there excepted from the operation of the tax law the gains, the profits—because that is what is taxed—upon the stock held by these corporations?

I have read to the Senate the provision with reference to the deduction found on page 26. Now we turn to the privilege to file consolidated returns:

An affiliated group of corporations shall, subject to the provisions of this section, have the privilege of making a consolidated return for the taxable year in lieu of separate returns. The making of a consolidated return shall be upon the condition that all the corporations which have been members of the affiliated group at any time during the taxable year for which the return is made consent to all the regulations under subsection (b) (or, in case such regulations are not prescribed prior to the making of the return, then the regulations prescribed under section 141 (b) of the Revenue Act of 1932 insofar as not inconsistent with this act) prescribed prior to the making of such return; and the making of a consolidated return shall be considered as such consent. In the case of a corporation which is a member of the affiliated group for a fractional part of the year the consolidated return shall include the income of such corporation for such part of the year as it is a member of the affiliated group.

Then are given the regulations. The matter of consolidated returns has been before the Congress of the United States for about 14 years, and an amendment to strike out the provision allowing the privilege of making such a return has always been defeated in the Senate. Upon two different occasions the House struck out the provision with reference to consolidated returns. Upon those two occasions it was placed back by the Senate.

A committee was appointed by the Committee on Ways and Means of the House to study the question of tax avoidance, and had this to say:

Section 141 of existing law permits corporations which are affiliated to file consolidated returns. Your committee recommends that this permission be withdrawn.

This recommendation was made by a subcommittee investigating this question after weeks and weeks of hearing and study upon the part of the committee, after taking the testimony of those who were opposed and those who favored it, and practically all the testimony, or a large percentage of it, came from those who were opposed. After considering their explanation, the reasons given by them, the committee having charge of the matter, after due reflection, recommended that the privilege be withdrawn.

The report of the committee further stated:

The subject of consolidated returns has long been in controversy. The revenue bill of 1918, as passed by the House, prohibited the consolidated return which had been previously allowed under the regulations of the Treasury Department. The bill as passed by the Senate and finally enacted specifically provided for the consolidated return. The revenue bill of 1928, as passed by the House, denied the right to file consolidated returns, but this provision was eliminated in the Senate. During the consideration of the revenue bill of 1932 a compromise was effected, resulting in the levying of an additional tax of three fourths of 1 percent on the consolidated net income. This additional tax was increased to 1 percent by the National Industrial Recovery Act.

It cannot be denied that the privilege of filing consolidated returns is of substantial benefit to large groups of corporations existing in this country. It cannot be denied, it has not been denied, I venture to say it will not be denied, that this consolidated return scheme is of peculiar benefit to the large corporations of this country. It gives them an advantage which the independent corporations cannot enjoy, and why not place the large as well as the small, the great as well as the humble, upon the same basis when it comes to the making of tax returns?

What is the reason for the consolidated return? Is it for the benefit of the small corporation? Is it for the benefit of the lesser combine? It is distinctly made, maintained, and preserved for the benefit of the great holding corporations of the country.

Mr. HASTINGS. Mr. President——

The PRESIDING OFFICER (Mr. GEORGE in the chair). Does the Senator from Idaho yield to the Senator from Delaware?

Mr. BORAH. I yield.

Mr. HASTINGS. Suppose an individual has a capital of $20,000, of which $10,000 is invested in a corporation in one State, and $10,000 invested in another corporation in another State, and the one person owns it all. The two corporations are not very large, but he is making money, we will say, at one of the stores, and losing money at the other. If he has the privilege of making a consolidated return, then he gets some benefit, because without that in the one instance he would not have to pay a tax, in the case where he made no money, and he would have to pay the full tax in the place where he made money. If he could consolidate the two, it would be of some interest to him, and to all similar small corporations.

Mr. COUZENS. Mr. President, will the Senator from Idaho yield to me?

Mr. BORAH. I yield.

Mr. COUZENS. In connection with the illustration just given by the Senator from Delaware, let us assume that in the city where the Senator from Delaware stated a man had a store, another man had a similar store. If the one having two stores could make a consolidated return, he would have the advantage in competing with the individual store owner. He could use the loss in one city to wipe out the profit in the other city. So that, in the case of the Senator's illustration, the man who was operating 2 stores would have an advantage over the man operating 1 store.

Mr. BORAH. Certainly. To take a further illustration, suppose Mr. A has $20,000 and starts a store, under a corporate entity, in the State of Delaware, investing $10,000, and with the other $10,000 starts a store in the State of Pennsylvania, and makes a consolidated return. We will assume that he finds that he has had a loss in one store, and he covers the loss in one store by his bookkeeping in the other, so far as taxes are concerned. But suppose Mr. B has a store in Delaware, and Mr. C has a store over in Penn-

sylvania. Each one must make his return. Why give an advantage to the man who is able to have two stores as against B and C, who have a store apiece?

Mr. HASTINGS. Suppose, instead of a corporation it is an individual. Then what would happen to his return?

Mr. BORAH. I do not know what the Senator has in mind.

Mr. HASTINGS. Instead of a corporation, suppose one man owns two stores. There is no prohibition against his making a consolidated return on both of them. Merely because he has a small corporation, to my mind, is no reason why he should be penalized. Whether it be large or small, it is the same thing.

Mr. BORAH. We are dealing now entirely with corporations in existence and the corporation law.

Mr. HASTINGS. I am pointing out an illustration which indicates, it seems to me, that there is some prejudice against a corporation, because an individual could do just this very thing after the Senator's amendment had been enacted.

Mr. BORAH. I have a great prejudice against a corporation when the corporation is organized for the purpose of controlling some 70 or 80 other corporations.

Mr. HASTINGS. I was talking about two.

Mr. BORAH. I know the Senator was talking about two, but I am afraid he was thinking about the others.

Mr. HASTINGS. The distinguished Senator was pointing out that this was for the benefit of the large corporation. I was trying to give him an illustration of a small corporation, if he can conceive of there being such a thing.

Mr. COUZENS. Mr. President, will the Senator from Idaho yield?

Mr. BORAH. I yield.

Mr. COUZENS. The illustration the Senator from Delaware gives——

Mr. GLASS. Mr. President, the Senator from Michigan turns to the other side, and we cannot hear a word he says. I suggest that he try to convince Senators on this side as well as those on the other side.

Mr. COUZENS. I beg the pardon of the Senator from Virginia, but I have seen so many of the Democrats in a huddle that I thought we were entitled to get into a huddle once in a while.

Mr. GLASS. If it is going to be a huddle proposition, then the Senator is beaten to start with, because we have more in the huddle over here than are on the other side.

Mr. COUZENS. That is quite true. I apologize to the Senator from Virginia, but I got my example from good Democrats.

Mr. GLASS. I am usually interested so very much in what the Senator from Michigan says that I want to hear his argument.

Mr. COUZENS. I thank the Senator.

I want to point out that when these institutions are in business they get the advantage of the appropriate law and they are protected against their individual assets being liable for their debts. If they take advantage of incorporation in order to protect their individual fortunes there is no reason why they should get any advantage by consolidating their returns.

Mr. BORAH. Mr. President, I had not finished reading the report of the special committee.

Mr. GORE. Mr. President, will the Senator from Idaho yield to me?

Mr. BORAH. I yield.

Mr. GORE. It seems to me that the comment of the Senator from Michigan on the hypothetical case presented by the Senator from Delaware is pretty conclusive; but a case was brought to the attention of the committee which made an impression on me, and I should like to get the reaction of the Senator from Idaho.

The case presented to the committee was that of the Southern Pacific Railroad. Under the law of Texas, that railroad must incorporate in the State of Texas in order to operate in that State. It has no choice. I can conceive that the railroad might realize a profit in Texas and yet might sustain a loss in Arizona or New Mexico, making the long haul across the desert.

I do not know what the structure of the railroad is, but let us assume that it had to organize in New Mexico, Arizona, California, and Texas. I can conceive some cogency in the contention that if the railroad, owing to local laws, must charter in each State, and must take a loss, say, in Arizona and New Mexico, there would be some justice in permitting that loss to be offset against a realized gain in Texas. That is the only instance along this line that has made any appeal to me.

Mr. BORAH. Mr. President, let me assume that the illustration which the Senator gives is one which ought to have consideration. It can have consideration in conference. That is one of the contentions which I made in opening my remarks, that if there were conditions under which exceptions ought to be had, that could be worked out in conference. But I am sure the Senator from Oklahoma would not contend that the situation with reference to the Southern Pacific Railroad ought to be dominating and controlling in reference to making tax laws for all corporations in the entire United States.

Mr. GORE. Not at all. I agree with the Senator about the vertical, integrated concerns where one is pyramided upon the other. I think they ought to be disintegrated so far as taxation is concerned. On the other hand, it does seem to me that the railroad situation might constitute an exception. I will vote for the Senator's motion with the hope that the conferees will at least give serious consideration to this particular point.

Mr. BORAH. I am contending that this matter ought to go to conference, and I am not contending, Mr. President, that there may not be exceptions. I am frank to say that after such study as I have been able to give to it I would not want to make an exception that would militate effectively against such a general rule, and I doubt if we can make an exception without militating against the rule; but, if it can be done, the able gentlemen who sit upon the conference will be able to handle the matter; but, if we are not able to make the exception, then I certainly would not be in favor of returning to the consolidated return because not to do so might work a hardship in some places. I know that it works to tremendous advantages in places where the Senator from Oklahoma does not desire it to work to advantage.

Said the subcommittee having to deal with this subject:

> It cannot be denied that the privilege of filing consolidated returns is of substantial benefit to the large groups of corporations in existence in this country.

I will say to the Senator from Oklahoma that all these matters were heard before the committee; the different conditions which arose by reason of the different corporations, and the obligations imposed upon them to organize in the different States; these matters were very fully covered by the subcommittee, and, notwithstanding all the facts which were presented, they made the recommendation which I am now reading:

> This is especially true in depression years, for the effect of the consolidated return is to allow the loss of one corporation to reduce the net income and tax of another, and during a depression more losses occur. Another effect of the consolidated return is to postpone tax. This is because there is no profit recognized for tax purposes on intercompany transactions, and profits on a product of the consolidated group, passing through the hands of the different members of the group, are not taxed until the product is disposed of to persons outside the group.
>
> In the past, when any corporation could carry forward a net loss from one year to another, the consolidated group did not have such a great advantage over the separate corporations. Now that this net loss carry-over has been denied, the advantage of the consolidated return is much greater on a camparative basis.

The Senator from Delaware, speaking of the small companies which might be injured, has not, I think, given proper consideration to the large companies and the advantage which they have; and in order that the Senator may have the matter before him so that he can consider it fully tonight, when we vote upon this Monday, I am going to read more fully into the RECORD than I have. I am sorry the Senator from Mississippi [Mr. HARRISON] is not in the

Chamber. Let me read what I read a few moments ago and continue:

But now, to whom does the Central Gas & Electric Co. belong? To another holding company, the Central Public Service Co.

That is the gentleman, in corporate form, that I am anxious to deal with, and I am sure the Senator from Delaware must feel the same way. So let us not permit our sympathies for the two small companies having a store override the necessity of dealing with the large companies.

Mr. HASTINGS. Will the Senator permit an interruption?

Mr. BORAH. Yes. I yield.

Mr. HASTINGS. I do not know what the percentage is the Senator from Idaho would like to reach; I do not know whether it is 5 percent, 10 percent, 20 percent, or what it is, but I am assuming that it is at least a minority, less than 50 percent. I should not like to do an injury to the honest corporation which desires to make a consolidated return merely to strike at some corporation which is illustrated by what the Senator is now reading. In other words, I am not willing to convict an innocent man merely to get some guilty person at the same time.

Mr. BORAH. I am not advocating the conviction of an innocent man. All I am asking is that each and everyone make his own separate return, and then when he gets in with his return the law will deal with him. If he has had his loss and no profits, we will get nothing.

Mr. HASTINGS. If we take the illustration given by the Senator from Oklahoma, where a railroad is operating through several States and has to have a separate corporation in each State, it is pretty nearly impossible for such railroad to make a separate return for each of those corporations. The money is collected into one treasury, collected under one system, and under one freight rate and one passenger rate. This amendment would impose upon that corporation an almost impossible task.

Mr. BORAH. They got along pretty well before the consolidated returns were adopted.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. NORRIS. I am sorry the Senator from Oklahoma [Mr. GORE] is not present. As a matter of fact, in 2 days of discussion the only instance which seemed to have merit was that cited by the Senator from Oklahoma. In that case he says the railroad would be greatly affected by this provision. I have an idea, although I am not familiar with the Texas law, that an interstate corporation operating a railroad through Texas operates as an interstate corporation. They may own a thousand railroads, as they do in my State, but they are leased and the parent company does the operating, and the State where they are operating provides only a part of their income. If we had all the facts, I think it would be found that even that instance has not any merit whatever to it.

Mr. HASTINGS. That may answer my question. I am not certain about it myself. I was just wondering whether that was true.

Mr. BORAH. The Senator from Delaware, with his great ability, is certain of one thing, I am sure, and that is that there is a great advantage in filing consolidated returns to certain classes of large corporations. I do not care to mention names, but I was told by two of the experts that one particular holding company, closely associated with a man who has until lately long been in the public service, realized a benefit of something over a million and a half dollars in 1 year by reason of its consolidated return. I think there could be gathered up dozens of instances. Did the Senator listen yesterday while I read—I am afraid he did not, or he would have voted for the amendment—the amount which was realized by the aircraft holding corporations? In 1 year five of them got the benefit of over $2,000,000 by reason of the privilege of filing consolidated returns.

Are we to overlook such conditions entirely, because, if I may call it such, a theoretical proposition with reference to the Southern Pacific has been brought into this matter? We know that these other evils exist. We know the public is deprived of what it ought to have in regard to taxes, and we know that it is a great disadvantage to the small corporations which have to contend with them. We know those evils exist. Why, therefore, not deal with the situation so as to reach the greatest possible number who may be affected, in an advantageous way so far as the Government is concerned?

Mr. HASTINGS. Would the Senator give us some details as to how that $2,000,000 was made up in the case of aircraft corporations of which he speaks?

Mr. BORAH. While that is being looked up I will read further in continuation of what I just began to read:

That owns and controls the stock in the Central Public Service Co. And to whom does this Central Public Service Corporation belong? It belongs to the Public Utility Holding Co., which I believe does not hold all the stock in this company but enough to exercise a controlling influence in its affairs. And to whom does the Public Utility Holding Co. belong? It belongs to a concern which it is very difficult to define, a kind of hybrid holding-financing-trading-investment trust company, the American Founders.

Now, the only corporation that pays taxes under this proposition is the first corporation.

Mr. HASTINGS. There is consolidated with it all the profits of other companies, is there not? The only advantage I know anything about in a consolidated return is the convenience of it, plus this, that if there be under the parent company a losing unit the parent company may deduct the loss of the unprofitable unit from their income. If all the companies which are held by a holding company are making money, there is absolutely no advantage, so far as I know. In addition to that, there is provided, according to my recollection, a 2-percent increase in the tax which they have to pay if they make a consolidated return.

Mr. BORAH. That raises the question why the 2-percent additional tax was imposed if it was not well understood that there was a distinct advantage in filing a consolidated return? It is recognized in the bill itself that the making of consolidated returns is a favor to corporations; and so the bill proposes to add 2 percent in cases where consolidated returns are filed. What does the 2 percent amount to? It gathers up, perhaps, one tenth of the amount which they are actually realizing in the way of benefit from the consolidated returns.

Now, all the arguments in favor of holding-company control can be applied to the situation of the Central Gas & Electric Company and subsidiaries. But what defense is there from the point of view of the public service, operating efficiency, financing, or anything else, for this string of public-utility companies running up to the American Founders?

Now, I will use another case:

The United Founders owns three other investment trusts, which in turn are holding companies also—the American Founders Corporation, the American General Corporation, and the Investment Trust Associates. There are a great many others, but it controls these outright, owning from 70 to 90 percent of the stock. These holding companies in turn own another holding company, called United States Electric Power Corporation, or they have a large interest in it, which I will explain later. This United States Electric Power Corporation owns the Standard Power & Light Co. and that, in turn, controls the Standard Gas & Light Corporation. There are five layers of holding corporations.

Why are all these different holding companies organized? What is the object of them?

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. BORAH. I will yield in a moment. They get a very great advantage or they would not be organized. All up and down the line of the five layers of corporations, they pay tremendous salaries, the highest in the world; they pay large profits, some of them the greatest in the world. Why are they organized? For the same reason that any corporation is organized, namely, to make money by reason of their corporate existence. I say, therefore, that they, each and every one of them, all five of them, should make reports to the Government as to what they have earned. Now I yield to the Senator from Tennessee.

Mr. McKELLAR. Mr. President, I have the figures here for the year 1930, and from the records of the Department it appears that 241,616 corporations in this country paying dividends of a billion and a half dollars paid not one cent of

income taxes to the United States Government. Is it not most probable that a great many of these 241,616 corporations have escaped taxes through the consolidated returns route?

Mr. HASTINGS. Mr. President, by what authority does the Senator make that statement? Where does he get his information?

Mr. McKELLAR. From the Treasury Department.

Mr. HASTINGS. How could it be possible for them to pay dividends without having paid the tax?

Mr. McKELLAR. It is because the Treasury Department figures reveal that there were certain corporations showing taxable net income, and then 241,616 showing income but no taxable income. In other words, by reason of the credits and allowances made, and by the consolidated-returns route, 241,616 corporations, making a billion and a half dollars in earnings or income, which they pay out to their stockholders, pay not one cent of income to the Government of the United States.

Mr. HASTINGS. I cannot understand that.

Mr. McKELLAR. If the Senator will just look at the RECORD of February 1, at page 1774, he will find the figures which show it.

Mr. COUZENS. Mr. President, will the Senator from Idaho yield?

Mr. BORAH. I yield.

Mr. COUZENS. I think the Senator from Delaware will find that in large part that is due to the fact that dividends paid by one corporation to another corporation are nontaxable.

Mr. NORRIS. Mr. President, will the Senator yield there?

Mr. BORAH. I yield.

Mr. NORRIS. For the benefit of the Senator from Delaware, I want to state that recently, during the last few days, in the investigation being conducted before the Federal Trade Commission it was found that one holding corporation, which had correspondence with State Senator Thayer in New York and officials in Kentucky and Tennessee, had been engaged in this practice; that its subsidiaries had actually made a profit and paid the income into the holding company, and the holding company had kept it and not paid any income tax to the Government. If the bill shall go over until Monday, as seems probable, in view of the extended debate that is going on, we will be able to obtain those figures and give the sum in dollars which the holding company actually collected from its subsidiaries, retained for itself, and failed to pay any taxes on to the Government of the United States. That is a matter of record; their own records show it.

Mr. BORAH. Mr. President, the Senator from Delaware asked me a few moments ago for the figures with reference to the Aviation Corporation. Those figures were put in the RECORD in detail on April 9 by Mr. McFARLANE in the House of Representatives. I read yesterday the conclusions or general results from the detailed figures which appear in the RECORD of April 9.

Mr. HASTINGS. On what page?

Mr. BORAH. I have not the page before me; I only have the page with reference to the matter which I read; but the detailed figures appear in the RECORD of April 9 in the address of Mr. McFARLANE. The Senator will have no trouble in locating them.

But here is what he says in conclusion as the result of the figures:

> We find that the Bendix Aviation Corporation has saved, through the filing of consolidated returns and in the change of income-tax laws which have been changed since the law of 1918, the sum of $625,863.49 in money they would have been required to pay to the Government had the law not been changed and had they been required to file separate returns rather than consolidated returns.
>
> The Curtiss-Wright Corporation saved $101,709.31 in the same way. The General Motors Corporation saved $150,980.75. The United Aircraft & Transport Corporation saved $854,959.29. The Aviation Corporation of America saved $313,454.44. All told, there was a saving of $2,046,967.28.

Mr. HASTINGS. Over a period of how long?

Mr. BORAH. I understand over a period of 1 year.

Mr. NORRIS. Mr. President, will the Senator yield there?

Mr. BORAH. I yield.

Mr. NORRIS. The Senator ought to add to what he has just said that Mr. McFARLANE, who supplied those figures, said in his speech, or he told me today—he told me today, but I think he also said it in a portion of his speech—that the figures for the largest corporations he was trying to examine in connection with the aircraft matter are not included. In the case of the largest of all he was unable to get access to the figures. So those figures are only a part of what the aircraft companies saved.

Mr. HASTINGS. The particular thing in which I was interested, I will say to the Senator from Idaho, was whether or not those figures are based upon the fact that this holding company owned other corporations that had losses during those years. Can it be accounted for in any other way?

Mr. BORAH. I cannot say as to that.

Mr. NEELY. Mr. President, will the Senator yield?

Mr. BORAH. I yield to the Senator from West Virginia.

Mr. NEELY. Mr. President, how could any conceivable answer to the question of the Senator from Delaware prejudice the merits of the contention of the Senator from Idaho? Suppose a farmer who owns two tracts of land makes a profit on one of them and sustains a loss on the other. He is compelled to pay taxes on both farms. Why should not a holding company be required to pay taxes, at least, on every one of its subsidiaries on which profits are regularly made?

Mr. HASTINGS. May I say to the Senator from West Virginia that my inquiry is designed solely for the purpose of ascertaining the facts? I am trying to find out whether there is any other method whereby the large holding companies can profit except by owning corporations which are not making a profit during the year. That is the cause of my inquiry. I am trying to find out whether there is any other way by which that may be done.

Mr. BORAH. Reading further from this article—

> The United Founders owns three other investment trusts—

I was interrupted, so I will have to reread it, in order to get the continuity—

> The United Founders owns three other investment trusts, which in turn are holding companies also—the American Founders Corporation, the American General Corporation, and the Investment Trust Associates. There are a great many others, but it controls these outright, owning from 70 to 90 percent of the stock. These holding companies in turn own another holding company, called United States Electric Power Corporation, or they have a large interest in it, which I will explain later. This United States Electric Power Corporation owns the Standard Power & Light Co., and that, in turn, controls the Standard Gas & Light Corporation. There are five layers of holding corporations. Then come the operating companies, of which I think there are 17 subsidiaries. I think one of them is an engineering company, which supplies management. There may be another company or two of that kind, but most of them are operating utility companies.

I ask the able Senator from Delaware and I ask the Senate upon what theory could these five layers of holding companies be excused from making their individual returns to the Government as to their incomes? Why should they be permitted to entwine themselves and double themselves up into a bow knot and come in as one concern? They ought to make separate and distinct returns for each one of the five holding companies. We would know why they are in existence, what their business is, how much they should pay, and what the Government is entitled to have from them. There can be no argument of a sound nature, it seems to me, why the Government should not call upon each of those five holding companies connected with one business enterprise to make a report to the Government.

Who else is excused from making a report except the great holding companies of the country?

Mr. GLASS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Virginia?

Mr. BORAH. I yield.

Mr. GLASS. Let me interject a word that may have a tendency to shorten the debate and not prolong it until Monday. I stated yesterday that I voted against the Borah amendment with great misgivings. Since having cast that vote I have resolved my misgivings in favor of the amendment, and I am going to change my vote. If the Senator from Delaware [Mr. HASTINGS] persists in his motion for reconsideration, I submit he will find that other Senators have resolved the matter in a different way. I hope he will withdraw his motion and let us get down to voting.

Let me say—which is rather irrelevant—that I was depicted on the front page of some of the newspapers as having "deserted the administration" on the other vote I cast. I wonder why the Chairman of the Senate Finance Committee and the chairmen of other committees do not tell us in detail just what the administration thinks about the various measures we are professing to consider here. I find that on one vote 22 other Democrats "deserted the administration" along with me, and on the other vote 24 Democrats "deserted the administration" along with me, if it may be assumed that the administration is telling us just exactly how to vote on all these questions. I do not think that is so. I think when the newspapers speak of me as "deserting the administration" because I exercise my judgment in voting upon these questions they are simply misrepresenting.

Mr. BORAH. Mr. President, I will be very frank with the Senator from Delaware about this matter. Everybody knows this was a close vote and that there are at least two Senators who are away and cannot vote today, so I am going to stay here until they get back or until I find some recruits. [Laughter.] I am interested in this matter in such a way that I feel justified in doing that.

Let me continue:

> Even here, again, there are more holding companies. For instance, one of these subsidiaries is the Louisville Gas & Electric Co. of Kentucky. The Standard Gas & Light Co. controls this company, but not directly. Again, a holding company must be interposed, for some reason, called the Louisville Gas & Electric Co. of Delaware.

Why are all these companies interposed?

What is the object of creating different companies? There must be a great profit in it. If there is a great profit the Government is entitled to know.

> Thus we have the Louisville Gas & Electric Co. of Kentucky, held by the Louisville Gas & Electric Co. of Delaware, controlled by the Standard Gas & Light Co., a corporation controlled by the Standard Light Co., controlled by the United States Electric Power Corporation, controlled by these three investment trusts, and finally by the United Founders of Delaware.
>
> The justification of the holding company is in the Standard Gas & Light Co., which operates 17 companies, which can give them intelligent management (and, so far as I know, does give them intelligent management), extensive financing, and a wide degree and variety of engineering skill. But what public service are all these other holding companies furnishing?

That is a question I should like the able Senator from Delaware to answer. What public service are all these holding companies furnishing? What public good are they serving? If they are rendering a service to the public, very well and good.

Mr. FLETCHER. Mr. President, may I interrupt the Senator?

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Florida?

Mr. BORAH. I yield.

Mr. FLETCHER. I do not know that it will help solve the problem, but I want to say that I voted against the Senator's amendment yesterday, but if it comes up again I shall vote for it.

Mr. LONG. Mr. President, I have heard three Senators make that statement here in the last 2 minutes.

Mr. WAGNER. Mr. President, I think I am one of the three to whom reference is made. I was in the position of the Senator from Virginia [Mr. GLASS]. I had many misgivings yesterday about my vote. I am satisfied that I voted on the wrong side and I propose to support the Senator from Idaho if the matter comes to a vote again.

Mr. LONG. I want the Senator from Idaho to know that he has secured 3 votes in the last 3 minutes.

Mr. BORAH. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Hatfield	Overton
Ashurst	Costigan	Hayden	Patterson
Bachman	Couzens	Hebert	Pope
Bailey	Cutting	Johnson	Reynolds
Bankhead	Davis	Keyes	Robinson, Ind.
Barbour	Dickinson	King	Schall
Barkley	Dill	La Follette	Sheppard
Bone	Duffy	Lewis	Shipstead
Borah	Fess	Logan	Smith
Brown	Fletcher	Lonergan	Steiwer
Bulkley	Frazier	Long	Stephens
Bulow	George	McGill	Thomas, Okla.
Byrd	Gibson	McKellar	Thomas, Utah
Byrnes	Glass	McNary	Thompson
Capper	Goldsborough	Metcalf	Townsend
Caraway	Gore	Murphy	Vandenberg
Carey	Hale	Neely	Van Nuys
Clark	Harrison	Norris	Wagner
Connally	Hastings	Nye	Walsh
Coolidge	Hatch	O'Mahoney	

The PRESIDING OFFICER. Seventy-nine Senators having answered to their names, a quorum is present.

The question is on the motion of the Senator from Delaware [Mr. HASTINGS] to reconsider the vote by which section 141 of the bill was stricken out on yesterday.

Mr. COUZENS. On that I call for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. LEWIS (when Mr. DIETERICH's name was called). I desire to announce that my colleague [Mr. DIETERICH], if present and voting, would vote "nay" on this question.

The roll call was concluded.

Mr. LEWIS. I regret to announce that the Senator from Montana [Mr. WHEELER] is absent because of illness.

The Senator from Alabama [Mr. BLACK], the Senator from Montana [Mr. ERICKSON], the Senator from California [Mr. MCADOO], the Senators from Nevada [Mr. MCCARRAN] and [Mr. PITTMAN], the Senator from Georgia [Mr. RUSSELL], the Senator from Florida [Mr. TRAMMELL], the Senator from Maryland [Mr. TYDINGS], and the Senator from Indiana [Mr. VAN NUYS] are necessarily detained from the Senate.

Mr. HEBERT. I desire to announce the following general pairs:

The Senator from Pennsylvania [Mr. REED] with the Senator from Arkansas [Mr. ROBINSON];

The Senator from Maine [Mr. WHITE] with the Senator from Florida [Mr. TRAMMELL]; and

The Senator from Connecticut [Mr. WALCOTT] with the Senator from California [Mr. MCADOO].

The Senator from New Jersey [Mr. KEAN] is paired with the Senator from Nevada [Mr. MCCARRAN]. If the Senator from New Jersey were present, he would vote "yea", and if the Senator from Nevada were present he would vote "nay."

The Senator from Vermont [Mr. AUSTIN] is paired with the Senator from Alabama [Mr. BLACK]. If the Senator from Vermont were present, he would vote "yea", and if the Senator from Alabama were present he would vote "nay."

The result was announced—yeas 19, nays 58, as follows:

YEAS—19

Bailey	Davis	Hatfield	Metcalf
Barbour	Fess	Hayden	Patterson
Bulkley	Goldsborough	Hebert	Steiwer
Carey	Hale	Keyes	Townsend
Copeland	Hastings	Lonergan	

NAYS—58

Adams	Capper	Fletcher	Logan
Ashurst	Caraway	Frazier	Long
Bachman	Clark	George	McGill
Bankhead	Connally	Gibson	McKellar
Barkley	Coolidge	Glass	McNary
Bone	Costigan	Gore	Murphy
Borah	Couzens	Hatch	Neely
Brown	Cutting	Johnson	Norris
Bulow	Dickinson	King	Nye
Byrd	Dill	La Follette	O'Mahoney
Byrnes	Duffy	Lewis	Overton

Pope	Sheppard	Thomas, Okla.	Vandenberg
Reynolds	Shipstead	Thomas, Utah	Wagner
Robinson, Ind.	Smith	Thompson	Walsh
Schall	Stephens		

NOT VOTING—19

Austin	Kean	Reed	Van Nuys
Black	McAdoo	Robinson, Ark.	Walcott
Dieterich	McCarran	Russell	Wheeler
Erickson	Norbeck	Trammell	White
Harrison	Pittman	Tydings	

So Mr. HASTINGS' motion to reconsider was rejected.

Mr. HARRISON. Mr. President, did I understand the Senator from Idaho to withdraw his motion to reconsider?

Mr. BORAH. I desire to withdraw my motion to reconsider.

The VICE PRESIDENT. The motion to reconsider is withdrawn.

Mr. HASTINGS. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 116, beginning with line 10, it is proposed to strike out all of section 143 (a).

On page 119, it is proposed to strike out beginning with line 2 and ending with the word "except" on line 3.

On page 120, it is proposed to strike out lines 24 and 25, and on page 121 to strike out lines 1 and 2.

Mr. HARRISON. Mr. President, that is the amendment with reference to withholding the interest on tax-free covenant bonds?

Mr. HASTINGS. That is correct.

Mr. HARRISON. I have talked to the experts regarding that amendment, and I am willing to let it go to conference.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Delaware.

The amendment was agreed to.

Mr. CLARK. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 13, lines 14 and 15, it is proposed to strike out "in excess of the credit against net income provided in section 26."

On page 14, at the end of line 20, insert the following:

Interest upon obligations of the United States or its possessions, or of any State, Territory, or any political subdivision thereof, or the District of Columbia; or upon obligations of any instrumentality of the United States or any possession thereof, or of any instrumentality of any State, Territory, or any political subdivision thereof, or of the District of Columbia, shall be included in gross income.

On page 16, beginning with line 23, strike out through line 19 on page 17.

On page 19, beginning in line 23, strike out—

except on indebtedness incurred or continued to purchase or carry, or the proceeds of which were used to purchase or carry, obligations or securities (other than obligations of the United States issued after Sept. 24, 1917, and originally subscribed for by the taxpayer) the interest upon which is wholly exempt from the taxes imposed by this title, or.

On page 30, strike out lines 5 to 17, inclusive.

On page 33, strike out lines 12 to 18, inclusive.

On page 137, lines 16 and 17 and lines 21 and 22, strike out "in excess of the credit provided in subsection (c) of this section."

On page 138, strike out lines 1 to 6, inclusive.

On page 138, strike out beginning with line 24 down through line 2 on page 139.

On page 141, strike out all after "indebtedness" in line 8 down through "title" in line 14.

On page 142, lines 17 and 18 and lines 22 and 23, strike out "in excess of the credit provided in subsection (f) of this section."

On page 146, strike out lines 9 to 12, inclusive.

On page 146, strike out beginning in line 23 down through line 3 on page 147.

On page 159, line 10, strike out "in addition to the credit provided in section 26,".

On page 245, after line 13, insert the following:

If the application of this act with respect to the taxation of the interest upon any obligation of the United States or its possessions, or of any State, Territory, or any political subdivision thereof, or the District of Columbia, or upon any obligation of any instrumentality of the United States or any possession thereof, or of any instrumentality of any State, Territory, or any political subdivision thereof, or of the District of Columbia, is held unconstitutional, so that the interest on such obligation is held to be wholly exempt from Federal income taxation, no deduction shall be allowed on interest paid or accrued within the taxable year on indebtedness incurred or continued to purchase or carry such obligation.

The PRESIDING OFFICER (Mr. GEORGE in the chair). The question is on the amendment offered by the Senator from Missouri.

Mr. CLARK. Mr. President, I promise not to detain the Senate for more than a few moments.

I realize the importance of passing the revenue measure, and I have no desire to detain the Senate unduly in the discussion of a subject which has been before the Congress and before the Nation for years, on which I apprehend that every Member of this body has long since made up his mind.

I may say briefly that this is a proposal to subject to the ordinary rules of income-tax legislation the income from the great mass of securities ordinarily known as "tax-exempt securities." This subject has been debated in previous Congresses; everything has been said upon it, probably, that can be said. Neither in this Congress, nor in any other Congress, has there been any substantial opposition on its merits.

It is a proposal designed for two purposes. One is to close one of the largest and most extensive loopholes in the taxing power of the Federal Government. The other is to put the taxing power of the Federal Government on a firm foundation.

One of the greatest difficulties in levying Federal taxes has been the fact that in this country, unlike England and some other countries, we have a great mass of tax-exempt securities, which have hitherto been unreached by the Federal taxing power; and that condition upsets every calculation and every comparison with every other taxing system.

As I have stated, there has been very little said, either in this Congress or in any other Congress, in opposition to the merits of the proposal that we set up a fundamental taxing base under which all income, from whatever source, will be taxed.

Mr. FESS. Mr President, I did not quite understand whether the amendment would apply to existing bonds, or only to those to be issued in the future.

Mr. CLARK. I will say to the Senator that the amendment is intended to apply to both existing securities and securities to be issued in the future.

Mr. FESS. Has the Senator investigated as to the constitutionality of applying such a provision to existing bonds?

Mr. CLARK. I was just about to come to that question. Substantially the only objection which has been raised to the proposal to tax so-called "tax-exempt securities" has been on the ground of constitutionality. Senators have stood on this floor, Representatives have stood on the floor of the body at the other end of the Capitol, and repeatedly pledged their allegiance to the principle of taxing tax-exempt securities but have insisted repeatedly that such a tax would be unconstitutional. Many Senators and many Representatives, while professing allegiance to this principle, have insisted that the only way the purpose might be accomplished would be through the submission and ratification of a constitutional amendment.

Mr. President, I again read, as I did at the last session, the language of the sixteenth amendment to the Constitution of the United States:

The Congress shall have power to lay and collect taxes on incomes, from whatever source derived, without apportionment among the several States, and without regard to any census or enumeration.

I may be deficient in my understanding of the English language, or, despite more than 20 years' experience in the practice of law, I may be deficient in the legal application of plain words of English, commonly understood in our language, but if the sixteenth amendment to the Constitution of the United States does not give the Congress power to

tax income from "whatever source derived", whether from securities hitherto considered nonexempt, or from securities heretofore considered exempt, I am frank to say that I would not myself be able to draft an amendment which would confer that power on the Congress.

It has been said frequently that the Supreme Court has passed on this question. I have never been able to find a case in which the Supreme Court passed on it squarely. I think the issue should be put up to the Supreme Court of the United States.

Mr. LOGAN. Mr. President, will the Senator yield to me?

Mr. CLARK. I yield.

Mr. LOGAN. Has there ever been a law passed attempting to tax the income from what we now call "tax-exempt securities"?

Mr. CLARK. There has not been; and that is the occasion of my remark that the question has never been passed on squarely by the Supreme Court of the United States.

Mr. LOGAN. It could not be passed on if Congress took no action about it.

Mr. CLARK. That is exactly what I had in mind when I made my remark a moment ago.

Mr. BONE. Mr. President, does the Senator from Missouri think that an amendment to the Constitution could possibly be made any plainer by the use of any other words than those found in the sixteenth amendment?

Mr. CLARK. I will say to the Senator that if I were given carte blanche to draft an amendment to the Constitution designed to accomplish the purpose toward which I aim and to which so many Representatives and Senators have already given adherence, I would not know how to make it any clearer.

Mr. ASHURST. Mr. President, will the Senator from Missouri yield to me?

Mr. CLARK. I yield.

Mr. ASHURST. I agree with the conclusion of the able Senator from Missouri, but frankness and plainness of speech are best. I said on the floor of the Senate, possibly a year ago, as Senators will remember if they deigned to pay attention to what I said, that I thought the Senator from Missouri was correct in stating that the sixteenth amendment gave Congress full and plenary power to lay taxes on incomes from whatever source derived; and I went on to say that I myself, believing that I have some familiarity with the resources of the English language, could not, if the sixteenth amendment did not, draft an amendment which would permit the Congress to lay a tax on the income derived from securities issued by States and municipalities thereof and by the United States.

Desirable as that end is, much as we wish to reach it, we may not disguise or overlook the fact that the Supreme Court of the United States has directly decided that the sixteenth amendment does not give Congress the power to lay taxes upon incomes derived from bonds issued by the States or by the Federal Government. I shall cite the decisions so that Senators may peruse them themselves. Senators will observe that they are recent cases.

The decisions are as follows: *Brushaber* v. *Union Pacific Railroad Co.* (240 U.S. 1); *Peck & Co.* v. *Lowe* (247 U.S. 165); *Eisner* v. *Macomber* (252 U.S. 189); *Evans* v. *Gore* (253 U.S. 245); *Metcalf and Eddy* v. *Mitchell, Admx.* (269 U.S. 514). Desirable as is the end sought to be reached I believe if we were to take this action, protracted litigation might result and we might not be successful in the courts. Therefore I and other Senators have introduced resolutions proposing to submit an amendment to the Constitution of the United States granting the Congress the power to lay taxes on securities issued by States and by the Federal Government. Notwithstanding these decisions, I am tempted to vote for the amendment, because my desire, directly to reach the end sought by the Senator, is great.

Mr. LONG. Mr. President, will the Senator yield?

Mr. CLARK. I shall be glad to yield to the Senator in just a moment.

I thank the Senator from Arizona for his very illuminating remarks. I realize, of course, that the Supreme Court of the United States has in the last several years angled at this proposition, but I insist that the only way to give the Supreme Court an opportunity to pass squarely on the issue is for the Congress to enact a law putting the issue up to it.

Mr. ASHURST. Mr. President, will the Senator yield to me further?

Mr. CLARK. In just a moment.

I realize the habit in which the Supreme Court and other courts of appellate jurisdiction frequently indulge of putting obiter into their decisions. I regard the dicta to which the Senator from Arizona has referred as obiter, and I insist that the only way in which the issue can finally be determined is by putting the question squarely up to the Supreme Court.

I may say to the Senator from Arizona, who, as I understand, has drafted a resolution for the submission of an amendment to the Constitution, that I shall be glad to vote for his proposed amendment, and I shall be glad to have it submitted to the States, but I do not believe that under existing law there is any certainty if the question is put squarely up to the highest tribunal in the United States, that the Court will decide adversely to my contention.

Mr. ASHURST. Now will the Senator yield?

Mr. CLARK. I yield.

Mr. ASHURST. On this subject I am but Saul sitting at the feet of Gamaliel when comparing myself with the able Senator from Missouri.

Mr. CLARK. The Senator is too kind in that remark.

Mr. ASHURST. If the Senator would add to his amendment—using the appropriate language—a provision that if his amendment should be declared to be beyond the power of Congress, it shall not affect adversely any other portion of the bill, I shall vote for his amendment.

Mr. CLARK. So far as I am concerned, I will be very glad to vote for the Senator's resolution and for the submission of the Senator's amendment to the Constitution of the United States at any time. But I have always believed that a straight line was the shortest distance between two points; and I think we might attain the desired end by going in a straight line rather than going all around Robin Hood's barn.

Mr. ASHURST. Mr. President, I must not be put into the attitude of in any sense opposing any sensible and legal way in which we can reach tax-exempt securities, because they constitute a reservoir of more than $40,000,000,000. People our country over have their breast pockets or their strong boxes plethoric with tax-exempt securities.

Most of the economists of our country, practically all our financiers, among them three Secretaries of the Treasury, including Mr. Mellon himself, who is supposed to be the apotheosis of standpatism, have urged, almost vehemently, that there should be no securities which are tax exempt.

So I wish to emphasize that the Senator from Missouri [Mr. CLARK] is performing a valuable service, and I hope before he calls for a vote on the amendment he will add a provision to the effect that if the amendment shall be declared to be unconstitutional and beyond the power of Congress, such declaration shall in nowise affect any other section.

Mr. CLARK. I shall be very glad to do that.

Mr. LONG. Mr. President, that provision is already in the bill, on page 245:

> If any provision of this act, or the application thereof to any person or circumstances, is held invalid, the remainder of the act, and the application of such provisions to other persons or circumstances, shall not be affected thereby.

Mr. ASHURST. Then, Mr. President, what I said was almost presumptuous. I should have presumed that the able Chairman of the Finance Committee and his committee would have taken care of that.

One other word. The Senator from Missouri is a man so frank and so ingenuous that I know I may depend upon the answer he will give to me. Is there in the amendment which the Senator proposes any language which, by any intendment, could be construed to repeal title V of the present tax law of 1932? In other words, is there anything in this

amendment which would tend to repeal the present tariff on oils, coal, copper, or lumber? I rely on the Senator's answer.

Mr. CLARK. I will say to the Senator that there is no such purpose whatever in this amendment, though I am very much in favor of such a proposal.

Mr. ASHURST. I know that to be so.

Mr. CLARK. But I do not mix up the two questions in this amendment.

Mr. ASHURST. I knew that I could depend on the Senator's frank answer, and I will not have to search through the bill.

Mr. CLARK. As a matter of fact, the technical provisions of this bill, I will say to the Senator, were drawn by the legislative drafting service to accomplish the purpose which I wished to accomplish.

Mr. COSTIGAN. Mr. President, should not the able Senator from Missouri express his regret that the Committee on the Judiciary has not reported to the Congress the proposed constitutional amendment to eliminate tax-exempt securities, to which so many references have been made?

Mr. CLARK. I will say, so far as I am concerned, that I will be very glad to vote for such a proposal. The only reason I have not drafted and introduced one on my own motion is that the promise has been given here that it would be done by much abler hands than mine.

Mr. WALSH. Mr. President, will the Senator yield?

Mr. CLARK. I yield.

Mr. WALSH. Does the Senator propose by this amendment to tax dividends from so-called "tax-exempt securities", the same as dividends from any corporation?

Mr. CLARK. That is correct.

Mr. WALSH. I am in sympathy with the Senator's purpose. I should like to inquire, however, whether the Senator has given consideration to a serious objection that I have heard made, namely, that the removal of the tax-exempt privileges from securities issued by the municipalities and the so-called "poorer States" would make their securities less marketable, and would also place a correspondingly heavy burden upon their financial undertakings?

Mr. CLARK. Mr. President, that might have been a valid objection 2 or 3 years ago, but in this time, when all the States, whether poor or rich, are coming to the Federal Government for aid of every conceivable kind, it does not seem to me that the source of most of this revenue and most of the aid which is now being extended all over the country should be undermined by this great reservoir of tax-exempt securities.

Mr. WALSH. When this same question has been under debate in the past, Senators from States which have some difficulty in carrying their financial burdens, and some municipalities which have had difficulty in marketing their securities, made objection to this exemption being lifted.

Mr. CLARK. I am entirely familiar with that fact, but, as I said, Mr. President, in a time when all States are coming to the Federal Government, no matter what their credit is——

Mr. WALSH. Fortunately my State has not that difficulty.

Mr. CLARK. Then the Senator will not complain about this addition to the Federal revenue.

Mr. WALSH. I am strongly in favor of the principle.

Mr. KING. Mr. President, will the Senator yield?

Mr. CLARK. I yield.

Mr. KING. May I say to my friend from Massachusetts, that even the larger States which have such financial strength as has the great State of Massachusetts, I think would object—at least the municipalities, and many of the people—to an amendment such as the Senator suggested, or to an amendment to the Constitution of the United States, because, obviously, if the Federal Government may tax the securities of municipalities and States there will be a feeling that the Federal Government might in time menace the integrity of the States; and certainly, if subject to Federal taxation, the securities of municipalities, of school districts, and of the States themselves, even the securities of rich and powerful States, would sell upon the markets for less than they now sell.

Mr. WALSH. That is undoubtedly true, but I was endeavoring to point out that it might be a very serious and heavy burden to municipalities which have difficulty in marketing their securities.

Mr. KING. I think this question is so serious that it ought to be submitted to the people for their determination. My own opinion is that many of the States will vote against an amendment to the Constitution of the United States for the reasons which I have so imperfectly stated. While I should be very glad to see the securities issued by the Federal Government subjected to taxation, I would be rather reluctant—sympathetic as I am with the proposal—to put into the hands of the Federal Government the power to interfere with municipalities and States by subjecting their securities to taxation.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. CLARK. I yield.

Mr. BARKLEY. In line with that thought, certainly if the Federal Government is going to subject State, county, and municipal bonds, and the income from them, to Federal taxation, the States and counties and cities ought to have the right to tax Federal securities or income derived from them.

Mr. KING. Absolutely.

Mr. CLARK. I am thoroughly familiar with the contention made by the Senator from Utah. I realize the danger arising from taxation by the Federal Government of the income from securities issued by States and municipalities. I have always been a State rights Democrat. But, Mr. President, we have arrived at the time when the States, by coming to Congress with their hats in their hands, have put such a burden on the taxing power of the Federal Government that it is necessary for the Federal Government to have the power to tax and raise revenue from every source. The Governor of Kentucky, the Senator's State, came here with his hat in his hand and said that the State of Kentucky was absolutely incapable of raising a penny for relief, and threw the whole burden on the Federal Government.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. CLARK. I yield.

Mr. BARKLEY. The Senator should state that Kentucky has not come here with its hat in hand any more than have other States.

Mr. CLARK. I agree with that, except that it is a more extreme case.

Mr. BARKLEY. No; it is not a more extreme case. There are a number of States that have received as high a proportion of relief from the Federal Treasury as has Kentucky. I will say that, instead of the Governor of Kentucky coming here with his hat in his hand, he called an extraordinary session of the legislature to raise money for the purpose of relief, and they got into a quarrel about the sales tax, something which has happened in nearly every State, and the legislature adjourned without passing any tax law. The Governor is on the verge of calling a session of the legislature within the next few days, which will deal with the question of raising revenue.

Mr. CLARK. I will say to the Senator from Kentucky that I have not criticized either the State of Kentucky or the Governor of the State of Kentucky.

Mr. BARKLEY. But the Senator did not mention any other State than Kentucky.

Mr. CLARK. Kentucky happens to be the only State of which I have knowledge where an exception was made by the Federal administration in the granting of relief. So far as my own State is concerned, the Governor called a special session of the legislature, and they got into a row on the subject of the sales tax, and the Federal Relief Administrator cut the State of Missouri off the relief. That was before the adjournment of the legislature. The legislature then passed a tax bill which would raise sufficient revenue to provide the contribution.

I am not quarreling with the State of Kentucky. All I say is that the States by their own action, and the municipalities by their own action, have thrown this terrific burden of taxation on the Federal Government, and the

Federal Government ought to have the right to raise the revenue and tax this great reservoir which has hitherto gone untaxed.

Mr. BARKLEY. Mr. President, will the Senator yield further?

Mr. CLARK. I yield.

Mr. BARKLEY. It is unfortunately true that the States and counties and cities have, to a very large extent, come to the Federal Government for relief. We all hope that that is an emergency situation which will pass away in the very near future, but I do not believe that we are wise in undertaking to change the fundamental system of our Government with reference to taxation forever, based upon a temporary emergency that exists in all the States.

Mr. CLARK. Mr. President, the situation has been changed already. It is just a question as to whether a tremendous volume of wealth shall be permitted to escape taxation.

Mr. WALSH. Mr. President, will the Senator yield?

Mr. CLARK. I yield.

Mr. WALSH. Bearing out what the Senator has said with reference to a change in the viewpoint of the public upon the question of Federal, State, and municipal securities being exempted from tax, I inquire of the Senator if he has observed from his mail a large number of requests urging him to tax the incomes received in the nature of salaries by municipal and State employees and, vice versa, the movement in the States to tax income and salaries of Federal employees?

Mr. CLARK. I think that is true.

Mr. WALSH. I have received an exceedingly large number of letters—hundreds of letters—urging that in this bill there shall be incorporated a provision levying a tax upon the salaries and incomes of municipal and State employees.

Mr. CLARK. Of course all these tax exemptions rest on the old principle and theory under which the Federal Government was not permitted to tax State securities or salaries of State officials, and vice versa; but that objection falls if the tax is made uniform. In other words, a State cannot destroy the Federal Government by taxing either Federal securities or the salaries and incomes of Federal officials if the tax is made uniform with that applying to other citizens. The Federal Government cannot destroy any municipality or any State if it simply levies the same tax upon the securities of the State or municipality or upon the salaries of State or municipal officials that it levies on every other citizen of the United States.

The principle involved in the contention that there should be no taxation by the Federal Government of the securities of States and of municipalities, and vice versa, was operative before the adoption of the sixteenth amendment. All those questions had to do with special taxes. It was feared when the United States Government was founded by the fathers of the Republic that the Federal Government might subvert the liberties of State governments or the subdivisions of State governments by taxation, especially of the securities of States or subdivisions of States, for the purpose of destroying them. The same fear existed in the minds of the State's rights advocates in the United States. That has all been wiped out by the adoption of the sixteenth amendment organizing income taxation. No reason has ever been strongly asserted why, in view of the adoption of the sixteenth amendment, the principle of universal taxation should not be applied.

Mr. LEWIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Illinois?

Mr. CLARK. I yield.

Mr. LEWIS. I desire to suggest to my friend from Missouri, the able Senator now speaking, that he should keep in mind the city he so nobly represents—St. Louis—and the city for which I speak—Chicago—which have issued a very large number of bonds, and that those bonds are under contract as being exempt from certain forms of taxation, particularly by the Federal Government. May I ask my able friend what effect his proposal would have upon the bonds which have already been sold upon a contract of exemption from taxation?

Mr. CLARK. I think it might possibly have exactly the same effect that the measure which we passed at the last session of Congress—changing the gold clause—had on bonds which hitherto had been issued by the Federal Government referring to a definite fineness of gold in payment.

Mr. LEWIS. Decreasing the value in the hands of the possessor?

Mr. CLARK. I doubt if that would be true on the market, although that might be the result.

Mr. LEWIS. It would be, of course, a violation of the contract at the time the bonds were sold.

Mr. CLARK. That is the same proposition as that for which the Senator voted at the last session with reference to the payment of United States Government bonds in gold of a certain fineness.

Mr. LEWIS. I could not see it that way, for our contention was that the mere elimination of gold did not decrease the real value of the security, as its value really came from the credit of the Government. But the municipalities selling their bonds with a specific contract of exemption, the bonds being in the hands of the purchaser, he would then be met by the fact that the Federal Government had stepped in after the purchase and reduced the actual value.

Mr. CLARK. I do not think the one is any more binding than the other.

Mr. LEWIS. I feel it would prevent the negotiation by municipalities of essential securities called for by their welfare and their need, and would prevent them having income by which they could return to the Federal Government some of the money which they had been borrowing and to which my friend from Missouri correctly refers.

Mr. KING. Mr. President, will the Senator yield?

Mr. CLARK. I yield.

Mr. KING. I hope the Senator will keep in mind that quite recently during the depression, and particularly since the present administration came into power, we have issued billions of dollars worth of bonds through the Home Loan Corporation, the Reconstruction Finance Corporation, and various other governmental agencies, and in all those bonds we have specifically written that they are to be tax exempt. It would seem to me rather inconsistent, having issued those bonds, perhaps four or five or six billion dollars of them during the past year or two, and solemnly declared to those who purchased them that they would not be subject to taxation if we should now enact a law making them taxable.

Mr. CLARK. We solemnly declared, as I stated just a moment ago, that holders of United States bonds would be paid at maturity in gold of a certain percentage of fineness. Yet we passed a bill, for which the Senator voted and for which I voted, changing that percentage of fineness. I can see no difference between the two cases so far as Government obligations are concerned.

The argument is frequently made that if we shall eliminate the tax-exempt securities we will raise the interest cost at which the United States and municipalities will in the future be able to float bonds. Conceding that to be true for the sake of the argument, I believe that the sooner we get down to an honest fundamental system of having a general basis for taxation, the better off the country will be. Even if it shall make a slightly higher interest cost in the flotation of Government securities or State or municipal securities, the Federal Government and the States and municipalities will be on a better basis, a firmer financial basis, to pay an honest rate of interest rather than giving this tax exemption.

The PRESIDING OFFICER. The Chair invites the attention of the Senator from Missouri to a matter which now should be considered and disposed of. In order to make the Senator's proposal in order it is necessary to secure unanimous consent to reconsider the votes by which the Senate approved the committee amendments on page 13, lines 14 and 15; on page 33, lines 12 to 18; page 137, lines 15 to 17; page 138, lines 1 to 6, inclusive; page 146, lines 23, to line 3,

on page 147; page 159, line 10; and page 142, lines 17 and 18, and lines 22 and 23.

Mr. CLARK. I understood in offering the amendment that it was to be considered by unanimous consent. If that is not true, then I ask unanimous consent for the necessary reconsideration of the votes to which the Chair has referred, and that my amendment may be considered in order.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Missouri? The Chair hears none, and it is so ordered.

Mr. NORRIS. Mr. President, the first objection usually made to this proposal is that it is unconstitutional. Nobody can ever be certain that the decision will be on a constitutional question, and I am not certain in this case; but if a committee of Senators were appointed today, assuming that we had no constitutional provision on the subject, for the purpose of drafting an amendment which would give Congress authority to adopt the kind of an amendment which the Senator from Missouri has offered, and the wisest men in the United States were appointed on the committee, and they deliberated, can it be conceived that they could use any language which would be any plainer than this?—

> The Congress shall have power to lay and collect taxes on incomes, from whatever source derived, without apportionment among the several States, and without regard to any census or enumeration.

Can that language be improved upon? Is there any scholar living today who can use any language that is more emphatic, or plainer? Every student in every eighth-grade school in the United States could easily construe law so worded. If this committee of wise men had deliberated and then brought in this language, can one conceive of a court saying, "Congress shall not have power to levy taxes without considering the source of the income"? Can one conceive of any language which could be plainer or more explicit than the language of the sixteenth amendment to the Constitution, which I have just read?

It is true that there are some decisions of the United States Supreme Court which indicate that they might hold this kind of a law to be unconstitutional; but I should like to see the question go to the Supreme Court, and when they write their opinion holding it unconstitutional—if they should do so—I should like to see them point out how Congress could use language which is any plainer than the language we have already used in this amendment to the Constitution.

Mr. President, I submit that it is an impossibility. I submit that the sixteenth amendment is as plain as language can make it; and I should like to see anybody who is wise enough to find a logical reason for getting around it. I think the Supreme Court will sustain this amendment if it shall be adopted.

The original contest before the Supreme Court over taxation of this kind took place prior to the adoption of the constitutional amendment; and in some of the court's opinions some reasoning was indulged in which I have read, but which I do not believe, with due respect to the men who used the language, can be sustained if we consider the language of the amendment itself.

I assume, therefore, that the provision will be held to be constitutional if it shall be enacted.

Now let me address myself to the other alternative to which the able Senator from Arizona [Mr. ASHURST] has so well alluded. He says that in order to tax income of this nature we must have an amendment to the Constitution. In my humble judgment, Mr. President, if that be true, we are at the end of the road. I do not believe a constitutional amendment on this subject could be ratified. It is true that the proposed law would tax some securities which are now untaxed. Every State has that advantage. It would be necessary to get three fourths of the States to give up that advantage, which, in my humble judgment, they would not do.

I do not believe that the method of trying to secure a constitutional amendment will in a hundred years bring us to the point where we can enforce this kind of a law if a constitutional amendment is necessary. As I see the matter, it is this proposed law or nothing, although, like the Senator from Arizona and the Senator from Missouri, I would vote for that kind of a constitutional amendment.

Mr. LONG. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. LONG. I voted for an amendment similar to this the last time the proposal was before the Senate, though my original position was that we should not tax these securities. Mr. Mellon was the gentleman who proposed an amendment of this kind when I first read it; and, probably because of my antipathy to some other things he had done, I was against it. I have been thinking about the subject a little bit during the last hour or so, however, and here is what we are about to do, I am afraid; and I should like to have the Senator explain the matter to me, because I am undecided whether or not I shall vote as I did last time.

If we tax the bonds of the State of Virginia, necessarily they will have to carry a great deal more interest in order to pay the tax. Today, if we desire to put up a power plant, we will say, or a municipal water plant, we can sell municipal bonds at a tremendous advantage as compared with taxable securities. We can sell them perhaps at 4 percent or 4¼ percent, when, if they were to be taxed, they might sell at 5 or 6 percent; and I understand from a friend of mine here in the Senate that quite an elaborate estimate has been made of the amount which the Federal Government would get back in taxes if this proposal should be adopted. The estimate compared an issue of taxable Government bonds with an issue of nontaxable Government bonds, and showed that the difference in the cost of the money to the Government if the bonds were taxable would amount to about $100,000,000, whereas the Government would get back $25,000,000 in taxes.

I am very much afraid that if we should adopt this amendment we would cripple the financing of municipalities and States for public improvements, and place them too nearly on an equality with private interests, whereas now the municipalities and States have a distinct advantage in marketing their securities.

Mr. NORRIS. Mr. President, the Senator from Louisiana has asked me a very practical question. I shall answer it frankly, as I understand it.

In the first place, I believe that if this amendment shall be adopted and held constitutional, it will result in some injury to State and county and municipal bonds now in existence and will result in the necessity of paying a higher rate of interest on future bonds. I think that is a logical conclusion to draw, although I think that phase of the subject is greatly exaggerated, because these bonds have another attractive feature besides the fact that they are nontaxable. Suppose that does happen, however; why should it not happen? In other words, why should one man hold the bonds of a municipality and pay no taxes on them, and another man hold bonds of another kind, perhaps drawing a higher rate of interest, and pay taxes on them?

To my mind, there is only one proper thing to do, and that is to have the law apply to all alike.

There is a further reason why, as the Senator well said in asking his question, some people would be inclined to oppose a law of this kind; and I have had it called to my attention probably oftener than it has been called to the attention of any other Member of this body, because it is well known all over the country that I am in favor of Government and State and municipal ownership of public utilities. People from all over the country have said to me, by letter and otherwise, that if this proposal is enacted into law it will be more difficult, sometimes impossible, and always more expensive for a municipality to build its own electric plant or water plant or gas plant. I have to admit that. I think it is true. But why is that a logical objection? As a believer in municipal ownership, I do not want to do anything unfair either to the people who do believe in it or to those who own private utilities of the kind with which municipal plants come in competition. I believe we ought to look at the matter from a broad viewpoint; and if we do, I do not under-

stand why we should have a prejudice against this kind of law, even though it would enable us to own municipal plants on the basis of issuing bonds drawing a lower rate of interest.

Mr. President, it seems to me we cannot defend such a stand. That is a selfish reason. I do not believe that the position can be defended on that ground. That is the reason, however, why I think a constitutional amendment like the one presented by the Senator from Arizona cannot receive the approval of the State legislatures. Their opposition would be selfish. Their securities have a natural advantage in the market, and they can borrow money at a lower rate of interest. So they would reject it.

After all is said and done, after everything has been equalized, there is really, in my judgment, no difference whatever. A tax-exempt security enables a municipality to borrow money at a lower rate of interest, but it loses taxes. It may not be in that municipality, but wherever the bonds are owned over the State, assuming that a bond taxed will have to draw a rate of interest higher than the untaxed bond as measured by the amount of the tax, and that is a fair assumption, although it does not work out quite so in practice. There would be absolutely no difference. On the one hand, however, when we have tax-exempt securities, we classify the people into two classes, and we raise a great prejudice against one class, many times, I think, unjustly.

I have no prejudice against the man who owns tax-exempt securities. I own some myself. I do not see anything wrong in that. If somebody does not buy the school bonds issued by the school district, they will not be able to build schoolhouses. And we cannot buy any but tax-exempt bonds when we are buying that kind of securities.

A man will buy such bonds for a reason other than the fact that they are tax-exempt, the same reason why he buys Federal bonds, namely, that he can absolutely forget about them, go to sleep or go on with his work, and when the time comes for the interest payment, it will come to him. That is worth a great deal. A man who does not want to get rich overnight will take advantage of that kind of a situation and invest his money accordingly.

Mr. ASHURST. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. ASHURST. I ask the Senator this question, and his answer may determine my vote.

The Senator is preeminent not only among the lawyers of the Senate, but of the Nation, and I ask the Senator, in view of his clear, unequivocal statement that the sixteenth amendment gives the Congress the power to tax income from so-called "tax-exempt securities", whether it is the opinion of the able Senator that the sixteenth amendment gives to Congress the power to lay taxes on the income derived from securities issued by a State or a municipality in a State?

Mr. NORRIS. I think so. I cannot draw any other conclusion from the language.

Mr. ASHURST. Will the Senator yield further?

Mr. NORRIS. Certainly.

Mr. ASHURST. I am bound to say that a clear reading of the sixteenth amendment, if we interpret and construe words as we all do and should, leads one irresistibly to that conclusion.

Mr. NORRIS. I think so.

Mr. ASHURST. But the Senator, as an able and a skillful lawyer, knows that there must be some doubt about the question, because the Supreme Court of the United States has four or five times decided the other way. We may also take comfort and refuge in the knowledge that the Supreme Court reverses itself.

Mr. NORRIS. It was divided in those decisions.

Mr. ASHURST. Oh, yes; that is true.

Mr. NORRIS. There have been divided decisions by the Supreme Court. Let me say just a word in reply to the Senator from Arizona. I do not want to cast any reflection upon those who do not agree with me on this subject.

Mr. ASHURST. I understand that.

Mr. NORRIS. To my mind, it is so clear that there cannot be two sides to it. When I read the language, I cannot give it any other construction. I have to admit, however, that there is doubt about it, because the Supreme Court has held that the sixteenth amendment does not give us this authority. In my judgment, however, they have not done so directly.

The adoption of this amendment would bring forth a direct decision. Then if they decided it was unconstitutional we might have to rack our brains in order to determine what sort of language could possibly be used that would be plainer than that now employed in the sixteenth amendment.

Mr. LOGAN. Mr. President, will the Senator yield to me?

Mr. NORRIS. I yield.

Mr. LOGAN. I should like to have the Senator suggest to me, if we must have another constitutional amendment, as has been stated, what language would be used to give the Congress authority to levy a tax on such an income, if the language now employed does not do it.

Mr. NORRIS. The Senator has put his finger on the crux of the matter. I do not know how I could draw such language. Can the Senator suggest language that would do what we thought the language in the sixteenth amendment would do, but which the Supreme Court has said it does not do?

Mr. ASHURST. Mr. President, will the Senator yield again?

Mr. NORRIS. I yield.

Mr. ASHURST. The able senior Senator from Colorado [Mr. COSTIGAN], who sits at my left, has presented a proposed amendment to the Constitution, in which in considerable detail he provides that Congress shall have the power to lay taxes on incomes derived from debentures and bonds issued by States, and so forth. If the Senator will pardon a reference to my own amendment, viewing the sixteenth amendment as being so clear, I descended to detail, and provided in my proposed amendment that Congress should have the power to lay taxes on income derived from debentures and bonds issued by States, and so forth, and so on. However, that is no clearer than the sixteenth amendment.

Mr. LOGAN. Mr. President, if it is necessary for us to adopt another constitutional amendment before we can tax income from bonds of the Government, it is necessary for us to pass a constitutional amendment before we can tax income from any source, because the language of the sixteenth amendment embraces Government and State and municipal bonds just as well as it embraces any other income.

Mr. NORRIS. Absolutely.

Mr. LOGAN. We would have to have a constitutional amendment providing that we could tax the income from notes or bonds of corporations.

Mr. NORRIS. We would have to legislate in the Constitution for every single thing of that kind.

Mr. GORE. Mr. President, will the Senator yield to me?

Mr. NORRIS. I yield.

Mr. GORE. It is true that the language of the sixteenth amendment seems about as explicit as human ingenuity could make it that Congress shall have the power to tax incomes from whatever source derived, but the Supreme Court has settled the extent and has fixed the limits of that amendment. In a series of decisions they went rather slowly, but they went surely, to this conclusion, that the sixteenth amendment did not subject to taxation at the hands of Congress any subject whatsoever which had not been liable to taxation prior to the adoption of that amendment. The sole effect given to that amendment by the Supreme Court is this, that whereas prior to that amendment Congress could not levy a direct tax except in accordance with the rule of apportionment, and therefore could not tax incomes, because such a tax was a direct tax and had to be levied in accordance with that rule.

The Supreme Court has held that the sole effect of the sixteenth amendment is to enable the Congress to lay a direct tax upon incomes without reference to the rule of apportionment, but in accordance with the rule of uniformity.

Mr. NORRIS. The Senator has stated it correctly. That is what the Supreme Court has said. But the Supreme Court, in my humble judgment, has absolutely ignored the words, "from whatever source derived."

Mr. GORE. They may have ignored them, but they have fixed the limit.

Mr. NORRIS. Perhaps they will ignore them again. Does the Senator want to speak further?

Mr. GORE. Yes; if the Senator will indulge me. I myself was interested in a case which came up from Oklahoma to the Supreme Court of the United States. A certain oil company had obtained a lease of school lands from the State of Oklahoma. I contended that the income of the oil company derived from the sale of oil produced under that mining lease on State-owned land was not subject to taxation at the hands of Congress, on two grounds: first, that the source of the income, being State land, was exempt from taxation and that as the source was exempt the income was exempt. And that rule is universal; the other contention was that the oil company—the Coronado Oil Co.—insofar as the oil lease on State land was concerned was a State agency and was therefore exempt from Federal taxation.

The Supreme Court of the United States sustained both contentions, and held that the income of an oil company produced upon school land owned by a State was not subject to Federal taxation, because since the land was owned by a sovereign State the Federal Government could not tax the land, therefore could not tax income derived from the land, and further held that the company, being an agency of the State government, could not be taxed by the Federal Government.

That is not so strong a case as would be an attempt to levy a Federal tax on interest derived from State bonds. There cannot be a doubt, if we pass a measure of this sort, but what the Supreme Court will so hold. I am assuming some reverence on the part of the Supreme Court for ancient traditions and established precedents. It may be that the Supreme Court had recourse to one other rule of interpretation in construing the sixteenth amendment in the case to which I have just referred; that is, that no legislative enactment will ever be construed to the disadvantage of a sovereign unless the sovereign is mentioned in the act and has been sanctioned by our courts.

Mr. NORRIS. Mr. President, if the Senator from Oklahoma is right, we are helpless, in my opinion. We cannot amend the Constitution, because the States will not give up the advantage their securities now have, and the Supreme Court will say that we have no authority to tax those securities.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. NORRIS. I will yield in just a moment.

The Supreme Court has rendered these decisions by a divided court. I do not believe any man lives, on the bench or off the bench, who can answer the statement made by the Senator from Kentucky, that if the language does not permit this kind of an amendment, then we will have to start to legislate in the Constitution, we will have to go outside of the general language, and in the Constitution give authority to Congress to levy a tariff tax, or to levy some other kind of taxes. We will have to mention the particular thing we are going to give Congress authority to do.

Here is general language which, as Congress believed when it passed it, was all embracing and would give this authority. Some men—and some of them happen to be on the Supreme Court—have said that the Congress did not mean what it said. They were the only men that I know of in the United States who reached that conclusion. The only thing we can do, if that is sound, is to amend the Constitution, and declare that Congress meant what it said when it adopted the sixteenth amendment.

I yield to the Senator from Kentucky.

Mr. BARKLEY. Of course we all know that what Congress was aiming at when it adopted the sixteenth amendment was to secure authority to levy income taxes.

Mr. NORRIS. Yes.

Mr. BARKLEY. Under the decision of the Supreme Court we had no power to levy taxes on incomes from any source, so the sixteenth amendment was submitted in order to enable us to levy a tax on incomes derived from any source. I am wondering if the Senator from Nebraska believes that the States would have ratified that amendment had they thought they were conferring upon the Government of the United States the power to levy taxes from incomes on their bonds?

Mr. NORRIS. I think they would have at that time. The States' securities now are vast in amount, of course, as compared to those that were in existence at that time; but I do not think, with all due respect to the Senator from Kentucky, that it makes any difference whether they would have ratified the amendment or not. They did ratify that amendment, and I do not know how we could have made it any plainer.

Mr. COSTIGAN. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. COSTIGAN. The Senator from Kentucky has closely approached the suggestion I wish to present to the Senator from Nebraska. It is my understanding that the Supreme Court has held not that the language of the sixteenth amendment is inadequate but that in the light of the legislative history of the amendment its purpose was in effect to do away with the constitutional rule with respect to apportionment among the several States. If the Supreme Court be correct in that construction of the amendment, or whether it be correct or not, the course before the Congress would appear to be to write a new amendment with a new legislative history, indicating the all-inclusive purpose of the Congress in submitting the amendment and of the States in ratifying it.

Mr. NORRIS. Mr. President, I agree with the Senator if the Supreme Court were to hold this legislation unconstitutional, but I do not believe that remedy, however much I favor it, would ever meet with success. I think it would be an impossibility to have ratified the kind of an amendment which has been suggested here.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. CLARK. The Senator is entirely familiar with the very cumbersome process of amending the Constitution.

Mr. NORRIS. Yes.

Mr. CLARK. And even if the process of amendment of the Constitution should ultimately be successful it would necessarily involve a delay of a great many years.

Mr. NORRIS. A great many years.

Mr. CLARK. And that delay would occur in this time of great crisis and great distress, when there is no certainty, since the proposition has never been squarely put up to the Supreme Court of the United States, that the Court would uphold an amendment such as I have now proposed.

Mr. BARKLEY. Mr. President, in that connection, if the difficulty of securing an amendment to the Constitution, and the difficulty of getting the Supreme Court to hold an amendment like this constitutional, are about equal, should we not start out in the regular and logical way, by at least submitting such an amendment to the States, and seeing what they will do with it?

Mr. NORRIS. I am in favor of it. I will be glad to do it. But the Senator will find that he is going to have great difficulty in getting that kind of an amendment passed by this body for submission to the States.

Mr. BARKLEY. That may be true, because it takes two-thirds majority in both Houses. I will say, in that connection, that there are some Senators here, and many people elsewhere, who doubt the wisdom of such an amendment, even assuming it would be adopted by the people.

Mr. NORRIS. Yes; I admit that.

Mr. BARKLEY. And they are perfectly sincere about it.

Mr. CLARK. Mr. President, the course suggested by the Senator from Kentucky has not been the course of income-tax legislation. If we had waited for a constitutional amendment in 1893, when the first income-tax law was passed, we would have sat back and waited and probably would not have it even now. Congress passed an income-tax amendment. The Supreme Court, by a divided opinion, in which

one Justice, as is well known, changed his opinion overnight, declared it unconstitutional.

Then there came a long period of reactionary Government in this country, and finally, when the Democrats came back into control, the House of Representatives passed a bill, which was agreed to by the Senate, and vetoed by the President, imposing an income tax, even under the hitherto existing state of the Constitution, which was designed to get around the objections raised in the income-tax decision in the Supreme Court in 1895.

When that bill was vetoed by the President of the United States a new party had come into power and the amendment was adopted.

In 1911, as I recall, exactly what I now propose was done. A bill was passed by the House of Representatives imposing an income tax, and at the same time a constitutional amendment was submitted to the States authorizing an income tax. I think that is what ought now to be done.

Mr. NORRIS. I thank the Senator for his very interesting exposition.

Let me conclude, Mr. President. I hope Senators, unless they have questions to ask me, will permit me to conclude what I have to say. I do not want to delay this bill.

Mr. COPELAND. Is it quite fair in this bill to say this income shall be taxed when only a month ago in the home-loan bank bill we made the bonds of the Home Loan Corporation tax exempt? Did we not do that?

Mr. NORRIS. Yes.

Mr. COPELAND. They have been purchased in good faith by persons many of whom distrust ordinary banking institutions and corporations.

Mr. NORRIS. I will answer the Senator's question. My own idea is that they ought to be exempt. They were made exempt by the law that brought them into being. They have been issued under that law. I hope that when the bill goes to conference the necessary amendment will be made to give effect to the very suggestion the Senator makes.

Mr. CLARK. Mr. President, will the Senator yield at that point?

Mr. NORRIS. I yield.

Mr. CLARK. I do not want to interrupt the Senator unduly, but I should like to say as the proponent of the amendment that I am perfectly willing to accept an amendment to my amendment exempting obligations of that kind where the Government has recently issued them. What I am trying to do is to get a square vote on the general proposition, send the matter to conference, and then accept any amendment recognizing the general principle that also recognizes meritorious exceptions.

Mr. NORRIS. I think there ought to be in the law we may enact an exemption in accordance with the law that brought the bonds into existence. I agree fully with the Senator from New York. I expect, when this matter goes to conference, that will result if an amendment of that nature is not now offered and adopted.

Mr. President, let me conclude. I want to say something about the revenue that will be brought to the Federal Treasury by this amendment. I had a very indefinite idea myself as to what revenue it might produce and I do not know of any definite estimate. I will ask the Senator from Missouri whether he has any estimate.

Mr. CLARK. I have not. I have had several different estimates from various branches of the Government, but they varied so much that I have not relied on any of them. I am sticking to the general principle.

Mr. NORRIS. The amount will be large. Everybody knows that. The cry has been, and rightfully, that we must raise more revenue. We are spending more than we receive. Here I think is the greatest source of income revenue that exists today. I believe the amendment will bring more money into the Treasury than any other item in the income-tax provisions.

The Chairman of the Finance Committee stated a few days ago, referring to the veto by the President of the independent offices appropriation bill and the fact that we passed the bill over the President's veto, that we need more money. We can get it right here. We can get it from some other amendments we have adopted. It will give us revenue, and I think fair revenue and honest revenue, more than any other item connected with the income-tax provisions. I do not believe it will work an injustice.

Mr. BARKLEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Kentucky?

Mr. NORRIS. I yield.

Mr. BARKLEY. Is there any way by which to assure ourselves that the amount of revenue we might derive for the Federal Government by taxing municipal, State, and Federal bonds would not be more than added to the expense of the people in the rates of interest they would be required to pay upon the identical securities?

Mr. NORRIS. As I said in the beginning, I think it will result in increased rates of interest on such securities, but it will not all be absorbed in that way. The rate which municipalities, States, and counties will have to pay will probably be increased somewhat. It will not be the entire amount of the tax, in my judgment. It will not be that great.

I know what moved me to get this kind of security. I did not intend to tell this, but I think it answers the Senator's question, because there are many men like myself with a little income and a little capital laid aside for a rainy day. They are in the Senate or in the House interested in legislation. Everybody cannot appreciate that a Senator will get so interested in what he is doing here that he forgets all about his private business, but I did, and my private business was going to the dogs. As to my real-estate holdings, the tenant paid me whatever he wanted to, and if he did not want to pay anything he did not, and I was so busy I would not think of it until the next year, and then I could not find him.

I wanted my investment, as long as I stayed in the Senate and continued in this work, to be of such nature that it would not take any of my time, that I would not have to think about it. That condition can come only from investment in some of these bonds. I never felt like investing in any wildcat concerns. If I had had time and had been in my office at home I might have done that and made more money. I wanted to devote my time to my work here. Other men here interested in other businesses wanted to devote their time to their work here. The result is that, wanting an investment that does not need any attention, that brings a sure return although it may be small when the stipulated date comes, we invested in that kind of securities. I know it is worth a good deal to me to have the feeling that I could have an investment of that kind.

I believe that accounts to some degree for the desirability of getting this kind of bonds. The Federal Government issues bonds that are possibly taxable, taxable under the surtax, and if a Senator's income is high he pays a high rate on his Federal bonds, and yet they sell above par when they draw only 3½-percent interest.

Mr. BARKLEY. I appreciate what the Senator has said and I realize there is an inducement to obtaining possession of tax-exempt securities because of the peace of mind it brings. I am not in the fortunate class that possesses any of them, and I congratulate the Senator if after a long service in the Congress he is able to possess any of them of any sort.

Mr. NORRIS. I have always saved a little of my salary and always made a little money ever since I have been in Congress. When I cannot do that I am going out of Congress.

Mr. BARKLEY. Mr. President, I hope the Senator from Nebraska will always be able to do that. My experience and observation have been that whenever we levy a tax that can be passed on to the public, more is passed on than is represented by the tax. If we levy a tax on some articles under consideration and which are taxed in this very bill, more than the amount of tax is added to the price of the commodity when the public buys it. It is multiplied time and time again.

What worries me and what I fear is that if we shall levy this tax, if we ever shall, upon income derived from these

public bonds, which are nothing more nor less than the obligations of the people which they have incurred in order to obtain money to make some public improvement, to elevate their condition, to raise their standard of living and the welfare of their community—when they shall be taxed, and when that tax shall be passed on to the people, more will be passed on than is represented by the tax we get out of the income from the bonds, whether they be Federal or State or municipal bonds. If that shall not occur it will be an exception to all instances where the expenses of the Government taxes are passed on to the public.

Mr. HARRISON. Mr. President, I wonder if we cannot get a vote on this proposal and settle it?

Mr. VANDENBERG. Mr. President, I desire to offer an amendment to the amendment of the Senator from Missouri.

Mr. McKELLAR. I desire also to offer an amendment to it. My amendment is as follows:

On page 1, lines 5 and 6, I move to strike out the words "or of any State, Territory, or any political subdivision thereof."

I offer the same amendment in lines 8 and 9 and the same amendment in line 4 on page 3 and also on lines 7 and 8 on page 3.

The purpose of my amendment, of course, is to remove from the scope of the original amendment the securities of States and subdivisions thereof.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Tennessee to the amendment of the Senator from Missouri.

Mr. NORRIS. I should like to have the amendment explained. I could not understand its effect from the reading.

Mr. McKELLAR. It is merely to remove from the scope of the original amendment States, counties, and subdivisions thereof.

Mr. NORRIS. I desire to be heard if there is any desire to adopt that kind of an amendment. I think it would kill the original amendment.

Mr. GORE. Mr. President, not having the context of the amendment before me or in my mind, I do not quite appreciate the force of the amendment submitted by the Senator from Tennessee. Of course, Congress now has the power to tax incomes derived from Federal bonds. It needs no legislation upon that point so far as the power to tax is concerned.

I think the Senator from Nebraska has overestimated the revenue which would flow from this source, from the taxation of State and municipal securities.

There are today outstanding in this country a little less than $20,000,000,000 of State and municipal bonds. The amount is a little more than $19,000,000,000; it is a little less than $20,000,000,000. At 5 percent, the aggregate interest from all these bonds would be about $1,000,000,000. That is the income which it is intended to tax under this amendment.

As a rule, those securities are held by insurance companies, savings banks, and other corporate concerns which come under a tax of 13¾ percent. That is the maximum. Assuming that all these bonds are held by corporations, the aggregate revenue derived from this source would be only one hundred and thirty-seven and a half million dollars. I think the Senator from Nebraska is mistaken as to the economic effect of such a tax. The tax would be capitalized when the bonds were sold, and subtracted from the price paid to the State or the municipality for the bonds. It would be capitalized in the first instance and subtracted. It would be subtracted from the proceeds which would be paid for the bonds. It would depress their price. The State would lose more in the proceeds than the United States would gain by the tax. I think this is capable of mathematical demonstration.

Mr. President, the junior Senator from Texas [Mr. CONNALLY] had a computation made with respect to United States bonds which are entirely tax exempt, as compared with United States bonds which are in part tax exempt and are in part subject to taxation. The computation showed that the Government realized $25,000,000 in taxes from these taxable bonds which it had issued, but it paid over $100,000,000 in interest upon those bonds more than it was paying on tax-exempt bonds, or would have paid upon those bonds if they had been issued tax free.

Mr. President, we are trying to have our cake and eat it, too. It cannot be done.

Not only that; Chief Justice Marshall declared that "the power to tax is the power to destroy." That would have been as true coming from a street urchin as from a Chief Justice; but whenever one sovereign government can tax the property, the officers, the salaries, the securities, and the instrumentalities of another government, it can destroy that government. Such a power could be used—could be abused—to destroy our dual system of government.

I wonder if any Senator would be willing to grant to a State the power to tax interest and income derived from Federal bonds. If it is a good rule, why not let it work both ways?

Mr. ASHURST. Mr. President, will the Senator yield?

Mr. GORE. Yes.

Mr. ASHURST. The amendment I propose grants precisely that power to the States, to tax the income derived from Federal securities.

Mr. GORE. Certainly; it ought to be reciprocal. Let each one pick the pockets of the other if that is to be the program. [Laughter.]

Mr. President, this is merely another instance, it seems to me, where we are trying to defeat the inevitable effect of an economic law which is too omnipotent to be defeated by any mere enactment of Congress.

Mr. LONERGAN. Mr. President, on January 16 last I had incorporated in the RECORD through the courtesy of the Senator from Arkansas [Mr. ROBINSON], our leader, a report on tax-exempt securities. It covers about 10 pages. I have made a study of this subject; and, in my opinion, we cannot pass legislation here which will authorize the taxation of securities issued by States and subdivisions thereof.

If we should tax the securities issued by the Federal Government, we should bear in mind that the securities of our Government will not be on a parity in the market with tax-exempt securities that are already issued by States and subdivisions thereof. I am satisfied that the way to proceed is first to submit a constitutional amendment dealing with issues by States and subdivisions thereof, and if and when that amendment is adopted, then have Congress enact legislation that will affect the future issues of the Federal Government.

I invite Senators to read my report. I spent some time in procuring information from every known source on this subject; and, although the hour is late, I am going to impose upon my fellow Senators by having read in my time an opinion by Mr. David Wood, one of the leading authorities on the laws appertaining to governmental securities in the United States.

The PRESIDING OFFICER. Without objection, the clerk will read as requested.

The Chief Clerk read as follows:

(From page 682 of the CONGRESSIONAL RECORD of Jan. 16, 1934:)

LEGAL OPINION OF DAVID M. WOOD

In addition to the statement of Mr. Stam, I quote from an opinion by Mr. David M. Wood, of New York:

"The Constitution of the United States nowhere expressly declares that Congress has no power to tax the bonds of the States or of their subdivisions or the income derived from such bonds. It is, however, equally silent regarding the power of the States to tax the bonds of the United States and the income derived from those bonds. The limitations upon the powers of Congress and of the State legislatures with respect to such taxation, therefore, if they exist at all, are implied limitations, and the intention to impose such limitations must be determined from a study of the entire Constitution and its historical background.

"When, as a result of the American Revolution the Thirteen Colonies achieved their independence from Great Britain, they became 13 independent nations, each jealous of its own sovereignty and suspicious and distrustful of its neighbors. Men at that time did not consider themselves Americans. They were Virginians, Pennsylvanians, New Yorkers, etc. No idea of national

unity at that time existed except in the minds of a few remarkable men. At length, however, the necessity for a Federal Union of these 13 independent nations became apparent, and a convention was assembled which undertook the drafting of a Federal Constitution. The representatives of no State in this convention, however, had any intention of surrendering the sovereignty of their State to the new Federal Government which they hoped to set up, and yet it was necessary to vest in the new Government the attributes of sovereignty. The result was a compromise. The States delegated to the Federal Government some of their sovereign powers and reserved all others to themselves. Thus arose a system of dual sovereignty which has prevailed in this country ever since.

"The Federal Government and the States, although both exist within the same territorial limits, are separate and distinct sovereignties, acting separately and independently of each other, within their respective spheres. The Federal Government, in its sphere, is supreme, but the States, within the limits of the powers which they have not granted to the Federal Government, are as independent of it as that Government, within its sphere, is independent of the States.

FEDERAL TAXING POWERS LIMITED

"Of necessity, the Federal Government had to be granted the power of taxation, but certain limitations were imposed upon the exercise of that power. All direct taxes were prohibited, unless levied in proportion to the census, which the Constitution directed to be taken. This limitation should be remembered, as it is one which affects the question under discussion. The States, however, reserved to themselves the power of taxation for State and local purposes. Thus it is quite possible for the States and the Federal Government to levy taxes upon the same source of revenue. Conflicts in the exercise of these respective taxing powers were almost inevitable, and the courts had occasion to decide cases arising out of these conflicts almost immediately after the establishment of the Federal Government.

"Chief Justice Marshall, in *McCulloch* v. *Maryland* (4 Wheat. 316), pointed out that if the States possessed the power to tax the Federal Government, or the means or instrumentalities through which it exercised its constitutional powers, the Federal Government would be subordinate to the States. He declared the power to tax was the power to destroy, and that if it were conceded that the States possessed the power to tax the Federal Government or its governmental instrumentalities, they could impede, if not destroy, the Federal Government. To maintain the supremacy of the Federal Government within its appropriate sphere, as the Constitution clearly intended, Chief Justice Marshall rendered his famous decision in *McCulloch* v. *Maryland* that the States had no power, by taxation or otherwise, to impede, burden, or in any manner control the operation of the laws enacted by Congress to carry into effect the powers vested in the Federal Government.

"Applying the principle announced in this decision, the same Court, in the case of *Western* v. *Charleston* (2 Pet. 449), held that an ordinance of the city of Charleston, S.C., attempting to tax securities issued by the United States was unconstitutional. The Court pointed out that such a tax would inevitably fall upon the borrower, and that, in reality, it would be a tax upon the exercise of the power of the Federal Government to borrow money; in short, a tax upon the United States Government itself. That decision has been repeatedly followed by the Federal courts as well as by the courts of the various States.

EARLY DECISIONS NEVER SERIOUSLY QUESTIONED

"But it is equally true, to admit the power of the Federal Government to tax the States or the means or agencies through which they exercise their sovereign powers, would subordinate the States to the Federal Government, which, likewise, was not intended by the framers of the Constitution. It follows, therefore, as a necessary corollary to the decisions in *McCulloch* v. *Maryland* and *Weston* v. *Charleston* that the United States cannot tax the governmental functions of the States. Accordingly we find the Supreme Court of the United States, in the case of *Collector* v. *Day* (11 Wall. 113) and in the *United States* v. *Railroad Co.* (17 Wall. 322), holding that the United States could not levy taxes upon bonds issued by an instrumentality of State government. These decisions likewise have not been seriously questioned since they were rendered generations ago.

INCOME TAX LAW OF 1894

"In the year 1894, however, Congress passed a law providing for the taxing of income, including income derived from interest upon notes, bonds, or other securities, except certain bonds of the United States. It was contended that, while the bonds issued by the States or their instrumentalities of government could not be taxed by Congress, there was no reason why it could not tax the income derived from these bonds. The validity of this law was considered by the Supreme Court of the United States in *Pollock* v. *Farmers Loan & Trust Co.* (157 U.S. 429). Chief Justice Fuller, in delivering the opinion of the Court, said:

"'We think the same want of power to tax the property or revenues of the States or their instrumentalities exists in relation to a tax on the income from their securities * * * it is obvious that taxation on the interest therefrom would operate on the power to borrow before it is exercised, and would have a sensible influence on the contract, and that the tax in question is a tax on the power of the States and their instrumentalities to borrow money, and consequently repugnant to the Constitution.'

"The Income Tax Law of 1894 was held unconstitutional in this same case on still another ground. I have referred to the fact that the Constitution required an apportionment among the States, based upon the census, of any direct taxes levied by Congress. In the Pollock case the Court held that an income tax was a direct tax and as the tax had not been apportioned among the several States in proportion to the census it was unconstitutional.

NECESSITY FOR THE SIXTEENTH AMENDMENT

"This decision rendered the levy of income taxes by the Federal Government impracticable until the ratification of the sixteenth amendment, which provides as follows:

"'The Congress shall have power to lay and collect taxes on incomes from whatever source derived, without apportionment among the several States and without regard to any census or enumeration.'

"Upon the ratification of this amendment—indeed, before it was ratified—it was contended that its effect would be to vest in Congress the power to levy taxes upon the income derived from State and municipal bonds, but when the Supreme Court of the United States had occasion to consider the effect of the amendment, it declared that it merely removed the requirement for an apportionment among the States of taxes laid upon income. Justice Van Devanter in *Evans* v. *Gore* (253 U.S. 245), said:

"'Thus the genesis and words of the amendment unite in showing that it does not extend the taxing power to new or excepted subjects, but merely removes all occasion otherwise existing for an apportionment among the States of taxes laid on income, whether derived from one source or another.'

"If the effect of the sixteenth amendment was not to extend the taxing power of Congress to new or excepted subjects, then it did not confer upon Congress power to tax the income from State and municipal securities, for such income had been excepted from the taxing power of the Federal Government.

NATIONAL LIFE CASE

"The Supreme Court of the United States has never had occasion to pass upon the constitutionality of an act of Congress attempting directly to tax income derived from State or municipal bonds, but in *National Life Insurance Co.* v. *United States* (277 U.S. 508) it was called upon to consider whether the effect of a statutory computation of deductions was to impose a tax upon the income of State and municipal securities. It held that the act did indirectly impose a tax upon such income and that insofar as it affected State and municipal bonds it was unconstitutional. Justice McReynolds, in delivering the opinion of the Court, said:

"'It is settled doctrine that directly to tax the income from securities amounts to taxation of the securities themselves (*Northwestern Mutual Life Ins. Co.* v. *Wisconsin*, 275 U.S. 136). Also that the United States may not tax State or municipal obligations.'

"In *Willcuts* v. *Bunn* (282 U.S. 216) Chief Justice Hughes said:

"'The well-established principle is invoked that a tax upon the instrumentalities of the States is forbidden by the Federal Constitution, the exemption resting upon necessary implication in order effectively to maintain our dual system of government. The familiar aphorism is "that if the means and instrumentalities employed by the General Government to carry into operation the powers granted to it are exempt from taxation by the States, so are those of the States exempt from taxation by the General Government" (*Ambrosini* v. *United States*, 1, 7). And a tax upon the obligations of a State or of its political subdivisions falls within the constitutional prohibition as a tax upon the exercise of the borrowing power of the State. * * *

"'*In the case of the obligations of a State or of its political subdivisions, the subject held to be exempt from Federal taxation is the principal and interest of the obligations. Pollock* v. *Farmers Loan & Trust Co.*, supra. These obligations constitute the contract made by the State, or by its political agency pursuant to its authority, and a tax upon the amounts payable by the terms of the contract has, therefore, been regarded as bearing directly upon the exercise of the borrowing power of the Government. In *Weston* v. *Charleston* (2 Pet. 449, 468, 469), where the tax, laid under an ordinance of the city council upon United States stock which had been issued for loans made to the United States, was held invalid, the principle was thus stated by Chief Justice Marshall: "The right to tax the contract to any extent, when made, must operate upon the power to borrow before it is exercised and have a sensible influence on the contract. The extent of this influence depends on the will of a distinct government. To any extent, however inconsiderable, it is a burden on the operations of government * * *. The tax on Government stock is thought by this court to be a tax on the contract, a tax on the power to borrow money on the credit of the United States, and consequently to be repugnant to the Constitution." This language was applied by the court in *Pollock* v. *Farmers' Loan & Trust Co.*, supra (157 U.S. at p. 586) in holding invalid Federal taxation "*on the interest*" *from municipal securities.*'" (Italics mine.)

OTHER RECENT CASES

"In *Indian Motocycle Co.* v. *United States* (283 U.S. 570) Justice Van Devanter said at page 576:

"'It has been adjudged that bonds of the United States issued to raise money for governmental purposes, and the interest thereon, are immune from State taxation, because such a tax, even though inconsiderable in amount and imposed only on holders of the bonds, would burden the exercise by the United States

of its powers to borrow money. * * * And this immunity has been held to include bonds of a municipal corporation in a territory issued to raise money for municipal purposes, the decision being put on the ground that such a corporation is an instrumentality of the United States exercising delegated governmental powers. * * * It also has been adjudged that bonds of municipal corporations in the several States issued to raise money for public municipal purposes, *and the interest thereon*, are immune from Federal taxation, and this on the ground that such corporations are representatives of the States and exercise some of their powers, and that under the implications of the Constitution the governmental agencies and operations of the States have the same immunity from Federal taxation that like agencies and operations of the United States have from taxation by the States.' (Italics mine.)

"In *Educational Films Corporation* v. *Ward* (282 U.S. 379), Mr. Justice Stone declared that, 'this Court, since *McCulloch* v. *Maryland* (4 Wheat. 316) has consistently held that the instrumentalities of either government, *or the income derived from them*, may not be made the direct object of taxation by the other * * *' (Italics mine.)

REVERSAL OF DECISIONS NOT PROBABLE

"To my mind it is inconceivable that the Supreme Court of the United States would reverse a long line of decisions extending from John Marshall's time down almost to the present date, and sustain, as constitutional, an act of Congress levying a tax on the income derived from State and municipal securities. The recent opinions, above quoted, clearly indicate that the court would hold such an act unconstitutional. Indeed, were it to do otherwise, it would open a Pandora's box of evils. If Congress is not prohibited by the Constitution from taxing the income from State and municipal bonds, then the States are not prohibited from taxing the income derived from bonds issued by the Federal Government. The consequences of such a decision would be very far-reaching, but I do not intend to indulge in needless speculation upon them, as I am firmly convinced that it would never be rendered.

"Lest I be misunderstood, let me make it perfectly clear that I have been discussing taxes levied by Congress directly upon the income derived from State and municipal securities. Such securities, and the income derived therefrom, may be made indirectly the subject of taxation, as, for instance, through the levy of inheritance taxes, or corporation franchise taxes, etc. An inheritance tax is not a tax upon the security, but upon the right to inherit, and it may be measured by the value of the inheritance, notwithstanding the fact that the property passing may consist wholly of tax-exempt securities. Likewise franchise taxes have been sustained, which are measured by the corporate income, including income from tax-exempt securities. Such taxes are taxes upon the right to exercise the corporate franchise, and are not taxes upon the securities themselves. Other forms of excise taxes exist or may hereafter be devised which may indirectly affect State and municipal securities. These taxes, however, are not within the scope of this opinion.

"If the taxation of income from State and municipal bonds is desirable, the remedy lies in a constitutional amendment. In that way the extent, to which such taxation might be permitted, could be definitely fixed, and the desired result could be accomplished, without endangering the existence of the dual system of government, which, with all its frictions and imperfections, has worked remarkably well.

UNDER CONSTITUTIONAL AMENDMENT, OUTSTANDING AS WELL AS NEW BONDS COULD BE TAXED

"The question is sometimes asked whether, under such a constitutional amendment, Congress could tax the income of outstanding State and municipal bonds, or whether it would be limited to taxation of income from bonds issued after the ratification of the amendment. The answer to that question would depend upon the terms of the amendment. There is nothing to prevent the amendment of the Constitution so as to confer upon Congress the power to tax the income from all outstanding State and municipal bonds. Indeed Congress might be authorized to tax the bonds themselves. That would not amount to a breach of contract on the part of the Federal Government. The Federal Government has entered into no contract with the holders of State and municipal bonds to refrain from taxing them or the income derived from them. The only contract which exists is between the State, or municipality, which issued the instrument and the holder, a contract to which the United States is not a party. The reason taxes are not now levied by Congress upon income derived from such securities, is only because of the fact that the taxing power of Congress does not extend to that subject, and not because of any contract made by the United States with the holder of the bonds, to refrain from taxing them or the income derived from them.

"Whenever the people of the United States determine to vest in Congress, by constitutional amendment, the power to tax State and municipal bonds or the income derived therefrom, Congress will possess that power to whatever extent the people grant it, but, until such a constitutional amendment is ratified, Congress possesses no power to tax the income derived from bonds issued by the States or by their municipalities or political subdivisions."

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Tennessee [Mr. McKELLAR] to the amendment offered by the Senator from Missouri [Mr. CLARK].

Mr. CLARK. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Cutting	Keyes	Reynolds
Ashurst	Davis	King	Robinson, Ind.
Bachman	Dickinson	La Follette	Russell
Bailey	Duffy	Lewis	Schall
Bankhead	Fess	Logan	Sheppard
Barbour	Fletcher	Lonergan	Shipstead
Barkley	Frazier	Long	Smith
Brown	George	McGill	Steiwer
Bulow	Gibson	McKellar	Stephens
Byrd	Gore	McNary	Thompson
Byrnes	Hale	Murphy	Townsend
Capper	Harrison	Neely	Vandenberg
Clark	Hastings	Norris	Van Nuys
Connally	Hatch	Nye	Wagner
Copeland	Hatfield	O'Mahoney	Walsh
Costigan	Hayden	Overton	White
Couzens	Hebert	Pope	

Mr. LEWIS. Mr. President, I wish to reannounce the absence of the Senators and the reasons for their absence as previously given by me.

The PRESIDING OFFICER. Sixty-seven Senators having answered to their names, a quorum is present.

Mr. NORRIS. Mr. President, I should like to say a word on the pending amendment. If Senators desire to kill the amendment of the Senator from Missouri, let them vote for the amendment to that amendment offered by the Senator from Tennessee. To my mind, it would kill it completely.

Mr. CLARK. Mr. President, I shall detain the Senate but a moment.

As I see the whole matter, this is a contest between a theory of taxation based on ability to pay and a theory of taxation based on consumption. We have been having this fight in the Senate and the House of Representatives and in the country for several years. If we are to have a system of taxation based on ability to pay, it can only be based on ability to pay. In other words, it must be uniform; and, to my mind, the amendment offered by the Senator from Tennessee would absolutely kill the whole proposal.

Mr. NEELY. Mr. President, I ask unanimous consent that after the 15th day of June no Senator be permitted to speak more than 50 times nor more than 2 hours on the pending bill or any amendment thereto. [Laughter.]

The PRESIDING OFFICER. The request is out of order.

Mr. LONGERAN. Mr. President, I wish to call the attention of the Senate to the fact that within the last 3 or 4 weeks the Treasury Department gave an official opinion on the question of dealing with tax-exempt securities. It suggested that the first step to take is to have a constitutional amendment adopted and ratified, authorizing the taxation of securities issued by the States and subdivisions thereof, and, following that, that the Federal Government deal with the problem through Congress.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Tennessee [Mr. McKELLAR] to the amendment proposed by the Senator from Missouri [Mr. CLARK].

Mr. CLARK. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. LEWIS (when Mr. DIETERICH's name was called). My colleague [Mr. DIETERICH], were he present and voting, would vote "yea."

Mr. FESS (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. GLASS]. I am not advised as to how that Senator would vote were he present, and therefore I withhold my vote. If I were permitted to vote, I should vote "nay."

Mr. WHITE (when his name was called). On this question I am paired with the junior Senator from Florida [Mr. TRAMMELL]. Not knowing how he would vote, I withhold my vote. If permitted to vote, I should vote "yea."

The roll call was completed.

Mr. LEWIS. I announce the following general pairs:

The Senator from Ohio [Mr. BULKLEY] with the Senator from Wyoming [Mr. CAREY];

The Senator from Nevada [Mr. MCCARRAN] with the Senator from New Jersey [Mr. KEAN];

The Senator from Arkansas [Mr. ROBINSON] with the Senator from Pennsylvania [Mr. REED];

The Senator from California [Mr. MCADOO] with the Senator from Connecticut [Mr. WALCOTT];

The Senator from Alabama [Mr. BLACK] with the Senator from Vermont [Mr. AUSTIN]; and

The Senator from Montana [Mr. WHEELER] with the Senator from Maryland [Mr. GOLDSBOROUGH].

Mr. HEBERT. Mr. President, on this vote my colleague, the senior Senator from Rhode Island [Mr. METCALF] has a pair with the Senator from Arkansas [Mrs. CARAWAY]. If present, my colleague would vote "yea" on this question. I am informed that if present the Senator from Arkansas would vote "nay."

Mr. WAGNER (after having voted in the affirmative). I have a pair with the Senator from Missouri [Mr. PATTERSON]. I transfer that pair to the Senator from Illinois [Mr. DIETERICH], and allow my vote to stand.

Mr. LEWIS. I regret to announce that the Senator from Montana [Mr. WHEELER] is detained from the Senate on account of illness.

I also wish to announce that the Senator from Alabama [Mr. BLACK], the junior Senator from Washington [Mr. BONE], the senior Senator from Washington [Mr. DILL], the Senator from Ohio [Mr. BULKLEY], the Senator from Arkansas [Mrs. CARAWAY], the Senator from Massachusetts [Mr. COOLIDGE], the Senator from Montana [Mr. ERICKSON], the Senator from California [Mr. MCADOO], the junior Senator from Nevada [Mr. MCCARRAN], the senior Senator from Nevada [Mr. PITTMAN], the Senator from Oklahoma [Mr. THOMAS], the Senator from Utah [Mr. THOMAS], the Senator from Florida [Mr. TRAMMELL], and the Senator from Maryland [Mr. TYDINGS] are necessarily detained from the Senate on official business.

The result was announced—yeas 38, nays 27, as follows:

YEAS—38

Adams	Davis	Keyes	Sheppard
Bachman	Fletcher	King	Smith
Bailey	George	Lewis	Steiwer
Bankhead	Gibson	Lonergan	Stephens
Barbour	Gore	McKellar	Thompson
Barkley	Hale	McNary	Townsend
Byrd	Harrison	Murphy	Van Nuys
Byrnes	Hastings	O'Mahoney	Wagner
Connally	Hatfield	Overton	
Copeland	Hebert	Robinson, Ind.	

NAYS—27

Ashurst	Cutting	Logan	Reynolds
Brown	Dickinson	Long	Russell
Bulow	Duffy	McGill	Schall
Capper	Frazier	Neely	Shipstead
Clark	Hatch	Norris	Vandenberg
Costigan	Hayden	Nye	Walsh
Couzens	La Follette	Pope	

NOT VOTING—31

Austin	Dieterich	McAdoo	Thomas, Okla.
Black	Dill	McCarran	Thomas, Utah
Bone	Erickson	Metcalf	Trammell
Borah	Fess	Norbeck	Tydings
Bulkley	Glass	Patterson	Walcott
Caraway	Goldsborough	Pittman	Wheeler
Carey	Johnson	Reed	White
Coolidge	Kean	Robinson, Ark.	

So Mr. MCKELLAR's amendment to Mr. CLARK's amendment was agreed to.

Mr. CLARK. Mr. President, the amendment which I offered has been completely emasculated by the adoption of the amendment of the Senator from Tennessee [Mr. MCKELLAR] to my amendment. The whole purpose of the amendment has been destroyed by the adoption of that amendment. In view of that fact, and in view of the further fact that my amendment involved the striking out of certain provisions of the bill which ought not to be stricken out unless the whole purpose of the amendment is to be served, I withdraw my amendment.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Missouri? The Chair hears none and the amendment is withdrawn.

Mr. HARRISON. Mr. President, I desire to offer some clarifying amendments to several sections to which the Senate has already agreed.

The PRESIDING OFFICER. Without objection, the votes by which the several amendments now proposed to be amended were heretofore agreed to will be reconsidered.

The clerk will state the first amendment.

The CHIEF CLERK. On page 237, after line 20, in the amendment offered by Mr. SHIPSTEAD, and agreed to yesterday, it is proposed that a heading be inserted, as follows:

SEC. 613. Tax on distilled spirits.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Mississippi to the amendment of the Senator from Minnesota.

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

The CHIEF CLERK. It is also proposed to amend the amendment of Mr. MCKELLAR by inserting after "(d)" the words "Compensation of officers and employees."

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

The CHIEF CLERK. In the House text on page 133, lines 1 and 2, it is proposed to strike out the words "for such taxable year."

The amendment was agreed to.

The CHIEF CLERK. On page 68, line 6, after the word "for", it is proposed to insert "all or a part of."

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

Mr. KING. Mr. President, we derive a very small revenue from candy, and in view of the situation I offer an amendment to eliminate the tax on candy.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. It is proposed to insert in the proper place a new section as follows:

SEC. —. Termination of tax on candy: The tax imposed by section 613 of the Revenue Act of 1932 shall not apply to candy sold by the manufacturer, producer, or importer after the date of the enactment of this act.

Mr. HARRISON. I have no objection to that going to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. HARRISON. Mr. President, that is all. The Senator from Nebraska desires to ask for a modification of his amendment.

Mr. NORRIS. Mr. President, after the amendment I offered yesterday was agreed to, I found there should be an additional proviso, and I am offering an amendment to that end. It would simply perfect the amendment.

Provided further, That business done for the Federal Government or any of its agencies shall not be considered as nonmember business within the meaning of this act.

Mr. HARRISON. May I ask the Senator from Nebraska, Is that a modification of the amendment he offered, and which was adopted?

Mr. NORRIS. It simply adds a proviso to it.

Mr. HARRISON. I understand; but it carries out the same thought the Senator had in offering his amendment?

Mr. NORRIS. Yes.

Mr. HARRISON. I have no objection to the amendment's going to conference.

The PRESIDING OFFICER. Without objection, the vote by which the Senate agreed to the amendment of the Senator from Nebraska will be reconsidered.

Without objection, the amendment now proposed to that amendment is agreed to, and without objection the amendment as amended is agreed to.

The VICE PRESIDENT. The question is on the engrossment of the amendments.

Mr. ASHURST. Mr. President, the Senate is aware that I have an amendment which was offered and printed some days ago, which proposed to increase the tariff on copper imported into the United States from the present rate of

4 cents per pound to 10 cents per pound. I made the best argument of which I was capable, and I wish to say that the Senate did me the unusual compliment of listening to what I had to say on that occasion. Therefore I will not vex the ears of my fellow Senators at this late hour in a work of supererogation in repeating what I said last Wednesday.

Moreover, the able Senator from Missouri [Mr. CLARK] has an amendment which he intends to propose to strike out the tariff of 4 cents a pound on copper, which is now the law and will be for another year.

I have in the most unobtrusive fashion possible, but with great diligence, learned that the Senator from Missouri will be unsuccessful; that if he should make his motion, it would not carry and he would lose on the question.

I repeat, frankness and plainness of speech are best; so I say, with much regret, that, after a thorough, and I hope not an offensive, canvass, I have reached the conclusion that my amendment to increase the tariff from 4 cents to 10 cents a pound will likewise be defeated. Whether I am doing the proper thing or not in not asking for a roll call on my amendment subsequent events must determine.

After many years of service I have come to the conclusion that a Senator does not elevate himself in the esteem of his fellow Senators when, at a late hour, after many weeks of weary work, he inflicts a long speech upon them which he knows will not change one vote.

I am confident that I have not a sufficient number of votes to adopt my amendment, and I am equally confident that the able Senator from Missouri has not a sufficient number of votes to strike out the copper tariff. Therefore, I make this statement to the Senate, and ask permission at this time to have a vote on my amendment without further debate.

The VICE PRESIDENT. The amendment proposed by the Senator from Arizona will be stated.

The CHIEF CLERK. At the proper place in the bill, it is proposed to insert a new section, as follows:

SEC. —. Excise taxes on certain articles: (a) In addition to any other tax or duty imposed by law, there shall be imposed a tax as provided in subsection (c) on every article imported into the United States.

(b) The tax imposed under subsection (a) shall be levied, assessed, collected, and paid in the same manner as a duty imposed by the Tariff Act of 1930, and shall be treated for the purposes of all provisions of law relating to the customs revenue as a duty imposed by such act.

(1) Such tax shall be imposed in full notwithstanding any provision of law granting exemption from or reduction of duties to products of any possession of the United States.

(c) There is hereby imposed upon the following articles imported into the United States a tax at the rates hereinafter set forth, to be paid by the importer:

(1) Copper-bearing ores and concentrates and articles provided for in paragraphs 316, 380, 381, 387, 1620, 1634, 1657, 1658, and 1659 of the Tariff Act of 1930, 10 cents per pound on the copper contained therein: *Provided*, That no tax under this paragraph shall be imposed on copper in any of the foregoing which is lost in metallurgical processes: *Provided further*, That ores or concentrates usable as a flux or sulphur reagent in copper smelting and/or converting and having a copper content of not more than 15 percent, when imported for fluxing purposes, shall be admitted free of said tax in an aggregate amount of not to exceed in any one year 15,000 tons of copper content. All articles dutiable under the Tariff Act of 1930, not provided for heretofore in this paragraph, in which copper (including copper in alloys) is the component material of chief value, 6 cents per pound. All articles dutiable under the Tariff Act of 1930, not provided for heretofore in this paragraph, containing 4 percent or more of copper by weight, 6 percent ad valorem or 1½ cents per pound, whichever is the lower. The tax on the articles described in this paragraph shall apply only with respect to the importation of such articles. The Secretary is authorized to prescribe all necessary regulations for the enforcement of the provisions of this paragraph.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. ASHURST. I yield.

Mr. BARKLEY. In furtherance of the Senator's very worthy purpose not to inflict another speech upon the Senate, I shall not do so myself; but I should like in his time to put in the RECORD the fact that after the adoption of the 4-cent tariff on copper the importations dropped from 168,000,000 pounds to 11,000,000 pounds, and the price went up from 5½ cents to over 7 cents per pound; so that really the present situation is very favorable to the copper producers in this country.

Mr. HARRISON. Mr. President, will the Senator yield?

Mr. ASHURST. Certainly.

Mr. HARRISON. I desire to say that the Senator from Arizona has been one of the most zealous and persistent advocates of this matter with whom I have ever come in contact in my life, and I am very glad he has taken this position.

Can we now have a vote on the amendment?

Mr. CLARK. Mr. President——

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Missouri?

Mr. ASHURST. I yield.

Mr. CLARK. The Senator from Arizona and I have at last reached an absolute agreement on the question of copper. He has found out that he cannot put on a 10-cent tax, and I have found out that I cannot take off the 4-cent tax at this session, in this bill. Therefore I am entirely willing to have the Senator's amendment submitted to a vote.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Arizona [Mr. ASHURST].

The amendment was rejected.

Mr. ASHURST. Mr. President, I ask to be permitted to insert in the RECORD, without reading, a table of figures from the Bureau of Customs, Treasury Department, showing the importations of copper and the amount of revenue derived under the tax bill of 1932.

The VICE PRESIDENT. Without objection, it is so ordered.

The table is as follows:

Imports of copper and copper manufactures dutiable under sec. 601, Revenue Act of 1932, June 21, 1932, to Feb. 28, 1934, inclusive

	Rate of duty	Pounds, copper content				Duty collected
		June 21 to Dec. 31, 1932	Calendar year 1933	January and February 1934	Total under Revenue Act of 1932	
Copper, formerly free, made dutiable under Revenue Act of 1932:						
Copper ore, not elsewhere specified	4 cents per pound	200	937	----------	1,157	$46
Copper in pyrite ore	do	1,520,779	----------	----------	1,520,779	60,831
Regulus, black or coarse copper and cement copper	do	16,711	1,287	----------	17,998	720
Unrefined, black, blister, and converter copper	do	539,637	1,014,543	224,165	1,778,345	71,134
Refined copper in ingots, plates, or bars	do	1,364,901	7,447,257	1,289,311	10,101,459	404,059
Copper manufactures on which added duty was imposed by Revenue Act of 1932:						
Brass rods, sheets, plates, bars, and strips	do	1,653	55,475	360	57,488	2,300
Brass tubes and tubing, seamless	do	12,303	28,771	3,761	44,835	1,793
Brass wire	do	252	26,004	2,801	29,057	1,162
Bronze tubes	do	261,924	278,832	70,035	610,791	24,432
Bronze wire	do	76,977	204,942	30,985	312,904	12,516
Other articles containing copper	do	9,279	42,926	5,782	57,987	2,319
Articles having chief value of copper	3 cents per pound	1,122,360	2,329,866	(1)	3,452,226	103,567
Articles having more than 4 percent of copper	¾ cent per pound	894,167	1,962,933	(1)	2,857,100	21,428
Do	3 percent	----------	----------	(1)	----------	5,715
Total		5,821,143	13,393,773	1,627,200	20,842,126	712,022

[1] Not yet reported.

Mr. ASHURST. Mr. President, I now read an Associated Press dispatch.

I have always depended upon the reporters of the press as being as accurate as human limitations permit. The reporters must shoot from the hip. The editorial writers may sit down and turn the stylus. They may see to it that they do not split infinitives; but the reporters who send out the dispatches, I repeat, must shoot from the hip. I marvel at how nearly accurate the reporters for the various newspapers are.

Relying, therefore, upon their accuracy, I wish to read a dispatch from the Associated Press, as follows:

PHOENIX, ARIZ., March 27. (A.P. dispatch).—Gov. B. B. Moeur, of Arizona, said today that he was asking the various governors to support Senator ASHURST's amendment proposing a tariff of 10 cents per pound on copper imported into the United States, and that if the tariff of 10 cents per pound on copper became a law, Arizona would never ask for one dollar of relief from the Federal Treasury.

The VICE PRESIDENT. The question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

The VICE PRESIDENT. The question is, Shall the bill pass?

Mr. McNARY. I call for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. LEWIS (when Mr. DIETERICH's name was called). I wish to announce that my colleague [Mr. DIETERICH], if present, would vote "yea."

Mr. FESS (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. GLASS], who is unavoidably absent from the Senate. I do not know how he would vote on this question and therefore withhold my vote.

Mr. WAGNER (when his name was called). I transfer my pair with the senior Senator from Missouri [Mr. PATTERSON] to the junior Senator from Illinois [Mr. DIETERICH] and will vote. I vote "yea."

Mr. WHITE (when his name was called). On this question I have a pair with the junior Senator from Florida [Mr. TRAMMELL]. Not knowing how he would vote, I withhold my vote. If at liberty to vote, I should vote "nay."

The roll call was concluded.

Mr. WALSH. I desire to announce the unavoidable absence of my colleague [Mr. COOLIDGE] and to state that if present, he would vote "yea."

Mr. LEWIS. I beg to reannounce on this roll call the pairs announced by me upon previous roll calls as follows:

The Senator from Ohio [Mr. BULKLEY] with the Senator from Wyoming [Mr. CAREY];

The Senator from Nevada [Mr. MCCARRAN] with the Senator from New Jersey [Mr. KEAN];

The Senator from Arkansas [Mr. ROBINSON] with the Senator from Pennsylvania [Mr. REED];

The Senator from California [Mr. MCADOO] with the Senator from Connecticut [Mr. WALCOTT];

I also desire to announce that the Senator from Ohio [Mr. BULKLEY], the Senator from Arkansas [Mrs. CARAWAY], the Senator from New York [Mr. COPELAND], the Senator from Illinois [Mr. DIETERICH], the Senator from Montana [Mr. ERICKSON], the Senator from Florida [Mr. FLETCHER], the Senator from Georgia [Mr. GEORGE], the Senator from Virginia [Mr. GLASS], the Senator from Oklahoma [Mr. GORE], the Senator from California [Mr. MCADOO], the Senators from Nevada [Mr. MCCARRAN and Mr. PITTMAN], the Senator from South Carolina [Mr. SMITH], the Senator from Oklahoma [Mr. THOMAS], the Senator from Utah [Mr. THOMAS], and the Senator from Florida [Mr. TRAMMELL], are necessarily detained from the Senate.

I also desire to announce that the Senator from Maryland [Mr. TYDINGS] is necessarily detained. If present, he would vote "nay" on this question.

I also desire to announce that the Senator from Arkansas [Mrs. CARAWAY] has a general pair with the Senator from Rhode Island [Mr. METCALF].

I regret to announce that the Senator from Montana [Mr. WHEELER] is detained from the Senate by illness.

Mr. HEBERT. The Senator from Maryland [Mr. GOLDSBOROUGH] is necessarily absent. He is paired with the Senator from Montana [Mr. WHEELER]. If the Senator from Maryland were present he would vote "nay" on this question, and if the Senator from Montana were present he would vote "yea."

The Senator from Idaho [Mr. BORAH] is also necessarily absent. I am authorized to say that if present he would vote "yea" on this question.

Mr. HATFIELD (after having voted in the negative). Has the senior Senator from Florida [Mr. FLETCHER] voted?

The VICE PRESIDENT. He has not.

Mr. HATFIELD. I have a pair with that Senator. Not being able to secure a transfer, I withdraw my vote.

Mr. BLACK. On this question I am paired with the Senator from Vermont [Mr. AUSTIN]. I do not know how he would vote on the question, but if I were at liberty to vote I should vote "yea."

The result was announced—yeas 53, nays 7, as follows:

YEAS—53

Adams	Couzens	Lonergan	Russell
Ashurst	Cutting	Long	Schall
Bachman	Davis	McGill	Sheppard
Bailey	Dill	McKellar	Shipstead
Bankhead	Duffy	McNary	Steiwer
Barkley	Frazier	Murphy	Stephens
Bone	Gibson	Neely	Thompson
Brown	Harrison	Norris	Vandenberg
Bulow	Hatch	Nye	Van Nuys
Byrnes	Hayden	O'Mahoney	Wagner
Capper	King	Overton	Walsh
Clark	La Follette	Pope	
Connally	Lewis	Reynolds	
Costigan	Logan	Robinson, Ind.	

NAYS—7

Barbour	Hale	Hebert	Townsend
Dickinson	Hastings	Keyes	

NOT VOTING—36

Austin	Dieterich	Johnson	Robinson, Ark.
Black	Erickson	Kean	Smith
Borah	Fess	McAdoo	Thomas, Okla.
Bulkley	Fletcher	McCarran	Thomas, Utah
Byrd	George	Metcalf	Trammell
Caraway	Glass	Norbeck	Tydings
Carey	Goldsborough	Patterson	Walcott
Coolidge	Gore	Pittman	Wheeler
Copeland	Hatfield	Reed	White

So the bill was passed.

CLAIM OF FRANKLIN SURETY CO.

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 1076) authorizing adjustment of the claim of the Franklin Surety Co., which was, on page 2, line 4, after the word "claim", to insert a colon and the following proviso:

Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

Mr. BAILEY. I move that the Senate concur in the amendment of the House.

The motion was agreed to.

RICHARD A. CHAVIS

The VICE PRESIDENT laid before the Senate the action of the House of Representatives disagreeing to the amendment of the Senate to the bill (H.R. 2032) for the relief of Richard A. Chavis, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. SHEPPARD. I move that the Senate insist on its amendment, agree to the conference requested by the House

on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. SHEPPARD, Mr. COOLIDGE, and Mr. PATTERSON conferees on the part of the Senate.

ANNUAL REPORT OF ASSISTANT DIRECTOR GENERAL OF RAILROADS

The VICE PRESIDENT laid before the Senate a message from the President of the United States, which was read and referred to the Committee on Interstate Commerce, as follows:

To the Congress of the United States:

I transmit herewith for the information of the Congress a letter from the Secretary of the Treasury forwarding the annual report of the Assistant Director General of Railroads for the calendar year 1933.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *April 13, 1934.*

[NOTE.—Report accompanied similar messages to the House of Representatives.]

COMMITTEE TO AUDIT AND CONTROL THE CONTINGENT EXPENSES OF THE SENATE

Mr. BYRNES, from the Committee on Pensions, to which was referred Senate Resolution 222, submitted today by Mr. MCGILL, reported it without amendment, and it was considered by unanimous consent and agreed to, as follows:

Resolved, That the Committee on Pensions, or any subcommittee thereof, hereby is authorized during the Seventy-third Congress to send for persons, books and papers, to administer oaths, and to employ a stenographer, at a cost not exceeding 25 cents per hundred words, to report such hearings as may be had on any subject before said committee, the expense thereof to be paid from the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during any session or recess of the Senate.

COMMEMORATION OF THE TWO HUNDREDTH ANNIVERSARY OF THE BIRTH OF DANIEL BOONE

Mr. BARKLEY. Mr. President, I have been authorized by the Committee on Banking and Currency to report back favorably Senate bill 3355, authorizing the Daniel Boone Bicentennial Commission to have coined a memorial half dollar similar to other authorizations in other situations. I ask unanimous consent for the present consideration of the bill.

The VICE PRESIDENT. The bill will be read.

The Chief Clerk read the bill (S. 3355) to authorize the coinage of 50-cent pieces in commemoration of the two hundredth anniversary of the birth of Daniel Boone, as follows:

Be it enacted, etc., That, in commemoration of the two hundredth anniversary of the birth of Daniel Boone, there shall be coined by the Director of the Mint six hundred thousand 50-cent pieces of standard size, weight, and silver fineness and of a special appropriate design to be fixed by the Director of the Mint, with the approval of the Secretary of the Treasury, to be legal tender in all payments at face value.

SEC. 2. That the coins herein authorized shall be issued at par and only upon the request of the secretary of the Daniel Boone Bicentennial Commission.

SEC. 3. Such coins may be disposed of at par or at a premium by said commission and all proceeds shall be used in furtherance of the Daniel Boone Bicentennial Commission projects.

SEC. 4. That all laws now in force relating to the subsidiary silver coins of the United States and the coining or striking of the same; regulating and guarding the process of coinage; providing for the purchase of material, and for the transportation, distribution, and redemption of the coins; for the prevention of debasement or counterfeiting; for security of the coin; or for any other purposes, whether said laws are penal or otherwise, shall, so far as applicable, apply to the coinage herein directed.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

Mr. MCNARY. Mr. President, is the report of the committee a unanimous one?

Mr. BARKLEY. I will say to the Senator that I polled the committee, and more than a majority of those with whom I was able to confer authorized the report. There are one or two members whom I was not able to see. It is the usual bill. We passed one the other day for Maryland, and one for Arkansas, and one for some other association. The measure is an entirely meritorious one.

There being no objection, the Senate proceeded to consider the bill, which was ordered to be engrossed for a third reading, read the third time, and passed.

COOPERATIVE FARMS—LETTER FROM FORMER SENATOR BROOKHART

Mr. FRAZIER. Mr. President, I ask unanimous consent to have printed in the RECORD a letter from former Senator Smith W. Brookhart to the national commander of the American Legion relative to cooperative farms.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

HYATTSVILLE, MD., *April 11, 1934.*

Mr. EDWARD A. HAYES,
National Commander American Legion, Indianapolis, Ind.

MY DEAR COMMANDER: It has just been called to my attention that you were quoted in a Chicago paper on April 4 as follows:

"Smith W. Brookhart has repeatedly urged regimentation of American farming under the communistic system. Such statements coming from a corner soap-boxer would be unimportant. Uttered by a special adviser to the A.A.A. they become dangerous and should be investigated as seditious."

As a member of the American Legion I challenge your right as its commander to put a false construction upon the acts of any member for political purposes. The Legion is not in politics as a party, and every member has the right to respectful treatment from its commander, regardless of his political views. You have not accorded that right to me, and I challenge your insolent and autocratic assumption as more dangerous and seditious than any public policy I have ever advocated. When did you become the dictator of the opinions of legionnaires upon the farm problem?

My proposition for cooperative farms, fully stated, was as follows:

"The Farm Bureau Federation of the State of Ohio has declared that the Government should lease and operate the farm lands. This suggests a permanent reorganization of agriculture. At one time the Government owned most of the farm lands. The parting with this title is one of the great mistakes of American statesmanship. It can only be corrected by the Government resuming the title and reorganizing the farms into cooperative units big enough to meet the demands of modern machinery, efficiency, and civilization generally. This could be started by the acquisition of a tract of land in each agricultural congressional district large enough for the most efficient organization. Let it be equipped with a village for modern sanitary living conditions, with school, hospital, and adequate medical and nursing staffs. It should also have a machine shop and small industries for processing its own products. It should have good roads, the best machinery, and the best livestock. It should also have complete electrical equipment and a cooperative bank and department store. It would then be operated by a cooperative organization of farmers and laborers. If this could be done on a scale large enough to give it a fair trial, it might lead to a final solution of the age-old farm problem."

You call this "regimentation." I am willing to concede that you may be expert at regimenting this country into militarism, but I see no such qualifications for the farm problem, nor even for a soldiers' bonus or pensions for disabilities since the war. So I must call your attention to the fact that our Government has already regimented 158,000,000 acres of public lands over to the railroads, and that is the equal of four and one half States as big as Illinois or Iowa. The Transportation Act of 1920 also regimented over $7,000,000,000 of water into railroad values above their market value and raised the farmers' rates 60 percent above prewar while his own prices went far below. The Government now has many million acres of public lands which it is regimenting out by leases to corporations and individuals many times more than would be required for my cooperative farms. Three or four million acres would set up these farms, and their whole equipment would not cost one tenth what the Reconstruction Finance Corporation has loaned to the railroads, the banks, and other corporations—and the R.F.C. is a child of rugged individualism, the bill promoted and signed by Herbert Hoover. You ought to investigate him for seditious regimentation.

If you are really interested in the regimentation of the farmers, I will try and get a night school started for you so you can learn how the railroad laws, the banking laws, the tariff laws, the corporation laws, and the gambling markets have regimented the farmers into 13 years of deep depression and how it will take other more drastic governmental action in addition to these cooperative farms to lift them out. You may also learn something about regimentation in general that will clear up some of your present distorted ideas. You will hardly dispute that the best thing in our civilization is the public-school system, regimented by the States and by the National Government in the District and the Territories, even compulsory education in most of them. Next comes the public-road system with only a few private initiative toll-bridge nuisances left. Then comes the Post Office System, the Panama Canal, public parks, docks and harbors, municipally owned utilities, Muscle Shoals, and we must not forget Boulder Dam, again authorized over the signature of Herbert Hoover. So, my dear commander, when you get informed so you can use your head instead of your prejudices you will find that an indictment of "regimentation" is an indictment of the American people, the American Government and the American flag. You will also find that a cooperative organ-

ization is not regimentation at all, but on the other hand the most democratic form of business ever devised by the mind of man. And if you will go with me out in Iowa I will show you a cooperative farm 85 years old, 1,500 people, 27,000 acres, the most successful farming enterprise in the State and the most law-abiding people.

Very sincerely yours,

SMITH W. BROOKHART.

COMPETITION OF JAPANESE TEXTILE MANUFACTURERS—ARGUMENT BY O. MAX GARDNER

Mr. BAILEY. Mr. President, I ask unanimous consent to have printed in the RECORD an argument by Hon. O. Max Gardner, counsel for Cotton Textile Institute, before the Tariff Commission in Washington, D.C., January 23, 1934, which will convey to the Senate certain important information concerning the competition of Japanese textile manufacturers with American textile manufacturers.

There being no objection, the argument was ordered to be printed in the RECORD, as follows:

Mr. GARDNER. Mr. Chairman and gentlemen, I appear as counsel for the Cotton Textile Institute. On behalf of the institute and its entire membership representing one of the great basic industries of this country, employing in its affiliates more than 500,000 men and women, I desire to express appreciation to the Tariff Commission for its diligence and splendid cooperation in the preparation of the information necessary to act intelligently upon this provision of the National Recovery Act. Those of us who have been interested in this research from the beginning, last August, could not have made the progress that we have in the development of the facts except for the cooperation of this arm of the Government.

I should like to say, Mr. Chairman and gentlemen, that the Cotton Textile Institute, with which members of the Cotton Rug Manufacturers Association are affiliated, has cooperated in every possible way from the beginning to make the National Recovery Act a success.

It will be remembered that the President, in a national broadcast some 2 weeks before this bill was introduced, directed attention to the textile industry as having within it certain members whose business practices produced demoralized conditions. The President mentioned 10 percent of the textile group in this class. The Cotton Textile Institute commenced at that time, and prior to that time, to exert every power at its command to bring this great and diversified industry in the North and East and South and West into perfect agreement with the policy of the Government. This statement is borne out by the fact that the first code, code no. 1, is the Cotton Textile Code. That code today is in operation giving effect and purpose to the policy of the Government as efficiently as any other code that has been submitted. I think that General Johnson and the President would say to you that there has been in every stage of this movement complete cooperation on the part of the Cotton Textile Institute.

I think that this picture ought to go into the record: In March 1933 there were employed in the cotton textile industry in America 320,000 men and women, and, I fear, perhaps some few children. In September 1933 the cotton textile industry had 446,000 operatives, an increase of 146,000 people from April 15 to September 1, an increase in employment of 45 percent over that period. No other industry in America can show such a record; but, more significant than this increased employment, which was one of the fundamental purposes of the National Recovery Act and spread of employment, is the fact that in March 1933 the total monthly salary paid to the textile workers, the 320,000 men and women, amounted to $12,800,000. In September of 1933 it amounted to $27,000,000, an increase in wages to this increased number of operatives of approximately 114 percent.

Now, the Cotton Rug Manufacturers Association is included in that statement. But the significance of this application before this body and its merit is found in the fact that whereas, actually, the cotton textile industry had increased its employment in conformity to the purposes of this act and to give it effect had spread employment, and had increased wages for that purpose, the cotton rug manufacturers, starting in September or August or July, have suffered a loss in employment, so that today there are approximately only 15 percent as many men and women employed in the manufacture of cotton rugs as there were in June and September. In other words, 85 percent of these men and women are out of employment, whereas the whole industry has shown this tremendous expansion. I respectfully submit that this condition is directly attributable to Japanese competition, crushing competition, in cotton rugs.

I happen, Mr. Chairman, to know something about the early inception of this National Recovery Act. I served on the Industry Committee when this act was being prepared. When this act was prepared and submitted to Congress this section 3 was not in it. When it passed the House it was not in it. My recollection is that it was put in when it went to the Senate. Now, why was it put in there? I think that this case presented is a case that is as clearly and manifestly in contemplation of the act of Congress as any case that could be presented. In this case we respectfully submit that an emergency exists.

I think that this provision of this act, that is, section 3, conferring this power upon you as the agent of the President to make this inquiry, is one of the finest and most efficient methods of the administration to bring about the readjustment of America's economic and social structure, without which we would be helpless. That is the reason Congress finally placed this provision in the statute. Let me read you section 3 of the act under which we ask relief:

"On his own motion, or if any labor organization, or any trade or industrial organization, association, or group, which has complied with the provisions of this title, shall make complaint to the President that any article or articles are being imported into the United States in substantial quantities or increasing ratio to domestic production of any competitive article or articles and on such terms or under such conditions as to render ineffective or seriously to endanger the maintenance of any code or agreement under this title, the President may cause an immediate investigation to be made by the United States Tariff Commission, which shall give precedence to investigations under this subsection, and if, after such investigation and such public notice and hearing as he shall specify, the President shall find the existence of such facts, he shall, in order to effectuate the policy of this title, direct that the article or articles concerned shall be permitted entry into the United States only upon such terms and conditions and subject to the payment of such fees and to such limitations in the total quantity which may be imported (in the course of any specified period or periods) as he shall find it necessary to prescribe in order that the entry thereof shall not render or tend to render ineffective any code or agreement made under this title."

We know that when this act was being prepared the Secretary of State was on his way to the London Conference, where it was expected that tariff barriers and economic needs that had disturbed the relations of world commerce would be discussed. Yet, out of the rebirth of the Nation, it was found that the National Recovery Act had intervened. The language of the act is positive and direct. There is nothing ambiguous about it. When facts show—and they show it in this case—that speed is of necessity, the President is authorized to make an immediate investigation; and, if he shall find the existence of such facts, he shall, in order to effectuate the policy of this section, direct that the article or articles concerned shall be permitted entry into the United States only upon such terms and conditions and subject to the payment of such fees and subject to such limitations as he may prescribe in order that the entry thereof shall not render or tend to render ineffective any code or agreement under this title.

That is why we are here. I submit that the evidence presented by the Cotton Rug Manufacturers Association will not only tend to show, but will convince this group beyond the shadow of a doubt, that the American cotton-rug industry is being ruined, literally ruined, by the flood of imports into this country, resulting in the paralysis of the members of this group, if not corrected by the arm of the Government that you set in motion.

It is a significant thing, gentlemen, that under the increased operating costs of the National Recovery Act the cotton-textile industry of America has practically lost its export trade. In 1932 the cotton-textile industry exported about 7 to 7½ percent of its total manufactured products. We have practically lost our foreign trade, and that is not unnatural because none of the foreign competitors of the American cotton industry are under a code or anything like the restrictions and the humane and social policies that characterize the American plan under the administration of Franklin D. Roosevelt. The Philippines is a particularly favored section under the arm and protection of the United States. Yet we have lost—practically lost—their trade to the Japanese. The Japanese are landing goods there every day, because they can pay the tariff and still occupy the market.

The same is true of Cuba. We have no trade in Cuba—practically none—in cotton textiles.

Even in Puerto Rico we are suffering great disadvantages, and our exports have practically passed out. Unless relief of some sort is granted, we are going to be confronted in this country with trying to operate a great industry whose products will have to find a market only with the American consumer. Of course, our condition is nothing like the condition of England, where 70 percent of their products are exported; nor is it like the condition of Japan, where a large percentage of her cotton goods are exported. While we have only 7 percent, that 7 percent represents $115,000,000, and it represents the employment of around 50,000 people. As the export business dries up, that 7 percent necessarily has to come back into domestic business and becomes a competitor with the 93 percent engaged in the manufacture of American goods.

Mr. Chairman, we are going to present only two or three witnesses. We are taking notice of the fact that this branch of the Government exercises its power to perform its duty. We realize that you have not heard either yesterday or today a scintilla of evidence from the witness stand that is not already in your possession. Speaking for the Cotton Textile Institute, I would be perfectly content to permit this group to make its recommendation to the President without the introduction of a particle of evidence, because of the confidence we have in the fairness and diligence and research of this Commission.

I think we are in a public hearing because the statute requires it, and we are here to bring just as much light and information as we think will tend to clarify the record and to satisfy your judgment.

The first witness to be called in this case is Mr. Roy Cleeland, of Philadelphia. Mr. Cleeland has been working now for 5 months in the preparation of the record and in the study of the history of the cotton-rug industry and the inroads that have been made constantly and increasingly ruinous to its condition in

American industrial life. He has performed a service for the industry and for the country which I think is very patriotic and unselfish. Mr. Cleeland is the president of the Cotton Rug Manufacturers' Association, and is familiar with every phase of the industry. He is also president of the Robert Cleeland Sons, of Philadelphia. He understands the whole science of manufacture. He knows particularly about rag rugs and Chenille rugs, and in his particular function encompasses the whole industry.

I ask Mr. Cleeland to come around as the first witness.

* * * * * * *

Mr. BAILEY. In closing Mr. Gardner said:

That is our case. We are at the pleasure of the Commission.

Mr. Bevans brought out a number of matters which should be answered, Mr. Chairman, that are not altogether in the evidence. I should like, at the pleasure of the Commission, to have a little time to make answer to them as best I can. I shall undertake to do that now or will do it at your pleasure. It is now half past 5. I am sure I could finish in 15 or 20 minutes.

(Permission to proceed is granted.)

Mr. Chairman, on the question of the remedy that the complaining parties would ask this Commission to make, I state to the Commission very frankly that we have gone into this matter carefully to see all the various elements involved in it, recognizing, as we think we do, that the policy even of the administration on the tariff or on the question of duties or on the question of this act itself has not been fully determined.

I do not feel, Mr. Chairman, that it is wholly incumbent upon us to prescribe the remedy. But we want to be just as courteous and helpful as we can to this Commission, but there are so many problems involved in this matter and it is so intricate in its detail, since this act is all new, that I, speaking for the Cotton Textile Institute and for the rug manufacturers in particular, wish to say that we feel that we have brought this complaint under competent jurisdiction. We have undertaken to fortify it as best we could by our own evidence and research and investigation of this committee.

We do not think that we can bring here anything constructive except the fact of what we allege to be our injury and our injustice. We think that the remedy is in the hands of the President of the United States, based, doubtless, upon the recommendation of this competent court.

I am not going to undertake to say that an allotment is a proper thing. I am certainly not going to argue that an embargo is the proper course to pursue.

We do not want to assume a selfish attitude of undertaking to invoke a law or the enforcement of a law that would accrue to the selfish interests of our group and would be a penalty upon the consuming public. If I know how to interpret the position of this group, they want first to protect the industry engaged in this business. They want the right to live in America with a reasonable profit, and that is all. I would not be here undertaking to represent them if I thought they were undertaking to avail themselves of this law for the exploitation of the consuming public; and that is not their purpose.

If your decision is as important as we think it is, and as important as the statute contemplates it should be, then I think the statute steps in and comes to the aid of us in this request, and we are entitled to just as speedy a determination as is consistent with fair treatment.

I am not going to undertake to answer the entire argument of counsel for the Japanese——

Mr. BEVANS. For the American importers.

Mr. GARDNER. For the American importers. I meant no offense in that, Mr. Bevans. I am sure you understand.

Mr. BEVANS. It is perfectly all right.

Mr. GARDNER. Mr. Bevans undertook to interpret what was the purpose of the N.R.A. He said that it is a perversion of the N.R.A. for us to make this application in the spirit in which we have made it; that it was not designed as a protection to the American workman. Mr. Bevans is dead wrong. If it was not designed for that purpose, what was it designed for? If this Administration has any one definite, crystallized policy, it is to lift the American workman, to shorten his hours, to increase his wages, to spread employment, and to improve generally his social and economic condition. That is the purpose, the very gravamen, the mudsill upon which rests the N.R.A.

If Mr. Bevans wants to get the real purpose of the N.R.A., I submit that he read the hearings before the committees of Congress. He should get the debates. When the Supreme Court is determining the meaning of a statute, the first thing the Attorney General tries to do is to get at the meaning of Congress. He studies the hearings and debates as an essential part of the intent of Congress in making the law If our opponent gets the debates and reports of the hearings, he will find that running through them all is this situation: Millions of American workmen were idle, and this act had its genesis and its origin in a desire not only to give more people work but to improve the conditions of those who were working, and give them more than starvation wages in this country.

I do not intend to indulge in an unfair attack upon the strategy of Mr. Bevans, but there is one piece of evidence in this case which is significantly absent, and it is available if he had desired to bring it forward. You will bear in mind that in the examination of these witnesses one of the first questions he asked each of them was, "Are you under the code?" "Have you increased wages?" "Have you shortened hours?" "Have you employed more men and women?" All through the record these questions occur when Mr. Bevans inquires of American industry and of the employees and operatives in this cotton-rug industry.

Now, when we come to the question of the conditions existing in our greatest competing country, Japan, on these particular items Mr. Bevans not only does not ask his own witnesses about them, he does not wish to permit us to question them on this point. I see in this presence three Japanese, who I submit know everything about wages, standards of living, and industrial and social conditions in every single mill in Japan. I argue that the absence of any evidence on that point should be taken into consideration by the Commission. It leads irresistibly to this conclusion: If these witnesses could testify to the fact that Japan, since last July, had reorganized her industrial structure, as we have reorganized ours in this country, if Japan had changed her hours of labor as we have changed ours, if Japan had increased her employment as we have ours, then Japan would be on a parity, and there would be no new differences between conditions prevailing in the two countries. But the uncontested fact is that we have changed our conditions greatly, resulting in tremendous increases in costs, and Japan has not. I rejoice in the changes we have made. I am glad to live in a country that stretches its hands down to our people and lifts them up. This is the policy of the administration if I know how to interpret it. Just remember this, gentlemen of the Tariff Commission: The enactment of N.R.A. as a national policy excludes America from the field of fair and equal competition in world trade. And it is because of this fact, and this fact alone, that Congress wrote section 3 of the National Industrial Recovery Act. Japan, in order to have and to hold world markets, has apparently determined upon a policy of lowest possible costs. America, on the other hand, has determined that her workers shall not be exploited. This is the big issue before you and this Government today.

Therefore it is a pertinent matter, and I reiterate that there is a similarity involved in this section 3 that ought to be answered in this court and given consideration by my opponent, and that is, he should have admitted we have changed from the old status, and that there is no evidence that Japan has changed at all.

I argue that today Japan is operating upon the same basis, upon the same number of hours, with the same character of employees and operatives that she operated with in January 1933 or in January 1932 or 1931. Whereas we have had a revolution affecting the very fiber and life of American industry, there has been no change there; and if that is not a factor to be considered by this Commission, then I fail to understand the purpose of Congress.

Is there any evidence in this court that Japan has a code? Have they got a new code? Or is it the code given expression to by the counsel this morning, when he stated that they had no concealment of their business; that everything was known to the world?

I take it, Mr. Chairman, that that is the truth, and that is the policy of this ingenious and remarkable nation. And instead of standing here in condemnation of the Japanese, at times I feel that they should be paid a respectful tribute, that they are able with their skill and ingenuity and with their standard of living, and with their high and intensely nationalized spirit to so subordinate their personalities and every selfish instinct that they are willing to tell the world that their purpose is to find and conquer the markets. And they are not satisfied, Mr. Chairman, merely with having taken the markets of our export trade from us. They now want our domestic market. But I do not believe that this Congress or any other government can stand in America that will permit the Japanese, or any other people, to exploit the American market, when we have laid down standards under N.R.A. for the uplift of the American workman and American industry. No party or individual can stand before the organized public opinion of America on that point.

Mr. Bevans says the Americans want a cheap rug, therefore, a Japanese rug. So many millions of our people have been bankrupted, busted, unemployed, and in the bread lines of this country for the past 4 years that certainly they want to buy every commodity as cheaply as they can. But that is a condition which the administration is trying to rectify. They are trying to take the men who have been idle and unemployed and convert them into producers so that, in turn, they may be made consumers of American products, not consumers of products of Japan, Portugal, Belgium, or France, but consumers of things made in America.

Mr. Bevans referred to the fact that we are revolutionizing our whole political philosophy; that the Democratic Party in 1932 made a campaign in denunciation of the Smoot-Hawley bill and demanded that the tariff should be lowered instead of raised. Does he realize, Mr. Chairman, that the world has been rebuilt since the campaign of 1932? Does he not know that it has been a hundred years since 1932? We are living in an entirely new world. And any man in any business organization, politics, or profession that tries to use the yardstick of 1932 to measure the economic and social conditions that prevail in 1934 is more than blind.

The Democratic Party would commit suicide and its policies would deserve to be repudiated if, having done as much for American manhood as it has, it would now undertake to destroy everything it has created. N.R.A. is a new child, and nothing like it has ever been seen before in the annals of America or any other civilized country. I predict that before this year ends this Tariff Commission will become the most important adjunct of the Government of the United States in its efforts to solve the

problems that have arisen, and will continue to arise, if we are to preserve the purposes that are set out in section 3 of this act.

I do not care what they do with the N.R.A. They may close it down tomorrow; but I say to you, sirs, that it has now become the common law of the United States. They cannot rub it out. They may take it from the statute, but it is now in the hearts of men and never again will it be permitted in any section for men to work 11 hours a day.

As Governor of North Carolina I tried for years to get the situation in the southeastern section corrected and to write a labor law that would be acceptable and uniform for all. It could not be done because of the selfish groups involved. It was only when the broad policy of the United States abolished all these State lines and set up a uniform standard for all the workers, East and South and West and North, that we were able to get under the benefits of this humane and noble concept.

I submit that it is not a question of whether you can buy rugs cheaper if you import them from Japan. Our people in their poverty and in their distress would, of course, like to buy everything cheaper; they would like to buy flour cheaper; they would like to buy meat cheaper. That is not the standard we have set up in America. That is not the policy we are going to write into the history of America. We are going to lift America and not pull her down.

The policy of Mr. Bevans is that we should sacrifice the standards which we have set up here, which have been the recognized standards of the world, in order to meet the standards of some other country. That is not the policy or philosophy of America, and never will be.

He raised the point further that Japan is one of our greatest customers for cotton, and that is true. They are buying more cotton in 1934. Japan is buying cotton from America because she does not raise it; but I predict in this hearing, and I would like to have it go into the record, that before 10 years elapse Japan will develop in Brazil or in Peru adequate supplies for her cotton and will not be dependent upon the American supply.

Japan just recently entered into an arrangement with India to take 1,500,000 bales of cotton from India. India boycotted Japanese goods in 1932, and then Japan entered into this arrangement, and they are exchanging one and one half million bales of cotton for 400,000,000 yards of cloth. But Mr. Bevans argues that having taken 1,500,000 bales of cotton from India is evidence of the fact that they will take it all from India. Our cotton is in the world market. There is just so much cotton. When they take one and one half million bales from India, that is so much of the 24,000,000 bales raised in the world. If Japan should not get one and one half million bales from India, England would get it, or Germany or China, or some other country, so that there is no beneficence or charity in the fact that she buys her cotton from India. She would buy it all from India if she could have it at a bargain.

Mr. Chairman, may I say this before I sit down: We have endeavored to the best of our knowledge to bring to this Commission the conditions that prevail in the cotton-rug business, and I ask you to remember this picture: In La Grange, Ga., there is a plant weaving cotton rugs with a capacity to employ 548 operatives. It has been running successfully. And yet this striking thing appears, all the other mills in the Callaway chain, manufacturing sheetings, drills, and all the other cotton textiles, have been running fairly uniformly all the time; there has been no let-up or unemployment; and yet we find this one mill making these rugs which presents a dramatic and graphic picture of our whole story. Something has happened to the Callaway rug mill. What?

The Japanese, by reason of their internal situation, by means of which they can manufacture cheaply, are able either to buy cotton in India or in America and ship it across the ocean and manufacture it, bring it back to this country, and put it in the hands of the merchants of America at a cost that absolutely means the closing down of the Callaway mill employing 548 men and women. Now, if America stands for that, if we are going to preserve N.R.A., and if we are going to undertake the job that we have started in America, it brings with it this concomitant result: We bring ourselves clearly within the picture which Congress drew and the blueprint under which you are operating here today for our relief.

I respectfully submit that I do not overestimate the importance of this case. The investigators have studied it. You are the Ways and Means Committee in session. President Roosevelt is the first President of the United States in 20 years who did not undertake to revise the tariff when he took office. The present Ways and Means Committee, where tariff and revenue matters originate, has not even discussed the tariff question. Why? Because the Congress of the United States, through the Ways and Means Committee and through the Finance Committee and through the leadership of this Nation, from the President down, are relying upon you to perform whatever function is necessary and to recommend whatever levy or tribute is necessary to protect and to safeguard the welfare of the American workman and the American citizen.

EXECUTIVE SESSION

Mr. HARRISON. I move that the Senate proceed to the consideration of executive business.

The VICE PRESIDENT. The question is on the motion of the Senator from Mississippi.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT laid before the Senate messages from the President of the United States, submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF A COMMITTEE

Mr. SHEPPARD, from the Committee on Military Affairs, reported favorably the nominations of sundry officers in the Regular Army.

The VICE PRESIDENT. The report will be placed on the Executive Calendar.

The calendar is in order.

THE JUDICIARY

The Chief Clerk read the nomination of Howard L. Robinson to be United States attorney for the northern district of West Virginia.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

Mr. NEELY. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of this nomination in order to enable Mr. Robinson to begin the performance of his duties at the term of court which will be held in Clarksburg, his home town, next Monday.

The VICE PRESIDENT. Is there objection to the request of the Senator from West Virginia? The Chair hears none, and the President will be notified.

POSTMASTERS

The Chief Clerk proceeded to read the nominations of sundry postmasters.

Mr. McKELLAR. I ask unanimous consent that the nominations of postmasters on the calendar be confirmed en bloc.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the nominations are confirmed en bloc.

That completes the calendar.

JOHN R. FETTER

The VICE PRESIDENT laid before the Senate a message from the President of the United States, which was read, and ordered to lie on the table, as follows:

To the Senate:

In compliance with the request of the Senate of April 10, 1934, I return herewith the resolution of the Senate of April 4, 1934, advising and consenting to the appointment of John R. Fetter to be postmaster at Hopewell, N.J.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *April 13, 1934.*

Mr. McKELLAR. Mr. President, I ask unanimous consent that the action of the Senate in confirming this nomination be reconsidered, and that the nomination be referred to the Committee on Post Offices and Post Roads.

The VICE PRESIDENT. Without objection, it is so ordered.

RECESS

The Senate resumed legislative session.

Mr. HARRISON. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The VICE PRESIDENT. The question is on the motion of the Senator from Mississippi.

The motion was agreed to; and (at 6 o'clock and 38 minutes p.m.) the Senate took a recess until tomorrow, Saturday, April 14, 1934, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate April 13 (legislative day of Mar. 28), 1934

UNITED STATES ATTORNEY

Summerfield S. Alexander, of Kansas, to be United States attorney, district of Kansas, to succeed Sardius Mason Brewster, term expired.

COLLECTOR OF CUSTOMS

Mabel Gittinger, of Chariton, Iowa, to be collector of customs for customs collection district no. 44, with headquarters at Des Moines, Iowa, in place of Nellie Gregg Tomlinson.

APPOINTMENT, BY TRANSFER, IN THE REGULAR ARMY

TO QUARTERMASTER GENERAL

Maj. Ivan Sanders Curtis, Infantry (assigned to duty with Quartermaster Corps), with rank from December 10, 1931.

PROMOTIONS IN THE REGULAR ARMY

TO BE CAPTAIN

First Lt. Gustavus Franzle Chapman, Quartermaster Corps, from April 7, 1934.

TO BE FIRST LIEUTENANT

Second Lt. David Raymond Gibbs, Air Corps, from April 7, 1934.

CONFIRMATIONS

Executive nominations confirmed by the Senate April 13 (legislative day of Mar. 28), 1934

UNITED STATES ATTORNEY

Howard L. Robinson to be United States attorney for the northern district of West Virginia.

POSTMASTERS

PENNSYLVANIA

John H. Snyder, Richfield.
Harold I. Haines, Thompsontown.

TENNESSEE

Bernard R. Duncan, Linden.

WISCONSIN

Bert J. Walker, Almond.
William A. Roblier, Coloma.
Hans C. Peterson, Spring Valley.
Louis H. Rivard, Turtle Lake.

HOUSE OF REPRESENTATIVES

FRIDAY, APRIL 13, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Thou who art the All-Father, infinite in the treasures of mind and heart, we rejoice that we are Thy children, that our conflicts are not unwatched, that our struggles are not unrewarded, and that our sorrows are not without sympathy. We thank Thee for that one face that stands fully revealed; it is the face of Him whose name is above every name. Without Him the brightest day of human life would be dark, all music would be a dirge, earth would hold only one color, and joy would pass into an eclipse. O God, we have been appointed to a great task. May we spend our hours in gallant, self-sacrificial service, and thus prove ourselves worthy of such preferment. O keep in our minds that there is only one ambition, and that ambition is to do Thy will by promoting contentment, peace, and happiness in human hearts and homes. In the name of the Savior of men. Amen.

The Journal of the proceedings of yesterday was read and approved.

THOMAS JEFFERSON

The SPEAKER. Under the special order of the House, the gentleman from Missouri [Mr. SHANNON] is recognized for 30 minutes.

Mr. SHANNON. Mr. Speaker, I dislike very much to read a Jefferson speech, but this is one that has been prepared within the last 48 hours, and I feel I should read it.

I wish to say in reference to Missouri that we have a Jefferson holiday in our State.

When the bill to declare his birthday a holiday was before the State legislature it received the vote of every member present of both houses of the general assembly. There was no one of any party who voted "no" on the question. The Governor who signed the bill was Republican, and when he signed it, he said, "Tell Shannon I am a better Jeffersonian than he ever dared to be." [Laughter.] This was three or four years ago, and today, in the 10,000 public schools and in the hundreds of private schools of Missouri, this day will be fittingly observed, and I feel assured in saying to you that the same spirit that moved the general assembly of my home State to pass the law and the Governor to sign it still prevails. There will be no politics in the recognition of Jefferson's great services that will be brought to mind there today, and the tributes that will be rendered to his memory in the schools of the State will be those of a generation that is coming to learn of the great things that this man did for his country and for the schools of his country.

It has been my very great pleasure and privilege for many years to endeavor to keep alive in the minds of the fellow citizens of my own State, and those beyond its borders where opportunity offered, the memory and the teachings of that great American, Thomas Jefferson.

I recollect that a few years ago, when the Hamiltonian dynasty was in the ascendant, bestriding our industrial world like a colossus while Democrats everywhere were peeping about to find themselves political graves, my efforts were met, first with a smile and then with cynical derision. So long had the persistent plans of the lords of the big business world and their allies in the political world been directed to the task of keeping the doctrines and even the memory of this patriot, genius, and statesman in the background that I found that even in our schools and school histories the great part played by him in the founding and development of the foundations of our Nation was minimized and consistently belittled until it became a wide-spread, if not a wholly popular, notion that there was only one man of those early days—Mr. Hamilton—to whom we owed a debt of gratitude for the blessings of government we enjoyed and for the crumbs of comfort that, at intervals, trickled down to us from the big table of the overlords.

But I am glad to state to this House that Thomas Jefferson has emerged from the obscurity into which the captains of privilege would have relegated him. I make no special claims to credit for this change of opinion in the public mind. Many distinguished men of both parties, true Americans, with an honest respect for the records of our country's history and for the achievements of its fathers, have come to the front and paid their impartial tributes to the memory of Thomas Jefferson, not only in this day but in the past when there were men who held patriotism above party and historic truth above the selfish interests of industrial cliques and privileged political oligarchies.

REPUBLICAN TRIBUTES TO JEFFERSON

Among those of the opposite political faith today, let me mention, with profound respect for his broad statesmanship and polemical fairness and honesty, my distinguished friend, the Honorable JAMES M. BECK, of Pennsylvania. Mr. BECK made an address at the Jefferson Day dinner of the Sons of the Revolution, 6 years ago, which was and is a classic of eloquence and is one of the most brilliant tributes to Jefferson it has ever been my pleasure to read.

From the dim past we hear the voice of Abraham Lincoln deploring the fact that "the principles of Thomas Jefferson were in danger of being overthrown in this Nation." And we hear the voice of another Republican statesman, one of the greatest in an era of great men, Senator George F. Hoar, who declared that—

> Every American political sect finds its political doctrine in Jefferson, almost as every religious sect finds its doctrine in the Savior of mankind.

We are met today on an anniversary of the birth of Thomas Jefferson, and I am glad of the opportunity afforded me to remind you that the spirit of Jefferson is still alive and that it must be kept alive if we are to return to the wise counsels and the rational doctrines which he bequeathed to us. In my own State, as I have said, we have

declared the anniversary of Jefferson's birthday a public holiday. Other States have followed our example, and movements are on foot in still other States to so honor his memory. I hope to see the day when the Congress will, in atonement for a long-neglected duty, pass a law declaring the birthday of this great American a public holiday in the District of Columbia, thus doing honor to him not as the presumptive founder of a political party but as the author of the Declaration of Independence, the crusader for our Bill of Rights, the apostle of freedom for white and black, the friend of free education for the masses, the far-visioned prophet of the Nation's territorial expansion, and the explorer of its wilderness expanses where unborn States lay waiting for the tides of humanity and prosperity that his wisdom and foresight saw in its destiny.

One hundred and ninety-one years ago today Thomas Jefferson was born at the base of Monticello Mountain. Eighty-three years later he died at its summit, after a life crowned with unselfish devotion to the Republic he helped to form and to the welfare of the people whom he regarded as the bone and sinew of the American democracy whose foundations he fervently believed he was laying when he penned the immortal Declaration of Independence and added to our constitutional document the forgotten rights of the individual man.

HIS PRINCIPLES VITAL TODAY

We are familiar enough, no doubt, with the political principles for which Jefferson stood—principles, I fear, that for a passing moment in our national career have come to be honored more in the breach than in the observance. I am hopeful that the day of emergencies into which we were recklessly plunged by the followers of the Hamiltonian system, almost to the brink of national ruin, will soon pass, and that we shall again witness a return to those sound principles of government of, for, and by the people which Jefferson deemed so essential and so vital to the perpetuation of a true democracy.

I would not undertake in the brief limits of a half-hour speech even to attempt to review the great principles that this many-sided statesman stood for. I should like on this commemorative occasion to revert to some of the unfamiliar things in his life, to illustrate how comprehensive was the genius of the man, how manifold his interests for the welfare of the people, how diversified and significant were the channels through which he sought to inculcate the cultural development of the Nation whose destinies he so clearly visioned, and of the people whose individual welfare he was so jealously mindful of.

Jefferson's dreams were always practical ones; they were never fashioned in ordinary prosaic ways. Whatever he did, he did with a sense of beauty as well as utility. It is not generally known, perhaps, that he was an architect of exceptional ability. Into everything he planned of an architectural character, whether home or public building, he put something of classical beauty and symmetry that left its impression upon the Nation's arts of construction in a day when men's minds were more concerned with the mere utilities of life than with its aesthetic aspects.

I have here a book which contains photogravures of the architectural creations of Thomas Jefferson, which stand as mute witnesses of his greatness as an architect and builder, and of his restless spirit, ever seeking for perfection and the right expression, whether in his literature or his art.

I prize this book deeply. It was given to me by a former Governor of Missouri and a former Member of this House—a Republican—Henry S. Caulfield. It contains 133 pages and index, including 96 plates.

The Old Dominion is full of architectural structures, homes, and public buildings that stand as memorials today of the genius of Thomas Jefferson, their designer, and in some instances their builder as well.

JEFFERSON THE GREAT ARCHITECT

Here are pictures of Jefferson's home at Monticello, the interior and exterior beauties of which have won the admiration of the great architects of the country. Here we find exemplified his knowledge of oriental as well as of colonial architecture. The general design of the mansion, and its elaborate and beautiful interior, evidence a skill and a taste rare in his days. He transplanted the designs of the architectural masters of the Old Continent, which he had studied while abroad, into the new lands of his own beloved country, always adapting classic models to the local environment and combining beauty with utility.

Here are pictures and plans of the Virginia Capitol, which Jefferson designed, and which marked an epoch in modern architecture. The University of Virginia, a group of buildings designed by Jefferson, was considered his crowning architectural achievement. The classic magnificence of this institution is familiar to every American traveler. He not only planned the buildings but the disposition and development of the grounds, which today attract the attention of every visitor to this great institution.

Here are copies of the original drawings made by the hand of Thomas Jefferson. Scattered over the State of Virginia—at Bremo, Barboursville, Poplar Forest, Edgehill, Farmington, and other great colonial estates—still stand mansions that attract the eyes of passers-by on the highways; they were all designed by Jefferson. The great portico at Montpelier, the home of President Madison, has been attributed to him, and the history of early American architecture in the Colonial States bears ample evidence of the influence of Thomas Jefferson, the architect.

In the office of every Member of this House can be found the book a copy of which I now hold in my hand. It is another enduring evidence of the pioneering genius of Thomas Jefferson. Its outside binding bears the inscription, "Jefferson's Manual; Rules and Practice, House of Representatives." This book has been a guiding torch to the deliberations of this body and of the Senate for 130 years. Jefferson's Manual covers 177 of its 545 pages. When Jefferson, as Vice President of the United States, from 1797 to 1801, presided over the deliberations of the Senate, he prepared and codified the fundamental principles of parliamentary practice for his own guidance in his customary farsighted way. In 1837 the House, by the adoption of a rule which still exists, permitted the provisions of Jefferson's Manual to govern the House in all cases to which they were applicable. The changing practice of new conditions may have brought modifications of the rules which Jefferson formulated, but his Manual still embodies the foundations of the most important portions of the House's practices and, as we know, it has long been regarded abroad among English parliamentarians as the best statement of what the laws of parliamentary conduct were at the time Jefferson wrote it.

A GREAT PARLIAMENTARIAN

In the introduction to Jefferson's Manual I read a statement attributed to a famous Speaker of the English House of Commons, which will illustrate the purpose that Jefferson, the father of real equality and democracy, had in mind when he sat down to plan the method and the purpose of conducting our deliberative sessions as representatives of the people. Quoting the maxim of the English Speaker of the House of Commons, to the effect that it was necessary for minorities to protect themselves against the encroachments of majorities and against the attempts of power, Jefferson said:

> The maxim is certainly true and is founded in good sense that it is always in the power of the majority, by their numbers, to stop any improper measures proposed on the part of their opponents, and the only weapons by which the minority can defend themselves against similar attempts from those in power are the forms and rules of proceeding which have been adopted as they were found necessary, from time to time, and are become the law of the House, by a strict adherence to which the weaker party can only be protected from those irregularities and abuses which those forms were intended to check, and which the wantonness of power is but too often apt to suggest to large and successful majorities.

So we find in this familiar book, whose foundations were established by Thomas Jefferson a century and a quarter ago, the warnings displayed and the roads indicated by which we are enabled to guard our Republic against the insidious encroachments of power in the hands of great majorities, and the dangers that lurk in any abandonment of or vital change in the basic principles of democratic government which Jefferson championed and which guided our

Government through its formative years and the period of its greatest expansion and progress. In this book we have an ever-present monument to the parliamentary wisdom and farsighted caution of Thomas Jefferson, patriot and statesman.

I turn now to another phase of this great man's manifold concerns for the welfare of the people and for the Nation, whose ideals he was so instrumental in formulating. My good friend, Walter Williams, president of the University of Missouri, in a letter he wrote me not long ago, referred to Thomas Jefferson as "the supreme American."

JEFFERSON'S PRACTICAL CHRISTIANITY

I now hold in my hands two little volumes which bear witness to the fact that Jefferson was supreme, not only in his pure American statesmanship and ideals, but he was also supreme in his humanitarianism and practical Christianity. It was the fashion of certain Jeffersonian critics of the early days to brand him as an atheist; this was only one of many calumnies that his enemies heaped upon him. These books are known as the "Jefferson Bible." One of them was presented to me by a colored man, Sam Royston, of my home city, and the other was presented to me by Willa Y. Mitchell, a daughter of Pike County, Mo., now principal of the Winnwood school in Clay County, Mo.

The Jefferson Bible is an enduring refutation of the charges of infidelity made against Jefferson and is living evidence of the fact that he sought to guide his public and his private conduct by the teachings of the Man of Galilee.

Thomas Jefferson compiled the Jefferson Bible by his own hands, as he did many other things that marked him as a pioneer in the ways of truth, honor, and honesty in public life.

In 1803, while "overwhelmed with other business", he cut from the leaves of the gospels of the Evangelists the actual words uttered by Christ, the passages that he believed would best present the ethical teachings of Jesus; and he arranged them on the pages of a blank book, in a certain order of time or subject, so that he might always have before him, not scriptural commentaries or theological interpretations but the actual words of the founder of Christianity. It was a novel idea, one never attempted before. Through the doctrines of love, charity, and humanitarianism which he found in the sayings of the Meek and Lowly One, I firmly believe, in the light of all the records of his life, he sought to guide his public and private conduct. In his introduction to the Jefferson Bible he wrote:

> His (Christ's) moral doctrines relating to kindred and friends were more pure and perfect than those of the most correct of philosophers and greatly more so than those of the Jews, and they went far beyond both in inculcating universal philanthropy, not only to kindred and friends, to neighbors and countrymen, but to all mankind, gathering all into one family, under the bonds of love, charity, peace, common wants, and common aids.

Then Jefferson wrote his friend, Charles Thompson, a confirmation of his own practical adoption of what he considered the pure teachings of Christ. He said:

> I, too, have made a wee little book from the same materials (the gospels), which I call the "Philosophy of Jesus." It is a paradigma of His doctrines, made by cutting the texts out of the book and arranging them on the pages of a blank book. A more precious or beautiful morsel of ethics I have never seen. It is a document in proof that I am a real Christian, that is to say, a disciple of the doctrines of Jesus, very different from the Platonists, who call me infidel and themselves Christians and preachers of the gospel, while they draw all their characteristic dogmas from what its author never said nor saw, and of which the Great Reformer, were He to return to earth, would not recognize one feature.

We have in this so-called "Jefferson Bible" the irrefutable record of his religious convictions and his practical Christianity—a belief and a faith that guided him when he wrote that "all men were created free and equal and by their Creator endowed with inalienable rights to life, liberty, and the pursuit of happiness." This little book is the monument to Thomas Jefferson, the practical Christian.

A BOOK OF JEFFERSONIANA

This 283-page book that I now hold in my hand is entitled "The Complete Anas of Thomas Jefferson." It is truly what the name implies—a revealing compendium of Jeffersonian literature, notes, and speeches collected and bearing on some particular person or place or subject.

The topics mainly concerned are Alexander Hamilton and his policies. The reason for preserving the record of Jefferson's career and philosophy was that posterity might know how sacredly fundamental their differences were. Jefferson's public and private utterances show that the contests from 1791 to 1800 were contests between the advocates of a republican form of government as opposed to the advocates of a monarchial form of government.

The Jeffersonians stood for government by the people, and the Hamiltonians favored a revival of English ideals, a king in fact, or a monarchy of some kind.

To illustrate how intensely hostile Jefferson was on the subject of a monarchy, I have found more than 40 statements by him on this subject. He repeatedly charged that Hamilton and his associates favored a monarchy. In a communication to General Washington, Jefferson said:

> I was much an enemy to monarchies before I came to Europe. I am 10,000 times more so, since I have seen what they are.

At this moment there is a congressional committee investigating the utterances of an individual concerning an alleged contemplated change in our form of government. Jefferson's idea was to be eternally vigilant and watch for any disturbances which tended to menace the security of the Republic.

Notwithstanding the great differences between Jefferson and Hamilton, Jefferson, in the Anas, described Hamilton as being a man honest and honorable in all private transactions. The University of Virginia is not only a monument to the architectural genius of Thomas Jefferson; it is another imperishable reminder of Thomas Jefferson as the protagonist of free education and academical training for the youth of America.

In this field, also, he was a pioneer. He was the first conspicuous and persistent advocate of State aid to the higher institutions of learning, as he was of local taxation to support the common schools of his State, as the nurseries of culture, prosperity, and good government.

ADVOCATE OF FREE EDUCATION

Jefferson's description of the purposes and aims of a common-school education and the fundamentals of citizenship that should there be acquired is the very essence of common and of pedagogical wisdom. He considered education of youth a "holy cause", says one of his biographers; and he defined its main objects to be to equip the youth of the land for the battles of life in any sphere in which his fate might cast him. Here, in brief, is his definition of a primary education:

> 1. To give to every citizen the information he needs for the transaction of his own business.
> 2. To enable him to calculate for himself and to express and preserve his ideas, his contracts, and accounts in writing.
> 3. To improve, by reading, his morals and faculties.
> 4. To understand his duties to his neighbors and country, and to discharge with competence the functions confided to him by either.
> 5. To know his rights; to exercise with order and justice those he retains; to choose with discretion the fiduciary of those he delegates; and to notice their conduct with diligence, with candor, and judgment.
> 6. And, in general, to observe with intelligence and faithfulness all the social relations under which he shall be placed.

I have, at the outset of my remarks, referred to the fact that even in the schools of our country has the name and fame of Thomas Jefferson been shrouded in obscurity, if not with an insidious measure of contempt. I am here to assert that if those precepts of Thomas Jefferson were framed and hung in every primary schoolroom of this land, and brought daily to the attention of the rising generations of young students, we would be hearing less today of communistic principles, or partisan hatreds, or of changing standards of government, and more of pure patriotism, ideal Americanism, and self-reliant citizenship.

Jefferson was not only an advocate of practical learning in the schools; his educational plans for a higher education, prepared for the University of Virginia, and used as a model for the later universities of the country, were wise and com-

prehensive. That great institution was to be nonsectarian. He studied the universities of Europe with great care, and determined that America would not lag in the highest forms of professional training. Forty years of observation, experience, travel, and reflection were compressed into his plans for his State university, and it became not only the pride of his State but the pride of his life. The founding of the university was not accomplished without long and entangling oppositions. I like to linger over the account of Edmund Bacon, the overseer, of Jefferson's supervision of the foundations of the first building that marked the beginning of that great institution. It is related in these words in William Ellery Curtis' biography of Jefferson:

> My instruction was to get 10 able-bodied men to commence the work. I soon got them and Mr. Jefferson started from Monticello to lay off the foundation and see the work commenced. An Irishman named Dinsmore and I went along with him. As we passed through Charlottesville, I went to old Davy Isaac's store and got a ball of twine, and Dinsmore found some shingles and made some pegs and we all went out to the field together. Mr. Jefferson looked over the ground for some time and then stuck down a peg. He stuck the very first peg in that building and then directed me where to carry the line, and I stuck the second. He carried one end of the line and I the other in laying off the foundation of the university.
>
> After the foundation was nearly completed, they had a great time laying the cornerstone. The old field was covered with carriages and people. There was an immense crowd there. Mr. Monroe laid the cornerstone. He was President at that time. Mr. Jefferson—I can see his white head just as he stood there and looked on. After this he rode from Monticello every day while the university was building, unless the weather was very stormy. He looked after all the materials and would not allow any poor materials to go into the building if he could help it.

And Jefferson continued his supervision of that institution to the end of his life. The last entry in its records noted his presence as a member of the board of visitors only a few days before his death.

THREE OF HIS GREATEST ACHIEVEMENTS

It is not hard to understand why Thomas Jefferson made the request that is perpetuated on his tomb—the three things that he wished to be remembered by. He brushed aside the facts that he had been President of the United States, Vice President, Secretary of State, Minister to France, Minister Plenipotentiary to negotiate treaties of commerce with foreign nations, Delegate to Congress, member of the Virginia Legislature, Member of the Continental Congress, representative to the provincial legislature, vestryman of his church, and, in his early career, a justice of the peace in his community, to name his honors in reverse order. His wish was that posterity should recall him as the "author of the Declaration of Independence, the author of the Statute of Religious Freedom of the State of Virginia, and the founder of the University of Virginia." These are the everlasting monuments of Thomas Jefferson, the educator, the idealist, and the champion of equal rights to all men.

Truly it has been said, he named for himself his passports to immortality—the rights of man, religious liberty, and universal education.

I am aware that it has been customary in certain party circles to circumscribe the influence of this man as that of merely a master politician, a great party leader. Let me say that Thomas Jefferson was a leader in every form of activity in which his multifarious genius was engaged. His leadership was comprehensive. Possessed of extraordinary moral, intellectual, and organizing powers—not a dreamer, but always a doer—and having a sublime faith in his convictions of right and wrong and of the destiny of the people for whom he sought to help build an ideal form of government—a "new nation", in the words of Lincoln, "dedicated to the proposition that all men are created equal"—he propounded his views freely and lent all the energies of his great mind to fashioning his ideals into action. This he did, not merely in political matters, but in all the activities of a growing nation, in all the ramifications of culture, in all the spheres of public activities that he deemed essential in the science of government as well as in the regulation of sources of human moralities and well-being.

THE SUPREME AMERICAN

The range of Jefferson's vision and action was marvelous and manifold in its objectives. He looms in the backgrounds of our national history as, indeed, what Walter Williams named him, "the supreme American."

Jefferson was the father of our patent system. However, though a great inventor himself, he never applied for a patent, believing that inventive genius was the property of mankind.

He was the founder of our coinage system and of the almighty dollar as a unit of the system.

He was responsible in a large measure for the adoption of our present system of property inheritance, in that he brought about the abolishment of the old system of primogeniture and entail under which, as in the mother country, England, the eldest child was given preference and the rest of the family were left to shift for themselves when an ancestor died.

He was a lover of books and a student of history, and an adept in the bibliography of the governments of the world from the most ancient days.

He was the first American statesman who gave thought and study to the labor question, which, though simplified in those days of slavery, he foresaw would one day become a vital problem.

He was an apostle of freedom for the Negro slaves and wrote the first document that in later days became the language of the emancipation proclamation, the thirteenth amendment.

He was an advocate of the freedom of the press, though he himself was one of the most bitterly abused men by the press of his day.

There was hardly a single social or cultural or sociological subject, hardly a single phase of political life or educational life, upon which he did not express an opinion of wisdom and force. His utterances on these subjects were wide and varied in their interest. In the books which record his expressions of opinion, in public utterances, State papers, and letters to his friends, the scope of his interest and his advice is amazing. I have found 13 instances in which he discussed music; 22 in which he gave his views of ecclesiastical matters; 95 on public offices; 57 on the obligations of officeholders; 28 on the treatment and destinies of Negroes; 45 on the institution of slavery; 25 on temperance; 71 on the province of newspapers; and he even ventured some wise, if unheeded, suggestions upon the subject of matrimony.

Mr. Speaker and gentlemen, I am deeply conscious of the futility of trying to obtain a conception of the genius and the character of Thomas Jefferson by what has been said of him in the way of tribute or criticism by historians and biographers. I might go on indefinitely to quote the tributes that have been paid to him by great men of all political parties—men of the stamp of Abraham Lincoln, George F. Hoar, George Graham Vest, William Jennings Bryan, or the great contemporaries of his time who, whether friendly to his policies and beliefs or not, never failed to pay tribute to his intellectual and moral attainments.

THE VOICE OF JEFFERSON STILL POTENTIAL

There is only one sure way in which we can come in these days to know Jefferson—the leader who lived and moved and gave guidance to the ideals of the young Nation, and the mind and heart of the man himself—and that is by a study of the records of his own utterances, the things that he put into words in that clear and forcible expression which was characteristic of everything he wrote or said. He was one of the world's greatest thinkers. We must let Thomas Jefferson speak for himself, and posterity may be thankful that his words have been preserved, for his political wisdom and intellectual foresight is as new and vital and necessary today, I firmly believe, as they were when they found utterance a century and a quarter ago. Conditions may change, but, as Jefferson himself would have said, and did say, the principles of truth are eternal; they may, in the words of the poet, "be crushed to earth" at times,

but they will "rise again: The eternal years of God are hers;" while "Error dies among his worshipers."

I want now, as briefly as I may, to release a few records for our edification. On this occasion of his natal anniversary let us listen to his voice again and mark how pregnant and alive is his wisdom still and how applicable to our own complex conditions of life and government are the tenets of his philosophy of government, self-government, individuality, and personal freedom.

Let me quote from Forman:

When Congress met in December the Republicans had for the first time a majority in both Houses. There proceedings were not, as under the former administrations, opened with a set speech from the President. Jefferson regarded this as the chief of the ceremonials which he wished to end; and he transmitted to each House a written message, explaining in a brief note to the President of the Senate his reasons for changing the custom. This was in harmony with a systematic plan to check the tendency of his predecessors to exalt the executive above the legislative department and above private citizens.

This was followed by a suggestion that newspaper reporters be admitted unconditionally to the sessions of both Houses, so that the press of the country could give its readers a proper summary of the proceedings of Congress. This was another contribution of Jefferson's to the "liberty of the press."

He opposed exclusive and hereditary rights to inventions, giving these reasons:

Inventions cannot, in nature, be a subject of property. Ideas should freely spread from one to another over the globe, for the moral and mutual instruction of man and the improvement of his condition. Society may give an exclusive right to the profits arising from inventions, as an encouragement to men to pursue their ideas which may produce utility, but this may or may not be done, according to the will and convenience of society, without claim or complaint from anybody. Other nations have thought that these monopolies produce more embarrassment than advantage to society, and it may be observed that the nations which refuse monopolies of inventions are as fruitful as England, which grants them, in new and useful devices.

It was Jefferson's belief that a monopoly should not be permitted to take over what he called "the fugitive fermentations" of the individual brain, an idea, and then capitalize it for all time against mankind. He believed that those great inventions belonged to mankind in general and not to a monopoly to wrest exorbitant profits from the people.

HIS VIEWS OF PARTY GOVERNMENT

Jefferson, at the outset of his career, was not a party man. He once said, "If I could not go to heaven but with a party, I would not want to go there at all." He did not believe in factions, but he came to believe in party responsibility and to recognize the advantage of organization for the promotion of political principles, and finally concluded that parties were not only necessary but beneficial in provoking discussion and interest in public affairs. The third administration of our national affairs was that of Jefferson, of 8 years' duration. These 8 years of strict party government presented an example of harmony in the Cabinet of six persons to which the previous history of our national affairs presented no parallel. There were constant dissentions in the Washington Cabinet, and he came to learn of the dangers of a hybrid administration. The first great failure of bipartisan government was that under George Washington, made up of Federalists, represented by Hamilton, on one hand, and of Republican-Democrats, represented by Jefferson, on the other. It resulted in constant friction, and finally Jefferson withdrew from the Cabinet of Washington with the firm conviction that the only fixed responsibility was party responsibility.

He was jealous of individual power above the party. He said:

I have never been so well pleased as when I could shift power from my own shoulders to the shoulders of others, nor have I ever been able to conceive how any rational being could propose happiness to himself from the exercise of power over others.

The safe Executive he believed is the one who is always reluctant to exercise power beyond that which is allotted to him by the constitutional provisions.

Though a great sufferer from newspapers and pamphleteers, Jefferson advocated freedom of the press in these notable words:

As to myself, conscious that there was not a truth on earth which I feared should be known, I have lent myself willingly as the subject of a great experiment, which was to prove that an administration, conducting itself with integrity and common understanding, cannot be battered down, even by the falsehoods of a licentious press, and still less by the press as restrained within the legal and wholesome limits of truth. I have never, therefore, even contradicted the thousands of calumnies so industriously propagated against myself. But the fact being once established that the press is impotent when it abandons itself to falsehood, I leave to others to restore it to its strength, by keeping it within the pale of truth. Within that, it is a noble institution equally the friend of science and of civil liberty.

Here are a few of his admonitions about the much-vaunted topic of liberty:

The God who gave us life gave us liberty at the same time; the hand of force may destroy, but it cannot disjoin them.

A government wherein the will of the everyone has a just influence * * * enjoys a precious degree of liberty and happiness. It has its evils too, the principal of which is the turbulence to which it is subject. But I hold that a little rebellion now and then is a good thing and as necessary in the political world as storms in the physical * * *. It is a medicine necessary for the sound health of government.

The ground of liberty is to be gained by inches; we must be contented to secure what we can from time to time and eternally press forward for what there is yet to get. It takes time to persuade men to do even what is for their own good * * *. But this ball of liberty is now so well in motion it will roll around the globe, at least the enlightened part of it, for light and liberty go together. It is our glory that we first put it in motion, and our happiness that, being foremost, we had no bad examples to follow.

Nor did he neglect hygienic instruction. He wrote:

An attention to health should take place of every other subject. The time necessary for this by active exercises should be given in preference to every other pursuit. I know the difficulty with which a studious man tears himself away from his studies at any given moment of the day. But his happiness and that of his family depend upon his health. The most uninformed mind, with a healthy body, is happier than the wisest valetudinarian.

Here is his summing up of the character of Napoleon Bonaparte, which may well be interpreted as his opinion of war in general. He made more than 50 utterances on Bonaparte:

Bonaparte has been the author of more misery and suffering to the world than any being who ever lived before him. After destroying the liberties of his country he has exhausted all its resources, physical and moral, to indulge his own maniac ambitions, his own tyrannical and overbearing spirit. His sufferings cannot be too great.

Of the men who toil, whether free or bonded, he had much to say:

Our ancestors who migrated to this country were laborers, not lawyers.

And of the slaves on his plantation he said:

My first wish is that they (the colored laborers) may always be well treated, and the second is that they may enable me to have that treatment continued by making as much as will admit it.

Of the Presidential office and those who succeeded and preceded him in the office he made these comments:

No man will ever bring out of the Presidency the reputation that carried him into it.

It is a splendid misery.

Neither the splendor nor the power nor the difficulties nor the fame or defamation, as may happen, attached to the first magistracy, have any attractions for me.

The President is extremely affected by the attacks made and kept up on him in the public papers. I think he feels those things more than any person I have ever yet met with. I am sincerely sorry to see them.

Washington's fame will go on increasing until the brightest constellation in yonder heavens shall be called by his name.

He was opposed to centralization of government and these were some of his reasons:

What has destroyed the liberties and the rights of man in every government which has ever existed under the sun? The generalization and concentration of all cares and powers into one body, no matter whether of the autocrats of Russia or France or of the aristocrats of a Venetian senate.

Whenever the people are well informed, they can be trusted with their own government.

Again he said:

I wish to see all mankind exercising self-government and capable of exercising it.

HIS LOVE OF THE SOIL

Jefferson, in his lifetime, was much interested in the problems of agriculture and arboriculture. I have found 12 utterances of his on arboriculture and 33 on agriculture.

No occupation—

He wrote—

is so delightful to me as the culture of the earth. Agriculture is the basis of the subsistence, the comfort, and the happiness of man.

There are evidences that Jefferson himself had misgivings about the security of the principles of government which he espoused. Even in that early day he saw that it would be difficult to enact them all into law and harder still to keep them intact. Hence, if today we sense that there has been a departure from some of his teachings, we are only feeling, as Jefferson feared would be brought about by changing conditions, the growth of industrial enterprise, and the ambitions of its great captains. Yet, none the less, must we revert to those principles which he enunciated lest we forget the ancient landmarks or lose sight of the great foundations upon which he with the other fathers of the Republic sought to launch this new experiment in the governments of the earth.

His great tolerance of opinion extended even to the parties who were opposed to him and who fought him most bitterly in the days when he was attempting to put into practice his theories of government. He said on one occasion:

I tolerate with the utmost latitude the right of others to differ from me in opinion without imputing to them criminality.

In a day when slavery was an accepted institution, and when the lines were being firmly drawn between the North and the South, that were eventually to break into fratricidal war, we find him giving the same concern to the Negroes and their human rights as to the rights of the white laborers of his country. There was always a touching consideration that he expressed for the slave laborers on his plantation, and at his death there were gathered around him many of these old Negroes, who had been with him all their lives, to mourn his departure and to accept the inheritance of freedom which his wish and will passed on to them.

INHERITORS OF JEFFERSON'S SPIRIT

Jefferson's life was beautiful, and his death, likewise, was beautiful. I associate in my mind the closing careers of two statesmen whose charity, benevolence, and humanitarian tolerance seem to me modeled upon the life of Thomas Jefferson, and whose passing seemed to be inspired by the gospels of his teaching.

Stormy enough was the political life of Andrew Jackson, but when the hour of death arrived and there gathered about him those of his household and many of his slaves, as he saw them weeping, he looked up from his pillow and said:

Don't cry; gather closer; I am going to leave you but we will soon meet again. We will all meet in heaven, both white and black.

Not long ago this House lost one of its most eminent members, Edwin William Pou. The press notices say that Mr. Pou had written the epitaph for his tombstone. It was to read:

I know not what record of sin may await me in the world to come, but this I do know: I was never mean enough to despise a man because he was poor, because he was ignorant, or because he was black.

When Thomas Jefferson declared that he did not want to go to heaven as a party man, he breathed a kindred spirit of tolerance—a tolerance that not only animated his political life, but all his dealings with the men, white or black, who worked with him and with his fellow citizens, no matter with what party they were allied.

Here are three great Americans, widely separated though they may be by years of service and changing conditions, three eminent citizens of the South, whose Heaven was not to be curtailed or hopes of happiness bounded by any earthly considerations of race, color, or party. [Applause.]

THE PRIVATE CALENDAR

The SPEAKER. Under the special order for today the Clerk will first call the bill, Private Calendar No. 500.

FOUR-MASTED AUXILIARY BARK QUEVILLY V. THE UNITED STATES

The Clerk called the bill (S. 1934) conferring jurisdiction upon certain courts of the United States to hear and determine the claim by the owner of the four-masted auxiliary bark *Quevilly* against the United States, and for other purposes.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the claim of Compagnie Maritime Normande, formerly known as "Société Anonyme du Quevilly", owner of the four-masted auxiliary bark *Quevilly*, against the United States for damages alleged to have been caused by collision between said four-masted auxiliary bark *Quevilly* and the United States destroyer *Sampson* on January 26, 1917, may be determined in a suit to be brought by said claimant against the United States in the United States District Court for the southern district of New York, sitting as a court of admiralty and acting under the rules governing such court in admiralty cases, and that said court shall have jurisdiction to hear and determine said suit and to enter a judgment or decree for the amount of such damages, and costs, if any, as shall be found due against the United States in favor of the said Compagnie Maritime Normande, formerly known as "Société Anonyme du Quevilly" or against the said Compagnie Maritime Normande, formerly known as "Société Anonyme du Quevilly", in favor of the United States, by reason of said collision, upon the same principles and under the same measures of liability as in like cases between private parties, and with the same rights of appeal: *Provided*, That such notice of the suit shall be given to the Attorney General of the United States as may be provided by order of the said court, and upon such notice it shall be the duty of the Attorney General to cause the United States attorney in such district to appear and defend for the United States: *Provided further*, That such suit shall be begun within 4 months of the date of the approval of this act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

S.S. "W. I. RADCLIFFE"

The Clerk called the bill (S. 1935) to amend the act of March 2, 1929, conferring jurisdiction upon certain courts of the United States to hear and determine the claim by the owner of the S.S. *W. I. Radcliffe* against the United States, and for other purposes.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the act of Congress (H.R. 11698) approved March 2, 1929 (Private, No. 480, 70th Cong.), entitled "An act conferring jurisdiction upon certain courts of the United States to hear and determine the claim by the owner of the S.S. *W. I. Radcliffe* against the United States, and for other purposes", be, and the same hereby is, amended by deleting therefrom the words "Wynstay Steamship Co. (Limited), a British corporation, owner", and substituting in the place and stead thereof the words "Wynnstay Steamship Co., Limited, and W. I. Radcliffe Steamship Co., Limited, British corporations, owners", and that said act be further amended by deleting therefrom wherever they may appear the words "Wynstay Steamship Co., (Limited)", and substituting in the place and stead thereof the words "Wynnstay Steamship Co., Limited, and W. I. Radcliffe Steamship Co., Limited"; and that the suit heretofore commenced in the United States District Court for the Southern District of New York, under the said act of March 2, 1929, may be continued in the names of Wynnstay Steamship Co., Limited, and W. I. Radcliffe Steamship Co., Limited, as parties libelant.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A. C. MESSLER CO.

The Clerk called the bill (S. 503) to confer jurisdiction on the Court of Claims to hear and determine the claim of A. C. Messler Co.

Mr. BLANCHARD. Mr. Speaker, reserving the right to object, I have gone over the committee report very carefully, and I may say to the gentleman that this is one of those border-line cases involving a considerable sum of money.

Mr. CONDON. I do not think so. The total amount asked for originally was $23,000, and the House last year

reported out a bill in compromise for about $12,000. At that time the War Department did not approve the claim, but said that it had no objection to the claim being considered in the Court of Claims. For this reason the bill was introduced in the Senate this year by Senator METCALF asking the right to go into the Court of Claims, and I do not think the amount in any event will equal $20,000.

Mr. BLANCHARD. I notice that at one time there was a private bill determining the amount at $12,000, which, of course, was an arbitrary figure with respect to the claim which then amounted to $16,378.68.

Mr. CONDON. And that also was a compromise when it was first introduced.

Mr. BLANCHARD. This report came from the War Department in 1932, and because I am in doubt about the bill, I want to ask the gentleman if the War Department has confirmed the report of 1932? If not, I am going to ask that the bill go over.

Mr. CONDON. I hope the gentleman will not do that, because it will defeat the bill.

Mr. BLANCHARD. I do not think so. If it would, I am sorry.

Mr. CONDON. Do I understand the gentleman wants a repetition from the War Department that it has no objection to the bill being considered by the Court of Claims?

Mr. BLANCHARD. Yes. Mr. Speaker, I ask unanimous consent that the bill go over without prejudice and become no. 1 on the next call of the calendar.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

VELIE MOTORS CORPORATION

The Clerk called the bill (S. 2905) to confer jurisdiction on the Court of Claims to hear, determine, and render judgment upon the claim of the Velie Motors Corporation.

The SPEAKER. Is there objection?

Mr. BLANCHARD. Reserving the right to object, I would like to hear some statement.

Mr. THOMPSON of Illinois. This bill passed the House in the Seventy-second Congress. It is a jurisdictional bill and involves a contract by which the Velie Motors Corporation contracted to manufacture and furnish 10,000 machine-gun carts, and that they should be suitably packed, boxed, and marked at Moline, Ill.

The War Department later gave instructions that they should be recrated according to new specifications. This claim is for the additional cost of recrating.

Mr. BLANCHARD. The record discloses that the Velie Motors Corporation has gone into insolvency. Is the gentleman familiar with the receivership and the affairs of liquidation?

Mr. THOMPSON of Illinois. The affairs have not been fully liquidated.

Mr. BLANCHARD. Mr. Velie lost control of the corporation and it was in the hands of the bankers.

Mr. THOMPSON of Illinois. Velie, before his death, was in full charge of the company. The bankers were entirely out of the picture for some little time before his death. The members of the family are in control of the situation and are the largest stockholders.

Mr. BLANCHARD. Do I understand that the assets of the corporation were sold?

Mr. THOMPSON of Illinois. Not to my knowledge.

Mr. BLANCHARD. And the gentleman is familiar enough with the facts of the situation to make that statement?

Mr. THOMPSON of Illinois. I think so.

Mr. BLANCHARD. I have checked up on it, and I feel that I must object to the bill.

Mr. THOMPSON of Illinois. Will the gentleman let it go over without prejudice?

Mr. BLANCHARD. Yes. Mr. Speaker, I ask that the bill go over without prejudice.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

EDWARD F. GOLTRA

The Clerk called the bill (S. 1091) conferring jurisdiction upon the Court of Claims of the United States to hear, consider, and render judgment on the claims of Edward F. Goltra against the United States arising out of the taking of certain vessels and unloading apparatus.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That jurisdiction is hereby conferred upon the Court of Claims of the United States, whose duty it shall be, notwithstanding the lapse of time or the bar of any statute of limitations or previous court decisions, to hear, consider, and render judgment on the claims of Edward F. Goltra against the United States for just compensation to him for certain vessels and unloading apparatus taken, whether tortiously or not, on March 25, 1923, by the United States under orders of the Acting Secretary of War, for the use and benefit of the United States; and any other legal or equitable claims arising out of the transactions in connection therewith: *Provided*, That separate suits may be brought with respect to the vessels and the unloading apparatus: *Provided further*, That either party may appeal as of right to the Supreme Court of the United States from any judgment in said case at any time within 90 days after the rendition thereof, and any judgment rendered in favor of the claimant shall be paid in the same manner as other judgments of said Court of Claims are paid.

Mr. LLOYD. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Mr. LLOYD offers a committee amendment: On line 6, page 2, after the word "apparatus", insert "but no suit shall be brought after the expiration of 1 year from the effective date of this act."

The amendment was agreed to.

The bill as amended was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill was laid on the table.

Mr. BLANCHARD. Mr. Speaker, are there other bills that have preferential status?

The SPEAKER. That is all. Under the special order, the Clerk will call the calendar, beginning with the star.

Mr. BLANCHARD. Mr. Speaker, before that is done, a few days ago, at the call of the Private Calendar, at my request, private bills H.R. 313, H.R. 315, and H.R. 316 on the calendar were passed over without prejudice. I now ask that they be taken up in the order I have indicated.

The SPEAKER. The Clerk will call the bills, as indicated.

Mr. TRUAX. Mr. Speaker, will the gentleman state what the bills are?

Mr. BLANCHARD. Yes. They are all by Mr. TAYLOR of South Carolina, and all involve the same transaction, a bail-bond matter, where the prisoner was apprehended as the result of the work done by these men who were on the bail bond.

C. J. HOLLIDAY

The Clerk called the bill (H.R. 4927) for the relief of C. J. Holliday.

There being no objection, the Clerk read as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $524.07 to C. J. Holliday, of Pelzer, S. C., which sum represents the loss sustained by the said C. J. Holliday on bail bond of Reuben G. Johnson, who afterwards was captured and returned to the United States officers by the said C. J. Holliday, record of said estreatment of bond being shown in the order of Hon. H. H. Watkins, United States district judge, at Greenville, S.C., February 7, 1923.

With the following committee amendment:

Page 1, after line 1, insert the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendment was agreed to.

Mr. BLANCHARD. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BLANCHARD: In line 5, on page 1, strike out "$524.07" and insert in lieu thereof "$500."

The amendment was agreed to.

Mr. BLANCHARD. I offer a further amendment.

The Clerk read as follows:

Amendment offered by Mr. BLANCHARD: After the words "South Carolina", on page 1, line 6, insert "in full settlement of all claims against the Government of the United States."

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

J. B. TROTTER

The Clerk called the next bill, H.R. 4929, for the relief of J. B. Trotter.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $537.65 to J. B. Trotter, of Pelzer, S.C., which sum represents the loss sustained by the said J. B. Trotter on the bail bond of Reuben G. Johnson, who afterward was captured and returned to the United States officers by the said J. B. Trotter, record of said estreatment of bond being shown in order of Hon. H. H. Watkins, United States district judge, of Greenville, S.C., February 7, 1923.

With the following committee amendment:

On page 2, after line 2, insert: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendment was agreed to.

Mr. BLANCHARD. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BLANCHARD: On page 1, line 5, strike out "$537.65" and insert in lieu thereof "$500."

Mr. HASTINGS. Will the gentleman yield?

Mr. BLANCHARD. I yield.

Mr. HASTINGS. Is this an arbitrary amount that the gentleman is offering as an amendment? Why reduce the amount to $500? Is a larger amount due?

Mr. BLANCHARD. It is not an arbitrary reduction. There is a question as to whether or not this man should receive court costs or should be reimbursed to the extent of the amount of the bail.

Mr. TAYLOR of South Carolina. That amendment is entirely satisfactory to me.

The amendment was agreed to.

Mr. BLANCHARD. I offer a further amendment.

The Clerk read as follows:

Amendment offered by Mr. BLANCHARD: Line 6, on page 1, after the words "South Carolina", insert "in full settlement of all claims against the Government of the United States."

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

COTTON INDUSTRY

Mr. JONES, from the Committee on Agriculture, submitted the following conference report (Rept. No. 1239) on the bill (H.R. 8402) to place the cotton industry on a sound commercial basis, and for other purposes:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 8402) to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 4, 5, 7, 8, 11, 13, 14, 15, 16, and 17.

That the House recede from its disagreement to the amendments of the Senate numbered 3, 6, 9, 10, and 19, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows: In lieu of the matter proposed to be stricken out by the Senate amendment insert a comma and the following: "but if the President finds that the economic emergency in cotton production and marketing will continue or is likely to continue to exist so that the application of this act with respect to the crop year 1935–36 is imperative in order to carry out the policy declared in section 1, he shall so proclaim, and this act shall be effective with respect to the crop year 1935–36. If at any time prior to the end of the crop year 1935–36, the President finds that the economic emergency in cotton production and marketing has ceased to exist, he shall so proclaim, and no tax under this act shall be levied with respect to cotton harvested after the effective date of such proclamation"; and the Senate agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert a comma and the following: "for the crop year 1935–36, if the provisions of this act are effective for such crop year, that two thirds of the persons who have the legal or equitable right as owner, tenant, share cropper, or otherwise to produce cotton on any cotton farm, or part thereof, in the United States for such crop year"; and the Senate agree to the same.

Amendment numbered 12: That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert: "$1,000, or by imprisonment for not exceeding 6 months, or both"; and the Senate agree to the same.

Amendment numbered 18: That the House recede from its disagreement to the amendment of the Senate numbered 18, and agree to the same with an amendment as follows: In lieu of the matter proposed to be stricken out by the Senate amendment insert:

"SEC. 24. The Secretary of Agriculture is authorized to develop new and extended uses for cotton, and for such purpose there is authorized to be made available to the Secretary not to exceed $500,000 out of the funds available to him under section 12 of the Agricultural Adjustment Act."

And the Senate agree to the same.

MARVIN JONES,
H. P. FULMER,
WALL DOXEY,
CLIFFORD R. HOPE,
J. ROLAND KINZER,
Managers on the part of the House.

E. D. SMITH,
J. H. BANKHEAD,
ARTHUR CAPPER,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 8402) to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

On amendments nos. 1 and 3: These amendments strike out the provisions of the House bill which make the pro-

posed bill effective for the crop year 1935–36 and which authorizes the extension of its provisions for the crop year 1936–37. Amendment no. 1 also strikes out the provision authorizing termination of the bill at any time.

The House recedes with an amendment on amendment no. 1, the effect of which is to make the bill applicable during the crop year 1934–35, to authorize its extension by the President so that it may be applicable during the crop year 1935–36, and to retain the provision of the House bill authorizing the termination of its provisions at any time. Since under the conference agreement on amendment no. 1, the bill will not be applicable to the crop year 1936–37, the House recedes on amendment no. 3.

On amendment no. 2: This amendment strikes out the provision of the House bill providing for a finding by the Secretary of Agriculture that farmers favor a tax for the crop year 1935–36 and a similar finding for succeeding crop years. The amendment also requires a finding for the crop year 1934–35 which was not required under the House bill. See amendment no. 1. The amendment also substitutes for the provision of the House bill requiring a finding that two thirds of the persons who own, rent, share-crop, or control cotton land favor a ginning tax, a provision which requires that two thirds of the persons who have legal or equitable title as owner, tenant, share-cropper, or otherwise to produce cotton on any farm or part thereof for the succeeding crop year favor a ginning tax.

The conference agreement eliminates the finding for the crop year 1934–35, but requires it for the crop year 1935–36 if the bill is to be applicable for that year, and adopts the provisions of the Senate amendment on the finding itself.

On amendment no. 4: This amendment makes the rate of tax 75 percent of the average central price, rather than 50 percent, as contained in the House bill. See amendment no. 5. The Senate recedes.

On amendment no. 5: This amendment makes the minimum tax 8 cents per pound, rather than 5 cents per pound, as contained in the House bill; and the Senate recedes.

On amendment no. 6: This amendment exempts from the tax all cotton having a staple of 1½ inches in length or longer. The House recedes.

On amendment no. 7: Under the House bill, the tax on nonexempt cotton was postponed until bale tags were secured for it, if the cotton was to be stored by the producer. Bale tags for such cotton could be secured upon payment of the tax or surrender of exemption certificates covering the cotton. This Senate amendment strikes out this provision. The amendment also provides that a producer harvesting more cotton than his allotment of tax-exempt cotton may, in a subsequent year when the tax is in effect, if he does not harvest in the subsequent year the amount of cotton for which he holds certificates, pay the ginning tax on the excess in the prior year with exemption certificates issued for the subsequent year. The amendment further provides that a producer to whom an exemption certificate is issued, who does not use it for the year issued by reason of his not producing an amount of cotton less than that represented by the certificates, may use the unused certificate in a subsequent year when the allotment and tax are applicable. The Senate recedes, thus restoring the House provision which authorizes postponement of the payment of the tax and retaining the substance of the matter proposed to be inserted by the Senate amendment which is covered in the language restored and in other provisions of the bill.

On amendment no. 8: Under the House bill, the allotment of tax-exempt cotton to each State was to be based upon the ratio of its average production for the 5 crop years preceding the enactment of the act to the average national production for the same period. This amendment makes both periods 10 years. The Senate recedes.

On amendment no. 9: This amendment provides a minimum allotment of 200,000 bales of tax-exempt cotton to each State if in any one of the 5 years preceding the enactment of the act the production of such State equaled 250,000 bales. The House recedes.

On amendment no. 10: Under the House bill no certificate or allotment was to be granted to a producer unless he agreed to comply with requirements to assure his cooperation in reduction programs and to prevent expansion of competitive production by him. This Senate amendment limits the provision so that the requirement preventing expansion of production relates only to expansion on lands leased by the Government. The House recedes.

On amendment no. 11: This amendment strikes out the exception contained in the House bill permitting transportation of cotton beyond the county of production for storage under section 4 (f), in conformity with Senate amendment no. 7, which eliminates the provision with respect to storage. The Senate recedes.

On amendment no. 12: This amendment reduces the criminal penalty for violation of section 12 (d) (relating to willful violations of the act, willful failure to pay tax, and other crimes) from a fine not exceeding $1,000 or imprisonment for not more than 1 year, or both, to a fine not exceeding $100. The conference agreement makes the punishment a fine not exceeding $1,000 or imprisonment not exceeding 6 months, or both.

On amendments nos. 13 and 15: The House bill authorized the Secretary of Agriculture to make regulations to carry out the powers given him and provided a fine for violating such regulations. These Senate amendments authorize the Secretary to enact a penal statute to carry out such powers and make violation of the penal statute the offense. The Senate recedes on both amendments.

On amendment no. 14: This amendment provides that no producer shall be taxed or penalized in the ginning of his first six bales and further provides that the total allotment for the crop year 1934–35 shall not exceed 10,000,000 bales. The Senate recedes.

On amendment no. 16: This amendment reduces from 6 months to 30 days the time, after filing claim for refund of tax, prior to which no suit or proceeding by the taxpayer may be begun for the recovery of the tax paid. The Senate recedes.

On amendment no. 17: This amendment strikes out the provision of the House bill defining the term "bale" when used in describing a quantity of cotton as 500 pounds of lint cotton, and substitutes therefor a definition of bale as a package containing 500 pounds average gross weight of lint cotton and customary bagging and ties. The Senate recedes.

On amendment no. 18: This amendment strikes out the provision of the House bill authorizing the Secretary of Agriculture to purchase taxable cotton and to dispose of it for charitable purposes, in the development of new and extended uses for cotton, and for other purposes, and which authorized the making of appropriations of funds available to the Secretary of Agriculture under section 12 of the Agricultural Adjustment Act. The House recedes with an amendment which authorizes the Secretary to develop new and extended uses for cotton and which limits the amount which is authorized to be appropriated from the funds available under such section 12 to $500,000.

On amendment no. 19: This amendment strikes out the amendment contained in the House bill to the Agricultural Adjustment Act authorizing the Secretary of Agriculture to include in agreements made under section 8 (1) of that act provisions for the reduction of acreage or production for market of agricultural commodities. The House recedes.

MARVIN JONES,
H. P. FULMER,
WALL DOXEY,
CLIFFORD R. HOPE,
J. ROLAND KINZER,
Managers on the part of the House.

LEGISLATIVE APPROPRIATION BILL—1935

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent that the conferees on the legislative department appropriation bill may have until midnight tonight to file a conference report.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

THE PRIVATE CALENDAR

G. T. FLEMING

The Clerk called the next bill on the Private Calendar, H.R. 4930, for the relief of G. T. Fleming.

Mr. ZIONCHECK. Mr. Speaker, I object.

Mr. TAYLOR of South Carolina. Will the gentleman let that go over without prejudice?

Mr. ZIONCHECK. No. I object.

Mr. TAYLOR of South Carolina. Mr. Speaker, will the gentleman reserve his objection?

Mr. ZIONCHECK. Yes; I will reserve the objection if the gentleman wants to make a statement.

Mr. TAYLOR of South Carolina. The two bills that have just been passed by the House grew out of the same identical facts. The facts are these: This man was bailed out by these gentlemen as a friend, but he broke faith with them, absconded, and did not appear for trial. The bond was estreated. These men walked up like men and set out to get the fugitive. They ran him into Marion, N.C., but missed him; they ran him over to Kingsport, Tenn., but missed him: they ran him to Augusta, Ga., and missed him, but finally caught him at Lagrange, Ga., and had to pay a reward to get him. These men did this without cost to the Government, and they went on this man's bail without premium, as a friendly act.

I think this practice of refusing the refund of these claims will operate against the Government considerably because it is a mutual advantage to both the Government and the accused. Down in my part of the country court is held but twice a year and under the Federal law which prevails in that part of the country a man can be tried only within the vicinity where the court is being held. If he is apprehended in May, for instance, and the May grand jury fails to act he has to stay in jail until November at a per diem expense to the country.

This bail was given by these men as a friendly act. They received no premium for it. They brought their man back to justice; and under these circumstances I do not think they should be punished further than the expense to which they have already been put.

Mr. ZIONCHECK. Mr. Speaker, will the gentleman yield?

Mr. TAYLOR of South Carolina. I yield.

Mr. ZIONCHECK. I would not say the accused acted as a friend.

Mr. TAYLOR of South Carolina. That is just the point. There is a principle involved. We have established the principle of making refunds in such cases and have passed other bills along this line.

We have already passed two bills growing out of the same situation. If the gentleman objects to this bill, the probability is that an injustice will be done to the one man of the three who probably needs the money more than any of the individuals. This man is a textile worker living on daily wages, and I contend that it is manifestly unfair not to pass this particular bill just because—and I say this without undertaking in any way to impugn the motive of the gentleman from Washington—just because a man may have a complex against a class of bills, to hold it up irrespective of the merits involved in the bill.

Mr. ZIONCHECK. I rather resent the idea of a complex. The only reason the other two bills were passed is because I was not here to object. Had I been here, I would have objected to both. I am objecting to bills of this kind as a matter of principle. If this man was such a friend, why did he not appear at the time court was held?

Mr. TAYLOR of South Carolina. That is the point. These three men acted as his bondsmen. When they found he had jumped his bail and the bond had been estreated, they went after him like men and finally even paid a reward of $100 to a man who traced him down and caught him in Lagrange, Ga., while he was asleep.

Mr. HASTINGS. Without expense to the Government.

Mr. TAYLOR of South Carolina. Without expense to the Government.

Mr. ZIONCHECK. Mr. Speaker, I object.

R. A. HUNSINGER

Mr. FIESINGER. Mr. Speaker, I ask unanimous consent to return to Calendar No. 361, the bill (H.R. 1977), for the relief of R. A. Hunsinger, which is in the same class as the bills last considered.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The Clerk called the bill (H.R. 1977) for the relief of R. A. Hunsinger.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to R. A. Hunsinger the sum of $300, being the amount paid by him into the estate of Frank J. Artz, deceased, late of Troop I, Third Regiment Ohio Volunteer Cavalry, Civil War, by order of the probate court of Sandusky County, Ohio.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MRS. PLEASANT LAWRENCE PARR

Mr. HOPE. Mr. Speaker, I ask unanimous consent to return to Calendar No. 332, the bill (H.R. 6890), for the relief of Mrs. Pleasant Lawrence Parr.

Mr. TRUAX. I object.

Mr. HOPE. Mr. Speaker, will the gentleman withhold his objection?

Mr. TRUAX. I may say to the gentleman that we have a long calendar here and the majority leader is desirous of getting through it as speedily as possible. If we are met with request after request to return to bills that have already been considered we will not get through the calendar very quickly.

Mr. TARVER. Mr. Speaker, will the gentleman yield?

Mr. TRUAX. I yield.

Mr. TARVER. There are unusual circumstances surrounding this request. This is the bill of my colleague, the gentleman from Georgia [Mr. RAMSPECK]. At the time it was first reached he was unavoidably absent on account of a death in his family. At the time the bill was called there was simply a reservation of objection which I am sure could have been met satisfactorily by my colleague had he been here. For these unusual reasons it seems to me the request should be granted.

Mr. HOPE. Mr. Speaker, at the time this bill was called previously I asked that the bill go over because I wanted to consult the author of the bill. I understand that an amendment which I intended to offer at that time is acceptable to the author, and it is my intention to offer the amendment if the gentleman will permit the bill to come up.

The bill would have come up yesterday had the gentleman been here and not called away on account of death in his family.

Mr. TRUAX. I made similar requests yesterday that bills be passed over because the authors were not present. Several of the gentlemen came to me this morning and wished to obtain my approval to go back to these bills. If we go back to one we will have to go back to all of them. I may say to the gentleman that I will withdraw my objection to reconsideration of this one bill, but I shall object to subsequent bills.

Mr. HOPE. I have no intention of calling up any other bills.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

The Clerk read the title of the bill.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the United States Employees' Compensation Commission be, and it is hereby, authorized and directed to

accept the claim of Mrs. Pleasant Lawrence Parr, widow of Pleasant Lawrence Parr, a former employee of the Navy Department, who died as the result of injuries received while in the performance of his duties, as if she had filed claim within the time required by the Compensation Act of September 7, 1916, as amended.

Mr. HOPE. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HOPE: Strike out all after the enacting clause and insert "That the United States Employees' Compensation Commission is hereby authorized to consider and determine the claim of Mrs. Pleasant Lawrence Parr, widow of Pleasant Lawrence Parr, a former employee of the Navy Department, in the same manner and to the same extent as if application for the benefits of the United States Employees' Compensation Act had been made within the 1-year period required by sections 17 and 20 thereof: *Provided*, That no benefit shall accrue prior to the approval of this act."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PAUL I. MORRIS AND BEULAH FULLER MORRIS

Mr. TARVER. Mr. Speaker, at the time of consideration of Private Calendar 382, H.R. 2669, for the relief of Paul I. Morris and Beulah Morris, an agreement was made that this bill might be called on the next call of the calendar. I ask unanimous consent to take the bill up at this time.

The SPEAKER pro tempore (Mr. BLOOM). Is there objection to the request of the gentleman from Georgia?

There was no objection.

The Clerk read the title of the bill.

Mr. HANCOCK of New York. Mr. Speaker, reserving the right to object, this bill was rather fully discussed yesterday and I believe every Member understands the point involved, which is simply whether we want to establish a new precedent permitting the parents of boys killed, or dying as the result of disease contracted at Citizens' Military Training Camps, to receive compensation.

This bill would give a pension to the parents of a boy who contracted spinal meningitis at a training camp and subsequently died. It also reimburses the parents for all medical expenses to the extent of $764. This has never been done before, and personally I do not want to take the responsibility of permitting this new precedent to be established unless the gentlemen of the House think it ought to be established.

May I call attention to the fact that it was in the minds of the Members of Congress that there would be disease, there would be accidents, and there would be deaths when the law was enacted establishing the training camps. It provides that if a member of these camps shall suffer personal injury in line of duty while en route to or from and while at camps of instruction he shall be entitled to hospital treatment, including medical treatment, transportation to his home and further medical treatment after arrival at his home. It also contemplated death, because the law provides that in case of death the Government may allow funeral expenses up to a sum not exceeding $100.

The very question that is before us now evidently received the careful consideration of Congress when the general law was passed. If we pass this bill, it will, in effect, repeal that law in an individual case. Personally I do not feel that I ought to permit this to be done, but I will withdraw my objection to the present consideration of the bill and permit the gentlemen present, who understand the situation, to vote on the question. I am not willing to establish this precedent on my own responsibility.

If this bill is passed, there are many others that will be introduced. There have been a great many young men who have died as a result of disease or injury at these camps. I personally objected to one of these bills a year ago, and the gentleman from Texas tells me he has objected to four or five.

Mr. TARVER. Will the gentleman permit me to say a word?

Mr. HANCOCK of New York. I intend to yield, but I just want to make this statement. If it is agreeable to the gentlemen, I will withdraw the objection and let the Members of the House vote on the question.

Mr. TARVER. May I say that this is not the creation of a precedent. In the discussion yesterday I called attention to the fact that Private Law 470, passed during the Seventieth Congress, provided relief for a member of the Reserve Officers' Training camp. The gentleman from New York was under the impression on yesterday that this relief amounted to only $150, but upon calling the Employees' Compensation Commission this morning I was advised that the trainee had been awarded under the provisions of that act compensation in the amount of $100 per month, which amount, after the passage of the Economy Act, was reduced to $85, and has now been raised under recent legislation to $90 per month. Therefore there is no precedent being established. The precedent has already been established, insofar as Reserve Officers' Training camp trainees are concerned. If compensation should be awarded in cases of that kind, then it would be fair to award it in cases of trainees in citizen's military training camps.

Mr. HOLLISTER. Will the gentleman yield?

Mr. TARVER. I yield to the gentleman from Ohio.

Mr. HOLLISTER. I may say to the gentleman that a little later on there is another bill of a similar nature. It does seem that Congress ought to settle once and for all the question of whether the compensation law shall be extended to this type of case, and I do not believe the matter should be brought up in individual bills.

Mr. TARVER. Will the gentleman ask unanimous consent that the bill may be considered by the House, and that, after 10 minutes' debate on each side, it may be voted upon?

Mr. ZIONCHECK. Mr. Speaker, I ask for the regular order.

Mr. TARVER. Mr. Speaker, will the gentleman withhold that a moment?

Mr. ZIONCHECK. There was a full discussion of this question yesterday.

Mr. TARVER. Yes; but there is another suggestion we have not talked about which I should like to have considered.

Mr. ZIONCHECK. Mr. Speaker, I shall withhold the demand for the regular order a moment.

Mr. TARVER. There is, in no event, any objection to the second section of the bill which is recommended by the Department, as to the payment of burial expenses and doctors' bills.

Mr. HANCOCK of New York. Mr. Speaker, I will withdraw my objection with respect to that part of the bill.

Mr. TARVER. Mr. Speaker, in order to afford these people some kind of relief, and in order to secure the passage of the bill, I am willing to amend it so as to provide only for the payment of funeral expenses and doctors' bills, as provided in section 2, if that is necessary.

Mr. HANCOCK of New York. If the gentleman will agree to an amendment striking out section 1, I shall not object.

Mr. TARVER. There will have to be some other changes in verbiage, but I have amendments prepared which will strike out section 1 and change the verbiage of section 2, so as to provide only for the $764.

Mr. HANCOCK of New York. With the understanding that the first section of the bill will be stricken out, I withdraw my objection.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the United States Compensation Commission is hereby authorized to place upon its roll the names of Paul I. Morris and Beulah Fuller Morris and pay them compensation at the rate of $15 per month each on account of the death of their son, William Fuller Morris, on July 21, 1930, as the result of the disease contracted at the citizens' military training camp at Fort McClellan, Ala., said compensation to begin as of July 21, 1930, and to continue for 8 years or until prior death of said beneficiaries.

SEC. 2. That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any funds in the Treasury not otherwise appropriated, the sum of $764 to the said Paul I. Morris in full payment for hospital, physician, and nursing bills,

and funeral expenses incurred by him in the last illness, death, and burial of the said William Fuller Morris.

SEC. 3. That the amounts herein appropriated shall be in full settlement of all claims of the said Paul I. Morris and Beulah Fuller Morris against the United States on account of the death of their said son.

Mr. TARVER. Mr. Speaker, I move to amend the bill by striking out section 1 and numbering the succeeding sections accordingly.

The Clerk read as follows:

Amendment offered by Mr. TARVER: Page 1, beginning with line 3, strike out all of section 1, and on page 2 change the section numbers to sections 1 and 2.

The amendment was agreed to.

Mr. TARVER. Mr. Speaker, I move to amend by striking in line 6, on page 2, at the end of the line, the word "the"; and in line 7, on page 2, at the beginning of the line, the word "said."

The Clerk read as follows:

Amendment offered by Mr. TARVER: Page 2, line 6, at the end of the line, strike out the word "the"; and at the beginning of line 7, strike out the word "said."

The amendment was agreed to.

Mr. TARVER. Mr. Speaker, I move to amend by striking the period at the end of line 7, on page 2, and inserting "who died July 21, 1930, as the result of disease contracted at the citizens' military training camp, Fort McClellan, Ala."

The Clerk read as follows:

Amendment offered by Mr. TARVER: Page 2, line 7, after the word "Morris", strike out the period, insert a comma, and add: "who died July 21, 1930, as the result of disease contracted at the citizens' military training camp, Fort McClellan, Ala."

The amendment was agreed to.

Mr. TARVER. Mr. Speaker, I move to amend by striking the word "amounts", in line 8, on page 2, and inserting in lieu thereof the word "amount."

The Clerk read as follows:

Amendment offered by Mr. TARVER: Page 2, line 8, strike out the word "amounts" and insert in lieu thereof the word "amount."

The amendment was agreed to.

Mr. TARVER. Mr. Speaker, I move to amend by striking in line 10, on page 2, the words "and Beulah Fuller Morris."

The Clerk read as follows:

Amendment offered by Mr. TARVER: Page 2, line 10, strike out the words "and Beulah Fuller Morris."

Mr. HANCOCK of New York. Mr. Speaker, I offer an amendment to the amendment, striking out the words, in line 9, "claims of the said Paul I. Morris and Beulah Fuller Morris", so that the section will read:

That the amounts herein appropriated shall be in full settlement of all claims against the United States on account of the death of William Fuller Morris.

Mr. TARVER. I think, if my friend will pardon me, the amendment to the amendment ought not to be adopted, because it may be possible that the Congress will decide in the future to begin paying claims of this character. Mrs. Beulah Fuller Morris is not now to be the recipient of anything under the terms of this bill, and only the claims of Paul I. Morris are to be settled by the passage of the bill. You should not require Mrs. Beulah Fuller Morris, who gets nothing under the bill as amended, to surrender any claims she may have against the United States and which might be entitled to future consideration.

Mr. HANCOCK of New York. My understanding is that the $764 is being paid in full settlement of all claims against the United States.

Mr. TARVER. It is being paid to Paul I. Morris in full settlement of doctor's bills and funeral expenses. Mrs. Beulah Fuller Morris ought not to be required to settle any claims she may have by reason of the payment of the claim to another person for burial expenses and doctor's bills.

Mr. HANCOCK of New York. Are there any such claims? We ought to clean them up at once if there are.

Mr. TARVER. The other claim is the one we have been discussing here this morning, and which, I hope, may be presented in the future, provided the Congress decides to pay that sort of claim; otherwise not. I do not want her to be estopped if Congress, in the future, decides to allow compensation in these cases. I do not want her to be estopped by the passage of this bill from presenting her claim for compensation if such a policy should be entered upon.

Mr. HANCOCK of New York. If such a bill is passed and made retroactive, does the gentleman think the language I have used would be a bar?

Mr. TARVER. I think it would be a bar to her, because it provides it is in settlement of all claims on account of the death of this young man. I think it is perfectly fair to require that the person receiving the appropriation shall receive it in full of all his claims, but I do not think it is fair to require that persons who are not parties to the bill and who do not receive anything under its terms should surrender any sort of claim they may have.

Mr. HANCOCK of New York. Mr. Chairman, I withdraw the amendment to the amendment.

The Tarver amendment was agreed to.

Mr. TARVER. Mr. Speaker, I move to amend, on page 2, line 11, by striking out the word "their" and inserting in lieu thereof the word "his."

The Clerk read as follows:

Amendment offered by Mr. TARVER: Page 2, line 11, strike out the word "their" and insert the word "his."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

The title was amended to read: "A bill for the relief of Paul I. Morris."

WALTER E. SWITZER

The Clerk called the bill (H.R. 3463) for the relief of Walter E. Switzer.

The SPEAKER pro tempore. Is there objection?

Mr. TRUAX. Reserving the right to object, I would like to ask the author of the bill a question. I note in the report that the evidence is very conflicting as to the proximate cause of the accident. Will the gentleman explain?

Mr. RICH. This man was a police officer in Williamsport, and was called out on a report that there had been a murder. While riding on a police motorcycle, he collided with a mail truck of the Williamsport post office. It was in the evening and it was raining. He had traveled about one half mile and came to a dead-end street. There was a postal truck coming around the corner and the truck ran into him.

Mr. TRUAX. Have they compensated the beneficiary as they usually do?

Mr. RICH. They sought to give him some work in the office, but it did not amount to much.

Mr. TRUAX. What was the actual amount?

Mr. RICH. He worked for a number of years; they employed him at nominal wages—I think $60 or $80 a month—trying to give him some compensation, but they could not keep him on the pay roll without rendering some service.

Mr. MEAD. Did the local postmaster make a report?

Mr. RICH. We had reports from the postmaster and from various witnesses. This claim has been here 6 or 7 years.

Mr. MEAD. Were the reports all favorable?

Mr. RICH. The people I interviewed were all favorable. I have checked this man's statement, and witnesses say that if there ever was a just claim, this is it, and that it ought to be paid.

Mr. TRUAX. The report states that the motorcycle was going at a high rate of speed.

Mr. RICH. They claim that he was going 50 or 60 miles an hour.

Mr. TRUAX. Sixty miles an hour.

Mr. RICH. If a policeman was asked to go out to clear up a murder, does the gentleman think he would proceed along at a rate of 15 or 20 miles an hour? I think this is a legitimate claim. It has been presented six or seven times, but has always been objected to. The last time it was objected to by Mr. Stafford, who told me on the floor of the House that he would meet me and discuss it with me. I

went 8 or 10 times to see Mr. Stafford, and every time he said he had not the time. If you know Mr. Stafford, you know that you can never get an opportunity to discuss anything with him.

Mr. TRUAX. It seems to be a well-established practice here that any Member who introduces a bill for some one that has collided with a mail truck or an Army truck, or any property of the Government, that the Government must compensate them. This man has already been compensated to a certain extent. I want to ask the gentleman this question: The gentleman from Pennsylvania has been in the habit of objecting to all requests to extend remarks other than Members' own in the RECORD on the ground, as he states, of economy. In view of the gentleman's position on economy, does the gentleman feel that this is in the line of economy, to go back 8 or 9 years, in a case where the evidence is conflicting as to whether or not it was the fault of the Government, and pay this man the sum of $3,000 for an injury that he is alleged to have received?

Mr. RICH. If the gentleman would let me answer him in this respect, I am thoroughly in accord with Government economy. If this was not an honorable and honest claim and if I had not gone to some of the individuals who had witnessed this accident and made investigation myself, I certainly would not be presenting it to the Government, because I do not want anybody to get a penny out of the Government that he is not justly entitled to. If the gentleman had his leg taken off by a Government truck, I think he would consider that $3,000 is the minimum that anyone could be asked to take.

Mr. TRUAX. But if it had not been a mail truck, there would not have been any relief.

Mr. RICH. If it had not been a mail truck he would have had redress to sue the individual, and he would have received a great deal more than $3,000; and you know he cannot sue the Government.

Mr. TRUAX. But he was employed by the city as a police officer, and it was the responsibility of the city and not the responsibility of the Government.

Mr. RICH. Oh, the gentleman is wrong.

Mr. TRUAX. The gentleman himself is wrong. In view of the gentleman's tendencies to practice economy, would the gentleman not be willing to cut this bill in half, as he wants to save money on printing the CONGRESSIONAL RECORD, and so forth?

Mr. RICH. I presented this claim myself twice, and I shall present it twice more, because it is honorable and just. If the gentleman thinks it ought to be cut down now to $1,500, I probably would have to acquiesce, but I dislike to do so.

Mr. TRUAX. The gentleman is not answering my question.

Mr. RICH. I think that $3,000 is a small amount for a man who had his leg taken off, and the evidence shows it was the fault of a Government mail truck.

Mr. TRUAX. Was it below or above the knee?

Mr. RICH. I think it was right below the knee.

Mr. TRUAX. I am inclined to agree with the last statement of the gentleman, that if a man lost his leg as the result of an accident in which a Government employee is responsible, he should be compensated. That probably $3,000 is small enough, but this situation exists: The gentleman and others here will not permit telegrams, letters, newspaper editorials, and other informative data to go into the RECORD. All that certain Members have to do is to proceed over to the other body and have them inserted promptly. The gentleman has repeatedly stated that the reason he objects to extensions here is because he is a member of the Committee on Printing, and he wants to save the Government money.

Mr. RICH. If the gentleman will bear with me just a moment, I would like to read this resolution that I have presented to the Joint Committee on Printing. I expected to have an opportunity to discuss it with the minority leader this morning, but we were not permitted to do so.

Mr. ZIONCHECK. Will the gentleman yield right there?

Mr. RICH. I yield.

Mr. ZIONCHECK. I think it is a little out of order to go into this matter of printing the CONGRESSIONAL RECORD at this time. I think this entire matter can be settled on the basis of $2,000, which is more than any State compensation commission would give for a leg cut off below the knee.

Mr. RICH. If the gentleman wants to make it that, I will agree to that amount to settle the claim.

Mr. TRUAX. I have no objection.

Mr. RICH. I agree to an amendment striking out "$3,000" and making it "$2,000."

The SPEAKER pro tempore. Is there objection?

There being no objection, the Clerk read as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, in full settlement against the Government, to Walter E. Switzer the sum of $10,000 in compensation for injuries caused by a post-office truck, resulting in the amputation of his left leg.

With the following committee amendment:

Page 1, line 10, strike out "$10,000" and insert in lieu thereof "$3,000."

Mr. ZIONCHECK. Mr. Speaker, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. ZIONCHECK to the committee amendment: Strike out "$3,000" in line 7 and insert in lieu thereof "$2,000."

The amendment to the committee amendment was agreed to.

The committee amendment was agreed to.

The Clerk read the following committee amendment:

At the end of the bill insert the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ESTATE OF WILLIAM BARDEL

The Clerk called the next bill, H.R. 3502, for the relief of the estate of William Bardel.

Mr. TRUAX. Reserving the right to object, I want to call the attention of the House to the statement of facts on this bill. This is to reimburse a man for home furnishings that he sold in France during the war. The claim is made for these articles at their original cost—one parlor set, $600; one piano, $600, and so on. There undoubtedly was a depreciation of 50 percent on these articles. Since we are practicing economy, I ask the author of the bill if he would be willing to cut the claim 50 percent?

Mr. SOMERS of New York. Will the gentleman permit me to recite the circumstances surrounding the sale of this property?

Mr. TRUAX. Certainly.

Mr. SOMERS of New York. This man was an American consul at Reims, France, during the war. It was at the time when Reims was under seige. The town was in rather chaotic condition. It was impossible to buy or sell anything. There was no transportation there. He got orders from the American Government to move immediately. There was no transportation, and his insurance was wiped out, and he was forced to sell his furniture on the sidewalk. Of course, he could not get the proper compensation.

Mr. TRUAX. He received 4,115 francs.

Mr. SOMERS of New York. I mean proper in relation to its real value.

Mr. TRUAX. His value is $5,100. What is the difference between what he received and the amount he claims he should have received?

Mr. SOMERS of New York. I am not prepared to give the exact figures, but the committee was rather careful in considering the appraisal of that furniture.

Mr. TRUAX. The gentleman surely would agree to deducting the amount of money the claimant received when he sold his goods; the gentleman will not insist on the Government paying the original cost, I hope.

Mr. SOMERS of New York. If the gentleman offers an amendment to make the amount $3,000, I will accept it.

Mr. TRUAX. Mr. Speaker, I withdraw my objection to having the bill considered, and will offer an amendment approved by the gentleman from New York.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, in full settlement against the Government, to the estate of William Bardel the sum of $4,800 for property loss sustained by him as a result of the war while acting as American consul at Reims, France.

With the following committee amendment:

Page 1, line 9, add the customary attorney's fee amendment as follows: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendment was agreed to.

Mr. TRUAX. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TRUAX: Page 1, line 7, strike out "$4,800" and insert in lieu thereof "$3,000."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

COTTON CONTROL BILL

Mr. WOODRUFF. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. WOODRUFF. Mr. Speaker, certain legislation is pending before the House at this time which, in my opinion, carries with it greater danger to the independence of the American farmer than anything that has ever been presented to Congress; and I ask unanimous consent to extend my own remarks upon that subject at this point.

Mr. ZIONCHECK. Mr. Speaker, will the gentleman yield?

Mr. WOODRUFF. Certainly.

Mr. ZIONCHECK. What is the particular legislation to which the gentleman refers?

Mr. WOODRUFF. I have reference to certain provisions that are now in conference between the two Houses on the cotton control bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. WOODRUFF. Mr. Speaker, on March 19 last the House passed a measure known as "the cotton control bill." Section 25 carried the following provision:

Agreements authorized by this subsection may include, among others, provisions requiring the producers who are parties to such agreements to reduce or limit acreage and/or production for market of agricultural commodities other than basic agricultural commodities, as well as of one or more basic agricultural commodities.

It will be noted that this is a provision which applies not alone to the cotton growers of the South but if enacted into law will complete the enslavement of every farmer in every section of this country who produces for sale, under agreement which gives him the benefits of the Agricultural Adjustment Act, one or more of the so-called "basic agricultural commodities." This, of course, includes practically every farmer in the United States.

Without question this proposal is the most destructive of freedom of action and personal liberty that has been submitted here for consideration during my years as a Member of this body.

During the period when the cotton control bill was under consideration in the House I was necessarily absent much of the time because of hearings being held by the subcommittee of which I am a member, and because of this fact I did not have an opportunity to give the attention that I otherwise would have given to the provisions of the bill. Since its passage in the House, however, I have scanned the CONGRESSIONAL RECORD with a view of learning the reactions of the members of the Agricultural Committee and other Members of the House to its provisions, and I am amazed to find that no Member considered the one I refer to of sufficient importance to direct attention to it in general debate, or in debate under the 5-minute rule when the bill was being read for amendment. I have since talked with Members who stated they had known of the provision at the time the bill was under consideration, but had not objected to it because the purpose of it appeared to be only the restriction of cotton farmers, who reduced their cotton acreage, from planting any other crops which would come in competition with products raised elsewhere throughout the country. These Members apparently did not recognize the fact that this provision, should it become the law, completely restricts the independence of producers of every other basic agricultural commodity, as well as to the producers of cotton. Had they realized this, I am sure there would not have been the complaisance toward this provision that was shown by those who knew it was in the bill.

I voted against the cotton control bill, but it passed the House by an overwhelming majority. It was sent to the Senate, and that body, not being bound down by the restrictive rules of the House, gave to the bill the consideration it should have had. The result was that the Senate struck from the bill the provision referred to, and the bill is now in conference between the House and Senate.

After the Senate had stricken the provision from the bill, there came to the House from some member of the executive branch, presumably the sugar section of the Agricultural Adjustment Administration, another sugar control bill, the one which recently passed this body. An examination of that bill disclosed the fact that once more the language in the cotton control bill, to which I object most strenuously, was presented to the House for its consideration. After this bill put in its appearance, the language I have referred to aroused a storm of protest among a few of us at least. The committee gave the bill hurried consideration without further hearings, and reported the bill to the House after having stricken this language from the bill, and on motion the rules were suspended and the bill was passed.

Notwithstanding this action of the committee and the House, if the House conferees insist upon the retention of this language in the cotton-control bill and the Senate conferees yield on this point, this language will be written into permanent law, with the result that some bureaucrat in Washington will have powers of almost life and death over every American farmer raising basic agricultural commodities, those commodities being wheat, corn, hogs, tobacco, rice, milk, and cattle. Legislation now in Congress will add cotton and sugar to this list, and it will be seen that nearly every American farmer grows one or more of these products.

Mr. Speaker, it is rumored among the Members that if this provision does not become the law as a part of the cotton control bill, it will be submitted to the House as a

separate measure. I hope and I expect the House conferees on the cotton control bill will yield to the Senate on this matter, and that if this provision is to be submitted again it will come to us in a way that will permit of ample debate and under the regular rules of the House, when amendments may be offered, debated, and voted upon.

It is apparent that if those responsible for this proposal are successful in their attempt it will not be long until other legislation will be proposed touching the affairs of every class of our people, which will have for its purpose the further regimentation and enslavement of our people.

Having regard for the fundamental right, hidden away but guaranteed by the Constitution of the United States, of life, liberty, and the pursuit of happiness for our citizens, whatever their occupation, I cannot leave undone anything in my power to direct the attention of the Members of this House to the iniquity of this proposal.

Mr. Speaker, because of my strong convictions on this question, I shall outline in my following remarks the conditions which will prevail if this language, together with the penal provisions incorporated in the cotton control bill and the sugar control bill, should become the law.

Mr. Speaker, I read again the provision referred to:

> Agreements authorized by this section may include, among others, provisions requiring the producers who are parties to such agreements to reduce or limit acreage and/or production for market of agricultural commodities, other than basic agricultural commodities, as well as of one or more basic agricultural commodities.

I read these lines in connection with lines 4, 5, 6, 7, and 8, on page 10, of the sugar-control bill, which lines read as follows:

> Any person willfully violating any order or regulation of the Secretary of Agriculture issued under this section shall, upon conviction, be punished by a fine of not more than $1,000 or by imprisonment for not more than 6 months.

I charge this to be the attempted enslavement of the American farmer.

As I stop to ponder the fact that we considered this legislation under suspension of the rules of the House of Representatives, under which suspension it was not permitted any Member of this body to offer any amendments whatsoever, not so much as the crossing of a "t" or the dotting of an "i" in the bill, I stand aghast at the direction in which we are rushing by such legislative procedure and such legislation as this, particularly as applied to farm commodities of which we do not produce enough to supply the demands of our own people.

The meaning of the words last quoted is simply that the Secretary of Agriculture, within his discretion, may issue any order or regulation that he sees fit, and any American farmer not following any of these regulations, regardless of how seriously they may infringe upon his rights, can be punished by a fine of not more than $1,000 or be sent to jail for 6 months.

Under the Agricultural Adjustment Act, which this bill amends, agricultural products are separated into two classes, those named by law "basic agricultural commodities." All those not so named by law are "nonbasic agricultural commodities."

The meaning of the lines above referred to, which state that "agreements authorized by this section may include, among others, provisions requiring the producers who are parties to such agreements to reduce or limit acreage and/or production for market of agricultural commodities other than basic agricultural commodities", as well as one or more basic agricultural commodities, is unquestionably and unequivocally a declaration of feudalism in American agriculture. Those lines can mean nothing other than that the American farmer, if he would receive benefits under the Agricultural Adjustment Act, will have to sell his agricultural soul to the Secretary of Agriculture and will have to pledge fealty to the feudal lord of the Department of Agriculture under pain of being fined $1,000 or being sent to jail for 6 months if he dares to market 1 single pound of any crop—any crop, Mr. Speaker, whatsoever—without permission of the Secretary of Agriculture.

It seems inconceivable that this Congress should seriously consider passing legislation which enslaves the American farmer and which puts over his head the threat of a thousand dollar fine, or 6 months in jail, if he dares to violate any rule or regulation which may be promulgated by the Secretary of Agriculture, and that he must sign away to the Secretary of Agriculture his right to plant any kind of crop whatsoever, or any part of any kind of a crop whatsoever, without the permission of a bureaucrat in Washington, D.C., provided he grows for sale any of the basic agricultural commodities.

I wonder what the American farmers are going to say about this iniquitous provision when they really learn that it means they have entered economic slavery—that to till the farm in America, under this measure, will be a perilous business; that the farmer surrenders the last vestige of his own judgment or discretion in running his farm; that he must be guided wholly, solely, and completely by what some bureaucrat in Washington is pleased to tell him he must do; that he cannot plant a crop of potatoes, nor five hills of radishes for sale without the approval, written or implied, of the Secretary of Agriculture under the provisions of this bill. And yet that is exactly what these lines mean.

When I think of the farmers of Revolutionary times; when I think of those sturdy sons of the soil who dropped the traces from the plows in the fields and mounted their farm horses to ride away to help free their country from just this sort of arrogant autocracy on the part of England, I wonder what has happened to the fibre of the American farmer if he submits to this sort of thing? I cannot believe that the American farmer realizes that he is going to have to sign away in toto his right and discretion to plant any single thing upon his acres without the permission of the Secretary of Agriculture, and that in return for a paltry check in connection with the reduction of sugar-beet culture, or the production of other basic commodities, he will have to submit to the complete and absolute and autocratic control of every bit of his farm production by a bureaucrat in Washington, or face languishing behind bars for 6 months or being fined $1,000, or both.

I would that I could make every farmer in the broad stretches of America today realize what these words mean. They will be found in lines 2 and 3 on page 10 of the sugar bill. "The decision and any determination of the Secretary (meaning the Secretary of Agriculture) shall be final." Why, Mr. Speaker, if some farmer, while raising one or more basic commodities on the prairies of Illinois, the plains of Indiana, the rolling hills of California, or the broad, fertile farm lands of Michigan, wants to plant a garden to raise vegetables for his own consumption and to sell in the nearest marketing place, he will have to agree under the terms of this bill that if for any reason, inscrutable as such reason may seem to him, the Secretary of Agriculture decrees that he cannot plant a garden, cannot raise such products, the decision of the Secretary shall be final; and if one of those farmers raised a bushel of potatoes or a half dozen bunches of radishes for sale, he could be sent to jail for 6 months or fined a thousand dollars.

Another thing which the proponents of this legislation have either lost sight of, or are closing their eyes to, is the power herein bestowed upon the Secretary of Agriculture to transplant, at his pleasure, any given agricultural activity from one part of this great country to another. For instance, in the splendid agricultural district which I have the honor to represent, we raise the finest navy beans grown anywhere in the world. The success attending the raising of this crop depends in some measure upon the amount of rainfall during the growing and harvesting seasons. During growing seasons of severe drought, the yield is light; when during the harvesting season continuous rains prevent, for a considerable period, the harvesting, the bean becomes discolored and loses much of its market value.

In these days, when the Secretary is insisting upon efficiency in agriculture, and as he has already, so far as he can, pronounced the doom of the great beet- and cane-sugar industry of continental United States, upon the mistaken

theory that it is inefficient, it is reasonable to fear that in his pursuit of a more efficient agriculture, he may find it both convenient and desirable to transfer bean growing from Michigan to the irrigated sections of the West, where sunshine is always present and where water may be turned on and off as the welfare of the crop may seem to demand. Or he may decree that because the Japanese can raise beans at a lower cost than the American farmer, bean raising in this country shall disappear entirely.

He may, if it seems desirable to him, decree that the potato growers of Michigan shall cease growing that most valuable crop and that it be turned over to the farmers of Idaho and Maine, upon the theory that the farmers of those States are more efficient than are those of Michigan.

Another thing that should not be lost sight of, Mr. Speaker, is the fact that under the provisions I am now discussing, the Secretary of Agriculture, who so far as he personally is able, under power heretofore granted him, has pronounced the doom of the domestic beet-sugar industry, may decree that beet-sugar production in Michigan, Ohio, Wisconsin, Minnesota, North Dakota, and other nonirrigation States be transferred from those States to the irrigated sections of the West. He will have the power to prohibit entirely all beet- and cane-sugar production in continental United States.

All this and more can be done by the efficiency expert in the Agricultural Department if this provision becomes a law.

Whither have we drifted? What are we considering in this House of Representatives? By what stretch of the imagination can anybody justify any such philosophy of government as this?

Some few American farmers may have been too busy at honest toil to read history sufficiently to know what feudalism meant in a former time and in other countries. The lord in his castle decreed what should be planted, decreed what meager portion of it should be returned to the serfs on his land, and his mere whim was law to those serf farmers.

This legislation by one strike hurls the whole of American agriculture back through history from the place American farmers won with muskets during the Revolutionary War, from the place they have won by a continuous and heartbreaking political fight ever since the Revolutionary War, back into the ages of feudalism; and in this case, this bill sets up as lord of the manor, the autocrat of the acres, the baron of the hall on the hill, the Secretary of Agriculture, who may, with all the force of law, moved by any whim, issue an order or regulation and by the stroke of his pen create some new peril for the American farmer to face, a peril which means $1,000 fine or 6 months in jail.

I want to warn this House of Representatives that if these provisions are passed, the American farmer, when he finds out how he has been betrayed, will rise up in his wrath and make every Member of this body feel the force of his condemnation.

Why, Mr. Speaker, this takes the pursuit of farming out of the category of honest toil and classifies it with those potentially criminal. I wonder if the American farmer realizes that if this bill passes, when he goes forth with a song on his lips on some fair May morning in the spring and hitches his horses to the plow—I wonder if he realizes that he may be plowing his way into jail? I wonder if he realizes that not only will he be turning up the sod on his own honest acres but that he may also be sending his plowshare through some regulation or order unknown to him, issued by the Secretary of Agriculture from his baronial castle in Washington, and that that honest farmer may find himself gazing out through prison bars?

So long have we regarded the tilling of the soil as one of man's most honorable pursuits that it seems impossible that he could suddenly have shifted into a calling fraught with danger because of some regulations or orders issued by an autocrat hundreds of miles away from where the plowshare turns the sod.

I wonder what the American farmer really is going to say and do when he realizes that tilling the soil is no longer the simple, honest, though arduous pursuit, which has been the backbone of the prosperity of the American people ever since the guns of the American Revolution ceased reverberating among the hills, and is by this act being made a complicated, regulation-ridden business in which the most honest farmer may find himself in the toils of the law without being able to understand how calamity came upon him?

That is what these provisions mean, if they mean anything. It may be all good and well for someone to say that this is an extreme picture. It may all sound fine for the proponents to say that such orders and regulations would never be issued. If such orders and regulations are never to be issued, there is not a shadow of excuse for these provisions being in any bill. And if such orders and regulations may be issued, there is every reason under God's blue skies why they should not be provided for in any bill, unless we are ready in this House of Representatives to subjugate the American farmer, to take away his freedom or imperil his calling by the threat of fines and imprisonment, and make him seek the protection of the Secretary of Agriculture before he dares to do his own planting.

Why, Mr. Speaker, if this bill passes in its present form, no farmer in America will be safe unless he has a high-powered lawyer to first go through the mass of rules and regulations in order to determine whether or not the planting of radish seed constitutes a felony within the meaning of this act.

You may get away with this now. By the lure of a Government check you may fool all of the people part of the time, and it may be possible to fool part of the people all of the time; but that wise and great and good man knew whereof he spoke when he said you cannot fool all of the people all of the time. And I warn you that you cannot fool all of the farmers all of the time, and that when they waken to the sinister and vicious possibilities under these provisions which I have attacked here today, they will rise in their wrath and hurl from place in public affairs every man who voted for this measure.

Mr. Speaker, in all seriousness, and without meaning any caustic criticism of any person, when these different proposals are put together they present a plan or a picture so utterly vicious that the most charitable conclusion to be reached is that they are made by a man or a group of men gone temporarily mad by greed for power—and for more power.

H.R. 8735

Mr. HAINES. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. HAINES. Mr. Speaker, I am before you today advocating the approval of my bill H.R. 8735, as an aid to an industry that is rapidly being driven out of business, and unless the Congress does enact some legislation that will correct some of the inequalities, the hand-made cigar industry is going to disappear, particularly as it relates to the manufacture of the cheaper grades of cigars, for which my own particular district has been famous for a generation.

The growers of leaf tobacco in America, the cigar types, are dependent entirely upon the use of their crops in the manufacture of cigars. Our farmers have unsold crops on their hands and are willing to dispose of these crops at ridiculously low prices, much below the cost of production. To assist the farmers we now place a processing tax on the cigars we produce to reimburse the farmer for cutting his acreage, whereas the sensible thing to do is enable the cigar manufacturers of the Nation to produce cigars that will enable the farmers to have an active market for their tobacco. In 1918 we produced about 8,000,000,000 cigars in the United States. Back in 1907, almost 34 years ago, we produced more than 7,000,000,000 cigars, while today we produce only a little more than 4,000,000,000 cigars, and yet today we grow about the same quantity of tobaccos that we produced in 1918. It is perfectly obvious that with decreased cigar consumption there is no relief for the farmer, other than a continuation of the assessment of processing taxes to reimburse him partly for the acres he keeps out of

cultivation. If you will read the advertisements of the nationally advertised brands of cigars, you will learn from their own statements that they are more interested in creating a market for tobaccos grown in other countries than those grown in our own, for they say, both over the radio and in their advertisements, that their cigars are manufactured of imported wrappers and fillers, trying to make the American public believe that tobaccos grown in American soil are inferior.

I have some little knowledge of the cigar-manufacturing business, for practically all of my adult life has been given to that business. When I first went into the cigar business we had no machines making cigars; we had about 23,000 factories licensed to produce cigars. Today we have about 5,000 manufacturers and each year will continue to show less of our people going into the business. There were many thousands of men and women employed making cigars by hand, blending tobaccos, and producing a pleasing smoke; but the coming of the automatic cigar machine has thrown many thousands of these out of the industry and forced them to seek other means of support. Those who use automatic power-driven machinery to make cigars need no skilled experienced labor; they want young, active girls, whom they can drive to feed the machines at the maximum speed.

Since the coming of N.R.A. these machine operators have speeded up their machines so as to produce as many cigars on these same machines in 8 hours as they produced in 10 or 12 hours; and I say to you here and now that these machines are not labor-saving, but they are nerve-racking labor-supplanting machines that displace human hands in industry, and have contributed much to our unemployment problems in this country. In addition to this, these machines have driven men from smoking cigars because good cigars cannot be produced on machines. While I agree that these machines show nice, finished product, yet the blending of tobaccos and the human touch so necessary in producing a quality cigar is missing, for most of these machines do not blend tobaccos as can the human hand, and it is absolutely necessary in the manufacture of a good palatable smoke to blend the different types of tobaccos. The use of one type of fillers in a cigar drives one to other brands, for one tires of that one type of filler, whereas in the blending of tobaccos one can produce a satisfying cigar that smokers do not tire of so easily.

Today, as a result of machines, we have many unemployed cigarmakers, and it is rare indeed to find young people learning this trade. Each community represented by Members of Congress in the past had its small cigar plants, operated by fine people, taxpayers and good citizens, who helped to build up our communities in the Nation. Today it is rare to find anyone with courage enough to manufacture cigars by hand in competition with those made by machines. Unfortunately, only those with a lot of money can afford to install these machines, for they are expensive, not sold to anyone, but placed in one's plant upon a royalty basis, with a down payment, yearly rental, and a maximum production required. I am not familiar with these figures at this time, but in the past these payments were prohibitive to the small cigar manufacturer who did not have an annual production large enough to make the installation of these machines profitable.

I want this committee to understand that I am not opposed to improved labor-saving machinery in industry, for I know that much such machinery in industry is indispensable; neither do I want to go back to the old spinning-wheel days; but I do contend that the cigar-making machine is not labor saving, neither has it contributed anything to increase the popularity of cigars, but on the contrary has driven men away from cigars to other forms of smoking. Out of the 5,000 cigar manufacturers left in the Nation, about 1 out of every 100 uses these machines, but these are the larger corporations who are gradually driving the hand-made-cigar makers to other professions and will eventually completely dominate the field.

When men want the fine cigars to smoke, however, they will always buy hand-made cigars; but, unfortunately, men are smoking printer's ink and propaganda over the air these days and not cigars. In my bill I ask the Congress for some little relief in the manufacture of the cigars that do not retail at more than 3 cents each, and what is known as the "two-for-5-cent cigars." Machines have this advantage, and I am asking for a tax of $1 per thousand on hand-made cigars instead of $2 per thousand that is now paid on all cigars that retail up to and including 5 cents. There is a potential market for these cheaper cigars that will use much of the surplus of tobaccos on the farmers' hands. About 30 percent of each crop of tobacco grown in this country is of the grade that those who produce higher-priced cigars do not want to use, the top leaves, the leaves nearest the earth, the torn leaves, and so forth. The farmer wants a market for this lower-grade tobacco for it reflects itself in his sale of the better grades. Without the sale of this portion of his crop he loses just that much money, for it cannot be used for other purposes. The hope of the cigar business lies in the sale of the cheaper cigars, for it is well known that we secure our cigar smokers from the ranks of those who buy the two-for-5-cent cigars. When we made 8,000,000,000 cigars annually we had a large sale of the two-for-5-cent cigars, and to get that old volume back again we must make it possible to produce these popular-priced cigars.

Sixty percent of the cigar manufacturers in the United States signed the President's recovery agreement. This means that this group are paying wages in keeping with the agreement. The other 40 percent are still paying shameful wages and are making it almost impossible for the patriotic men of the Nation to compete with them. Practically every cigar manufacturer in my own congressional district signed that agreement and have lived up to their promises as well as any other group in America without a code, for we do not have a code in our industry as yet that has been approved. The Agricultural Department understands our problems and, I am quite confident, are in complete sympathy with my request for a lower rate of revenue on these cheap cigars, for they realize full well that something must be done to increase cigar consumption if we are to have the farmers continue to grow the cigar-leaf types of tobacco. We now pay a processing tax of about $1 per thousand on cigars, paying the same amount of processing tax on these cheap cigars as we pay on the highest grade produced. This is unfair, but it is most difficult to administer if we differentiate. It will not be so with the rate of revenue on hand-made cigars, for a new stamp can be printed designating "hand-made" and manufacturers by regulation directed to have this imprinted on their packages. The machine operators do not need a lower tax. It has never been fair to collect the same tax on two-for-5-cent cigars as on 5-cent cigars, and we have done this for years.

My bill will also correct another abuse in the making of cigars—that of selling cigars produced to retail two for 5 cents and that cut-rate stores sell at six or seven for a quarter; indeed, many of these cheaper cigars are produced and retailed at 5 cents, and it is very easy to do this, for the same revenue stamp is now affixed to the box of cigars on two-for-5-cent cigars as is affixed to the legitimate 5-cent cigar. Give the hand-made group a differential of $1 per thousand in their product on these cheap cigars and they can then arrange to continue to make these cigars under the code that will likely be approved before very long and permit the payment of a better wage. I am deeply concerned that the cigar makers be paid a better wage, and it is my thought that the money saved in this revenue will be paid—at least most of it—to labor. Under the N.R.A. code we will likely get, it is doubtful if the average cigar maker can make the minimum wage, and only those who are fast workers can be employed, throwing thousands of slow workers out of the industry.

Mr. Speaker, I am opposed to throwing any individual out of a job. I do not believe that any of us here in Congress voted to throw people out of work; and yet, in these codes

that are being approved, those who are employed on the piecework basis and fail to earn the minimum wage because perhaps of age or the fact that they are not as fast workers as others, are being denied work and are dependent upon charity. I am deeply opposed to this and I have so stated at code hearings.

There is a limit to the price that the cigar manufacturer can obtain for his product retailing at two for 5 cents. It was testified before you by Mr. Brooks of the York County Cigar Manufacturers' Association, that it costs almost $15 per thousand to produce a two-for-5-cent cigar under the terms of the P.R.A., and that to this cost must be added selling costs of salesmen, freight, advertising, factory overhead, and incidental expenses, not counting interest on investment and money borrowed from banks, the cost of producing that cigar and getting it to the jobber is practically $17.25 per thousand cigars. The prevailing price to the jobber for these cigars is $19.50 to $20 per thousand, less a trade discount which varies from 10 to 12 percent. Jobbers should not work under 12 percent. This leaves the hand-made-cigar manufacturers about 25 cents per thousand cigars. In other words, he invests more than $17 on 1,000 cigars to make a profit of 25 cents. I do not think this is an exaggerated statement. Now, I ask you, Mr. Speaker, how are small cigar manufacturers who produce 5,000 to 25,000 cigars per day going to stay in business? Surely, no one wants these small manufactures to stop? The very foundation structure of the Nation rests upon our small business man, and we are going to be most unfortunate, indeed, when he can no longer operate his business. This is not only true of cigar manufacturers but also of every small business in this country. Not satisfied with monopolizing the 5- and 10-cent cigar business, these machines are now turning to the manufacture of two-for-5-cent cigars, for, they will admit, they can sell these without any selling expense, charging the selling expense to their higher-priced cigars, on which they can save so much money through the use of the machines. These few large corporations, who make, perhaps, 65 percent of the cigars, also control the jobbers of the Nation; that is, the large jobbers, who frankly say to you, when you try to sell them your line of goods, that they are tied up and must dispose of the two-for-5-cent cigars made by the manufacturer of the highly advertised line, and whose franchise they must have. The plight, therefore, of the small manufacturer is a terrible one, in the face of such a situation, and, Mr. Speaker, it is not an overdrawn one, for I speak with first-hand knowledge both as a small cigar manufacturer and also as one who has called on jobbers for almost a quarter of a century soliciting their business.

Now to suggest that those who manufacture the two-for-5-cent cigars turn to the field of higher-priced cigars, is a most difficult one, for I assure you that very few, if any, manufacturers of hand-made cigars retailing at and below 3 cents, can go into that highly competitive field and succeed. A few might, but if the people in my district cannot produce these cheap cigars, it means that 10 or 12 thousand cigarmakers are unemployed. I have a number of towns in my district that are entirely dependent upon the cigar-making business and their plight right now is worse than at any time in the history of these communities. Something simply must be done for these communities. I am not here advocating the sale of cheap cigars. Personally, I am as much opposed to them as anyone can be; neither do the cigar manufacturers prefer making them, but it is what they can sell, it is what there is a market for, it is the cigar that will keep human hands employed, and I am appealing to you, Mr. Speaker, today, for these people, expecting a grateful Government to do its very best to care for its people, by making it possible for its people to operate their business. I know the wages that can be paid in the manufacture of these cigars are not in keeping with what I should like to see paid, but I know with equal certainity that it gives employment to all members of the family, and that my people, as well as the people in every other State in this Nation, can make these cigars and a livelihood; and as conditions improve and people in other industries obtain higher wages, they go to higher-priced cigars, and then this offers an opportunity to cigar manufacturers to get some of that business. We have a real menace in the Philippine cigars that are coming into this country.

Mr. Speaker, a table was prepared for me by Mr. L. Earl Grove, of the Federal Cigar Co., constituents of mine, and which table I had inserted in the hearings held before the Ways and Means Committee of the House, and which table I should like to have the Membership of this House study, that shows almost a 53 percent increase in the importation of cigars from the Philippines, while in my own district, where we make cigars that retail at the same price as these Philippine cigars, it shows a decrease of about 13 percent. The reasons for this are perfectly obvious. The period covered is that since the N.R.A. is in operation. The islands are not subject to the P.R.A. or N.R.A., but my people are. I have no fault to find with N.R.A.—please do not misunderstand me—but I do say to you that it has hurt my people more than it has done them good, so far as production of cigars is concerned. However, I want to say to you that it has also helped very considerably in increasing wages, which were a disgrace to our community, and for which we have all been ashamed. We were simply driven to it in an effort to keep our cigars in the market; we have had to pay low wages trying to compete with the Philippines, but, thank God, my people—the cigar manufacturers I represent—do not want ever to go back to those low wages, but all we are asking for is an opportunity to make cigars than can be produced profitably and still retail at 3 cents, or two for 5 cents.

If we can produce these cigars, we are not afraid of the Philippines; for smokers only buy those cigars because of the price. When they can buy cigars made by hand in the United States they will not want the Philippine cigars in any quantity.

My bill does not give the Philippines the benefit of the $1 per thousand revenue, and they do not need it. I do not know, Mr. Speaker, if you know it or not, but we do not get 1 penny of tax from cigars shipped into the United States from the Philippines; the tax being paid in the Philippines is put into their own treasury; these cigars come here and are sold at from $12 to $15 per thousand, which is much below the price that we can produce them for in this country. Now I do not want to deny to the Philippines any opportunity to do business in the United States. We may have some people who want their product, but they do not need the benefits of this lower rate of tax, because they already have such a great advantage over the hand-made cigars in this country. I am quite certain that the Treasury Department will not object to this lower tax on hand-made cigars, for I am quite confident that they agree that something must be done to encourage the use of this surplus tobacco on our farmers' hands; and that they are also in agreement that if encouraged, we can increase this cigar production, which would bring into the Treasury of the United States increased revenue to make up the loss by reason of the enactment of my bill.

Mr. Speaker, I stand here before you today in defense of a dying industry. I urge upon the Ways and Means Committee immediate serious consideration of my bill. I aim to injure no one. I am sure machine operators cannot object, for they already have a great advantage over human hands. Those who defend the Philippines cannot object, for they do not use our American grown tobaccos, and we grow the finest tobacco for cigars produced in the world. Our cigar manufacturers should spend the same money and effort to cultivate the taste of American smokers in American-grown tobaccos, as they do in foreign-grown tobaccos. We produce the finest types of wrappers in Connecticut, Florida, Alabama, and Georgia; finest types of binder tobaccos in Connecticut, Massachusetts, New York, and Wisconsin, with other good tobaccos for binder purposes in

other States, however, in smaller quantities, and no finer filler tobaccos are grown anywhere than those produced in Pennsylvania and Ohio.

Read the average advertisement and you will discover that our cigar manufacturers seem bent upon telling the American people of the imported tobaccos, when they should be propagating the popularity and use of American-grown tobaccos—and the smokers would be just as well pleased. There would be no need for us to bring tobaccos from other countries to make our cigars if we were more interested in educating our American smokers of the taste and fine quality of our tobaccos. We are now importing about 18,000,000 pounds of tobaccos from the Philippines and almost an equal amount from Puerto Rico. We import about 13,000,000 pounds of tobacco from Cuba, all of which competes with tobaccos grown by the American farmers. We bring almost 2,000,000 pounds of wrapper tobaccos from the Netherland possessions, while our own wrapper tobaccos in Connecticut, Florida, and Georgia remain unsold, and when sold, bring a price very often much below the price of production, and had it not been for the aid given to these wrapper-growing communities by the Reconstruction Finance Corporation these growers would have been most unfortunate, indeed. My bill will not solve all of these ills, Mr. Speaker, but it will give the little aid that the hand-made cigar industry needs at this time, and I trust the Membership of this House will give sympathetic consideration and assist me in having my bill enacted into law.

THE PRIVATE CALENDAR

JOSE O. ENSLEW

The Clerk called the next bill, H.R. 3504, for the relief of Jose O. Enslew.

Mr. HOLLISTER. Mr. Speaker, I object.

Mr. SOMERS of New York. Mr. Speaker, will the gentleman reserve his objection, and tell me the reason of his objection, that I may answer it if possible?

Mr. HOLLISTER. Mr. Speaker, I reserve the objection. This bill is to provide compensation for an accident which happened when a mail truck ran over a pedestrian on one of the streets of New York. We have tried to follow the rule of allowing compensation only when it appears that if the case were presented in court there would be recovery were the defendant a private individual or corporation.

In this case there is no evidence whatsoever of any negligence on the part of the driver of the truck who was proceeding, as witnesses state, at about 8 miles an hour.

Mr. SOMERS of New York. He was operating the truck at 15 miles an hour.

Mr. HOLLISTER. The report says 8 at one place and possibly 15 at another, but I do not believe that even 15 miles an hour would be a negligent rate of speed.

Mr. SOMERS of New York. The circumstances surrounding this case make it meritorious. Another case almost identical in nature was compensated this morning to the extent of $2,000 for the loss of a leg. Surely, it is not asking too much to ask $5,000 as compensation for the loss of a daughter. The deceased was not a child running the streets, but was a grown woman, very well educated, holding a very responsible position. Pine Street is an extremely narrow street. If the driver of any mail truck has ever driven his vehicle through the streets of New York at 15 miles an hour he has been indulging in a practice I have never witnessed in that city. I doubt whether any witness would be capable of judging a speed of 15 miles an hour.

The report of the postmaster appears to conflict with the report of the Assistant Postmaster General and the circumstances seem to make this a border-line case. I beseech the gentleman only to consider the facts very carefully before he insists on his objection.

Mr. HOLLISTER. Could the gentleman show me it was a border-line case, I believe I could go along with the gentleman. I may say to the gentleman that while undoubtedly it is a sad case I cannot feel that the facts of this case have any particular connection with the facts of the other case to which the gentleman referred.

Mr. SOMERS of New York. Both cases grew out of almost similar accidents.

Mr. HOLLISTER. These personal-injury cases are most difficult to handle. This is not a border-line case, for I am frank to say I cannot see where there has been established any negligence on the part of the Government. Any allowance would be merely a voluntary grant on the part of the Government. In view of all the circumstances in the case, I am afraid I shall be constrained to object.

Mr. SOMERS of New York. I realize, of course, that the gentleman is following a matter of policy in this, and if it is his opinion that this is not a border-line case I fear it is utterly impossible for me to convince him that it is.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. HOLLISTER. Mr. Speaker, I object.

HENRY A. RICHMOND

The Clerk called the next bill, H.R. 3851, for the relief of Henry A. Richmond.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treabury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Henry A. Richmond the sum of $500 in compensation for bond forfeited for John A. Golding, now within the jurisdiction of the Federal authorities.

With the following committee amendment:

At the end of the bill insert the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. ZIONCHECK. Mr. Speaker, have we not skipped a bill?

The SPEAKER pro tempore. No. Calendar 396 was not called. It was laid on the table because a similar bill was passed.

Mr. ZIONCHECK. Mr. Speaker, may I have the RECORD show that in the event I had been cognizant that H.R. 3851, a bill for the relief of Henry A. Richmond, had been called at this time I would have objected. I presume the objection comes too late now.

The SPEAKER pro tempore. The objection comes too late.

Mr. TRUAX. Do I understand that Private Calendar No. 396 will not be called today?

The SPEAKER pro tempore. It will not be called. It was laid upon the table because a similar Senate bill was passed and Calendar 396 was laid on the table.

MARGARET DIEDERICH

The Clerk called the next bill, H.R. 3911, for the relief of Margaret Diederich.

Mr. HOPE. Mr. Speaker, I object.

ROLAND ZOLESKY

The Clerk called the next bill, H.R. 3912, for the relief of Roland Zolesky.

Mr. HOLLISTER. Mr. Speaker, I object.

Mr. CANNON of Wisconsin. Will the gentleman reserve his objection?

Mr. HOLLISTER. I reserve the objection.

Mr. CANNON of Wisconsin. Will the gentleman state the reasons for his objection?

Mr. HOLLISTER. For the same reason that has been stated a number of times this morning. I do not see any evidence of negligence on behalf of the Government.

Mr. CANNON of Wisconsin. The gentleman is aware of the fact that the Supreme Court of the State of Wisconsin has held in a decision that the Government inspectors were to blame for this boy's injury?

Mr. HOLLISTER. The supreme court could not hold that, because that was not the issue before the Supreme Court of Wisconsin. The issue before the Supreme Court of Wisconsin was whether or not the private corporation was responsible. It is true that the judge in his decision states that in his opinion the Government inspectors were responsible for not having taken away the dangerous article, but that is not a decision of the case.

Mr. CANNON of Wisconsin. It was through the negligence of the Government inspectors that the injury to this boy resulted.

Mr. HOLLISTER. The obligation on the part of the Government inspectors had nothing to do with third parties and with respect to the public. As far as I can understand from the case, the duty of the Government inspector was to pick up the grenades that had not exploded, not for the purpose of protecting anyone, but to find out from the point of view of the Government why the explosion had not taken place, because they were making tests to find out whether the grenades were good or bad. Each grenade had to be accounted for either by exploding or a verification of the reason for failure to explode. Whether or not that casts any obligation on the Government is a highly doubtful matter.

The second point is that the private company itself was using this same proving ground for the testing of its grenades and there seems no way of establishing whether these were some of the grenades that had been fired under separate tests from those that the Government conducted or grenades fired under Government control. It should also be pointed out that this was a grenade carried off by one boy and traded to another boy, who was injured. It seems, therefore, that the injury is rather remote from any negligence on the part of the Government and it is hard to see why there should be a recovery in a case of this kind.

Mr. CANNON of Wisconsin. The gentleman understands that the parents of this boy commenced an action against the Briggs Loading Co. The action was appealed to the Supreme Court of the State of Wisconsin. The Supreme Court of Wisconsin, notwithstanding the fact that a jury in the lower court awarded damages to the parents of this boy, held in their decision that it was not the duty of the Briggs Loading Co., the defendant in the action, to pick up the unexploded duds, but that it was the duty of the inspectors of the United States Government to see to it that these unexploded duds were picked up out of the public park in Milwaukee County.

Mr. HOLLISTER. The Government was not a party to this case. The Government had no witnesses there. The only matter at issue was whether or not the jury was correct in awarding a verdict in the lower court. The Government was not concerned in that case.

Mr. CANNON of Wisconsin. When the gentleman says that the Government was not a party to this action and had no witnesses there, may I disagree with the gentleman, because I tried the case and I know every Government witness that was available and within the jurisdiction of the court was present and testified in the case. The supreme court in its decision held this:

It was undisputed that it was the duty of the Government inspectors and a part of the work of inspection and testing to collect the unexploded grenades, or "duds", as they were called. The defendant company had nothing to do with the selection of the grenades for testing purposes, with the insertion of the detonators, or with the firing of the grenades into the bombproof on the east side of the river, except that occasionally officers of the company were present, witnessed these tests, and occasionally fired the rifle as a matter of curiosity or experience. There is no proof in the record to sustain the finding of the jury, in answer to the third question, that the defendant company had actual knowledge of the unexploded grenades which were left in the bombproof on the east side of the river through the negligence of the governmental inspectors.

Further on in the decision it is stated:

To that extent and for that purpose such grenades, so selected, ceased to be the property of the defendant. Certainly from that moment they ceased to be under the control of the defendant, and, if thereafter they were negligently left in an exposed position, it was not through the negligence of the defendant but through the negligence of the inspectors.

I cannot conceive of any language that could be stronger in putting the blame upon the Government officials than this language put upon the Government inspectors by the Supreme Court of Wisconsin. Certainly somebody was to blame for this boy's injuries. A jury had stated that the Briggs Loading Co. was to blame, and on appeal to the supreme court that court handed down a decision stating that if the negligence should be put upon the shoulders of anybody it should be put upon the shoulders of the Government inspectors.

Mr. HOLLISTER. Which, of course, the court had no right to say.

Mr. CANNON of Wisconsin. I do not care whether the court had any right to say it or not.

Mr. HOLLISTER. But I do.

Mr. CANNON of Wisconsin. I may say to the gentleman that if there is no merit to this case there is no merit to any bill that has been presented in this House, and I am going to object to every bill from now on.

Mr. ZIONCHECK. Mr. Speaker, I object.

NICK VASILZEVIC

The Clerk called the next bill, H.R. 3913, for the relief of the legal guardian of Nick Vasilzevic.

Mr. HOPE. Mr. Speaker, I object.

GEORGE C. MANSFIELD CO. AND GEORGE D. MANSFIELD

The Clerk called the next bill, H.R. 3914, for the relief of the George C. Mansfield Co. and George D. Mansfield.

Mr. ZIONCHECK. Mr. Speaker, I object.

WALTER THOMAS FOREMAN

The Clerk called the next bill, H.R. 4035, for the relief of Walter Thomas Foreman.

Mr. CANNON of Wisconsin. Mr. Speaker, I object.

Mr. TRUAX. Mr. Speaker, I wish the gentleman would withhold his objection a moment. This bill is sponsored by the gentleman from North Carolina [Mr. DOUGHTON] and a similar Senate bill has already been passed by that body and the gentleman from North Carolina wants to substitute the Senate bill for this measure. In my judgment and in the judgment of my coworkers on the calendar, the bill is meritorious and I hope the gentleman will withdraw his objection.

Mr. CANNON of Wisconsin. Mr. Speaker, I shall take the gentleman's judgment in the matter and withdraw my objection.

There being no objection, the Clerk read the Senate bill (S. 1075), as follows:

Be it enacted, etc., That sections 17 and 20 of the act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916, as amended, are hereby waived in favor of Walter Thomas Foreman, former employee of the United States Shipping Board, who now resides at Albemarle, N.C.: *Provided*, That compensation, if any, shall commence from and after the date of the passage of this act.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

A similar House bill was laid on the table.

MAYOR AND ALDERMEN OF JERSEY CITY, N.J.

The Clerk called the next bill, H.R. 4067, for the relief of the mayor and aldermen of Jersey City, Hudson County, N.J., a municipal corporation.

The SPEAKER pro tempore (Mr. WOODRUM). Is there objection to the present consideration of the bill?

Mr. BLANTON. Mr. Speaker, this bill would appropriate the sum of $62,340.65 from the Treasury and pay it to certain officials of Jersey City. It is a measure I have ob-

jected to for quite a number of years. I have talked with officials in the Department who had something to do with this matter, in my investigation, and the Department has recommended against it, and there is an adverse report filed by the Solicitor and Assistant Director General.

Mrs. NORTON. Will the gentleman yield?

Mr. BLANTON. On account of our friendship for our distinguished colleague from New Jersey I wish it were so I did not have to object, but impelled by my duty I am forced to do so.

I yield if the gentlewoman from New Jersey wants to be heard on the bill.

Mrs. NORTON. I am very anxious to know who the people are who have objected. I myself have not been able to find any.

Mr. BLANTON. My friend is so influential I am afraid she would cause them some trouble if I were to tell her. But here is what General Solicitor Sidney F. Andrews says:

I so stated to the representatives of Jersey City, and told them that having such an opinion, I was not willing to approve the payment of this bill. There was nothing to have prevented the attorneys for Jersey City in having the matter presented to a court in order to ascertain whether or not my——

Mrs. NORTON. Does not the gentleman think that is the only fair way of determining the truth of the matter? I would be glad to argue this claim with these officials if I knew where to find them. I would like to know the name of the department and the solicitor he refers to.

Mr. BLANTON. I regret I must object. Whenever we allow a bill carrying this amount of money, $62,340.65, to be called up in this way, the Speaker says, "Without objection, the bill will be considered to have been engrossed, read a third time, and passed, and a motion to reconsider laid on the table", and this passes it in about one tenth of a minute, although the bill carries $62,340.65. Whenever you allow such a measure to pass by unanimous consent, it places the burden and responsibility upon the shoulders of every Member of the House, and I would not be able to sleep at nights, I would not be able to go back home and look my constituents in the face, if I allowed that to be done.

Mrs. NORTON. May I say to the gentleman that, because I know how very seriously he takes all of these bills, I have been hoping and praying all day that some good friend of his would keep him out of the Chamber so that I would be allowed to present this bill on its merits. That is all I ask—fair consideration.

Mr. BLANTON. I am here when bad bills come up. I am sorry to have to object to the gentlewoman's bill.

Mr. ZIONCHECK. Mr. Speaker, I ask unanimous consent that the bill may be passed over without prejudice until the new rule is put into application.

Mr. BLANTON. I regret that I cannot agree to that. I want to keep this $62,340.65 in the Treasury.

I object, Mr. Speaker.

WILLIAM H. AMES

The Clerk called the bill (H.R.4078) for the relief of William H. Ames.

The SPEAKER pro tempore. Is there objection?

Mr. ZIONCHECK. Reserving the right to object, the main question here is in reference to the amount. Does the gentleman from Ohio have any information in regard to the bill?

Mr. HOLLISTER. The question in my mind is the statute of limitations.

Mr. ZIONCHECK. Does the gentleman feel that this is a just claim?

Mr. HOLLISTER. I have not gone into the matter beyond the point of the statute of limitations. We have bill after bill coming here waiving the statute of limitations.

Mr. ZIONCHECK. The gentleman is going to object to it on the ground of the statute of limitations?

Mr. HOLLISTER. Yes. I object.

JOHN J. CORCORAN

The Clerk called the bill (H.R. 4082) for the relief of John J. Corcoran.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to John J. Corcoran, of Roxbury, Mass., in full settlement against the Government, the sum of $600 for damages to his automobile, medical expenses, ruined clothing, and permanent injuries sustained by the wife of said John J. Corcoran when his automobile was struck by ambulance no. 987 of the United States Veterans' Bureau on September 18, 1922, in Boston, Mass.

With the following committee amendment:

Add at the end of the bill the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EDWARD J. DEVINE

The Clerk called the bill (H.R. 4269) for the relief of Edward J. Devine.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Administrator of Veterans' Affairs is authorized and directed to pay, out of the appropriation "Medical and hospital services", to Edward J. Devine the sum of $65.50. The payment of such sum shall be in full settlement of all claims against the United States for undertaking services performed by Edward J. Devine in connection with the burial of Patrick J. Murtagh.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CHARLES A. BROWN

The Clerk called the bill (H.R. 4274) for the relief of Charles A. Brown.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Charles A. Brown the sum of $5,000, as compensation for injuries sustained on June 22, 1926, at New York City, when an automobile in which he was riding was struck by a truck operated by the post-office service.

With the following committee amendment:

Page 1, line 6, strike out the sum of "$5,000" and insert "$3,000."

At the end of the bill insert "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendments were agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

R. W. DICKERSON

The Clerk called the bill (H.R. 4390) to extend the benefits of the United States Employees' Compensation Act to R. W. Dickerson.

The SPEAKER pro tempore (Mr. BLOOM). Is there objection?

Mr. ZIONCHECK. Reserving the right to object, the Navy Department makes an adverse report on this bill.

Mr. COCHRAN of Missouri. You cannot find a case where the Navy Department has made a favorable report on a bill of this character. This man suffered the loss of his right hand in January before the passage of the United States Employees' Compensation Act. When I introduced this bill there was no policy in this House of objecting to bills of this character. But some gentlemen have taken it on themselves to object to a few of these bills. There are several bills of this character that have been passed by the Senate, and some have passed this body, where they have extended the benefits of the Employees' Compensation Act to former employees of the Government who were injured prior to the passage of the act. Of course, you know the act was not retroactive so there is no other course left but to appeal to Congress for relief.

Mr. ZIONCHECK. This man was injured 6 months before the enactment of the Employees' Compensation Act.

Mr. COCHRAN of Missouri. We have passed bills giving compensation to persons injured several years before the passage of the act. That was before the gentleman's time. I know of the policy you have adopted but I feel if the case warrants relief we should extend it. That is the reason I introduced this bill. The bill passed the House at one time but was not reached in the Senate. Just a few minutes ago you awarded a man two thousand for the loss of a leg. Surely the gentleman would not say that this Government employee is not entitled to some relief? He has never been recognized in any way by the Government.

Mr. ZIONCHECK. I admit some relief should be granted.

Mr. COCHRAN of Missouri. Will the gentleman permit me to strike out all after the enacting clause and substitute language that will pay this man $3,000 for the loss of his right hand?

Mr. ZIONCHECK. I will do that.

There being no objection, the Clerk read as follows:

Be it enacted, etc., That the United States Employees' Compensation Commission be, and it is hereby, authorized and directed to extend to R. W. Dickerson, a former employee of the United States Navy Academy dairy farm, who was injured on the 5th day of January 1916, while in the performance of his duties at the Naval Academy dairy farm, the provisions of an act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", compensation hereunder to commence from date of enactment of this act.

Mr. COCHRAN of Missouri. I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COCHRAN of Missouri: Strike out all after the enacting clause and insert "That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay out of any money in the Treasury not otherwise appropriated the sum of $3,000 to R. W. Dickerson as settlement in full for the loss of his right hand in a machine at the Naval Academy dairy farm January 5, 1916."

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. COCHRAN of Missouri. Mr. Speaker, I ask unanimous consent that the Clerk be instructed to change the title to conform with the bill.

The SPEAKER pro tempore. Without objection, the title will be changed.

There was no objection.

RUSSELL & TUCKER

Mr. KLEBERG. Mr. Speaker, on yesterday I asked unanimous consent that Calendar No. 373, H.R. 2340, be called as no. 4 on the next Private Calendar call. This request was made before the Private Calendar was set for today. I now ask unanimous consent to return to Calendar No. 373 and consider the same. The gentleman from Kansas [Mr. HOPE] objected to the bill and he has since agreed to withdraw his objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas [Mr. KLEBERG]?

Mr. TRUAX. Mr. Speaker, reserving the right to object, and I am not going to object, I stated a while ago that I would object to any further requests to go back and call up bills that have been passed over, but since the gentleman did obtain consent on yesterday, I have no objection.

There was no objection.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read as follows:

Be it enacted, etc., That Russell & Tucker, a copartnership composed of Lee L. Russell and S. C. Tucker; Floyd & Co., a copartnership composed of C. W. Floyd and S. C. Tucker; Borroum, Tucker & O'Connor, a copartnership composed of J. L. Borroum, S. C. Tucker, and Martin O'Connor; Rutledge, Browne & Nichols, a copartnership composed of W. J. Rutledge, N. H. Browne, and J. W. Nichols; Russell & Wilson, a copartnership composed of R. R. Russell and W. E. Wilson; Rocky Reagan, Alfred A. Drummond, J. M. Dobie, and Dick Colson, their heirs, legal representatives, executors, administrators, and assigns, any statutes of limitations being waived, are hereby authorized to enter suit in the United States District Court for the Northern District of Texas for the amount alleged to be due to said claimants from the United States by reason of the alleged neglect and alleged wrongdoing of the officials and inspectors of the United States Bureau of Animal Industry in the dipping of tick-infested cattle in Texas and Oklahoma, some of said cattle being dipped in an arsenical solution so strong as to kill said cattle and some of them being dipped in an arsenical solution so weak as not to kill the ticks and some of them being dipped in a solution, to wit: Crude oil, a solution not being one that would kill the fevered ticks, and in erroneously certifying by the inspectors of the Bureau of Animal Industry as being free of ticks.

SEC. 2. Jurisdiction is hereby conferred upon said United States District Court for the Northern District of Texas to hear and determine all such claims. The action in said court may be presented by a single petition making the United States party defendant, and shall set forth all the facts on which the claimants base their claims, and the petition may be verified by the agent or attorney of said claimants, official letters, reports, and public records, or certified copies thereof may be used as evidence, and said court shall have jurisdiction to hear and determine said suit and to enter a judgment or decree for the amount of such damages and costs, if any, as shall be found due from the United States to the said claimants by reason of the alleged negligence and erroneous certification, upon the same principles and under the same measure of liability as in like cases between private parties, and the Government hereby waives its immunity from suit. And said claimants and the United States of America shall have all rights of appeal or writ of error or other remedy as in similar cases between private persons or corporations: *Provided*, That such notice of the suit shall be given to the Attorney General of the United States as may be provided by order of said court, and upon such notice it shall be the duty of the Attorney General to cause the United States attorney in such district to appear and defend for the United States: *And provided further*, That such suit shall be begun within 12 months of the date of the approval of this act.

With the following committee amendment:

On page 2, after line 10, strike out lines 11 to 17, inclusive, and insert in lieu thereof "which said cattle were shipped from Texas to Osage County, Okla., in the years 1918 and 1922."

The committee amendment was agreed to.

The Clerk read the following committee amendment:

On page 2, line 22, after the word "claims", insert "without intervention of a jury."

The amendment was agreed to.

The Clerk read the following further committee amendment:

Page 3, line 21, strike out the word "twelve" and insert the word "six."

The committee amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

UNITED STATES BANK OF ST. LOUIS, MO.

The Clerk called the next bill, H.R. 4393, for the relief of the United States Bank of St. Louis, Mo.

Mr. TRUAX. Mr. Speaker, I object.

Mr. COCHRAN of Missouri. Will the gentleman withhold his objection and state why he objects?

Mr. TRUAX. I have objected to all bills that seek to refund income taxes paid 10 or 15 years ago. This bill provides for the payment of $10,000, or a little over, to the United States Bank of St. Louis. I have objected to similar bills on the same ground, and shall continue to object to all such bills.

Mr. COCHRAN of Missouri. In the first place, the gentleman shows he has not read the bill carefully when he says it provides for a refund of $10,000.

Mr. TRUAX. It is $7,700 plus interest.

Mr. COCHRAN of Missouri. Now, this is the situation, as the gentleman will see by the report.

Mr. TRUAX. I have read the report.

Mr. COCHRAN of Missouri. The Treasury Department admit that this is an overpayment.

Mr. TRUAX. Does the Treasury Department recommend the enactment of the bill?

Mr. COCHRAN of Missouri. I say the Treasury Department admits that this is an overpayment. That shows the Government has money it is not entitled to.

Mr. TRUAX. I will take the gentleman's word for that.

Mr. COCHRAN of Missouri. Now, this is the situation with reference to this bill, and why we come to the Congress. There is no other place to go.

Mr. TRUAX. There ought not be any place to go to get back money that was paid in income taxes for 1920.

Mr. COCHRAN of Missouri. I should like to see somebody take money from the gentleman from Ohio wrongfully and see him keep still about it. The gentleman would never stop yelling.

Mr. TRUAX. The gentleman from Missouri is doing all the yelling. I wonder why? They never took any overpayment from me because I could not make enough as a farmer to overpay them.

Mr. COCHRAN of Missouri. That is the gentleman's hard luck. This bank paid its income tax. Two years afterward the Government sent an auditor to check up and see whether the return had been properly made. The auditor found that they took a deduction in 1 year that should have been taken in another year. They assessed an additional amount. The bank said "All right; just deduct the $7,000 plus, and we will pay the balance." The Government said, "No; we do not do business that way. You must pay this full amount of the additional assessment, and then we will refund the money to you." That is what the auditor told the bank.

Now, the bank followed the auditor's instructions and paid the full amount of the additional assessment and, as the auditor had told them, thought the Government would refund this $7,000, but the Government did not refund the $7,000. Then the bank came to the Government and wanted to know why, and the Government said, "Because you did not file an application." The bank said, "The auditor told us you would send us a check." The Government said, "You did not file an application and therefore we cannot pay you, because the statute of limitations has intervened."

Mr. TRUAX. I would remind the gentleman from Missouri, as I have stated to other gentlemen who have had similar bills, that if Andrew Mellon, that great refunder of all times, refused it should not be refunded here.

Mr. COCHRAN of Missouri. Oh, let us leave Andrew Mellon out of it. This is not Andrew Mellon. Mellon has nothing to do with this case.

Mr. TRUAX. It occurred under Mr. Mellon's regime.

Mr. COCHRAN of Missouri. Oh, it was during the Harding administration. Regardless as to who was Secretary of the Treasury, that has nothing to do with the merits of the bill. The report shows this applies to the years 1920 and 1921.

Mr. TRUAX. Does the gentleman mean the tax was paid then?

Mr. COCHRAN of Missouri. Yes.

Mr. TRUAX. I object to every bill that seeks to go back to the administration of Woodrow Wilson and refund income taxes that were largely made out of war profits.

Mr. COCHRAN of Missouri. This was in 1920 and 1921, after the war was over. Let the gentleman consider the bill on its merits, and not resort to such arguments. There is no excess profits involved in this case; the question involved is, Are you going to refund money to a taxpayer that he is entitled to?

Mr. TRUAX. I care not when it was. I object to raids on the Treasury by banks or otherwise. Mr. Speaker, I object.

M. J. HARBINSON

The Clerk called the next bill, H.R. 4425, providing compensation to H. J. Harbinson for injuries sustained while in the Government service at and on the Belknap Reservation, Mont., engaged as a moundsman.

Mr. ZIONCHECK. Mr. Speaker, I object.

JAMES FLOYD TERRELL

The Clerk called the next bill, H.R. 4444, for the relief of Lt. James Floyd Terrell, Medical Corps, United States Navy.

Mr. ZIONCHECK. Mr. Speaker, I object.

Mr. MONTAGUE. Will not the gentleman withhold his objection and state his reasons for objecting?

Mr. ZIONCHECK. The reason I object to this bill is that the Government cannot be the insurer of all property damaged on a Government reservation by flood or fire.

Mr. MONTAGUE. That is very true.

Mr. ZIONCHECK. If the gentleman can point out where this case is different from thousands of similar cases, I shall be glad to withdraw my objection.

Mr. MONTAGUE. In the first place, this property was in a foreign country.

Mr. ZIONCHECK. It was at Coco Solo. That is American territory.

Mr. MONTAGUE. I do not know whether it was or not. In the second place, this officer made every effort to secure insurance in that country, but was unable to do so.

Mr. BLANTON. Mr. Speaker, will the gentleman from Washington yield?

Mr. ZIONCHECK. I yield.

Mr. BLANTON. For a number of years I have been watching the bills introduced by the gentleman from Virginia [Mr. MONTAGUE]. I have never seen the gentleman introduce a bill that he did not think was meritorious. This bill is for not a large amount. If we can do so conscientiously, let us pass it.

Mr. ZIONCHECK. But the gentleman from Texas has been objecting to bills of this nature right along.

Mr. BLANTON. No; this has a distinction, and is not in the class with the others.

Mr. ZIONCHECK. The gentleman from Texas the other day objected to a $200 horse bill.

Mr. BLANTON. But finally I let it pass; and that is the reason I ask the gentleman now to withdraw his objection to this bill. The gentleman from Virginia [Mr. MONTAGUE] has done a lot of wonderfully fine work in the House, and he deserves great credit for it.

Mr. ZIONCHECK. Upon the statement of the gentleman from Virginia that this officer actually tried to secure insurance on this property but was unable to do so I shall withdraw my objection.

Mr. MONTAGUE. Permit me to say for the further satisfaction of the gentleman that the time the fire occurred this officer was ordered to duty at the scene of the fire and was thereby prevented from rescuing his own property.

Mr. HOLLISTER. Does the gentleman say this man was ordered away at the time?

Mr. MONTAGUE. No; he was ordered by his superior officer to go over to the hospital to take care of the injured. He was required to neglect his own property; he could not save it.

Mr. HOLLISTER. Could he have saved it had he not been ordered away at the time?

Mr. MONTAGUE. Yes; it is my judgment that he could have.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Lt. James Floyd Terrell, Medical Corps, United States Navy, out of any money in the Treasury not otherwise appropriated, the sum of $1,250 in full payment for the value of personal property destroyed by fire January 9, 1922, while situated in building no. 36 at the submarine base, Coco Solo, Canal Zone.

With the following committee amendment:

Page 2, line 1, insert the customary attorney's fee proviso, as follows: "*Provided*, That no part of amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

JOHN WORTHINGTON

The Clerk called the next bill, H.R. 4445, for the relief of John Worthington.

Mr. HANCOCK of New York. Mr. Speaker, I object.

Mr. MONTAGUE. Will not the gentleman withhold his objection and state his reasons for objecting?

Mr. HANCOCK of New York. I reserve the objection, Mr. Speaker. I regret very much to object to the gentleman's bill, but the claimant asks compensation for an injury occurring in 1903. The evidence indicates that it was due, at least partially, to the negligence of the claimant himself. Regardless of the merits of the case, I do not think we should go back that far.

Mr. MONTAGUE. This claim has been considered two or three times, I may say to the gentleman from New York.

Mr. HANCOCK of New York. I very reluctantly object.

Mr. MONTAGUE. May I say to the gentleman that the Secretary of War approved this bill.

Mr. HANCOCK of New York. I think we have to draw the line some place. This claim arises out of an accident over 30 years ago.

Mr. MONTAGUE. I think not.

Mr. HANCOCK of New York. The accident happened in 1903. The man was very painfully injured.

Mr. MONTAGUE. He lost an eye.

Mr. HANCOCK of New York. I had a similar case where a man lost an eye while working on the Panama Canal in 1908. The committee did not pay me the same regard that they paid the gentleman from Virginia. My bill was reported unfavorably, or, rather, it was not reported at all. They took the position that we should not go so far into the past, and I quite agree with them. There must be an end to these claims some time.

Mr. MONTAGUE. If the gentleman wishes to oppose a bar of limitation against a just claim, that is his privilege.

Mr. HANCOCK of New York. I do it with great reluctance. Mr. Speaker, I object.

VERTNER TATE

The Clerk called the next bill, H.R. 4447, for the relief of Vertner Tate.

Mr. ZIONCHECK. Mr. Speaker, reserving the right to object, this bill is for $2,000, in full settlement of a claim because of a discharge on account of a previous case of intoxication?

Mr. MONTAGUE. No.

Mr. ZIONCHECK. What was the man arrested for?

Mr. MONTAGUE. This man was arrested for stealing money. He was a postal employee. He was indicted.

Mr. ZIONCHECK. And then discharged.

Mr. MONTAGUE. Yes; he was discharged. He was then restored by President Harding, but he was too old and was separated from the office again. This is his only child. Mr. Taylor, a more honest man I never knew, was charged with this offense. The bill simply asks for the pay he would have gotten as compensation during the time he was off. If you will permit me to say so, the charge of stealing money from the Government killed him.

Mr. ZIONCHECK. This is to compensate the daughter?

Mr. MONTAGUE. Yes.

Mr. ZIONCHECK. For the support that she would have had?

Mr. MONTAGUE. Yes.

Mr. ZIONCHECK. Was she living with him at the time he was discharged?

Mr. MONTAGUE. Yes. I do not know her income now, but I am sure it is very slender.

Mr. ZIONCHECK. Mr. Speaker, I withdraw the objection.

Mr. MONTAGUE. This bill was passed by the Senate once and carried $5,000.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Vertner Tate, daughter and heir of George E. Taylor, deceased, out of any money in the Treasury not otherwise appropriated, the sum of $2,000, said sum to be in full and final settlement of all claims for salary he would have received had he not been unjustly arrested and dismissed from the Postal Service on May 11, 1911, to the date of his reinstatement on November 16, 1921, by Executive order: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

D. W. TANNER

The Clerk called the next bill, H.R. 4533, for the relief of D. W. Tanner.

Mr. BLANTON. Mr. Speaker, reserving the right to object, it was tentatively understood yesterday that we would not call this calendar longer than this hour. That is the reason it was agreed that we adjourn over, to give us a chance to catch up with our office work. I hope that we may adjourn within a short time.

Mr. HOLLISTER. Mr. Speaker, reserving the right to object, I merely want to point out that the person for the benefit of whom this bill has been introduced has since died. I understand the proponent of the bill will accept an amendment changing the relief to the widow, the payment to be made to her, and with that understanding there is no objection.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That D. W. Tanner, of Brighton, Mass., retired after 30 years' military service, including service during Indian wars and the World War, be reimbursed in the amount of $125, covering payment for an artificial limb supplied by the Hammer Limb Co., of Boston, Mass.

Mr. HOLLISTER. Mr. Speaker, I offer an amendment which I send to the desk.

The Clerk read as follows:

Amendment by Mr. HOLLISTER: In line 3, after the word "that", insert "the widow of."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

The title of the bill was amended to read: "For the relief of the widow of D. W. Tanner."

FLOOD CONTROL AS A NATIONAL POLICY

Mr. WILSON. Mr. Speaker, I ask unanimous consent to address the House for 3 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. WILSON. Mr. Speaker, gentlewomen, and gentlemen of the House, in his message to the joint session of the Congress on January 3, 1934, the President said:

I continue in my conviction that industrial progress and prosperity can only be attained by bringing the purchasing power of

that portion of our population which in one form or another is dependent upon agriculture up to a level which will restore a proper balance between every section of the country and every form of work.

In this field, through carefully planned flood control, power development, and land-use policies, in the Tennessee Valley and in other great watersheds, we are seeking the elimination of waste, the removal of poor lands from agriculture, and the encouragement of small local industries, thus furthering this principle of a better-balanced national life.

Later, under the direction of the Public Works Administration a committee was appointed and designated as the "Mississippi Valley committee" to examine and make cost estimates for flood control, improvement for navigation, conservation of national resources, irrigation and reclamation and elimination of marginal lands for improvement to agriculture, power development, and related uses thereof, covering all the streams comprising the entire Mississippi River system and the watersheds affecting the main channel and all tributaries thereto.

Subcommittees were also appointed to assist in collecting data and formulating plans for a comprehensive national policy for the purposes stated above.

Following this, resolutions were passed by the Senate and House of Representatives, as follows:

Resolved, That the President be, and he is hereby, requested to send to the House of Representatives (and the Senate) a comprehensive plan for the improvement and development of the rivers of the United States, with a view of giving to Congress information for its guidance in legislation which will provide for the maximum amount of flood control, navigation, irrigation, and development of hydroelectric power.

The purpose of this action by the Congress was to extend the comprehensive plan and national policy to all streams in every State in the Union.

After this request of the Congress, the President appointed a committee, consisting of the Secretary of the Interior, the Secretary of War, the Secretary of Agriculture, and the Secretary of Labor, to assist in the completion of the plans to be submitted to the Congress.

This committee, composed of members of the Cabinet, selected regional committees, six in number, which are as follows: Atlantic Coast, Gulf Coast, Great Lakes, West Coast, east Mississippi, and west Mississippi.

This committee from the executive departments and the regional committees have coordinated their work with the Mississippi Valley Committee and its subcommittees.

To assist each committee in forming a basis for procedure in this, the greatest undertaking contemplated by the Congress, members of the Corps of Engineers of the United States Army have been assigned.

Under the direction of the Secretary of War and the supervision of the Chief of Army Engineers, by authority granted them under section 10 of the Flood Control Act of May 15, 1928, and House Document No. 308 of the Sixty-ninth Congress, first session, surveys have been made, data collected, and information compiled that may insure speedy undertaking for execution of a major portion of the worthy projects embraced within this national policy. The same Government agency can supply the Congress with the additional information that may be required.

There are now pending before the Committee on Flood Control a number of bills providing for the establishment of certain authorities covering streams tributary to the Mississippi River and affecting the entire watersheds that contribute to floods in the alluvial valley of the Mississippi River. Other measures of like character cover streams and watersheds in practically every section of the United States.

The purpose of these bills, in line with the general policy as previously stated, indicates a Nation-wide call and necessity for well-planned and definite action for the protection of life and property and for the conservation and use of our natural resources.

It is interesting to recall at this time that when the Committee on Flood Control was created in 1916 the plans, methods, and policies now proposed were then advocated. Surveys and investigations were authorized by an act of Congress after the adoption of the resolution creating the Flood Control Committee for the following purposes: Source stream control, the construction of reservoirs for storage of water for irrigation, for improvement to navigation, or for power development.

Since these bills have been referred to the Committee on Flood Control, I wish to call the attention of the Membership of the House to the provisions of section 3 of the first flood control act, that of March 1, 1917:

That all the provisions of existing law relating to examinations and surveys and to works of improvement to rivers and harbors shall apply, so far as applicable, to examinations and surveys and to works of improvement relating to flood control. And all expenditures of funds hereafter appropriated for works and projects relating to flood control shall be made in accordance with and subject to the law governing the disbursement and expenditure of funds appropriated for the improvement of rivers and harbors.

All examinations and surveys of projects relating to flood control shall include a comprehensive study of the watershed or watersheds, and the report thereon, in addition to any other matter upon which a report is required, shall give such data as it may be practicable to secure in regard to (a) the extent and character of the area to be affected by the proposed improvement; (b) the probable effect upon any navigable water or waterway; (c) the possible economical development and utilization of water power; and (d) such other uses as may be properly related to or coordinated with the project.

These provisions in the first flood-control act, passed 18 years ago, indicate in an impressive way the vision and foresight of its sponsors.

Among the leaders responsible for this achievement I may mention the then Speaker of the House of Representatives, Hon. Champ Clark, of Missouri, and the present Speaker, Hon. Henry T. Rainey, of Illinois. Hon. Benjamin G. Humphreys, of Mississippi, was the first chairman of the committee. He was succeeded by Hon. William A. Rodenberg, of Illinois.

The provisions of section 3 of the act referred to give complete authority for the procedure required as a basis for approval of all projects that may come within the scope of the proposed national policy.

It is also gratifying to know that for the major portion of the projects proposed, surveys have been made and the work may proceed as soon as the Congress gives its approval.

I further call attention to the fact that all examinations and surveys relating to flood control are made under the same authority and the expenditures therefor are made in the same manner as applies to river-and-harbor improvements. Many examinations and surveys have been made as authorized by the passage of bills reported by the Committee on Flood Control. There is no conflict between the work of the Committee on Flood Control and the Rivers and Harbors Committee.

By the Flood Control Act of May 15, 1928, the project for flood control in the alluvial valley of the Mississippi River from Cape Girardeau, Mo., to the Gulf of Mexico was adopted and its execution ordered without further local contributions, except rights-of-way for levees and levee foundations on the main stem of the Mississippi River. The State and local interests have complied with this exception.

Amendments to this act are necessary to carry out the intent of Congress in respect to compensation for lands taken and used by the Government for the passage of flood waters in the main channel of the Mississippi River by new locations, set-backs, and changes in levee lines under the flood-control plan, lands or flowage rights over same embraced within spillways and floodways, and also areas adjacent to the main channel of the Mississippi River, the protection of which by levee construction is not deemed practical, when and wherever such lands are used or designed for use in the passage or storage of flood waters in the execution of the adopted project.

The alluvial valley of the Mississippi River, comprising 30,000 square miles, is now used for the passage and storage of the drainage and excess flood waters from 31 States, more than four fifths of the entire area of the United States. The work now in progress will coordinate with whatever may be essential in the comprehensive plan. The work undertaken in the alluvial valley is an emergency project and should proceed as such.

We now have the opportunity to go forward in a field of public works, national in scope, and in which the capitalized benefits to the American people will exceed the costs.

THE PRIVATE CALENDAR

GEORGE DACAS

The Clerk called the next bill, H.R. 4541, for the relief of George Dacas.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any funds in the Treasury not otherwise appropriated and in full settlement against the Government, the sum of $5,000 to the legal guardian of George Dacas for injuries sustained as the result of an explosion of a dynamite cap on the site of Camp Gordon on February 22, 1922.

With the following committee amendment:

Page 1, line 9, at the end of the bill, insert the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MARTIN-WALSH, INC.

The Clerk called the next bill, H.R. 4608, for the relief of Martin-Walsh, Inc.

Mr. ZIONCHECK. I object, Mr. Speaker.

BARNEY RIEKE

The Clerk called the next bill, H.R. 4611, for the relief of Barney Rieke.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $3,750 to Barney Rieke, because of the destruction of his yacht *Barney Google* by the United States Coast Guard.

With the following committee amendment:

At the end of the bill insert the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

LYMAN D. DRAKE, JR.

The Clerk called the next bill, H.R. 4670, for the relief of Lyman D. Drake, Jr.

Mr. ZIONCHECK. Mr. Speaker, I object.

OSWALD BAUCH

The Clerk called the next bill, H.R. 4683, for the relief of Oswald Bauch.

Mr. HANCOCK of New York. Mr. Speaker, I object.

EULA K. LEE

The Clerk called the next bill, H.R. 4690, for the relief of Eula K. Lee.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Eula K. Lee, out of any money in the Treasury not otherwise appropriated, the sum of $838.75 for reimbursement of expenses on account of personal injuries sustained by her as a result of slipping and falling on the steps of post-office building at Lima, Ohio, on February 9, 1929, in full settlement for injuries sustained and expenses incurred therefrom.

With the following committee amendment:

Page 1, line 10, at the end of the bill insert the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. McGUGIN. Mr. Speaker, a parliamentary inquiry. Are any more bills going to be called this afternoon?

The SPEAKER. The Chair presumes so.

MINNESOTA FIRE SUFFERERS' BILL

The Clerk called the next bill, H.R. 4774, for the relief of certain claimants who suffered loss by fire in the State of Minnesota during October 1918.

Mr. BLANTON. Mr. Speaker, I object.

MOREAU M. CASLER

The Clerk called the bill, H.R. 4780, for the relief of Moreau M. Casler.

The SPEAKER pro tempore. Is there objection?

Mr. HANCOCK of New York. I object.

LEAVE TO ADDRESS THE HOUSE

Mr. McGUGIN. Mr. Speaker, I ask unanimous consent to address the House for 15 minutes.

Mr. BYRNS. Reserving the right to object, upon what subject?

Mr. McGUGIN. Upon the subject of Dr. Wirt.

Mr. BYRNS. Let me say to the gentleman that we will be in session next week on appropriation bills and he will have ample time. Some Members of the House are very anxious to get back to their offices to take care of their mail. The gentleman from Kansas had 2 or 3 days in which he has discussed the Wirt matter. I object.

HOUSE OFFICE BUILDING COMMISSION

Pursuant to the provisions of title 40, section 175, United States Code, the Speaker appointed the gentleman from Alabama [Mr. BANKHEAD] as a member of the House Office Building Commission.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 2561. An act for the relief of Robert R. Prann; to the Committee on Claims.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, this is the anniversary of a great patriot, a great Democrat, founder of the Democratic Party. As a mark of respect to the memory of Thomas Jefferson, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 2 o'clock and 30 minutes p.m.) the House, under its previous order, adjourned until Monday, April 16, 1934, at 12 o'clock noon.

MOTION TO DISCHARGE COMMITTEE

APRIL 9, 1934.

To the Clerk of the House of Representatives:

Pursuant to clause 4 of rule XXVII, I, CARL M. WEIDEMAN, move to discharge the Committee on Banking and Currency from the consideration of the bill (H.R. 7908) entitled "A bill to promote the resumption of industrial activity, increase employment, and restore confidence by fulfillment of the implied guaranty by the United States Government of de-

posit safety in national banks", which was referred to said committee February 12, 1934, in support of which motion the undersigned Members of the House of Representatives affix their signatures, to wit:

1. Carl M. Weideman
2. Jesse P. Wolcott
3. Fred H. Hildebrandt
4. Everett M. Dirksen
5. John D. Dingell
6. George G. Sadowski
7. John H. Hoeppel
8. Vincent Carter
9. Fred A. Hartley
10. Thomas O'Malley
11. Raymond J. Cannon
12. Alfred F. Beiter
13. E. W. Goss
14. Florence P. Kahn
15. Chester C. Bolton
16. W. P. Lambertson
17. George A. Dondero
18. Sam L. Collins
19. Wesley Lloyd
20. Roy O. Woodruff
21. Martin L. Sweeney
22. Jas. L. Whitley
23. Chas. V. Truax
24. D. Lane Powers
25. L. W. Schuetz
26. Kent E. Keller
27. Joseph P. Monaghan
28. Denver S. Church
29. S. M. Young
30. G. M. Gillette
31. G. R. Durgan
32. R. T. Wood
33. Patrick J. Boland
34. Martin F. Smith
35. Knute Hill
36. Wm. I. Traeger
37. Jennings Randolph
38. John Lesinski
39. George W. Edmonds
40. Wm. Lemke
41. G. W. Blanchard
42. Clarence J. McLeod
43. W. E. Evans
44. J. O. Fernandez
45. Isaac Bacharach
46. John G. Cooper
47. F. H. Shoemaker
48. William T. Schulte
49. Compton I. White
50. G. Foulkes
51. Elmer E. Studley
52. William H. Sutphin
53. G. J. Boileau
54. M. Dunn
55. Geo. F. Brumm
56. Wm. J. Granfield
57. Geo. W. Lindsay
58. Arthur D. Healey
59. James Wolfenden
60. Chas. A. Wolverton
61. H. H. Peavey
62. Henry Arens
63. G. R. Withrow
64. John J. Douglass
65. J. H. Sinclair
66. J. Howard Swick
67. Herman P. Kopplemann
68. Mon. C. Wallgren
69. John H. Burke
70. George W. Johnson
71. W. F. James
72. Harry W. Musselwhite
73. Wm. P. Connery, Jr.
74. John W. McCormack
75. Paul J. Kvale
76. Clyde Kelly
77. A. C. Shallenberger
78. Fred A. Britten
79. John F. Dockweiler
80. N. L. Strong
81. C. W. Tobey
82. Carroll Reece
83. Warren J. Duffey
84. Edward A. Kenney
85. Ernest Lundeen
86. John A. Martin
87. J. G. Scrugham
88. A. L. Somers
89. Wm. L. Fiesinger
90. Stephen A. Rudd
91. Ralph R. Eltse
92. Albert E. Carter
93. T. M. Carpenter
94. Finly H. Gray
95. O. L. Auf der Heide
96. John J. McGrath
97. R. J. Welch
98. C. J. Colden
99. W. E. Brunner
100. J. J. Delaney
101. C. C. Dowell
102. Lloyd Thurston
103. A. H. Gasque
104. Jed Johnson
105. Martin J. Kennedy
106. R. E. Ayers
107. G. N. Seger
108. A. Murdock
109. J. C. Lehr
110. C. M. Turpin
111. R. L. Ramsay
112. T. A. Jenkins
113. Edgar Howard
114. Henry Ellenbogen
115. D. C. Dobbins
116. James J. Lanzetta
117. H. L. Englebright
118. L. M. Black
119. J. W. Wadsworth
120. Ray P. Chase
121. Edw. L. Stokes
122. Marian W. Clarke
123. Oscar De Priest
124. Magnus Johnson
125. Virginia E. Jenckes
126. James W. Mott
127. M. A. Zioncheck
128. Chas. Kramer
129. S. P. Strong
130. M. J. Muldowney
131. L. T. Marshall
132. B. K. Focht
133. G. H. Stalker
134. J. W. Ditter
135. J. G. Utterback
136. C. L. Beedy
137. F. C. Gilchrist
138. U. S. Guyer
139. R. F. Rich
140. R. B. Wigglesworth
141. E. N. Rogers
142. J. J. Connolly
143. J. B. Kurtz
144. H. C. Ransley
145. W. J. Sirovich

This motion was entered upon the Journal, entered in the CONGRESSIONAL RECORD with signatures thereto, and referred to the Calendar of Motions to Discharge Committees, April 13, 1934.

COMMITTEE HEARING

SUBCOMMITTEE ON PUBLIC UTILITIES OF THE HOUSE DISTRICT COMMITTEE

(Monday, Apr. 16, 8 p.m.)

Consider the following bills relating to change in procedure before the Public Utilities Commission: H.R. 5867, H.R. 5742. Room 345, Old House Office Building.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

406. A letter from the Secretary of War, transmitting copy of a radiogram received by the Bureau of Insular Affairs from the Provincial Governor of Zamboanga, P.I., expressing the gratitude of the people of Zamboanga to the President and Congress of the United States for the passage of the Philippine independence bill; to the Committee on Insular Affairs.

407. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the legislative establishment, United States Senate, fiscal year 1934, in the sum of $25,000 (H.Doc. No. 302); to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. JOHNSON of West Virginia: Committee on the Post Office and Post Roads. H.R. 7301. A bill to authorize the Postmaster General to charge an additional fee for effecting delivery of domestic registered, insured, or collect-on-delivery mail, the delivery of which is restricted to the addressee only, or to the addressee or order; without amendment (Rept. No. 1237). Referred to the Committee of the Whole House on the state of the Union.

Mr. BLAND: Committee on Merchant Marine, Radio, and Fisheries. H.R. 9015. A bill for the relief of persons engaged in the fishing industry; without amendment (Rept. No. 1238). Referred to the Committee of the Whole House on the state of the Union.

Mr. LAMNECK: Committee on the Post Office and Post Roads. H.R. 7343. A bill to remove inequities in the law governing eligibility for promotion to the position of chief clerk in the Railway Mail Service; with amendment (Rept. No. 1240). Referred to the Committee of the Whole House on the state of the Union.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H.R. 8950) for the relief of H. J. Walker; Committee on the Post Office and Post Roads discharged, and referred to the Committee on Claims.

A bill (H.R. 4895) for the relief of Edger Stivers; Committee on the Post Office and Post Roads discharged, and referred to the Committee on Claims.

A bill (H.R. 5727) for the relief of Robert B. Marshall; Committee on the Post Office and Post Roads discharged, and referred to the Committee on Claims.

A bill (H.R. 5637) for the relief of John J. Moran; Committee on the Post Office and Post Roads discharged, and referred to the Committee on Claims.

A bill (H.R. 8822) for the relief of Sam D. Carson; Committee on the Post Office and Post Roads discharged, and referred to the Committee on Claims.

A bill (H.R. 8526) for the relief of James O. Greene and Mrs. Hollis S. Hogan; Committee on the Post Office and Post Roads discharged, and referred to the Committee on Claims.

A bill (H.R. 7406) for the relief of John J. Moran; Committee on the Post Office and Post Roads discharged, and referred to the Committee on Claims.

A bill (H.R. 5763) for the relief of Frederick E. Dixon; Committee on the Post Office and Post Roads discharged, and referred to the Committee on Claims.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. HOWARD (by departmental request): A bill (H.R. 9115) relating to the tribal and individual affairs of the Osage Indians of Oklahoma; to the Committee on Indian Affairs.

By Mr. CALDWELL: A bill (H.R. 9116) extending and continuing to January 12, 1936, the provisions of the act entitled "An act authorizing the Secretary of the Interior to determine and confirm by patent in the nature of a deed of quitclaim the title to lots in the city of Pensacola, Fla.", approved January 12, 1925; to the Committee on the Public Lands.

Also, a bill (H.R. 9117) to amend the Civil Service Retirement Act of May 29, 1930, as amended, to provide that mechanics and laborers on Army posts be eligible for retirement at 62 years of age; to the Committee on the Civil Service.

By Mr. ELLENBOGEN: A bill (H.R. 9118) to revive the construction industry by financing the construction of new homes with bonds of the Home Owners' Loan Corporation, to utilize existing lending agencies, to provide employment, and for other purposes; to the Committee on Banking and Currency.

By Mr. BEITER: A bill (H.R. 9119) to authorize contribution of Federal funds to aid the State of New York in the improvement of a section of the Erie Canal; to the Committee on Rivers and Harbors.

By Mr. MEAD: A bill (H.R. 9120) to amend the act entitled "An act authorizing the Postmaster General to adjust certain claims of postmasters for loss by burglary, fire, or other unavoidable casualty", approved March 17, 1882, as amended; to the Committee on the Post Office and Post Roads.

By Mr. BRUNNER: A bill (H.R. 9121) to amend the Radio Act of 1927, approved February 23, 1927, as amended; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. PIERCE: A bill (H.R. 9122) for the purpose of providing for sanitary inspection of the manufacture of oleomargarine and for taxation of oleomargarine containing foreign-produced ingredients; to the Committee on Agriculture.

By Mr. SEARS: A bill (H.R. 9123) to authorize the Secretary of War to lend War Department equipment for use at the Sixteenth National Convention of the American Legion at Miami, Fla., during the month of October 1934; to the Committee on Military Affairs.

By Mr. CHAVEZ: A bill (H.R. 9124) to provide for the distribution of power revenues on Federal reclamation projects, and for other purposes; to the Committee on Irrigation and Reclamation.

By Mr. SCRUGHAM: A bill (H.R. 9125) to provide relief to depositors in closed banks; to the Committee on Banking and Currency.

By Mr. PETERSON: A bill (H.R. 9126) to extend the provisions of the act entitled "An act for the establishment of marine schools, and for other purposes", approved March 4, 1911, to a marine school at Tampa, Fla.; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. SIROVICH: Resolution (H.Res. 330) to create a special committee of the House to investigate the manufacture, sale, export, and import of arms, armament, munitions, implements, and equipment of war in and from the United States; to the Committee on Rules.

By Mr. BAILEY: Resolution (H.Res. 331) to authorize and direct the Speaker of the House of Representatives to appoint a committee to investigate the cost of maintaining the present system of futures trading in agricultural products and to ascertain what classes of citizens bear such, and to report the result of such investigation; to the Committee on Rules.

By Mr. McLEOD: Resolution (H.Res. 332) providing for the consideration of House bill 8479, to promote resumption of industrial activity, increase employment, and restore confidence by fulfillment of the implied guaranty by the United States Government of deposit safety in national banks; to the Committee on Rules.

By Mr. CANNON of Wisconsin: Joint resolution (H.J.Res. 323) prohibiting unnecessary investigations; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CANNON of Wisconsin: A bill (H.R. 9127) for the relief of Frank E. Turner; to the Committee on Military Affairs.

By Mr. DUNCAN of Missouri: A bill (H.R. 9128) for the relief of Bruce Bros. Grain Co.; to the Committee on Claims.

By Mr. GRAY: A bill (H.R. 9129) granting a pension to Goly Weese; to the Committee on Pensions.

By Mr. HEALEY: A bill (H.R. 9130) for the relief of David Wagner Deshler; to the Committee on Naval Affairs.

By Mr. LEWIS of Colorado: A bill (H.R. 9131) for the relief of the Moffat Coal Co.; to the Committee on Claims.

By Mr. McMILLAN: A bill (H.R. 9132) for the relief of E. H. Jennings; to the Committee on Claims.

By Mr. PETERSON: A bill (H.R. 9133) for the relief of Reuben R. Sanchez; to the Committee on Claims.

Also, a bill (H.R. 9134) granting a pension to Lelia W. Church; to the Committee on Pensions.

Also, a bill (H.R. 9135) granting a pension to Leon L. Keen; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the clerk's desk and referred as follows:

3839. By Mr. BROOKS: Petition signed by residents of the Thirtieth Congressional District of Pennsylvania, urging the repeal of that part of the economy act which permits department heads to impose payless furlough days on Government employees; to the Committee on the Post Office and Post Roads.

3840. By Mr. CADY: Memorial signed by Martha Smith and 24 other members of the Haslett (Mich.) Child Study Club, favoring the passage of the so-called "Tugwell bill" to amend present food and drug laws; to the Committee on Interstate and Foreign Commerce.

3841. By Mr. FITZPATRICK: Petition signed by several hundred qualified voters of the city of Mount Vernon, N.Y., urging the repeal of that part of the economy act which permits department heads to impose payless furlough days on their employees; to the Committee on Appropriations.

3842. By Mr. GOODWIN: Petition of the Woman's Christian Temperance Union, Central Bridge, N.Y., respectfully petitioning Congress for favorable action on the Patman motion-picture bill (H.R. 6097), providing higher moral standards for films entering interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

3843. By Mr. HOIDALE: Resolution by the Twin Cities Council of Chippewa Indians, of Minnesota, opposing the so-called "new deal" for the Indians which would abrogate the treaty of January 14, 1889, and the rights accrued thereunder; to the Committee on Indian Affairs.

3844. Also, resolutions of the Minnesota Farmer-Labor Association, endorsing Senate bill 2625 and House bill 7399,

limiting the length of freight trains, and Senate bill 2519 and House bill 7430, for the 6-hour day; to the Committee on Interstate and Foreign Commerce.

3845. Also, resolution of the Board of County Commissioners of Clay County, urging that Congress make provision for funds for highway work in the various States; to the Committee on Ways and Means.

3846. By Mr. JAMES: Resolution of the township of Baraga, Baraga County, Mich., through Mrs. Hazel Nord, Baraga township clerk, favoring the McLeod bill providing for payment in full to all depositors in closed national banks; to the Committee on Banking and Currency.

3847. By Mr. KELLY of Pennsylvania: Petition of 400 citizens of McKeesport, Pa., urging abolition of furloughs in the Postal Service; to the Committee on the Post Office and Post Roads.

3848. By Mr. MULDOWNEY: Petition signed by 2,220 employees of the Postal Service, protesting against the Post Office Department's policy in curtailing service at the expense of increased unemployment, maintaining that it is directly contradictory to the Government's reemployment drive; to the Committee on the Post Office and Post Roads.

3849. By Mr. TREADWAY: Resolution of the Woman's Christian Temperance Union, Holyoke, Mass., urging early hearings and favorable action on House bill 6097, providing higher moral standards for films entering interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

3850. By the SPEAKER: Petition of Frank H. Walsh, regarding the restriction of time of station WLWL by the Federal Radio Commission; to the Committee on Merchant Marine, Radio, and Fisheries.

3851. Also, petition of Holy Name Society, Branch No. 57, urging support of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

3852. Also, petition of Charles Forney, urging passage of the Fletcher-Rayburn bill; to the Committee on Interstate and Foreign Commerce.

3853. Also, petition of the Local Federation of Catholic Societies, New York State League, Brooklyn branch, regarding the treatment of radio station WLWL; to the Committee on Merchant Marine, Radio, and Fisheries.

3854. Also, petition of St. Michael's Church, Brooklyn, N.Y., regarding discrimination against station WLWL; to the Committee on Merchant Marine, Radio, and Fisheries.

3855. Also, petition of John P. Mullen, urging the enactment of a Presidential primary law for the District; to the Committee on the District of Columbia.

3856. Also, petition of the Brooklyn Catholic Action Council, urging support of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

3857. By Mr. BAKEWELL: Resolution of employees of the various brokerage firms of Bridgeport, Conn., opposing the passage of the proposed National Securities Exchange Act of 1934; to the Committee on Interstate and Foreign Commerce.

3858. By Mr. LINDSAY: Petition of the Polish Army Veterans' Association of America, Post No. 102, Brooklyn, N.Y., urging support of the Cannon bill (H.R. 6912); to the Committee on Immigration and Naturalization.

3859. Also, petition of Rev. Christopher T. Molly, pastor of St. Columbkille's Roman Catholic Church, Brooklyn, N.Y., urging support of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

3860. Also, petition of the Holy Name Society of Holy Family Parish, Brooklyn, N.Y., urging support of the proposed amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

3861. Also, petition of Raymond B. Stringham, attorney, New York City, concerning air-mail contracts; to the Committee on the Post Office and Post Roads.

SENATE

SATURDAY, APRIL 14, 1934

(Legislative day of Wednesday, Mar. 28, 1934)

The Senate met at 12 o'clock noon, on the expiration of the recess.

THE JOURNAL

On motion of Mr. HARRISON, and by unanimous consent, the reading of the Journal for the calendar day Friday, April 13, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. HARRISON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Hebert	Reynolds
Ashurst	Costigan	Johnson	Robinson, Ind.
Austin	Couzens	Kean	Russell
Bachman	Cutting	King	Schall
Bailey	Davis	La Follette	Sheppard
Bankhead	Dickinson	Lewis	Shipstead
Barbour	Duffy	Logan	Smith
Barkley	Erickson	Lonergan	Steiwer
Black	Fess	Long	Stephens
Bone	Fletcher	McGill	Thomas, Okla.
Borah	Frazier	McKellar	Thomas, Utah
Brown	George	McNary	Thompson
Bulkley	Gibson	Metcalf	Townsend
Bulow	Gore	Murphy	Vandenberg
Byrnes	Hale	Norris	Van Nuys
Capper	Harrison	O'Mahoney	Wagner
Caraway	Hastings	Overton	Walsh
Clark	Hatch	Patterson	
Connally	Hatfield	Pope	
Coolidge	Hayden	Reed	

Mr. HARRISON. I desire to announce that the Senator from Arkansas [Mr. ROBINSON] is detained from the Senate because of serious illness in his immediate family.

I regret to announce that the Senator from Montana [Mr. WHEELER] is detained from the Senate by illness.

I wish further to announce that the Senator from Florida [Mr. TRAMMELL], the Senator from Virginia [Mr. BYRD], the Senator from Wyoming [Mr. O'MAHONEY], the Senator from Maryland [Mr. TYDINGS], the senior Senator from Nevada [Mr. PITTMAN], the junior Senator from Nevada [Mr. MCCARRAN], the Senator from California [Mr. MCADOO], the Senator from Illinois [Mr. DIETERICH], the Senator from West Virginia [Mr. NEELY], the Senator from New York [Mr. COPELAND], and the Senator from Washington [Mr. DILL] are necessarily detained from the Senate on official business.

The VICE PRESIDENT. Seventy-seven Senators have answered to their names. A quorum is present.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed the bill (S. 1091) conferring jurisdiction upon the Court of Claims of the United States to hear, consider, and render judgment on the claims of Edward F. Goltra against the United States rising out of the taking of certain vessels and unloading apparatus, with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H.R. 1977. An act for the relief of R. A. Hunsinger;

H.R. 2340. An act for the relief of Russell & Tucker and certain other citizens of the States of Texas, Oklahoma, and Kansas;

H.R. 2669. An act for the relief of Paul I. Morris;

H.R. 3463. An act for the relief of Walter E. Switzer;

H.R. 3502. An act for the relief of the estate of William Bardel;

H.R. 3851. An act for the relief of Henry A. Richmond;

H.R. 4082. An act for the relief of John J. Corcoran;

H.R. 4269. An act for the relief of Edward J. Devine;

H.R. 4274. An act for the relief of Charles A. Brown;

H.R. 4390. An act for the relief of R. W. Dickerson;

H.R. 4444. An act for the relief of Lt. James Floyd Terrell, Medical Corps, United States Navy;

H.R. 4447. An act for the relief of Vertner Tate;

H.R. 4533. An act for the relief of the widow of D. W. Tarner;

H.R. 4541. An act for the relief of George Dacas;

H.R. 4611. An act for the relief of Barney Rieke;

H.R. 4690. An act for the relief of Eula K. Lee;

H.R. 4927. An act for the relief of C. J. Holliday;

H.R. 4929. An act for the relief of J. B. Trotter; and

H.R. 6890. An act for the relief of Mrs. Pleasant Lawrence Parr.

CLAIMS OF EDWARD F. GOLTRA

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 1091) conferring jurisdiction upon the Court of Claims of the United States to hear, consider, and render judgment on the claims of Edward F. Goltra against the United States rising out of the taking of certain vessels and unloading apparatus, which was, on page 2, line 6, after the word "apparatus", to insert a comma and the words "but no suit shall be brought after the expiration of 1 year from the effective date of this act."

Mr. STEPHENS. I move that the Senate concur in the amendment of the House.

The motion was agreed to.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a letter in the nature of a petition from Walter Beachler, Sr., and Walter Beachler, Jr., of Frontier, Wyo., praying for the passage of the bill (S. 2926) to equalize the bargaining power of employers and employees, to encourage the amicable settlement of disputes between employers and employees, to create a national labor board, and for other purposes, and also other legislation in the interest of labor, which was referred to the Committee on Education and Labor.

Mr. METCALF presented the memorial of 120 citizens, being employees of the Linwood Lace Works, of Washington, R.I., remonstrating against the passage of the bill (H.R. 8687) to amend the Tariff Act of 1930, which was referred to the Committee on Finance.

Mr. CAPPER presented letters in the nature of petitions from officers of Topeka Local Union, No. 96, Brotherhood of Painters and Decorators, of Topeka; Local Union, No. 918, Brotherhod of Carpenters and Joiners of America, of Manhattan; and Local Union, No. 343, Typographical Union, of Fort Scott, all in the State of Kansas, praying for the passage of the so-called "Wagner-Lewis bill", being the bill (S. 2616) to raise revenue by levying an excise tax upon employers, and for other purposes, which were referred to the Committee on Finance.

Mr. WALSH presented a resolution adopted at a recent meeting of the Plymouth County (Mass.) League of Sportsmen's Clubs, comprising approximately 2,500 members, protesting against the passage of legislation affecting the use and sale of repeating firearms for sporting purposes, which was referred to the Committee on Commerce.

REGULATION OF STOCK EXCHANGES

Mr. WALSH. Mr. President, I present and ask that there be printed in full in the RECORD and appropriately referred a resolution adopted by the Associated Industries of Massachusetts in opposition to the proposed National Securities Exchange Act of 1934.

There being no objection, the resolution was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

ASSOCIATED INDUSTRIES OF MASSACHUSETTS,
Boston, April 10, 1934.

Hon. DAVID I. WALSH,
Senate Office Building, Washington, D.C.

MY DEAR SENATOR WALSH: At the regular meeting of the executive committee of the Associated Industries of Massachusetts, held at Boston, April 6, 1934, the following resolution was unanimously adopted, which is respectfully referred to your consideration:

Resolution

Whereas there is now pending before the Committee on Interstate and Foreign Commerce of the United States House of Representatives the proposed National Securities Exchange Act of 1934; and

Whereas in the opinion of the Associated Industries of Massachusetts, an organization of manufacturers with more than 1,200 members employing approximately 300,000 persons, this proposed bill would give to the Federal Government bureaucratic power over private industry and finance far beyond that reasonably necessary for effective regulation or control of stock-exchange activities and practices: Now, therefore, be it

Resolved, That the Associated Industries of Massachusetts is emphatically opposed to the passage of the proposed legislation for the reasons that it gives direct control to the Federal Trade Commission over the business of corporations whose securities are listed upon the stock exchange and, through rules and regulations which might be adopted by the Commission, over the business of all corporations whether their securities are listed or not, that the provisions relating to proxies would result in great expense and inconvenience, that the value of unlisted securities would be seriously impaired by the provisions of the bill limiting their use as collateral for loans and for the further reason that the bill as a whole goes a long way toward vesting in the Federal Government the power to regulate and control the sources and uses of all credit and capital in business and industry;

Further resolved, That a copy of these resolutions be sent to the Committee on Interstate and Foreign Commerce of the House of Representatives and to each Senator and Representative from the Commonwealth of Massachusetts.

Very truly yours,

O. L. STONE, *General Manager.*

WAGNER LABOR BOARD BILL

Mr. WALSH. Mr. President, I present and ask that there be printed in full in the RECORD and appropriately referred a resolution adopted by the Massachusetts Press Association, Inc., in opposition to the passage of the labor disputes bill.

There being no objection, the resolution was referred to the Committee on Education and Labor and ordered to be printed in the RECORD, as follows:

MASSACHUSETTS PRESS ASSOCIATION, INC.,
March 28, 1934.

Senator DAVID I. WALSH,
Senate Office Building, Washington, D.C.

DEAR SENATOR WALSH: At a meeting of the Massachusetts Press Association held in Boston on March 26 the Wagner bill was fully discussed and the following resolution adopted:

"*Resolved*, That the Massachusetts Press Association go on record as opposed to the provisions of the Wagner bill on which hearings are being held before the Senate Committee on Education and Labor and that the Massachusetts Senators and Representatives be informed of this action on the part of the newspaper publishers of Massachusetts."

Yours very truly,

W. F. TWOMBLY, *Secretary.*

ADMINISTRATION OF C.W.A. FUNDS AT FORT DEVENS

Mr. WALSH. Mr. President, I present and ask that there be printed in full in the RECORD and appropriately referred a resolution adopted by the Lieutenant Laurence S. Ayer Post, No. 794, American Legion, of Fitchburg, Mass.

There being no objection, the resolution was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

LIEUTENANT LAURENCE S. AYER POST, No. 794,
Fitchburg, Mass., April 8, 1934.

Senator DAVID I. WALSH,
Senate Office Building, Washington, D.C.

MY DEAR SENATOR: In response to a feeling of indignation that has been developing throughout this section for some time, and with a hope that the outrageously unfair method of conducting the operations at Fort Devens may be corrected, and that the hundreds of our citizens who are ruthlessly thrown out of work to satisfy owners of labor-saving devices, we, members of the Lieutenant Laurence S. Ayer Post, Veterans of Foreign Wars of the United States of America, in meeting assembled this 8th day of April, after due and careful deliberation and in possession of ample information, have gone on record as favoring the following resolution:

"*Resolved*, That our representatives in the Congress of the United States be notified of the injustice that is being practiced upon the people of this vicinity by the administrator of the C.W.A. funds at Fort Devens through the importation of all forms of labor-saving devices, such as steam shovels, heavy-duty trucks, graders, bulldozers, etc., a practice which has been directly responsible for the reduction of man power on one single project from 500 laborers to less than 50 laborers. That the continuance of the policy established by the administrator at Fort Devens will mean a large increase in the public-welfare lists, and that great suffering is already apparent in a great many instances in the group that have been so unfairly discharged; and be it further

"*Resolved*, That our representatives in Congress be asked to correct this condition immediately, so that our citizens may in some small measure be benefited by the great humanitarian act of our President in allocating this money to this section for the relief of our needy citizens; and be it further

"*Resolved*, That we request our Senators to have this resolution made a part of the CONGRESSIONAL RECORD and brought to the attention of all Senators in Congress."

Sincerely yours,

JAMES M. SHARP, *Commander.*
DANIEL A. NOONAN, *Adjutant.*

REPORTS OF COMMITTEES

Mr. WAGNER, from the Committee on Public Lands and Surveys, to which was referred the bill (H.R. 7425) for the inclusion of certain lands in the national forests in the State of Idaho, and for other purposes, reported it without amendment and submitted a report (No. 727) thereon.

Mr. THOMAS of Utah, from the Committee on Military Affairs, to which was referred the bill (S. 1358) to provide for the improvement of the approach to the Confederate Cemetery, Fayetteville, Ark., reported it without amendment and submitted a report (No. 728) thereon.

He also, from the same committee, to which were referred the following bills, reported them each with an amendment and submitted reports thereon:

S. 2204. An act for the relief of James Johnson (Rept. No. 729); and

S. 2883. An act for the relief of Mike L. Sweeney (Rept. No. 730).

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. THOMAS of Oklahoma (by request):

A bill (S. 3382) to cover the handling of Osage Indian alcoholics and narcotics; to the Committee on Indian Affairs.

By Mr. METCALF:

A bill (S. 3383) for the relief of Rocky Brook Mills Co.; to the Committee on Claims.

By Mr. BROWN:

A bill (S. 3384) granting a pension to Eliza Manzer; and

A bill (S. 3385) granting a pension to Connell Perkins; to the Committee on Pensions.

By Mr. SHEPPARD:

A bill (S. 3386) for the relief of Capt. Samuel C. Samuels; to the Committee on Claims.

A bill (S. 3387) for the relief of Hensley D. Benton; and

A bill (S. 3388) for the relief of Leslie V. Patterson; to the Committee on Naval Affairs.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred to the Committee on Claims:

H.R. 1977. An act for the relief of R. A. Hunsinger;

H.R. 2340. An act for the relief of Russell & Tucker and certain other citizens of the States of Texas, Oklahoma, and Kansas;

H.R. 2669. An act for the relief of Paul I. Morris;

H.R. 3463. An act for the relief of Walter E. Switzer;

H.R. 3502. An act for the relief of the estate of William Bardel;

H.R. 3851. An act for the relief of Henry A. Richmond;

H.R. 4082. An act for the relief of John J. Corcoran;

H.R. 4269. An act for the relief of Edward J. Devine;

H.R. 4274. An act for the relief of Charles A. Brown;

H.R. 4390. An act for the relief of R. W. Dickerson;

H.R. 4444. An act for the relief of Lt. James Floyd Terrell, Medical Corps, United States Navy;

H.R. 4447. An act for the relief of Vertner Tate;

H.R. 4533. An act for the relief of the widow of D. W. Tanner;

H.R. 4541. An act for the relief of George Dacas;

H.R. 4611. An act for the relief of Barney Rieke;

H.R. 4690. An act for the relief of Eula K. Lee;

H.R. 4927. An act for the relief of C. J. Holliday;

H.R. 4929. An act for the relief of J. B. Trotter; and

H.R. 6890. An act for the relief of Mrs. Pleasant Lawrence Parr.

EDUCATION AND CRIME—ADDRESS BY SENATOR COPELAND

Mr. BULKLEY. Mr. President, the senior Senator from New York [Mr. COPELAND] recently delivered in Ohio two notable addresses on the subject of Education and Crime. These are part of an active campaign to combat juvenile delinquency and to stimulate educational institutions to give greater emphasis to character and behavior rather than to classroom achievement.

The first of these addresses was delivered before the National Education Association at Cleveland on March 8 and has been printed in the CONGRESSIONAL RECORD, commencing at page 3963.

I now ask unanimous consent that the address by the Senator from New York delivered before the Citizens' Conference on the Crisis in Education, in cooperation with Ohio State University, at Memorial Hall, Columbus, Ohio, on April 6, be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

EDUCATION AND CRIME

Ladies and gentlemen, good morning, this meeting is significant, coming as it does at the time of a great crisis in education. And it is timely because the Nation is now in the midst of many investigations and studies. We are striving, for example, to find the causes for crime and seeking the remedies for its cure. I deeply appreciate the opportunity of being with you today, because it is my desire to give you some of our experiences and to ask for your advice. We believe that the citizens of the United States can help and will cooperate with our educational institutions in the great responsibility we are placing upon them.

Juvenile delinquency is a million times more dangerous to our Nation than the combined effort of all the roving criminals sought after by the police. In fact, criminology teaches that the career of a hardened criminal of today may be traced back to acts in a youth that was misdirected or had no direction at all.

How can we prevent the early development of these antisocial tendencies? This is the first question I want to put before you.

Bear in mind that every time a "Dillinger" is captured or killed, it has cost society thousands of dollars and days of fear. While we are striving to deal with one gangster, a thousand criminals are in the making. We pluck leaves from the tree of crime when we should put the axe to the root. As I see it, one of the most vital means of combating this growing evil is through the organized effort of the public schools and the united cooperation of the citizens of our Nation by giving our educational agencies their whole-hearted support. Teachers have it in their hands, not only to deepen the culture of our people, but also to elevate the standard of national righteousness.

Is this a reason for giving them our support? Is it worth while? Can we do it? How can we do it? I shall leave that for you to answer.

CRIME AND ANTISOCIAL PRACTICES

Last year a Senate subcommittee, of which I have the honor to be chairman, began an investigation of so-called "rackets." It soon became evident that the whole problem of crime was involved in one investigation. That led the committee at once into a field whose boundaries are shifting and indistinct.

In the legal sense, crime is an offense against the law, but the law lags behind the control of practices that are not in harmony with the best interests of society. What we know as crime is really the recognition of the symptoms of social malpractices that are deeply rooted in wide-spread antisocial attitudes. A study of symptoms is an essential first step, and a treatment of those symptoms which may give temporary relief. But in the last analysis, a permanent cure for crime can be effected only by treating and removing its underlying causes.

In the course of our investigations, we called in outstanding men of long experience in dealing with crime and criminals to testify at a series of hearings. Many suggestions were offered looking toward improvement in law-enforcement procedures and in the treatment of offenders against the law. The gist of these suggestions is incorporated in some 20-odd bills now pending in Congress. By this legislation we hope to curb the activities of gangsters and racketeers, and to give the public more adequate protection against their depredations.

MONEY COST OF CRIME

It is probable that few of us realize the extent of those depredations. In terms of money, conservative estimates indicate that crime costs this country about $13,000,000,000 a year. That is 25 cents out of every dollar of our national income—$400 a second, day and night. One year of crime would pay the salary of the President of the United States for 17,000 years; one year of crime would pay the total expenses of our National Government, the cost of public education throughout the country, and leave more than enough to cover the war debts owing to the United States—debts that have threatened the economic stability of the world.

A cut of 6 percent in our annual tribute to crime would equal the amount required to give every teacher in this country an increase in salary of $1,000 a year. Since one third of our teachers, as pointed out in your resolutions, receive less than the sum

specified in N.R.A. codes for unskilled labor, an increase of $1,000 would go far toward giving teachers that feeling of economic security which is so essential to effective service in any walk of life.

An additional cut of 4 percent would be equal to the amount required to add 20 percent to our present annual budget for public schools. That 20-percent increase would more than restore the cuts in school budgets suffered during the depression—cuts which have so reduced the resources of the schools that three and one half million children have been deprived of the opportunity to go to school.

It is said that 90 percent of crime can be traced to 10 percent of our area. A reduction of another 10 percent in our crime bill would enable communities to replace crime-breeding tenements and shacks with 300,000 five-room houses yearly.

Cut crime 20 percent and teachers can be paid decent salaries, 3,500,000 children can go back to school, and 300,000 families can move out of depressing hovels into sanitary, sun-lit homes. Need I ask you if that is worth while?

CURRENT MALADJUSTMENTS

The money cost of crime is a terrific burden which affects the well-being of every home in the country. But that cost, staggering as it is, fades into insignificance in comparison with the social cost of antisocial practices that permeate our whole social fabric—costs in human suffering, in wasted lives, in sordid ideals, and in vain pursuits. Many of those practices cannot be reached by legislation.

Having in mind that nothing short of a Nation-wide campaign could clear the moral atmosphere, a digest of the hearings was prepared and is being distributed widely. It would give you fresh courage, as it has given me renewed inspiration to carry on, if you could read the high-minded and broad-visioned contributions we have received in response to our request for suggestions and help. Leaders in business, government, education, and social-welfare activities have taken time out of their busy days to write long letters which are a rich mine of pertinent facts, of sane policies, and of specifications for practical procedures. The underlying harmony of spirit displayed in these letters shows unmistakably that our people are sane and sound in heart. I wish I could bring to you the spirit, as well as the content, of the testimony offered at the hearings and of the letters we have received relative to those hearings. The best I can do, however, is to give you a brief statement of certain significant trends of thought which our investigations have revealed.

INDIVIDUALISTIC CODES AND SOCIAL MACHINERY

Not so very long ago Horace Greeley said, "Go West, young man." There our people found ample release for their energies, and there they built their homes. As the frontier lands disappeared we displayed a marked degree of ingenuity and vision in building up a material equipment that gave employment to our ever-increasing millions. In our work life we abandoned the individualistic self-sufficiency of the pioneer and committed our fortunes and our lives to a complex fabric of interdependent relations. But with all our forehandedness in devising social machinery to supplant pioneer methods, we made the fatal blunder of failing to develop social codes of conduct to supplant the individualistic codes of the frontier.

Our social machinery, based upon division of labor and exchange of the products of specialized skill and knowledge, can function effectively only in an atmosphere of mutual confidence and cooperation. On the other hand, our individualistic codes of conduct, survivals from pioneer days when men engaged in a hand-to-hand conflict with nature in their struggles to conquer a continent, place the stamp of approval upon each one employing all his cunning and influence to get as much for himself as he can. In a word, our social machinery demands that we all pull together; our individualistic codes approve of each citizen feathering his own nest. The two won't mix.

This maladjustment between our individualistic codes and our social machinery lies at the grass roots of our difficulties today. There must be a readjustment that will bring our codes of conduct into harmony with the social machinery by means of which our people make a living and live a life.

MECHANICAL READJUSTMENTS

When a difficult situation arises, we, as a people, true to the mechanical spirit of the age, look first for mechanical readjustments. In the economic field labor unions and employers' associations busy themselves with setting up rules to regulate their relations. In the political field we search for ways to alter the machinery of government, in the hope that thereby we may so regulate affairs that we can go about our business without concerning ourselves further about them. We proceed with great diligence to pass laws to meet situations as they arise, piling up statutes upon statutes, overlapping, conflicting, and contradictory, until even the most astute of lawyers are nonplussed in their attempts to wend their way through the intricate mazes of legal enactments and judicial decisions.

All these mechanical arrangements—economic, political, and legal—by means of agreements, rules, regulations, laws, constitutional amendments, codifications, and simplifications of law-enforcement procedures—all these are useful and indeed necessary to meet critical situations, but they are totally inadequate to effect a permanent change in the minds and hearts of men. Permanent improvement will be delayed until men, abandoning the code of the jungle, accept in their hearts a common social code of fair dealing and mutual helpfulness. This change is to be secured only through a long-range program of education that functions in the day-by-day life of the individual and of the community.

EDUCATIONAL READJUSTMENTS

A readjustment through education involves a thorough resurvey of our educational aims and practices. Schools and colleges we have had with us these many years. No people in the world have been so thoroughly and persistently beschooled as have the people of these United States. With all our efforts to develop an enlightened citizenry, however, we find ourselves today facing a situation of insecurity and unrest such as our fathers were never called upon to face. We point with pride to our large-scale enterprises in production, transportation, commerce, and finance, and are prone to attribute our achievements in large measure to our system of free public schools.

I may say to you that there is evidence, in the testimony at the hearings of my committee and in our correspondence, a strong disposition to place a large share of responsibility upon the schools for having failed to develop the right kind of social attitudes among our people. We are told that this failure has resulted in a horde of antisocial practices which bid fair, if unchecked, to wreck the social machinery we have built up with such care and of which we are so justly proud.

INDIVIDUAL DIFFERENCES IN APTITUDES

One of the obvious facts of life today is the wide range of differences between individuals. These differences have been accentuated through the extensive development of division of labor, and, at the same time, division of labor has itself been further promoted by an ever-increasing array of individual differences. In the industrial world, these differences are accepted as a matter of course, and men are graded and placed largely in accord with their individual aptitudes and skill.

To a layman, the schools seem to present an entirely different picture. A recent bulletin of the Bureau of Education reports that library shelves are loaded with books on individual differences, and on the need for taking these differences into consideration in the organization of curricula and in the conduct of instruction. Educators have been reading and talking about individual differences for 20 years or more, but it seems that the schools have done next to nothing about it. From all reports they still grind pupils through prescriptive curricula, more or less regardless of individual interests, aptitudes, or abilities. Chief Justice Holmes once said that the greatest inequality is to give equal treatment to unequals. It appears that schools measure success or failure in terms of achievement in various prescribed subjects of instruction—subjects prescribed with little or no reference to the needs and capacities of individual children. With all this equal treatment of unequals so far as aptitudes are concerned—the one area in which equal treatment is inappropriate and in which individualization should be the paramount consideration—they leave largely to chance experience and contacts. I refer to the matter of developing codes of conduct in harmony with the problems and responsibilities of the day.

SOCIAL CODES

It is trite to say that people differ in aptitudes, and that both the individual and society are best served when each individual finds opportunity, in school and out of school, to do the socially useful things that he can do best. This is quite another matter, however, from saying that each one should be left free to conduct himself as he pleases regardless of others.

Charles Lamb said that he "prayed night and morning for some all-absorbing purpose to blaze in his sky like a midnight sun." That is the outstanding need of our people today. But it is not enough that the purpose be all-absorbing. It must be a common purpose that unifies the thought and action of all the people and a purpose that makes for national survival. Develop individual aptitudes, by all means, but it is equally important to develop a common code of conduct which insures that all will benefit from the special aptitudes of each. Can the schools do that?

Medical schools are an outstanding example of reasonable success in impressing a common code of ethics in medical practice. It may not be the best code possible, but the medical profession demonstrates that codes of conduct are not only desirable, but that they can be established and reasonably well followed.

Unfortunately the curricula of medical schools do not seem to give adequate consideration to individual aptitudes. The student who lacks the ability or the means to qualify as an M.D., but who is attracted to the medical field, finds no definite provisions made for him to qualify for some intermediate position. He must go the full route or fail. This is a waste of human resources which could be avoided if every school undertook to make something of everyone admitted, and exercise due vigilance in admitting only those for whom they could make provision.

Training for the law, for business, for engineering, for agriculture, for the trades, and for all other human occupations, should involve adequate consideration for individual aptitudes on the one hand, and for common codes of conduct on the other.

This means, of course, there must be socialized individual instruction. The individual side has to do primarily with occupational preferences and aptitudes. The socialized side has to do with standards of conduct in human relations regardless of preferences or aptitudes.

This brings us back to the problem of correcting, through education, the lack of harmony between our social machinery and

our codes of conduct. We must have a regeneration of education before we can have a readjustment through education.

SCHOOL CURRICULA

School curricula must be revised. Probably some of the courses should be eliminated, and the number of students in other courses limited to those who show special interest in them, or need for them. It may be found desirable to extend materially opportunities for work in occupational and related subjects in order to minister to the interests and needs of boys and girls who are now suffering the ignominy of failure in school, or who are out of school because of the irksomeness of school work.

Also, there is a gap between the time of leaving the public schools and the time when profitable employment can be secured. This gap is not to be filled by simply extending required school attendance to 18 or 19 years of age. It can be filled effectively only by offering opportunities for training that meet the interests and needs of those it is hoped to reach. Not more education in matters that we grown-ups think may be useful sometime, but better education in matters that boys and girls recognize as being useful to them here and now is the kind of education that will hold them in school and set them definitely on the road toward good citizenship. There is much to be said in favor of the policy of the old pioneer schoolmaster who said his way was "to begin with 'em where th're at and take 'em where they aint."

MOTIVATION AND GUIDANCE

This is not to be taken to mean that the blind and undirected preferences of children are to be accepted as indicating what is most useful to them here and now. They should not be left to themselves to choose what they shall do in school, no more than they should be left to themselves to choose what they shall eat. Hectoring or punishment in either case, however, is likely to be futile and harmful. No small part of the responsibility of parent or teacher is to mold and direct preferences, so that children accept them as their own. This is a matter of motivation and guidance in which no two children should be treated alike. It is as much a part of instruction to stimulate and guide the likings of children as it is to develop their skill and knowledge.

Morrison, I think it was, doubtless had this in mind when he said that teachers must learn their children before they can presume to teach them. The need for guidance has been preached by school men for, lo, these many years. They say teachers should devote half their time to a study of their pupils. I ask you, should they? and do they?

RECORDS OF ACHIEVEMENT AND OF BEHAVIOR

Motivation and guidance imply individual treatment. I believe you will agree with me that casual impressions and clever inferences afford a very inadequate basis for the treatment of individual cases. No competent physician would rely upon such fragile data in treating his patients.

When I was a boy grades were recorded and added up with a diligence worthy of a better cause, and a fraction of a percent might make the difference between passing or failing. A change for the better in grading practices is taking place, I am told. Dr. Ben Wood, of Columbia, has urged that grades based upon opinion be supplanted by grades based upon objective tests, the results of which are as plain to the pupil as they are to the teacher. Judging from the number and variety of tests published, they must be used extensively. As I understand Doctor Wood, however, the use of tests and records for purposes of detecting success or failure is the least significant feature about them. He proposes cumulative records of achievement, based on objective tests, which are to be used by the teacher continuously throughout the school career of the child as a means for determining the direction of his aptitudes and abilities. This is a meager statement of the utility of achievement records as a first aid in motivation and guidance, but, as a physician, it appeals to me as a matter of prime importance.

In the economy of life attitudes are as significant as aptitudes, and cumulative behavior records should be maintained with the same care that teachers now give to achievement records. When a student who is unreliable or overaggressive or opinionated is confronted with a series of recurrent incidents, extending over a period of time incident to revealing such traits, he can scarcely question the cumulative evidence. Each instance in itself may be trivial, and the teacher who placed emphasis upon an isolated instance would appear petty and carping. When seen together, however, the instances recorded carry a cumulative weight of evidence that is convincing, even to the individual who is himself involved. Cumulative behavior records also serve as a medium for recording desirable traits, and thus give a line both to teacher and pupil on strong points to be cultivated, as well as on our weaknesses to be curbed.

TEACHER TRAINING

These suggested changes in curricula content and in teaching practices indicate a profound shift in attention from the subject matter of instruction to aptitudes and attitudes—from book learning to personal efficiency and social conduct. To provide for such a desirable shift in attention the materials of instruction must be revised, provision for motivation and guidance must be made, and plans and specifications for achievement and behavior records must be formulated. This is a gigantic task which will require the cooperation and coordination of all the expert talent available for research, experimentation, demonstration, and publicity.

All this will be futile, however, no matter how well done, if teachers in the front line of attack cannot or will not apply it effectively. A teacher-training program, in complete harmony with the aims and methods of the proposed "new deal" in education, must be set up and maintained with all the insight and skill that we can muster. It took us several decades to make the transition from pioneer self-sufficiency to present-day interdependence in our economic, political, and social life. We cannot expect to revamp our schools overnight, nor should we attempt to do so. What we must look for is growth, not violent transformation. We must have an orderly change of front all along the line, and the general public must understand the importance of that change and approve it, because the schools are helpless to do what needs to be done without their moral and financial support.

PUBLIC SUPPORT

Instruction directed toward individual aptitudes will involve material increases in school-operating budgets. You need no reminder that this additional support will necessitate a marked change in the attitude of the public toward the schools. Adequate financial support is vital, but it is no more vital than intelligent cooperation and moral support. At present the schools are largely stopped from discussing current social problems that cut across the grain of current social practices. Questions relating to the police and politics, to the spoils system in politics, or to the "rigging" of the market are taboo. Any attempts to build up social codes among pupils that will function in active life and that will enable them to meet their civic duties with intelligence as well as with good intents, are doomed to attain meager results so long as pupils are permitted to discuss in their classes only those topics that make no vital differences to anybody.

On the other hand, the public is entirely justified in questioning the competence of teachers to guide such instruction. The answer seems to be found in so training teachers that they will be recognized as competent, in placing in their hands instruction materials derived from such responsible sources that their validity cannot be challenged by any fair-minded standards, and in conducting a Nation-wide program of adult education that will bring the people at large to a realization of the need for supplanting our individualistic codes of conduct with social codes that make for harmony in our human relations. I realize that this is a large order, but the main point is not the size of the order. The real questions are these: Is it worth while? can we do it? and how?

Probably the most effective way to attack the problems of curricula revisions, teacher training, and adult education is to set up and conduct demonstrations of what can be done by intelligent and cooperative efforts. We might as well try to sweep back the ocean with a toothbrush as to attempt a Nation-wide campaign along the whole educational and community fronts. Even if we knew what were best to do and how best to do it, such a task would be beyond the capacity of the talent now available. On the other hand, a series of demonstrations, planned and conducted by groups of experts, and published with discretion, would seem to be the type of procedure that would be effective in modifying school practice and in enlisting the support of the public.

The Rochester Athenaeum and Mechanics Institute, under the leadership of President Randall and the expert guidance of Drs. Charters and Tyler of this great university, has been engaged for several years in developing programs and methods of instruction based squarely upon individual aptitudes and social attitudes. In a very real sense it is a community institution, its services functioning in the day-by-day life of the people of Rochester. Many other institutions are making great advances over current practice in education. I cite the Rochester Athenaeum here because it has attracted Nation-wide attention, because I have first-hand knowledge of what they are doing, and because I have derived from those connected with that institution substantial justification for the viewpoint I have revealed to you today.

We have set up in Washington, in connection with our crime investigation committee, an education and law conference. The services of various groups of experts will be requested from time to time to work out for the conference various problems and projects as they arise. It is not the intent of the conference to build up a large permanent organization but to maintain a mobile organization whose personnel shifts continuously as the problems and projects in hand change.

We are now engaged in developing in the schools of Washington a demonstration which we hope will have a Nation-wide significance as an exemplification of what can be done by coordinate, cooperative efforts. Drs. Charters and Tyler, with other well-known educators, are participating actively in the leadership of this demonstration along lines similar to their activities at the Rochester Athenaeum.

There is immediate need for a State-wide demonstration to show what can be done in the way of vitalizing and harmonizing educational activities in a large administrative unit. In view of the fact that Ohio State University has on its staff a group of men who have already demonstrated their competence in educational research and in the reorganization of teaching practices, it would seem to me peculiarly appropriate for this institution to undertake the development of a program for the State-wide revitalization of the schools of Ohio. I am fully aware of the fact that many other institutions in this country are fully competent to render a similar service. I hope that they, too, will take seriously to heart the betterment of our educational practices. More power to them if they do. But today I am laying this opportunity on the doorstep of Ohio State University because I think you ought to do it, because I believe you can do it, and because I know that President Rightmire and his associates want to do it.

The education and law conference will cooperate with you as fully as possible. In return we ask your active participation in the work of the conference. Let us go forward together to end juvenile delinquency by supporting the schools.

GOLD AND SILVER

Mr. LONG. Mr. President, I send to the desk and ask unanimous consent to have placed in the RECORD an article entitled "Gold and Silver" appearing in a Colorado newspaper.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Holy Cross Trail, Red Cliff, Colo., Mar. 23, 1934]

GOLD AND SILVER

By O. W. Daggett

When Hoover was making his campaign speeches for reelection, he stressed the honest dollar and the gold standard. We heard his Des Moines talk over the radio. It was so convincing that President Roosevelt not only followed his logic, but has gone not only one point but a dozen points better, and if Congress and the Senate gives him rope enough he will hang himself.

By his edict he has raised the price of the world's gold from $20 to $35 per ounce, or a 75-percent raise. We will wager that England, Russia, and other gold-producing nations are laughing up their sleeve the way they have put it over on Franklin and Eleanor.

England's possessions produce three fourths of the world's production of gold. South Africa alone produced last year at the old price of $20.67 an ounce $200,000,000 of the precious yellow metal, more than one half of the world's supply. At the new price this same gold is worth $350,000,000. Mining in South Africa is very much the same as in the Black Hills. At the Homestake Mine the price of their stock advanced steadily during the depression and is still steadily advancing, although they are mining at a depth of nearly 5,000 feet. At the Homestake Mine they pay their labor good wages.

The gold output of the United States, including Alaska, was around $60,000,000 last year. In South Africa there are employed in the gold mines 170,000 cheap native laborers. This is as many laborers as is employed in the United States in all kinds of mining, not including coal. In the Transvaal they are mining and milling ores of $10 value and over, leaving millions and millions of tons of what was low-grade ore on the dumps and in their workings.

President Roosevelt's boosting the world's price of gold will enable the South African mine owners to mill a greater tonnage at a lesser cost per ton and a profitable price on their low-grade ore. Under such a stimulation it is only natural that their output in gold ounces will be doubled or trebled. Their low-grade ores are unlimited. Then with a doubling of price the gold output of South Africa should reach over a billion of dollars of gold. South Africa alone will produce more ounces of gold per year than we produce ounces of silver per year in Colorado, which last year was under 2,000,000 ounces.

We have no large bodies of silver ore in America. Ordinarily for centuries the production of gold and silver has been about 15 to 1 in ounces. With the present turn of affairs, in a few years the ratio will be reversed. We have no strictly silver mines in the United States. At one time we had a silver mine at Aspen, one or two in Leadville, a wonder silver mine in California, a silver chimney of ore in the upper end of the San Luis Valley. But our silver mines with depth all turned to complex ores in combination with copper, zinc, and lead. Silver now is nothing more than a byproduct, with its output limited by the demand for copper, zinc, and lead, the markets for which at present are depressed.

Leadville, the greatest silver-mining camp of history, in the past 55 years has produced about $550,000,000 of gold and silver, one third of which has been gold; about $350,000,000 silver, most of the production being at the rate of $1.29 per ounce in an early date when the production was the heaviest. And at the present gold prices miners will turn their attention to gold mining instead of silver mining, and we are playing the goat advancing the price of foreign gold and taking all that is offered.

Suppose, instead of doubling the price of gold for the benefit of the nations of Europe, where they have a surplus of many things, and can supply themselves—suppose that Franklin D. had doubled the price of the world's silver. We could have taken a billion dollars or two of silver from the Orient and given them in exchange many articles that we manufacture that they need, and cannot produce.

Franklin D.'s "brain trust" has just put him in the same predicament on the gold and silver situation as his Army and Navy advisors put him in on our air-mail flying, only his money s[illegible] will be a Nation-wide disaster.

CARRY ON!

Mr. BARBOUR. Mr. President, I ask unanimous consent to have printed in full in the RECORD a letter written by the late James Kerney, editor and publisher of the Trenton (N.J.) Times, to his three sons.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

[From the Trenton (N.J.) Times, Monday, Apr. 9, 1934]

CARRY ON!

(The following letter was written by Judge Kerney to his three sons:)

MY DEAR SONS: I am naturally much interested in the kind of things you write about. And yet I wonder if any of you realize the magnitude of the undertaking of preparing yourselves for the job of newspaper running. It is the most fascinating game of them all, and it is also the most exacting. It requires not only enormous patience, but great human understanding and endless industry if it is to be done right.

First, there is the making of the paper itself; the news and editorial departments. They require courage at the right time and charity at all times. You are always dealing with frail human nature, and your work is spread before the critical eye of the public every day. There is no place to hide. You are always on parade. There is entirely too much disregard in most newspaper offices for the poor and uninfluential. They are the folks who most need generous consideration, and at the same time the duty of the paper must ever be kept in mind.

That duty, first of all, is to give the public the actual news of what is happening, impartially and without bias. No other calling, not even the church, has a greater obligation—or, if it has, meets it with such courage. Back of the news should be the reputation of someone for outstanding honesty and courage to do the right, but to do it fairly and with a due regard for human weakness. There is no human perfection, and newspaper judgment is not always right. But it is the clear duty of the newspaper man to make an honest endeavor to do the right as God gives him to see the right.

The editorial end is the second line, and there not only fearlessness but a decent regard for others is essential. What is the square thing and what is the best thing for the community should ever be uppermost in the mind of the editorial director.

And when you have made a good newspaper, and have kept in mind all that is owing to the community, in the way of leadership and generous giving to things that make for a better place, comes the problem of mechanical production. That can only be acquired by patient study and close attention to details.

When you have the product ready, the next step is to get it distributed—circulation. That, too, needs the closest attention, in order that every possible reader may be garnered. Of what use is it to produce a newspaper, with lots of character behind it, if you are not going to have the widest distribution?

Lastly comes the gathering of the advertising, which, too, must be done with a decent regard for the merchants and others with whom you are dealing. They are apt to think only in terms of dollars, which is natural, as they have to pay the freight. Always remember that they are entitled to consideration, and try to put yourselves in their shoes. They struggled hard to make financial headway and they have a right to feel that everything should be done to see that they get their money's worth. My policy with them has always been that, unless they find advertising with us profitable, we do not want their business; we are not benefice monks. Where they can be properly favored I am for doing it; in that way I have always gotten along well with them. They know I am anxious for them to succeed, because, unless we can help make a fine city, where labor is well paid and people are comfortable and happy, we have failed in our job.

Always keep in mind that in our business, which covers every line of human endeavor, everything is grist to the old mill. If you get a chance to spend a night on a yacht, grab it; but don't get the yacht habit, which is useless. The experience of being on a yacht will some day come in good stead. The best experience I ever had was working as a boy in a grocery store. We not only had to know all about everything from soda crackers to mackerel but we also had to learn to be patient and polite to the buyer, no matter how humble or how finicky. Then I worked in a shipping office, where we had to be just as polite to a steerage prospect as to the purchaser of the suite de luxe. We needed them all to fill the ships. We need them all to fill the newspapers.

Always keep simple; never get "high-hat"; a pleasant word costs nothing and good manners cannot be put on for state occasions. If you are not polite to the waitress, you will sometimes fail to be polite to the hostess. And, as Kipling remarked, they are all alike under the skin. Industry and good manners are the best of all virtues.

Keep a sense of humor and be kind to everybody. Don't develop superior traits, even if you feel you are superior. The smartest folks I have known have been the simplest; those who understood that we were living in a dumb world, but made the best of it. Be affable to "damphools" who think they are important; you never can tell where and when they can do you a good turn. Nobody is really of much importance, because the whole life of the greatest man is brief. Always keep in mind that life is too short for you to be small.

Our office has sometimes been impatient with me because I happened in the newsroom when some poor, hard-driven soul was pleading to keep a line out of the paper about her boy—never a bad boy, mind you—but it would embarrass her in the neighborhood if the paper printed the fact that Johnny was drunk and had been given 10 days on the farm or fined $3. What difference does it make if poor Johnny, working as a truckman, did get tight and was picked up by a cop? They are the kind of poor devils who should have a little charity shown to them. The more kind things you do, the happier you will be. The real

business of a newspaper is protecting the public from outrages, from politicians, and rich high-binders, who live as smug leaders of the community while they lift your watch.

Let me reiterate: Every contact you make in life will some day come in handy in a profession that deals with every phase of life. Sometimes a policeman will give you one of your best beats; other times it may come from a judge; if you are always polite, you will find yourselves cashing in along lines you little dreamed of. I recall one election night in the old True American office. They had all the returns complete save only Union County. Savory, who was a great news editor, was tearing his hair as the press hour approached. I had been working like a beaver all night on local tables and he finally appealed to me to know if there wasn't some way I could get the finals from Union County. I went to the telephone and called a number in Elizabeth, and, after a few pleasant words, asked the other end to dig up the missing districts. "All right, Jimmy", said the voice and in 20 minutes he called back with everything complete. When Savory heard me say, "Good night, Governor, I'll give you a pleasant mention in the paper some day for this", he almost dropped dead. Then he came to and asked, "Who got these for you?" And I told him my friend, Governor Voorhees. He almost wept with joy. Then I informed him that I had a working understanding with the Governor, by which I went to the statehouse early every morning and opened all his personal mail, so that I might get a few early wire stories for the Newark News to buy bread for my babies. He was flabbergasted. So make every contact you can, high or low; life is the great thing after all.

Affectionately,

FATHER.

It is our aim to follow the principles set forth in the above letter.

THOMAS L. KERNEY.
JAMES KERNEY, Jr.
JOHN E. KERNEY.

RELIEF OF DEBTORS IN BANKRUPTCY PROCEEDINGS

Mr. VAN NUYS. Mr. President, I ask unanimous consent that House bill 5884 may be made the unfinished business of the Senate.

The VICE PRESIDENT. The Senator from Indiana asks unanimous consent that House bill 5884 be made the unfinished business of the Senate. Is there objection?

Mr. KING. Let the bill be reported.

The VICE PRESIDENT. The clerk will report the bill by title.

The CHIEF CLERK. A bill (H.R. 5884) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto.

Mr. McKELLAR. Mr. President, reserving the right to object, I should like to inquire how long will it take to dispose of that bill?

The VICE PRESIDENT. The Chair understands the bill is not to be considered at the moment, but that the desire is to make it the unfinished business. Then the Chair expects to recognize the Senator from Alabama [Mr. BANKHEAD] to take up the conference report, if that shall be agreeable to the Senate.

Mr. McNARY. Mr. President, I inquire who offered the bill and what is the nature of the request?

The VICE PRESIDENT. The Chair understands the request is to make the unfinished business the so-called "bankruptcy bill", which has been reported unanimously from the Committee on the Judiciary, and is in charge of the Senator from Indiana [Mr. VAN NUYS].

Mr. REED. Mr. President, if the Senator from Oregon will yield for a moment——

Mr. McNARY. I yield.

Mr. REED. I have examined the bill; I do not believe it is going to take very long to pass it, and I hope that the motion of the Senator from Indiana will be agreed to.

Mr. HARRISON. Mr. President, as I understand, the Senator from Indiana intends only to have the bill made the unfinished business, then to let the conference report come up, following which it is desired to have the bankruptcy bill go over until the next meeting of the Senate.

Mr. REED. That, I think, is the understanding.

The VICE PRESIDENT. Is there objection to the request of the Senator from Indiana?

Mr. McNARY. Mr. President, I am not prepared to give my consent until I have a further understanding regarding the program which I thought we had agreed upon yesterday, namely, that today the Senate would meet, take up the conference report on the Bankhead bill make the air mail bill the unfinished business, and recess until Tuesday. If there is any change in the program, I should like to know about it.

Mr. HARRISON. Mr. President, I want to say to the Senator that it is not proposed to insist upon the consideration of the bankruptcy bill but merely to make it the unfinished business; that then the conference report on the Bankhead bill shall come up, and then, when the consideration of the conference report shall have been concluded, to recess over until Tuesday.

Mr. McNARY. Very well.

Mr. HARRISON. Granting the request of the Senator from Indiana will not interfere, I am quite sure, with the aviation bill.

Mr. NORRIS. Mr. President, while the leaders are discussing as to what is going to happen, and what bill is coming up next, I want to call their attention to the joint resolution proposing to amend the Constitution, which is now on the calendar, a resolution proposing to do away with the Electoral College. I have talked several times with the leader of the majority, who is detained on account of illness in his family, about securing consideration for that joint resolution. I do not want to interfere with any program that may have been agreed upon by the Senator from Mississippi and the Senator from Oregon; but I should like to say that, while it is my desire to cooperate to the fullest extent, the joint resolution ought to be taken up—and I have such an understanding—at some time and considered. It ought not to be done just on the eve of final adjournment because, of course, it has to be passed by the House.

Mr. HARRISON. I am sure the Senator will have ample time to call up the joint resolution.

Mr. NORRIS. I do not want to agree in advance on what we are going to take up from day to day because I think the joint resolution, which was reported a long time ago by the Judiciary Committee, is entitled to consideration somewhere in the program.

Mr. HARRISON. I think the Senator is right. The Senator from Indiana [Mr. VAN NUYS] does not intend to proceed with his measure today, but merely to have it made the unfinished business.

Mr. NORRIS. I understand that, but I also had the impression that there is an understanding that after the bill which the Senator from Indiana has in charge shall have been disposed of another measure is going to be interjected and made the unfinished business of the Senate. I do not want to agree to any such understanding as that.

Mr. HARRISON. There is no unanimous-consent request relating to that.

Mr. FLETCHER. Mr. President, I understand if the bill in charge of the Senator from Indiana shall be made the unfinished business it will not come before the Senate until 2 o'clock, so we will have the morning hour to devote to the other questions which may properly come before the Senate.

Mr. NORRIS. I should not object to taking up my joint resolution in the morning hour if we had one, but we are not having a morning hour very often. I should dislike to depend on the morning hour for consideration of the joint resolution because there may be a great deal of discussion of it, and it could not be disposed of that easily.

Mr. BORAH. Mr. President, may I ask Senators on either side of the Chamber who have to do with arranging the program if we cannot have a calendar day without the limitation of unanimous consent?

Mr. HARRISON. Mr. President, would it not be satisfactory to the Senator from Oregon [Mr. McNARY], when we get through with our business today, to adjourn over until another day and then have a morning hour?

Mr. BORAH. We can have a morning hour in that way, but there are some bills on the calendar which cannot be passed in the morning hour. Why may we not have a calendar day so as to get through with the bills on the calendar? If many of the bills are to become laws, they must be passed through the Senate pretty soon, because

they have to pass the House before they can become laws. Is it not possible to have a day for the consideration of the calendar?

Mr. McNARY. Mr. President, the days on which we have considered bills on the calendar have been devoted to bills to which no objection was interposed. I thought the Senator wanted a morning hour so he could move to take up some bill on the calendar which would, of course, have to give way to the unfinished business when the hour of 2 o'clock arrived. Now, I understand the Senator from Idaho wants an entire day to be devoted to a call of the calendar. If the Senator has a bill he desires considered, I suggest that at some appropriate time he move to consider it and make it the unfinished business.

Mr. BORAH. Yes; and I know just how far I would get with such a motion. If we make the bill of the Senator from Indiana the unfinished business and I should move to take up another bill, and the motion were agreed to and the bill was under discussion at 2 o'clock, that would not give it precedence over the bill of the Senator from Indiana, would it?

Mr. McNARY. No.

Mr. HARRISON. I do not think we will take very long with the bill of the Senator from Indiana.

Mr. BORAH. Then we can have a morning hour on Tuesday?

Mr. HARRISON. When we conclude our business today it is my intention to ask for an adjournment until Tuesday, and that will give us a morning hour.

The VICE PRESIDENT. Is there objection to the request of the Senator from Indiana?

There being no objection, the Senate proceeded to consider the bill (H.R. 5884) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto, which had been reported from the Committee on the Judiciary, with amendments.

REGULATION OF THE COTTON INDUSTRY—CONFERENCE REPORT

Mr. BANKHEAD. Mr. President, I move that the Senate proceed to the consideration of the conference report on the bill (H.R. 8402) to place the cotton industry on a sound commercial basis.

The motion was agreed to; and the Vice President laid before the Senate the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 8402) to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes, which was read, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 8402) to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 4, 5, 7, 8, 11, 13, 14, 15, 16, and 17.

That the House recede from its disagreement to the amendments of the Senate numbered 3, 6, 9, 10, and 19, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows: In lieu of the matter proposed to be stricken out by the Senate amendment insert a comma and the following: "but if the President finds that the economic emergency in cotton production and marketing will continue or is likely to continue to exist so that the application of this act with respect to the crop year 1935–36 is imperative in order to carry out the policy declared in section 1, he shall so proclaim, and this act shall be effective with respect to the crop year 1935–36. If at any time prior to the end of the crop year 1935–36, the President finds that the economic emergency in cotton production and marketing has ceased to exist, he shall so proclaim, and no tax under this act shall be levied with respect to cotton harvested after the effective date of such proclamation"; and the Senate agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert a comma and the following: "for the crop year 1935–36, if the provisions of this act are effective for such crop year, that two thirds of the persons who have the legal or equitable right as owner, tenant, share cropper, or otherwise to produce cotton on any cotton farm, or part thereof, in the United States for such crop year"; and the Senate agree to the same.

Amendment numbered 12: That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "$1,000, or by imprisonment for not exceeding 6 months, or both"; and the Senate agree to the same.

Amendment numbered 18: That the House recede from its disagreement to the amendment of the Senate numbered 18, and agree to the same with an amendment as follows: In lieu of the matter proposed to be stricken out by the Senate amendment insert:

"SEC. 24. The Secretary of Agriculture is authorized to develop new and extended uses for cotton, and for such purpose there is authorized to be made available to the Secretary not to exceed $500,000 out of the funds available to him under section 12 of the Agricultural Adjustment Act."

And the Senate agree to the same.

E. D. SMITH,
J. H. BANKHEAD,
ARTHUR CAPPER,
Managers on the part of the Senate.

MARVIN JONES,
H. P. FULMER,
WALL DOXEY,
CLIFFORD R. HOPE,
J. ROLAND KINZER,
Managers on the part of the House.

Mr. THOMAS of Oklahoma. Mr. President, when this bill was before the Senate I received numerous telegrams calling attention to the fact that if the bill passed with a 5-year limitation, so far as the average is concerned, it would place my State sixth in the production of cotton, and if a 10-year average was relied upon my State could be third or fourth in the production of cotton.

When the bill came before the Senate an amendment was submitted striking out the 5-year average and providing for a 10-year average, and the Senate adopted the amendment. The conferees have stricken out the Senate amendment and referred the bill back to the 5-year average. I desire to take the time of the Senate to make clear the record upon which I supported the 10-year average.

I am opposed to striking out the 10-year average and going back to the 5-year average. What applies to Oklahoma applies likewise to all the newer cotton States—California, Arizona, New Mexico, and some of the other States which have begun producing cotton in the last few years.

I read to the Senate a telegram received on March 27 from Clarence Roberts, editor of a farm journal in my State:

OKLAHOMA CITY, OKLA., *March 27, 1934.*

Senator J. ELMER THOMAS,
Senate Office Building:

Sending you air-mail figures showing rank discrimination against Oklahoma in pending Bankhead bill. Five-year, instead of 10-year, average reduces amount of cotton we can produce tax free

by 20 percent. To prevent discrimination bill should be amended to include 10-year-average base.

CLARENCE ROBERTS.

The average was changed in the Senate to a 10-year average basis. Following the receipt of that telegram I received a letter from Mr. Roberts giving facts and figures in detail. I send his letter to the desk and ask that it may be read by the clerk.

The VICE PRESIDENT. Without objection, the clerk will read, as requested.

Mr. BORAH. Mr. President, before the letter is read let me ask the Senator from Oklahoma a question. Am I to understand that the Senator is objecting to the conference report?

Mr. THOMAS of Oklahoma. I have to object to the conference report because it proposes to change the 10-year average, as approved by the Senate, back to the 5-year average.

Mr. BORAH. The only way we can reach the matter is to send the bill back to conference.

Mr. THOMAS of Oklahoma. I realize it; but I must make my statement in justification for voting to send the bill back to conference.

Mr. SMITH. Mr. President, if the Senator from Oklahoma will allow me, I am thoroughly familiar with the contention he is making. My State of South Carolina, and other States, including Georgia, North Carolina, and Alabama, in the 5-year period have reduced their production to where the 5-year average basis has worked a far greater hardship on those States than it has on any other States, if there is a hardship on any State and if the objective of the bill is to be considered. Taking it over the 10-year average, South Carolina would possibly run up to about 1,000,000 bales. Taking the 5-year average, it would hardly be in excess of 800,000 bales. That would hold true also of North Carolina and Georgia.

In the meantime, the newer States have increased during the 10-year period, notably Texas, Oklahoma, Arizona, and New Mexico and certain parts of California, which have come into cotton production entirely within that period. So that though there may be a diminution on the part of the State of Oklahoma, to which the Senator refers, in the 5-year period, as compared with the 10-year period, that State certainly is given a greater amount in the quota than South Carolina, Georgia, North Carolina, or Alabama would have. So that what we lose is greater in comparison than what Oklahoma would lose; and the average certainly is in favor of Oklahoma State and the other Western States.

These figures can be substantiated by reference to the bulletin which has been gotten out, dealing with the supply and distribution of cotton, which gives a statement of the matter by years.

The PRESIDING OFFICER (Mr. LOGAN in the chair). Without objection, the clerk will read the letter submitted by the Senator from Oklahoma.

The legislative clerk read as follows:

THE OKLAHOMA FARMER-STOCKMAN,
Oklahoma City, Okla., March 27, 1934.

Senator J. ELMER THOMAS,
Senate Office Building, Washington, D.C.

DEAR SENATOR THOMAS: Following my wire dated today may I present the figures which of themselves prove the rank injustice about to be done our State by the passage of the Bankhead bill.

This bill, as you know, is based upon a 5-year period "prior to the signing of the act" by the President. I assumed that period would cover the crop produced in 1933 and the 4 preceding years. However, I am informed by the office of the Secretary of Agriculture that the crop produced in 1933 would be excluded, and, hence, the base period on which quotas are to be computed would be the crops produced in the calendar years 1928 to 1932, inclusive.

May I call your attention to the significance of the exclusion of the year 1933?

When it came to working out a base on which the voluntary compaign just ended was based the crop of 1933 was excluded.

When I was in Washington in September I called this to the attention of officials, pointing out that it would be easier to determine the production of cotton in the 5-year period 1929–33 than for the period 1928–32. I was told frankly and without hesitation that 1933 would not be included for the reason that we planted too much cotton, having increased our acreage 30 percent.

I countered with the fact that during 1930, 1931, and 1932 we had decreased our acreage in Oklahoma, voluntarily, by approximately 30 percent. That fact, however, was quickly swept aside and I was given to understand that the question was not even debatable.

I consider that definite injustice was done Oklahoma in thus jumping a year to establish a base on which production in voluntary contracts is founded. Cotton was taken away from us and given to other States.

But if the A.A.A. has rendered the State an injustice in the matter, certainly no precedent has been established whereby a greater injustice should be done by the Congress.

Figures have just been released (which will bear the closest scrutiny) showing that on a base of 1928 to 1932, inclusive, Oklahoma has a 5-year average production of 1,071,706 bales, which would give us an estimated tax-free allotment of 761,706 bales. Such an allotment amounts to 7.61 percent of the national production. Such an allotment places Oklahoma sixth among the cotton-producing States.

I contend that a base figured on the 5-year average, 1928 to 1932, is highly discriminatory against Oklahoma. It is the particular 5 years of the past 11 years which give us the lowest possible quota and, in proportion, gives other States the highest possible quotas.

I likewise submit that a 10-year average is a much more reasonable, fair, and equitable basis on which to figure the different State quotas.

If we take the production of cotton by States for the past 10 years, 1924 to 1933, inclusive, we arrive at an average production for Oklahoma of 1,275,350 bales. This is an increase, as you notice, of more than 200,000 bales in our average annual production.

On the basis of a 10,000,000-bale production, this would result in an increase in our quota of cotton which could be grown tax free of more than 140,000 bales, or nearly 20 percent.

The thought may be unworthy, but it seems to me that this Bankhead bill, emanating as it does from the southeast part of the United States, was deliberately drawn up to give that section the largest possible advantage and at the same time to discriminate against us out West.

Consider for a moment just what the opportunity to grow 140,000 additional bales of tax-free cotton means to Oklahoma.

The tax is to be 50 percent of the value of the cotton. Let us say cotton is 12 cents. The tax thus becomes $30 per bale. Thus the tax on 140,000 bales becomes $4,200,000. In other words, the direct loss to farmers in Oklahoma from a measure based upon the 5 years 1928 to 1932 amounts to at least $35 for every cotton-growing farmer in the State.

This is not a theoretical loss. It will be an actual loss unless the bill is amended, as it properly should be. It should be based on a 10-year average rather than on the years 1928 to 1932, which, as I have pointed out, results in the lowest possible quota which can be assigned to Oklahoma.

I know that every cotton farmer in the State as well as all business interests will expect you to use your utmost efforts to prevent this rank injustice being done the State.

Sincerely yours,

CLARENCE ROBERTS, *Editor.*

Mr. THOMAS of Oklahoma. Mr. President, I am opposed to the adoption of the conference committee report. If we can have an agreement that the yeas and nays may be ordered upon the question of agreeing to the report, I promise to detain the Senate but a few moments. I now ask that the yeas and nays be ordered upon that question.

The yeas and nays were ordered.

Mr. THOMAS of Oklahoma. Mr. President, this conference report discriminates against my State to the extent of 140,000 bales of cotton. If cotton should sell for 12 cents per pound each bale would bring $60. One hundred and forty thousand bales of cotton each year, worth $60 per bale, means an income to my State of $8,400,000 per annum. If the bill is enacted into law the farmers of my State will be deprived of this income.

My State is the third largest cotton-producting State in the country. If we do produce the 140,000 bales to bring the number up to the 10-year average, then the farmers of my State will be taxed 50 percent of that $8,400,000. So a tax falls upon the cotton growers of Oklahoma to the extent of $4,200,000 per year.

Mr. President, I cannot stand upon the Senate floor and consent to this injustice being done to the farmers of Oklahoma. Upon roll call I find myself forced to vote "nay" against the adoption of the report.

Mr. President, in support of what I am saying I desire to read two or three telegrams to complete the record. I read a telegram from Carnegie, Okla., dated March 28, 1934 as follows:

Hon. ELMER THOMAS,
Oklahoma Senator, Senate Chamber, Washington, D.C.:
The Nonpartisan Tax Association in session Carnegie, Okla., 114 present, requests Oklahoma be represented on conference committee Bankhead bill, and 10-year-average amendment by Senate be retained by all means instead of 5 years as originally written in the House.

I. E. NUTTER,
L. L. WEST,
DR. MALLORY,
Committee.

I read to the Senate a second telegram from Oklahoma City, of date March 28, 1934, as follows:

Senator ELMER THOMAS,
Senate Building, Washington, D.C.:
Believe Bankhead bill unworkable and will cause considerably more hardship among farm labor than possible gain, but in any event Oklahoma been trying cooperate with wishes National Government past several years, and if allotment based on 5-year period means Oklahoma will be penalized 100,000 bales as against 10-year average urge you to work for amendment to 10-year average for benefit Oklahoma producers and industries.

A. E. KING.

I will read another telegram from Chickasha, Okla., as follows:

CHICKASHA, OKLA., *March 28, 1934.*

Hon. ELMER THOMAS,
Care Senate, Washington, D.C.:
It is advantageous to Oklahoma have the Bankhead bill base on a 10-year average instead of 5. Please try get bill amended to such extent.

R. K. WOOTTEN.

I will read another telegram from Oklahoma City, as follows:

OKLAHOMA CITY, OKLA., *March 28, 1934.*

Senator ELMER THOMAS: In fairness to Oklahoma cotton farmers Bankhead bill should provide State quotas based on 10-year average instead of 5. Oklahoma farmers made drastic cuts 3 of 5 basic years.

H. J. DENTON,
President Oklahoma Agricultural Cooperative Council and Editor Oklahoma Cotton Grower.

Mr. President, I might state that under the former administration the farmers of the South were requested and urged to plow up every third row of cotton; they were urged to curtail the production of cotton; and the farmers of my State undertook to comply with those requests. As a result of that campaign the farmers of my State voluntarily reduced their cotton acreage and reduced their cotton production, and now this bill, over the protest of the Senate, seeks to reinstate that injustice and to penalize the farmers of those States that complied with the request made by the former administration.

Mr. President, I read another telegram from Oklahoma City. It is from the Oklahoma Farmers' Union, is signed by Tom W. Cheek, president, and reads as follows:

OKLAHOMA CITY, OKLA., *March 28, 1934.*

Hon. ELMER THOMAS,
United States Senator, Washington, D.C.:
Bankhead bill should be amended to a 10-year basis; this would give Oklahoma 861,000 bales, and on 5-year basis would give us 761,000 bales; very unfair to Oklahoma. Make this amendment fight for us.

TOM W. CHEEK,
President Oklahoma Farmers' Union.

Mr. President, after having placed these telegrams in the RECORD from the leaders of the cotton growers of my State, and having made this statement so far as it affects Oklahoma, I can do no more than to cast my vote "nay" upon the question of the adoption of this conference report.

Mr. BAILEY. Mr. President, I am under the necessity of leaving the city within a few minutes, having some weeks ago made an engagement to make a speech on the subject of Thomas Jefferson at Reading, Pa., tonight. For that reason I cannot, very much to my regret, be here during the remainder of the consideration of the conference report.

I think this matter ought to be fully discussed. I discussed it myself at rather considerable length when the bill was before the Senate a few days ago. I should like to discuss it further.

The bill is one of the utmost importance, whether considered from the point of view of alteration of the character of our Government or from the point of view of economics.

Under other circumstances, I might feel justified in requesting that the report go over until Tuesday; but I realize that the farmers are entitled to know, at any rate, at the earliest possible moment what the Congress proposes to do about their cotton crop and what sort of taxes are to be imposed upon them in the matter of ginning and marketing their cotton. I realize, also, that there is more or less speculation going on as to the effect of the passage of the bill. I have no sympathy with the speculative aspects of the matter and should like to put an end to that phase of the situation.

I wish to offer for the RECORD, and as a part of my remarks, a statement prepared by the Department of Agriculture and placed in my hands showing the effect of the 5-year provision in the bill as the base for production as compared with the 10-year base.

The PRESIDING OFFICER. Without objection, the statement will be printed in the RECORD.

The statement is as follows:

Cotton

State	1926				5-year average ending 1932				10-year average ending 1932			
	Acres	Percent	Production	Percent	Acres	Percent	Production	Percent	Acres	Percent	Production	Percent
Alabama	3,470,000	100	1,494,000	100	3,373,000	97.2	1,254,000	83.9	3,274,000	94.3	1,188,000	79.5
Arkansas	3,383,000	100	1,548,000	100	3,392,000	100.2	1,357,000	87.6	3,193,000	94.3	1,265,000	81.7
Arizona	167,000	100	122,000	100	186,000	111.3	128,000	104.9	171,000	102.3	116,000	95.0
California	162,000	100	131,000	100	222,000	137.0	200,000	152.6	179,000	110.4	148,000	112.9
Florida	122,000	100	35,000	100	124,000	101.6	35,000	97.2	117,000	95.9	31,000	86.1
Georgia	3,593,000	100	1,496,000	100	3,166,000	88.1	1,242,000	83.0	3,109,000	86.5	1,156,000	77.2
Louisiana	1,802,000	100	820,000	100	1,847,000	102.4	745,000	89.8	1,689,000	93.7	687,000	82.8
Mississippi	3,732,000	100	1,888,000	100	3,977,000	106.5	1,559,000	82.5	3,653,000	97.8	1,473,000	78.0
Missouri	436,000	100	218,000	100	363,000	83.2	222,000	101.8	384,000	88.0	207,000	94.9
New Mexico	118,000	100	75,000	100	122,000	103.3	90,000	120.0	111,000	94.0	75,000	100.0
North Carolina	1,802,000	100	1,208,000	100	1,432,000	79.4	751,000	62.1	1,553,000	86.1	876,000	72.5
Oklahoma	4,611,000	100	1,773,000	100	3,706,000	80.3	1,109,000	62.5	3,897,000	84.5	1,221,000	68.8
South Carolina	2,239,000	100	1,008,000	100	1,879,000	83.9	855,000	84.8	1,964,000	87.7	848,000	84.1
Tennessee	1,089,000	100	451,000	100	1,065,000	97.7	478,000	105.9	1,045,000	98.9	430,000	95.3
Texas	17,749,000	100	5,628,000	100	15,597,000	87.8	4,580,000	81.3	16,066,000	90.5	4,633,000	82.3
Virginia	98,000	100	56,000	100	79,000	80.6	45,000	80.3	84,000	85.7	49,000	83.9
All other States	43,000	100	17,000	100	18,000	41.8	10,000	58.8	27,000	62.7	12,000	70.5
Total, United States	44,616,000	100	17,978,000	100	40,548,000	90.8	14,660,000	81.5	40,516,000	90.8	14,413,000	80.1
Lower California	130,000	100	86,000	100	100,000	76.9	48,000	55.8	118,000	90.7	61,000	70.9
Total	44,746,000	100	18,064,000	100	40,648,000	90.8	14,708,000	81.4	40,634,000	90.8	14,474,000	80.1
Florida	122,000	100	36,000	100	124,000	101.6	35,000	97.2	117,000	95.9	31,000	86.1
Georgia	3,593,000	100	1,496,000	100	3,166,000	88.1	1,242,000	83.0	3,109,000	86.5	1,156,000	77.2
North Carolina	1,802,000	100	1,208,000	100	1,432,000	79.4	751,000	62.1	1,553,000	86.1	876,000	72.5
South Carolina	2,239,000	100	1,008,000	100	1,879,000	83.9	855,000	84.8	1,964,000	87.7	848,000	84.1
Total	7,756,000	100	3,748,000	100	6,601,000	85.1	2,883,000	76.9	6,743,000	86.9	2,911,000	77.6

Mr. BAILEY. I shall refer only to my own State; but Senators who are interested may see this tabular statement, and ascertain the facts as to their States.

The North Carolina production under the 5-year average for the period ending 1932 was 751,000 bales. Under the 10-year average the production was 876,000 bales. Therefore the base for North Carolina would be 125,000 bales less under the 5-year provision now in the bill than it would be under the 10-year provision adopted by the Senate in the amendment proposed by me.

Mr. President, that is a great injustice to the Commonwealth of North Carolina and to its farmers. Our people have gone about the matter of crop reduction in the case of cotton. Other States have not. The Senator from South Carolina inadvertently stated that Alabama would lose under the 5-year base, but that is incorrect. The production in Alabama for the 5 years ending 1932 was 1,254,000 bales. In the 10 years ending 1932 the production was 1,188,000 bales. Alabama gains 125,000 bales as a base for the calculation of crop reduction, as the State quota, while North Carolina loses 125,000 bales. I submit that that is a manifest injustice, and with that in view I hope the Senate will send the bill back to the House and insist upon the 10-year base amendment as adopted by the Senate.

Mr. President, further I wish to say that I do not think the Bankhead bill will result in materially reducing the production of cotton, considered the world over. We may, under the prohibitive tax imposed by the bill, limit the ginning of cotton in our Cotton Belt to 10,000,000 bales, as contemplated, but if we do and we thereby succeed in keeping 4,000,000 bales of American cotton off the market, there is nothing to prevent the Argentine, India, Egypt, Russia, China, and Brazil from increasing their production by 4,000,000 bales, in which event we will come to the harvest of the present year with the same supply of cotton we would have had had this tax not been imposed.

I wish to refer to another feature of this proposal, one which strikes at the very heart of it. In the reduction of the production of cotton the quotas proposed to be allotted to the farmers are horizontal, with the exception, as I understand, of a million bales, which will be prorated in one way or another.

It is my judgment that that scheme in the application of the bill will work irreparable injury to the small farmers of the Cotton Belt. A man producing 500 bales on his farm may stand for a reduction, but a man producing 6 or 7 or 8 or 10 bales cannot stand it, and if he is cut down to 2 or 3 or 4 bales he is practically put out of the business of producing cotton. If that is the purpose of the bill, I wish to say that I have no sympathy whatever with that sort of thing.

It was about 2 years ago that a voice was raised in our land in behalf of what was then denominated "the forgotten man"; in the intervening months we have now and then heard of the same forgotten man, but I think that we begin to hear less and less of him, and that is not contrary to the observations of long experience.

I stand here at this moment on the economic aspects of this bill, motivated very largely by thoughts of what will become of the smaller farmers of the Cotton Belt under the application of the bill. It will not require as many workers to make 10,000,000 bales of cotton as to make fourteen or fifteen million bales. What will become of them? They will be ground to powder, as the humble man has so often and so consistently been ground, between the upper and the nether millstones of the Congress on the one hand and the producers of great crops on the other.

I do not wish such an injustice to be done, and these remarks are pointed to the amendment which I offered here providing that no man's cotton up to the first eight bales should be taxed. That amendment was amended by my colleague from North Carolina to read six bales. On the 6-bale basis the amendment was agreed to and sent to conference.

Now, the bill comes back with the 6-bale amendment rejected, and there is nothing whatever in the bill to take care of, I should say, a million five hundred thousand of the small farmers of the Cotton Belt, the total number being 1,950,000, and I can safely say that 1,500,000 of them are small farmers.

It seems to me, Mr. President, that if ever we are to strike a blow in behalf of the humble man, if we are ever to assert the right of the little man to live—and that is a great slogan in political campaigns, and sometimes heard here—if we are ever to assert the right of the little man to live, here is the best opportunity the Senate of the United States will have at the present session.

Mr. KING. Mr. President, as I understand the Senator's position, the bill is rather in the interest of a limited number of the larger cotton producers, to the disadvantage of the small producers?

Mr. BAILEY. I made the statement that the producer of 500 bales or a hundred bales on his farm could stand the reduction, whereas the little fellow could not; and that is manifest. I received a letter yesterday from an humble farmer in North Carolina saying that he understood that his production would be cut down this year to three bales, and he said:

> I want your help. I want you to tell me what I can do.

He added a sentence of considerable pathos to me—

> How can I keep my dear boy in school when I am not allowed to produce more than three bales of cotton in a year?

Mr. BORAH. Mr. President, I have had some 15 or 20 letters of the same kind. And let me say while I am on the floor, in reference to the questionnaire which was sent out, a farmer writes me from Arkansas that he does not know of a single cotton producer in his whole territory to whom that questionnaire was ever sent.

Mr. BAILEY. Mr. President, I think, on that point, there is a general impression in the South that this bill would lift the price of cotton and relieve a manifestly bad situation, but I think that impression is based upon misinformation. It is my candid opinion that once this bill is put into operation the resistance to it in the South will amount to a political revolution. On that point I shall conclude, because I have taken more time already than I could afford to take.

My main objection to the bill is not on economic grounds. My principal objection to the bill is that it is a usurpation of power by the Federal Government. Insofar as there could be that power in the States, it usurps the power from the States. That is not so serious, after all, as we consider the trend in these modern days; but insofar as the right of personal property and the right of personal liberty are concerned, it destroys the rights of human beings and of free men.

Mr. President, I have not parted with my attachment to human liberty, and I do not intend to part with it. The more I see of Russia, the more I hear from Italy, and the more I hear from Germany, the more I thank God for one country left dedicated to the rights of men, to individual liberty.

If there has been in the 40 years of activity of my life one picture of personal liberty, it has been the picture of the farmer on his farm. Notwithstanding the pressure of economic conditions, there in his little home, there with his acres about him, there with his capacity to make bread to eat, there with his right to produce his crops, there with his courage to contend with the forces of nature, there with his capacity to plow, to plant, to cultivate, and to reap, he has always been the fountain of liberty in America; and you cannot now destroy the fountain.

Who fought the Revolution? They were the farmers who "fired the shot heard round the world." Emerson, standing by the Concord bridge "where the embattl'd farmers stood", said they "fired the shot heard round the world."

Who were the protagonists and the pioneers of liberty in our mother country? They were the farmers. And in the United States of America, a land dedicated to human liberty and founded upon the Declaration of Independence, proclaiming the inalienable rights of men—a land in which the Declaration has not been erased, in which the Constitution, the Congress notwithstanding, still stands—who are we

to set on its way a process whereby agents of the Federal Government, representatives of the Department of Agriculture, shall proceed throughout 13 States composing the Cotton Belt, see farmer after farmer and notify him, "If you produce one bale more of cotton than we say you shall produce, the Federal Government will impose a tax upon it which will destroy its value", to wit, 50 percent. Who are we that we should be doing things like that?

There may come a time when that can be done by the Federal Government; but if it ever comes, Mr. President, it ought to come by way of an amendment of the Constitution; and if I should propose in this moment an amendment to the Constitution reading, "From and after the ratification of this amendment the Federal Government shall have power to impose prohibitive taxes upon the production of sugar, and of wheat, and of cattle, and of cotton, and of fruit", I do not believe it would get the vote even of the Senator from Alabama [Mr. BANKHEAD] who introduced the cotton bill. I believe I would be discredited in the Senate as a man who had no conception of the character of the American Government and no respect for the institutions under which it has flourished as no nation ever flourished in a period of 150 years.

Mr. President, it has been spread abroad in my section of the country that this bill is supported by the President. I want the statement to go forth to the people of North Carolina that the President of the United States has sent no message to the Congress concerning this bill. It is no part of his recovery program. He wrote one letter to Mr. JONES, Chairman of the Committee on Agriculture in the House, in which he said that he would approve the bill in principle. That is not a message to the Congress. That is a message to an individual.

And further, the Secretary of Agriculture of the United States has disapproved this bill. In public statement he has said that he prefers the voluntary principle of crop control. And this bill, Senators, embodies the involuntary principle. The Secretary of Agriculture has also said, and I wish to pay him tribute for it, that he looks with suspicion upon propositions to regiment agriculture in America.

If I had time, Mr. President, I would say many things that are in my heart to say. I know that politically and selfishly it would be a fine thing for me for this bill to pass. I have made my record. I am exonerated of responsibility.

Sometimes we have to go to hell in order to learn the value of religion. Sometimes we have to fall sick in order to know the value of health. We have to learn and we have to teach, I think always, and all men by way of experience.

I could have sat here quietly this morning and said, "Very well, you have made your record; let the bill pass; offer no opposition, and in 18 months the farmers of the South and the farmers of North Carolina will be calling upon you and calling upon the Senate to redeem them and deliver them from the impositions of this legislation." But I have chosen otherwise.

I spoke against the bill. I am opposed to the bill. I hope the bill will be defeated in the economic interest of the farmers, and even more than that, in behalf of safeguarding the character of the American Republic, I hope it will be stricken down by every man who loves sweet human freedom.

Mr. GORE. Mr. President, I rise merely to express my hearty approval of what my colleague [Mr. THOMAS of Oklahoma] has said in opposition to the pending conference report. We have heard a great deal during the course of this discussion in regard to the pending measure having the support of the cotton farmers.

It has been stated here on the floor that 85 percent of the cotton farmers favor the proposed legislation. I do not know; that may be true; but I do know these facts: There are approximately 2,000,000 cotton farmers in the South. Letters were sent out by the Department here not to 2,000,000 cotton farmers but to 41,000 cotton farmers; 30,000 of those were cotton reporters employed by the Department of Agriculture to prepare and submit cotton reports from time to time. Ten thousand of the number went to what are known as county chairmen. I do not know how that designation applies, because there are only about a thousand counties in the cotton growing section of the country, and 1,000 additional letters went out to the county agents in the thousand counties of the Cotton Belt. Of those 41,000 letters sent out some 24,000 evoked answers, 24,000 responded—about 56 percent—and some 95 percent of those who answered did favor the pending bill, but it should be understood that they are in a sense either the employees or the partisans of the Department of Agriculture or of the Government. These men were required to take the sense of the farmers, generally speaking, the rank and file. They did report, as I understand, that some 85 percent of the farmers favored the pending legislation. That may be so and it may not be so. I felt that this much ought to be placed in the RECORD, and I ask permission to print in the RECORD a letter received from one of my constituents, a leading citizen of Oklahoma, a friend of the farmer, in opposition to this measure.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE OKLAHOMA FARMER-STOCKMAN,
Oklahoma City, Okla., March 27, 1934.

Senator T. P. GORE,
Senate Office Building, Washington, D.C.

DEAR SENATOR GORE: Following my wire dated today, may I present the figures which of themselves prove the rank injustice about to be done our State by the passage of the Bankhead bill?

This bill, as you know, is based upon a 5-year period "prior to the signing of the act" by the President. I assume that period would cover the crop produced in 1933 and the 4 preceding years. However, I am informed by the office of the Secretary of Agriculture that the crop produced in 1933 would be excluded and, hence, the base period on which quotas are to be computed would be the crops produced in the calendar years 1928 to 1932, inclusive.

May I call your attention to the significance of the exclusion of the year 1933?

When it came to working out a base on which the voluntary campaign just ended was based the crop of 1933 was excluded.

When I was in Washington in September I called this to the attention of officials, pointing out that it would be easier to determine the production of cotton in the 5-year period, 1929–33 than for the period 1928–32. I was told frankly and without hesitation that 1933 would not be included for the reason that we planted too much cotton, having increased our acreage 30 percent.

I countered with the fact that during 1930, 1931, and 1932 we had decreased our acreage in Oklahoma, voluntarily, by approximately 30 percent. That fact, however, was quickly swept aside and I was given to understand that the question was not even debatable.

I consider that definite injustice was done Oklahoma in thus jumping a year to establish a base on which production in voluntary contracts is founded. Cotton was taken away from us and given to other States.

But if the A.A.A. has rendered the State an injustice in the matter, certainly no precedent has been established whereby a greater injustice should be done by the Congress.

Figures have just been released (which will bear the closest scrutiny) showing that on a base of 1928 to 1932, inclusive, Oklahoma has a 5-year average production of 1,071,706 bales, which would give us an estimated tax-free allotment of 761,706 bales. Such an allotment amounts to 7.61 percent of the national production. Such an allotment places Oklahoma sixth among the cotton-producing States.

I contend that a base figured on the 5-year average, 1928 to 1932, is highly discriminatory against Oklahoma. It is the particular 5 years of the past 11 years which give us the lowest possible quota and in proportion gives other States the highest possible quotas.

I likewise submit that a 10-year average is a much more reasonable, fair, and equitable basis on which to figure the different State quotas.

If we take the production of cotton by States for the past 10 years, 1924 to 1933, inclusive, we arrive at an average production for Oklahoma of 1,275,350 bales. This is an increase, as you notice, of more than 200,000 bales in our average annual production.

On the basis of a 10,000,000-bale production, this would result in an increase in our quota of cotton which could be grown tax-free of more than 100,000 bales, or nearly 15 percent.

The thought may be unworthy, but it seems to me that this Bankhead bill, emanating as it does from the southeast part of the United States, was deliberately drawn up to give that section the largest possible advantage and, at the same time, to discriminate against us out West.

Consider for a moment just what the opportunity to grow 100,000 additional bales of tax-free cotton means to Oklahoma.

The tax is to be 50 percent of the value of the cotton. Let us say cotton is 12 cents. The tax thus becomes $30 per bale. Thus the tax on 140,000 bales becomes $4,200,000. In other words, the

direct loss to farmers in Oklahoma from a measure based upon the 5 years 1928 to 1932 amounts to at least $35 for every cotton-growing farmer in the State.

This is not a theoretical loss. It will be an actual loss unless the bill is amended, as it properly should be. It should be based on a 10-year average, rather than on the years 1928 to 1932 which, as I have pointed out, results in the lowest possible quota which can be assigned to Oklahoma.

I know that every cotton farmer in the State, as well as all business interests, will expect you to use your utmost efforts to prevent this rank injustice being done the State.

Sincerely yours,

CLARENCE ROBERTS, *Editor.*

Mr. FESS. Mr. President, in line with what the Senator from Oklahoma has just stated, I have a communication which came to my desk yesterday that deals with exactly the same item the Senator from Oklahoma [Mr. GORE] was discussing just before he concluded his remarks. The writer says:

I operate a large cotton farm in the South, and have about 50 families who are dependent upon this farm pay roll for a livelihood. If the Bankhead bill becomes a law, I imagine these families are going to find themselves looking to charity for help, because I will not need them.

This letter is from a friend of the author of the bill, for he says:

I know that my good friend, JOHN H. BANKHEAD, has done a real service for his State—

And so on, referring to his election and the defeat of a certain candidate. Then he says:

There is no question in my mind but there is something wrong in connection with some of the propaganda in behalf of cotton.

First, the Department of Agriculture claims that the voluntary crop-reduction sign-up was a success, which would control this year's production. If this is true, why do we need the compulsory control?

Second, I think I have seen in the press where it was alleged by the Department of Agriculture that about 90 to 95 percent of the representative cotton farmers, in answer to questionnaires sent out by the Department, were in favor of the compulsory control bill.

I wish I were in a position to challenge this statement publicly, but frankly—

For the reason he mentions in his letter I do not feel free to give the name of the writer.

I have made several inquiries among farmers in the South and have been unable to find one who received such questionnaire from the Department of Agriculture, or who knew anything about it. I would like to see someone call on the Department of Agriculture to furnish the Associated Press with a list of the names and addresses of the representative farmers to whom these questionnaires were sent and from whom replies were received. I would like to see three lists made, one showing those who answered favorably, another showing those who answered unfavorably, and still another showing those who did not reply. I think if such an analysis were given the newspapers, especially those of the Cotton Belt, the result would be surprising to almost everyone.

It is a known fact that already the Argentine and Brazilian Governments are urging their farmers to increase cotton production in order to take advantage of the curtailment of our crops under the compulsory bill.

Farmers in my home-town community sold cotton at 4 cents a pound during the Spanish-American War; again at ridiculously low prices in 1907 and 1914, as well as in 1932 and 1933, but it so happens that up to this time we have not had to bury any of them because of starvation.

I believe that if the Senate as a whole knew the cotton farmer, cotton production, and general conditions among these farmers, or could visualize the ill results which this legislation will bring about, that this bill would be defeated by an overwhelming majority.

Mr. President, I have no interest whatever in anyone who is in the cotton business, and I myself have no interest in cotton except that as a citizen of the country I am, of course, concerned about the welfare of any great industry such as is the cotton industry.

Mr. GORE. Mr. President——

The PRESIDING OFFICER (Mr. THOMAS of Utah in the chair). Does the Senator from Ohio yield to the Senator from Oklahoma?

Mr. FESS. I yield.

Mr. GORE. I wish to make reference, if the Senator will permit me, to the sentence in the letter which the Senator has just read that Brazil and Argentina are now encouraging their farmers to increase their cotton acreage in order to absorb the world's market which by the proposed legislation is being surrendered by the cotton farmers of the South.

I wanted to say that that is the most significant and I may add the most ominous thing in this entire situation and in the proposed legislation. In the South, with cheap land and cheap labor, we can raise cotton more cheaply than it can be produced any other place on the globe.

Cotton constitutes our balance of trade; we export more than 55 percent of our annual output. It has constituted our balance of trade for generations, and we are asked to surrender that advantage and turn it over to foreigners; and when the foreigner captures this market it will be difficult, if not impossible, for the farmers of the South to recapture that surrendered market. For my part, I want to express my appreciation of the Senator's action in reading into the RECORD the letter he has read.

Mr. FESS. Mr. President, I appreciate the statement of the Senator from Oklahoma, who knows the cotton industry at first hand, as I do not. The Senator has referred to the surrendering of our cotton market. Let me say that the farmers in the wheat areas have already suffered that disaster. All of us will recall that when the days were very dark during the World War the call came from the Allies that it would be necessary for us to increase the acreage of wheat because there was no other kind of raw materials from which there could be made a supply of bread sufficient for the large group of men enlisted in their armies.

That call was responded to by the farmers of our country and they increased the wheat acreage an enormous percentage. But that was not the bad feature. Countries in the old world that could produce wheat, countries which had not been producing except in very small quantities, began to raise wheat. The most surprising thing of all was when they found out they could do it that they not only raised wheat needed for the army, but when the war was over they continued to raise wheat.

We all remember that at Geneva 2 years ago there gathered a great conference representing the wheat-growing countries of the world. There were 11 countries represented in that conference, each of which was producing a surplus of wheat. Theretofore many of them had not produced any wheat to speak of, but having started its production they found it profitable. We realize now that the foreign market for American wheat has been absorbed by that production.

Three of those 11 countries—the United States, Canada, and Russia—could produce all the wheat the world could consume; but in addition to those 3 there are 8 others producing a surplus, and the representatives of those 11 countries met in convention to determine how they could manage the surplus problem of the future. That means that our foreign market for wheat has been absorbed, and if we limit unduly our cotton production I imagine the same result will follow as to that commodity.

As the Senator from Oklahoma said, 55 percent of our cotton goes to the foreign markets. It is only simple common sense that if we stimulate the foreign market to the point where foreign countries can grow cotton to take care of that market we will suffer just in the degree they will be stimulated. I am afraid that, instead of this measure being of value to the American cotton farmer, it will prove to be a tremendous obstacle to him.

Mr. GORE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Oklahoma?

Mr. FESS. Certainly.

Mr. GORE. The Senator said we export more than 50 percent of our cotton. We used to export 25 percent of our wheat. The foreign market for American wheat has practically vanished. Anyone who will read the trade letters will mark that day after day, week after week, and month after month the letters now say "no clearances today." That goes on for weeks and months. I have taken occasion to check the reports. Our foreign market for wheat is gone, and if we enact legislation of this sort, the foreign market for our

cotton will follow the foreign market for our wheat into oblivion.

Mr. FESS. Mr. President, I am greatly impressed with the force of that statement. I believe it is only common, ordinary sense that if we make it profitable for the foreign cotton grower to produce cotton, then what took place in the wheat market will take place in the cotton market.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. BANKHEAD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Hebert	Pope
Ashurst	Couzens	Johnson	Reed
Austin	Cutting	Kean	Reynolds
Bachman	Dickinson	King	Robinson, Ind.
Bankhead	Duffy	La Follette	Schall
Barbour	Erickson	Lewis	Sheppard
Barkley	Fess	Logan	Shipstead
Black	Fletcher	Lonergan	Smith
Bone	Frazier	Long	Steiwer
Borah	George	McGill	Stephens
Brown	Gibson	McKellar	Thomas, Okla.
Bulkley	Gore	McNary	Thomas, Utah
Bulow	Hale	Metcalf	Thompson
Byrnes	Harrison	Murphy	Townsend
Capper	Hastings	Norris	Vandenberg
Caraway	Hatch	Overton	Van Nuys
Clark	Hatfield	Patterson	Walsh
Connally	Hayden	Pittman	

The PRESIDING OFFICER. Seventy-one Senators have answered to their names. A quorum is present.

The question is on agreeing to the conference report. On that question the yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CUTTING (when his name was called). On this question I have a pair with the junior Senator from Florida [Mr. TRAMMELL]. Not knowing how he would vote, I withhold my vote. If at liberty to vote, I should vote "nay."

Mr. FESS (when his name was called). I have a pair with the senior Senator from Virginia [Mr. GLASS], who is unavoidably absent from the Chamber. I am advised that were he present he would vote as I intend to vote. Therefore I feel at liberty to vote. I vote "nay."

Mr. KEAN (when his name was called). I am paired with the junior Senator from Nevada [Mr. MCCARRAN]. I transfer that pair to the junior Senator from Maine [Mr. WHITE], and will vote. I vote "nay."

Mr. LA FOLLETTE (when his name was called). On this question I have a pair with the senior Senator from New York [Mr. COPELAND]. Not being informed as to how that Senator would vote, I withhold my vote.

Mr. METCALF (when his name was called). I have a general pair with the Senator from Maryland [Mr. TYDINGS]. I understand that if he were present he would vote as I intend to vote, and that he has been specially paired on this question. I vote "nay."

Mr. FRAZIER (when Mr. NYE's name was called). My colleague [Mr. NYE] is unavoidably absent. He is paired on this bill with the Senator from Maryland [Mr. TYDINGS]. If my colleague were present he would vote "yea", and I understand that if the Senator from Maryland was present he would vote "nay."

The roll call was concluded.

Mr. REED (after having voted in the negative). I have a general pair with the Senator from Arkansas [Mr. ROBINSON]. I transfer that pair to the Senator from Wyoming [Mr. CAREY], and will allow my vote to stand.

Mr. LEWIS. I desire to state that the Senator from Arkansas [Mr. ROBINSON] is necessarily absent because of serious illness in his family.

Mr. PATTERSON (after having voted in the negative). I note the absence of my general pair, the Senator from New York [Mr. WAGNER]. I am informed, however, that if he were present he would vote as I have already voted; and I therefore will allow my vote to stand.

Mr. LOGAN (after having voted in the affirmative). I have a pair with the junior Senator from Pennsylvania [Mr. DAVIS], who does not appear to have voted. I therefore withdraw my vote.

Mr. LEWIS. I announce the absence of my colleague [Mr. DIETERICH], caused by important matters in his State. I am not informed how he would vote if present.

The senior Senator from Virginia [Mr. GLASS] is necessarily absent. He has been unable to secure a pair. If present, he would vote "nay."

I announce the following special pairs on this question:

The Senator from Wyoming [Mr. O'MAHONEY] with the Senator from Virginia [Mr. BYRD]; and

The Senator from Montana [Mr. WHEELER] with the Senator from North Carolina [Mr. BAILEY].

If present, the Senator from Wyoming and the Senator from Montana would vote "yea" on this question, and the Senator from Virginia and the Senator from North Carolina would vote "nay."

The Senator from North Carolina [Mr. BAILEY], the Senator from Virginia [Mr. BYRD], the Senator from Massachusetts [Mr. COOLIDGE], the Senator from New York [Mr. COPELAND], the Senator from Washington [Mr. DILL], the Senator from California [Mr. MCADOO], the Senator from Nevada [Mr. MCCARRAN], the Senator from West Virginia [Mr. NEELY], the Senator from Wyoming [Mr. O'MAHONEY], the Senator from Georgia [Mr. RUSSELL], the Senator from Florida [Mr. TRAMMELL], the Senator from Maryland [Mr. TYDINGS], and the Senator from New York [Mr. WAGNER] are necessarily detained from the Senate.

I regret to announce the absence because of illness of the Senator from Montana [Mr. WHEELER].

Mr. HEBERT. I desire to announce the following pairs:

The Senator from Maryland [Mr. GOLDSBOROUGH] with the Senator from Georgia [Mr. RUSSELL];

The Senator from Maine [Mr. HALE] with the Senator from Washington [Mr. DILL];

The Senator from Connecticut [Mr. WALCOTT] with the Senator from California [Mr. MCADOO]; and

The Senator from New Hampshire [Mr. KEYES] with the Senator from West Virginia [Mr. NEELY].

If present, I understand that Senators GOLDSBOROUGH, HALE, WALCOTT, and KEYES would vote "nay" on this question, and Senators RUSSELL, DILL, MCADOO, and NEELY would vote "yea."

I also desire to announce that the Senator from Wyoming [Mr. CAREY], the Senator from New Hampshire [Mr. KEYES], the Senator from Maine [Mr. HALE], the Senator from Maryland [Mr. GOLDSBOROUGH], the Senator from Connecticut [Mr. WALCOTT], the Senator from Maine [Mr. WHITE], the Senator from Pennsylvania [Mr. DAVIS] and the Senator from North Dakota [Mr. NYE] are absent on official business.

The result was announced—yeas 39, nays 28, as follows:

YEAS—39

Adams	Capper	Hatch	Pope
Ashurst	Caraway	Hayden	Reynolds
Bachman	Connally	Johnson	Sheppard
Bankhead	Costigan	Lewis	Smith
Barkley	Duffy	Lonergan	Stephens
Black	Erickson	Long	Thomas, Utah
Bone	Fletcher	McKellar	Thompson
Brown	Frazier	Murphy	Van Nuys
Bulow	George	Overton	Walsh
Byrnes	Harrison	Pittman	

NAYS—28

Austin	Fess	King	Robinson, Ind.
Barbour	Gibson	McGill	Schall
Borah	Gore	McNary	Shipstead
Bulkley	Hastings	Metcalf	Steiwer
Clark	Hatfield	Norris	Thomas, Okla.
Couzens	Hebert	Patterson	Townsend
Dickinson	Kean	Reed	Vandenberg

NOT VOTING—29

Bailey	Dill	McCarran	Tydings
Byrd	Glass	Neely	Wagner
Carey	Goldsborough	Norbeck	Walcott
Coolidge	Hale	Nye	Wheeler
Copeland	Keyes	O'Mahoney	White
Cutting	La Follette	Robinson, Ark.	
Davis	Logan	Russell	
Dieterich	McAdoo	Trammell	

So the conference report was agreed to.

MESSAGE FROM THE PRESIDENT

A message from the President of the United States was communicated to the Senate by Mr. Latta, one of his secretaries.

RELIEF OF DEBTORS IN BANKRUPTCY PROCEEDINGS

The Senate resumed the consideration of the bill (H.R. 5884) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto.

THE POTASH INDUSTRY

Mr. HATCH. Mr. President, notwithstanding the fact that I dislike to take the time of the Senate just now, nevertheless, I think some information which I happen to possess concerning an important industry in my State should be made available to Senators and the country at large. I refer to the development of the potash industry.

About the year 1925 Dr. V. H. McNutt, now of San Antonio, Tex., a geologist of note and reputation, discovered potash in an oil well being drilled at Carlsbad, N.Mex. With the aid of Snowden & McSweeney, who furnished the financial assistance, core tests were made in the vicinity of the oil well. It would take too long to relate all the circumstances surrounding the discovery of potash in this region. Suffice it to say that potash in commercial quantities was found. It should be said that these people invested capital and labor in the development of this project, which was at that time a most forlorn hope. I mention the part played by these men in the project because they displayed great courage and that pioneering spirit which has been responsible for the development of the industries and vast resources of America. Had men of less courage been associated in the enterprise, probably the existence of potash in the Carlsbad region would not be known to this day.

The United States has such vast expanses of territory, such far-flung industrial and agricultural enterprises, and such widely distributed population that even with our splendid transportation system, unparalleled communication facilities, and efficient Government and private agencies for gathering and disseminating information a new industry can be developed, bringing us independence from foreign domination over the supply of an essential commodity, yet our people may not have heard of the establishment of this new industry, and might go on for years relying on old notions that this essential commodity could not be produced in America, or at least not economically or in sufficient quantities to meet the American demand.

Today, as a result of the efforts of Dr. McNutt and the Snowden & McSweeney group, the United States can supply the requirements of the American market for potash, except as to certain special grades, and even these can and will be supplied by domestic producers within a reasonable time.

Until this discovery in Eddy County, N.Mex., the United States—and, for that matter, the rest of the world—was dependent on Germany for its potash, with the exception of the period covered by the World War. When the war began, shipments of potash were interrupted, and at first, and early in 1915, were stopped through an embargo imposed by the German Government. During the war over $50,000,000 of private and public funds were expended in attempts to develop an adequate domestic supply of potash. In time 128 plants were established and placed in operation, but costs of production were high, and the price of potash soared to $600 per ton, more than 10 times the price of the German product before the war. As soon as the war was over the German potash reentered the American market, and the American plants built and operated at such enormous expense had to be abandoned, all save a very few, and of these only one of considerable output survived. It was natural to be dependent again on German potash, and it was generally taken for granted that this dependence was inevitable and must always exist, except as war intervened, with its temporary potash scarcity and high prices for expensively produced local output.

This condition continued until the discovery of potash in Eddy County, N.Mex. The ore body in the Eddy County mine is better and richer than the ore bodies of Germany. The potash is taken from the ground, refined, and shipped in bulk or in bags exactly as the foreign product is manufactured and marketed. There are two mines in operation now in the New Mexico field, which can fully supply the requirements of the American market for the raw-unrefined potash salts, and as to the refined muriate of potash, or potassium chloride, to use the technical name of the product; the New Mexico refinery of one of these companies can nearly meet the domestic demand for this high-grade commodity, while a muriate plant in California, which survived the invasion of German potash after the war, now has capacity sufficient to meet the requirements of the American market for the refined muriate. Thus, in the course of a few years, mines in New Mexico and a chemical plant in California have developed capacity for production of the grades of potash most needed in this country that exceeds by approximately 100 percent the requirements of the country. Despite this fact, large quantities of potash are still imported from Germany, France, and Spain, and even Russia and Poland.

Potash is now overproduced. Our people need have no more apprehensions. In time of war we will have sufficient potash for fertilization of agricultural lands, for munitions manufacture, and for the many other fields in which this important chemical is used.

Government officials respond to the inquiry, "Is potash produced in the United States?" by quoting statistical data which clearly show that more than enough chloride of potash is produced in the United States to supply the present American market twice over and that other grades of potash can and will be available, thus making this country absolutely independent of all foreign sources of this commodity. Nevertheless, the story of our absolute dependence on German potash persists, and even some departments of the Federal Government are not familiar with the activities of the Departments of the Interior and Commerce in exploring for potash deposits and the results of their work as published in their own reports.

A very short time ago the newspapers published articles describing the new foreign-trade program, with the plans for encouragement of importation of foreign commodities which are not available here or which cannot be produced here as economically as abroad, and at the head of a list of commodities that might be imported from the Soviet Union was potash. Here is the list as reported in the New York Times for February 13, 1934:

> Potash, manganese ore, mica, precious stones, platinum, and gold; furs and waste silk; castor-oil beans, sausage casings, and caviar.

The list must have been handed to Washington correspondents by some official of a Federal department not well informed on American potash development.

Another list was referred to in debate in the House of Representatives on March 29, when the pending tariff measure was under consideration. The gentleman from Maryland [Mr. LEWIS], a former member of the United States Tariff Commission, asked and obtained leave to have printed in the CONGRESSIONAL RECORD various schedules of raw materials and manufactured commodities—imported articles not produced regularly in commercial quantities in the United States. In "Schedule 1, chemicals, oils, and paints", on page 5616 of the CONGRESSIONAL RECORD potassium (potash) appears.

This list comes from a Government establishment which apparently did not know that we now have a well-established potash industry operating efficiently with American labor under the terms of the basic code for the chemical manufacturing industry, and possessing the plant and equipment to produce twice as much potash salts as the American market requires.

Why take time to prepare this statement about the American potash industry and why consume more time in presenting it if this industry is firmly established in the United States?

First, because new mines in Spain and the Soviet Union threaten the industry with competition of potash produced by cheap labor and favored by low transportation costs, and it may become necessary to enforce stabilization of the domestic potash market either through a tariff or by action authorized in section 3 (e) of the National Recovery Act. Potash is now on the free list.

Second, because it is possible that, due to lack of general information regarding this new potash industry on the part of Government officers who may be concerned with the negotiation of reciprocal trade agreements with foreign countries under the tariff bill now pending, potash importations on a larger scale may be encouraged, and a discussion here at this time may be helpful to such negotiators in considering proposals from foreign producers.

Potash is now produced in Germany, France, Spain, the Soviet Union, Poland, Palestine, and the United States. It is an essential ingredient of high-grade fertilizers, but is also an important and valuable chemical required in the manufacture of glass, munitions, matches, and other chemicals and pharmaceuticals. More than 90 percent of the potash used in the United States goes into the preparation of plant food by manufacturers of fertilizers.

For nearly 70 years Germany had a virtual monopoly of the potash trade of the world. As already stated, the supply of potash was completely cut off during the World War, and in the United States both agriculture and industry suffered severely. An adequate supply of the commodity never was developed here during the period of the war because of the high cost of production and the very limited sources of potash-bearing materials.

The reentry of German potash into the American market has been sketched. Only a few of the 128 war-nurtured plants in the United States survived, and of these, only one, the American Potash & Chemical Co., operating in California, engaged principally in potash production. The others remaining in the field produced potash as a byproduct of distillery waste and cement manufacture.

The Federal Government, under special authority of Congress, and with appropriations specifically made to explore for natural deposits of water-soluble potash continued its activities through the Bureau of Mines and the United States Geological Survey. The deposits in New Mexico, which I have mentioned, were found in the Pecos River Valley, in what is known among geologists as the Permian Basin, an ancient sea bed which underlies an enormous area in New Mexico and Texas. The potash-bearing stratum found to contain salts of commercial value is similar to the beds in Germany and France. The ore in this stratum is known as sylvinite. It lies approximately 1,000 feet below the surface of the earth.

Up to the present time only two sylvinite bodies have been found that are rich enough to justify the expenditure of the very large sums of money necessary to develop and equip a mine and the refinery essential to the production of the high-grade product known as muriate or chloride of potash. Both of these sylvinite bodies are being developed. One mine was placed in operation in 1931, after the completion of a shaft 1,000 feet deep. A second shaft was completed in June 1933, this being a further development of the first mine, and lying 2,200 feet south of the first shaft. In January 1934 a shaft on the second property controlled by another company and lying 8 miles north of the first development, was completed, and salts are now being shipped from this new mine. In September 1932 the company operating the first mine to be opened completed a refinery which is connected with the mine by a 16-mile tramroad. This refinery was equipped to manufacture nearly 150 tons of muriate per day. In 1933 this plant was enlarged to a capacity of 200 tons per day, and at the present time is being further enlarged to a capacity of 400 tons per day, or about 140,000 tons per year.

The mining and refining of potash in eastern New Mexico has had a profound effect on the welfare of that section of my State. The industry was developed during the depression and has helped to absorb much of the unemployed labor in that region. I am informed nearly 600 men are now employed in that activity. Most of them are married and have children dependent on them, and they want to become permanent residents of the community nearest the mines and refinery. The pay roll of this industry, of course, benefits a much larger number of people. It is important that the industry be stable and permanent.

The potash producers of New Mexico have gladly cooperated with the Government in assuming their share of the recovery program. They are operating under the Code for the Chemical Manufacturing Industry. The increased costs of N.R.A. they have had to absorb, as there has been no increase in the price of potash. Wages are high, probably the highest in New Mexico. Miners are paid $5.85 per shift of 8 hours. This is to be compared with about $2 in Germany, $1.33 in France, $1.05 in Spain, and nominal sums in addition to food and shelter and clothes in the Soviet Union. Despite this wide spread between the American wage scale and those in effect abroad, and despite high freight rates for movement of potash from New Mexico to eastern and southern purchasers of this commodity, these American producers can and do compete with foreign producers at present prices. Here again it must be emphasized that potash is on the free list.

Starting on these premises: First, that here is an American industry, young, it is true, but a lusty infant that has been very active since 1931 in a market formerly monopolized almost completely by foreign producers; second, that it is so successful in its enterprise that about half the domestic demand is now supplied by these American potash miners and refiners, including, of course, the California producer; and, third, that it has no tariff protection—how can it be said that potash is not produced regularly in commercial quantities in the United States, and therefore belongs in lists of commodities the importation of which should be encouraged in reciprocal trade agreements with foreign countries?

On the contrary, the potash industry deserves consideration at the hands of the Federal Government, and of the States as well. Potash is an essential chemical that must be produced in the United States in sufficient quantities to meet the needs of the Nation in time of war, when foreign supplies may be cut off. We cannot, we must not, be dependent on any foreign source for this highly important commodity. We must not be dependent on distant lands across the oceans for our potash. We are now independent to the extent of production capacity at home about twice as great as the home market demands. Of course, consumption of potash is still far below that of pre-depression years, and can be expected to increase as recovery advances, but when consumption returns to normal, American producers of potash can still fully supply the domestic demand.

It has been pointed out that Germany, for nearly 70 years, supplied the United States and the other countries of the world with potash. The Treaty of Versailles returned Alsace to France, and thus the potash deposits of that province came under Government ownership and control. The French Government has operated the Alsatian potash mines since the ratification of the treaty. For years, the final policy as to future operation was in doubt. After a period of Government operation, it was to be decided whether this would be continued, or whether the mines would be leased or sold to private producers. Recently it was decided that the Government operation would be continued as a permanent policy.

The ink was not dry on the Versailles Treaty, however, before the German potash syndicate and the French Government agreed to join in a marketing arrangement in order that competition might be limited and the potash market kept stable. Accordingly, today German and French potash is sold by the N. V. Potash Export, My., a corporation organized and incorporated in Holland. This corporation still supplies half the American market with potash, including sulphates of potash which American concerns have not pro-

duced as yet. N. V. Potash Export, My., has offices in all of the countries of the world where potash is used, except the Soviet Union.

The real menace to the new American potash industry arises from other countries than France and Germany; it is the development of immense bodies of potash in Spain and the Soviet Union. Spanish and Soviet potash is just entering the American market and threatens to demoralize the market by trade practices that would never be permitted under a code of fair competition. Reliable information is to the effect that Spanish potash was sold in the United States in 1933 at the market price, less regular discounts and less further substantial discounts labeled "propaganda" or "advertisement allowances."

Likewise, I am informed, in 1933, 57,159 short tons of Spanish potash were imported into the United States and sold by brokers or other selling agents as compared with 18,640 tons in 1932. In 1934, in the months of January and February, 38,317 tons entered the United States from Spain. There are three mines in Spain. Minas de Potasas de Suria is owned by German interests, and its product is marketed by N. V. Potash Export, My., the German-French selling syndicate. Potasas Ibéricas, S.A., which has a mine with unusually rich ore, is developing a big producing property, and in July 1934 will complete its refinery. It is controlled by French capital. Unión Española de Explosivos, also developed and operated by French interests, is the third enterprise in the Spanish potash fields. All of these companies produce potash with cheap labor, and their transportation costs to Barcelona are very small. At Barcelona shipments to the United States are made by boat at low rates. In fact, German, French, and Spanish potash can be transported from the mines and refineries to Atlantic and Gulf ports of the United States at about the same cost as rail transportation of New Mexico potash to the nearest Gulf port, whence it can be moved by boat to other Gulf ports and Atlantic seaboard harbors. In other words, rail costs alone for the short haul from Carlsbad to Texas Gulf shipping points equal or exceed total transportation costs of foreign potash in competition with the New Mexico product.

Potash from the Soviet Union reached the United States for the first time late in 1933. Only a small quantity arrived at New York via vessels from Vladivostok. This was sold at a price well below the market quotations of potash. It is now reported that about 25,000 tons of Soviet potash will be in the American market in 1934, and that this will be sold at least $6 per ton below any other prices effective in this country. It is probable that secret discounts and rebates will also be offered. The object of the Soviet Government is to establish credits in this country with which to purchase American-manufactured commodities which are not available at home. Evidently the policy is to sell potash at any figure below American market prices that will assure disposition of the tonnage available. By 1935 Soviet production will approach 3,000,000 tons annually.

It is understood that additional shipments of Soviet potash will come from Black Sea ports. The mines are near the base of the Ural Mountains at Solikamsk and Berensniki. This means that transportation of their products must be by boat or barge 2,000 miles down the Volga to the canal connecting this river with the Black Sea, thence through the canal to transoceanic boats at Black Sea ports. Labor costs are almost negligible, and hence neither mining, refining, nor transportation costs can be compared with American costs. Soviet competition in the potash industry is therefore, first, a menace to market stabilization, and, next, it is a dangerous threat to employment and investment in American potash enterprises. If it is contemplated that in reciprocal trade agreements under the new tariff act that Soviet potash shall be imported in part consideration for purchases of American-manufactured commodities and agricultural products, representatives of American industry should be accorded opportunities for hearings on the proposed undertaking. It is to be hoped that with all the facts regarding American production of potash before them, representatives of the United States will not consider importations of Soviet and Spanish potash in the negotiation of reciprocal trade agreements but will take the position that the American market should be reserved for American producers. The world market requires about 1,330,000 tons of potash annually, and of this our country requires about one sixth. This amount the domestic producers can supply and still fall short of utilizing the capacity of their plants.

There is another phase of this problem that deserves consideration. The New Mexico potash deposits are in territory owned by the United States and the State. The potash mines are operated under leases from the Federal Government and from the State of New Mexico. Royalties on the value of the raw and refined products are paid by the operators. Mining and related activities are carried on under the general supervision of the Department of the Interior officials. A large initial investment was made in exploration and research work and mine development and equipment on the requirements of the Government under its leases. This investment must receive reasonable protection. Good faith and contract obligations require consideration of the New Mexico operators and their interests when potash is proposed as a commodity that may be imported into the United States under reciprocal trade agreements.

Investment in the potash industry in New Mexico now exceeds $4,000,000, while the American Potash & Chemical Corporation, owner of the plant at Trona, Calif., is reported to have expended nearly $15,000,000 in plant and equipment and other property. The industry as a whole—that is, including the properties in New Mexico and California—employ considerably in excess of 1,200 men.

At my request the Department of the Interior, through the General Land Office and the Geological Survey, furnished the following data, which I ask unanimous consent to have inserted in the RECORD at the conclusion of my remarks:

First. Three and a Quarter Centuries of the Potash Industry in America, by H. I. Smith, Chief Mining Division of the United States Geological Survey, being a reprint from the Engineering and Mining Journal of December 1933 (not necessary to reprint diagrams or pictures).

Second. Potash as an International Commodity in 1932, by J. W. Turrentine, fertilizer and fixed-nitrogen investigations, Bureau of Chemistry and Soils, United States Department of Agriculture, being a reprint from the American Fertilizer of November 4, 1933.

Third. Potash in International Barter, from Oil, Paint, and Drug Reporter of March 26, 1934.

Fourth. Article in Russian Economic Notes of the Department of Commerce, Bureau of Foreign and Domestic Commerce, no. 269, of March 15, 1934, called "Soviet Potash—for the Collective and State Farms", Pravada, January 12, 1934.

Fifth. Russian Potash on the World Market—Competition to German-French Syndicate, being an extract from an article in Vossische Zeitung, Berlin, February 2, 1934.

Sixth. Developing Spanish Potash, Operation of the Catalonian Concessions, from Chemical Industries of December 1933.

Seventh. Potash Production by Potash Ibericas, S. A., from the American Fertilizer of February 24, 1934.

Eighth. Table of potash exports from Spain during 1933.

Ninth. Spanish imports and exports of potash during 1933.

Tenth. Statistics—exports of potash from Barcelona during January and February 1934.

Eleventh. Potash Imports Into the United States (total imports), taken from World Trade Notes on Chemicals and Allied Products, volume 8, no. 9, of February 24, 1934, by Department of Commerce, Bureau of Foreign and Domestic Commerce.

The PRESIDING OFFICER. Without objection, the matter referred to by the Senator from New Mexico will be printed in the RECORD.

(See exhibits following Mr. HATCH's address.)

Mr. HATCH. Finally, Mr. President, let me say I hold no brief for the companies producing potash. They are amply able to fight their own battles. I am interested, as a citizen of New Mexico, in letting the public know that we have in

New Mexico potash deposits sufficient to supply the needs of America in times of peace and in times of war.

The importation of potash, with the encouragement and assistance of the Department here in Washington, could very injuriously affect those citizens of New Mexico who are interested in this great industry.

Mr. LONG. Mr. President, will the Senator yield?

Mr. HATCH. I yield.

Mr. LONG. I was wondering whether, under the present scale of tariff, the potash industry in this country is not pretty badly crippled. It is crippled now, as I understand; is it not?

Mr. HATCH. It can be; yes.

Mr. LONG. Is it now?

Mr. HATCH. It is; and its condition is certain to become worse than it now is. Potash is on the free list. There is no tariff on potash.

Mr. LONG. I wish to say to the Senator from New Mexico that whenever the question comes up for consideration in the Senate, I shall be very glad to vote to put a protective tariff on potash.

Mr. HATCH. I thank the Senator. I hope he may have that opportunity.

Mr. President, I trust the Department in Washington, or any other agency of the Government, for that matter, will not take any ill-advised or hasty action which may destroy or injuriously affect this new industry, which is of vast importance to all the people of the United States.

EXHIBITS

[From the Engineering and Mining Journal, vol. 134, no. 12, December 1933]

THREE AND A QUARTER CENTURIES OF THE POTASH INDUSTRY IN AMERICA

(By H. I. Smith, Chief Mining Division, United States Geological Survey)

SUCCESSFUL EXPLORATION BY UNITED STATES GEOLOGICAL SURVEY RESULTS IN THE DEVELOPMENT OF ENTERPRISES ABLE TO COMPETE FOR DOMESTIC MARKET

The year 1933 may be appropriately celebrated as the three hundred and twenty-fifth year of an endeavor to produce in America potash for domestic needs, for it is recorded (Krepp, T. J.: "Vicissitudes of the American Potash Industry", Journal Economic and Business History, August 1931) that in 1608 the London Co. included, with its colonists, Poles and Germans "to produce soap ashes and other chemicals."

The early American potash industry was dependent upon wood ashes, and potash was made from wood ashes at Piscataqua, N.H., as early as 1631 and in Maine a few years later. South Carolina in 1707 subsidized the production and exportation of potash, but on account of the low potash content of the trees in the South Atlantic States her hopes were doomed to disappointment. Massachusetts in 1735 enacted measures to encourage potash production, and in 1741 granted a limited monopoly. This was followed by a monopoly in Rhode Island in 1753.

As early as 1750 American potash was found in English markets, and it was soon given encouragement by being entered duty free, largely through the efforts of Thomas Stephens, a producer of potash in the Colonies, who was awarded a grant of £3,000 "for his experience in introducing the manufacture of potash in the British plantation in America."

So little potash was produced during the Revolutionary War period, in spite of the great abundance of trees suitable for its manufacture, that at one time Massachusetts advertised a bounty of £100 a ton for potash manufactured in the United States, and potash was accepted in lieu of taxes.

During this time the manufacture of potash was understood by a relatively small group of men, and the products reaching England from different parts of the world ranged from poorly processed wood ashes to high-quality salts. Moreover, the price fluctuated greatly, at times stimulating and at times stifling production. The chief periods of export from America during Colonial times were between 1752 and 1757 and between 1764 and 1773, when the annual value of the exported salts was about $250,000.

From the Revolutionary War until after the Civil War the value of the American potash exports increased greatly, and, except for a few years, ranged in total annual value from $500,000 to $2,000,000 and in price from about $100 to $200 a ton. According to the census of 1850, production of potash was America's most thriving chemical industry. At that time 569 plants were reported producing potash from wood ashes. Curiously enough, France, from which the United States now imports considerable potash, was then our best customer.

YIELDS FROM WOOD

According to C. E. Moore, in the report of the Twelfth Census, 1900, the amount of potash obtainable from different kinds of trees varies considerably. The yield from chestnut was only 2 pounds from 5 tons of wood, but pine yielded 8, maple 18, and elm 39 pounds. American production was stimulated by the movement of the population into areas having forests that furnished high yields of potash, such as those south of the St. Lawrence River and the Great Lakes, and continued to thrive until the end of the Civil War, when there was a great decline, attributable not so much to the cutting off of the timber as to the perfecting of the Le Blanc process for making soda ash and the substitution of sodium salts for potash in making soap for world trade as well as domestic trade. As late as 1900, 67 plants reported a production of 1,782 tons of K_2O from this source, declining until the World War, when it was again revived.

The American potash industry based on wood ashes did not have its prime importance in export trade, important as that may have been during the days when there was little to sell abroad and much to buy, but from early Colonial days its service to the American people in the manufacture of soap, chemicals, explosives, glass, dyes, and other materials was of far greater value. Some people still remember when the ash man used to drive through the streets of the towns of the Great Lakes States shouting "Soap for ashes!" and trading a cake of soap for 2 bushels of ashes.

The second stage in the demand for potash began with the discovery of potash by analysis of brine from a well started in 1839 near Stassfurt, Germany, while exploring for salt; also from the discovery of potash salts in a nearby shaft in 1857, and the determination in 1858 that the salts were valuable as a fertilizer soon after Liebig had published his research on that subject. Mineral potash was first utilized in 1860, when Dr. Frank established a factory near the Stassfurt shaft for the production of potash from these salts.

At first, as the crop production from virgin American soils declined, new fields were cleared and new territory was settled. This procedure could not be continued indefinitely, however, and in time potash became an agricultural necessity. As a fertilizer, wood ashes were largely incidental, and until the present time the United States has depended largely on German potash for agriculture.

SEARCH FOR NEW SOURCES

The search for new sources of potash in America has been a long and persevering task, particularly since 1910, when Germany, to maintain its prices and its monopoly, passed certain restrictive laws that in effect required American purchasers to surrender advantageous contracts. This action aroused the American Congress, and consequently in 1911 an act was passed providing funds to search for domestic sources of potash and to perfect processes of extraction of potash from various types of materials. This act provided the basis for the systematic search by the Geological Survey and other Government agencies that has been in progress ever since. The Geological Survey has sought mainly for suitable supplies of natural soluble potassium salts. The search has now culminated in the finding of adequate reserves of soluble mineral potash and the beginning of a potash industry in this country capable of competing with the foreign producers. Total expenditure by the Geological Survey since 1910 and the Bureau of Mines since 1926 in the search for potash has been about $750,000. This sum is less than the value of the first full year's production from a mine recently developed in New Mexico as an outgrowth of the congressional act mentioned in the foregoing.

When Germany placed an embargo on potash, January 30, 1915, investigations of domestic sources of potash were fortunately well under way. Potash had been discovered in brines of deep wells drilled in Texas; in the western lakes of Nebraska; in Albert Lake, Oreg.; Searles, Minn., and Owens Lakes, Calif.; and in marsh lands in Nevada, Texas, and California. Studies had been made of deposits of leucite in Wyoming, alunite in Utah, greensands in New Jersey, and feldspar in different States, salt deposits from East to West, and potash available in dust from cement mills. Studies had also been made by other agencies of organic substances such as sugar-beet wastes, kelp, wood ashes, distillery wastes, and wool scourings.

By 1915 wood ashes had definitely ended their 3 centuries of dominance as a source of potash in America, and had been supplanted by brines; but the production of potash from brines will soon be superseded by production from soluble mineral potash salts.

Aided by the information already gathered by the Geological Survey, the American consumers of potash readily turned to known sources to supply their needs. The recovery of potash from any of these sources was slow to get under way. However, stimulated by prices 5 to 10 times those of pre-war years, American producers supplied a notable amount of potash until imports again became available.

As might have been expected, many promotional schemes were organized to capitalize the potash shortage during the war period, though without chances of permanent success. As early as 1915 potash was produced from Nebraska brines, Utah alunite, California cement-plant dusts, California kelp, and wood ashes from several States.

WAR-TIME PRODUCTION SUMMARIZED

The futility of attempting to supply American potash needs from organic substances and from mineral industrial wastes is well illustrated in our war experience. With few exceptions, all plants utilizing these sources ceased operating when or before the price of potash dropped to $200 a ton.

Investigations of marshes and dry lakes as a source of potash were well worth while, inasmuch as most of our potash used during the war was produced from such places.

In 1918 potash was produced in 21 States and Puerto Rico by 128 plants, which yielded 54,803 tons of K_2O, the greatest amount ever produced in America up to that time. Nebraska furnished 53 percent of the total; California, 34 percent; Utah, 7 percent, and the other 18 States and Puerto Rico, 6 percent. Brines were the principal source of potash, being utilized by 27 plants, of which 19 were in Nebraska. These plants produced 24,330 tons of potash, or 73 percent of the total American production. Kelp supplied 9 percent; molasses distillery waste, 6 percent; alunite, 5 percent; cement and blast-furnace dusts, beet-sugar water, wood ashes, wool washings, and other sources, 7 percent. The total output in 1918 represented about 22 percent of our normal annual consumption. Of the 128 producers, 51 reported potash from wood ashes, but they produced only 673 tons, or less than 8 producers obtained from Steffens water from beet-sugar refineries. The average yield per plant from wood ashes was only 13 tons, as compared with an average of 1,471 tons for the 27 plants producing from brines. Alunite, with 655 tons per plant for the 4 plants, showed the second highest average yield.

SUBSURFACE EXPLORATION

Subsurface exploration for soluble potash salts and brine deposits was begun by the Geological Survey in 1911, near Fallon, Nev., in what was formerly Lake Lahontan. By the end of the drilling program in 1917 it had drilled at Timber Lake, Silver Peak Marsh, Columbus Marsh, Black Rock, and Smoke Creek Desert, Nev., and at the south end of Death Valley, Calif.

Examinations were made also of samples from wells drilled in Deep Springs Valley near Muroc station, and at Cadiz Lake, Calif., and in Railroad and Dixie Valleys and at Ash Meadows, Nev. Numerous salt deposits, particularly in the eastern half of the United States, were also investigated.

The occurrence of potash in surface brines in the trans-Pecos area, Texas, was mentioned in 1904 (Richardson, G. B., U.S. Geological Survey Bulletin 260, pp. 578, 1904), and one of the salt deposits to gain early attention was the Permian salt basin, in Texas and New Mexico, one of the very large salt deposits of the world. Attention was drawn to the subsurface possibilities of this basin by the Survey in 1910, in the first volume of Mineral Resources that contained a chapter on potash. Two years later, potash was reported in the brines of the well at Spur, Tex., by J. A. Udden. The search for potash in oil-well cuttings, brines, and core tests in this basin has been continuous since that time. Many are familiar with the reports by Survey geologists, White, Steiger, Hoots, Darton, Lang, Mansfield, and Schaller, on the progressive steps in the investigations that preceded the present developments.

After several years of intensive study, representatives of the Geological Survey, in cooperation with the University of Texas, selected a site near Cliffside, Tex., to drill for potash. This site was in that part of the basin showing the best indications for potash up to that time. The test hole, completed at a depth of 1,703 feet, late in 1917, was disappointing. In the meantime the E. J. Longyear Co. drilled a core test hole for private interests near Carlsbad, N.Mex., near the western edge of the salt basin and a few miles southwest of where the United States Potash Co. later discovered potash. No potash minerals were found, but a location a few miles farther east would have been exceedingly valuable in 1917.

The first soluble mineral potash salt identified from deposits in the United States was polyhalite. This identification was made by R. K. Bailey, of the Geological Survey, February 17, 1921, in samples from the Bryant well, near Midland, Tex. In 1924 a sample of drill cuttings from the Crescent Eagle well, east of Green River, Utah., was turned over to the Geological Survey by A. G. Burnett and identified by R. K. Bailey as carnallite. This was the first time an occurrence of this mineral had been reported from American sources. A month later a sample from Texas that had been privately identified as sylvite was sent in by D. C. Barton, and this identification was confirmed in the Geological Survey. Early in 1925 a sample from a greater depth in the Crescent Eagle well was examined and found to contain sylvite. Only a few months later potash was found in a well drilled by the Snowden-McSweeney Oil Co. on a Government oil and gas permit held by V. H. McNutt. An abundance of polyhalite and a small quantity of sylvite were identified by Bailey in cuttings from this well. Previous to drilling this hole neither of these minerals had been reported from New Mexico sources. The discoveries in Texas and Utah did little to invite core drilling, but the discovery in New Mexico, in beds less than 2,000 feet deep, stimulated intensive exploration by diamond drilling.

The first core test hole drilled by Snowden-McSweeney for potash was started April 14, 1926. In June the Federal Potash Exploration Act was approved, and late in July the first Government drilling locations were made in New Mexico.

RESULTS OF DRILLING

As a result of drilling to date, the area in which some potash minerals have been found within the Permian basin constitutes about 40,000 square miles (Mansfield, G. R., and Lang, W. B.: Government Potash Exploration in Texas and New Mexico. A.I.M.E. Technical Publication 212, 1929). In this one core-test hole has been drilled for about each 500 square miles. The area considered most promising for potash minerals other than polyhalite covers about 3,000 square miles, in which one core-test hole has been drilled for each 50 square miles. In 100 square miles of this area one hole has been drilled to each 2 square miles, and 33 square miles has been proved to contain as much as 14 percent of K_2O in the form of sylvite in beds 4 feet or more in thickness. This area of 33 square miles, small as it may seem, is more than half the size of the area under development for potash in France. Only a few square miles contain salts that can be sold without enrichment in competition with imported manure salts.

The zones of enrichment are numerous and vary in richness and thickness. The term "beds" has been used to designate zones where the potash salts are concentrated, and I have distinguished 40 such beds that have been cut by the drill in the proved area, half of which are above the anhydrite in the sylvite zone.

The sylvite zone at the shaft contains a section of 82 feet and another of 58 feet that average about 9 percent K_2O. The bottom 10 feet ranges from 25 to 30 percent of K_2O over the area, which is now being mined.

Considering that more than $1,000,000 has been spent by Government and private agencies in core drilling for potash in the Permian salt basin of New Mexico and Texas, and that the cuttings from many other wells have been examined, any proposed new prospecting for potash must be considered highly speculative, even with the definite information now available.

The most attractive deposits of sylvite, carnallite, polyhalite, and langbeinite so far found in the Permian basin lie within the 100 square miles of prospected land east of Carlsbad. The sylvite deposits that are over 4 feet thick and contain over 14 percent of K_2O provide a reserve estimated at more than 100,000,000 tons of K_2O. Carnallite is not considered of present value except as a source of salts for drilling solution. The best showing of carnallite is the bed which I have designated "no. 17" and which is cut by the United States Potash Co.'s shaft. Langbeinite is found in the lower sylvite zone, but except in two or three localities is of low grade.

Polyhalite is the most abundant of the potash minerals, both in number of beds and in extent of deposits. However, polyhalite in a single bed over 4 feet thick and containing over 12 percent of K_2O has not been proved to be continuous over a very large area. One reason for this is that the development of polyhalite has not yet been seriously considered, and as some of the most promising polyhalite deposits lie some distance below the lower sylvite zone, and only a few holes have been cored deeply enough to test these lower beds, more prospecting is needed before any area can be considered proved sufficiently to open a mine solely for polyhalite. The polyhalite beds vary in thickness and in the amount of anhydrite present. Within short distances a rich polyhalite bed may change to one with a high percentage of anhydrite, and for this reason closer drilling may be needed than has been required for sylvite before reliable estimates of reserves of polyhalite can be made. There can be little doubt of the adequacy of reserves of polyhalite to meet requirements when a demand is developed for this mineral. One of the best polyhalite beds so far found was cut at a depth of 1,250 feet in a private core. It is 9 feet thick and averages 13.5 percent of K_2O.

COMPOSITION OF POTASH MINERALS FOUND IN NEW MEXICO AREA

(According to Dana)

Polyhalite	$K_2SO_4.MgSO.2CaSo_4+2H_2O$ 28.9% K_2SO_4 15.6% K_2O
Langbeinite	$K_2SO_4.2MgSO_4$ 42.1% K_2SO_4
Sylvite	KCl 52.4% K
Carnallite	$KCl.MgCl_2+6H_2O$ 26.8% KCl

With the known reserves in New Mexico and the reserves in Searles Lake it is doubtful if the other potash resources exploited during the World War will again assume commercial importance unless the potash should become a component or byproduct salt.

The technic of core drilling in the Permian salt beds developed as drilling progressed. Diamond, bort, and stellite bits were used. A 2½-inch, double-core barrel containing special features for a minimum circulation on the cut core was worked out in the early drilling for the Snowden-McSweeney Co. and has been used with modifications in drilling since that time. The drilling solution likewise was improved progressively. Longyear tried oil and then salt brines as a circulating solution. The solution used in later drilling in New Mexico consisted of a saturated solution of sodium and magnesium chloride. The importance of constant control to see that the solution was kept at full strength was not always appreciated. Late in 1930 potassium chloride was added, and in 1931, in place of purchasing high-priced potassium and sodium chloride, the salts from the United States Potash Co.'s mine were used to make a saturated solution, to which magnesium chloride was added. This was further improved by requiring the drillers to preheat the solution prior to circulation. Mud has even been added in new solutions in the belief that etching of the cores would thereby be reduced. Dependence for good core is now placed on close control of the saturation of the solution.

GAS AND WATER ENCOUNTERED IN SHAFT SINKING

The no. 1 shaft of the United States Potash Co. is 20 feet 4 inches by 5 feet 6 inches inside of the timber. It is divided into four compartments and is 1,062 feet deep. It was sunk 80 feet below the mine workings to provide an ore pocket and opportunity for skip loading. It was started in December 1929, and the first shipment of potash was made in January 1930.

In sinking, air-hammer machines with nonrotating chisel bits, similar to those used in tearing up street paving, were used.

These hammers were found to work satisfactorily in the soft formations and eliminated the necessity of shooting, which greatly reduced the shattering effect on the shaft wall and permitted excavating within shaft dimensions. About 50 gallons of water a minute was struck in the upper formations, and a water tunnel was driven nearly around the shaft and a sump and pump were placed in it.

Gas high in nitrogen, with appreciable quantities of methane and hydrogen, and under heavy pressure was encountered when certain polyhalite beds were cut, but the pressure was soon dissipated after the round was shot. This gas was flammable when mixed with air, but by fortunate circumstance and skillful handling no injuries occurred. The presence of hydrogen, which is found also in European potash mines, though not in coal mines, is an interesting feature.

The shaft was lined with Port Orford cedar. The air compartment was first separated from the hoisting compartments with wood, but this was later changed to sheet-metal lining. On completion of shaft 2, the shaft is to be fireproofed.

Shaft 2, about 2,000 feet south of shaft 1, is 15 feet 10 inches by 5 feet 6 inches inside of timbers and has three compartments. It was sunk to a depth of 955 feet since July 1932, and was connected to the main south entries from the no. 1 shaft on June 14. The limitation of the number of men permitted in the mine at one time prior to the completion of a second means of escape will be removed and the mine permitted to operate at full capacity as soon as the necessary changes are made in the ventilation. Prior to reaching the water sands in this shaft, two holes were drilled about 15 feet north and south of the shaft site and grouted, in an attempt to test and partly seal the water-bearing strata, and when the shaft was sunk to a depth of 183 feet, two series of holes were drilled to complete cementing off the water. In sealing the water in the formation 253 tons of mud, 2½ tons of excelsior and cotton hulls, and 4,600 sacks of cement were pumped into the formation. The shaft was then sunk through the water-bearing formation and a 65-foot section of concrete lining was put in from 230 to 295 feet. This concrete lining ranged in thickness from 36 inches at the bottom to a minimum of 12 inches at higher levels.

The third shaft in the field is being sunk by the Potash Co. of America. This shaft was started February 11, 1933. Unless delayed in sealing out the water, this company should also begin production this year, and thus become the second large enterprise depending entirely on potash for its output and the third potential source for large tonnage in the United States.

PRODUCTION CAPACITY EQUAL TO DEMAND

Potash deposits in New Mexico lie relatively flat and in such manner that they can be readily mined by the room-and-pillar system. The crude salts are of a grade suitable for market after grinding as 25 to 30 percent manure salts. To meet any emergency the United States Potash Co. stored about 30,000 tons in the open during the summer of 1932, to be ground and shipped or refined as occasion demanded. The capacity of the mine is ample to meet any anticipated demand. The refinery, 16 miles from the mine, has been operated at a capacity considerably over 100 tons daily, and the product is meeting the requirements of the chemical as well as the fertilizer trade.

With the completion of the shaft of the Potash Co. of America, New Mexico has a better opportunity than others to hold the production unless unfavorable freight rates, taxes, and royalties should stimulate development elsewhere. The royalties under State leases are usually 5 percent, and the State receives 37½ percent of the royalties collected by the Government.

The importance of the potash deposits to the railroads is indicated by the fact that the product from the United States Potash Co.'s mine during July, August, and September 1932 was handled by 33 different railroads on its way to chemical or fertilizer factories. Shippers by water have likewise been benefited.

The market trend with respect to the grade of salts imported prior to 1932 is reflected in the decline of imports of kainite and manure salts. Imports of kainite dropped from over 600,000 tons in 1910 and 1911 to 113,938 tons in 1932. Manure salts reached its peak in 1928, with 453,242 tons; sulphate in 1930, with 96,608 tons; muriate in 1931, with 306,047 tons. These maximum figures may be compared with total imports for fertilizer of 287,929 tons for 1932, which is only slightly more than twice the American production of 143,120 tons and less imports than for any other year since 1921.

The capacity of the Searles Lake refinery, in California, may be increased 50 percent on the completion of construction now suspended. As only a few months' time is required to construct new refineries or add additional units, American producers are in a position to contract up to the full American demands for potassium chloride salts, except for low-grade salts that have a value less than the mining costs and freight to market. The American sulphate salts in their natural state are at the border line of value between freight cost and selling price and are possibly of too low grade to complete with imported salts without lower freight rates or some enrichment.

No effort has been made by American producers to enter the sulphate market, so that European producers still have no competition in the field of the sulphate and the low-grade salts.

The fact that the price of potash in American markets after the World War did not increase in proportion to the cost of other commodities caused a large saving to the American consumer. But the question arises whether the low prices resulted from the long-established policy of a certain group in Germany who believe in low prices and increased production, or whether they have been maintained low to discourage development in America, Russia, Poland, Spain, and the Dead Sea. The fact that there was no premium on potash immediately after the World War and that those producing here were forced to cease operations before having a chance to adjust their operations gradually to a rapidly falling price may have some significance. New operations certainly were discouraged by this fall in price.

The present American situation is encouraging in that our resources are sufficiently large to eliminate all fear of a lack of supply of potash of a grade sufficiently high to meet any price that may be set abroad, short of dumping, and that the American farmer will get a higher potash content in his mixed fertilizers without a proportionately increased cost.

SULPHUR NEAR POTASH BEDS IN NEW MEXICO

We still lack potassium sulphate, but this is no problem, as natural sulphur deposits are reported to have been found close to the New Mexico potash development. Sulphuric acid is available at El Paso. Hydrogen sulphide gas in large quantities is being burned in the air at the Hobbs oil field, a short distance to the east. Sulphur is available along the Gulf coast. Some one of these sources will be used when it is advisable to convert the potassium chloride to sulphate. Polyhalite is found over widespread areas and can be supplied to the sulphate market without refining, or, according to the Bureau of Mines, it can be treated in a reducing flame to yield potassium sulphide containing 77 percent of K_2O, the cost of freight being thus greatly reduced. Polyhalite, either raw or enriched, can supply the necessary sulphate and magnesium salts when it becomes economical to do so.

American exports of potash salts increased from 15,532 tons in 1929 to 31,291 tons in 1931. The exports went largely from California and may reasonably be expected to increase in the Pacific markets.

In conclusion, potash is now a world commodity, like nitrate and phosphates, and its production is no longer under the control of a single nation.

Acknowledgment is made in the preparation of this paper for references furnished by T. C. Cramer, chief chemist of the United States Potash Co., and for assistance in the preparation of the paper to G. R. Mansfield, geologist of the Geological Survey.

[Reprint from the American Fertilizer, Nov. 4, 1933. Ware Bros. Co., publishers, Philadelphia, Pa.]

POTASH AS AN INTERNATIONAL COMMODITY IN 1932—A PAPER PRESENTED AT THE EIGHTY-SIXTH MEETING OF THE AMERICAN CHEMICAL SOCIETY, CHICAGO, SEPTEMBER 10–15, 1933

(By J. W. Turrentine, fertilizer and fixed nitrogen investigations. Bureau of Chemistry and Soils, United States Department of Agriculture, Washington, D.C.)

A discussion of potash as an international commodity would naturally concern itself principally with that potash derived from the refineries of the German-French Cartel since that group still controls 81 percent of the world's potash output. Interest lies, however, not so much in the performance of that well-entrenched and highly efficient organization as in the efforts of other groups in various parts of the world to acquire a share of this business. The advantages possessed by the German-French Cartel represented by excellent deposits, experienced staffs, economical chemical processes yielding valuable byproducts, cheap water transportation virtually from the mine to the foreign port of entry, constructive world-wide educational propaganda, and above all, sympathetic governmental solicitude, represent a combination of favorable circumstances, natural and designed, not easily matched. Such odds arouse the spectator's interest while leading him perhaps to place undue emphasis on any gains registered by the less-favored contestants. There can be no question of the great service rendered the agricultural world by the German potash producers in educating the farmer in the profitable use of potash fertilizers and providing him with abundant supplies at prices both reasonable and stable. The business volume developed is a measure of that service—but service carries no immunity against competition.

The delivery charge on commodities in international trade in the absence of protective tariffs represent their most vulnerable point of attack as offering a margin to cover possibly higher production cost in a more restricted market. Delivery charges on potash salts can be reduced by raising the potash content. But this has its limitations. Further reductions are to be accomplished by the enlightened cooperation of transportation interests, volunteered or enforced. Nationalism as expressed by self-continence in essential commodities, augmented by pressure to create new industry wherewith to combat unemployment, adds impetus to the contest. We therefore find in various localities of the world consistent efforts being made to participate in the potash trade with results that are rather surprising, considering the unequal odds involved. The problem is much easier and more logical where only a domestic market is the goal, but to invade a foreign market so long preempted and efficiently served, calls for increased assurance.

While 81 percent of the world's potash output is ascribed to the German-French Cartel, this position in international trade appears somewhat less impregnable when it is recalled that 76 percent of the German and 50 percent of the French output are currently consumed in their respective domestic markets. Their exports

represent 66 percent of the world trade in potash conducted outside of those two countries.

America continues to be the leading purchaser of foreign potash and is the principal battle ground on which the relative strength of competitors will be tested; already there have been received at our ports deliveries of potash from Spain, Chile, and Palestine, too small, however, to do more than indicate the mental trend of the contestants.

The year 1932 witnessed unprecedented changes in relative values. In that year potash imports dropped to the low level of only 292,000 short tons of fertilizer salts, equivalent to 96,000 tons K_2O and valued at $5,900,000 as compared with 1929's imports of 783,000 short tons of salts, equivalent to 300,000 tons K_2O and valued at $18,000,000.

In the same year (1932) sales of domestic potash amounted to 121,000 tons of salts, equivalent to 56,000 tons K_2O, to be compared with 1929 sales of 101,000 tons of salts, equivalent to 58,000 tons K_2O. Thus, within a 4-year period, while there has been a decline of 68 percent in imports, the decline in domestic sales has been only 2 percent; and the ratio of domestic sales to the total quantity of fertilizer potash consumed has advanced from 16 percent in 1929 to 37 percent in 1932.

Sweeping conclusions are not properly to be drawn from this year's record admittedly abnormal with a 50-percent reduction in fertilizer sales. The question might properly be asked, however, why this reduced potash consumption has been made at the expense of the imported rather than the domestic commodity. Whether this is fundamental and permanent, or casual and temporary, can only be determined when fertilizer consumption returns to its normal level.

That the domestic industry is now in a position to greatly expand its output is common knowledge. The mines of the United States Potash Co. near Carlsbad, N.Mex., can produce high-grade muriate to the capacity of its refinery, which is reported to be 36,000 tons per year ,ad in addition thereto can supply 25-percent manure salts to the further capacity of its two shafts. The American Potash & Chemical Co. at Trona, Calif., had expanded its refining capacity to 150,000 tons of 98-percent muriate just prior to the recession in volume of the fertilizer trade. There is accordingly an apparent capacity to produce, represented by these two refineries alone, a quantity of potash approximating 38 percent of our average potash requirements during the past 10 years.

Capacity to produce must be differentiated, however, from capacity to market as inherent in the latter are the various factors, known and unknown, to be proven as to their importance only by the course of events. With a second production unit imminent in the New Mexico field, that of the Potash Co. of America, a lively contest for a larger share of the American market is in prospect.

There is probably not a potash-production unit of importance in the world today that is operating at capacity. The wholesale closing down of operating shafts that has taken place in Germany in years past proves the fallacy of overemphasizing such figures, however gratifying they may be to those of us who have sought to foster the domestic industry, and furthermore conveys the warning, not lightly to be ignored, of the consequences of overdevelopment beyond the capacity of an accessible market. To broach the subject of overproduction with 63 percent of the domestic market still supplied from foreign sources would appear illogical; but should it eventuate that the accessible market is to be definitely circumscribed by a delivery charge, certainly an overproduction could be developed within that circle regardless of whether the American market as a whole is being supplied or not. The farmer will continue to buy his potash where he can obtain it at the lowest price. Achievements to date having been accomplished without favor of protective tariff, that expedient will scarcely be invoked to affect the balance. The answer will be rendered in terms of relative production costs and delivery charges, with concentration of salts affecting the latter. With deposits and skill in mechanization and chemistry inferior to none within our possession, the issue relates to delivery charges as the determining factor.

It must not be forgotten that the German-French producers stand as a unit in defense of their existing markets. Those who would dispute their prerogative, accordingly, have nothing to lose from unity of action as contrasted with individual and unorganized effort.

GERMANY

As a consequence of overexpansion the German industry has long been the subject of state control designed to preserve invested capital and profits without price increases that would jeopardize markets. The results as a whole have been favorable, although the farmers of the world have long been taxed to make good the unwise investments of the earlier potash producers.

The advantages of German state control were illustrated during the year under review. With the potash industry confronted by a 32-percent decline in business in the preceding year, the Reich Government, in collaboration with the Potash Syndicate, established a credit guaranty whereby, to protect and foster fertilizer sales, dealers were granted prior liens upon farmers' produce; there was also established a fund of 90,000,000 marks, to which the Government subscribed 57 percent and the interested fertilizer syndicates the balance, to refund losses from fertilizer sales limited to 25 percent of total deliveries. In consequence there was a decline of only 5 percent in domestic business volume as compared with the much more formidable percentages of preceding years.

The 1932 business volume of the German Potash Syndicate, of 847,000 tons K_2O (derived from approximately 6,300,000 tons of the mined salts), represented a decline from sales of 964,000 tons in 1931, there being a 27-percent decline in exports in addition to the moderate decline in domestic business.

Exports of 684,000 tons of salts marked a recession from the 932,000 tons exported in 1931. Of these, manure salts (of 18–42 percent K_2O) constituted 67 percent, while the higher grades (muriate, sulfate, and sulfate of potash-magnesia) represented 33 percent; of the former, the United States received 24 percent and of the latter 31 percent, a total of 177,000 tons of salts. As a mark of the wide distribution of German exports it may be noted that the balance of 500,000 tons of salts was divided among 40 other political units, from Iceland to Australia.

An item of interest worthy of passing note is Germany's growing trade in potassium nitrate, in 1931 amounting to 36,000 tons, 9,000 tons of which was purchased by the United States, the balance being distributed among many other countries.

FRANCE

The French, through their alliance with the German producers, possessing a fixed ratio of foreign sales of potash, are affected similarly by conditions in the export market, particularly in the United States. They lack, however, quite so large and stable a home market such as is possessed by the Germans, that market absorbing only 50 percent of output as contrasted to the 76 percent enjoyed by their ally. The advantages of a home market are appreciated, however, as shown by consistent efforts directed toward its development, efforts that have resulted in the expansion of that market from 46,000 tons K_2O in 1919, the year in which the Alsatian mines were sequestered, to the current 200,000 tons.

Thus during the year under review French production was reduced to 304,000 tons K_2O from the 367,000 tons in 1931, a recession of 17 percent in production compared with that year and of 40 percent compared with the peak output of 1930. Exports declined to 322,000 tons of potash salts from the 1931 level of 476,000 tons, a loss of 32 percent. Constituting this total were 235,000 tons of low-grade and 87,000 tons of high-grade salts, principally muriate; 55,000 tons were consigned to the United States. This latter figure, when compared with the 1929 shipment of 326,000 to the United States, represents a reduction of 83 percent.

SPAIN

Spain in 1932 advanced to fourth place among the potash-producing countries, with her output of 410,000 tons of mined salts, equivalent to 55,000 tons K_2O, challenging the position of the United States as third among producers. This represents a 95-percent increase (K_2O basis) as compared with the preceding year. Spain is frankly testing the export market, selling abroad 38,000 tons K_2O while disposing of only 15,000 tons in the domestic market. The product is the muriate, mostly high grade. With her deposits distributed among Spanish, Belgian, French, and German interests, it remains for the future to disclose what share of the international trade in potash she will be able to grasp and whether natural advantages represented by good deposits and proximity to ports will equal the close cooperation of the opposing interests.

POLAND

Poland, since regaining her national status, has ambitiously attempted the exploitation of her potash properties, secured from Austria, to supply the domestic market while participating in the foreign. The contest has witnessed her decline from a production of 352,000 tons of the mined salts in 1929 to 142,000 tons (equivalent to 23,000 tons K_2O) in 1932. Confronted by the formidable competition of the nearby German producers, selling 110,000 tons of salts in Poland's home market (1929) while effectively contesting her foreign trade, a truce was declared whereby Poland secured her domestic market uninvaded and 4 percent of the foreign, only to find the home market shrunken to 82,000 tons of salts (13,000 tons K_2O), with a foreign trade amounting to only 60,000 tons of salts. In recognition of the potentialities and the essential nature of the home market, in 1929 consuming the equivalent of 79,000 tons K_2O, price reductions amounting to 23 percent have been granted. To the agricultural depression has been ascribed the reason for the reduced consumption of potash in Poland. But it may be noted that this decline has followed the withdrawal of the highly effective German selling agency from that field, a fact that may have more significance than a mere coincidence, it being occasionally intimated that Germany sells her competitors' potash as well as her own. It would appear that until Poland has rehabilitated her domestic market her position in international trade will be one of little relative significance.

RUSSIA

Russia may be tentatively described as the unknown quantity in the international potash situation. While emphasis is being placed on supplying domestic needs estimated in very large tonnages, trial shipments have already appeared at foreign ports. Remarkable progress has been registered in the development of deposits, concededly enormous in extent and of very good quality, against odds that appear quite formidable—isolation with respect to markets and rigorous climatic conditions affecting transportation. With the elimination of the criterion of profits as conventionally figured by us, there is no basis left on which to estimate the potentialities of a potash industry exploited under the communistic system where nationalistic aspirations, not private profits, are the motivating impulses. Despite natural handicaps, two mines are in operation and a third is nearing completion, with a full complement of refining and power plants and other accessories. A railroad has been completed and two others projected and large-scale developments of the Kama River to provide water transportation have been advanced. There seems to be no occas-

sion to doubt that these deposits will be developed as the source of potash for Russian agriculture with an output of formidable proportions, but on what basis they are to be ascribed a future position of importance in the international trade in potash is not apparent at the present time.

PALESTINE

The Palestine potash project has received publicity possibly somewhat out of line with its importance as a contestant for international trade. Plans for the year contemplate an output of 10,000 tons of potash salts, of which 7,000 tons will be in the form of 80 percent muriate. Produced as a byproduct in the extraction of bromides from the Dead Sea brine, its output will be proportionately limited. Offerings have been made on the American market, but later withdrawn. German shipments to the Orient in 1932 aggregating 20,000 tons of high-grade salts, presumably passed through the Suez Canal, indicating a more logical market for the Dead Sea potash than the United States, a statement that applies likewise to the Spanish product.

Summarizing the potash activities of 1932, there is revealed a total world production of approximately 1,330,000 tons, K_2O basis, a recession from 2,000,000 tons produced in 1930. The 81 percent of this total, which represented the German-French contribution, is a decline from 91 percent, which was their share in the preceding year.

A recession of only 35 percent by which the world potash industry has declined in recent years is moderate when compared with the performance of other industries and reflects the substantial stability of the potash business. It has been subjected to a severe test and has proven its worth. The whole world is now giving thought to agricultural rehabilitation as the foundation on which to rebuild prosperity. There is no escape from fertilizers as an essential of scientifically constructed or reconstructed agriculture as an instrument for increasing both scope of activities and profits. Amply demonstrated on all major crops, although being applied in this country to only a too small percentage of the total, this principle is subject to enormous expansion, particularly so as we seem now to be breaking loose from some of our earlier inhibitions. National planning for land utilization, involving diversification with intensive methods, depends on soil fertility, its restoration and maintenance as its foundation. Fertilizers are destined to play an increasingly important role, thereby progressively expanding the market for potash from both existing and prospective sources.

[From the Oil, Paint, and Drug Reporter, Monday, Mar. 26, 1934]

POTASH IN INTERNATIONAL BARTER

In certain respects the Government program of international trade agreements resembles a gigantic plan of barter. International trade has always been regarded, theoretically at least, as essentially an exchange of goods. This theory falls down when confronted with the fact that certain nations have gained most of their prosperity from their export trade. Of course, one of the parties in every swapping of possessions usually comes out ahead in the actual value of the articles exchanged; although the other may have got something intangible which, to him, was more desirable. This factor of the intangible is a large one in the international swapping of goods. It is always the needier of the two parties that can be most benefited by the intangible gain, although it is not always that the results of the exchange are thus shared.

It would seem that certain advocates in this country of the reciprocal-trade program are not of the opinion that the United States should seek the tangible benefits in international exchanges of goods. This is a Nation rich in resources and in the products of industry. Its needs are relatively few. Theoretically, then, the intangible advantages of an exchange of goods are of little value to the United States in comparison with the usefulness of cash export markets. Nevertheless, the Director of the Bureau of Foreign and Domestic Commerce has said:

"Barring some unexpected development, our merchandise balance, in international trade, must sooner or later be readjusted by something like a half a billion dollars per year to create what might be described as a healthy condition in our international trade."

Exports of merchandise from the United States in 1933 exceeded imports by $225,000,000. To make the $500,000,000 readjustment in the international merchandise balance it would be necessary that this country import goods to the value of $275,000,000 more than that of its exports. That may be good politics. It may be good theoretical economics, serving to offset the value of intangible or invisible exports which are of limited, if any, benefit, even in the actual balancing of international payments. But is it good business? There is something of value in the spending of money in travel abroad. There is little of value for the United States or for any substantial group of its people in international financing. Why go on a spending spree in foreign markets to bring about a theoretical balance of payments? Is not American industry entitled to make a net profit in international trade?

Some talk there is in certain quarters that Russia desires greatly to sell or trade potash into the United States. Russia is a nation rich in natural resources and becoming "well fixed" in terms of manufactures. Intangible advantages in an exchange of goods are not attractive to Russia. That nation wants cash, or its equivalent, credit—on long terms. Russia cannot sell potash, or trade it, in other countries and at the same time make any material progress in its plan of agricultural sufficiency. Available data indicate that Russia will be able to produce from 3,000,000 to 5,000,000 tons of potash salts annually within 2 or 3 years. Other data from similar sources show that the Russian agricultural plan will require more than that annual supply of potash salts. The agricultural plan might be deferred if Russia should be able to trade its potash for cotton and grains, or should see a future advantage in building up credit by selling potash at a price below that now prevailing in the world markets. In either case, the future of Russia alone would be benefited.

Potash salts are now cheaper in the markets of the United States than they were just prior to the World War and doubtless will get still cheaper. The production of potash salts in the United States is a new, but rapidly growing, enterprise. It is a nationally essential enterprise. American farmers and their political friends should not forget the high prices of potash in the war years. They should not be ignorant of the fact that only by means of domestic production of potash salts can a recurrence of those high prices be avoided. Russian potash at a price however low would afford only a temporary advantage to American agriculture, the period of which would be limited by the desires of the Soviet with reference to its agricultural program. The American potash industry is not yet sufficient for domestic needs. Its growth should not be stunted or stopped to gain any temporary advantage in price. Reciprocal trade with Russia, or with any other country, to the extent that it may be at all practicable, must not be carried on at the cost of the life of an essential American industry.

RUSSIAN ECONOMIC NOTES

[From the Department of Commerce, Bureau of Foreign and Domestic Commerce, Mar. 15, 1934]

SOVIET POTASH—FOR THE COLLECTIVE AND STATE FARMS

PRAVDA, January 12, 1934.—The Soviet Union possesses the largest potash deposits in the world, and with the help of an army of workers, engineers, and technicians has constructed and put in operation a potash plant with first-class technical and chemical equipment. Potash is the most essential element for increasing the agricultural production of the country and for freeing Russia from dependence on potash chemicals of all kinds, such as Bertolet salts, potassic saltpeter, caustic potash, and others, for these can all be produced from Soviet potash salts.

The first potash mine was built with complete mechanical equipment, and is expected to turn out 4,500 tons a day, with a present daily production of 2,200 tons, to be increased soon to 3,000. The latter figure has already been reached, the production in December having been 62,000 tons, and for some days in that month as high as 3,000. A complete underground town is being built at a depth of 250 meters. There are 13 kilometers of tunnels and passages, with electrified railroad lines, cranes, scrapers, and other mechanical appliances. At this depth there is a station for the cars, and a mechanical workshop. Self-dumping cars discharge the salts into bunkers after being hauled to position by an endless chain. The miners' community lives and works underground, served by electric trains running in passages cut through the blue-white sylvinite deposits.

The potash mines at Solikamsk are being worked by a whole series of different plants: The salts mined are ground in a crusher, then transferred for concentration to the chemical plant, which is constructed to handle 3,500 tons of salts a day, and to turn out 600 to 650 tons of 85-percent KCl.

At the present time the plant is treating 2,000 to 2,200 tons a day, the record for December being 48,500 tons.

For the potash workers 1933 was a year of energetic assimilation of new technique required. The young workers were afraid of the huge plants which they were expected to manage, finding that their school preparation was far from sufficient for practical running of the machines. Practice, however, has greatly increased the skill and productivity of the underground workers, and as the organization of labor improved, standards have been raised. The enthusiasm and increasing efficiency of the workers and engineers in the potash mines are a guarantee that this enterprise will be a model one.

Near the mines a new town has been constructed, in which 12,000 workers and their families live. There is a school with a 7-year course, day nurseries, dispensaries, a bathhouse, and shops; a club, kindergarten, hospital, and other buildings are under construction. There is still a shortage of dwelling space, however, and also of electric light. In 1933 large truck gardens were started, and vegetables produced locally took the place of those brought from outside.

Thirty kilometers from Solikamsk, near Beresniki, a second potash mine is being opened up, for production on the same scale as the first. This will be completed during the second 5-year plan. It is being built by Soviet engineers and workers without the benefit of foreign technical leadership and advice. The first shaft of the new mine has been driven, through the deep frozen surface layer, to the salt strata, the first of which is 4 meters thick at a depth of 245 meters, the salt here being of considerably higher quality than in the first mine.

At the first mine equipment is being installed for a carnallite-magnesium combine, one of the undertakings of the second 5-year plan, to produce light-weight metals. Experiments have shown it to be possible to produce magnesium, which will be turned out in quantity within the next year or two.

There was a time when Russia was entirely dependent on foreign countries for its potash salts, and wood ashes were the only domestic source of potash and were collected and saved for this

purpose. Now Soviet Russia possesses deposits several times larger than the Stassfurt, over an area estimated at 1,500 square kilometers.

These deposits are of the greatest interest to the peasants working the collective and State farms; it has been calculated that every ton of potash fertilizer adds 4 to 6 tons of sugar to sugar beets, 35 to 40 tons of tubers to potatoes, 83 tons of feed turnips, 24 tons of hay or perennial grass, 75 tons of cabbages, 10 dry tons of makhorka, etc. Experiments already made have demonstrated that this increase in products is readily possible. The facts should be brought to the attention of the machine-tractor stations and the collective farms.

[Extract from article in Vossische Zeitung, Berlin, Feb. 22, 1934]

RUSSIAN POTASH ON THE WORLD MARKET COMPETITION TO GERMAN-FRENCH SYNDICATE

Moscow, February 8, 1934.—The first shipment of 450 tons potash salts from the potash plant at Solikamsk has found its way to the world market. The first soviet potash went from Amsterdam to Japan, which is of interest if one considers the present political aspect. Holland and Belgium are supposed to have great interests in the Russian export. A party from Denmark visited the mines on the Upper Kama last summer.

Shafts nos. 1 and 2 of the richest potash deposit in the world are now working. The deposit at Solikamsk has been estimated at 15,000,000,000 tons of pure K_2O. The deposit is only 200 to 250 meters below the surface. At present the mine can technically deliver 1,000,000 tons crude salt containing 20 percent pure salt. The concentration plant is likewise in full swing.

At Beresniki, 30 kilometers to the south, a further plant is under construction for the same output, and one shaft has already been constructed. The same geological structure prevails here as at Solikamsk. The two shafts at Solikamsk have been put down by German experts, who employed the method of freezing. At Beresniki the same method is to be used, but this work was done by the soviet engineers.

Production at Beresniki for 1935 is expected to be 1,500,000 tons, which quantity seems to be feasible. Output at the Solikamsk mine will likewise be increased to the same quantity. The output of 12,000,000 tons per year (approximately equal to German production in 1928–29) is expected to be reached at the end of the second 5-year plan. Production in 1933 was 600,000 tons. There are great transport difficulties to be overcome.

Potash will serve as a means of obtaining foreign exchange. The appearance of a further competitor on the world market becomes seriously for the German-French potash monopoly, the more so as other competitors (Spain, Dead Sea) are also coming forth with their product.

Other potash deposits have been discovered on the north coast of the Caspian Sea and Turkmenistan. These deposits are favorably situated for the cotton district of Central Asia. At present, however, the competition of Solikamsk and Beresniki is of importance.

[From the Chemical Industries, December 1933]

DEVELOPING SPANISH POTASH—OPERATION OF THE CATALONIAN CONCESSIONS

Amid the wide area of the potash deposits in Catalonia, Spain, the concession operated by the Potasas Ibericas S.A. is in the neighborhood of the town of Sallent, 45 miles from Barcelona, on the banks of the river Llobregat. The potash formation exists throughout the area covered by the concession, and the following information, gained when the first borings were made in 1930 and 1931, was confirmed during the sinking of the shafts and the operating of the potash deposits.

The depths at which the beds occur are comparatively high and vary from 820 to 1,300 feet. The upper part of the formation contains several seams of carnallite, at least two of which are from 7 to 15 feet thick and can be very easily mined. They contain an average percentage of 14.5 of K_2O. The lower part contains two seams of sylvinite, one of which is 13 feet thick and of an average percentage of 26 of K_2O. The other is thinner (5 feet) but exceptionally rich, containing 38 percent to 40 percent K_2O. This seam contains strata of pure sylvinite (56 percent K_2O), which is easily separated by selective mining. The above seams are of such extent that, with a daily removal of 1,200 tons, production is assured for five centuries.

For the present the Potasas Ibericas Co. contemplates working only the sylvinite seams, which are the easiest to enrich and which should suffice for more than 100 years. They contain a very small proportion of impurities, and the chief seams show on analysis less than 1 percent of clay.

The sinking of no. 1 shaft began in July 1931 and was finished in July of the following year; it is 985 feet deep and 14½ feet in diameter, and is equipped with a 142-foot tipple of massive concrete construction and 800-horsepower electric winding gear. Elevation is carried out by cages carrying 5,000 pounds net weight, the installation guaranteeing the raising of 150 tons per hour. Preparations have been made for the future substitution of skip elevation, which would increase production to 300 tons per hour. No. 2 shaft is being sunk, and will be 1,100 feet deep.

Since operations were commenced in October 1932 more than 3 miles of galleries have been completed. From 12 to 16 stopes are being operated simultaneously, and this number can be easily increased.

At the pit head automatic equipment sends the potash salts into the grinding and grading plants, a concrete building, six stories high. Simple lay-out between grinding and grading permits of the production of the various qualities of potash salts efficiently graded.

The warehouse, parabolic in shape, is a large concrete building 97 feet wide, 65 feet high, and 400 feet long. On leaving the grading plant the potash salts are sent through an underground passage, and by means of an elevator to a conveyor operating the full length of the warehouse, where they are sorted according to test. This warehouse has a capacity of 25,000 tons, and a scraping device removes the stored potash from the warehouse and distributes it onto conveyors, whence it is tipped directly into railway wagons.

Actual mining began on October 12, 1932, i.e., 15 months after the ground had first been broken for the sinking of no. 1 shaft. Production, which started at 300 tons per day, reached 500 tons in December 1932, and now approximates to 1,000 tons per day.

During the first period Potasas Ibericas S.A., profiting by the high average content of K_2O in the natural product, was able to produce all the commercial qualities by sorting without resorting to any special treatment of the sylvinite. In order, however, to increase its production of high-grade salts, the company is at present building a refinery equipped to treat 50 tons of ore per hour. This will be in operation early in August 1934. A plant for mixing and bagging is being constructed to complete the equipment.

The second shaft, which is also 14½ feet in diameter, will be finished by the beginning of December next. It will be used primarily for ventilation purposes and to facilitate the lowering of timber and other materials, thus relieving no. 1 shaft and enabling increased production to be carried out in the latter.

The installation of Potasas Ibericas S.A. has been designed with great care and has many technical novelties. The concrete buildings, especially the tipple and the warehouse, are of bold and original conception and are wisely designed.

The mine is connected by a private siding with the railway leading to the port of Barcelona. Negotiations with the authorities, now pending will give the company a private wharf on the dock of Morrot. This dock, situated at the entrance of the port, has free access, and, as its depth of water is 31½ feet, it will accommodate the largest steamers. As soon as the concession is granted, Potasas Ibericas will build on this wharf a warehouse equipped with the latest modern improvements, permitting the handling of potash and the loading of steamers in minimum time. At present the company uses the services of an important stevedoring organization in Barcelona, which provides several sheds at the Expana wharf. The capacity of these warehouses is 10,000 tons. (The Fertilizer Feeding Stuffs and Farm Supplies Journal, London, vol. xviii, no. 22.)

[From The American Fertilizer, vol. 80, no. 4, Feb. 24, 1934]

POTASH PRODUCTION

By Potasas Ibericas, S.A.

Potasas Ibericas, S.A., operates mining concessions situated in the potash field of Catalonia (Spain), 45 miles from Barcelona, in the neighborhood of the town of Sallent. A series of borings made in 1930 and 1931 gave information which was confirmed during the sinking of the shafts and during later operations.

The potassic formation exists throughout the total area of the concession. The depth at which the beds occur varies from 820 feet to 1,300 feet. The formation is as follows:

(a) The upper part contains several seams of carnallite. At least two of these are from 7 to 15 feet thick and can be very easily mined. They contain an average of 14.5 percent K_2O.

(b) The lower part contains two seams of sylvinite, one of which has an average content of 26 percent K_2O and is 13 feet thick. The other is thinner (5 feet) but exceptionally rich, testing 38 percent to 40 percent K_2O. This seam contains strata of pure sylvinite, 56 percent K_2O, which is easy to separate by selective mining.

The above seams represent such reserves that with a daily output of 1,200 tons production is assured for 5 centuries. For the present Potasas Ibericas, S.A., contemplates working only the sylvinite seams, the sylvinite being a richer and easier form of potash salt to enrich. These reserves will suffice for more than 100 years.

PRODUCTION FACILITIES

The sinking of no. 1 shaft was begun in July 1931 and was finished in July 1932. The shaft is 985 feet deep and 14½ feet in diameter. It is equipped with a 142-foot tipple of massive concrete construction and an 800-horsepower electric winding gear. No. 2 shaft is now being sunk and will be 1,100 feet deep.

The Potasas Ibericas, S.A., concessions embrace a potash deposit of regular formation composed of thick pure layers and mining is thus particularly easy.

Rational utilization of efficient mechanical equipment, electric cutters and rock drills, scrapers, etc., the lighting of galleries and stopes by electric projectors permit operation and mine transportation under the best conditions.

At the pit head automatic equipment carries the potash salts into the grinding and grading plant, a concrete building, six stories high. A simple layout from the grinding to the grading permits the various qualities of potash salts to be efficiently graded.

The warehouse, parabolic in form, is a large concrete building, 97 feet wide, 65 feet high, 400 feet long, with a capacity of 25,000

tons. A scraping device removes the stored potash from the warehouse and distributes it on conveyors that unload direct into railroad cars.

MINING PROGRESS

Mining began on October 12, 1932, only 15 months after the first ground had been broken for the sinking of no. 1 shaft. Production, which started at 300 tons per day, reached 500 tons per day in December 1932 and now approximates to 1,000 tons per day. The development of the underground work and management of long mechanically equipped stopes permit easy and rapid increase of production.

During the first period Potasas Ibericas, S.A. profiting by the high average content of K_2O in its natural ore, could produce all the commercial qualities by sorting, without resorting to any special treatment of the sylvinite. In order, however, to improve its mining conditions and increase its production of high-grade salts, the company is at present building a refinery equipped to treat 50 tons of ore per hour. The refinery will be in operation early in July 1934. A plant for mixing and bagging is being constructed to complete the equipment.

A second shaft, 14½ feet in diameter, was sunk, being finished by December 1933. It will be used primarily for ventilation purposes and to facilitate lowering timber and materials. It thus relieves no. 1 shaft and will enable increased production there.

The installation of Potasas Ibericas has been designed with great care and discloses unusual technical innovation. The concrete buildings, in particular, and the tipple and the warehouse are of bold and original conception and are judiciously planned. United States industry has contributed materially to the installation in furnishing various items of equipment.

Although the town of Sallent and the neighborhood of Manresa, Sempedor, San Fructuoso, Balsareny, Berga, etc., provide good facilities for housing employees and workmen, Potasas Ibericas has undertaken the construction of a garden city, built according to the Catalonian style and customs, where the employees are housed. The buildings are located round a large mansion of ancient construction, surrounded by parks. A garden is provided for every tenant adjacent to his dwelling.

SHIPPING ARRANGEMENTS

The mine is connected by a private siding with the railway leading to the port of Barcelona. Negotiations with the authorities, now pending, will give Potasas Ibericas, S.A., a private wharf at the entrance of the port, with free access and a depth of water of 31½ feet, which will accommodate the largest steamers.

As soon as the concession is granted Potasas Ibericas will build on this wharf a warehouse equipped with the latest modern improvements, permitting the handling of potash and the loading of steamers in minimum time. At present Potasas Ibericas, S.A., use the services of an important stevedoring organization in Barcelona, which provides several sheds at the Espana Wharf.

Potasas Ibericas has organized a transportation department to facilitate a regular supply of potash for the various stocks which Potasas Ibericas maintains for various countries.

To give service to American buyers Potasas Ibericas, S.A., is accumulating at several ports on the Atlantic coast stocks of the various qualities of potash salts used in the United States and is making shipments from Barcelona to the United States on the United States ships.

The company is represented in the United States by the International Selling Corporation, with offices at 70 Pine Street, New York City. By means of the efficient warehouse service and the frequent sailings between Barcelona and the United States ports, orders can be filled promptly.

The potash salts supplied by Potasas Ibericas since operations commenced in 1932 have met with universally favorable reception on account of the regular percentage and good friable condition. Potash which has been stored for more than 6 months in a country with high humidity was found to be entirely free running on arrival at its ultimate destination.

Potash exports from Spain, 1933

Month	Total exports			Exports to United States of America				
	Metric tons	Gold pesetas	Gold pesetas per 1,000 kilos	Metric tons	Gold pesetas	Gold pesetas per 1,000 kilos	United States of America gold dollars per 2,000 pounds	R/E Ptd. =$1 (parity)
January	11,769.0	1,547,267	131.46	2,528.7	262,238	104.10	$18.22	5.181
February	20,280.8	1,063,728	52.45	244.0	100,419	780.40	19.42	5.181
March	13,124.8	1,067,562	81.34	2,063.2	65,629	31.81	19.42	5.181
April	11,514.0	1,939,880	168.48	2,468.9	271,780	110.08	19.27	5.181
May	7,988.9	548,970	68.72					
June	1,305.5	132,937	101.82					
July	3,497.5	524,614	149.99	1,960.2	295,374	149.99	26.26	5.181
August	23,880.6	1,786,789	74.82	4,168.0	561,544	134.72	23.58	5.181
September	33,553.1	2,357,498	70.26	7,694.0	552,796	71.84	12.58	5.181
October	14,007.3	1,145,734	81.79	4,271.4	640,709	150.00	26.26	5.181
November	18,734.3	1,019,295	54.40	10,597.1	456,268	43.05	7.53	5.181
December	38,999.7	6,762,039	173.38	15,850.0	1,881,380	118.69	20.78	5.181
Total	198,655.6	19,896,316	100.15	51,854.5	5,179,137	99.87	17.48	5.181

SPANISH IMPORTS AND EXPORTS OF POTASH DURING 1933

Potassium sulphate and chloride and potassium compounds employed in fertilizers, such as salts of Stassfurt, of Alsace, etc.

Country	Imports		Exports	
	Metric tons	Value, gold pesetos	Metric tons	Value, gold pesetos
Germany	1,921.9	387,233	75.0	11,242
Belgium	5.0	742	11,470.1	1,190,294
United States			51,854.5	5,179,137
France	613.3	131,037	3,582.7	535,389
Great Britain			5,561.0	853,958
Holland	.2	303	83,883.4	5,962,232
Italy			3,668.6	678,258
Japan			14,427.2	1,978,290
Norway			7,143.1	883,991
Sweden			7,580.4	1,159,418
Other countries			9,409.6	1,464,107
Total, 1933	2,540.4	519,315	198,655.6	19,896,316
Total, 1932	7,652.4	1,140,278	65,989.1	10,148,603
Total, 1931	8,310.8	1,304,739	25,648.7	3,746,516

Statistics—Exports of potash from Barcelona during January and February 1934

	Kilos[1]
January:	
United States	17,141,089
Holland	8,970,435
Italy	493,000
Sweden	2,700,000
February:	
United States	17,692,811
Holland	13,643,440
Italy	897,370
Sweden	4,982,850
England	629,880
Denmark	4,150,000
Belgium	3,692,558

[From World Trade Notes on Chemicals and Allied Products, vol. 8, no. 9, of Feb. 24, 1934, by Department of Commerce, Bureau of Foreign and Domestic Commerce.]

Potash imports into the United States

(The chief sources of United States imports of potash are Germany, France, and Spain. The following table, compiled from official import records for 1933, shows substantial quantities from Belgium and Netherlands, such shipments in general covering material which originated in France or Germany.)

	Potassium chloride	Kainite, 14 percent	Kainite, 20 percent	Manure salts, 30 percent	Potassium sulphate	Potassium magnesium sulphate	Potassium nitrate, crude	Other potash
	Long tons	*Long tons*	*Long tons*	*Long tons*	*Long tons*	*Long tons*	*Long tons*	*Long tons*
Belgium	8,881	2,531	1,851	3,542	2,945		59	
Czechoslovakia	48				37			
France	94	1,246	1,257	2,744	120		160	
Germany	50,149	18,685	23,644	61,026	30,850	13,469	10,850	
Netherlands	15,755	10,928	24,613	68,470	10,118	223		
Soviet Russia	110							
Spain	25,827	9,741	7,493	16,121	250			
United Kingdom	200				495	98	89	
Canada	1,760			1,218	58		19	272
Chile							14,387	
British India							29	
Japan					662			177
Palestine	2,714							
Total, 1933	105,538	43,131	58,853	113,121	45,535	13,799	25,593	449
Total, 1932	78,358	49,374		100,927	28,071	(1)	17,067	351
Total, 1931	180,539	55,329		179,428	56,842	(1)	15,509	488
Total, 1930	273,256	112,013		361,799	86,257	(1)	12,799	547
Total, 1929	230,966	75,930		390,828	79,510	(1)	12,800	675

[1] Not specially classified.

NOTE.—A strictly accurate comparison of the 1933 imports with those of earlier years cannot be made because of the changes in classification which became effective for 1933.

THE POTASH INDUSTRY

Mr. HATCH. Mr. President, in the remarks made by me on April 14 concerning the development of potash in New Mexico, I sought to place before the Senate available information concerning this very important new industry. Since

[1] Importations to the United States expressed in short tons are:

	Short tons
January	18,855
February	19,462
Total	38,317

that time, I have obtained some additional information which I believe will be helpful in a study of the potash situation. Therefore, supplementing those remarks, I desire to have published in the RECORD the following statements and articles which have been called to my attention:

First. A statement just issued by the Bureau of Mines on the production of potash during 1933. This was issued on April 20 by the Mineral Statistics Division of the Bureau.

Second. An editorial entitled "Bargaining Tariffs", in which potash is mentioned, from the March 1934 issue of the Mining Congress Journal, a monthly publication of the American Mining Congress.

Third. Special Circular No. 382 of the Chemical Division of the Bureau of Foreign and Domestic Commerce of the United States Department of Commerce. This circular is entitled "Spanish Potash in 1933", and is written by Consul General Claude I. Dawson, stationed at Barcelona. It is the most thorough statement regarding Spanish potash, which at the present time is the most dangerous competing commodity that has yet appeared.

Fourth. An article from the Oil and Colour Trades Journal of March 2, 1934, telling of the conference between the Franco-German cartel and the producers in Spain. From this article, it would seem that the owners of the Spanish mines have now been induced to operate in conjunction with the Franco-German Potash Trust.

If this is true, it would be very easy for the Franco-German and Spanish operators to get together and divide the world potash market, including America. This article shows that the American potash producers can encounter a very strong organization of foreign operators whose apparent design would be to keep as much of the American market as possible. With cheap wages and governmental subsidies, such an organization would be in a position to work great injury to the potash industry in America.

In this connection I would also mention that in my former remarks, in answer to an inquiry propounded by the Senator from Louisiana, it was indicated that the potash industry in America was at the present time in bad condition. I desire now to explain that I am informed the potash producers in America in 1933 had a profitable year, and if dumping is not permitted, 1934 should likewise be profitable. The industry does not fear legitimate competition, but it is my information there is grave fear of what may result to the potash industry of America if wholesale dumping of potash from foreign countries is permitted in the United States.

It has been suggested that information concerning the uses of potash would be interesting in this discussion. Time does not permit any extended remarks in this connection, but I will suggest that a report was made by Dr. Oswald Schreiner on "potash hunger" shortly after the war. It is very interesting, and among other things says that the effect of the shortage of potash during the war years was shown in a number of agricultural crops. The crops studied were the potato and cotton crops, but the foliage reactions were also shown in crops such as tobacco, sweetpotatoes, buckwheat, beans, and a number of other crops. In the pamphlet on Potash Development in southeastern New Mexico, by H. I. Smith, it is said:

> The value of potash as a fertilizer is not alone in the increase in crop production, but in the increase in secondary products, such as meat, butter, and sugar, and the better quality and consequent increased sale value of tobacco, vegetables, and other products from properly fertilized lands. Increased use of potash therefore depends upon the recognition of its value as measured by increased and beneficiated crops.

One of the companies operating in my State recently prepared a statement concerning the uses of potash. In order that the information therein contained may be available, I ask unanimous consent to have it printed in the RECORD as part of these remarks.

Inasmuch as it is desired to print some copies of the comments made by me the other day, I ask consent to make some minor changes in my original remarks, I also ask unanimous consent that the articles mentioned today be printed in the RECORD immediately following the exhibits in my remarks of April 14, and that the remarks made today be printed in the permanent edition of the RECORD as a part of my comments on April 14.

The PRESIDING OFFICER (Mr. OVERTON in the chair). Is there objection? The Chair hears none, and it is so ordered.

Mr. HATCH. Finally, I should like to say that any statement I may have made about the departments in Washington not being conversant with the potash industry in America should not be construed as referring to the Geological Survey, the Bureau of Mines, or the Department of the Interior, and especially the General Land Office. These departments have all been keenly alive to the development of potash in the United States and are thoroughly conversant today with all matters connected with the industry. These departments have been very helpful in assembling the information used by me. Mrs. Funk, of the General Land Office, has been very gracious in assisting me in getting information concerning the potash industry. Being greatly interested in New Mexico, she also is very much interested in everything pertaining to potash.

It is my desire that the Members of Congress and all the officials of our Government may become familiar with the development of the potash industry in New Mexico. I am sure the study will be helpful and interesting.

I ask to have printed in the RECORD the data mentioned by me in opening my remarks.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

[Mineral market reports, no. M.M.S. 274]

DEPARTMENT OF COMMERCE,
UNITED STATES BUREAU OF MINES,
April 20, 1934

Scott Turner, Director

STATISTICAL AND ECONOMIC SURVEYS, MINERAL STATISTICS DIVISION

POTASH INDUSTRY IN 1933—ADVANCE FINAL SUMMARY

To supply the mineral industry promptly with data on potash production and markets during the past year, the following information is furnished by the United States Bureau of Mines.

Potash produced in the United States in 1933 amounted to 333,110 short tons of potassium salts, equivalent to 143,378 short tons of potash (K_2O), an increase of 133 percent in gross weight and of 131 percent in K_2O content over 1932 (143,120 tons gross weight, and 61,990 tons K_2O).

The sales of 325,481 tons of potash salts with a potash content of 139,067 tons in 1933, were 2 and 3 percent, respectively, less than the production, and increased 168 percent for potash salts and 150 percent for K_2O content over 1932 (121,390 tons salts, 55,620 tons K_2O). The value of the potash salts sold was $5,296,793, an increase of 152 percent over 1932 ($2,102,590). The average unit value was $16.27 in 1933, compared with $17.32 in 1932. About 47,000 tons of potassium salts with an available content of 21,000 tons of K_2O remained in producers' stocks on December 31, 1933.

Increased output of crude and refined salts at Carlsbad, N.Mex., accounted for much of the large increase of production and marked the second year of shipments from this locality. The other sources of potash salts were salines from Searles Lake at Trona, Calif., molasses distillery waste at Baltimore, Md., and dust from cement kilns near Hagerstown, Md. Small quantities of alunite were shipped from Marysvale, Utah, chiefly for experimental use as fertilizer material. The available potash (K_2O) content of the salts sold in 1933 ranged from 23 percent to 62.5 percent.

The potash salts imported for consumption into the United States in 1933, according to the Bureau of Foreign and Domestic Commerce, amounted to 479,430 short tons, with an estimated equivalent of 165,124 short tons of potash. This represented an increase of 45 percent in gross weight over the imports for 1932 (330,964 tons). Eighty-nine percent of the gross imports were used chiefly in fertilizers, and this product—425,571 short tons (K_2O equivalent approximately 142,360 short tons), valued at $8,351,428—increased 48 percent in gross weight and 46 percent in value over 1932 (287,929 tons gross weight, 96,170 tons approximate equivalent in K_2O, valued at $5,711,347).

[From the Mining Congress Journal, March 1934]

BARGAINING TARIFFS

There has been some uncertainty in the minds of industry as to just how far the President would go when it came to revision of tariffs. After his message to Congress on March 2, little of speculation remains. He asks authority to vary tariff rates in the negotiation of reciprocal trade treaties and intimates that there are industries in this country lacking proper economic base for continued existence. The authority is requested for a 3-year

period and the bill (immediately introduced) provides for a 50-percent variance in existing tariffs and that no commodities will be added to or taken from the free list.

Again we ask: What industries are to be sacrificed?

The mining industry in many of its units is utterly dependent upon protection for its existence. Among the base industries now protected are lead, zinc, tungsten, quicksilver, potash. Potash for instance, is one of our youngest industries and already is faced with the Russian menace for its market. The Government has appropriated $500,000 for potash exploration and since 1926 has been developing an industry. In 1933 and 1934 the royalties and taxes paid into the Federal Treasury for this industry will return this appropriation. Are we to permit foreign producers to wreck this highly strategic industry?

Certainly in involving the products of the mining industry in bargaining tariffs, the President must give consideration to national emergency industries and not forget the peasant and coolie labor which is the competition of these industries. Unless a lot of common sense is utilized, mine products are in jeopardy of sacrifice to the greedy agricultural group. It is high time that mining men made themselves heard, felt, and seen.

DEPARTMENT OF COMMERCE,
BUREAU OF FOREIGN AND DOMESTIC COMMERCE,
Washington, April 12, 1934.

Special circular no. 382—Chemical Division

SPANISH POTASH IN 1933

Consul General Claude I. Dawson, Barcelona

Spain has assumed a prominent position in the world potash trade. Whereas in 1929 its exports were equivalent to only 2 percent of the bulk tonnage exported by Germany, the subsequent steady rise for 4 years in Spanish trade, concurrent with a decline in German export shipments, changed the ratio from 50 to 1 to 4 to 1.

PROSPECTING DEVELOPMENTS—CONCESSIONS

Potash was discovered in Spain during 1912 as a result of exploring the extent of the rock-salt deposits of Cardona in the mine Rumanie in the district of Suria. A shaft 70 meters deep was sunk and a gallery cut 30 meters into the deposit. Bore holes were also put down by the owners of the concession, Senors Macary and Viader, who at the same time increased their registered holding to some 15,000 hectares.

As soon as the discovery became known a German organization entered the field and by the close of 1913 had applied for concessions covering 80,000 hectares, extending in a wide strip some 70 kilometers long from near Vich, in the Province of Barcelona, into the Province of Lerida, near Calaf.

The excitement continued until during 1914; the Spanish Government decreed, on October 1, that no new concessions should be granted until the deposit had been more carefully explored under the auspices of the Instituto Geologico.

The boring of the Sociedad Macary y Viader continued, and three other recognized concessionaires were active in investigating their holdings. The most active of these was La Fodina, which concentrated its drilling near Boxadors and near Senus.

By this time it had become evident that the deposits were of sufficient extent and quality to assure Spain's independence as far as its potash requirements were concerned.

American and German interests investigated the field but took no action, partly because of the outbreak of the war. In spite of this obstacle the Solvay interests succeeded in acquiring the concession of the Sociedad Macary y Viader and has since that time been the dominating company in Spain. Other companies, notably the La Fodina and the Industria y Comercio, continued work during 1915 putting down shafts, but without preliminary bore-hole reconnaissance.

The work of the Solvay Co. continued during 1916, when it spent 1,500,000 pesetas, and preparations to spend 40,000,000 more made. The war caused the suspension of all activity during 1917 except that of the Solvay Co. at Suria, and the investigations in progress at Cardona. The year 1918 saw the allotment of 800,000 pesetas for the completion of the investigations of the Instituto Geologico. Solvay also continued its bore holes to a depth of 1,000 meters, and began its first permanent shaft as well as projected its railway from Manresa. This railway was completed in 1919.

In 1920, the company Minas de Potasa de Suria, S.A., was organized to acquire from the Solvay Co. its Suria interests. The construction of buildings and plant was prosecuted actively, and late in the year the shaft finally reached the ore body.

Of the other companies, La Sociedad Fodina, S.A., and La Sociedad La Minera were still in existence, but the only company actively at work was the Sociedad General de Industria y Comercio. Its mine at Cardona had offered great problems because of the influx of water, but these were finally overcome. This mine, together with the Minas de Potasa de Suria, S.A., were the only ones to actively survive the post-war depression. It was not until 1929 that the Potasas Ibericas, S.A., financed by French interests, secured a concession in the vicinity of Sallent. Its actual production, however, did not begin until 1932.

During the period immediately prior to the depression, American interests again entered the field but abandoned their operations during 1930–31.

The companies La Fodina, S.A., renewed the investigation of its mine Alpha, near San Mateo de Bages; and La Minera, S.A., did the same with its mine Sallent, near Balsareny and Sallent. These operations were, however, suspended as the result of the depression. La Minera, S.A., still maintains a nominal office at the residence of its president in Barcelona.

The mines at present in operation are those of the Minas de Potasa de Suria, S.A., those of the Sociedad General de Industria y Commercio, which is now controlled by the Sociedad Union Espanola de Explosivos, and those of the Potasas Ibericas, S.A. Sixty-three other mines have been operated at various times. Of these, 42 are in the Barcelona district and 15 in the Lerida district.

FEATURES OF THE DEPOSITS

The Spanish potash deposits are located chiefly in the Province of Barcelona, although extensions of the potash zone extend into the adjacent Province of Lerida. The general belt extends from near Vich southwest to the Lerida border, a distance of about 70 kilometers. The breadth of the zone is approximately 40 kilometers. Outcrops of potash minerals exist, but none of these are of importance and the deposits as a whole lie beneath an overburden of marl and sandstone, and in some cases rock salt. The potash deposits are irregular in shape. In some cases they are in strata 70 to 80 meters thick, but in others they have been proved by bore holes to a depth of 1,000 meters. The potash is usually associated with rock salt.

The predominating potash salts are carnallite and sylvinite, which in most of the deposits occurs in approximately equal quantities. In addition, small amounts of kainite are also found.

MINES IN OPERATION DURING 1933

Minas de Potasa de Suria, S.A., is the oldest and the largest of the producing mines. Its mine is located at Suria, to which the company constructed a railway from Manresa and is reported to have invested 20,000,000 pesetas in equipment, housing, etc. Its shaft is now down about 300 meters, and its deposit has been proved by bore holes to a depth of 1,500 meters. It is now producing at the rate of approximately 150,000 tons of carnallite and sylvinite per annum. Its mine average of K_2O in 1932 was 10 percent. It is exporting only carnallite and keeps in reserve approximately 35,000 tons for use in Spain under the terms of its concession. The sylvinite in this mine is about equal in quantity to carnallite but it is being stored, because, it is stated, the potassium content is so much above the requirements for normal potash salts that sales would be considered uneconomical without payment of a premium for the higher-grade salts. Recently strikes have interfered with the operation of this mine, and at present prices the management insists that the margin of profit is negligible. Its refinery produces important quantities of potassium chloride and potassium sulphate.

This company is still controlled to the extent of approximately 90 percent of its capital by the Belgian Solvay interests. It does all its selling through the Potasas Reunidas, S.A., Campoamor 20, Madrid, which is in turn controlled by the N. V. Potash Export Maatschappij, of Amsterdam, Netherlands.

Sociedad Industria, Comercio y Mineria, was organized in 1932 to assume the operation of the mine at Cardona belonging to the Union Espanola de Explosivos. It should not be confused with the older and now defunct company the Sociedad General de Industria y Comercio. The new company is merely a subsidiary of the Union Espanola do Explosivos.

The mine of this company is located near Cardona. The salts as mined in 1932 had an average K_2O content of 16.5 percent. It exports as a crude mineral the sylvinite, which in its mine contains only 20–22 percent K_2O. The carnallite runs only about 12 percent and is not suitable therefore for export. This company also possesses a refinery which produces muriate of potash analyzing from 40 to 62.7 percent K_2O and sulphate of potash. The annual production at present is about 80,000 tons of sylvinite.

Potasas Ibericas, S.A. was organized in Spain in 1929 to develop a deposit near Sallent. The control of the company is French, it being a subsidiary of Mineria y Metaux, of Paris. This company is at present the largest shipper of Spanish potash to the United States. Its original capital (2,000,000 pesetas) was increased in 1931 to 10,000,000, and in July 1932 to 13,250,000 pesetas.

This company is as yet not in possession of a refinery and does not attempt to use its carnallite, which runs about 12 percent K_2O. Its mine average of K_2O in 1932 was 18 percent. Nearly all of the production of 100,000 tons annually is exported, chiefly to the United States. The exceptionally high-grade deposits has made it possible to deliver salts from 15 to 50 percent K_2O without treatment other than sorting and crushing. A refinery with a capacity of 50 tons of ore hourly is expected to be in operation during July 1934.

PRODUCTION—HOME CONSUMPTION

Spanish potash production and consumption for the 3 years ended 1932 are shown in the following table:

[In metric tons]

	Production		Sales, K_2O content	Apparent Spanish consumption (K_2O)		
	Commercial salts	K_2O content		Domestic	Imports	Total
1930	286,436	28,039	26,127	15,175	12,323	27,498
1931	250,629	28,116	30,299	11,250	8,346	19,596
1932	409,888	54,811	52,717	14,944	8,889	23,833

Most of the domestic consumption is for fertilizer, and both the Union Espanola de Explosivos and the Minas de Suria produce a range of fertilizers in which potash is an important constituent. The Minas de Suria are bound by their concession to provide for the domestic potash needs of Spain before making any provision for export, and regularly reserve 35,000 tons for this purpose.

Both the sulphate and the chloride are used in fertilizer preparations, but the sulphate is still almost entirely imported, although the Union Espanola de Explosivos is producing some. Potasas Ibericas, S.A., states that it is exporting virtually its entire output.

UPWARD TREND OF EXPORTS

Exports, which had averaged less than 25,000 tons annually during 1929–1931, rose to 66,000 tons in 1932, and almost 200,000 tons in 1933. The sharp upward trend was due largely to the entrance of Potasas Ibericos in world trade.

Exports of potash salts from Spain, 1928–33

[In metric tons]

Exported to→	1928	1929	1930	1931	1932	1933
United States	9,980	21,591	18,372	22,438	10,635	51,855
Sweden					23,270	7,580
United Kingdom	1,013	3,002	2,540	1,489	8,855	5,561
Japan	1,518				5,172	14,427
Netherlands			260	1,219	3,900	83,883
Denmark					4,400	
Italy	2,557				2,331	3,069
Norway					3,680	7,143
Germany	118	38		300	1,245	75
Colombia					1,220	
Chile					400	
Belgium	70				752	11,470
China				198		
Argentina			1,353			
Philippines	1,006					
France		65				3,583
Other countries	46	84	10	5	129	9,410
Total quantity	16,258	24,780	22,536	25,649	65,989	198,656
Total value (thousands of gold pesetas)	3,089	5,204	4,733	3,747	10,149	19,896

The decline in values is due primarily to the negotiating of the 1933 contracts at the low level of the depression in general commodity prices that characterized the close of 1932. The mines reported that profits are impossible at these levels, as labor and other costs are rising. An increase in values per unit is anticipated for 1934.

It will be seen from the statistics that notable changes have taken place during the past few years in the relative purchases of the different countries. The United States has consistently continued to be among the most important buyers, but in 1932 lost first place to Sweden and during 1933 to Netherlands. The steadily mounting purchases of Japan are also recorded.

[From the Oil and Colour Trades Journal (British), Mar. 2, 1934]

SPAIN TO JOIN FRANCO-GERMAN POTASH AGREEMENT?

Reuters Trade Service reports that negotiations have opened at Nice between representatives of the Franco-German Potash Entente and representatives of the Spanish potash producers for the conclusion of an agreement between the two parties. Up to the present, continues the news agency, only one of the Spanish potash mines has joined the Franco-German organization, and this company only owns something over a fifth of the 112,000 hectares for which concessions have been granted in Spain. Moreover, at present no grouping of the Spanish mines has taken place, which will tend to render negotiations difficult. Not until 1925 was the exploitations of the Catalan potash deposits seriously taken in hand. The stratum now being worked consists, at a depth varying from 275 to 450 meters, of several layers of carnallite with an average pure potash content of 14.5 percent, but principally of layers of sylvinite (20 to 24 percent pure potash, but reaching in some parts 40 percent, with a thickness of 1 to 4 meters). It is probably not an exaggeration to estimate the production capacity of the Spanish potash mines at nearly 200,000 tons of pure potash a year for the 32,578 hectares already being worked on the concessions granted. In 1933 the output was 95,000 tons, against 65,000 for 1932. The following tables give the output of pure potash (K_2O) for the principal countries:

	1933	1932
	Tons	*Tons*
Germany	900,000	847,000
France	320,000	306,000
United States	110,000	56,000
Spain	95,000	65,000
Poland	30,000	33,000
Other countries (Palestine, Russia)	35,000	7,000
Total	1,490,000	1,314,000

It will be remembered that the Polish potash mines joined the Franco-German Entente in March 1932. By this agreement the Polish mines obtained exclusive rights for the Polish home market, as far as their production was able to meet requirements, and a quota of 4 percent in sales by members of the entente in countries other than reserved countries. It remains to be seen whether it will be as easy to secure the participation of the Spanish mines.

USES OF POTASH

Without an adequate supply of potash in American soils we could not have:

Thin-skinned, heavy, and juicy oranges and grapefruit or sweet cantelopes for breakfast.

Meaty, highly colored tomatoes, crisp lettuce or celery, or firm, sweet watermelons for lunch.

Tender, not stringy, root crops and other vegetables of high quality for dinner.

An evening smoke of mild, free-burning tobacco.

A lawn in summer green with healthy clover.

Two years after our importation of potash was stopped by the World War symptoms of potash hunger appeared generally in potato fields. In that short time the available potash supply was so depleted that yields and the percentage of marketable potatoes were greatly reduced. The quality of seed potato stocks was greatly impaired, with even greater indirect damage.

Sweetpotatoes that formerly grew smooth and chunky became long and stringy and rotted in storage.

Diseases caused by lack of sufficient potash took a heavy toll in tobacco and cotton fields, lowering the market grades and commercial value.

The vigor and health of perishable vegetables and fruits from the commercial producing areas were so reduced that losses in shipping were very serious.

This experience showed the depleted condition of our soils. At present farm crops are removing seven times as much potash as is being restored.

Potash is to plant life what transportation is to industry—the vital force. The plant takes in raw materials, minerals and water from the soil. In the leaves, the factory of the plant, with the energy from sunlight and by a process not duplicated by man, these raw materials are converted into food necessary for all human and animal life.

Not only is potash absolutely essential in this process, but the food substances made in the leaves could not be transported, or more properly translocated, without potash to properly make the fruit of the plant, whether it is the kernel of grain, the root or tuber in the ground, the fruit of the vine or tree, or the cotton in the boll.

With insufficient potash some results are chaffy corn, shriveled grain, lower market grades; low yields, off-grade potatoes; weak seed stock; long stringy sweetpotatoes that keep poorly in storage; thin-walled, rough, poorly colored tomatoes; root crops, poorly shaped and tasteless and stringy; citrus fruits, thick skinned and tasteless and juiceless.

The present need is not for greater production of farm crops but for higher quality, more for the consumers' dollars and more dollars for fewer acres for the farmer. Potash is the quality or health-giving plant-food element. Vigor, health, and the full utilization of the other plant-food elements is the part potash has to play.

It was only 2 years after the importation of potash was stopped by the World War that signs of potash starvation appeared in the large potato-growing districts. Rust, a potash-starvation disease, caused widespread damage to cotton. Tobacco diseases appeared in the fields, driving home the lesson how depleted the older farming soils were for potash.

The Indians showed the Pilgrims how to use wood ashes for potash. The wood-ash piles of the forests cleared by our pioneer forefathers once supplied the world with potash. The forests are gone; the soils are fast becoming depleted of their natural fertility. The discovery of potash in the United States means that we can be independent in the matter of our food supply.

Potash or potassium is an essential element in the production of chemicals that touch our everyday life, for—

Potassium alum is used for photography, the manufacture of paper, water purification, and in dyeing.

Potassium bromide is very essential in the manufacture of photographic film and papers; also used in medicine.

Potassium chlorate is essential to the making of all matches and fireworks, but especially safety matches.

Potassium carbonate, called pearl ash, is used in making glass and soaps.

Potassium ferricyanide makes possible the use of blueprints.

Potassium nitrate, or saltpeter, makes up 75 percent of the ingredients used in making gunpowder, used for blasting and mining purposes, and gives the red color to corn beef and ham.

Potassium permanganate has an extensive use as an oxidizing agent in laboratories and in the industries, and is widely used for disinfecting purposes.

Potassium perchlorate is used in making Javel Water, a household necessity for removal of stains.

Potassium iodide is extensively used in medicine.

So, in addition to being one of the three essential elements necessary for plant growth, food, flowers, cotton, and tobacco, potash or potassium is essential for industrial purposes that are indispensable for the satisfaction of everyday needs.

CONSIDERATION OF DISTRICT BILLS

Mr. THOMPSON obtained the floor.

Mr. KING. Mr. President, will the Senator from Nebraska yield to me?

Mr. THOMPSON. I yield.

Mr. KING. I spoke to the able Senator from Oregon [Mr. McNARY], the leader of the minority, in regard to a number of rather unimportant bills reported unanimously by the Senate District Committee a few days ago, all of which were recommended by the District Commissioners, and the Senator stated he had no objection to my asking unanimous consent to have them considered at any time I could get the floor. The ranking member of the committee on the Republican side, the Senator from Kansas [Mr. CAPPER], is here and knows about these bills and the fact that it was understood that we were to consider them and have them passed as soon as possible.

I ask unanimous consent, Mr. President, for the present consideration of certain bills affecting the District of Columbia.

The PRESIDING OFFICER (Mr. THOMAS of Utah). Is there objection to the request of the Senator from Utah? The Chair hears none, and it is so ordered.

REINTERMENT IN CONTAGIOUS-DISEASE CASES

Mr. KING. I send to the desk Senate bill 450, and ask unanimous consent for its present consideration.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (S. 450) to empower the health officer of the District of Columbia to authorize the opening of graves, and the disinterment and reinterment of dead bodies, in cases where death has been caused by certain contagious diseases, which was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 93 of title 5 of the Code of Law for the District of Columbia is hereby amended by adding thereto the following proviso: "*Provided*, That the health officer of the District of Columbia may, in his discretion, authorize the opening, under sanitary precautions, of any such grave and the disinterment and reinterment in the same grave or other suitable burial ground, of the dead body of any person who has died of any of the contagious diseases enumerated above."

DISPOSITION OF UNCLAIMED PROPERTY

Mr. KING. I send to the desk Senate bill 3013 and ask unanimous consent for its present consideration.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (S. 3013) to amend sections 416 and 417 of the Revised Statutes relating to the District of Columbia, which was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 416 of the Revised Statutes relating to the District of Columbia be amended by striking out the word "fifty" where it occurs in said section and inserting in lieu thereof the words "one hundred."

SEC. 2. That section 417 of the Revised Statutes relating to the District of Columbia be amended so as to read as follows:

"SEC. 417. All property, except perishable property and animals, that shall remain in the custody of the property clerk for the period of 6 months, with the exception of motor vehicles, which shall be held for a period of 3 months, without any lawful claimant thereto after having been three times advertised in some daily newspaper of general circulation published in the District of Columbia, shall be sold at public auction, and the proceeds of such sale shall be paid into the policemen's fund; and all money that shall remain in his hands for said period of 6 months shall be so advertised, and, if no lawful claimant appear, shall be likewise paid into the policemen's fund."

CHANGE OF NAME OF FOUR-AND-A-HALF STREET SW.

Mr. KING. I send to the desk Senate bill 3257 and ask unanimous consent for its present consideration.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill (S. 3257) to change the designation of Four-and-a-half Street SW. to Fourth Street was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the street designated as "Four-and-a-half Street", running south from the center of the Mall to P Street south, be, and the same is hereby, changed to Fourth Street, thereby giving this street for its entire length from Pennsylvania Avenue northwest to P Street south the designation of Fourth Street.

DISTRICT HARBOR REGULATIONS

Mr. KING. I send to the desk Senate bill 2714, and ask unanimous consent for its present consideration. The bill merely gives the Commissioners authority to pass necessary regulations for the control of the harbor front.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill (S. 2714) to amend section 895 of the Code of Law of the District of Columbia was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Commissioners of the District of Columbia be, and they are hereby, vested with authority to make harbor regulations for the entire waterfront of the city within the District of Columbia, to alter and amend the same from time to time as they may find necessary, and to fix penalties for the violation of such regulations which, however, shall not exceed fines of $500 or imprisonment over 6 months, or both: *Provided*, That whenever these regulations affect navigable waters, channels, and anchorage areas or other interests of the United States, such regulations shall be subject to the approval of the Secretary of War: *And provided further*, That whenever said regulations affect the waterfront within the District of Columbia under the jurisdiction of the Director of National Parks, Buildings, and Reservations, or affect the interests and rights of the National Capital Park and Planning Commission, such regulations shall be subject to prior approval of the respective agencies.

FEES OF RECORDER OF DEEDS

Mr. KING. I send to the desk Senate bill 2641, and ask unanimous consent for its present consideration.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (S. 2641) to provide fees to be charged by the recorder of deeds of the District of Columbia, and for other purposes, which had been reported from the Committee on the District of Columbia with an amendment to strike out all after the enacting clause and to insert:

That section 552 of the Code of Law for the District of Columbia, entitled "An act to establish a Code of Law for the District of Columbia", approved March 3, 1901, as amended (D.C. Code, title 10, sec. 14, authorized by the act of May 29, 1928, and the joint resolution of Mar. 2, 1929), be, and the same is hereby, amended by adding at the end thereof the following:

"On and after July 1, 1934, the fees prescribed herein, and all other fees in connection with the office of the Recorder of Deeds of the District of Columbia, shall be subject to change, from time to time, by the Commissioners of the District of Columbia, the said fees to be fixed by the said Commissioners with reference to the reasonable cost of the service rendered as the said Commissioners may determine. Also on and after said date the Recorder of Deeds of the District of Columbia and all employees in the office of the recorder shall be appointed by, and be under the administrative control of, the Commissioners of the District of Columbia, and all appropriations for salaries and other expenses of the said office shall be expended and accounted for in like manner as other appropriations for the expenses of the government of the District of Columbia. It shall be the duty of the Auditor of the District of Columbia to audit the accounts of the recorder of deeds covering fees and emoluments received, and to make periodic reports thereof in writing to the Commissioners of the said District."

Mr. KING. Mr. President, I may say that the fees of the recorder are so inadequate that there is a great deficit, and the purpose of the bill is to increase the fees. I may say, also, that all the bills for which I am now asking consideration are recommended by the Commissioners of the District of Columbia.

Mr. COSTIGAN. Mr. President, will the Senator be good enough to state the purposes of the various bills when he presents them?

Mr. FESS. Mr. President, ordinarily I should not think it wise to allow bills to go through in this way, but I know the background of the Senator from Utah. He has always objected to the immediate passage of anything which needs consideration, and for that reason I shall not interpose any objection, because I am of the opinion that he would not recommend anything that ought not to go through.

Mr. KING. The District Committee recommended the passage of this bill. There is present the former chairman of the committee, now the ranking member of the committee on the other side of the Chamber, the Senator from Kansas [Mr. CAPPER], and he and I unite in this request.

Mr. FESS. The Senator from Utah recognizes that the present procedure is generally considered a very unwise one.

Mr. KING. Mr. President, these are local measures, and the Commissioners of the District of Columbia approve them.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BOARD OF PUBLIC WELFARE

Mr. KING. I send to the desk Senate bill 3289, and ask unanimous consent for its present consideration.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the bill (S. 3289) to transfer the powers of the Board of Public Welfare to the Commissioners of the District of Columbia, and for other purposes.

Mr. COSTIGAN. Mr. President, will the Senator explain the purposes of the respective bills?

Mr. KING. Mr. President, with reference to the pending bill, S. 3289, the president of the Board of Commissioners of the District of Columbia has written me the following letter, which explains the matter much better than any words of mine could do:

COMMISSIONERS OF THE DISTRICT OF COLUMBIA,
Washington, April 4, 1934.

Senator WILLIAM H. KING,
Chairman Senate Committee on the District of Columbia,
United States Senate, Washington, D. C.

MY DEAR SENATOR KING: The Commissioners of the District of Columbia have the honor to submit herewith draft of a bill entitled, "A bill to transfer the powers of the Board of Public Welfare to the Commissioners of the District of Columbia, and for other purposes."

This bill was prepared by the corporation counsel, at the request of the Commissioners, and the purpose of it is to transfer to the Commissioners all the powers and authorities now exercised by the Board of Public Welfare.

At the present time the Board of Public Welfare is an independent body having supervision over the workhouse at Occoquan, Va., the reformatory at Lorton, Va., the Washington Asylum and Jail, the National Training School for Girls in the District of Columbia and at Muirkirk, Md., the Gallinger Municipal Hospital, the Tuberculosis Hospital, the Home for the Aged and Infirm, the Municipal Lodging House, the Industrial Home School, the Industrial Home School for Colored Children, and the District Training School in Anne Arundel County, Md. Under existing law the supervision of the Board over these institutions, as well as the exercise of certain other powers and authorities vested in the Board, is free from the control of the Commissioners. The employees of the Board may be appointed by the Commissioners, upon the nomination of the Board, and may be discharged by the Commissioners only upon the recommendation of the Board. The Commissioners being responsible for the general welfare of the District of Columbia, their powers should equal their responsibility. It is, therefore, essential that the duties of the Board should be vested in the Commissioners.

The proposed bill is drafted to accomplish this purpose.

The Commissioners recommend early action on the bill.

Very sincerely yours,

M. C. HAZEN,
President Board of Commissioners.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That all of the powers, authority, property, duties, and obligations heretofore vested in or imposed upon the Board of Public Welfare for the District of Columbia be, and they are hereby, transferred to, vested in, and imposed upon the Commissioners of the District of Columbia. All employees of the Board of Public Welfare, including the Director of Public Welfare, shall become the employees of the Commissioners for such time as their services may be deemed necessary, and shall perform the duties imposed and exercise the powers conferred upon them by existing law and perform such other duties and exercise such other powers as the Commissioners may direct. Such employees may be discharged and new employees may be appointed by the Commissioners without recommendation or nomination of the Board. The unexpended balance of all appropriations heretofore and hereafter made for such Board, or to be disbursed by it, shall become available for the use of and disbursement by the Commissioners.

SEC. 2. Hereafter the duties of the Board of Public Welfare shall be to study from time to time the social and environmental conditions of the District of Columbia and to report to the Commissioners the results of its studies with its recommendations to further safeguard the interests and well-being of the children of the District of Columbia and to diminish and ameliorate poverty and disease and to lessen crime. Said Board shall perform such other duties, make such other recommendations, and exercise such power and authority as to subjects relating to the public welfare of the District of Columbia as the Commissioners may direct.

GOVERNMENT FINANCING

Mr. FESS. Mr. President, before we reached the final vote on the tax bill yesterday I had intended to submit a few observations, and deferred doing so only because of the desire of the Senate to reach final conclusion without further delay. The desire I had to speak at that time has been intensified somewhat by the report in the press this morning with reference to the financing of the Government's obligations by the Treasury.

The item I wish to discuss has to do with the success of the conversion of the fourth Liberty bonds. It will be recalled that about 3 months ago the Secretary of the Treasury announced a call of about $1,900,000,000 of the fourth Liberty Loan bonds. The response was not wholly satisfactory. Some 10 days ago only about $900,000,000 of that amount had been subscribed. Later the balance was taken up, and this morning we find this statement in the press:

> Of approximately $1,000,000,000 in fourth Liberties called for this month, exchange subscriptions came to $797,000,000. At the lower rate of interest this means an annual saving of nearly $8,000,000.

Then, further on, the statement proceeds as follows, this being a comment of the writer of the dispatch with a Washington date line, and not a statement of the Treasury officials:

> The Treasury did not say whether some of the $2,810,000,000 profit on dollar devaluation might be employed to retire the new call of bonds, nor were there replies to queries about the possibility that President Roosevelt might employ his power to retire interest-bearing securities with non-interest-bearing money.

That is a significant statement. The aggregate of the fourth Liberties now outstanding is $4,300,000,000. At 4¼-percent interest they cost the Government nearly $200,000,000 a year.

The President in his Budget message referred to the need for money this year, and said:

> In order to make clear to the Congress what our borrowing problem is for the next 6 months, permit me to remind you that we shall have to borrow approximately $6,000,000,000 of new money and in addition $4,000,000,000 to meet maturities of a like amount.

That is a statement of the immediate needs for financing. When the President made that statement in his Budget message it was rather shocking to those who had not refreshed their memories as to the maturing obligations that such an enormous amount as $10,000,000,000 would be needed in the next 6 months.

To date there has not been any obvious evidence that causes any great concern about the ability of the Government to meet these obligations. The further we go, and the nearer to the time of maturity we approach, the greater becomes our concern. The first evidence of our concern is that the Treasury seems to be compelled to avoid long-term commitments, and therefore is compelled to resort to short-term notes. So long as we confine ourselves to short-term financing, there ought not to be any serious difficulty in maintaining the credit of the Government if we stay within the limits of our ability. Just what is our ability is the problem.

Naturally there is one rather unfortunate injury to come from limiting the short-term notes. The liquid assets of banks lying idle will freely flow into short-term notes, even at a reasonably low rate because, first, thereby money not otherwise in use is employed; second, there is no commitment for a long term; and, third, there is really no jeopardy so far as ability to meet the obligations is concerned.

There is no doubt, with the equalization fund of $2,000,000,000 in the Treasury, that short-term notes can be kept at or above par; but when it comes to entering upon a long-term issue of Government securities it is quite obvious there is no market. The fact that there is no market is a condition that ought to concern us all. That condition is due to the enormous calls upon the Treasury. When we come to

satisfy those calls there are only two ways in which it can be done: One is by taxation, and that must cover a long period of time, and the other is by borrowing.

It is obvious that we cannot meet these obligations by taxation, notwithstanding the fact that we are using a fine-tooth comb to find every available source of new revenue. There is no more striking illustration of that than what we have just done in the revenue act which we passed yesterday. The mail of every Senator is flooded with protests against further taxation. Every Senator, I believe, is answering inquiries about as I answer them—that the needs of the Treasury are such that there is no chance for lower taxes, there is no chance to eliminate taxes, and about all that can be done is to find new sources of revenue. Our concern is not to use that method which will reduce the revenue rather than increase it. So those who are writing urging us to reduce taxation and those who are writing urging against new taxation might as well discontinue their efforts.

One thing about which we ought to be greatly concerned is the selection of the best form of taxes, so as to avoid doing more injury than good.

The House sent over to us a bill calling for $280,000,000 of additional revenue. The Finance Committee, after long-continued hearings and after considerable debate, reported a bill designed to raise $330,000,000 of additional revenue, increasing by $50,000,000 the amount estimated to be raised by the House bill. Upon the floor of this body the Senate rewrote that bill, which, it struck me, was a very serious thing, in that a committee so well-established as the Finance Committee of the Senate was not able to prevent the Senate itself from rewriting the bill. The Senate took a $300,000,000 bill and made it a $480,000,000 bill—not quite double, but nearly double, the amount the House bill would have raised. The significant thing was not so much the additional taxes as the change of philosophy of the taxation; and here on the floor of the Senate, largely by means of amendments emanating from Senators who are not members of the Finance Committee, the bill was almost entirely rewritten.

Our danger in legislating at times like these is that we fix our eyes upon the things that ought to be corrected; we are dazzled by the glaring misfeasance, and we are apt to go too far in our legislation. I think that was true in the National Securities Act. We sought to end certain abuses in the securities business, and, with our eyes dazzled by the conduct of certain groups in banking realms, in order to correct that misfeasance we took action which is apt to break down the whole structure. None of us want to do that, but it is almost inevitable when we legislate in times of excitement.

I think the same thing might be said in reference to the Stock Exchange Act, and certainly it is true in reference to taxation. In times such as the present, when we need money, we are apt to abandon fundamentally sound principles and accept theories that never have been worked out, in the hope of raising largely increased revenues. We are apt, however, to decrease the revenue by that course. In other words, our legislation has a tendency to break down the very ability we are hoping to build up.

Mr. President, no substantial recovery is possible in this or any other country that does not keep within the realms of sound finance, whether it be taxation or whether it be borrowing and creating obligations.

If we cannot meet our maturing obligations by taxation—and we know we cannot—then we must resort to borrowing. We have reached the point where we cannot borrow on long-term obligations. Therefore we are limited to short-term obligations. If we do not succeed in our short-term borrowings, there is not a man alive who can tell what will happen.

The success or lack of success of the Treasury in the past few weeks in long-term borrowings is ominous. These obligations, in the language of the President, are coming due. If we find ourselves unable to borrow in order to meet them, that will be an announcement of bankruptcy; and the moment we are unable to maintain the Federal Government's record of credit, so that its obligations can be sold at par or above par, that moment we have reached the danger point.

Mr. President, few people have taken the time to analyze our financial structure. The very backbone of it is the Federal Reserve System. The Federal Reserve System has not a large capital. Its purchases are very largely of Liberty bonds. It would not take a very great discount of Liberty bonds to embarrass the Federal Reserve System. I know that I am touching a very sensitive nerve here. If there is a margin of discount growing out of the failure of the Government to meet its obligations, it will immediately react upon the largest holder of these obligations, the Federal Reserve System. A margin of from 10 to 12 points would be sufficient not only to undermine but to put in deadly jeopardy the Federal Reserve System of the country.

I do not know how other people may look at the matter; but with the continuing increase of Government obligations, which aggregate, this year, over seven and a half billion dollars more than we are taking in, if we fail to meet any one of them by our inability to finance them there will be immediately a break in the credit of the Government, and it will be faced with a recognition of the breakdown of its credit, or will have to meet the emergency by the issuance of greenbacks.

I am speaking in the presence of men who without doubt know that unless there is a change in the current, the President will be compelled to resort to the issuance of greenbacks before the year is over. When we start on that path we shall be on the way that Germany took, because when once we begin printing paper as noninterest-bearing money to pay the Government's expenses we shall have started on a road the end of which we cannot see.

That is why I am impressed with this message and why I wonder whether or not the President will resort to the authority he already has to pay Government obligations in non-interest-bearing money, which means in greenbacks. I do not know how this matter appears to my colleagues, but, in my judgment, the situation is a most serious one. Last night we passed the revenue bill under the pressure of those who desire to change the policy of our taxing method, in the belief that they can gain larger revenues by attacking measures and practices which heretofore have always been regarded as legitimate. I do not know what the consequences of our action will be.

We have made it impossible, by the action of the Senate, for any profitable corporation to invest any of its reserves in the stock of any other corporation. To me that was a silly proposal; and in the end, instead of increasing the taxes, it will decrease the taxes. That, however, is not the worst feature of our action. It is clogging the very channels of corporate prosperity.

Mr. President, while we are increasing every hour the burdens of the Government, we are also increasing the burdens of the taxpayers; and while we are dependent upon the taxpayer to relieve the burdens of the Government, in the degree that we are increasing the burdens we are decreasing his ability to meet them; and not only that, but we are in a stage of enacting penalizing legislation. We pass legislation here which virtually clogs all the channels of corporate investment upon which a productive industry must depend. I mean by that that no local industry can depend wholly upon borrowing from banks, because most of them are in the red and no bank will loan to any industry that is in the red. We are increasing the burdens, decreasing the ability to meet the burdens, and at the same time clogging the channels of recovery.

There is not any one call that is so loud and so commanding as the call to reduce the expenses of the Government.

In conclusion, Mr. President, I desire to say that we are constantly increasing the indebtedness of the country at a rate that is bewildering. We are constantly decreasing the ability of business to meet these obligations. We are not only crippling business but we are blocking the channels of recovery. We are making it impossible to meet our obliga-

tions by taxes. We are making it very difficult to meet them by borrowing.

The long-term channel is closed already, notably because nobody is going to risk a long-term obligation of the Government under present circumstances. The short-term bond is the only thing remaining; and if the obligations of the Government become so great that we cannot meet them by the short-term method, then resort to greenbacks will be necessary. I state as my judgment that before the year closes we shall have launched on that inflation policy, as there will be no other way to take. I deplore the prospect, but it is obvious to anyone who examines the figures that that will be the consummation.

THE PROPOSED AMENDMENT TO MAKE REPRESENTATION IN THE HOUSE OF REPRESENTATIVES DEPEND ON CITIZENSHIP INSTEAD OF POPULATION

Mr. CAPPER. Mr. President, I wish to discuss Senate Joint Resolution 10, introduced by me. This joint resolution makes representation in the House of Representatives depend not on mere population, as at present, but upon citizenship. It has come to be known as the "stop-alien representation" amendment.

In all probability, because the proposed amendment would affect only the make-up and membership of the House, the Senate will not act until the House shall have acted. However, the principle involved was discussed when an attempt was made to insert such a provision in the Apportionment Act of 1929. There are special reasons why prompt submission of the amendment is necessary. It is none too soon for the Members of this body to have in mind the vital interests involved.

I believe one or two resolutions looking to this end were introduced in previous Congresses by men not now Members of the Senate. Several resolutions were first introduced in the House, and later introduced here.

All those who have promoted this proposal in the House have finally agreed upon a single resolution, House Joint Resolution 36, introduced by Mr. TARVER, of Georgia. In addition to the fact of this agreement, this particular joint resolution, identical with Senate Joint Resolution 10, is the particular measure which was favorably reported by the decisive vote of about two to one by the House Judiciary Committee in the Seventy-first and Seventy-second Congresses.

The main difference between Senate Joint Resolution 10, which has this precedent of approval by the House committee, and most of those which were withdrawn in its favor, is that it is single, separate, and self-contained. These other resolutions proposed to accomplish the same result by amending the fourteenth amendment. The objection to that was that it needlessly introduced a totally irrelevant issue—the Negro question. The Supreme Court of the United States has upheld as constitutional all of the election laws adopted by the Southern States, but that does not prevent the adherents and defenders of alien representation from attempting to inject a fictitious Negro issue in the amendment in order to kill any proposal to abolish alien representation.

This was actually done in the House in connection with the adoption of the Apportionment Act. While I believe the inclusion of a provision of this kind into the apportionment law was unconstitutional, being in effect an effort to amend the Constitution by statute, nevertheless the effort proved interesting and valuable. It unmasked the tactics of the opposition. However, these opponents thereby prevented the final adoption of this principle, although it had passed the House in Committee of the Whole by the really remarkable vote of 183 to 123, in spite of the doubt of its constitutionality. Such a doubt decisively defeated a similar proposal on this side of the Capitol.

It must be admitted that any opening up of the fourteenth amendment does open up its whole content; otherwise this simple proposal to make representation in Congress depend on citizenship would inevitably be lost sight of in the unnecessary rancor that would be stirred up.

Therefore, it can be understood in advance that any attempt to accomplish this purpose by that means represents either lack of appreciation of the dangers involved in it, or inconsiderate insistence upon some personal point of view regardless of consequences, or is an expression of hostility to the proposal.

I felt that this explanation was necessary in order to make the situation clear to all members of this body who have not paid special attention to this question.

The basic fact involved in this whole question is that the balance of power in some of the most vital functions of the Government of the United States today rests not with representatives of citizens of the United States, but with a comparatively small number of representatives of unnaturalized foreigners. Whenever the margin in the other House is close, this alien population may vote control of the Government away from the representatives of a majority of the citizenship.

To avoid such a serious contingency is the purpose, and the only purpose, of Senate Joint Resolution 10, which, leaving out the former preamble and giving only that part which, upon adoption, will be printed as an amendment to the Constitution of the United States, provides:

Article XX. Aliens shall be excluded from the count of the whole number of persons in each State in apportioning Representatives among the several States according to their respective numbers.

Mr. President, in what I have to say I have drawn freely from the material made available by earlier studies of a former Member of Congress from my own State, the Honorable Homer Hoch, who has discussed this question at length on more than one occasion before the Committee on the Judiciary of the other branch of the Congress.

Let me say that the word "alien" is no term of reproach. It is merely the legal term for an unnaturalized foreigner who is still a citizen of another nation, and owes his allegiance to another government.

When the Constitution was drafted, not only was there no such thing as the stirring up of the peasantry of Europe by great steamboat companies in order that they might make profits by bringing people to the United States, but the steamboat itself had not been invented.

The men who laid the foundation of this Nation never conceived the possibility of immigration either so great or of such a character that it would be difficult to assimilate. A large proportion of those who started the new Republic on its way had themselves come from across the water. They came to become citizens. Most of them spoke a common language. Most of them were accustomed to the institutions which furnished the historic foundation and the cultural background for whatever was revolutionary in this New World venture.

One of the fondest boasts of admirers of the Constitution is of the flexibility which has made it possible to adapt it to new conditions. And I wish to make clear that there is ample precedent already established within the United States for the simple adjustment which is necessary to correct an injustice and remove a very real peril.

The largest State in the Union, which has the largest city and which contains by far more aliens than any other State, has for 37 years refused to tolerate this absurd and dangerous possibility of alien control in its State affairs. The Constitution of the State of New York adopted in 1894 contained in its apportionment section a simple provision excluding aliens from the count of the State population for representation in the State legislature. There has been no serious objection to this on the ground that it was an attack upon aliens, or that it worked injustice to aliens, or that it raised any racial or religious issue. Of course, it is obvious that there is no partisan issue involved in it.

That this provision in the Constitution of the State of New York has stood unchallenged for a full generation and throughout the period of greatest immigration proves there is no serious objection to the principle. Whatever objections are now raised to the application of this principle to Congress by amendment of the Constitution of the United States are afterthoughts prompted by political expediency or by special interests. They have no root in the basic values which ought

to be our sole concern in settling a question that should be disposed of early and promptly.

However, New York is not the only State. Maine, Massachusetts, North Carolina, Tennessee, my own State of Kansas, Idaho, and California have substantially the same provision excluding aliens, or at least a provision which is equal to the exclusion of aliens from the count for representation in the State legislature.

As the New England States, the Middle Atlantic States, the deeper South, the border States, the Central West, the far West, and the Pacific coast are all represented in this list, it is definitely and conclusively established that the principle of representation of citizens only is recognized by the people of every section of this country. This fact is further established by the 183 votes cast for this proposition the first time it ever came to a vote in the lower House, and then in a form of dubious constitutionality.

The friends of aliens have accepted the exclusion of alien representation, of which New York is the most noteworthy example, as just, proper, and a perfectly natural thing. Radical forces find their best soil in the cities. The unnaturalized foreigner who dwells among us need only exercise his privilege of becoming a citizen of the United States to be welcome to enjoy the full benefits of citizenship. Virtually one half the population of New York City consists of aliens who do not care enough about the land in which they live to become naturalized citizens. Yet under a contingency not foreseen by the makers of our Constitution these aliens may some day decide who shall be President of the United States. In voting power alone in the House these aliens have given New York six and a half times the strength of Kansas in legislation affecting the welfare of the people of New York home State.

Mr. President, all that is involved in Senate Joint Resolution 10 is the simple question of citizenship and allegiance. No matter where one was born, if he has embraced the open opportunity under the generous and liberal laws of the United States to become a citizen, he is entitled to representation, as a matter of right, on exactly the same basis as those who were born here. Everybody knows that many people who have come from other lands are today better Americans at heart than thousands who were born in this country.

Having established a basis both in precedent and reason for the correction of this part of the Constitution, let us now consider just what has been the status for 20 years, and is still true of this Congress.

The last apportionment prior to the one automatically effective the 4th of March 1931 was made following the census of 1910. The congressional ratio was one Representative for something over 211,000 of population, with due regard to the fact that every State, no matter how small its population, was entitled to at least one Representative.

There was no apportionment following the 1920 census, but dividing the number of aliens shown by that census—something over 7,400,000—by the last congressional ratio, which, though not exactly accurate, is approximate, we find that there were some 34 Representatives in the Seventy-second Congress, and in eight or nine Congresses preceding, who represented no one but these millions of unnaturalized foreigners.

There is no need for me to argue that 34 Members of Congress made a balance of power in the House of Representatives, in face of the fact that the minority party organized the House on the strength of a majority of four and a plurality of five in the Seventy-second Congress.

Alien representation in the United States does not stop with mere representation in the legislative body, as it does in the States. The 34 Representatives, representing these unnaturalized foreigners, give these New York aliens, under the Constitution of the United States, 34 representatives in the electoral college. Within the recollection of all the Members of this body, a Presidential election has been decided by a much smaller number than 34. Charles Evans Hughes, now Chief Justice of the United States Supreme Court, was defeated for President in 1916 by President Woodrow Wilson by the electoral vote of the single State of California, which then did not have the equal of half of 34 electoral votes.

There is still another respect in which alien representation means more in Congress than in State legislatures. Roughly speaking, there are two delegates to the national convention of each major party for each electoral vote. That means that the 34 electoral votes which these unnaturalized foreigners have because of their 34 Representatives in Congress also give them 68 delegates to both the Republican national convention and the Democratic national convention. Anybody who knows anything about politics knows that a much smaller margin than 68 frequently swings a convention to or away from some outstanding candidate.

Alien representation alone in this and preceding Congresses has given New York, which has had the most aliens, seven extra Representatives—six from New York City.

As Tammany controls New York City, this means that Tammany controls these additional Congressmen along with the rest of the Tammany Representatives. The same thing is true, in proportion, with the Tammany sort of city political organizations in the other big cities with large alien concentration. The presence of these representatives of aliens in the Congress of the United States may easily constitute a turning point in United States history, as we have seen.

Mr. President, the representation of aliens in Congress may determine a Presidential election in this country, entirely apart from their voting weight in the electoral college, due to any additional electors who owe their existence as such solely to the padded congressional representation.

The Constitution requires the vote of a majority of the electoral college to elect a President. If there should again be three candidates for President, and the third candidate should receive any considerable number of electoral votes, it might easily happen that no candidate would have a majority. This would automatically throw the election of President into the House of Representatives. In that case each State would have one vote, and that vote necessarily would be determined by a majority vote in the caucus of the House membership from that State.

This is not a partisan question. I take it that any honest, fair-minded, sportsmanlike Democrat desires that Democratic victories shall be based upon representation only of citizens of the United States.

An idea of how this alien representation operates was furnished by the editor of the National Methodist Press in an article published throughout the Nation in the Christian Advocate, the official organ of the Methodist Episcopal Church. As pointed out by this national editor of the great religious journal, at the election at which one New York Tammany Representative was first sent to the House of Representatives in one district in New York there was cast a total of 7,900 votes for the congressional candidates of the three largest parties. This editor contrasted that with a Kansas district at which more than 76,000 votes were cast at the same election, showing that one voter in this New York district got nearly 10 times as much representation as one voter in a district of my own State of Kansas. Yet New York newspapers have had the nerve to talk about rural control of Congress, and have seriously stated again and again that rural sections have several times as much representation in Congress in proportion as city sections. Any such statement is based either upon ignorance, which is not excusable in such molders of public opinion as our great newspapers, or else it is prompted by a desire to deceive in order to serve the selfish interests of the cities.

The congressional representation given to each State is worked out according to a mathematical formula. Each State has as many districts as the congressional ratio goes into its population, and nothing fairer than the major fraction method of assignment of left-over Representatives has yet been devised. As nearly as is humanly possible, provision is made nationally for every resident of the entire

United States, regardless of the State in which he lives, or whether he resides in city or country, to have equal representation.

A citizen of New York City, even though he be a part of the Tammany machine, has just as much right to be represented in Congress, so long as our Constitution stands, as either a farm owner or a farm hand in the State of Kansas. But he has no right to any more representation than the Kansas farmer merely because a lot of aliens have settled in New York City.

The present situation, which the New York newspapers and the newspapers of other big cities conveniently ignore or seek to conceal, is that a million citizens of the United States, native and naturalized, today have more representation than a million United States citizens in Kansas or a million citizens of the United States in up-State New York. These citizens of New York City have this padded representation solely through counting for representation in Congress about a million and a quarter unnaturalized foreigners in New York City. This is the thing the proposed amendment would stop, and it ought to be stopped. No newspaper can expect to make intelligent citizens believe that stopping it would be wrong or unjust to somebody.

Mr. President, I believe that every patriotic Democrat and every patriotic Republican will gladly take the position that he does not desire any advantage that is not fundamentally sound or morally just.

One objection that has been urged to the proposed amendment is that with the limitation upon immigration the number of aliens would soon become negligible and that the amendment would be useless. If that were true, it would be entitled to serious consideration; but it does not stand up in face of the facts. As contrasted with something over 7,400,000 aliens reported by the 1920 census, the 1930 census, covering the period through which this drastic limitation on immigration has been in force, is nearly 6,300,000, or, to be exact, 6,282,504, as shown by the complete figures given out for the first time by the Census Bureau on December 23, 1931.

It is true that this includes those who have taken out their first papers, which is proper, just as intelligent, American-born high-school graduates of 20 years of age still cannot be included in lists of voters. There is no assurance that any particular person will complete the process of naturalization, which alone makes him a citizen, and he is indisputably an alien until he actually becomes a citizen. This also includes those who are unknown, which again is correct, because every foreign-born person must be presumed to be still an alien until it is established that he is a citizen.

It is obvious that with a smaller number of aliens, and with a larger congressional ratio, the number being decreased approximately 15 percent, and the congressional ratio increased approximately 33 percent, there will be fewer Representatives of aliens in Congress, and therefore in the electoral college and the nominating conventions. The division of the larger congressional ratio of something like 280,000 into the 6,282,504 alien total gives something over 22 Representatives in Congress. This, of course, is not absolutely exact, because there are many human factors involved. It is as close an approximation as can be made, for experience indicates that the fractions equalize each other.

There is another factor, Mr. President, which the opposition has conveniently kept out of sight, namely that although the number of actual Representatives of unnaturalized foreigners in Congress was smaller in the Seventy-third Congress than it was in the preceding Congress, and has been for nearly 20 years, the injustice will be greater, because hereafter alien representation will be at the expense of citizen representation, instead of merely being in addition to the representation of citizens.

The point is very simple. Heretofore, to avoid the unpleasantness involved in reducing the representation of any State, it has been the custom to find a ratio which would take care of the increase of population in the States which had grown, but not take any Representative away from any State which had not grown or kept pace with the general growth. Then the size of the House has been increased by whatever number might be necessary to accomplish this purpose.

By this process the size of the House was steadily increased, decade after decade, until the present total of 435 was reached. This was so generally recognized as the limit for practical convenience that one of the first things to be settled in connection with the new apportionment was that there should be no increase.

Congress failed to make an apportionment after the 1920 census. The population increased in the 20 years following the previous apportionment from 92,000,000 to 122,000,000, in round figures, or an increase of approximately one third—roughly speaking, the increase being one quarter of the present population.

This meant that it would take 108 Representatives out of a total of 435 to represent the increase alone. As the membership was not increased, constituencies for the 108 had to be found by shifting Representatives from the sections which had stood still or even lost in population to the sections which had grown. Obviously, since the increase was virtually entirely in the cities, this involved a tremendous loss of representation from the rural, American-minded, citizen-populated sections, covering not merely the farm districts but the hamlets, little villages, and smaller cities in the agricultural counties. This loss of representation to them was shifted as an increase of political power to the cities—mainly the big cities, with their alien influence, and frequently their complete alien domination.

The first fruit, and the only immediately visible result capable of proof by official figures, was the shift of 27 congressional districts from 21 States over to 11 other States, as made in the apportionment which became automatically effective March 4, 1931, under the Apportionment Law of 1929. However, this really represents only the smallest part of the shift, the biggest movement being inside of State lines, having no bearing upon the congressional reapportionment, and entirely outside the jurisdiction of the Census Bureau or of Congress itself.

Although, as I have indicated, the increase in population, with the necessary shift in representation because of it, calls for the shifting of 108 Representatives in Congress from rural districts to city districts, or at least from rural control or rural emphasis in spirit over to city control and domination only one quarter of this 108 is represented by the shift from certain States to certain other States. All the rest of the shift is entirely within State lines.

It is impossible for anybody to make any dogmatic statement, and prove it, respecting the exact size and character of this shift within State lines or the degree of city domination which has been substituted for a given degree of rural influence. However, in 1910 the rural and village population was almost 60 percent of the total population, with only a little over 40 percent in the urban sections. By 1930 that proportion had almost been reversed. Accordingly, it is evident that there has been a shift, in whole or in part, affecting virtually all of the remaining 81 districts.

Mr. President, the big thing that stands out in all of this—a fact which never existed before in this connection—is that for the first time in the history of the country representation has been taken away from American-citizen constituencies in the rural sections to enable the big cities to retain an unjustly swollen representation by counting their unnaturalized foreign populations.

I am not and never have been one of those who seek to stir up prejudice and feeling as between different sections within the citizenship of the United States. However, every resident of the rural United States, whether a native-born American or a naturalized citizen, has a right to insist—and it is my duty as the representative of such constituencies to insist with all the earnestness I can summon—that representation shall not be taken away from citizens of the United States to continue the absurdity and the peril involved in representation of an unnaturalized foreign element. It is

unquestionable that this element is exploited and is illegally voted in State and local elections by the corrupt political gangs of the great cities.

We cannot help ourselves or avert the peril to the Nation involved in the possibility of the decision of national elections by illegal voting of unnaturalized foreigners at the polls manned by henchmen of corrupt city political organizations. But we can at least prevent the voting of aliens, through representatives controlled by such organizations, in the Congress of the United States when the census figures give us an accurate check and a means of self-defense.

Mr. President, the present system does violence to the whole idea of representative government. The basic democratic idea, as worked out in highly practical operation exemplifying the old New England town meeting, was that all of the people qualified for a voice in the government came together and settled the pending issues immediately and directly. That became too cumbersome as the population grew, so the system of representation in States and the National Government, as well as in the smaller units, grew up.

Always, however, the idea has been that the representative voted in Congress, for example, in place of all of the voters of his district who would have voted if it had been feasible to get them together for that purpose. Obviously it is ridiculous that there should be voting representatives of those who cannot vote at the polls or could not vote in a popular mass meeting, if such a thing could be called. Yet that is precisely the condition which exists in this country under the present system of voting representation of unnaturalized foreigners who cannot legally vote at the polls in any State in this country.

I am making that last statement advisedly. As brought out in the hearings before the House Judiciary Committee by the Representative from my State in the Seventieth Congress, Mr. Hoch, and reprinted in the hearings before the same committee in the Seventy-first Congress, the last State in the Union to permit an alien to vote upon taking out first papers or announcing an intention of becoming a citizen of the United States and complying with the State laws respecting residence, and so forth, has withdrawn that privilege by amendment of the State constitution.

As pointed out by Mr. Hoch, there were, as recently as 1917, seven States—Arkansas, Indiana, my own State of Kansas, Missouri, Nebraska, South Dakota, and Texas—in which an alien might vote, though a mere declaration of intention did not make him a citizen. Every one of those States has since 1917 changed its State constitution, so that there is no State in the Union today where an alien can legally vote until after he has been fully naturalized and met the other conditions of suffrage in the State.

The proposed amendment, therefore, is in harmony with the clearly defined trend throughout the States of the Union as indicated by the list I gave of the eight States which prevent representation of aliens in the State legislature, and by the six additional States, Kansas being the only one on both lists, which have so recently changed their constitutions to prevent aliens voting at the polls within the State.

As not one of the 48 States now permits alien voting at the polls, the time is fully ripe to put an end to the anachronism of alien-voting representation in Congress and the electoral college.

It is highly important that the single point involved in this amendment be kept free from confusion with totally different and irrelevant issues.

I have previously referred to the effort made in the House to inject the Negro issue in connection with the attempt to incorporate this principle in the apportionment statute. However, as that question is already fully covered by an amendment to the Constitution, there can be no possible point in attempting to adopt another amendment on it, or to inject that issue into the consideration of another amendment respecting an entirely different subject matter. There is nothing involved in the proposed amendment to stop alien representation which even touches the Negro issue at all, because, with very few exceptions, representing largely persons from the West Indies, an inconsiderable factor in the total, the Negroes, having been born here, are citizens of the United States.

I am perfectly willing to face any legitimate issue that involves protecting the rights of the colored man, but I naturally and legitimately protest against any effort, hostile in purpose, and without regard to the real interests of the Negro race, to tangle that question up with the perfectly plain and simple one of who shall be represented in determining the policy of the Government of the United States—citizens of the United States or citizens of some other country.

This amendment likewise has nothing whatever to do with the question of who shall come to this country and how many shall come, for it does not touch the immigration laws. The questions raised by them are entitled to be settled on their own merits. Nor does the proposal to stop representation of aliens have the slightest thing to do with the question of the conditions under which aliens may become citizens, for the proposed amendment has nothing whatever to do with the naturalization laws. Frankly, I recognize the desirability of awakening the public to the proper aspects of Americanism and a scrutiny of the naturalization laws, and particularly of their administration.

For example, take a case like that reported in the New York papers early in 1928. In the county of the Bronx, the third most populous of the five counties entirely within New York City, 10,000 aliens were naturalized in 2 weeks, a thousand a day, herded into court in four squads of 250 each, and perfunctorily lectured and turned loose to vote for Tammany candidates. That ought to be looked into. Nobody can seriously believe that all of these 10,000 fully complied with the provisions of the naturalization laws.

The proposed amendment would not take away any right from any alien who is resident in this country. His most important right is that of becoming a citizen. Until he has been here long enough to qualify, if he desires, and certainly in case he does not so desire, his stay here is entirely a matter of permission, subject to the regulations this Government sees fit to impose in protecting the interests of its own citizens.

Mr. President, the opposition to this amendment is hard put to it to find plausible objections. One objection which is urged with a vehemence that reminds me of that Fourth of July waving of the flag which has now largely taken the place of the old "waving the bloody shirt", is that "the aliens pay taxes and therefore are entitled to representation, because to withhold representation is taxation without representation", and these perfervid orators fight the Revolution all over again.

I do not intend to dignify with overmuch attention this flimsy claim, and yet I cannot afford to pass it by without some mention, lest those who offer it be encouraged to believe they have said something sensible. The alien, in return for his taxes, gets police protection for himself, his family, and his property. He has a chance to work or do business in this country. He has an opportunity to share in the prosperity that has characterized virtually our entire national existence and is again on its way back. He has also a chance to become a citizen unless he belongs to that small class who are barred for recognized and established reasons of national policy.

Further, the alien is free from imperative obligation to bear arms. It is true that many aliens served in the World War, some of them as volunteers, and an appreciative Nation recognized this and made it easier for them to become citizens. However, according to figures from the War Department, brought out in the debate on this question 3 years ago, of nearly a million aliens of draft age the majority claimed and obtained exemption. They remained here in safety, taking, and holding after the war, the positions of multiplied tens of thousands of our young citizens, native and naturalized, who went to the front and risked making the supreme sacrifice.

However, the fact which, in my judgment, is conclusive on this question of taxation and representation as applied to this issue is this. Even the citizens of the United States

who live in our two Territories of Alaska and Hawaii, and of course are taxed, have no representation in Congress, simply because those Territories are not States. If a citizen of the United States who, for example, has helped develop the wealth of Alaska, braving the discomforts and even the dangers of that rigorous climate and rough country to increase the wealth of the Nation, and who is taxed in proportion as his efforts have been rewarded by success, can thus be denied a vote in Congress through a duly elected representative, how can it be seriously maintained that citizens of any of the nations of Europe should be entitled to voting representation in our Congress?

If citizens of the United States living in the District of Columbia have no vote in Congress because they have no vote at the polls, then certainly there is no reason why a million and a quarter unnaturalized foreigners resident in New York, with no legal vote at the polls, should have voting representation in Congress.

Objections against the fairness and soundness of the proposed amendment need only be fully explained to fall of their own weight.

Mr. President, one objection is that the aliens will become naturalized until there are no more aliens here and the proposed amendment will then be worthless and have no meaning, since the need for it will have ceased. If this were true, it would be important; but unfortunately for these objectors, the facts are against them.

In the first place, under our laws the Asiatics of entirely different races are not entitled to become naturalized and become citizens, and there are enough of them to make this an element entitled to consideration.

Then, in addition, there are many aliens here illegally. They are all criminals, in the sense that they have violated our immigration laws; and many of them are actual criminals of the sort that would not be admitted through the Nation's front door, even though there were no restrictions upon immigration except the obvious ones designed to protect the Nation against criminals, defectives, and those calculated to become public charges.

In debates in Congress 3 years ago estimates were given on the floor of one House or the other that there were at that time 3,000,000 aliens in this country illegally. The Government has since arrested 20 to 30 persons connected with the management of a single racketeer ring for alien smuggling. According to published reports, this ring had brought in thousands of aliens and cleaned up $100,000,000 in the process. Whether or not these estimates are excessive, Supreme Court Justice Dike, of Brooklyn, in greater New York, has estimated, as published in the press, that there are at least 2,000,000 alien criminals in this country.

While, of course, there has been some fraud in naturalization by means of forgery of essential papers, the Government is increasingly detecting and stopping this. The majority of these aliens bootlegged across the borders will not dare attempt naturalization for fear of discovery of their illegal entry and deportation.

In this connection there is the possibility that the census count of 6,282,504 aliens does not cover the full number that are here. Human nature being what it is, it is entirely probable that a considerable proportion of those aliens who entered this country illegally carefully avoided being enumerated in the census, and were protected by their compatriots for fear the information or their unwillingness to give the information desired might lead to proceedings which would send them back.

Of course, if they were not counted they do not figure in the basis of representation. However, 10 years from now, after they shall have become bolder, while still probably not daring to attempt naturalization, they are likely to be enumerated and in future apportionments to be represented, although they are here in violation of our laws.

Then, too, Tammany has the most perfect system of exploiting aliens which has been developed in this country. Tammany has every incentive to naturalize every possible alien in order to vote him and so perpetuate Tammanyism; and yet, according to the last State census of New York, there were still more than a million unnaturalized foreigners in New York City. So it becomes apparent that, aside from those who are disqualified, there are many aliens in the country who have no intention of becoming citizens.

However, the principle involved is a fundamental and vital one; and this amendment is just and righteous and will be imperatively called for so long as a citizen constituency large enough to make up a single district in a single State is deprived of representation in order to allow the big cities to retain an indefensibly padded representation by counting the citizens of other nations.

Mr. President, I venture the prediction that when the American people fully comprehend this situation they will make a vigorous demand for a prompt correction of the situation under which New York and other great cities are able to capitalize politically their not merely unassimilated but their also unnaturalized foreign population.

To this extent I frankly admit that one of the purposes of this amendment is to help crush alien power in United States politics. Anything that is alien has no right to be political in this country. I believe the time has come when we should put a premium on United States citizenship. It is evident that we cannot put a premium on citizenship by cheapening it.

Our present system really breaks faith with the aliens who come to this country for the purpose of becoming citizens. It lessens the inducement for them to assume the obligations of citizenship if those who do not assume such obligations can have the same representation in Congress and the electoral college. Any alien who continues to owe his allegiance to a foreign government has no intention of becoming a citizen. If his only purpose here is to make money, and then, like some of the alien bootleggers, to rush back to his native land after defrauding Uncle Sam out of his income tax, this Nation owes him nothing, and is not under obligation to give any consideration to his desires. Neither is it under obligation to strengthen the political organizations that foster and protect and fatten on this degradation of national integrity.

On the other hand, those who come to this country because they have looked to it as the land of promise, who have become Americans in their hearts because of their desire to maintain the institutions which offer them freedom and opportunity will be glad to have an amendment of this kind adopted. It will make their citizenship worth more.

We not only owe it to the better element of our foreign born—those fine people who have already become citizens, and those who desire and intend to be citizens—to put this premium upon United States citizenship, but we have a solemn duty, first, to defend the Nation, and, second, to defend the rights, interests, and future of those who were born here, the descendants of the men and women whose vision, courage, labor, and sacrifice have made the Nation great and made its future vital to the welfare of the world.

JOHN R. FETTER

As in executive session—

The PRESIDING OFFICER (Mr. HATCH in the chair) laid before the Senate the following message from the President of the United States, which was ordered to lie on the table:

To the Senate of the United States:

I withdraw the nomination sent to the Senate on March 24, 1934, of John R. Fetter to be postmaster at Hopewell, in the State of New Jersey.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *April 14, 1934.*

RELIEF OF DEBTORS IN BANKRUPTCY PROCEEDINGS

The Senate resumed the consideration of the bill (H.R. 5884) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto.

ADJOURNMENT

Mr. SHEPPARD. Mr. President, I move that the Senate adjourn until 12 o'clock noon on Tuesday next.

The motion was agreed to; and (at 2 o'clock and 54 minutes p.m.) the Senate adjourned until Tuesday, April 17, 1934, at 12 o'clock meridian.

WITHDRAWAL

Executive nomination withdrawn from the Senate April 14 (legislative day of Mar. 28), 1934

John R. Fetter to be postmaster at Hopewell, in the State of New Jersey.

HOUSE OF REPRESENTATIVES

MONDAY, APRIL 16, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

O Thou, our Heavenly Father, whose heart is love, whose face is light, and whose bosom is sympathy, be not silent unto us. Let the purest and the most unselfish conception of Thy mind and heart be given us, and out of it may there grow a wonderful ministry in the service of our country. We assemble again in this memorable Chamber; we have been intrusted with a great commission. O let a thousand chords of memory be struck, arousing in us the deepest sense of duty and responsibility. Almighty God, we pray that truth, justice, and righteousness may be established at this historic center, and it will be a long, long step to the redemption of our whole land from sea to sea; lead the way, O God, and when the evening bell rings, in sweet resignation, trust, and happy hope, may we bow our heads in gratitude to Thee. We pray in the name of Him at whose feet the wealth, the learning, and the prowess of the world have knelt in homage. Amen.

The Journal of the proceedings of Friday, April 13, 1934, was read and approved.

MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills of the House of the following titles:

On April 13, 1934:

H.R. 305. An act for the relief of Ernest B. Butte;

H.R. 469. An act for the relief of Lucy Murphy;

H.R. 881. An act for the relief of Primo Tiburzio;

H.R. 1403. An act for the relief of David I. Brown;

H.R. 2342. An act for the relief of Lota Tidwell, the widow of Chambliss L. Tidwell;

H.R. 2509. An act for the relief of John Newman;

H.R. 2639. An act for the relief of Charles J. Eisenhauer;

H.R. 2990. An act for the relief of George G. Slonaker;

H.R. 3997. An act for the relief of Erney S. Blazer;

H.R. 4056. An act for the relief of Emma F. Taber;

H.R. 4252. An act for the relief of Mary Elizabeth O'Brien;

H.R. 5007. An act for the relief of Lissie Maud Green;

H.R. 6525. An act to amend the act known as the "Perishable Agricultural Commodities Act, 1930", approved June 10, 1930;

H.R. 6822. An act for the relief of Warren F. Avery; and

H.R. 7599. An act authorizing the Reconstruction Finance Corporation to make loans to nonprofit corporations for the repair of damages caused by floods or other catastrophes, and for other purposes.

On April 14, 1934:

H.R. 4268. An act for the relief of Joe Setton; and

H.R. 6084. An act for the relief of Lottie W. McCaskill.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 450. An act to empower the health officer of the District of Columbia to authorize the opening of graves, and the disinterment and reinterment of dead bodies, in cases where death has been caused by certain contagious diseases;

S. 2641. An act to provide fees to be charged by the Recorder of Deeds of the District of Columbia, and for other purposes;

S. 2714. An act to amend section 895 of the Code of Law of the District of Columbia;

S. 3013. An act to amend sections 416 and 417 of the Revised Statutes relating to the District of Columbia;

S. 3257. An act to change the designation of Four-and-a half Street SW., to Fourth Street;

S. 3289. An act to transfer the powers of the Board of Public Welfare to the Commissioners of the District of Columbia, and for other purposes; and

S. 3355. An act to authorize the coinage of 50-cent pieces in commemoration of the two hundredth anniversary of the birth of Daniel Boone.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 8402) to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes.

The message also announced that the Senate insists upon its amendment to the bill (H.R. 2032) for the relief of Richard A. Chavis disagreed to by the House, agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. SHEPPARD, Mr. COOLIDGE, and Mr. PATTERSON to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the amendments of the House to bills of the Senate of the following titles:

S. 1076. An act authorizing adjustment of the claim of the Franklin Surety Co.; and

S. 1091. An act conferring jurisdiction upon the Court of Claims of the United States to hear, consider, and render judgment on the claims of Edward F. Goltra against the United States arising out of the taking of certain vessels and unloading apparatus.

RESIGNATION FROM COMMITTEES

The SPEAKER laid before the House the following resignation, which was read by the Clerk:

APRIL 16, 1934.

Hon. HENRY T. RAINEY,
Speaker House of Representatives, Washington, D.C.

MY DEAR MR. SPEAKER: I hereby resign from the Committee on Elections No. 1, the Committee on Claims, and the Committee on the District of Columbia.

With great respect, I am, yours very truly,

J. BAYARD CLARK.

The resignation was accepted.

ORDER OF BUSINESS

Mr. SNELL. Mr. Speaker, would it be convenient to give us at this time the suspensions that will be taken up this afternoon?

The SPEAKER. H.R. 6166, introduced by the gentleman from Minnesota [Mr. KNUTSON], for the payment of a certain amount to the Chippewa Indians out of their allotments.

H.R. 8018, introduced by Mr. DEAR, to authorize payment to reimburse States for the cost of levee rights-of-way.

H.J.Res. 302, introduced by the gentleman from Missouri [Mr. COCHRAN], authorizing the Federal Memorial Commission to formulate plans for the construction of a Jefferson memorial.

SIGNATURES TO DISCHARGE RULE

Mr. WARREN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. WARREN. Mr. Speaker, on Saturday afternoon the Washington Star published a dispatch, credited to the Associated Press, giving the names of 131 signers of a petition to discharge the committee from consideration of the Frazier-Lemke bill, an incompleted petition on the Speaker's desk. I do not think anybody in the House has any idea that this information was given out by any officer or employee of the House, but in view of the very emphatic ruling of the Speaker on last Thursday, when this matter was under discussion, I simply rise to inquire what is going to be done about it.

Mr. BLANTON. Will the gentleman yield?

Mr. WARREN. Certainly.

Mr. BLANTON. That information could reach that news service only through two avenues: One, by some employee of the House, and, second, some Member of the House giving the information; is that not the fact?

Mr. WARREN. Certainly.

Mr. BLANTON. By what other avenue could that information have gotten from the House to the newspaper?

Mr. WARREN. In no other way.

Mr. BLANTON. Then somebody connected with the House of Representatives has violated the rules of the House. Is that not so?

Mr. WARREN. That is correct.

The SPEAKER. Replying to the parliamentary inquiry, there is nothing the Chair can do about it. Of course, it is a breach of the privileges of the House, as the Chair ruled on last Thursday. The Chair thinks that a Member could rise to a question of the privilege of the House and offer a resolution having for its purpose an investigation of the entire subject. The Chair thinks that under the circumstances a question of privilege would be involved. The Chair, however, of his own motion, cannot do anything further about it.

Mr. RICH. Mr. Speaker, with reference to that resolution wherein 145 names were required. In 1931 practically every Democrat voted for that rule, and practically every Republican voted against that rule. It is going to be necessary, in order to have that condition changed, that the Democrats rescind the vote they had in 1931 and correct their error and change the rule that they made the law of this House. It will be necessary for every Republican to vote for it in order that they do not get themselves in trouble by playing politics, because the shoe is on the wrong foot today, and the Democratic Party see that they did an injustice to the administration in 1931, and I think that they should correct their mistakes, which they now must admit is theirs for adopting such a rule.

Mr. BYRNS. Will the gentleman yield?

Mr. RICH. I yield.

Mr. BYRNS. How would the gentleman vote upon the proposition to amend the rule making it 218?

Mr. RICH. You will have to bring in another rule today making it 218.

Mr. BYRNS. I am asking the gentleman what his own personal views are and how he would vote if such rule were brought in.

Mr. RICH. I voted against that rule in 1931, and I will vote to put it back to 218 today, because I thought it was wrong then and I think it is wrong now. I will not play politics when it is wrong to do so; two wrongs never made a right.

Mr. BYRNS. I am delighted to have some light from the gentleman's side of the Chamber. That is the first intimation I have had.

PRIVILEGE OF THE HOUSE

Mr. BLANTON. Mr. Speaker, I rise to a question of the high privilege of the House of Representatives, and I present a resolution at the Clerk's desk.

The SPEAKER. The Clerk will report the resolution.

The Clerk read as follows:

Resolution offered by Mr. BLANTON:

"Whereas, in violation of the Rules of this House, the Hearst newspapers and the Star on two different occasions recently have published the names of Members who had signed an incomplete petition to discharge committees:

"*Resolved*, That the Committee on Rules be, and is hereby, requested to inquire into and find out what Member or employee of this House has violated the rules and report their findings to this House."

Mr. BLANTON. Mr. Speaker, there are but two ways, as admitted by the Chairman of the Committee on Accounts [Mr. WARREN], that this private, secret proceeding of the House and secret information of the House connected with it could leave its portals and become public in the newspapers. One is by some employee of the House giving it out. I cannot believe that there is any employee of this House who would give out information in violation of the rules. The other way is for some Member to give it out. I can hardly believe that a Member of this House would do it. But it has been given out by someone, and it must have come either from a Member or some employee.

Now, we Members sometimes assume to ourselves rights which we should not possess. No Member has a right to violate the rules of this House in giving out that infortion. That information is for the protection of the Membership of this House.

There is nothing to keep a Member from going to a newspaper reporter and telling him what he does himself. If you want to sign a petition to discharge you have the right to go to any newspaper reporter here in the Capitol and to tell him that you signed that petition; but you have no right to tell him what some other Member has done until that petition is completed, and then it would be spread upon the CONGRESSIONAL RECORD and upon the Journal and becomes public property. Then, and then only, may a newspaper properly report it and print it.

I am surprised that this rule was violated by such a reputable newspaper reporting agency as the Associated Press—and it is a reputable agency—it is about the only agency in the country left in which the people have any confidence; but if it continues to violate the rules of this body and continues to do as it has been doing on some matters recently, the people may yet lose confidence in it, and God only knows then what will become of the reporting system of the country when the people lose confidence in the great Associated Press reports.

Now, the House of Representatives has been very kind to the Associated Press. It gives privileges to the Associated Press that few newspaper reporting agencies have ever enjoyed. Sixty-two reporters accredited to the Associated Press are allocated to the press gallery upstairs—62 of them. We have permitted the leading representatives of the Associated Press to come upon the floor of the House at will. What other reporters have this privilege? We let them come on this floor and talk with Members, and even talk with the Speaker and with the officers of this House, and with our steering committee. They ought not to violate our rules, considering the privileges on the floor of this House that we have given them.

Mr. CARPENTER of Kansas. Mr. Speaker, will the gentleman yield?

Mr. BLANTON. I promised to yield first to the gentleman from Mississippi [Mr. RANKIN].

Mr. RANKIN. I just wanted to call the attention of the gentleman from Texas to the fact that a few days ago there was printed in the paper a picture of a Member of Congress signing one of these petitions.

Mr. BLANTON. I saw it. It was a picture showing our colleague, the gentlewoman from California [Mrs. KAHN], seated here at this clerk's desk, with clerks behind her and some men on the floor. It showed her signing a petition. Yet the newspaper that published that picture knew full well that a petition to discharge can be signed only in an open session of the House when no photographs can be taken here. They knew they were perpetrating a fraud upon the people of this country when they inserted that in their paper. They knew they were trying to make the people believe that they had taken a picture of such a secret proceeding of the House, when such picture was a sham and a fraud.

Mr. MARTIN of Oregon and Mr. TRUAX rose.

Mr. BLANTON. I yield first to our distinguished major general from Oregon.

Mr. MARTIN of Oregon. This incident is an additional demonstration of what a "damn fool" rule this is.

Mr. KELLER. Mr. Speaker, I object.

Mr. MARTIN of Oregon. And I am ready to repeal it right now. Will not the gentleman now make the motion to repeal the rule?

Mr. BLANTON. I am ready to repeal the rule also. Such a resolution could come only from the Committee on Rules. To make such a motion now would be out of order, and some Member would make a point of order against it.

Mr. MARTIN of Oregon. I am in favor of repealing this discharge rule now.

Mr. BLANTON. I agree with the gentleman, that the rule is now working badly and should be repealed.

Mr. BANKHEAD. Mr. Speaker, will the gentleman yield for a parliamentary inquiry?

Mr. BLANTON. Certainly I yield to the distinguished Chairman of our Rules Committee.

Mr. BANKHEAD. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BANKHEAD. In the opinion of the Chair, does the resolution of the gentleman from Texas state a question of the privilege of the House?

The SPEAKER. The Chair thinks it does.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. BLANTON. I am pleased to yield to the distinguished banker and educator from Pennsylvania.

Mr. RICH. On Tuesday, December 8, 1931, the rule reducing the number of signers on a petition to discharge a committee from the consideration of a bill to 145 came before the House. At that time the gentleman from Oregon, who now condemns it, voted for it.

Mr. BLANTON. Oh, we do lots of things sometimes because of party expediency which we find out afterward were wrong.

Mr. RICH. The Republicans voted against it then. I think the Republicans to be consistent would have to vote for a resolution increasing the number of signers; and if such a resolution is brought in there is no reason why the rule should not be changed.

Mr. SCHULTE. Mr. Speaker, will the gentleman yield?

Mr. BLANTON. I yield.

Mr. SCHULTE. The gentleman said that information regarding signers to a petition could be given out only by clerks of the House or Members or the newspaper reporter calling the different Members and asking whether or not they had signed. If the Members said they had, would not the newspaper then have the names?

Mr. BLANTON. Oh, but they cannot get them in the order in which they signed the petition, as they did in the case of the petition which was printed in the paper. They have not called up all of the membership of the House; and even if they did, they would not get the names of the signers in the sequence in which they appeared on the petition.

Mr. TRUAX. Mr. Speaker, will the gentleman yield?

Mr. BLANTON. I yield to the Senator from Ohio. [Applause.]

Mr. TRUAX. I think we are all agreed that there has been a violation of the rules.

I wonder what particular damage has been done to the country? Is it not strange that whenever there is a petition of this sort pending, the statement is made it is all wrong and ought to be repealed?

Mr. BLANTON. I do not yield to the gentleman for a campaign speech.

I will tell the Members why Mr. Hearst printed that. I will tell you why he has been attacking the leaders of the House, who are in charge of legislation here. I will tell you why he carries an infamous cartoon here in his Washington Herald this morning, picturing three leaders of this House as "sandbaggers" and "blackjackers", murdering in an alley, and crouching and sneaking away, naming them "Political Trickery", "Sharp Practice", and "Raw Deal." He pictures them common thugs. He thus denounced our Democratic leadership. I will tell you why Hearst can print that and get away with it. This is election year. He has money in the banks all over the United States that have failed. He wants to get his money back. He wants millions taken from overburdened taxpayers and paid to Hearst. He is looking out for the Hearst frozen deposits. It is purely a selfish interest which he has. He is trying to blackjack Congress into passing his bill. That is the reason why I condemned him the other day. It was not because he was espousing the McLeod bill. He has a right to espouse and properly fight for any bill he wants without being condemned. I did not condemn him for that, but I did condemn him for sending his reporters on to this floor in violation of House rules and stealing information from somebody who had no right to give it and to which he was not entitled. I said he ought to be sent to jail for 30 days, and I am still of the same opinion. He is a big, high financial mogul; and because he has plenty of money, what does he care about the rules of this House? Why, he ignores them and in his papers he tries to picture Congressmen as puppets and monkeys, and we let him get away with that kind of stuff because, forsooth, it is campaign year. He has no more respect for the Congress of the United States, the House or the Senate, than he has for a common, ordinary thug in an alley, because he pictured our Democratic leaders as thugs in his paper this morning because they would not allow the McLeod bill to be handled just like he wanted it to be handled.

Mr. CARPENTER of Kansas. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. CARPENTER of Kansas. I do not uphold anyone who violates the rules of this House. I do not believe they should be violated. Again, I am as much opposed to the McLeod bill as anyone in the House, but this is the most public place in the United States. Why should there be any secrecy about a bill as important as the Frazier bill, which affects all of the farmers of the country?

Mr. BLANTON. Because it is a rule of this House. This House has a right to pass any kind of a rule that the majority wants to pass, whether it appeals to Hearst or not. Hearst is not our censor. This House is supreme in reference to its own business, and when it passes a rule and says that information shall not be given out, Mr. Hearst ought to obey it, and the Associated Press ought to obey the rule. We ought to take Hearst's reporters and every one of these 62 A.P. reporters out of the gallery if they ever violate our rules again, and tell them that they cannot sit there any longer if they violate the rules. I am not afraid to tell that to the A.P. and to Mr. Hearst. He has newspapers published in my State and will do what he can to injure me, but that does not scare me.

Mr. O'CONNOR. He was a former Member of the House.

Mr. BLANTON. He was a former Member of the House and the gentlemen here will remember what the former distinguished gentleman from Texas, Hon. Joe Bailey, the distinguished father of our present colleague, once told him. Hearst never will forget what Joe Bailey, Sr., told him.

Mr. KELLER. What did he tell him?

Mr. BLANTON. I will tell the gentleman on the outside. This morning, in his Herald, he attacks me in great big headlines and says I was rebuked in Chicago by certain depositors of Chicago, the so-called "United Depositors Association", of Illinois, who probably did not get as much as they wanted of that $70,000,000 Charley Dawes got from this Government, the Herald stating that I was against Hearst on account of the fact that he was for the McLeod bill. Whoever wrote that knew it was not so, and that there was not a word of truth in the statement.

I got after Hearst because he sneaked information of this House to which he was not entitled and published same. No one here knows what my stand is on the McLeod bill. It has not come up yet. But you will find what my stand is when the time comes. I have never straddled a fence on any public issue. You will find me on one side or the other of the line, fighting with all the vigor I possess in favor of what I believe is right.

Mr. HOWARD. Will the gentleman yield?

Mr. BLANTON. I yield to the gentleman from Nebraska.

Mr. HOWARD. Will the gentleman be kind enough to tell us whether or not, in his judgment, any newspaper could have secured that list of names other than by the help of somebody in the House?

Mr. BLANTON. Certainly they could not. It is only Hearst and the Associated Press organization, as strong as it is, with 62 reporters in our press gallery, that would violate the rules of this House. I know we sit here like we were impotent. Hearst believes that we are afraid to do anything because he thinks we are afraid of his opposition. He knows election time is coming on in a few months.

I say to Mr. Hearst: "Go down into my district with your influential papers, if you wish. Instruct your papers down there to print untrue things about me, and I will meet you before the honest voters of my district anytime." For years he has been raising all of his cattle over in Old Mexico. He buys them over there for $4, $5, and $6 a head. He uses peon labor over there. He brings them across the Rio Grande and feeds them in pens in the State of Texas, and then sends them to the market, making his millions in that way. He thinks perhaps because he has some of them near my district that he can lambast me and call my colleagues, the leaders of this House, common thugs in his newspaper this morning and get away with such stuff as that, but he cannot. [Applause.]

Mr. WARREN. Will the gentleman yield?

Mr. BLANTON. I yield to the gentleman from North Carolina.

Mr. WARREN. I think the RECORD should show that this bill now under discussion was introduced by the gentleman from North Dakota [Mr. LEMKE]. It is a fact that about 14 names were taken off of the petition and yet if press reports are true, the gentleman from North Dakota threatened to go on the air and personally denounce those 14 Members who have taken their names off of the petition.

Mr. BLANTON. That is what I have heard, although I have never heard it from the gentleman from North Dakota [Mr. LEMKE], and I do not know what are the facts. However, I want to say to my friend from North Carolina that when Mr. Hearst does not like what we are doing here he has a way of printing editorials at the top of the front page across all columns of his paper in great, big, box-car letters clear across the top of the front page telling us what we must do before sundown, telling us we have got to vote for this measure or that measure, and he thinks he is having some influence on the Members in an election year.

When he was making a fight here for restoration of full pay for Government employees I called his hand and showed he had not restored the cuts in his own pay roll. Oh, he restored them in the mechanical end of the business, because he is afraid of those boys. They are organized and affiliated with the American Federation of Labor, and William Randolph Hearst walked up to the lick-log and restored all the cuts in the mechanical end of his business, but the boys on the reportorial staff are not affiliated with the American Federation of Labor and I understand they have been cut three times, three different 10-percent cuts, and he has not yet restored all of their cuts. He is making some of them work for less than a living wage. And he buys his paper from Canada. He is a funny sort of an American.

I hope before he admonishes this Congress again about anything he will sit down in his office and give out an order restoring full pay to every employee he has on the Hearst pay roll, and then he can talk to Congress about full restoration. He cannot talk about pay cuts until he does that. He cannot starve his editorial boys and talk to Congress about full restoration of all pay cuts. I know he pays our good friend, Arthur Brisbane, than whom there is no greater journalist in the world, the biggest salary any journalist ever got, but he is entitled to all he gets. I know he pays Arthur Brisbane well, but he is starving the other boys.

I know there are in the newspaper game some common, ordinary cheap skates who will write almost anything about anybody for money, and I know that in the newspaper game there are high-class men whom you cannot buy, whom you could not with any sum of money hire to say a kind word about you if you did not deserve it or to condemn others—men like Arthur Brisbane, men like David Lawrence, men like Hugh Nugent Fitzgerald, of Texas, or Will Rogers. You cannot buy men like that, but there are cheap skates who, for a few dollars, would write any kind of article praising any kind of man or condemning anyone from the President down.

Mr. MAY. Will the gentleman yield?

Mr. BLANTON. I do not want to take further time, but I yield to the gentleman from Kentucky.

Mr. MAY. The reason, I imagine, he pays Arthur Brisbane well is that he gets large profits out of the writings of Arthur Brisbane.

Mr. BLANTON. Certainly. Arthur Brisbane's columns are read by the people all over the United States, and he earns every dollar he gets, and he brings in big money for Hearst, but these boys who plod for Hearst, these boys who sneak in here and get somebody to get them something they are not entitled to, he starves to death.

Mr. RICH. Will the gentleman yield?

Mr. BLANTON. Certainly.

Mr. RICH. If the gentleman would confine his remarks to a resolution which would change the number of signers to a petition to discharge a committee, the Republicans who opposed the reduction in 1931 should support your resolution in 1934 to increase the number to 218, if they do not play politics.

Mr. BLANTON. I do not yield further.

Mr. RICH. But bring in a resolution for 218 signatures; we should support it.

Mr. BLANTON. I do not yield further, Mr. Speaker. I want to conclude.

Mr. MAY. Mr. Speaker, will the gentleman yield to me to propound a parliamentary inquiry?

Mr. BLANTON. Mr. Speaker, I intend to take only 2 minutes more. But I yield to my friend from Kentucky if he wants to ask me a question.

Mr. MAY. Mr. Speaker, will the gentleman yield to me to propound a parliamentary inquiry?

Mr. BLANTON. After I get through; yes.

Mr. PATMAN. Mr. Speaker, will the gentleman yield for a question?

Mr. BLANTON. I yield to my friend from Texas to ask a question.

Mr. PATMAN. I hope the gentleman will take into consideration the fact, when he mentions repealing the discharge rule, that when 145 Members sign a petition a majority are in favor of the proposal, because there are so many Members who will not sign a petition at all, and furthermore it does not take 218 votes to pass a bill. Very few bills have ever been passed here with more than 150 Members voting in favor of it.

Mr. BLANTON. I helped my friend get his adjusted-compensation certificate pay bill out by signing the petition with the gentleman. The very minute he signed the petition I signed right next to him, did I not?

Mr. PATMAN. That is right.

Mr. BLANTON. And I have helped the gentleman at other times because I believed in the measure and it was a question of principle. I was with my friend on that proposition. We brought that bill out and passed it, but there are liable to be some bad bills brought out here from now on that ought to be stopped.

Mr. BYRNS. Will the gentleman yield?

Mr. BLANTON. I yield to the majority leader, and then I shall conclude.

Mr. PATMAN. Let me finish my statement. In view of the fact that a majority of a committee composed of 21 members, or 11 of them, can get consideration of any proposal they want, and in view of the fact that one Member of the other body can get consideration of any proposal he wants, does not the gentleman think it is perfectly reasonable, although it may be embarrassing to us sometimes, to permit 145 Members to get consideration of a proposal on this floor?

Mr. BLANTON. In certain instances, like the adjusted-service compensation bill, yes.

Mr. O'CONNOR. If the gentleman will yield, of course, there are many bills that 11 members of the entire committee cannot get considered in this House.

Mr. BLANTON. That is true, and the Rules Committee gives very careful attention to every proposal brought before them.

Mr. BYRNS. Will the gentleman yield?

Mr. BLANTON. I yield to the majority leader, and then I am through.

Mr. BYRNS. I simply want to make this statement in reply to our friend the gentleman from Texas [Mr. PATMAN]. In the Seventy-second Congress there were, as I recall, 12 bills which were sought to be brought up under discharge petitions signed by 145 Members. Only 5 of those bills were voted on, and only 1 of them passed upon final roll call. One of those bills received only 113 votes, although 145 had signed the petition.

Mr. BLANTON. The majority leader will remember what happened to the Barclay discharge motion after several weeks' fight over that bill.

Mr. MAY. Will the gentleman yield, that I may propound to the Speaker a parliamentary inquiry?

Mr. BLANTON. I will yield to the gentleman from Kentucky.

Mr. MAY. Mr. Speaker, a parliamentary inquiry. It has been stated here in debate that a Member of the House, Mr. LEMKE, made a radio address in which he disclosed the names of certain Members that had withdrawn their names from a petition to discharge a committee. The parliamentary inquiry is whether or not, if that be true—and I am not saying whether it is or not—is it a violation of the rules of the House?

The SPEAKER. The Chair thinks it is.

Mr. BLANTON. Now, in conclusion, Mr. Speaker, let me say that I believe the President should ask this Congress to adjourn as soon as we can and get away from Washington, for staying here is going to cost the people a lot of money. [Cries of "Amen!" "Amen!"] He ought to send word to another part of this Capitol and tell those boys to finish the work we have done in the House and adjourn sine die and thereby save millions of dollars. [Applause.]

Mr. BANKHEAD. Mr. Speaker, this episode illustrates what frequently arises on the floor of the House—a matter comes up without any notice, and it seems that the House gets up a good deal of feeling and possibly some passion in the minds of some Members.

I want to make a brief statement as to how the proposition appeals to me on the spur of the moment.

I think if there is any man in the House who tries to be a stickler for observance of the rules of the House after a long service, it has been myself. We cannot get along in a body so large as this, with all the complex and involved procedure, without a rigid adherence to the rules of the House. The essential proposition involved here by the resolution of the gentleman from Texas is that it involves an infringement, at least a technical infringement, of one of the provisions of the discharge rule.

Very candidly it seems to me that if we have a rule all of its features ought to be preserved. But I trust that the gentleman from Texas will not insist upon action on his resolution this morning, for this reason: The resolution of the gentleman is evidently hurriedly prepared, and, although it sets out the gravamen of what he seeks to accomplish, I call the attention of my friend that in the form in which the resolution is framed it would be an innocuous resolution as far as any result is concerned.

Mr. BLANTON. Will the gentleman yield?

Mr. BANKHEAD. I yield.

Mr. BLANTON. If the House passes this resolution and sends it to the Committee on Rules, the gentleman from Alabama and his committee will be prepared to investigate and find out who violated the House rules, will he not? I would if I were chairman of the committee, and I am sure the gentleman from Alabama is much more competent than I am.

Mr. BANKHEAD. I want to call the attention of the gentleman from Texas—and I think he should give serious attention to the suggestion—I am not opposing the principle of the proposition; but the Committee on Rules has troubles of its own, and they are not seeking any additional burden, but if in the judgment of the House this is of sufficient importance to investigate, we will gladly assume that duty.

Mr. MAPES. Will the gentleman yield?

Mr. BANKHEAD. I yield to my colleague.

Mr. MAPES. I was interested in the parliamentary inquiry which the gentleman submitted to the Speaker. I should like to ask the gentleman from Alabama if he thinks a resolution of this kind should be presented in this way and should be considered without any reference to anything?

Mr. BANKHEAD. The gentleman is a good parliamentarian. The gentleman is pretty well familiar with the precedents and practices of the House, but there is a considerable distinction between a matter involving the privilege of the House per se and an ordinary matter seeking investigation of certain facts. I think the Speaker has correctly ruled that this proposition as now presented does present, off hand, a matter affecting the privileges of the House. Of course, the ordinary way would be probably for the gentleman from Texas [Mr. BLANTON] to introduce a resolution and have it referred to a committee, seeking investigation, but inasmuch as the gentleman has elected to follow the present course, I will say in all candor that I think the gentleman from Texas is within his rights.

Mr. MAPES. Will the gentleman yield further?

Mr. BLANTON. Will the gentleman yield to me? I think we can arrange matters.

Mr. BANKHEAD. I yield first to the gentleman from Michigan.

Mr. MAPES. Does not the gentleman think there ought to be some facts presented that the rules of the House have actually been violated before a resolution of this kind is considered?

Mr. BANKHEAD. Well, the gentleman asks me a technical question with reference to a matter of privilege. I have tried to answer it.

Mr. BLANTON. Will the gentleman yield to me?

Mr. BANKHEAD. I yield.

Mr. BLANTON. I have such confidence in my colleague from Alabama [Mr. BANKHEAD] and his judgment, and I have such great respect and high regard for the gentleman, and I believe that even without passing this resolution we will find a way, without bothering his committee, of getting the facts that we want to get, and following his advice and suggestion, I ask unanimous consent to withdraw the resolution.

Mr. BANKHEAD. I hope that will be granted.

Mr. RICH. Reserving the right to object——

Mr. BANKHEAD. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BANKHEAD. Cannot the gentleman withdraw his resolution without asking unanimous consent?

The SPEAKER. The gentleman can withdraw the resolution without unanimous consent.

Mr. BLANTON. I withdraw the resolution, in spite of the reservation of the gentleman from Pennsylvania [Mr. RICH].

Mr. RICH. I simply wanted to help the gentleman from Texas.

DR. WIRT

Mr. BULWINKLE. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. BULWINKLE. In order to be fair and frank with the Membership of this House, I wish to make this statement:

On Wednesday, April 11, in response to a question asked me by the gentleman from Tennessee [Mr. BYRNS] in a discussion which involved the conduct of the Special Committee of Investigation of the House, I stated, among other things, that the committee was not persecuting or prosecuting Dr. Wirt.

I stated—

He was not here to be investigated. If he had been, I would have gone into his private character. If he had been, I would

have brought out from him the fact that during the war, on account of his pro-German activities, he was confined to the jail at Gary, Ind. I did not bring any of that before the committee.

In correcting, revising, and extending my remarks, as provided under the rules of the House, I inserted the words " whether or not ", which is now in the RECORD. This should stand as it is.

After a thorough investigation of the report, which came to me by what anyone would consider reliable sources, I am convinced that the report is not true; and, therefore, as a man and a Member of this House, after ascertaining that the report was untrue and unfounded, and in order that no injustice might be done to Dr. Wirt, it is my duty to correct such statement made by me on the floor of the House on April 11. And I therefore tender my apology to Dr. Wirt. [Applause.]

I also make this statement here today for the purpose of showing that the committee was not prosecuting Dr. Wirt. It was simply investigating whether the statements made by Dr. Wirt, and read to the Committee on Interstate and foreign Commerce by Mr. Rand, were true or not. [Applause.]

Mr. Speaker, I yield back the balance of my time.

SPECULATION AND ACQUISITION AND MOVEMENT OF GOLD

Mr. WHITE. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Idaho?

There was no objection.

Mr. WHITE. Mr. Speaker, there are a great many misleading and erroneous statements being made on a matter that is pending before this House for legislation, and for that reason, and to ascertain the facts and bring out the truth in this matter, I am introducing the following resolution:

Resolution to create a select committee to investigate speculations and profits in the acquisitions and movements of gold resulting from legislative or Executive action affecting the value of gold, and the acquisitions and holdings of silver in anticipation of legislative or Executive action

Resolved, That there is hereby created a select committee to be composed of five Members of the House, to be appointed by the Speaker, one of whom he shall designate as chairman. Any vacancy occurring in the membership of the committee shall be filled in the manner in which the original appointment was made.

SEC. 2. The committee is authorized and directed to conduct a thorough investigation of (1) the acquisitions, movements, and holdings since January 1, 1933, in gold coin or bullion, in the United States or elsewhere, whether or not speculative in character, in anticipation of legislative or Executive action with respect to gold, to ascertain the identity of individuals, partnerships, associations, corporations, or other holders of or dealers in gold profiting by such acquisitions, movements, and holdings of gold in their dealings with the United States Treasury and the amounts of profits accruing from such acquisitions, movements, and holdings of gold, and to ascertain the individuals, partnerships, associations, corporations, or other holders of or dealers in gold deriving speculative profits from purchases of gold abroad and the movement to the United States and sale thereof to the Treasury, and the amounts of profits accruing from such purchases and sales, and (2) the holdings and stocks of silver in private hands in the United States, or elsewhere, now being maintained in anticipation of legislation or Executive action relating to silver, the identity of the holders thereof and dealers therein and the investment or speculative profits that have accrued or may accrue to private persons or companies from acquisitions and holdings of silver as the result of any legislation or Executive action.

SEC. 3. The committee shall report to the House during the present session of Congress the results of its investigation, together with such recommendations, including such recommendations for legislation as it deems advisable.

SEC. 4. For the purposes of this resolution the committee is authorized to sit and act during the present Congress in the District of Columbia or elsewhere as a whole or by subcommittee, at such times, whether or not the House is sitting, has recessed, or has adjourned, to hold such hearings, to require the attendance of such witnesses and the production of such books, papers, and documents, by subpena or otherwise, to take such testimony, to have such printing and binding done, and to make such expenditures not in excess of amounts made available for the purposes of this resolution, as it deems necessary. Subpenas shall be issued under the signature of the chairman and shall be served by any person designated by him. The chairman of the committee, or any member thereof, may administer oaths to witnesses.

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—ANNUAL REPORT, ASSISTANT DIRECTOR GENERAL OF RAILROADS (H.DOC. NO. 303)

The SPEAKER laid before the House the following message from the President of the United States, which was read and, together with the accompanying papers, referred to the Committee on Interstate and Foreign Commerce, and ordered printed:

To the Congress of the United States:

I transmit herewith for the information of the Congress a letter from the Secretary of the Treasury forwarding the annual report of the Assistant Director General of Railroads for the calendar year 1933.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *April 13, 1934.*

REDUCTION OF FEES IN NATURALIZATION PROCEEDINGS

The SPEAKER laid before the House the following message from the President of the United States:

To the House of Representatives:

In compliance with the request contained in the resolution of the House of Representatives (the Senate concurring therein), I return herewith House Bill No. 3521, entitled "An act to reduce certain fees in naturalization proceedings, and for other purposes."

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *April 13, 1934.*

Mr. DICKSTEIN. Mr. Speaker, I offer the following House concurrent resolution, and ask for its immediate consideration.

The Clerk read as follows:

House Concurrent Resolution 36

Resolved by the House of Representatives (the Senate concurring), That the action of the Vice President and of the Speaker of the House of Representatives in signing the enrolled bill (H.R. 3521) entitled "An act to reduce certain fees in naturalization proceedings, and for other purposes", be rescinded, and that in the reenrollment of such bill section 2 be stricken out and the Clerk shall insert in lieu thereof the following:

"SEC. 2. Subdivisions (b) and (c) of section 32 of the act of June 29, 1906, and subdivision (a) of section 33 of the act of June 29, 1906, which were added thereto by section 9 of the act of March 2, 1929 (45 Stat. 1512) and by section 4 of the act of May 25, 1932 (47 Stat. 165), as amended (U.S.C. Supp. VII, title 8, sec. 399 (b) and (c), and sec. 399 c (a)), are amended as follows: Whenever in said subdivisions the words 'a fee of $10' occur that shall be amended to read 'a fee of $5.'"

The SPEAKER. Is there objection to the present consideration of the House concurrent resolution?

Mr. McFADDEN. Mr. Speaker, reserving the right to object, I think we should have some explanation of what this resolution does.

Mr. DICKSTEIN. When the bill passed the House, through error we misquoted a certain section of the Revised Statutes. The bill was passed by both the House and the Senate and was sent to the President. This is a correction of the error that was made in quoting the statute.

Mr. McFADDEN. Does it change the amount of the fee?

Mr. DICKSTEIN. No; it changes nothing except the error in the quotation of the statute.

The SPEAKER. Is there objection to the present consideration of the resolution?

There was no objection.

The House concurrent resolution was agreed to.

PERMISSION TO ADDRESS THE HOUSE

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent that I may be permitted to address the House for 5 minutes immediately after the reading of the Journal on Thursday, Patriots' Day. On April 19, 1775, " the shot that was heard around the world " was fired at Lexington, in my district. I wish to address the House on the anniversary of that day.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

PAN AMERICAN DAY

Mr. IGLESIAS. Mr. Speaker, I ask unanimous consent to address the House for 3 minutes.

The SPEAKER. Is there objection to the request of the Delegate from Puerto Rico?

There was no objection.

Mr. IGLESIAS. Mr. Speaker, last Saturday was Pan American Day. Theretofore I had been asked to address the House on the subject of Pan American Day on last Saturday, but the adjournment prevented my doing so.

PAN AMERICAN DAY

Mr. Speaker, ladies and gentlemen of the House, as the Representative from Puerto Rico, I have been granted the privilege—and I assure you it is one which I honor and enjoy—to make a few remarks in commemoration of another anniversary of Pan American Day, or, as it is sometimes called, "The Day of the Americas."

This opportunity to extend a most sincere and hearty greeting to the peoples and the governments of our sister republics of Latin America from the floor of this Chamber gives me inexpressible pleasure.

I have no doubt but that the policy President Roosevelt laid down in his inaugural address—that he would—

> Dedicate this Nation to the policy of the good neighbor, the neighbor who resolutely respects himself and, because he does so, respects the rights of others; the neighbor who respects his obligations and respects sanctity of his agreements in and with the world of neighbors.

I repeat, I have no doubt that this sentiment has gone far in dispelling any fears or suspicions which might have been entertained as to the future honesty of purpose and friendly feelings toward our sister Republics of Latin America.

Right here I should like to quote from an address delivered by the Honorable Cordell Hull, Secretary of State, before the National Press Club, February 10, 1934. It is as follows:

> The feasibility of international cooperation as a method of promoting the mutual interests of nations was demonstrated anew by the recent conference (of Montevideo). It must be agreed, too, that wherever countries have common purposes, common interests, and common objectives they will suffer incalculable losses by failure to cooperate practically with each other. All of the American nations can thus promote their respective civilizations, commerce, and many other logical relationships of great and lasting benefit to all.

I also should like to bring to your attention the thought which was expressed at the Pan American Labor Congress held in Washington, July 18–23, 1927, by William Green, president of the American Federation of Labor. Speaking for labor, with the greatest desire of voicing the sentiments of the masses of American workers, he said:

> We proceed from an unselfish and altruistic point of view. We are interested in the human element in every nation and in every country upon the American Continent. We want to serve in such a way as to promote the intellectual, the spiritual, and the moral well-being of men and women. We seek to exploit no one. We seek only an opportunity to serve humanity and to help men and women to live a fuller, freer, and better life. We ask for nothing. We only seek to serve, and in that way we expect to advance the common interests of all the peoples in all the countries, and in that way we are contributing toward the welfare of society.

In tracing the origin of any important movement which has for its purpose the fulfilment of an ideal, it is necessary to give some consideration to the earliest expressions of that ideal. This great movement for friendly understanding among the peoples of America may be traced to the sentiments voiced at a conference held more than a hundred years ago—the so-called "Conference of Panama."

The principal treaty drafted at that congress, called in 1826 by the eminent South American liberator, Simon Bolivar, contained as one of its provisions:

> To secure to ourselves from this time forward the enjoyment of unalterable peace and to promote in this behalf better harmony and good understanding as well between countries, citizens, and subjects, respectively, as with other powers * * *.

On April 14, 1890, the First International Conference of American States, which has since developed into the Pan American Union, assembled in Washington, with the Secretary of State, the Honorable James G. Blaine, as chairman. Forty years later, May 7, 1930, the board of the Pan American Union, which consists of the diplomatic representatives of the member States accredited to the Government of the United States, assembled in this city, and concluded to suggest a certain day each year upon which the people might recall the community of interests, the unity of sentiments and aspirations, the ties of history, and the intimate relationships which bind each country to the other nations of America. For obvious reasons the 14th of April was selected as such a day.

A quarter century ago the former President of Uruguay, José Battle y Ordóñez, said:

> Born on the same continent and in the same epoch, ruled by the same institutions, animated by the same spirit of liberty and progress, and destined alike to cause republican ideas to prevail on earth, it is natural that the nations of all America should approach nearer and nearer to each other and unite more and more amongst themselves; and it is natural also that the most powerful and the most advanced amongst them should be the one to take the initiative in this union.

And ever since the secretaryship of James G. Blaine in the State Department the United States Government has taken the lead in what is known as the "Pan American movement."

The center of this movement is the beautiful building here in Washington given by Andrew Carnegie. There the Pan American Union is engaged in a great constructive task intended to bring cooperation to all the peoples of the continent and to cultivate them into a single family in which an irresistible feeling of fraternal friendship will ever predominate. It is nonpolitical in nature and its functions are to disseminate information regarding the American republics, to serve as an office of record for inter-American understandings and agreements, and as a permanent commission sitting between the International Conferences of the American States. At times it has been bitterly opposed; at other times the Latin Americas have enthusiastically supported it. "Selfish considerations of trade" are given by those who opposed it as the prime interest of the North Americans in promoting Pan Americanism. Be that as it may, I reiterate, the President's attitude, as expressed in his inaugural address, should have allayed any misgivings in that respect.

Present conditions, not only in the American Continent but throughout the world, have emphasized the need of American solidarity, and, if I may so suggest, in this Pan American movement, which seeks to strengthen the ties of the United States and Latin Americas in the highly laudable and worthy journey toward the final goal of continental weal, fate already has designated the advanced guard. Geographically this advanced guard is Puerto Rico, the community whom I represent, the one spot in this hemisphere where two great peoples and two mighty civilizations are bent to the task of creating the composite mind of a new, understanding America. [Applause.]

COMMITTEE ON MILITARY AFFAIRS

Mr. GOSS. Mr. Speaker, I have been requested to ask unanimous consent that Subcommittee No. 10 of the Committee on Military Affairs may have permission to sit during the session of the House today.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. McGUGIN. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

Mr. SCHULTE. Mr. Speaker, reserving the right to object, the country as a whole is waiting for some constructive legislation and not a lot of gas. I object to the gentleman's request.

Mr. McGUGIN. Was it gas when the gentleman from North Carolina [Mr. BULWINKLE] spoke a while ago?

MOTHER'S DAY

Mrs. JENCKES of Indiana. Mr. Speaker, I ask unanimous consent to address the House for 3 minutes.

The SPEAKER. Is there objection to the request of the gentlewoman from Indiana?

There was no objection.

Mrs. JENCKES of Indiana. Mr. Speaker, I desire to address the House of Representatives on the subject of Mother's Day, which will occur on May 13, 1934. On this day all of our citizens will pay tribute to American motherhood, and it is fitting that the Congress should be addressed on this subject by a mother who is also a Member of the Congress.

I especially wish to pay tribute to our American war mothers, who are organized and chartered by the Congress of the United States under the name of the American War Mothers' Association. My reason for paying special tribute to war mothers on Mother's Day is because it was these mothers who sent their sons to defend the flag and defend our Nation from foreign invasion in time of war and made a great contribution toward the security of our Nation.

The evil forces of the depression may have caused the American people to have forgotten, for the moment, the great services our American veterans rendered in times when our national security was endangered, but we will never forget the mothers of these veterans who made the greatest contribution toward national security.

I am happy to advise the Members of Congress that our Government has recognized the American war mothers through the authorization of a special Mother's Day stamp which the President of the United States, Hon. Franklin Delano Roosevelt, and Postmaster General James A. Farley, authorized to be placed on sale in Washington, D.C., on May 2, 1934.

As a further evidence and tribute to the American war mothers who are organized as the American War Mothers' Association for the purpose of conducting acts of charity among the veterans and their families, a specially designed envelop of conventional size has been authorized by Mrs. W. E. Ochiltree, president, and Mrs. H. H. McCluer, past president, upon which the official Mother's Day stamp may be affixed. The cancelation of the stamp will evidence its first day use and the compliment which every citizen desires to pay his or her mother.

As a tribute to our American war mothers and to our American veterans, I hope that every Member of Congress will make a liberal use of the Mother's Day stamp affixed to the special envelop, which the War Mothers' Association has authorized and which will be on sale on May 2, 1934.

In this manner we will pay a national tribute to the motherhood of America, and especially our American war mothers.

I thank you.

[Applause.]

PERMISSION TO ADDRESS THE HOUSE

Mr. McGUGIN. Mr. Speaker, I now ask unanimous consent to address the House for 5 minutes.

Mr. O'MALLEY. Mr. Speaker, reserving the right to object, last week I pointed out that between $15,000 and $20,000 of the people's money had been spent on Dr. Wirt as a result of the resolution, committee hearings, and the use of space in the RECORD and time of the House. I should like to inquire of the gentleman from Kansas whether he intends to continue this Wirt comic opera in the 5 minutes he requests and continue wasting the taxpayers' time and money?

Mr. McGUGIN. I want the committee to get its program in such shape that the people will get their money's worth for the $15,000 or $20,000 that the gentleman says is being spent. I want to call all of the witnesses.

Mr. SCHULTE. Mr. Speaker, I object.

THE CONSENT CALENDAR

The SPEAKER. The Clerk will call the Consent Calendar.

The Clerk called the first bill on the Consent Calendar, H.R. 4870, a bill to extend the times for commencing and completing the construction of a bridge across Lake Sabine at or near Port Arthur, Tex.

Mr. McGUGIN. Mr. Speaker, I object. There is going to be no business done today.

Mr. O'MALLEY. Mr. Speaker, let the gentleman object all he wants, just so the RECORD shows it is he who is holding up the business of the House.

Mr. WOLCOTT. Mr. Speaker, a point of order; the bill was objected to once on May 16. I understand three objections are required to take it off the calendar at this time.

The SPEAKER. The gentleman is correct; three objections are necessary.

Mr. LANHAM. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

EAST BAY MUNICIPAL UTILITY DISTRICT

The Clerk called the next bill, H.R. 6530, granting and confirming to the East Bay Municipal Utility District, a municipal utility district of the State of California and a body corporate and politic of said State and a political subdivision thereof, certain lands, and for other purposes.

Mr. ENGLEBRIGHT. Mr. Speaker, reserving the right to object, will the author of the bill accept an amendment striking out section 2 of the bill?

Mr. ELTSE of California. Yes; that is agreeable.

Mr. ENGLEBRIGHT. Mr. Speaker, I ask unanimous consent to substitute the bill, S. 2084, for the House bill.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That there is hereby granted to the East Bay Municipal Utility District, a municipal utility district of the State of California and a body corporate and politic of said State and a political subdivision thereof, the following-described lands of the United States situate in the counties of Amador and Calaveras, State of California, to wit:

The southeast quarter southeast quarter section 22; the northeast quarter southwest quarter, and the south half southeast quarter section 23; the northwest quarter northeast quarter, and the north half southeast quarter section 24; the southwest quarter, the south half northwest quarter, and the northwest quarter northwest quarter section 26, all in township 5 north, range 10 east, Mount Diablo base and meridian.

All the unpatented land in the east half northwest quarter section 15, containing approximately forty-seven and thirty-six one hundredths acres; the south half northeast quarter, and the north half southeast quarter section 17; and all the unpatented land in section 18 (the same being a fractional portion of the southeast quarter northeast quarter, and a fractional portion of the northeast quarter southeast quarter, and containing approximately 15.58 acres), all in township 5 north, range 11 east, Mount Diablo base and meridian; and the Secretary of the Interior is hereby authorized to issue patent to the said district for the same.

All of the above-described land is now held by said district by virtue of that certain license no. 567, heretofore issued to said district by the Federal Power Commission. Upon this grant becoming effective said license is terminated and the parties thereto relieved of all obligation by reason thereof, and the fee title of the district to its dams, spillways, conduits, tunnels, power house, power lines, and other structures now constructed in whole or in part on said lands and the right to maintain and operate the same is fully confirmed.

SEC. 2. That there is hereby further granted to the said East Bay Municipal Utility District the following-described lands of the United States situate in the counties of Amador and Calaveras, State of California, to wit:

The northeast quarter southeast quarter, and the south half southeast quarter section 1; all the unpatented portion of the southwest quarter southeast quarter section 3, containing approximately 20.90 acres; and all the unpatented portion of the northeast quarter southwest quarter section 10, containing approximately 4.60 acres, all in township 5 north, range 11 east, Mount Diablo base and meridian.

All the unpatented portion of the west half northwest quarter section 5, containing approximately 72.16 acres; lot 1, the south half northeast quarter, the south half northwest quarter, and the north half southwest quarter section 6 (the same being all the unpatented land in said section 6 and containing approximately 281.13 acres), all in township 5 north, range 12 east, Mount Diablo base and meridian.

The southwest quarter southeast quarter, and the south half southwest quarter section 32, all in township 6 north, range 12 east, Mount Diablo base and meridian; and the Secretary of the Interior is hereby authorized to issue patent to the said district for the same: *Provided*, That as to the lands in this section described this grant shall in no way operate to interfere with the right of any settler or other claimant under the mineral or public-land laws to complete a claim to any portion of said land heretofore lawfully initiated and now valid and subsisting, and as to the lands described in section 2 hereof the title of the district

shall be subject to any such valid and subsisting claims: *Provided further*, That there be reserved to the United States all coal, oil, gas, and other minerals together with the right of the United States, its grantees or permittees, to prospect for, mine, and remove the same.

SEC. 3. That the grant of the said lands hereinbefore described is made in aid of the water supply of said district for itself and its inhabitants, and the said district shall pay for the said lands the sum of $5 per acre.

SEC. 4. That the rights hereby granted shall revert to the United States if abandoned or transferred to any person, association, or corporation other than to the State or to another municipal corporation.

Mr. ENGLEBRIGHT. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ENGLEBRIGHT: On pages 3 and 4 strike out section 2 of the bill and amend the numbering of sections 3 and 4 accordingly.

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill was laid on the table.

INTERNATIONAL TECHNICAL COMMITTEE OF AERIAL LEGAL EXPERTS

The Clerk called the next resolution, House Joint Resolution 271, providing for an annual appropriation to meet the quota of the United States toward the expenses of the International Technical Committee of Aerial Legal Experts.

Mr. BLANTON. Mr. Speaker, reserving the right to object, this resolution provides for an annual junket abroad, and I object. Others will object also, which will make the required number of objections necessary to kill the bill.

Mr. O'MALLEY. I object.

Mr. TRUAX. I object.

Mr. ELTSE of California. I object.

Mr. McREYNOLDS. Mr. Speaker, may proceed for 1 minute?

Mr. BLANTON. Mr. Speaker, we have had this up before, and I object.

Mr. McREYNOLDS. I dislike for a man on this floor to say that this resolution provides for a junket. I wanted to tell the gentleman what I thought about the matter.

Mr. BLANTON. I know something about the resolution. I have stopped it from passing before.

DECLARATIONS OF INTENTION

The Clerk called the next bill, H.R. 8317, to extend the validity of declarations of intention beyond 7 years.

Mr. McGUGIN. Mr. Speaker, I object.

Mr. LANZETTA. Mr. Speaker, I ask that the bill be passed over without prejudice.

The SPEAKER. Without objection, the bill will be passed over without prejudice.

There was no objection.

Mr. WOLCOTT. Mr. Speaker, a point of order. I understood that there was an objection to the bill.

The SPEAKER. The bill was passed over without prejudice.

Mr. WOLCOTT. I understood an objection had been made to the bill.

Mr. LANZETTA. I asked that the bill be passed over without prejudice.

The SPEAKER. At the request of the gentleman from New York [Mr. LANZETTA], the bill was passed over without prejudice.

METHOD OF SELLING REAL ESTATE UNDER DECREE OF UNITED STATES COURTS

The Clerk called the next bill, H.R. 1567, amending section 1 of the act of March 3, 1893 (27 Stat.L. 751), providing for the method of selling real estate under an order or decree of any United States court.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 1 of the act of Congress approved the 3d day of March 1893, chapter 225, be amended so as to read as follows:

"All real estate or any interest in land sold under any order or decree of any United States court shall be sold at public sale at the courthouse of the county, parish, or city in which the property, or the greater part thereof, is located, or upon the premises, as the court rendering such order or decree of sale may direct: *Provided, however*, That the court may, upon petition therefor and a hearing thereon after such notice to parties in interest as said court shall direct, if it find that the best interests of said estate will be conserved thereby, order and decree the sale of such real estate or interest in land at private sale."

With the following committee amendment:

On page 2, line 7, insert the following: "*Provided further*, That the court shall appoint three disinterested persons to appraise said property, and said sale shall not be confirmed for less than two thirds of the appraised value."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

COCHETOPA NATIONAL FOREST, COLO.

The Clerk called the next bill, H.R. 2862, to add certain lands to the Cochetopa National Forest in the State of Colorado.

Mr. BLANTON. Mr. Speaker, I object.

Mr. McGUGIN. Mr. Speaker, I object.

Mr. O'MALLEY. Mr. Speaker, a point of order. The gentleman was not standing when he made his objection.

Mr. KNUTSON. Mr. Speaker, I make the point of order that the gentleman has to rise to his feet when he makes an objection.

The SPEAKER. The point of order is sustained.

Mr. BYRNS. Mr. Speaker, may I ask the gentleman from Kansas if he really seriously intends to carry out his threat of interfering with the business of the House and preventing the Members' getting consideration of their bills by unanimous consent on this calendar merely because someone, in pursuance of his constitutional rights, objected to the gentleman's consuming 5 minutes' time in order to talk about Dr. Wirt, whom the gentleman has talked about every day since this investigation was started? Is that the gentleman's intention?

Mr. McGUGIN. That is one of the intentions, and the other one is that the gentleman from Tennessee, the majority leader, made the same objection and adjourned this House at 2:30 Friday rather than permit me to talk. That is the responsibility of that side of the House, and goes to the majority leader himself.

Mr. BYRNS. The other Members of the House feel that it is something more important to pass important legislation than to discuss Dr. Wirt, whom the gentleman has discussed at length already.

Mr. McGUGIN. The gentleman from North Carolina [Mr. BULWINKLE] spoke, and now I am denied the opportunity.

Mr. BYRNS. The gentleman from North Carolina [Mr. BULWINKLE] made an explanation. He made no further statement.

Mr. McGUGIN. I should have the right to have 5 minutes if the gentleman from North Carolina has 5 minutes.

Mr. BLANCHARD. Reserving the right to object, I want to ask the gentleman from Colorado a question in reference to this and similar bills. This proposes to extend the area of the national forest in the State of Colorado. I asked the similar question in reference to Calendar No. 124—that is, whether or not in the acquisition, additional private lands were involved?

Mr. TAYLOR of Colorado. Oh, no.

Mr. GOSS. Reserving the right to object, the gentleman knows my interest in these bills. I do not know that I have any objection to this, because it is a small amount of acreage which they can use. But the gentleman is familiar with the fact that in the other bill they asked an addition of 177,000 acres, when the Government will use only a part of it. I have talked with the gentleman from Colorado, and he knows my objection to putting in a large acreage which would be used over a period of from 40 to 50 years.

Mr. TAYLOR of Colorado. In answer to the gentleman from Connecticut, I will say that the Forest Service officials have made an extensive investigation of all the lands covered

by this bill and they are heartily in favor of this bill; in fact, the form of the bill and the specific lands included were prepared in cooperation with the Forest Service people. They say all these lands can and properly should be added to that forest reserve and it will not involve any additional expense of administration. They want to protect the foliage, prevent overgrazing and erosion, and conserve the water supply, which in part furnishes water to the city of Denver, and also for irrigation on the streams in the lower altitudes. There is on a large part of it a growth of brush and timber which is not at present of merchantable value. It is really a very beneficial measure. Practically all the people in that part of the State are in favor of it. I have had these bills pending for some 2 years, and I trust the gentleman will not object to either of them.

Mr. GOSS. Does not the gentleman realize that the Government is not going to use 177,000 acres? The gentleman knows of bills where they have got a million acres, and only 15,000 being used.

Mr. TAYLOR of Colorado. These lands quite largely cover the headwaters of several streams. These waters are very valuable and this measure will be used to conserve those water supplies, to prevent erosion, pollution, and waste of the water. These two bills are throughly practical and important conservation measures.

Mr. GOSS. I am interested in the gentleman's remarks about the water supply, and under the circumstances I withdraw the objection.

There being no further objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the following-described lands be, and the same are hereby, added to and made a part of the Cochetopa National Forest in the State of Colorado and are hereafter to be administered under the laws and regulations relating to the national forests:

Township 12 south, range 77 west, sixth principal meridian: West half southwest quarter section 11; west half northwest quarter, west half southwest quarter, and southeast quarter southwest quarter section 14; northwest quarter section 23; southwest quarter section 26; north half section 34; and northwest quarter section 35.

Township 12 south, range 79 west, sixth principal meridian: West half and southeast quarter section 16; all of sections 17 and 21; west half and southeast quarter section 22; and all of section 27.

Township 13 south, range 76 west, sixth principal meridian: Northeast quarter section 31; and west half northwest quarter section 32.

Township 13 south, range 77 west, sixth principal meridian: West half southwest quarter section 2; south half section 3; all of section 10; west half northwest quarter and west half southwest quarter section 11; west half and southeast quarter section 14; northeast quarter section 15; east half section 23; west half northwest quarter and west half southwest quarter section 24.

Township 13 south, range 79 west, sixth principal meridian: West half section 22; west half section 27; all of section 34.

Township 14 south, range 79 west, sixth principal meridian: All of sections 3 and 10; west half, west half northeast quarter, and west half southeast quarter section 11; and all of section 35.

Township 15 south, range 76 west, sixth principal meridian: East half and southwest quarter section 10; west half section 11; west half and southeast quarter section 14; all of sections 15, 21, 22, 23, 26, and 27; east half section 33; all of sections 34 and 35; and west half section 36.

Township 15 south, range 78 west, sixth principal meridian: South half southwest quarter section 7; west half section 18; west half section 30; west half and southeast quarter section 31; and southwest quarter section 32.

Township 15 south, range 79 west, sixth principal meridian: South half northeast quarter, south half northwest quarter, and south half section 1; all of section 2; east half section 11; all of sections 12 and 13; northeast quarter section 14; all of section 24; and north half section 25.

Township 44 north, range 4 east, New Mexico principal meridian: North half sections 3 and 4.

Township 44 north, range 6 east, New Mexico principal meridian: Sections 3, 4, 5, 8, 9, 10, 11, 12, 13, 14, 15, 16, 22, 23, and 24.

Township 45 north, range 4 east, New Mexico principal meridian: Sections 2, 11, 14, and 23.

Township 45 north, range 5 east, New Mexico principal meridian: East half section 32; sections 33, 34, 35, and 36.

Township 45 north, range 7 east, New Mexico principal meridian: Section 12.

Township 45 north, range 8 east, New Mexico principal meridian: Sections 17 and 18.

Township 46 north, range 5 east, New Mexico principal meridian: Section 19; west half, north half northeast quarter section 20; west half northwest quarter section 30.

Township 46 north, range 6 east, New Mexico principal meridian: Sections 4, 5, 8, 9, 11, 16, and 17.

Township 46 north, range 6 east, New Mexico principal meridian: Section 1; north half section 12; southwest quarter northwest quarter, west half southwest quarter section 13; northwest quarter southwest quarter, south half southwest quarter section 17; south half northeast quarter, southeast quarter section 18; east half section 19; northwest quarter, south half section 20; north half sections 22 and 23; northwest quarter northwest quarter section 24; section 29; east half section 30; northeast quarter section 31; and north half section 32.

Township 47 north, range 8 east, New Mexico principal meridian: Southwest quarter, west half southeast quarter section 2; west half, west half east half section 11; west half, west half east half section 14; west half section 24; sections 25 and 36.

Township 48 north, range 3 east, New Mexico principal meridian: Southeast quarter section 25; southwest quarter section 26; sections 27 and 28; north half, southeast quarter section 33.

Township 48 north, range 4 east, New Mexico principal meridian: Sections 1, 2, and 3; east half, east half west half, northwest quarter northwest quarter section 10; sections 11, 12, 13, and 14; northeast quarter, north half southeast quarter, southeast quarter southeast quarter section 15; sections 23, 24, 25, and 26, east half, southwest quarter section 27; south half section 28; east half southeast quarter section 29; southwest quarter section 30.

Township 48 north, range 5 east, New Mexico principal meridian: West half section 3; sections 4 and 9; west half section 10; sections 15, 16, 17, 19, 20, 21, 22, 25, 26, 27, 28, 29, 30, 35, and 36.

Township 48 north, range 7 east, New Mexico principal meridian: Section 1.

Township 48 north, range 8 east, New Mexico principal meridian: Sections 5, 6, 8, and 17.

Township 49 north, range 4 east, New Mexico principal meridian: Sections 25, 26, 27; east half section 28; sections 34, 35, and 36.

Township 49 north, range 5 east, New Mexico principal meridian: Section 16; east half section 17; northeast quarter section 20; section 21; west half sections 22 and 27; sections 28 and 33; west half section 34.

Township 49 north, range 7 east, New Mexico principal meridian: Sections 10, 15, 24, 25, and 26.

Township 49 north, range 8 east, New Mexico principal meridian: Sections 19, 20, 29, 30, 31, and 32.

Township 50 north, range 7 east, New Mexico principal meridian: Sections 1, 12; north half southwest quarter, west half southeast quarter section 13; sections 14 and 23.

Township 50 north, range 8 east, New Mexico principal meridian: East half section 1; east half section 12.

Township 50 north, range 9 east, New Mexico principal meridian: All of sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, and east half section 22; sections 23, 24, 25, and 26; east half section 27; section 36.

Township 50 north, range 10 east, New Mexico principal meridian: Entire township.

Township 51 north, range 8 east, New Mexico principal meridian: Section 19; east half section 25; section 30; east half section 36.

Township 51 north, range 9 east, New Mexico principal meridian: Entire township.

Township 51 north, range 10 east, New Mexico principal meridian: Sections 3, 4, 5, 6, 7, 8, 9, 10, 15, 16, 17, 18, 19, 20, 21, and 22; west half section 23; sections 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, and 36.

Provided, That the inclusion of any of the aforesaid land in the Cochetopa National Forest shall not affect adversely any valid application or entry pending at the date of the approval of this act.

With the following committee amendments:

Page 1, strike out lines 8 and 9.

Page 2, strike out lines 1, 2, 3, and 4.

Page 2, line 13, after the colon, strike all that follows up to and including the semicolon in line 15.

Page 3, line 9, after the semicolon following the number 18, insert the words "west half section 19; ".

Page 6, line 4, strike out the number "26" and insert in lieu the number "36."

Page 6, line 10, after the word "half", insert a comma.

Page 7, line 5, strike out the words "valid application or entry pending" and insert in lieu thereof the following words: "valid right existing under the public land laws."

The committee amendments were agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PIKE NATIONAL FOREST, COLO.

The Clerk called the next bill, H.R. 2858, to add certain lands to the Pike National Forest, Colo.

There being no objection, the Clerk read as follows:

Be it enacted, etc., That the following-described lands be, and the same are hereby, added to and made a part of the Pike National Forest, in the State of Colorado, and are to be hereafter

administered under the laws and regulations relating to the national forests:

Township 9 south, range 77 west, sixth principal meridian: West half northwest quarter and west half southwest quarter section 30; northwest quarter northwest quarter, south half northwest quarter, south half northeast quarter, and south half section 31; south half northwest quarter, south half northeast quarter, and south half section 32.

Township 10 south, range 77 west, sixth principal meridian: North half section 5; north half and southwest quarter section 6; west half section 7; west half and south half southeast quarter section 18; north half northwest quarter and north half northeast quarter section 19; southwest quarter section 30; and west half section 31.

Township 10 south, range 78 west, sixth principal meridian: South half section 35 and south half section 36.

Township 11 south, range 77 west, sixth principal meridian: West half southwest quarter and southeast quarter southwest quarter section 19; west half northwest quarter and west half southwest quarter section 27.

Township 11 south, range 78 west, sixth principal meridian: Sections 3, 10, 15, 22, and the west half southwest quarter section 14; west half northwest quarter and south half section 23; and the south half section 24.

The inclusion of any of the aforesaid land in the Pike National Forest shall not affect adversely any valid application or entry pending at the date of approval of this act.

With the following committee amendment:

On page 2, after line 20, insert:

"Township 12 south, range 77 west, sixth principal meridian: West half southwest quarter section 11; west half northwest quarter, west half southwest quarter, southeast quarter southwest quarter section 14; northwest quarter section 23; southwest quarter section 26; north half section 34, and northwest quarter section 35.

"Township 13 south, range 77 west, sixth principal meridian: West half southwest quarter section 2; south half section 3; all of section 10; west half northwest quarter and west half southwest quarter section 11."

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EXCHANGE OF LANDS ADJACENT TO NATIONAL FORESTS IN COLORADO

The Clerk called the next bill, H.R. 3206, for the exchange of lands adjacent to national forests in Colorado.

Mr. TRUAX. Mr. Speaker, I object.

Mr. MARTIN of Colorado. Will the gentleman reserve his objection?

Mr. TRUAX. I will withhold the objection to allow the gentleman from Colorado to make a statement.

Mr. MARTIN of Colorado. Apparently some controversy has developed between the Interior Department and the Department of Agriculture over these two bills. I should like to have this bill and the next bill passed over until the next Consent Calendar day to see whether or not they can adjust their differences on this legislation.

Mr. TRUAX. Mr. Speaker, the gentleman suggests there is some controversy between the Department of the Interior and the Department of Agriculture over these two bills. Both of these bills propose to give the Secretary of Agriculture complete power and authority to trade any piece of Government-owned land for any piece of privately owned land adjoining. Is that not true?

Mr. MARTIN of Colorado. Within 6 miles of the present existing boundaries of the national forests.

Mr. TRUAX. Mr. Speaker, I object.

PROVISIONS OF FOREST EXCHANGE ACT OF MARCH 20, 1922

The Clerk called the next bill, H.R. 5368, to extend the provisions of the Forest Exchange Act of March 20, 1922 (42 Stat. 465).

Mr. TRUAX. Mr. Speaker, I object.

Mr. MARTIN of Colorado. Will the gentleman withhold his objection until I can make a statement?

Mr. TRUAX. I withhold the objection.

Mr. MARTIN of Colorado. The Interior Department was represented all the time at the hearings before the Committee on the Public Lands when these bills were being considered. They made no objection whatever to these bills. On Saturday morning since these bills were reached the last time on the Consent Calendar, I received a letter transmitted by the Public Lands Committee stating objections which had been cured by amendment in the Committee on the Public Lands. I think the gentleman would be losing no rights to let these bills go over without objection to the next Consent Calendar day.

Mr. TRUAX. I would say that I personally want to stop legislation that gives such vast power and authority to any official, whether he be a Cabinet official or otherwise.

Mr. MARTIN of Colorado. I want to ask the gentleman if he is sure of the grounds on which he is basing his objection?

Mr. TRUAX. I am basing my objection on the bill and upon the report attached thereto.

Mr. BLANCHARD. Will the gentleman yield?

Mr. TRUAX. I yield.

Mr. BLANCHARD. What would be the basis upon which you could ever make any exchange of property?

Mr. TRUAX. You could get the exchanges ready for a committee of Congress to consider, and have it acted upon.

Mr. BLANCHARD. Oh, that would be impossible.

Mr. TRUAX. Oh, it could be done. It was done in Ohio when I was commissioner of public lands.

Mr. ZIONCHECK. On the next call of the Consent Calendar it will require three objections. There will be ample time in the meantime to discuss the matter.

Mr. TRUAX. Mr. Speaker, I object.

AMENDING UNITED STATES CRIMINAL CODE

The Clerk called the next bill, H.R. 7357, to amend section 109 of the United States Criminal Code so as to except officers of the United States Naval and Marine Corps Reserve not on active duty from certain of its provisions.

There being no objection, the Clerk read as follows:

Be it enacted, etc., That section 109 of the United States Criminal Code (U.S.C., title 18, sec. 198) be, and the same is hereby, amended by adding thereto another sentence reading as follows: "Officers of the United States Naval Reserve and Marine Corps Reserve, while not on active duty shall not, by reason solely of their appointments, oaths, commissions, or status as Reserve officers, or any duties or functions performed, or pay or allowances received as Reserve officers, be held or deemed to be officers or employees of the United States, or persons holding any office of trust or profit or discharging any official function under or in connection with any department of the Government of the United States."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ARMISTICE DAY

The Clerk called the next bill, H.R. 7597, declaring November 11 a legal public holiday, to be known as "Armistice Day."

Mr. BLANTON. Mr. Speaker, this bill, if passed, would create another national holiday, and we have too many of them already. We must not create any more national holidays. I object. Two other gentlemen will object, which makes the three objections required.

Mr. TABER. Mr. Speaker, I object.

Mr. SNELL. Mr. Speaker, I object.

RADIO ACT OF 1927

The Clerk called the next bill, S. 2660, to amend the Radio Act of 1927, approved February 23, 1927, as amended (44 Stat. 1162).

Mr. ZIONCHECK. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

AMENDING BANKRUPTCY ACT

The Clerk called the next bill, H.R. 8332, to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the act of July 1, 1898, entitled "An act to establish a uniform system of bankruptcy throughout the United States", as amended by the acts of February 5, 1903, June 15, 1906, June 25, 1910, March 2, 1917, January 7, 1922, May 27,

1926, February 11, 1932, and March 3, 1933, be, and it is hereby, amended by adding to chapter 8, section 74, entitled "Provisions for the Relief of Debtors", a new subsection, to be entitled subsection (q), as follows:

"(q) In the administration of the act of July 1, 1898, entitled 'An act to establish a uniform system of bankruptcy throughout the United States', approved July 1, 1898, as amended, the district court or any judge thereof shall make in its or his discretion such an equitable distribution of appointments as receiver as will prevent any persons, firms, or corporations from having a monopoly of such appointments within such district."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

AMELIA ISLAND LIGHTHOUSE RESERVATION

The Clerk called the next bill, H.R. 2828, to authorize the city of Fernandina, Fla., under certain conditions, to dispose of a portion of the Amelia Island Lighthouse Reservation.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That upon the payment of $1,000 by the city of Fernandina, Fla., to the Secretary of Commerce such city is authorized to convey, without regard to the conditions and limitations of paragraph (6) of section 1 and of section 2 of the act entitled "An act to authorize the Secretary of Commerce to dispose of certain lighthouse reservations, and to increase the efficiency of the Lighthouse Service, and for other purposes", approved May 22, 1926, and without regard to the conditions and limitations of the act entitled "An act to authorize the city of Fernandina, Fla., under certain conditions, to dispose of a portion of the Amelia Island Lighthouse Reservation", approved March 3, 1931, the land conveyed to such city pursuant to paragraph (6) of section 1 of the act approved May 22, 1926, a tract bounded on the south by so much of the shell road as crosses section 12, on the east by the eastern boundary of section 12 with a water front 960 feet more or less, on the north by a straight line extending from such eastern boundary for 1,000 feet, more or less, to the western boundary of section 12, and on the west by the western boundary of section 12 extending 1,000 feet, more or less, to the shell road, containing 20 acres, more or less. Any conveyance made by such city shall contain express conditions reserving to the United States (1) a perpetual easement for beams of light from the Amelia Island Lighthouse, and (2) the right to trim any trees and to limit the height of any structures erected on such property that may obstruct the beams of such light.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

TURTLE MOUNTAIN CHIPPEWA INDIANS—CONFERENCE REPORT

Mr. CARTWRIGHT submitted the conference report (Rept. No. 1247) to accompany the bill (S. 326) referring the claims of the Turtle Mountain Band or Bands of Chippewa Indians of North Dakota to the Court of Claims for adjudication and settlement.

CONSENT CALENDAR

LEVEE RIGHTS-OF-WAY, MISSISSIPPI VALLEY

The Clerk called the next bill on the Consent Calendar, H.R. 8018, to authorize payment for the purchase of, or to reimburse States or local levee districts for the cost of, levee rights-of-way for flood-control work in the Mississippi Valley, and for other purposes.

Mr. ELTSE of California. Mr. Speaker, reserving the right to object, I ask the author of the bill whether it does not call for reimbursement of States and local levee districts of several millions of dollars where levees have been constructed?

Mr. DEAR. It does not call for any appropriation. It is an authorization to reimburse the Levee Board for money expended to purchase rights-of-way for the Federal Government.

Mr. SNELL. In effect, it is an appropriation.

Mr. DEAR. No. The Government would spend this money anyway. In other words, the levee districts purchase rights-of-way for the Government because they can buy them at a very much lower price.

Mr. ELTSE of California. A tremendous amount of money is involved. These levee districts eventually will receive the money from the Government in some manner.

Mr. DEAR. Yes.

Mr. ELTSE of California. How many millions of dollars are involved?

Mr. DEAR. To carry on the flood-control program the War Department estimates that it will eventually spend $3,000,000; but if this bill is not passed, it will cost them $4,000,000.

Mr. ELTSE of California. Mr. Speaker, in view of the fact that so much money is involved in this bill, it seems to me it should receive more consideration; that at least it should be called up under suspension.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. ELTSE of California. I yield.

Mr. SNELL. In my opinion, this bill should receive more consideration than is possible to give it today. It should be fully explained. I cannot understand why this bill is necessary if they have these powers under the law as it exists at the present time.

Mr. WILSON. I will explain the bill if the gentleman wishes.

Mr. SNELL. No; I think we should have more time for its consideration. We may want a roll call on it.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. ELTSE of California. Mr. Speaker, I object.

CALIFORNIA DEBRIS COMMISSION

The Clerk called the next bill, H.R. 1503, to amend the act entitled "An act to create the California Debris Commission and regulate hydraulic mining in the State of California", approved March 1, 1893, as amended.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 18 of the act entitled "An act to create the California Debris Commission and regulate hydraulic mining in the State of California", approved March 1, 1893, as amended (U.S.C., title 33, sec. 678), is amended to read as follows:

"SEC. 18. The said commission may, at any time when the condition of the navigable rivers or when the capacities of all impounding and settling facilities erected by mine owners or such as may be provided by Government authority require same, modify the order granting the privilege to mine by the hydraulic mining process so as to reduce the amount thereof to meet the capacities of the facilities then in use; or, if actually required in order to protect the navigable rivers from damage or in case of failure to pay the tax prescribed by section 23 hereof within 30 days after same becomes due, may revoke same until the further notice of the Commission."

SEC. 2. Section 23 of such act, as amended (U.S.C., title 33, sec. 683), is amended to read as follows:

"SEC. 23. Upon the construction by the said commission of dams or other works for the detention of debris from hydraulic mines and the issuing of the order provided for by this act to any individual, company, or corporation to work any mine or mines by hydraulic process, the individual, company, or corporation operating thereunder working any mine or mines by hydraulic process, the debris from which flows into or is in whole or in part restrained by such dams or other works erected by said commission, shall pay for each cubic yard mined from the natural bank a tax equal to the total capital cost of the dam, reservoir, and rights-of-way divided by the total capacity of the reservoir for the restraint of debris, as determined in each case by the California Debris Commission, which tax shall be paid annually on a date fixed by said commission and in accordance with regulations to be adopted by the Secretary of the Treasury, and the Treasurer of the United States is hereby authorized to receive the same. All sums of money paid into the Treasury under this section shall be set apart and credited to a fund to be known as the "debris fund", and shall be expended by said commission under the supervision of the Chief of Engineers and direction of the Secretary of War, in addition to the appropriations made by law in the construction and maintenance of such restraining works and settling reservoirs, as may be proper and necessary: *Provided*, That said commission is hereby authorized to receive and pay into the Treasury from the owner or owners of mines worked by the hydraulic process, to whom permission may have been granted so to work under the provisions thereof, such money advances as may be offered to aid in the construction of such impounding dams, or other restraining works, or settling reservoirs, orsites therefor, as may be deemed necessary by said commission to protect the navigable channels of said river systems, on condition that all moneys so advanced shall be refunded as the said tax is paid into the said debris fund: *And provided further*, That in no event shall the Government of the United States be held liable to refund same except as directed by this section."

With the following committee amendments:

Page 3, lines 10 and 11, strike out the words "in addition to the appropriations made by law in the construction and maintenance of such" and insert in lieu thereof the following: "For repayment of any funds advanced by the Federal Government or other agency for the construction of."

Page 3, lines 14 and 15, strike out "as may be proper and necessary" and insert in lieu thereof "and for maintenance: *Provided.*"

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

LIGHTHOUSE DEPOT, NEW ORLEANS, LA.

The Clerk called the next bill, H.R.7488, authorizing the Secretary of Commerce to acquire a site for a lighthouse depot at New Orleans, La., and for other purposes.

Mr. ELTSE of California. Mr. Speaker, reserving the right to object, I notice on page 2 of the bill that the Secretary of Commerce is authorized to erect upon such site certain wharves, docks, and other structures. This is an indirect appropriation of money, is it not?

Mr. FERNANDEZ. No. The sum of $177,000 was allocated by the P.W.A.

The depth of water in the inner harbor canal is only 9 feet, whereas on the river front there is a depth of from 40 to 60 feet. The acquisition of this site in reality will save the Government money.

Mr. ELTSE of California. The gentleman notices that the bill authorizes the expenditure of $20,000 for the purchase of the site in the first instance, and in the second instance it authorizes the Secretary of Commerce to construct wharves and docks. In the first instance, it is stated that funds may be allotted and made available for this project by proper authority.

Mr. FERNANDEZ. Yes.

Mr. ELTSE of California. Why should there not be the same amendment with respect to the construction of the wharves and docks?

Mr. FERNANDEZ. I may say to the gentleman that the amendments were prepared by the Department of Commerce.

Mr. ELTSE of California. Is the gentleman agreeable to having the same amendment added to the other provision?

Mr. FERNANDEZ. That is perfectly agreeable.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of Commerce is hereby authorized to acquire, by purchase from the Board of Commissioners of the Port of New Orleans, New Orleans, La., a 99-year lease of a site on which is to be located the New Orleans Lighthouse Depot for a consideration of $20,000 for the 99 years, payment thereof to be made upon approval of the lease by the Secretary of Commerce. The site shall contain approximately 2.28 acres, description of which by metes and bounds shall be incorporated in the lease; and the Secretary of Commerce is authorized to erect upon such site such wharves, docks, and other structures as he may determine to be feasible and suitable for the purposes of the lighthouse depot.

SEC. 2. Payment for the purchase of the lease and for the erection of necessary structures and other improvements for the lighthouse depot is authorized to be made from funds allotted by the Public Works Administrator made available in the National Industrial Recovery Act, approved June 16, 1933.

With the following committee amendments:

Page 1, lines 5 and 6, strike out the words "99-year lease" and insert the words "lease for not exceeding 99 years" in lieu thereof.

Line 7, after word "of", insert words "not exceeding."

Line 9, after word "Commerce", strike out period, and add the following words: "from funds allotted and made available for this project by proper authority."

Strike out section 2.

The committee amendments were agreed to.

Mr. ELTSE of California. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ELTSE of California: Page 2, line 9, after the word "depot", strike out the period and insert the following: "and to make payment therefor from funds allotted and made available for this project by proper authority."

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PASS A'LOUTRE LIGHTHOUSE RESERVATION, LA.

The Clerk called the next bill, H.R. 7551, authorizing the Secretary of Commerce to dispose of the Pass A'Loutre Lighthouse Reservation, La.

Mr. ELTSE of California. Mr. Speaker, reserving the right to object, has the gentleman from Louisiana any objection to the inclusion of an amendment in this bill providing that title shall revert to the United States in the event the lands are no longer used for park purposes?

Mr. FERNANDEZ. There is no question of a park involved. This is an old lighthouse reservation. Due to the need for economy, the Government has had to abandon this lighthouse, and the land simply reverts to the State of Louisiana.

Mr. ELTSE of California. The bill as drawn reads that the Secretary of Commerce is hereby authorized to convey by quitclaim deed to the State of Louisiana for State park purposes.

Mr. FERNANDEZ. I am familiar with this land. They could not possibly use it for a park. There are only 200 acres on the site, and it is on an island. I would have no objection, however, to the amendment suggested by the gentleman from California.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of Commerce is hereby authorized to convey by quitclaim deed to the State of Louisiana for State park purposes the Pass A'Loutre Lighthouse Reservation, La., and all appurtenant structures located thereon, said reservation being described as follows: A tract of land known as the "Pass A'Loutre Lighthouse Reservation", situated in township 22 south, range 21 east, on the southwest portion of Middle Ground at the confluence of North Pass and Pass A'Loutre, Mississippi River Delta, La., comprising all that portion of sections 1 and 2 on Middle Ground west of a bayou which runs approximately north and south across Middle Ground, the mouth of said bayou being about 760 yards east of Pass A'Loutre Lighthouse tower, containing approximately 200 acres.

Mr. ELTSE of California. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ELTSE of California: Page 2, line 6, after the word "acres", strike out the period and insert a colon and add the following: "*Provided*, That if the use of the land is discontinued for park purposes the title shall revert to the United States."

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

WITHDRAWAL OF PUBLIC LANDS FROM SETTLEMENT

The Clerk called the next bill, H.R. 4349, to withdraw certain public lands from settlement and entry.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the public lands of the United States within the boundaries hereinafter described are hereby withdrawn from settlement, location, sale, and entry under the public-land laws of the United States for a local park, recreational purposes, and for securing favorable conditions of water flows. The lands herein referred to are located in the State of California and more particularly bounded and described as follows:

The east half section 32, township 20 north, range 5 east, Mount Diablo base and meridian, containing 320 acres: *Provided*, That the Board of Supervisors of Butte County, in which said lands are located, shall make and enforce all such local, police, sanitary, and other rules and regulations, not inconsistent with the rights of the United States therein, as may be necessary for the preservation and use of said lands by the public as a local public park and recreation ground and for the preservation of animal life thereon, for the preservation of order thereon, and for the purpose of securing favorable conditions of water flows therefrom, including the right to construct roads and trails thereon and a conduit or ditch for conveying water for the public-park uses in immediate connection therewith: *Provided further*, That this act shall not defeat or affect any lawful rights which have already attached under the public land or mining laws: *Provided further*, That the Secretary of the Interior may, when in his judgment the public interest would be best served thereby, restore to settlement, location, sale, or entry any of the lands hereby withdrawn therefrom: *And provided further*, That such lands shall be subject to a reservation of the right of the United States or its permittees or licensees to enter

upon, occupy, and use any part or all of said lands necessary in the judgment of the Federal Power Commission for the purposes of the Federal Water Power Act with payment by the United States or any licensee for damages to improvements made by the Board of Supervisors of Butte County, Calif.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

RETAIL LIQUOR DEALERS' STAMP TAX

The Clerk called the next bill, H.R. 3768, to change the name of the retail liquor dealers' stamp tax in the case of retail drug stores or pharmacies.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the first paragraph of subdivision "Fourth" of section 3244 of the Revised Statutes, as amended (U.S.C., title 26, sec. 205 (a)), is amended by adding at the end thereof a new sentence to read as follows: "The tax required to be paid by this paragraph shall, in case of a retail drug store or pharmacy making sales of liquors through a duly licensed pharmacist, be designated as a 'medicinal spirits stamp tax.'"

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GREAT SMOKY MOUNTAINS NATIONAL PARK

The Clerk called the next bill, H.R. 7360, to establish a minimum area for the Great Smoky Mountains National Park, and for other purposes.

Mr. GOSS. Mr. Speaker, I reserve a point of order to section 2 of the bill on the ground that it carries an appropriation. If the gentleman would accept an amendment in line 5, page 2, striking out the words "and made available" and insert in line 9 after the word "hereby", "authorized to be made", I should not have to make the point of order. Otherwise I am compelled to make the point of order because this carries an appropriation. Would the gentleman be willing to make simply an authorization of an appropriation out of this?

Mr. WEAVER. Mr. Speaker, the amendment will be satisfactory.

Mr. TAYLOR of Tennessee. Mr. Speaker, reserving the right to object, may I call attention of the author of the bill to the fact that in Tennessee there are quite a few suits pending and some judgments against the commission down there growing out of the acquisition of the Smoky National Park. I should like to know if the gentleman thinks the language of this bill is sufficient to authorize the Secretary of the Interior to adjust those controversies and pay off the judgments.

Mr. WEAVER. I am quite sure, Mr. Speaker, that that will be the case.

Mr. TAYLOR of Tennessee. May I also ask the gentleman if, under the Executive order which affords the basis for this legislation, the Secretary of the Interior expects to utilize the Tennessee Commission and the North Carolina Commission in the acquisition of this additional territory?

Mr. WEAVER. I may say to the gentleman from Tennessee that if he will read the Executive order under which the allocation of these lands has been made, he will find that it provides that the Secretary of the Interior may proceed through such other agencies, Federal or otherwise, as the Secretary of the Interior may designate, and that it is proposed, as I understand it, to proceed through the respective commissions of the two States in order to complete the area under the allocation of funds previously set aside.

Mr. TAYLOR of Tennessee. Just as they have proceeded heretofore?

Mr. WEAVER. Just as they have proceeded in the case of other acquisitions.

Mr. TAYLOR of Tennessee. The explanation meets the objections I have had registered with me and I withdraw the reservation.

Mr. WOLCOTT. Mr. Speaker, reserving the right to object, a great many complaints have come to me concerning the bonds of the municipalities in the district which is to be taken over for the Smoky Mountains National Park. Is there some way in which we can protect the bondholders by legislation? I know of one insurance company that has some bonds of a municipality down there. Part of the municipality was taken over by the Smoky Mountains National Park. I am informed at the Interior Department that the State or the municipality had to acquire this land and that the State or municipality must retire these bonds, there being no obligation on the part of the Federal Government. This being the case, the holders of the bonds apparently have no redress after the property is made a part of the National Parks System.

Mr. WEAVER. I may say to the gentleman that that matter could not be taken care of in this legislation. As a matter of fact, the land on the North Carolina side was taken from two counties, Swain and Haywood, and, of course, this naturally withdrew some land from taxation, just like the addition of forestry land. This is a matter which will have to be considered, and I may say I have introduced a bill, which is now pending, covering this matter.

Mr. WOLCOTT. I knew that this particular bill was not the proper bill in which to include the matter, and I am glad the gentleman has introduced another bill which will protect the bondholders. I withdraw my reservation.

Mr. GOSS. Mr. Speaker, reserving the right to object, may I ask the author of the bill if in his opinion, even with the amendments suggested, an appropriation would not still be possible on account of the fact that the President is authorized $2,325,000 for the acquisition of land under his Executive order already; and even by inserting the amendments that have been suggested here, would it not be possible to acquire additional lands under this language: "All funds heretofore allocated and made available by Executive order or otherwise or which hereafter may be allocated for the acquisition of lands", and so forth? If it were not for the P.W.A. funds, the amendment would be all right, but in view of the P.W.A. funds you would get the appropriation anyway.

Mr. WEAVER. I think so.

Mr. GOSS. So that I would have to make the point of order against section 2 on the ground it carries an appropriation.

Mr. WEAVER. I may say to the gentleman that under the deficiency act the President, in his Executive order, as the gentleman will note, has allocated certain funds for the acquisition of lands necessary to complete the Smoky Mountains National Park under what I term the "Reforestation Act." In the deficiency act last year a certain amount of money was set aside for these purposes. The President has been very anxious to complete the purchase of this park.

Mr. GOSS. May I ask the gentleman why he is here with this bill?

Mr. WEAVER. The purpose of the bill originally was to transfer lands so acquired under the Reforestation Act in order to become a part of the national parks system.

Mr. GOSS. Section 1 will do that. Section 2 makes an appropriation. The Appropriations Committee is opposing all bills which carry appropriations from the Legislative Committee.

Mr. WEAVER. I may say that this park was undertaken to be established by Dr. Work, when he was Secretary of the Interior. We went ahead, through the two States of North Carolina and Tennessee, and North Carolina voted $2,000,000 of bonds. Tennessee did likewise, and the city of Knoxville, as I recall, contributed largely, and certain private subscriptions were taken. These were not sufficient to complete the park, whereupon the Rockefeller Foundation, in order to establish a great memorial for Laura Spellman Rockefeller, agreed to donate $5,000,000 to match the money furnished by the States and by private subscriptions.

Mr. GOSS. The gentleman is now arguing his case, and I want to make it very clear to him that I have no objection to the merits of the proposition or to having them go ahead and complete the park. My only objection is that a legislative committee has no right under the rules of the House to come in with an appropriation to do the job, and if we strike out section 2 and you get the authorization, you can then come to the Appropriations Committee, as the gentle-

man well knows, put your case up to them, and if, in their opinion, it is wise to spend two-million-three-hundred-odd-thousand dollars on this project now, undoubtedly they will report the money; but as one member of the permanent appropriations subcommittee of that committee, I have been asked by other members of the committee to object and use all parliamentary tactics possible to stop appropriations being made by legislative committees. It is not only the gentleman's bill that is involved but every similar bill we can find on the calendar.

Mr. TAYLOR of Tennessee. Would the gentleman withdraw his objection and permit——

Mr. GOSS. I will withdraw the objection and make a point of order on section 2, I may say to the gentleman, and that would give an authorization.

Mr. TAYLOR of Tennessee. Will the gentleman withdraw his point of order and permit the bill to be passed over without prejudice?

Mr. WEAVER. Let it go over until we can give the matter further consideration.

Mr. TAYLOR of Tennessee. So we can prepare an amendment that will meet the gentleman's objection.

Mr. GOSS. Yes; but I may suggest to the gentlemen that they will have to rewrite section 2 absolutely in order not to have an appropriation or make the money available out of funds allocated.

Mr. TAYLOR of Tennessee. That is all right.

Mr. WEAVER. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. McGUGIN. Mr. Speaker, I ask unanimous consent to answer the remarks made by the gentleman from New York [Mr. O'CONNOR], for 10 minutes, after the Speaker has presented certain notes to the House.

Mr. TRUAX. Mr. Speaker, in the absence of the gentleman from New York [Mr. O'CONNOR], I shall be forced to object.

Mr. McGUGIN. You will not let me take the floor and answer a willful deliberate statement to destroy the character of a Member of the House?

Mr. TRUAX. I will let you answer when Mr. O'CONNOR is present.

Mr. McGUGIN. Am I responsible for his not being here?

Mr. TRUAX. No; but I am.

The SPEAKER. Objection is heard. The Clerk will call the next bill.

Mr. McGUGIN. Mr. Speaker, I make the point of no quorum.

The SPEAKER. The Chair will count.

Mr. McGUGIN. Mr. Speaker, I withdraw the point of no quorum.

COOPERATIVE EFFORTS OF STATES TO PREVENT CRIME

The Clerk called the next bill, H.R. 7353, granting the consent of Congress to any two or more States to enter into agreements or compacts for cooperative effort and mutual assistance in the prevention of crime, and for other purposes.

Mr. TRUAX. Mr. Speaker, I understand this is one of a series of bills that has been asked by the Department of Justice.

Mr. McKEOWN. I am not so sure that this bill is included among them, but this is a bill that has been considered for some time.

Mr. McGUGIN. Mr. Speaker, I object.

Mr. McKEOWN. Does the gentleman object to the consideration of this bill?

Mr. McGUGIN. I withdraw my objection.

Mr. WOLCOTT. Mr. Speaker, reserving the right to object——

Mr. McGUGIN. Mr. Speaker, I make the point of no quorum.

Mr. Speaker, I am advised they will call Mr. O'CONNOR over here, and I therefore withdraw my point of no quorum.

Mr. WOLCOTT. Mr. Speaker, I understand the gentleman has withdrawn his point of no quorum, and we are considering Calendar No. 159.

The SPEAKER. The gentleman is correct.

Mr. WOLCOTT. Mr. Speaker, I understand this bill will authorize two States to enter into an agreement, which is prohibited under the Constitution at the present time, without authority from Congress, so that the officers of one State can go over the line and arrest, within a certain number of yards or miles, certain offenders, and that the court on either side of the State line may have jurisdiction.

I think this is very worth-while legislation and I withdraw my reservation of objection.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the consent of Congress is hereby given to any two or more States to enter into agreements or compacts for cooperative effort and mutual assistance in the prevention of crime and in the enforcement of their respective criminal laws and policies, and to establish such agencies, joint or otherwise, as they may deem desirable for making effective such agreements and compacts.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

SUBJECTING RECEIVERS TO STATE TAXATION

The Clerk called the next bill on the calendar, H.R. 8544, making receivers appointed by any United States courts and authorized to conduct any business or conducting any business subject to taxes levied by the State the same as if such business were conducted by private individuals or corporations.

The SPEAKER pro tempore (Mr. BROWN of Kentucky). Is there objection?

Mr. TRUAX. I want to ask the gentleman what particular class of people this bill proposes to make subject to taxation?

Mr. McKEOWN. A great many receivers in oil cases have been held by the court not liable to pay taxes. They do not pay the gasoline taxes to the State. There are thousands of dollars being lost to the State, because these receivers in gasoline and oil cases are not liable to pay those taxes. In the receivers for bank cases they do not have to pay the taxes to the State.

Mr. TRUAX. The bill is to collect taxes from corporations?

Mr. McKEOWN. Yes; in cases where there are receivers appointed to run the business.

Mr. TRUAX. Well, I am heartily in favor of collecting taxes from corporations. I withdraw my objection.

There being no further objection, the Clerk read the bill, as follows:

Be it enacted, etc., That any receiver appointed by any United States court who is authorized by said court to conduct any business, or who does conduct any business, shall be subject to all State and local taxes applicable to such business the same as if such business were conducted by an individual or corporation.

Mr. WOLCOTT. Mr. Speaker, I offer the following amendment.

The Clerk read as follows:

Page 1, line 3, after the word "receiver", insert the words "liquidator, referee, trustee, or other officer or agent."

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EXPENSES OF REPRESENTATIVES TO MEET AT ISTANBUL, TURKEY

The Clerk called the next joint resolution on the calendar, House Joint Resolution 295, authorizing appropriation for expenses of representatives of the United States to meet at Istanbul, Turkey, with representatives of Turkish Republic for purpose of examining claims of either Government against the other, and for expense for proceedings before an umpire, if necessary.

The SPEAKER pro tempore. Is there objection?

Mr. WOLCOTT. Reserving the right to object, this bill authorizes an appropriation of $90,000. We should have more time to consider it than is given in the consideration of this calendar. So I am constrained to object. I should like some time to be set for its consideration or take it up under suspension of the rules, by which we can have time to consider it.

Mr. McREYNOLDS. I want to say this: This is for the purpose of carrying out a treaty between this country and Turkey. The treaty has been ratified. There are some 2,500 of our citizens who are interested in this claim.

Mr. BLANTON. Mr. Speaker, under reservation to object, I would state that I have no objection to the gentleman from Tennessee making a full and complete statement, but the last business transaction on this matter we had with Turkey was in 1923. Eventually I am going to object, because it will take $90,000 out of our Treasury, and I do not think we will ever get any of it back.

Mr. McREYNOLDS. I want to say that this arbitration is for the purpose of collecting claims of our citizens, and when they are collected that amount is to be paid into the Treasury of the United States, and whatever expenses our Government is put to is to be taken out of those claims. So it does not cost the Government one cent.

Mr. TRUAX. What is the entire amount of the claims?

Mr. McREYNOLDS. About $20,000,000.

Mr. TRUAX. And of how long standing?

Mr. McREYNOLDS. 1914 to 1922.

Mr. TRUAX. Have any attempts been made to collect them before?

Mr. McREYNOLDS. Yes; since 1923.

Mr. TRUAX. How does the gentleman expect to collect these claims now if he was not able to collect them before?

Mr. McREYNOLDS. Because they did not have the treaty ratified and the agreement reached.

Mr. BLANTON. But the gentleman from Tennessee [Mr. McREYNOLDS] knows that there has not been a thing done about this since 1923.

Mr. McREYNOLDS. No.

Mr. BLANTON. Well, what has been done?

Mr. McREYNOLDS. The treaty has been ratified.

Mr. BLANTON. But that treaty of 1923 provided that it must be done within 6 months and not later than 1 year. The gentleman from Tennessee will be fair enough to admit that unless we collect something from Turkey we will be out $90,000.

Mr. McREYNOLDS. Or whatever the Appropriations Committee appropriates.

Mr. BLANTON. But this bill carries $90,000.

Mr. McREYNOLDS. It only carries an authorization.

Mr. BLANTON. For $90,000.

Mr. McREYNOLDS. If necessary, it does.

Mr. BLANTON. The gentleman knows that whatever appropriation this House authorizes, the Committee on Appropriations, as its servant, will appropriate; if we pass this bill, authorizing $90,000, that sum of $90,000 will be taken out of the Treasury, and unless we make collection from Turkey of this claim running back to 1919, we will not get a cent of that $90,000 back. Under those circumstances, I am going to have to object.

Mr. TRUAX. Will the gentleman yield?

Mr. WOLCOTT. Mr. Speaker, I have the floor and I yielded to the gentleman from Texas to make a statement. I just want to protect my status.

Mr. TRUAX. Will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. TRUAX. I want to ask this question of the gentleman from Tennessee, as to whether or not this appropriation provides for a commission to visit Turkey the coming season?

Mr. McREYNOLDS. In accordance with this agreement, the President has one man over there now; already there.

Mr. TRUAX. Does it take $90,000 to finance him?

Mr. McREYNOLDS. No. Let me read from what the Secretary of State had to say about this:

> Therefore, according to the terms of the notes above mentioned, the claims committee provided for therein met at Istanbul on August 15, 1933. It was decided, however, that, instead of proceeding to consider the cases on their individual merits, an effort should be made to arrange a lump sum settlement of the claims, if possible. For that purpose it was not deemed necessary to designate, as American representatives, experts in international law, and consequently the counselor and commercial attaché of the Embassy at Istanbul were so designated. After several months of negotiations, efforts to arrange a lump sum settlement proved unsuccessful.

In other words, they tried to settle it in that way so as not to have even any expense in connection with this settlement.

Mr. WOLCOTT. What is the nature of these claims? Are they war claims?

Mr. McREYNOLDS. They arose out of the war.

Mr. WOLCOTT. For the destruction of property of American citizens?

Mr. BLANTON. Back to 1914.

Mr. McREYNOLDS. From 1914 to 1922.

Mr. WOLCOTT. Now, why should the American Government appropriate $90,000 for the purpose of sending a commission to Istanbul? We have machinery set up here in Washington. If they owe these bills, it seems to me that through our consular office and their consular office they might get together and make some agreement concerning these matters.

Mr. BLANTON. And our Diplomatic Service over there is the one that should attend to it.

Mr. McREYNOLDS. These are claims where proof will have to be made. We have tried it under the Diplomatic Service. Under the treaty the President has already sent one man over there. They will have a committee from each nation and have to have an arbitrator. As to this $90,000, it says, "$90,000, or whatever is necessary." It is up to the Committee on Appropriations to have a detailed statement, if they desire, to see what is necessary. I think American citizens should be protected, and as long as we are undertaking to collect these claims for American citizens and that money is paid into the Treasury and then the expense of the collection is taken out, I can see no reason why this House should not permit that to be done.

Mr. TRUAX. Why not send a commission to France? Why not send a commission to England and Russia and every other nation?

Mr. BLANTON. Will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Texas.

Mr. BLANTON. If I thought as my friend from Tennessee [Mr. McREYNOLDS] thinks, that we would ever collect this money from Turkey for the American people, I would not hesitate to vote for this $90,000, but from my experience in watching these things for years, I do not believe we will ever get a red cent out of Turkey and that eventually we will lose this $90,000, and therefore I object.

Mr. TRUAX. And I second the objection of the gentleman from Texas [Mr. BLANTON].

MOUNT HOOD NATIONAL FOREST

The Clerk called the next bill, S. 1506, to amend the United States mining laws applicable to the Mount Hood National Forest within the State of Oregon.

Mr. ZIONCHECK. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection?

There was no objection.

GENOA INDIAN SCHOOL, NEBRASKA

The Clerk called the next bill, H.R. 7241, to authorize the Secretary of the Interior to convey the lands and property used for the United States Indian school at Genoa, Nebr., to the State of Nebraska.

Mr. HOWARD. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Nebraska [Mr. HOWARD]?

There was no objection.

MAMMOTH CAVE NATIONAL PARK, KY.

The Clerk called the next bill, H.R. 4935, to amend the act of May 25, 1926, entitled "An act to provide for the establishment of the Mammoth Cave National Park in the State of Kentucky, and for other purposes."

Mr. ELTSE of California. Mr. Speaker, I reserve the right to object.

Mr. O'MALLEY. Mr. Speaker, I reserve the right to object.

Mr. GOSS. Mr. Speaker, will the gentleman yield?

Mr. O'MALLEY. I yield.

Mr. GOSS. The author of this bill is a member of the Appropriations Committee, which is now meeting. It is possible he is with the committee.

Mr. BLANTON. Mr. Speaker, our colleague from New Mexico was called out. He will be back in a minute. I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

PERSONAL PRIVILEGE

Mr. McGUGIN. Mr. Speaker, I rise to a question of personal privilege.

The SPEAKER pro tempore (Mr. BROWN of Kentucky). The gentleman will state it.

Mr. McGUGIN. A few moments ago the gentleman from New York [Mr. O'CONNOR] took the floor and made this statement:

Mr. Speaker, the gentleman from Kansas was conscious that he was violating the rules of this House by extending his remarks——

Mr. BLANTON. Mr. Speaker, I make the point of order there is not a quorum present.

The SPEAKER pro tempore. The Chair will count. [After counting.] There is not a quorum present.

Mr. BLANTON. Mr. Speaker, I move a call of the House.

The question was taken; and on a division (demanded by Mr. TRUAX) there were—ayes 47, noes 3.

So a call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 127]

Abernethy	Cooper, Ohio	Haines	Peterson
Allen	Corning	Hamilton	Ransley
Allgood	Crosby	Hart	Rayburn
Andrew, Mass.	Crowe	Hartley	Reid, Ill.
Andrews, N.Y.	Crowther	Hill, Knute	Richardson
Auf der Heide	Crump	Hoidale	Schaefer
Bakewell	Darrow	Imhoff	Simpson
Beck	Deen	Jacobsen	Sinclair
Boehne	Delaney	James	Sirovich
Boylan	Douglass	Jeffers	Smith, W.Va.
Brooks	Doutrich	Jenkins, Ohio	Somers, N.Y.
Browning	Doxey	Johnson, W.Va.	Stalker
Brumm	Duncan, Mo.	Kee	Stokes
Buckbee	Edmonds	Kelly, Pa.	Studley
Burke, Calif.	Ellenbogen	Kocialkowski	Sullivan
Cannon, Mo.	Fiesinger	Kurtz	Sutphin
Cannon, Wis.	Fitzgibbons	Lamneck	Traeger
Carley	Flannagan	Lea, Calif.	Treadway
Carpenter, Nebr.	Foulkes	Lehlbach	Underwood
Carter, Wyo.	Frey	Lesinski	Wadsworth
Cary	Fulmer	Lindsay	Waldron
Cavicchia	Gavagan	McLean	Wallgren
Celler	Gifford	Maloney, Conn.	Weideman
Chapman	Gillespie	Martin, Mass.	Willford
Collins, Calif.	Gillette	Martin, Oreg.	Wood, Mo.
Collins, Miss.	Granfield	Milligan	
Connery	Griswold	Montague	

The SPEAKER. Three hundred and twenty-four Members have answered to their names, a quorum.

On motion of Mr. BYRNS, further proceedings under the call were dispensed with.

COMMITTEE ON RULES

Mr. McCLINTIC. Mr. Speaker, at the request of the gentleman from North Carolina [Mr. DOUGHTON], I present a privileged resolution and move its adoption.

The Clerk read as follows:

House Resolution 333

Resolved, That J. BAYARD CLARK, of North Carolina, be, and he is hereby, elected a member of the standing Committee of the House on Rules.

The resolution was agreed to.

COMMITTEE ON ELECTIONS NO. 1

Mr. McCLINTIC. By direction of the Committee on Ways and Means I present a privileged resolution and move its adoption.

The Clerk read as follows:

House Resolution 334

Resolved, That HOMER C. PARKER, of Georgia, be, and he is hereby elected Chairman of the standing Committee of the House on Elections No. 1.

The resolution was agreed to.

PERSONAL PRIVILEGE

Mr. McGUGIN. Mr. Speaker, I rise to a question of personal privilege.

The SPEAKER. The gentleman will state it.

Mr. McGUGIN. Mr. Speaker, this afternoon the gentleman from New York made a statement which affects the integrity, character, and conduct of me individually as a Member of this House. That statement in part is as follows:

The gentleman did not at any time obtain unanimous consent to extend his remarks in the RECORD. The gentleman from Kansas was conscious that he was violating the rules of the House by extending his remarks without permission. I have seldom seen such a gross violation of the rules of this House where a man deliberately and intentionally places a long extension of remarks in the RECORD without permission being granted by the House. He knew this and was attempting to perpetuate an extension which had been exhausted on the previous day.

Now, Mr. Speaker, that statement is wholly untrue.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield right there?

Mr. McGUGIN. No; I did not interfere with the gentleman from New York when he was assailing me.

Mr. Speaker, I have taken this matter up with the stenographer who took the notes, and the original notes in the book of the reporter disclose the following as a part of the proceedings of Friday, April 13:

Mr. McGUGIN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

Mr. ZIONCHECK. Reserving the right to object, upon what subject?

Mr. McGUGIN. On the attempt to curb Dr. Wirt.

The SPEAKER. Is there objection? (After a pause.) The Chair hears none.

Mr. Speaker, it is my contention that these statements by the gentleman from New York accusing me of extending remarks without permission, and doing it deliberately, when those statements are false and the gentleman from New York could have with due diligence ascertained that they were false constitute a question of personal privilege for me to present to the House, under rule IX, which deals with this matter. It reads as follows:

Questions of privilege shall be, first, those affecting the rights of the House collectively, its safety, dignity, and the integrity of its proceedings; second, the rights, reputation, and conduct of Members, individually, in their representative capacity only.

Mr. Speaker, with the RECORD containing the statement made by the gentleman from New York, that I deliberately violated the rules of this House and deliberately slipped into the RECORD an extended speech contrary to the rules of this House, my reputation as a Member of this body is so affected that any citizen in this land, who believes I did that, has a right to believe that I am unfit to be a Member of the House. I, therefore, request the right to address the House and discuss this matter in greater detail for the usual time allotted a Member to present a question of personal privilege.

Mr. O'CONNOR. Mr. Speaker, I desire to be heard on the question of personal privilege.

The SPEAKER. The Chair will hear the gentleman.

Mr. O'CONNOR. Mr. Speaker, we Members of the House feel we are entitled to rely upon the CONGRESSIONAL RECORD as to what happens in this body. The reporters here are

supposed to take down, as we understand there is supposed to be in the CONGRESSIONAL RECORD, every word uttered in this House. I have, on some occasions, insisted that that be done.

This morning's CONGRESSIONAL RECORD, upon which my statement was based, contains not one word that the gentleman from Kansas——

Mr. TABER. Mr. Speaker, a point of order. The gentleman is not speaking to the question of privilege.

Mr. O'CONNOR. I am speaking to the question.

Mr. TABER. The gentleman is not speaking to the question of privilege.

The SPEAKER. The Chair will hear the gentleman.

Mr. TABER. The gentleman is discussing an entirely different question.

The SPEAKER. The Chair thinks he is speaking to the question.

Mr. O'CONNOR. The gentleman from Kansas just now accused me of making a false statement. The CONGRESSIONAL RECORD of this morning does not contain one word to the effect that the gentleman ever asked for unanimous consent to extend his remarks, that the Speaker ever recognized him, or that there was any pause. There is not on any page of the printed RECORD of this House anything to that effect, and that is why I rose here this morning.

Mr. WOODRUM. Will the gentleman yield?

Mr. O'CONNOR. I yield to the gentleman from Virginia.

Mr. WOODRUM. Is it not a fact that the only authentic record this House has, and upon which it has a right to rely, is the CONGRESSIONAL RECORD?

Mr. O'CONNOR. Exactly; the printed report of these proceedings.

Mr. WOODRUM. And the gentleman from Kansas has read some paper he has in his hand.

Mr. O'CONNOR. Which is not a record of the House and which he obtained from some stenographer in the employ of this House. If we cannot proceed with the affairs of this House and rely on the printed daily RECORD, which ultimately becomes the permanent RECORD, what is to happen?

Mr. SNELL. Will the gentleman yield?

Mr. O'CONNOR. In a moment. If the gentleman from Kansas had directly examined the RECORD as I had, and I twice checked and rechecked the RECORD before I made the statement, he would have risen in his place and asked unanimous consent to correct the RECORD and to insert in there the remarks he made or claimed to have made, as well as the Speaker's reply to his remarks. The gentleman has not yet made any effort to correct the permanent RECORD to show that he got unanimous consent, but the outstanding thing which still makes me doubt the authenticity of the stenographic record is that these remarks alleged to have been delivered on Friday were dated on Thursday, and I have not yet found out why they were dated back one day. I yield to the gentleman from New York.

Mr. SNELL. The gentleman appreciates the fact that the RECORD is very often corrected on the floor of the House. There are a great many corrections necessary to be made. The gentleman has been here long enough to know that. As a matter of fact, does not the gentleman think, considering that he made a very serious charge against a Member in his representative capacity, that he should have taken the pains to have looked up and determined if the RECORD was correct or not?

Mr. O'CONNOR. The gentleman would not do that himself.

Mr. SNELL. I do not follow the RECORD every day, but would be very careful to be sure I was right before making a serious charge.

Mr. O'CONNOR. The CONGRESSIONAL RECORD was based on matter sent from this House to the Printing Office. The gentleman knows that he would not do that himself.

Mr. SNELL. But before such serious accusations were made I think it was up to the gentleman to have looked at the stenographer's minutes. Furthermore, considering the fact that the accusation was not correct, does not the gentleman feel that he should withdraw these remarks from the RECORD?

Mr. BANKHEAD. Mr. Speaker, I rise to a point of order.

The SPEAKER. The gentleman will state it.

Mr. BANKHEAD. I am rising to the point of order as to the right of the gentleman from Kansas to further address himself to the question of personal privilege, and I would like an interpretation from the Chair.

Paragraph 5 of rule XIV is in the following language:

> If a Member is called to order for words spoken in debate, the Member calling him to order shall indicate the words excepted to and they shall be taken down in writing at the Clerk's desk and read aloud to the House; but he shall not be held to answer, nor be subject to the censure of the House if further debate or further business has intervened.

I make the point of order that if the gentleman from Kansas [Mr. MCGUGIN] had any right to interpose the question of privilege it was the duty of the gentleman from Kansas or some other Member of the House, at the time the offensive words were uttered by the gentleman from New York, if they were offensive, to have risen and demanded that the offensive words be taken down for determination of the House as to whether or not they should be expunged or whether or not the gentleman from New York should be allowed to speak further.

Mr. SNELL. Will the gentleman yield?

Mr. BANKHEAD. In just a moment. I want to get in a complete statement of the point of order which I am making.

Mr. Speaker, I submit that the gentleman from Kansas did not pursue his rights. If a word offended him, or if his honor or his reputation were impugned by the language of the gentleman from New York, it was his duty under the rule I have cited to have brought the matter to an issue before the House at that time, which the gentleman either refused or declined to do. Subsequent proceedings and debate having intervened, I submit to the Chair that the gentleman from Kansas thereby waived his privilege or his right at this stage of the proceedings to rise to a question of personal privilege on the words uttered by the gentleman from New York. In other words, he had waived by his silence and by his failure to take advantage of the rights given him under the rule I have cited the privilege to raise the question, and thereby he has elected to waive his rights on a matter of personal privilege.

The SPEAKER. The Chair is ready to rule.

Mr. SNELL. Will the gentleman yield for a question?

Mr. TRUAX. Mr. Speaker, I demand the regular order.

The SPEAKER. The regular order is demanded. Before ruling, the Chair desires to state that earlier in the proceedings the Chair stated he would investigate whether or not the gentleman from Kansas had permission to extend in the RECORD the remarks which appeared therein.

The Chair has taken it up with the reporters of debates and finds that sheet no. 200 of the report of the debates of that day slipped out of a bundle of such sheets and was lost somewhere in the reporters' room. The reporter, who took this part of the proceedings, has brought to the Chair the original sheet, numbered 200, which reads as follows:

> Mr. MCGUGIN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.
>
> Mr. ZIONCHECK. Reserving the right to object, upon what subject?
>
> Mr. MCGUGIN. About the attempt to curb Dr. Wirt.
>
> The SPEAKER. Is there objection? [After a pause.] The Chair hears none.

The Chair therefore finds that the remarks complained of were properly extended in the RECORD by the gentleman from Kansas.

Mr. O'CONNOR. Will the Chair yield to me to present a unanimous-consent request?

The SPEAKER. Yes.

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent that the remarks I made this morning about the gentleman from Kansas having violated the rules of the House be withdrawn from the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. McGUGIN. Mr. Speaker, I withdraw my question of personal privilege.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. McGUGIN. Mr. Speaker, I ask unanimous consent that the RECORD of today be corrected to include page 200.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Page 200 is as follows:

Mr. McGUGIN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

Mr. ZIONCHECK. Reserving the right to object, upon what subject?

Mr. McGUGIN. About the attempt to curb Dr. Wirt.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none.

THE ACHIEVEMENTS OF THE ROOSEVELT ADMINISTRATION

Mr. BYRNS. Mr. Speaker, on April 7, 1934, our highly esteemed Speaker delivered a radio address, speaking in the city of Washington to the National Democratic Club in New York City. It was a very able and instructive address, and I am sure can be read with considerable profit by the gentlemen upon the other side of the aisle.

Mr. SNELL. Nothing political in it, I presume.

Mr. BYRNS. And I ask unanimous consent to print the speech as an extension of my remarks.

Mr. RICH. Mr. Speaker, reserving the right to object, it does not make any statements to the effect that the depression has not cost us anything, does it? [Laughter.]

Mr. BYRNS. I am sure it does not make any statement that is not justified and neither does it make any statement to the effect that the depression was caused and brought on by the last administration. [Laughter and applause.]

Mr. RICH. Mr. Speaker, I shall be pleased to read the report of the speech in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. BYRNS. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following speech of Hon. HENRY T. RAINEY, Speaker of the House of Representatives:

I am addressing this evening from the city of Washington, an audience, I am advised, of over 2,000 members of the National Democratic Club and their friends assembled tonight in the main ballroom of the Hotel Commodore in New York City. To my friends of this great organization to whom I am speaking from the Capital City, I extend greetings and best wishes, and I thank you for the opportunity you have given me to address you over the air. I congratulate all the members of the National Democratic Club upon the contributions they have made to the success of the Roosevelt administration.

An all-wise Providence calls into control, when great perils confront the Republic, the party to which we all belong. During the first Wilson administration, in spite of strenuous opposition from vested interests and from the leaders of the Republican Party, we enacted the income tax law and we established the Federal Reserve System. If the Republican Party had remained in power during these 4 years neither of these propositions would have been written into the law.

Early in the second Wilson administration we were irresistibly dragged into the awful vortex of the World War. Our first obligation was to finance the war, to organize armies, to build ships, to keep the armies of our allies in the field until our armies could get to France, and it took a lot of money to do this. During the first year of the war we expended for war purposes four times as much money as there was in existence in the United States, and as we were able to do it because we had the income-tax system and the Federal Reserve. I am wondering what would have happened to this country and to the rest of the world if the Republican Party had been in control during the 4 years covered by the first Wilson administration. Certainly we would have had neither of these propositions enacted into law, and without them the financing of the war would have been impossible.

But the second Wilson administration was followed by 12 years of undisputed control of economic policies in this country by the Republican Party. As a result of this, tariff legislation ran wild. Twice there were unconscionable revisions of tariffs upward. The Fordney-McCumber bill came soon after our control ended. Eight or nine years later came the Hawley-Smoot tariff bill, with its revisions upward. In the interval between the two bills the very rich had been relieved to a very large degree of the payment of taxes.

Against the Hawley-Smoot tariff bill, with its increases, the nations of the world protested. Over 1,200 American economists protested. The bill was brought in under a rule and passed. I recall that Germany protested. In her protest she called attention to the fact that she was paying large war indemnities; that she had a large trade with the United States; that she was one of our best customers; that she could only pay for the goods she bought of us by exchanging her own goods; and she called attention to the fact that her payments of indemnities and her payments of the amounts she was owing to our citizens could not be made if we persisted in erecting this tariff barrier. But under Republican control the bill was passed.

In 1 year the purchases of Germany from us fell 50 percent, and the purchases of other countries from us fell off in a corresponding degree. International trade commenced to fade from the seas. Retaliatory tariff barriers were built up against us until they are now as high or higher than ours. Our factories were compelled to locate in branch plants abroad, back of their tariff barriers. The goods we made here, employing our own labor, using our own capital, using our own raw materials, we commenced to make abroad, in over 1,500 branch plants, back of their tariff walls, using their labor and their raw materials.

Unemployment commenced in the land. Our foreign markets for manufactured goods were depleted; our foreign markets for pork and lard and wheat practically ceased to exist; our overproduction commenced until a time came when our granaries were full to bursting and men were starving. Our factories were mechanized as no factories in any other nation were mechanized, and yet our machinery was idle; our markets were gone; our workmen were unemployed. It is an easy thing, indeed, to compel the mechanization of European nations at our expense. All they had to do was to raise their tariffs and compel us to come over there and manufacture, and the flight of American capital commenced and still continues in alarming proportions.

It has become necessary for us now to undo, if we can, the work of the three Republican administrations; to get back for our factories and our workers as much as we can of the foreign markets we lost prior to the 4th of last March; to get back for our farmers other markets across the seas. Until that happens we are reluctantly compelled to become a smaller America. We must manufacture less in our splendidly equipped factories; we must produce less on our farms; and we must continue this reduction of production until we have restored some of the markets we have lost.

We have just passed through the lower branch of the Congress the reciprocal tariff bill which authorizes the President by reciprocal arrangements to find an outlet somewhere in the world for our surplus produce. This bill is meeting with vigorous opposition from the Republican leaders and from magazines and newspapers controlled by those who do not belong to our party. They seem to be entirely content with the fact that we have lost our markets abroad and to be violently opposed to a measure which might eventually restore them, and they are preparing, as I am advised, to carry this kind of issue into the elections this fall. No wonder the rank and file of their party is deserting a leadership which leads in the direction of economic ruin.

On the 4th day of March 1933 the country had moved irresistably for over a year in the direction of an economic collapse. If the Hoover administration had been extended until now, the collapse would have occurred. We were dangerously near it on the 4th day of March 1933. It takes time to recover from 12 years of subserviency to the great interests; it takes time to recover from the 12 years of the leadership of the big bankers and the so-called "captains of industry." It cannot be accomplished overnight.

But already the recovery program has started, and we have commenced to move, slowly perhaps, but irresistably toward a better and a brighter future.

There is a violent attempt now to discredit the Roosevelt administration and its accomplishments. I have heard of no remedial measures advocated by the partisan leaders who are attacking the Democratic leadership which would supplant or modify the things we are trying to do in order to carry out our program of recovery. A leadership which merely attacks and does not propose remedies will not get very far with the electorate at the present time.

GENERAL EXPENDITURES OF THE GOVERNMENT

It is, perhaps, desirable to examine now into the economies which have been accomplished by the Roosevelt administration.

I find that during the 13 months covering the period from February 28, 1933, to March 31, 1934, the general expenditures of the Government amounted, in round numbers, to $2,911,000,000. Taking as a comparable period the period of the Hoover administration extending from January 31, 1932, to February 28, 1933, the general expenditures of the Government were $3,550,000,000. Both periods were periods of depression, but during the 13 months of the Roosevelt administration we accomplished a substantial reduction of the general expenditures of the Government.

Perhaps the figures are not exactly comparable; there were certain expenditures which were included in general expenditures during a part of the 13-month period of the Hoover administration and which are now carried as emergency expenditures, but the figures I have given show that during the 13 months of the Roosevelt administration we made a considerably better showing than was made during the 13 comparable months which preceded it.

The war we are waging now against depression is more serious even than the World War. It is not as easy now to inspire patriotic cooperation from people of the United States as it was when bands were playing and khaki-clad soldiers were marching and news of victories were coming in from the battlefields of France. This is not the time "to rock the boat." This is not the time to try to sabotage recovery measures. Conditions were bad enough during the Hoover administration, and no remedies were applied. The people of the country, I do not think, can be persuaded that they want to return to the old conditions which existed then.

It has been charged that this administration is recklessly expending money, that it is piling up an enormous national debt, and the time has perhaps come to analyze the recovery expenditures of the first year of operations under the leadership of Franklin D. Roosevelt. Apparently during 13 months of operation under the new deal the gross amount of our public debt increased $5,223,000,000 until on the 31st day of last month our apparent public debt amounted to $26,158,000,000. But we had in the Treasury at that time $2,008,000,000 which ought to be deducted in arriving at the amount of our gross public debt. Deducting this amount, we reach the inevitable conclusion that in the first 13 months of the Roosevelt administration our public debt increased only $2,436,000,000.

We have been underwriting investments of banks, insurance companies, railroads, building-and-loan associations, farmers, intermediate credit banks, joint-stock land banks, and other companies and banks, and we have taken from them their securities. We have been underwriting municipalities and we have taken from them their securities. If the recovery program succeeds—and it must succeed—practically all these amounts so invested will come back into the Treasury of the United States.

THE NATIONAL DEBT

Using a new method of approaching the national debt, in view of the vigorous criticisms to which the present administration has been subjected, a different result is obtained. If we have been underwriting the propositions I have mentioned, and if we have been taking their securities, and if the success of the new deal means the payment of these obligations—and it does mean the payment of these obligations—then the correct way of approaching the national debt is to deduct from our entire national indebtedness the cash we have on hand, less the securities we are underwriting, and when we do that we reach the conclusion that at the present time our public debt, less cash and securities, amounts to only $8,264,000,000. Applying the same method to our public debt as it existed on February 28, 1933, we reach the conclusion that our public debt at that time amounted to $6,225,000,000. Therefore, during the 13 months of the Roosevelt administration the public debt increased only $2,039,000,000.

It is perfectly proper, I think, in estimating our financial condition so far as the national debt is concerned, to figure in the $2,810,000,000 of increment on gold we have obtained by revaluing the gold dollar. When this item is included, we reach the inevitable and startling conclusion that today our public debt, less cash and securities, is $771,000,000 less than it was at the end of the Hoover administration.

During the limited time I have at my disposal tonight it is impossible for me to discuss the progress of our recovery program.

THE LEADERSHIP OF DR. WIRT

Just at the present time the leadership of the Republican Party seems to center in Dr. William A. Wirt, a school teacher, who lives in Gary, Ind., and who, it is charged, receives a considerable part of his compensation there from the Gary steel companies. He has charged that there is a planned revolution going on in the Government; that certain men high in the councils of the administration have stated that they are planning and carrying on a revolution which means that Mr. Roosevelt is the Kerensky of a movement soon to be supplanted by a Stalin and by communism.

An investigation which will start on Tuesday of next week will demonstrate completely and quickly the absurdity of statements of this character. There is no revolution in this country. Our capitalistic form of government is not in the slightest danger. All this kind of talk is silly and absurd, and the investigation which will soon start will demonstrate in a short time the mean, partisan, and unpatriotic motives which inspired statements of this character. But these irresponsible statements are seized upon by certain newspapers and magazines and certain leaders of the other party as a reason for completely destroying the Roosevelt recovery program.

If there is a revolution, there is a revolution against the methods exercised by the Republican Party in 12 years preceding the present administration; if there is a revolution, it is a revolution against the kind of leadership we had which led us directly into the depression we are now trying to get out of. The leadership of that period has gone—God grant it may never return.

The people of this country will not support a movement which means that our efforts toward recovery will be abandoned. The conditions of uncertainty and despair which prevailed 13 months ago must not be permitted to return. This is the mission of such organizations as the National Democratic Club.

GENERAL AND EMERGENCY EXPENDITURES, FEBRUARY 28, 1933, TO MARCH 31, 1934

During the above-mentioned period of time for emergency relief measures we have expended $1,719,000,000, of which the largest amount has gone to the C.W.A., to wit, $603,000,000.

The general expenditures for carrying on the Government during that period of time have amounted to $2,911,000,000, a considerable reduction over prior years, showing the effect of the economy program of the Federal Government.

During the first year of the Roosevelt administration the securities carrying the obligations of carriers under the Transportation Act of 1920 decreased $1,000,000,000.

Notes of the Federal Farm Board, evidencing outstanding advances under the Agricultural Marketing Act, decreased $289,000,000.

Securities received by the United States Shipping Board on account of sales of ships decreased $7,000,000.

Crop loans to farmers decreased $4,000,000. Farmers' seed loans decreased $18,000. The obligations of agricultural stabilization corporations decreased $25,000,000. The obligations of cooperative marketing associations decreased $55,000,000.

The securities accepted by the Home Owners' Loan Corporation during the period from February 28, 1933, to March 31, 1934, amounted to $59,000,000. Of course, there were no securities of this kind accepted under the Hoover administration.

The securities of production credit corporations amounted to $90,000,000. Of course, there were no securities of this kind under the Hoover administration. The securities taken by the banks for cooperatives during the period we are discussing amounted to $110,000,000. Of course, there was nothing of this kind under the Hoover administration. The securities accepted by the Federal Farm Mortgage Corporation amounted to $200,000,000. Of course, there was nothing of this kind under the Hoover administration.

Capital-stock subscriptions for the Tennessee Valley Authority amounted to $4,000,000.

The capital-stock subscriptions for the Federal Deposit Insurance Corporation amounted to $150,000,000.

Subscriptions to the capital stock of the regional agricultural credit corporations increased by $1,000,000. The subscriptions to the paid-in surplus of land banks amounted to $27,000,000.

I have not, of course, attempted to give all the items which go to make up the expenditures of the new deal. In brief, I might say that the total capital-stock subscriptions of the Government during the present administration amounted to $1,027,000,000. The securities held by emergency organizations increased during the Roosevelt administration $957,000,000.

GOLD BONUS

Mr. SHOEMAKER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD at this point.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. SHOEMAKER. Mr. Speaker and Members of the House, I wish to call your attention to the manner in which the Nation's gold has been juggled in the interest of certain individuals who have been profiteering and racketeering in the so-called "Gold bonus."

By payment of a premium, or bonus, of $14 an ounce we have bought during the present month over $300,000,000 of European gold, and it is still coming at the rate of about $10,000,000 daily.

Out of a Treasury deficit we are paying $35 an ounce for gold normally worth $20.67 an ounce.

Between March and October last this $300,000,000 of gold left the United States bound for Europe at the regular market price of around $20.67. We are now buying it back at $35—or at a loss of $14 an ounce—and calling this "financial recovery."

Of this $300,000,000 of American gold which we shipped to Europe during the March–October period last year, over $240,000,000 went to France, over $40,000,000 to England, and the balance to Belgium, Holland, Germany, and Switzerland, as you will note in the last issue of the Federal Reserve Bulletin.

Europe got most of this gold at the market price of $20.67 and now is sending it back at $35, after realizing a bonus profit of $14 an ounce, or an aggregate profit of over $100,000,000.

It would be interesting to know who and how many American international bankers, brokers, importers, and exporters were parties to this gold-profiteering deal.

It behooves the Government to know if the profiteers are paying income taxes on their gold profiteering—or are among the big tax evaders.

Take Morgan & Co., the world's leading banking house in floating foreign loans in the United States, and then advising the Government to cancel the foreign loans. During the past 3 years, according to their testimony before the Senate Banking and Currency Committee, they paid taxes in Eng-

land and France but no income taxes in the United States. They have the name of being the leading house in the international movement of gold and securities between this country and Europe.

Take the New York Times Index in the Library of Congress and note the movements of J. Pierpont Morgan, the head of the Morgan House, from July to October.

On July 13 Morgan sailed for London, where his firm has the Morgan & Grenfell Bank. Grenfell, the leading British partner, is member of Parliament for the London district and a director in the Bank of England. Morgan & Grenfell are fiscal agents of the Bank of England.

Across the channel in Paris the Morgan partners own the big French bank of Morgan et Cie. The French partners are high in the councils of the French Government. In both France and London the Morgan House pays income taxes—which they escape in the United States. Al Capone pays income taxes in the United States, or goes to jail; but the Morgan partners neither pay taxes nor go to jail. How do they do it? What is their pull?

Well, J. Pierpont Morgan sailed for London on July 13.

On July 14 Morgan was eulogized by the London Times—which used to be called the "Thunderer"—for his great services to the Allied Powers in floating American loans abroad. Now $11,000,000,000 of these European loans are still due the United States Treasury; and London, Paris, and the House of Morgan are agreed that these $11,000,000,000 shall forever remain due until paid off by American taxpayers.

On arrival in London, Mr. Morgan's first engagement, according to the New York Times cable of July 20, was with M. C. Norman, of the Bank of England, on the subject matter in which the White House was about to embark, namely, "to discuss currency stabilization."

Mr. Morgan remained in London and Paris several weeks. He was a busy man, trying to help Uncle Sam stabilize, or unstabilize, the currency. Doubtless he was at home there, because his chapter in British Who's Who says that he has a London mansion and also a fine estate at Herefordshire, 20 miles out of London.

But when Morgan has been in London just 1 week and looked the financial ground over, behold Bernard M. Baruch, the Wall Street broker, is also called to London and Paris. Mr. Baruch is likewise deeply concerned in the welfare of American finance—as witness the fact that he loaned the services of his valued assistant, General Johnson, to the Government to run both the industries and the commerce of the United States as Chief Administrator of the N.R.A.

Mr. Baruch arrives in Paris on July 27, and takes pains to announce that his trip is purely private. But he is in the capital of Czechoslovakia during the week when that country issues a new gold-bond issue, and back in London as the guest of Winston Churchill to discuss the subject of currency inflation.

American gold at this time—July and August 1933—is pouring abroad at a lively pace. To France alone went $79,600,000 in July, $73,200,000 in August, and $48,700,000 in September—or $200,000,000 in 90 days. This same $200,000,000, or its bullion equivalent, have come back, earning a bonus of $14 an ounce for somebody, or a net profit of around $75,000,000 for the French-British-Wall Street profiteers.

This gold profit of over $75,000,000 was just so much loss to the United States Treasury—or Treasury deficit—which will be saddled on American taxpayers along with the wreck of the $11,000,000,000 of war-loan charity to European war powers.

Well, Morgan and Baruch came back, and then came the gold-bonus program of the Treasury—the business of buying back at $34 to $35 an ounce in the wintertime the gold which, at $20.67 an ounce, we had sent to Europe in the summertime.

For that business the White House had to have in the Treasury a man even more dependable than the great violinist Mr. Woodin—even though the latter was able to buy stocks of Morgan & Co. at a rate $13 below the market price.

Destiny, or something of the kind, now came looming. The front pages of the Wall Street press carried the photographs of Henry Morgenthau, Jr., side by side with the President. Also, Henry Morgenthau, Sr., came back from Europe with wise advice on currency stabilization. Something was about to happen.

October finds American gold exports barred, gold premiums paid for imports, and Henry Morgenthau, Jr., Acting Secretary of the Treasury—and a military censorship guarding the secrets.

Come the ides of November. Bernard M. Baruch is here to entertain his assistant, Brigadier General Johnson, while giving the Saturday Evening Post a broadside on the subject of gold and inflation.

The press of November 17 advises the world that John Pierpont Morgan is a guest of the White House.

The press of November 18, or the following day after Morgan's arrival, announces that Henry Morgenthau, Jr., is sworn in as Secretary of the Treasury.

The press of November 22 announces the Treasury censorship order; and on the 23d the Treasury order is issued that all Treasury guards shall obey military rules.

It would seem the duty of Congress to initiate a thoroughgoing investigation of the entire gold-bonus and gold-profiteering trade. But if the Treasury is working under a military rule of secrecy with regard to gold movements and gold premiums, and by terms of the recent Gold Act does not report to Congress during the next 2 years, it looks as though we are hog-tied and hamstrung so far as the Treasury gold deal is concerned.

We seem to be lucky that the censorship does not cover the CONGRESSIONAL RECORD and the proceedings of Congress. We can encourage the Department of Justice, but the Department of Justice is likely to bring out an opinion that the whole deal is strictly regular and legal and in accord with the Constitution of the United States, if not with the Declaration of Independence.

There seems to be one cheerful side to this business of paying bankers a bonus of $14 an ounce for its gold production, and that is, the benefit it may do to the gold mines and markets of the British possessions. British countries, Africa, Australia, India, and Canada, turn out three fourths of the world's gold. Of $480,000,000 of gold mined by the world last year, the British possessions yielded about $350,000,000.

Our Treasury premium of $14 an ounce has been a great boon to the gold mines of Johannesburg, Australia, and Ontario. It has boomed the world stock markets in British gold mining shares, and helped British recovery, although at the expense of American taxpayers. It may be—who knows?—that Great Britain in return may offer to pay the Treasury as much as 10 percent of its next coming installment of unpaid war debt.

It may be tough on American taxpayers, but if it helps London and Johannesburg it may help to keep Morgan and his brokers out of worse mischief. Moreover, if we cannot make the House of Morgan pay income taxes over here, we can at least pile up his British profits so they can soak him for income taxes over there. And our "brain trust" shall not have lived in vain.

Finally, the significance of our midsummer gold shipments to France do not become a stand-out in a Shakespearean sense, unless we take note of the difference between the May-June shipments before, and the July-August shipments, after Morgan, Baruch, and Morgenthau, Sr., the three wise crows of high finance, visit London and Paris on the patriotic mission of stabilizing currency.

United States gold shipments to France, 1933 (net)

May	$122,000
June	72,000
July	79,617,000
August	73,173,000

That is to say, before our Wall Street pilgrims' visit over there our gold shipments to France were only in thousands,

whereas after they got over there the shipments jump to millions.

Our June net gold shipments to France are $72,000. Our July net gold shipments to France are $79,617,000.

The May-June shipments combined are less than $200,000. The July-August shipments combined exceed $150,000,000. What happened?

In fact, two big things happened. First, Morgan, Baruch, and Morgenthau, Sr., our ambassadors of currency stabilization—speaking in the Greek sense of "Augean stables"—start for Europe.

Brigadier General Johnson, "assistant to Bernard M. Baruch", as termed in the N.R.A. handbook, begins his big street parades and his cracker-down orations and price codes.

In other words, while Morgan, Baruch, and Morgenthau, Sr., are leading the golden calf and persuading it to go to Paris, Cracker-Down Johnson is shooing it from behind and cracking at its heels with all the codes and brass bands he can lay his hands on. This much credit must be given to Johnson: He was an able assistant in driving that $300,000,000 golden calf to Europe last summer. It must be said for Baruch and Morgan that they chose a good assistant both in putting over the draft act in the World War and in the present moving picture, entitled "The Golden Calf of Our Augean Stable."

LIGHT-STATION RESERVATION, BRIDGEPORT, CONN.

The Clerk called the next bill, H.R. 7744, to authorize the Secretary of Commerce to transfer to the city of Bridgeport, Conn., a certain unused light-station reservation.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of Commerce is authorized on behalf of the United States to convey to the city of Bridgeport, in the county of Fairfield, State of Connecticut, a certain island known as "Fayerweather Island", which has been used as the Black Rock Light Station Reservation and which has heretofore been leased to said city of Bridgeport by the United States for use as a public park.

A portion of Fayerweather Island was conveyed to the United States by deed dated June 17, 1807, from Nicholas Fish to the United States of America, and described as follows:

That certain piece or parcel of land lying in the town of Fairfield, in the said State of Connecticut, known and called the "Fayerweather Island" and which forms the outer side of the "Black Rock Harbor", so called, and the same is bounded northerly on Black Rock Harbor, westerly on the mouth of said harbor, southeasterly on the sea beach or Long Island Sound, and northeasterly on the beach including the rocky point thereof adjoining the said island, and is about 8 acres in quantity, be the same more or less, which deed is recorded in volume 32, page 545, and in book B, page 43, of the town of Fairfield.

And the remaining portion of said island was conveyed to the United States by deed dated July 10, 1807, from Daniel Fayerweather to the United States of America, one undivided half of a certain piece of land in quantity about 8 acres in the whole piece, be the same more or less, and which piece of land lies in the town of Fairfield, in said county, and is known and called by the name of "Fayerweather Island", and the whole of said land is bounded northerly on Black Rock Harbor, westerly on the mouth of said harbor, easterly on the sea or Long Island Sound, northeasterly on the beach including the rocky point thereof adjoining said premises, which deed is recorded in volume 32, page 25, and in book B, page 44, of the town of Fairfield.

Said deed from the United States shall convey all of said property to said city in perpetuity and shall provide that it shall always be used and maintained by said city as a public park.

Mr. WOLCOTT. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT: On page 3, line 8, after the word "park", strike out the period, insert a comma and the following language: "And if at any time the city discontinues the maintenance of said property as a public park, then the same shall revert to the Government of the United States."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

UNITED STATES SUPREME COURT BUILDING

The Clerk called the next bill, H.R. 8889, to provide for the custody and maintenance of the United States Supreme Court Building and the equipment and grounds thereof.

Mr. TRUAX. Mr. Speaker, reserving the right to object, I would like to ask the gentleman from Texas [Mr. LANHAM] for an explanation of section 2, which provides that employees shall be appointed by the Architect with the approval of the Chief Justice.

Mr. LANHAM. Mr. Speaker, with reference to section 2, the gentleman will notice from the report that this follows very closely the method of appointment of employees in general with reference to the buildings of the Capitol group, and it was thought that the curb of the approval of the Chief Justice of the Supreme Court should be placed upon the power of the Architect of the Capitol to make these appointments.

Mr. TRUAX. Has this been the former custom?

Mr. LANHAM. I understand it has been.

Mr. TRUAX. Is the gentleman positive about that?

Mr. LANHAM. Insofar as customs are analogous with reference to the buildings of the Capitol group. In many instances appointments of this character are made simply upon the authority of the Architect of the Capitol. For instance, with reference to the Library, the appointments as to mechanical and structural care are made in this way, and the Architect of the Capitol has less restricted authority than here proposed. The Architect of the Capitol is the executive officer of this Commission. The Chief Justice of the Supreme Court of the United States is the chairman of the Commission. So it was contemplated that the appointments concerning structural and mechanical care should be made through the Architect of the Capitol, but with the sanction of the Chief Justice of the Supreme Court.

Mr. TRUAX. Are the appointments made from the Civil Service list?

Mr. LANHAM. Some of them, perhaps, but as provided in this bill they will be under the classification and retirement acts.

I may say to the gentleman that the purpose of the bill is this: Under the terms of the contract the Supreme Court Building will be completed in December of this year. From the 1st of January 1935, when it is anticipated the occupancy of the building will begin, until the close of the fiscal year maintenance and care of the building naturally will be necessary. There is no predicate in law for employees to be appointed for this purpose, and the object of this bill is to get a legal predicate upon which the estimates may be presented to the Appropriations Committee, so that an item for the necessary care of the building may be included in the deficiency bill.

Mr. TRUAX. How many employees will there be?

Mr. LANHAM. From the standpoint of mechanical care and maintenance, from the Architect of the Capitol, 33 employees. That is for the structural and mechanical care and maintenance. Then for the Supreme Court, it is estimated there will be for the first quarter of 1935, 29 employees, and for the second quarter 73 employees. That is, there will be fewer for the first 3 months.

Mr. TRUAX. And these employees are all under the civil-service rules.

Mr. LANHAM. Many of them are not.

Mr. TRUAX. Section 2 (b) provides that the employees shall be compensated under the Classification Act of 1923, and shall be subject to retirement.

Mr. LANHAM. That is similar to the usual provision for employees in the Capitol group.

Mr. TRUAX. Mr. Speaker, in view of the explanation of the gentleman, I withdraw my reservation of an objection.

Mr. BLANTON. Mr. Speaker, I renew the reservation to object. The number of personnel that is to be appointed, both as to the structural care and also with reference to the custodial care under this bill, is unlimited. It is left absolutely to the judgment and discretion of the Architect of the Capitol. There can be no question about that. And we must have some understanding as to the number of new employees who are to be appointed.

In the first place, that building is four times as large as it should have been. It is going to be a standing monument of extravagance that will rest heavily on the shoulders of

this Congress for the next 100 years. There could be put in that building not merely the present personnel of 52 high-salaried employees but also the 33 new employees in charge of the structural care, and eventually the 79 new employees in charge of the custodial care, but likewise an additional large number, for if whoever has charge saw fit they could, under the authority of this bill, put 2,000 people in charge of it, because you can house that many in this tremendous building and lose most of them.

Although the Architect of the Capitol is a splendid man, and my personal friend, I am not willing to leave this unlimited authority to the discretion of anybody. David Lynn, the Architect of the Capitol, in whom we all have full confidence, may die tomorrow, the same as any of us, and a new man be put in his place. Hence we must have a distinct understanding about the number of new employees and the amounts of their salaries before we pass this bill.

This is something over which this Congress should retain control. We should know something about what we are doing, and retain the purse strings in our own hands. There is nothing in this bill as to the fixing of salaries—all compensation and salaries are fixed automatically by the name of the position held by the employee. If you designate an employee by a certain name, the salary is so much. If the name of the class is changed overnight, the salary could be doubled automatically under the act of 1923.

My good friend from Texas, chairman of the committee, is so good, so generous, so liberal, so good-natured that I am afraid he has let someone put something over on him in this bill; and for the present, until we get limitations in it, and proper restrictions, until we get a provision to retain control in Congress over the matter, I shall be forced to object.

Mr. LANHAM. Will the gentleman reserve his objection for a moment?

Mr. BLANTON. I will.

Mr. LANHAM. May I say, with reference to the imputation of my colleague, that this Commission has operated in accordance with the direction from the Congress. It has operated very efficiently and faithfully, and without any change from the very beginning. It has operated so economically that out of the original appropriation under which it was contemplated only that the building should be constructed, the Commission has saved enough money to furnish and equip the Supreme Court Building of the United States.

Mr. BLANTON. Will the gentleman yield?

Mr. LANHAM. In just a moment. I would like to reply to some of the things my colleague has stated. I have here detailed information prepared for the Committee on Appropriations with reference to each and every one of these employees, the duties they are to perform, and the amounts they are to receive.

These matters have been in the contemplation of the Supreme Court Building Commission and also of the Committee on Public Buildings and Grounds, of which I have the honor to be chairman. This comes as a unanimous report from the Committee on Public Buildings and Grounds after a very careful and thorough hearing.

The urgency of this matter is this: That there must be some authority of law upon which to predicate the appropriations here contemplated in the deficiency bill in order that the Supreme Court Building may be taken care of from the 1st of January until the end of the fiscal year.

Mr. BLANTON. Will the gentleman give us some information that we want?

Mr. LANHAM. Just one thing more.

Mr. BLANTON. But I want some information.

Mr. LANHAM. I think I have all the information here.

Mr. BLANTON. Will the gentleman give it to me?

Mr. LANHAM. I will gladly give the gentleman anything I have.

Mr. BLANTON. What is the breakdown of these employees—these 33 new structural employees? How do their salaries run?

Mr. LANHAM. There are 33. I can give the gentleman each and every one. The first is clerk, storekeeper, and timekeeper. His duties are——

Mr. BLANTON. What is his salary?

Mr. LANHAM. The yearly salary for that service is $1,620. The estimate which will be before the Appropriations Committee is for $810 for the 6 months.

Mr. BLANTON. How do the other salaries range? From what to what? What is the maximum?

Mr. LANHAM. An engineer at $2,400 a year; a plumber at $2,000 a year; air-conditioning engineer at $2,000 a year; 3 electricians at $2,000, $1,860, and $1,200, respectively; elevator mechanic at $1,860; assistant elevator mechanic at $1,320; special laborer at $1,320.

I think the gentleman will see that these are not unreasonable sums to pay these men.

Mr. BLANTON. But they are all for one building?

Mr. LANHAM. I understand they are all for one building, and they are for a building constructed under the authorization of Congress, to house one of the three coordinate branches of the Government.

Mr. BLANTON. I am glad that none of the 33 will receive more than $2,400 per annum. At the end of December 1934, when the Supreme Court moves into that building, what will it have cost us—the complete building?

Mr. LANHAM. The original appropriation for the building, as I recall, for the purchase of land, razing of the buildings, and the construction of this building was $9,740,000. I will again call the gentleman's attention to the fact that out of that the Commission is saving enough money to furnish and equip the building.

Mr. BLANTON. I would rather have my friend answer my question and tell me what the building will have cost?

Mr. LANHAM. I do not think the gentleman has asked one question that I have not answered.

Mr. BLANTON. I asked the gentleman to tell us what this building will have cost at the end of this year.

Mr. LANHAM. And I have told the gentleman.

Mr. BLANTON. The gentleman gave us the amount appropriated.

Mr. LANHAM. Yes.

Mr. BLANTON. But what will it cost us? Will it cost all of the appropriation?

Mr. LANHAM. I have not at hand the exact figure as to the difference, but the difference in the saving will furnish and equip that large building so that we shall not be back here to the Congress asking for an additional amount to furnish and equip.

Mr. BLANTON. As I understand it, then, the full appropriation of $9,740,000 will be spent for the plant, considering the fact that part of it will be used for equipment.

Mr. LANHAM. And furnishings. I assume that is correct. There may be a saving even after that.

Mr. BLANTON. And after the first 3 months there will be over 100 new Supreme Court employees in charge of that building?

Mr. LANHAM. After the first 3 months very slightly over that; yes.

Mr. BLANTON. And they will be in addition to all the present 52 Supreme Court employees that we now have?

Mr. LANHAM. They will be largely additional, yes; with the exception of the engineer, who will go from this building over there, because the men will still be necessary in the Capitol to operate elevators, and so forth, just as they have been heretofore.

Mr. BLANTON. Is my friend from Texas willing to turn over to one man, I do not care who he is, the appointment of these 100 new employees? A man who is not connected with Congress, except as an employee of the Congress?

Mr. LANHAM. With reference to other buildings of the Capitol group, that is largely the system in vogue. This provides also for the additional sanction of the Chief Justice of the Supreme Court. That matter was very, very carefully discussed in the committee. I should like to direct my colleague's attention to the hearings which we conducted on this bill.

Mr. BLANTON. I want to say to my colleague that when he is willing to do that he is willing to confer on our good friend, David Lynn, a greater privilege than any Member of Congress enjoys. There is not a Member of Congress who has had the privilege of appointing 100 employees of this Government. Very little consideration in that respect has been given to Members of this House. I want to see some loyal Democrats get jobs.

Mr. LANHAM. But it is no greater privilege than the Architect of the Capitol has had with reference to his establishment for many, many years. There have been, as I recall, since the beginning of the Government only seven architects of the Capitol.

Mr. BLANTON. So long as David Lynn is Architect of the Capitol I would have no objection whatever. He is my personal friend, and I have absolute confidence in him.

Mr. MOTT. Mr. Speaker, regular order.

Mr. BLANTON. For the present I am going to have to object.

FEDERAL MEMORIAL COMMISSION AT OR NEAR ST. LOUIS, MO.

The Clerk called the next resolution, House Joint Resolution 302, authorizing the creation of a Federal memorial commission, to consider and formulate plans for the construction, on the western bank of the Mississippi River, at or near the site of old St. Louis, Mo., of a permanent memorial to the men who made possible the territorial expansion of the United States, particularly President Thomas Jefferson and his aides, Livingston and Monroe, who negotiated the Louisiana Purchase, and to the great explorers, Lewis and Clark, and the hardy hunters, trappers, frontiersmen, and pioneers and others who contributed to the territorial expansion and development of the United States of America.

Mr. ELTSE of California. Mr. Speaker, reserving the right to object, I ask the gentleman from Missouri if this does not call for an appropriation?

Mr. COCHRAN of Missouri. I want to be frank with the gentleman from California. An association in my city, St. Louis, through its officers, approached me and asked me to introduce a resolution calling for an appropriation from the Federal Government of $36,000,000 to construct a memorial in St. Louis on the river bank in honor of Thomas Jefferson and the Louisiana Purchase. The mayor of my city and other gentlemen, prominent citizens, made this request. I told them that I did not want to introduce such a resolution; that I knew it had absolutely no chance to pass. They insisted that the resolution be introduced. I introduced it; and on the day I introduced it I gave a statement to the press in my city practically ridiculing the idea of asking an appropriation of such amount from the Congress for a memorial, calling their attention to the cost of the Lincoln Memorial, to the cost of the Washington Monument, and to the cost of other memorials that the Government has constructed. I suggested to them that they organize in the area covering the Louisiana Purchase, that they bring in all the States and provide for a fitting memorial, but not to ask the Government of the United States to construct it. They took my advice and drew a second resolution, which does not obligate the Government in any manner, shape, or form; and it is the second resolution that is under consideration at the present time.

Mr. ELTSE of California. Does not the gentleman think this is the opening wedge?

Mr. COCHRAN of Missouri. I shall not try to deceive the gentleman from California by saying that it is not. I presume that some day this organization may return to the Congress and ask for a reasonable appropriation; but if I happen to be here at that time I assure the gentleman as far as I personally am concerned I should not ask for the appropriation of more than a limited amount, probably such an amount as the Congress provided for the construction of the George Rogers Clark Memorial in Indiana, to be used together with the amount which might be collected by this association from the various States covered by the Louisiana Purchase.

I may say that in the last session a resolution was passed by the House by unanimous consent for the appointment of a commission to study the feasibility of constructing a memorial in North Carolina on the site where the first American white child was born. I would ask the gentleman from California if the birth of the first American child is of sufficient importance to authorize the appointment of a commission to study the question of constructing a memorial, does not the gentleman from California think the great Louisiana Purchase is also entitled to some recognition?

Mr. ELTSE of California. Mr. Speaker, in view of the gentleman's statement and admission that this is the opening wedge for an appropriation in the neighborhood of $30,000,000, I feel constrained to object.

Mr. COCHRAN of Missouri. I wish the gentleman would not phrase the grounds of his objection in just that way. I made no such admission.

Mr. ELTSE of California. Mr. Speaker, I object.

Mr. COCHRAN of Missouri. Mr. Speaker, the gentleman from California should not make the statement that the passage of this resolution means at some future date an appropriation of $30,000,000. I have frankly told the gentleman that if I am a Member of this body when the time comes to secure the participation of the Government I should not ask for more than one or two million dollars. In view of what the Congress has done in the past, who is it that will say that a memorial should not be erected to commemorate the purchase of that great strip of ground that ultimately resulted in the United States securing all the land west of the Mississippi River.

Of course, you all recall the appropriations for the George Rogers Clark Memorial in Indiana. This memorial before it was completed cost the Government nearly $2,000,000. I do not recall any serious objection to that appropriation from the Republican side of the House. My good friend, the late Will Wood, as Chairman of our Appropriations Committee, coming from Indiana, had no trouble getting one appropriation, but secured three, if I am correct, while in the Senate former Senator Watson, also of Indiana, at that time the Republican leader in the Senate, took care of the appropriations at the other end of the Capitol.

This resolution, which at this time carries no authorization or appropriation, passed the Senate at the time it was reported by the Senator from Kentucky [Mr. BARKLEY]. There was no discussion in the other body. I am not going to try and deceive you; of course, some day this association will undoubtedly return and ask for a reasonable amount—but please forget the $30,000,000 that was in the original resolution. Why should the Government not be represented in such an undertaking? I propose to try and secure the passage of the resolution 2 weeks from today, and I hope my friend from Pennsylvania will give some thought to this matter in the meantime.

JOHN C. MERRIAM

The Clerk called the next resolution, Senate Joint Resolution 70, to provide for the reappointment of John C. Merriam as a member of the Board of Regents of the Smithsonian Institution.

There being no objection, the Clerk read the Senate joint resolution, as follows:

Resolved, etc., That the vacancy in the Board of Regents of the Smithsonian Institution, of the class other than Members of Congress, caused by the expiration of the term of John C. Merriam, of the city of Washington, on December 20, 1933, be filled by the reappointment of the recent incumbent (John C. Merriam) for the statutory term of 6 years.

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CUSTODY AND MAINTENANCE OF SUPREME COURT BUILDING

Mr. BLANTON. Mr. Speaker, I ask unanimous consent to return to the bill (H.R. 8889) to provide for the custody and maintenance of the United States Supreme Court Building and the equipment and grounds thereof, introduced by the gentleman from Texas [Mr. LANHAM].

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BLANTON. Mr. Speaker, I have spoken to the Architect of the Capitol about this bill providing for the custody and maintenance of the United States Supreme Court Building and the equipment and grounds thereof, and have been assured that the salaries that are mentioned in his report will be kept in line, and will not be raised. I was afraid they might be fixed in sums comparable to salaries paid present employees of the Supreme Court.

Here is what the present personnel of the Supreme Court costs us in salaries: The Chief Justice and 8 Associate Justices $180,500; 13 law and stenographic clerks to justices, $45,950; the Marshal, $5,500; Librarian, $4,500; Chief Clerk, $4,200; attendant, $2,030; mounted messenger, $1,730; 9 messengers at $1,850 each, $16,650; 1 messenger for conference room, $1,850; 2 messengers for Marshal's office, $3,460; 2 doorkeepers, $3,460; 2 messenger-doorkeepers, $3,460; 1 messenger, robing room, $1,730; 1 skilled laborer, $1,140; 4 pages, $3,740; the reporter, $8,000; editorial assistant, $3,850; stenographic clerk, $3,000.

I am of the opinion that the above present force certainly ought to be sufficient for one Supreme Court of nine members. I am afraid that the unwarranted extravagance of spending $9,740,000 for this new building has caused this unwarranted proposal to add 103 new employees to the personnel of the Supreme Court, additional to the 52 employees specified above, just to take care of this monstrosity. I am ashamed of this extravagance. If there were any way to stop this bill finally, I would stop it. There are too many employees. But I realize that eventually it will be passed. Objecting to it now merely delays for a few days its passage. Either it will be called up and passed under suspension of rules, or else a rule will be granted. Realizing that I cannot stop it, and having had an understanding with the chairman of the committee, and with the Architect of the Capitol, that these salaries will not be raised, I am going to withdraw the objection I made a while ago.

Mr. TRUAX. Mr. Speaker, reserving the right to object, I understand the gentleman from Texas based his objection upon the fact that the bill put such great power into the hands of one man, to wit, the making of more than 100 appointments.

Mr. BLANTON. That was one objection. But it is too late now to change the mode of appointment. I have been assured that the Supreme Court will keep these salaries in line and not permit them to be raised.

Mr. LANHAM. Mr. Speaker, will the gentleman yield?

Mr. TRUAX. Certainly.

Mr. LANHAM. I may state that 79 of these appointments will be made as they always have been made, with the approval of the Supreme Court. The Architect of the Capitol has nothing to do with them.

Mr. TRUAX. The gentleman from Texas [Mr. BLANTON] is aware of the power this puts in the hands of one man, is he?

Mr. BLANTON. Yes; and I do not like it, but we cannot stop it. I have looked into the matter and have been assured that proper control of salaries will be exercised. We can gain nothing by objecting, as it would merely postpone its passage for a few days.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Architect of the Capitol shall have charge of the structural and mechanical care of the United States Supreme Court Building, including the care and maintenance of the grounds, and the supplying of all mechanical furnishings and mechanical equipment for the building. The operation and maintenance of the mechanical equipment and repair of the building shall be performed under his direction and he is authorized to enter into all necessary contracts.

SEC. 2. Employees required for the performance of the foregoing shall be (a) appointed by the Architect of the Capitol with the approval of the Chief Justice of the United States; (b) compensated in accordance with the provisions of the Classification Act of 1923, as amended (U.S.C., supp. VI, title 5, ch. 13); and (c) be subject to the provisions of the act entitled "An act for the retirement of employees in the classified civil service, and for other purposes", approved May 22, 1920, as amended (U.S.C., supp. VI, title 5, ch. 14).

SEC. 3. All other duties and work required for the operation, domestic care, and custody of the building shall be performed under the direction of the Marshal of the Supreme Court of the United States, who shall be superintendent of the United States Supreme Court Building, and employees (including elevator operators) required for the performance of such duties shall be appointed by the Marshal with the approval of the Chief Justice.

SEC. 4. Appropriations for the work under the jurisdiction of the Architect of the Capitol shall be disbursed by the Marshal as the Chief Justice may direct upon certified vouchers submitted by the Architect of the Capitol.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

STONE MARKER JEFFERSON DAVIS NATIONAL HIGHWAY

The Clerk called the next resolution, House Joint Resolution 248, to authorize the erection on public grounds in the District of Columbia of a stone marker designating the zero milestone of the Jefferson Davis National Highway.

Mr. WOLCOTT. Mr. Speaker, I object.

Mr. KELLER. Will the gentleman withhold his objection?

Mr. WOLCOTT. I withhold my objection.

Mr. KELLER. Mr. Speaker, I do not see any reason why this should not be granted. It does not cost the Government anything. It is granting only what has been granted before. It seems to me that since we have a Jefferson Davis Memorial Highway, it is reasonable to have a zero milestone from which to measure the distance.

Mr. WOLCOTT. May I call the gentleman's attention to the fact that in back of the White House at the present time there is a zero marker for all highways in the United States. I cannot but believe that this is approached in a manner different from the way we usually approach the situation. Why does not the gentleman come in here and ask authority of this Congress to erect a memorial to Jefferson Davis in the District of Columbia?

Mr. KELLER. We do not ask for any such thing.

Mr. WOLCOTT. It amounts to the same thing, and it is for that reason I object.

MONUMENT IN MEMORY OF COL. ROBERT INGERSOLL

The Clerk called the next resolution, Senate Joint Resolution 21, authorizing the erection in Washington, D.C., of a monument in memory of Col. Robert Ingersoll.

Mr. WOLCOTT. Mr. Speaker, I object.

Mr. KELLER. Will the gentleman withhold his objection?

Mr. WOLCOTT. I withhold my objection.

Mr. KELLER. The request is made for authority to place a monument to Robert G. Ingersoll, one of the great orators of our country, and especially of my State, in the District of Columbia. Mr. Ingersoll is recognized the world over as one of the world's great orators, and I do not see any reason why this request should not be granted. I should like to hear the gentleman's reaction to the resolution, if he has no objection.

Mr. WOLCOTT. I do not hesitate to state the reasons I have for objecting to this bill. I do not object merely for the purpose of defeating the gentleman's resolution, and I would not object unless I had a sufficient reason. In my opinion and in my study and from a reading of Robert Ingersoll's works, I personally recognize that he was a great orator. He was a great writer. I personally have enjoyed his writings, but I do not think he is the kind of a man that we should honor by putting up a monument in the National Capital to his memory. Although a great many people think Robert Ingersoll was an atheist and that some of his writings were atheistic, we know that before he died he partially repudiated his atheistic utterances and agreed that there might be a Supreme Being. I do not believe it is proper to build a memorial to Robert Ingersoll in the National Capital as an example to the youth of this country that Robert Ingersoll's works are to be used as textbooks to regulate their mode of living.

Mr. Speaker, I object.

Mr. KELLER. This is not going to cost the Government of the United States anything.

Mr. WOLCOTT. It is not the cost I am objecting to.

Mr. KELLER. If the people of this country believe that a man is great enough as an orator and thinker to deserve

a monument to his memory and are willing to pay for it, why should they not have the privilege?

Mr. WOLCOTT. We are not particularly interested in a man's oratorical ability. It is what he says. I am interested in what the man says, not the way he said it. I would have no objection to the gentleman's erecting a monument to Robert Ingersoll in his district, but I do not believe the National Capital is the place to erect a monument to an atheist or any other nonbeliever.

Mr. Speaker, I insist on my objection.

Mr. WOLFENDEN. Mr. Speaker, I demand the regular order.

The SPEAKER. The regular order is demanded.

Mr. WOLCOTT. Mr. Speaker, I object.

INTERSTATE LEGISLATIVE REFERENCE BUREAU

The Clerk called the next resolution, House Joint Resolution 19, to make available to Congress the services and data of the Interstate Legislative Reference Bureau.

Mr. BLANTON. Mr. Speaker, reserving the right to object, this is a remarkable bill, in that it not only appropriates for this year but it seeks to go back to the fiscal year 1932 and appropriate $40,000 for that year, and then $40,000 per year for 1933 and for 1934 and $40,000 per year for each year hereafter, for the legislative reference bureau. I think that it should not be passed, and that this $40,000 per year should be saved for the people. How are we to reduce taxes if we keep on spending extravagantly? This $40,000 per year, after all, is not such a small sum and is worth saving. Therefore I object.

NATIONAL ARCHIVES OF THE UNITED STATES GOVERNMENT

The Clerk called the next bill, H.R. 8910, to establish a National Archives of the United States Government, and for other purposes.

Mr. BLANTON. Mr. Speaker, reserving the right to object, I do not think we should create this office and pay the officer $10,000 a year, when SOL BLOOM and United States Senators serve for $9,000. If it is necessary to create this position we ought not to pay more than the reasonable salary of a United States Senator.

Mr. BROWN of Kentucky. Will the gentleman yield?

Mr. BLANTON. I yield to the gentleman from Kentucky.

Mr. BROWN of Kentucky. Does the gentleman mean Mr. BLOOM got $9,000 over and above his salary for running the centennial?

Mr. BLANTON. No; he got nothing extra for running the centennial.

The gentleman got more for the school children of the country for the money he spent than any other man has ever furnished the public for a like amount of money. I am for SOL BLOOM, and I do not believe in paying somebody else more money than Sol gets; therefore I object.

Mr. BLOOM. Will the gentleman withhold his objection?

Mr. BLANTON. My only objection is to the salary. If the gentleman will reduce the salary to $7,500, I will not object. I can furnish the gentleman men from my State who are well qualified, who will make good officers in this position, and who would gladly serve for $7,500.

Mr. COX. Mr. Speaker, I demand the regular order.

The SPEAKER. The regular order is demanded.

Mr. BLOOM. Mr. Speaker, may I explain this bill? If I may have a minute, I should like to explain to the Members of the House how important the bill is.

Here we have a building that is nearing completion that cost the Government $10,000,000, and there is no one there to superintend it or to take care of the planning of the shelves, indexing, or anything else, and unless you pass this legislation now this building is going to remain idle for many months.

Mr. TRUAX. Does the gentleman mean to tell me that with all of the 70,000 Federal employees in the city of Washington there is no one who can oversee this new building and that a $10,000 man is necessary for this purpose?

Mr. BLOOM. Yes; I mean to tell the gentleman that we are putting the salary of the archivist at the same amount as the salary of the Librarian of Congress.

Mr. BLANTON. If the gentleman himself were in charge of this bill, would he not make a good archivist?

Mr. BLOOM. The gentleman flatters me.

Mr. BLANTON. Why should we employ a man with no greater qualifications than the gentleman and pay him a larger salary?

Mr. BLOOM. Would the gentleman be willing to pass the bill if we amended it and provided a salary of $9,000 a year?

Mr. BLANTON. Mr. Speaker, I will withdraw my objection if the gentleman will properly reduce the salary.

Mr. TRUAX. Mr. Speaker, reserving the right to object, who is the keeper of the archives now?

Mr. BLOOM. There is no keeper of the archives provided in the Government service. We have been trying to get an archives building and an archivist for over 20 years, and if the gentleman will investigate the matter he will be surprised to learn the number of documents that have been lost or stolen from the Government on account of not having an archivist. We are the only country in the world that has no archives building and no archivist.

Mr. TRUAX. What are the special qualifications necessary to keep documents and books from being stolen?

Mr. BLANTON. They need a man like Elmer Lewis, who is the superintendent of the document room. He would make eventually the greatest archivist in the world.

Mr. BLOOM. I may say, Mr. Speaker, this bill was reported unanimously by the Committee on the Library and has been approved by the Librarian and other departments of the Government and unless we can pass this measure today we will be without any custodian of this building that has cost the Government $10,000,000 and is now about to be completed. Therefore, I hope the gentleman will not object.

Mr. TRUAX. Does the gentleman mean to state as a fact that if we do not enact this bill today this building will be without a custodian?

Mr. BLOOM. Yes; there is absolutely no legislation covering this proposition in connection with this building.

Mr. TRUAX. Well, I shall object and see if they cannot take care of it in some other way.

Mr. ELTSE of California. Mr. Speaker, regular order.

Mr. TRUAX. Mr. Speaker, I objected, but I should like to be given a half minute to make a statement to the gentleman. Cannot such a man be employed through funds of the P.W.A.?

Mr. BLOOM. No.

Mr. TRUAX. Why not?

Mr. BLOOM. Simply because he cannot be so employed.

Mr. BLANTON. They would be United States funds just the same.

The SPEAKER. Objection is heard. The Clerk will report the next bill.

JUNEAU, ALASKA

The Clerk called the next bill, S. 2811, to authorize the incorporated city of Juneau, Alaska, to issue bonds in any sum not exceeding $100,000 for municipal public works, including regrading and paving of streets and sidewalks, installation of sewer and water pipe, construction of bridges, construction of concrete bulkheads, and construction of refuse incinerator.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the incorporated city of Juneau, Alaska, is hereby authorized and empowered to issue its general obligation bonds in any sum not exceeding $100,000, to be used for the following purposes, namely: The sum of $51,400 for regrading and paving of streets and sidewalks, the sum of $2,750 for installation of sewer and water pipe, the sum of $5,000 for bridge construction and replacement, the sum of $12,850 for the construction of concrete bulkheads, the sum of $25,000 for construction of refuse incinerator, and the sum of $3,000 for engineering supervision and overhead on all of the above-mentioned works, the cost of the necessary materials, as well as of installation and construction, to be paid out of the sums above specified. All of said improvements are to be made in the said city of Juneau, Alaska, except said refuse incinerator, which may be placed without the corporate limits of said city.

SEC. 2. That before said bonds shall be issued a special election shall be ordered by the common council of the said city of Juneau, at which election the question of whether such bonds

shall be issued shall be submitted to the qualified electors of said city of Juneau whose names appear on the last assessment roll of said city for municipal taxation. Not less than 20 days' notice of such election shall be given by publication thereof in a newspaper printed and published and of general circulation of said city before the day fixed for such election. That the registration for such election, the manner of conducting the same, and the canvass of the returns of said election shall be, as nearly as practicable, in accordance with the requirements of law in general or special elections in said municipality, and said bonds shall be issued only upon condition that not less than a majority of the votes cast at such election in said city shall be in favor of the issuance of said bonds.

SEC. 3. The said bonds, when issued, shall bear the written signature of the mayor and clerk of the city of Juneau, and shall have impressed thereon the official seal of said city at the time of their issuance. The bonds may be sold at either public or private sale, as the common council of Juneau shall direct. The bonds above mentioned, when authorized to be issued as herein provided, shall bear interest at a rate to be fixed by the common council of said city of Juneau, Alaska, before the issuance of such bonds, and said interest shall not exceed the rate of 6 percent per annum, payable semiannually, and the bonds shall be sold at not less than par, plus accrued interest. Said bonds shall be in denominations of $1,000 each, or, if purchased by the United States through the Federal Emergency Administrator of Public Works or any other department or agency of the United States Government, in such other denominations as shall be satisfactory to the Federal Emergency Administrator of Public Works, or to such other agency of the United States as may have charge of the matter. The principal of said bonds shall be due within 25 years from the date thereof: *Provided*, That the common council of the said city of Juneau shall have the right to call and pay such bonds, or any portion thereof, at any time, at par, plus accrued interest; but if said city of Juneau shall exercise the option to pay such bonds before the date of their maturity, it shall pay first the bonds held by the Government of the United States or by any department or agency thereof, if any, the last maturities of said bonds to be paid first.

SEC. 4. The principal and interest of said bonds shall be payable in such funds as are, on the respective dates of payments of the principal of and interest on the bonds, legal tender for debts to the United States of America, at the office of the city treasurer of the city of Juneau, Alaska, or at such bank or banks, or at such place or places as may be designated by the Common Council of the City of Juneau, such place or places of payment to be designated in each of the several bonds issued.

SEC. 5. No part of the funds arising from the sale of said bonds shall be used for any purpose or purposes other than those specified in this act. Nothing herein contained shall be so construed as to prevent the issuance and sale of said bonds for any one or more of the purposes and in the respective amounts hereinbefore specified. Said bonds shall be sold only when and in such amounts as the Common Council of the City of Juneau shall direct, and the proceeds thereof shall be disbursed for the purposes hereinbefore mentioned and under the orders and directions of the said common council from time to time as the same may be required for the purposes hereinabove set forth.

SEC. 6. The city of Juneau is hereby authorized to accept hereunder such loan and grant as may be awarded to it by the Federal Emergency Administration of Public Works acting under and pursuant to title II of the National Industrial Recovery Act and any amendments, additions, and supplements thereto.

With the following committee amendment:

Strike out all after the enacting clause and insert the following:

"That the incorporated city of Juneau, Alaska, is hereby authorized and empowered to undertake the municipal public works herein specified and for such purposes to issue bonds in any sum not exceeding $103,000. Said city is hereby authorized and empowered to regrade and pave streets and sidewalks and for such purpose to issue bonds in any sum not exceeding $51,400; to install sewer and water pipes and for such purpose to issue bonds in any sum not exceeding $2,750; to construct and replace a bridge and for such purpose to issue bonds in any sum not exceeding $5,000; to construct concrete bulkheads and for such purpose to issue bonds in any sum not exceeding $12,850; to construct a refuse incinerator and for such purpose to issue bonds in any sum not exceeding $25,000; to employ such engineering supervision and pay such overhead expenses as may be necessary in connection with the above-mentioned public works and for such purpose to issue bonds in any sum not exceeding $6,000. All of said public works are to be undertaken in the said city of Juneau, Alaska, except said refuse incinerator, which may be placed without the corporate limits of said city.

"SEC. 2. Before said bonds shall be issued a special election shall be ordered by the common council of the said city of Juneau, at which election the question of whether such bonds shall be issued in the amounts above specified for any or all of the purposes hereinbefore set forth shall be submitted to the qualified electors of said city of Juneau whose names appear on the last assessment roll of said city for municipal taxation. The form of the ballot shall be such that the electors may vote for or against the issuance of bonds for each of the purposes herein specified in the amounts herein authorized. Not less than 20 days' notice of such election shall be given by publication thereof in a newspaper printed and published and of general circulation in said city before the day fixed for such election. The registration for such election, the manner of conducting the same, the canvass of the returns of said election shall be, as nearly as practicable, in accordance with the requirements of law in general or special elections in said municipality, and said bonds shall be issued for any or all of the purposes herein authorized only upon condition that not less than a majority of the votes cast at such election in said city shall be in favor of the issuance of said bonds for such purpose.

"SEC. 3. Such bonds shall be coupon in form, may bear such date or dates, may be in such denomination or denominations, may mature in such amounts and at such time or times, not exceeding 30 years from the date thereof, may be payable in such medium of payment and at such place or places, may be sold at either public or private sale, may be redeemable, with or without premium, or nonredeemable, may carry such registration privileges as to either principal and interest, principal only, or both, as shall be prescribed by the common council of said city of Juneau at the time such bonds are authorized to be issued. The bonds shall bear the signatures of the mayor and clerk of the city of Juneau, and shall have impressed thereon the official seal of said city. In case of the officers whose signatures or countersignatures appear on the bonds shall cease to be such officers before delivery of such bonds, such signatures or countersignatures shall nevertheless be valid and sufficient for all purposes the same as if they had remained in office until such delivery. Said bonds shall bear interest at a rate to be fixed by the common council of the said city of Juneau, not to exceed 6 percent per annum, payable semiannually, and the bonds shall be sold at not less than the principal amount thereof plus accrued interest.

"SEC. 4. The bonds herein authorized to be issued shall be general obligations of said city of Juneau, payable as to both interest and principal from ad valorem taxes which shall be levied upon all the taxable property within the corporate limits of said city of Juneau in an amount sufficient to pay the interest on and principal of such bonds as and when the same become due and payable.

"SEC. 5. No part of the funds arising from the sale of said bonds shall be used for any purpose or purposes other than those specified in this act. Said bonds shall be sold only when and in such amounts as the Common Council of the City of Juneau shall direct, and the proceeds thereof shall be disbursed for the purposes hereinbefore mentioned and under the orders and directions of said common council from time to time as the same may be required for said purposes.

"SEC. 6. The city of Juneau is hereby authorized to enter into contracts with the United States of America or any agency or instrumentality thereof, under the provisions of the National Industrial Recovery Act and act amendatory thereof and acts supplemental thereto, and revisions thereof, and the regulations made in pursuance thereof, and under any further acts of the Congress of the United States to encourage public works, for the sale of bonds issued in accordance with provisions of this act or for the acceptance of a grant of money to aid said town in financing any public works herein authorized; or to enter into contracts with any person or corporation, public or private, for the sale of such bonds; and such contracts may contain such terms and conditions as may be agreed upon by and between the common council of said city of Juneau and the United States of America or any agency or instrumentality thereof or any such purchaser."

Mr. DIMOND. Mr. Speaker, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. DIMOND: Page 7, line 15, after the word "case", insert the word "any."

The amendment to the committee amendment was agreed to.

The committee amendment, as amended, was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed.

The title was amended to read as follows: "An act to authorize the incorporated city of Juneau, Alaska, to undertake certain municipal public works, including regrading and paving of streets and sidewalks, installation of sewer and water pipes, bridge construction and replacement, construction of concrete bulkheads, and construction of refuse incinerator, and for such purposes to issue bonds in any sum not exceeding $103,000."

A motion to reconsider was laid on the table.

A similar House bill was laid on the table.

SKAGWAY, ALASKA

The Clerk called the next bill, S. 2812, to authorize the incorporated city of Skagway, Alaska, to issue bonds in any sum not exceeding $40,000, to be used for the construction, reconstruction, replacing, and installation of a water-distribution system.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the incorporated city of Skagway, Alaska, is hereby authorized and empowered to issue its general obligation bonds in any sum not exceeding $40,000, to be used for the purpose of constructing, reconstructing, replacing, and installing a water-distribution system to replace the present system now owned by the city of Skagway.

SEC. 2. That before said bonds shall be issued a special election shall be ordered by the common council of the said city of Skagway, at which election the question of whether such bonds shall be issued shall be submitted to the qualified electors of said city of Skagway whose names appear on the last assessment roll of said city for municipal taxation. Not less than 20 days' notice of such election shall be given by posting notices of the same in three conspicuous places within the corporate limits of the city of Skagway, Alaska, one of which shall be at the front door of the United States post office. That the registration for such election, the manner of conducting the same, and the canvass of the returns of said election shall be, as nearly as practicable, in accordance with the requirements of law in general or special elections in said municipality, and said bonds shall be issued only upon condition that not less than a majority of the votes cast at such election in said city shall be in favor of the issuance of said bonds.

SEC. 3. The said bonds, when issued, shall bear the written signature of the mayor and clerk of the city of Skagway, and shall have impressed thereon the official seal of said city at the time of their issuance. The bonds may be sold at either public or private sale, as the common council of Skagway shall direct. The bonds above mentioned, when authorized to be issued as herein provided, shall bear interest at a rate to be fixed by the common council of the said city of Skagway, Alaska, before the issuance of such bonds, and said interest shall not exceed the rate of 6 percent per annum, payable semiannually, and the bonds shall be sold at not less than par, plus accrued interest. Said bonds shall be in denominations of $1,000 each, or, if purchased by the United States through the Federal Emergency Administrator of Public Works or any other department or agency of the United States Government, in such other denominations as shall be satisfactory to the Federal Emergency Administrator of Public Works, or to such other agency of the United States as may have charge of the matter. The principal of said bonds shall be due within 25 years from the date thereof: *Provided*, That the common council of said city of Skagway shall have the right to call and pay such bonds, or any portion thereof, at any time, at par, plus accrued interest; but if said city of Skagway shall exercise the option to pay said bonds before the date of their maturity, it shall pay first the bonds held by the Government of the United States or by any department or agency thereof, if any, the last maturities of said bonds to be paid first.

SEC. 4. The principal and interest of said bonds shall be payable in such funds as are, on the respective dates of payments of the principal and interest on the bonds, legal tender for debts to the United States of America, at the office of the city treasurer of the city of Skagway, Alaska, or at such bank or banks, or at such place or places as may be designated by the Common Council of the City of Skagway, such place or places of payment to be designated in each of the several bonds issued.

SEC. 5.-No part of the funds arising from the sale of said bonds shall be used for any purposes other than those specified in this act, and said bonds shall be sold only when and in such amounts as the Common Council of the City of Skagway shall direct, and the proceeds thereof shall be disbursed for the purposes hereinbefore mentioned and under the orders and directions of the said common council from time to time, as the same may be required for the purposes hereinabove set forth.

SEC. 6. The city of Skagway is hereby authorized to accept hereunder such loan and grant as may be awarded to it by the Federal Emergency Administration of Public Works acting under and pursuant to title II of the National Industry Recovery Act and any amendments, additions, and supplements thereto.

With the following committee amendment:

Strike out all after the enacting clause and insert: "That the incorporated city of Skagway, Alaska, is hereby authorized and empowered to construct, reconstruct, replace, and install a water-distribution system to replace the system now owned by the city of Skagway and for such purpose to issue bonds in any sum not exceeding $40,000.

"SEC. 2. Before said bonds shall be issued a special election shall be ordered by the common council of the said city of Skagway, at which election the question of whether such bonds shall be issued shall be submitted to the qualified electors of said city of Skagway whose names appear on the last assessment roll of said city for municipal taxation. Not less than 20 days' notice of such election shall be given by posting notices of the same in three conspicuous places within the corporate limits of the city of Skagway, Alaska, one of which shall be at the front door of the United States post office. That the registration for such election, the manner of conducting the same, and the canvass of the returns of said election shall be, as nearly as practicable, in accordance with the requirements of law in general or special elections in said municipality and said bonds shall be issued only upon condition that not less than a majority of the votes cast at such election in said city shall be in favor of the issuance of said bonds.

"SEC. 3. Such bonds shall be coupon in form, may bear such date or dates, may be in such denomination or denominations, may mature in such amounts and at such time or times, not exceeding 30 years from the date thereof, may be payable in such medium of payment and at such place or places, may be sold at either public or private sale, may be redeemable with or without premium, or nonredeemable, may carry such registration privileges as to either principal and interest, principal only, or both, as shall be prescribed by the common council of said city of Skagway at the time such bonds are authorized to be issued. The bonds shall bear the signatures of the mayor and clerk of the city of Skagway, and shall have impressed thereon the official seal of said city. In case any of the officers whose signatures or countersignatures appear on the bonds shall cease to be such officers before delivery of such bonds, such signatures or countersignatures shall nevertheless be valid and sufficient for all purposes the same as if they had remained in office until such delivery. Said bonds shall bear interest at a rate to be fixed by the common council of the said city of Skagway, not to exceed 6 percent per annum, payable semiannually, and the bonds shall be sold at not less than the principal amount thereof plus accrued interest.

"SEC. 4. The bonds herein authorized to be issued shall be general obligations of said city of Skagway, payable as to both interest and principal from ad valorem taxes which shall be levied upon all the taxable property within the corporate limits of said city of Skagway in an amount sufficient to pay the interest on and principal of such bonds as and when the same become due and payable, and, if so provided by the common council of said city of Skagway, may be additionally secured by a direct pledge of all or any part of the revenues of said water-distribution system and any subsequent additions or extensions thereto, remaining after provisions for the payment of the cost of operation and maintenance of said system and the cost of such repairs, improvements, and betterments thereto as shall be necessary to keep the same at all times in good repair and working order.

"SEC. 5. No part of the funds arising from the sale of said bonds shall be used for any purpose or purposes other than those specified in this act. Said bonds shall be sold only when and in such amounts as the Common Council of the city of Skagway shall direct, and the proceeds thereof shall be disbursed for the purposes hereinbefore mentioned and under the orders and directions of said common council from time to time as the same may be required for said purposes.

"SEC. 6. The city of Skagway is hereby authorized to enter into contracts with the United States of America or any agency or instrumentality thereof, under the provisions of the National Industrial Recovery Act and acts amendatory thereof and acts supplemental thereto, and revisions thereof, and the regulations made in pursuance thereof, and under any further acts of the Congress of the United States to encourage public works, for the sale of bonds issued in accordance with provisions of this act or for the acceptance of a grant of money to aid said city in financing any public works herein authorized; or to enter into contracts with any person or corporation, public or private, for the sale of such bonds; and such contracts may contain such terms and conditions as may be agreed upon by and between the common council of said city of Skagway and the United States of America or any agency or instrumentality thereof or any such purchaser."

The committee amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed.

The title was amended to read as follows: "An act to authorize the incorporated city of Skagway, Alaska, to construct, reconstruct, replace, and install a water-distribution system and for such purpose to issue bonds in any sum not exceeding $40,000."

A motion to reconsider was laid on the table.

A similar House bill was laid on the table.

TO AUTHORIZE WRANGELL, ALASKA, TO ISSUE BONDS FOR PUBLIC WORKS

The Clerk called the next bill, S. 2813, an act to authorize the incorporated town of Wrangell, Alaska, to issue bonds in any sum not exceeding $47,000 for municipal public works, including enlargement, extension, construction, and reconstruction of water-supply system; extension, construction, and reconstruction of retaining wall and filling, and paving streets and sidewalks; and extension, construction, and reconstruction of sewers in said town of Wrangell.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the incorporated town of Wrangell, Alaska, is hereby authorized and empowered to issue its general-obligation bonds in any sum not exceeding $47,000, to be used for the following purposes, namely: The sum of $29,000 for enlargement, construction, and reconstruction of water-supply system; the sum of $12,000 for extension, construction, and reconstruction of concrete retaining wall and filling, and paving streets and sidewalks; and the sum of $6,000 for extension, construction, and reconstruction of sewers; all in the said town of Wrangell, Alaska.

SEC. 2. That before said bonds shall be issued a special election shall be ordered by the common council of the said town of Wrangell, at which election the question of whether such bonds shall be issued shall be submitted to the qualified electors of said town of Wrangell whose names appear on the last assessment roll of said town for municipal taxation. Not less than 20 days' notice of such election shall be given by posting notices of the same in three conspicuous places within the corporate limits of the town of Wrangell, Alaska, one of which shall be at the front door of the United States post office. That the registration for such election, the manner of conducting the same, and the canvass of the returns of said election shall be, as nearly as practicable, in accordance with the requirements of law in general or special elections in said municipality, and said bonds shall be issued only upon condition that not less than a majority of the votes cast at such election in said town shall be in favor of the issuance of said bonds.

SEC. 3. The bonds, when issued, shall bear the written signature of the mayor and clerk of the town of Wrangell, and shall have impressed thereon the official seal of said town at the time of their issuance. The bonds may be sold at either public or private sale, as the common council of Wrangell shall direct. The bonds above mentioned, when authorized to be issued as herein provided, shall bear interest at a rate to be fixed by the common council of the said town of Wrangell, Alaska, before the issuance of said bonds, and said interest shall not exceed the rate of 6 percent per annum, payable semiannually, and the bonds shall be sold at not less than par, plus accrued interest. Said bonds shall be in denominations of $1,000 each, or, if purchased by the United States through the Federal Emergency Administrator of Public Works, or any other department or agency of the United States Government, in such other denominations as shall be satisfactory to the Federal Emergency Administrator of Public Works, or to such other agency of the United States as may have charge of the matter. The principal of said bonds shall be due within twenty-five years from the date thereof: *Provided*, That the common council of the said town of Wrangell shall have the right to call and pay such bonds, or any portion thereof, at any time, at par, plus accrued interest; but if said town of Wrangell shall exercise the option to pay said bonds before the date of their maturity, it shall pay first the bonds held by the Government of the United States or by any department or agency thereof, if any, the last maturities of said bonds to be paid first.

SEC. 4. The principal and interest of said bonds shall be payable in such funds as are, on the respective dates of payments of the principal of and interest on the bonds, legal tender for debts of the United States of America, at the office of the town treasurer of the town of Wrangell, Alaska, or at such bank or banks, or at such place or places, as may be designated by the common council of the town of Wrangell, such place or places of payment to be designated in each of the several bonds issued.

SEC. 5. No part of the funds arising from the sale of said bonds shall be used for any purpose or purposes other than those specified in this act. Nothing herein contained shall be so construed as to prevent the issuance and sale of said bonds for any one or more of the purposes and in the respective amounts hereinbefore specified. Said bonds shall be sold only when and in such amounts as the common council of the town of Wrangell shall direct, and the proceeds thereof shall be disbursed for the purposes hereinbefore mentioned and under the orders and directions of the said common council from time to time as the same may be required for the purposes hereinabove set forth.

SEC. 6. The town of Wrangell is hereby authorized to accept hereunder such loan and grant as may be awarded to it by the Federal Emergency Administration of Public Works acting under and pursuant to title 2 of the National Industrial Recovery Act and any amendments, additions, and supplements thereto.

With the following committee amendment:

Strike out all after the enacting clause and insert the following:

"That the incorporated town of Wrangell, Alaska, is hereby authorized and empowered to undertake the municipal public works herein specified and for such purposes to issue bonds in any sum not exceeding $51,000. Said town is hereby authorized and empowered to construct, reconstruct, enlarge, extend, or improve its water-supply system and for such purpose to issue bonds in any sum not exceeding $32,000; to construct a retaining wall and to backfill behind same to make a permanent street, and for such purpose to issue bonds in any sum not exceeding $13,000; to construct, reconstruct, enlarge, extend, or improve sewers, and for such purpose to issue bonds in any sum not exceeding $6,000.

"SEC. 2. That before said bonds shall be issued a special election shall be ordered by the common council of the said town of Wrangell, at which election the question of whether such bonds shall be issued in the amounts above specified for any of the purposes hereinbefore set forth shall be submitted to the qualified electors of said town of Wrangell whose names appear on the last assessment roll of said town for municipal taxation. The form of the ballot shall be such that the electors may vote for or against the issuance of bonds for each of the purposes herein specified in the amounts herein authorized. Not less than 20 days' notice of such election shall be given by posting notices of the same in three conspicuous places within the corporate limits of the town of Wrangell, Alaska, one of which shall be at the front door of the United States post office. The registration for such election, the manner of conducting the same, and the canvass of the returns of said election shall be, as nearly as practicable, in accordance with the requirements of law in general or special elections in said municipality, and said bonds shall be issued for any or all of the purposes herein authorized only upon condition that not less than a majority of the votes cast at such election in said town shall be in favor of the issuance of said bonds for such purpose.

"SEC. 3. Such bonds shall be coupon in form, may bear such date or dates, may be in such denomination or denominations, may mature in such amounts and at such time or times, not exceeding thirty years from the date thereof, may be payable in such medium of payment and at such place or places, may be sold at either public or private sale, may be redeemable, with or without premium, or nonredeemable, may carry such registration privileges as to either principal and interest, principal only, or both, as shall be prescribed by the common council of said town of Wrangell at the time such bonds are authorized to be issued. The bonds shall bear the signatures of the mayor and clerk of the town of Wrangell, and shall have impressed thereon the official seal of said town. In case any of the officers whose signatures or countersignatures appear on the bonds shall cease to be such officers before delivery of such bonds, such signatures or countersignatures shall nevertheless be valid and sufficient for all purposes the same as if they had remained in office until such delivery. Said bonds shall bear interest at a rate to be fixed by the common council of the said town of Wrangell, not to exceed 6 percent per annum, payable semiannually, and the bonds shall be sold at not less than the principal amount thereof plus accrued interest.

"SEC. 4. The bonds, herein authorized to be issued shall be general obligations of said town of Wrangell, payable as to both interest and principal from ad valorem taxes which shall be levied upon all the taxable property within the corporate limits of said town of Wrangell in an amount sufficient to pay the interest on and principal of such bonds as and when the same become due and payable. Such of the bonds as may be issued to construct, reconstruct, enlarge, extend, or improve the water-supply system of said town of Wrangell may, if so provided by the common council of said town of Wrangell, be additionally secured by a direct pledge of all or any part of the revenue of said water-supply system and any subsequent additions or extensions thereto, remaining after provision for the payment of the reasonable costs of operation and maintenance of said system and the cost of such repairs, improvements and betterments thereto as shall be necessary to keep the same at all times in good repair and working order.

"SEC. 5. No part of the funds arising from the sale of said bonds shall be used for any purpose or purposes other than those specified in this act. Said bonds shall be sold only when and in such amounts as the Common Council of the Town of Wrangell shall direct, and the proceeds thereof shall be disbursed for the purposes hereinbefore mentioned and under the orders and directions of said common council from time to time as the same may be required for said purposes.

"SEC. 6. The town of Wrangell is hereby authorized to enter into contracts with the United States of America or any agency or instrumentality thereof, under the provisions of the National Industrial Recovery Act and acts amendatory thereof and acts supplemental thereto, and revisions thereof, and the regulations made in pursuance thereof, and under any further acts of the Congress of the United States to encourage public works, for the sale of bonds issued in accordance with provisions of this act or for the acceptance of a grant of money to aid said town in financing any public works herein authorized; or to enter into contracts with any person or corporation, public or private, for the sale of such bonds; and such contracts may contain such terms and conditions as may be agreed upon by and between the common council of said town of Wrangell and the United States of America or any agency or instrumentality thereof or any such purchaser."

Mr. DIMOND. Mr. Speaker, I offer the following amendment to correct a typographical error in the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. DIMOND: Page 9, line 2, after the word "to" where it appears the second time, strike out the word "issued" and insert "issue."

The amendment to the committee amendment was agreed to.

The committee amendment as amended was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed.

The title was amended to read as follows: "An act to authorize the incorporated town of Wrangell, Alaska, to undertake certain municipal public works, including construction, reconstruction, enlargement, extension, and improvements of its water-supply system; construction of a retaining wall and to backfill behind same to make a permanent street; and construction, reconstruction, enlargement, extension, and improvements to sewers, and for such purposes to issue bonds in any sum not exceeding $51,000."

A motion to reconsider was laid on the table.

A similar House bill was laid on the table.

CURRENCY, BONDS, AND M'LEOD BILL

Mr. BYRNS. Mr. Speaker, on April 14, my colleague, Mr. PATMAN, of Texas, delivered a very able radio address on the subject of currency and bonds, and the McLeod bill. I ask unanimous consent to insert that radio address in the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. BYRNS. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following very able radio address by my colleague, Mr. PATMAN, of Texas, on the subject of Currency, Bonds, and the McLeod Bill:

I desire to express appreciation to the National Broadcasting Co. for the opportunity of using its facilities to make these remarks.

WHAT IS MONEY?

One great economist defined money to be "that which passes freely from hand to hand throughout the community in payment for goods and in full discharge of debts, being accepted without reference to the character or credit of the person offering it, and without the intention of the person who receives it to consume it otherwise than in tendering it to others."

Suppose we did not have money. If you had wheat to spare and needed shoes, possibly you could trade the wheat for the shoes, but not likely; you would probably have to trade the wheat for hides and then trade the hides for shoes. This would be very inconvenient. It is much better that we have something called money that has a definite value measured in all commodities in order that anything may be exchanged for money and money may be exchanged for anything. Money is a standard or common denominator of value. Money itself is of no value; it is a simple tool desired for the one purpose of making exchanges. Money is no mysterious thing, no mystic principles veil or obscure it; it is a tool for making exchanges, just as a hammer is a tool for driving nails.

SCRIP USED IN A THOUSAND CITIES

Different commodities have been used as money; knives were formerly used as money in China; tobacco served the same function in Virginia; some other commodities that have served this function are wheat, bark, cattle, iron, and shells. The Department of Commerce recently made a survey and discovered because of a necessity of money over a thousand cities and groups are using scrip and barter for money; it was acceptable to the people at these places in the absence of a sufficient medium of exchange.

STABLE MONEY

It is desirable that we have a stable dollar. Our farmers borrowed money and voted upon themselves road, school, and other improvement bonds when wheat was worth $1.50 a bushel and cotton was worth 20 cents a pound. Later they were called upon to pay these debts when wheat was 40 cents a bushel and cotton 5 cents a pound. This resulted in the payment of $4, in what the farmer had to pay with, to every $1 borrowed; instead of being called upon to pay 6 or 10 percent interest, they were called upon to pay the equivalent of 24 or 40 percent interest.

SUPPLY AND DEMAND OF MONEY

Do not be misled into believing that supply and demand of a commodity is the sole controlling factor in determining the price of the commodity. Just as much depends on the supply and demand of money and credit. If our cotton and wheat farmers produce only one fourth of a normal crop this year and money and credit are made scarce, high, and dear, cotton and wheat will be cheap.

Since the supply and demand of money which includes credit controls the price of all labor, services, and commodities, our Government should be careful about who controls this great privilege. The people are entitled to have someone in charge of that great lever that expands or contracts money and credit at will who has their general welfare at heart; no one should have charge of this lever who can manipulate it in a way to make profit for themselves to the detriment of the general welfare. What chance has a producer or wage earner of this Nation to earn a decent livelihood for himself and family if the value of his products or labor is fixed by someone who has in mind making a profit for himself?

CONSTITUTIONAL MANDATE

The framers of the United States Constitution in article 1, section 8, very wisely said: "Congress shall have the power to coin money and regulate the value thereof."

This provision of the Constitution is mandatory. All Members of Congress are sworn to uphold the Constitution. Why has this provision never been carried out? The answer is simple. In the early days of our national existence the people were deceived into believing that the subject of money was so mysterious and intricate that only a few of the financiers understood the subject, and therefore the great privilege of issuing and distributing money should be farmed out to them. This was done and it has never been changed, except to give them more power and authority. The strange part of it all is, as often pointed out by Congressman BUSBY, of Mississippi, that the ones who are the beneficiaries of this great privilege are not even charged with the duty of furnishing the people a sufficient circulating medium.

FIAT-MONEY PARROTS

Do not blame the bankers for this. They are not to blame; they are doing what Congress has permitted them to do; Congress should be held responsible. However, when Congress seriously considers printing sufficient money to carry out this constitutional mandate the holders of this great privilege and their satellites repeat like parrots such phrases as "printing-press money", "rag money", "fiat money", "baloney money", and "greenbacks." They do not tell you that it is the same kind of money that is printed for them and that it will be backed by the same security which is the credit of this Nation. Let me make a prediction. The people are getting wise to such false, selfish, and greedy propaganda, and will, before very long, compel their Congress to change our idiotic monetary system by complying with the Constitution. I'll admit, it takes a long time to sell the people of this Nation a good proposal.

CIVIL WAR GREENBACKS

From 1861 to 1865 there was a war between the States. The United States Government or the Union issued $400,000,000 of money to assist in carrying on the war. This money was not secured by gold or any other metal; it was secured by the credit of the Nation. When General Early, of Southern Confederacy fame, was about to take Washington, and the Union was losing ground, this money went down to 35 cents on the dollar. When peace was restored and the credit of the Nation was no longer questioned, this money went back to 100 cents on the dollar and has remained there ever since. It was the restoration of the Nation's credit, and not gold, that caused these greenbacks to become worth 100 cents on the dollar. Three hundred and forty-six million dollars of this paper money has remained outstanding and is outstanding today; no one ever refused to take it; as it is worn out it is replaced with new bills. These greenbacks up to June 30, 1933, have saved the people of this country more than $11,000,000,0000 at 5 percent compound interest.

GERMANY'S INFLATION

The inflation in Germany is cited as evidence of what will likely happen here if the power to issue money is taken away from private corporations and restored to Congress. The German situation is not in point at all. In Germany the people owed more debts than they could pay. They could not cancel the debts, but they could print more money to pay them with. In fact, that country deliberately printed money until it was worthless, so their people could use the money to pay their debts with and get out of debt. They accomplished their desires.

OUR AIM

We do not desire to and will not destroy our monetary system, but we do want the people to be allowed the privilege of paying their debts in dollars that are worth approximately what they were worth when borrowed.

MODERN, UP-TO-DATE PRINTING PLANT

Here in Washington City the Government owns and operates a modern, up-to-date printing plant for the purpose of printing paper money and Government securities. It is the Bureau of Engraving and Printing, it employs 5,500 people, and at one time got behind with its money printing until it had to be operated 24 hours a day. The question is, Who gets this paper money; how do they get it; and who benefits by its issuance?

THE GREAT MONOPOLY

There are 12 Federal Reserve banks in the Nation; they are not the same banks or same system created in 1913. The law has been completely change, so-called "perfecting" amendments have diverted these banks from the course intended by Congress in 1913. They are owned by the member banks—private corporations—which are in turn owned by individuals. The Government does not own one penny of stock in these institutions, neither does it at this time get one penny of profit from their operations, although they use the credit of the Nation free, are exempt from all taxes, except upon their real estate, and are given the greatest privilege that any institution on earth has ever had—a franchise that is worth billions of dollars.

POWER TO ISSUE BLANKET MORTGAGES

These banks have the right to issue paper money that our Government prints for them at their request; they do pay about 27 cents for printing every thousand dollars worth of bills. I will read from one side of one of these bills:

"Federal Reserve note. The United States of America will pay to bearer on demand $5."

On the other side is the picture of the United States Treasury and the words, "United States of America, $5."

You will notice that the Government of the United States agrees to redeem this note that is issued by an institution that is owned solely by private corporations. The Government's agreement carries with it a blanket mortgage on all the homes, other property, and the incomes of all the people of this Nation.

ZERO RATE OF INTEREST

Do such banks pay for the privilege of issuing these blanket mortgages on the property and incomes of the people? The answer is no. The Federal Reserve Act, section 16, provides that they shall pay an interest charge that may be fixed by the Federal Reserve Board. The Board fixed the rate at zero. Therefore these 12 banks have used the people's credit up to the amount of $60,000,000,000 dollars a year turnover for 20 years for the zero rate of interest. If they had paid a reasonable rate of interest,

the Government would have collected hundreds of millions of dollars.

Practically all the money we have in circulation today is money issued by these banks. They use the Nation's credit free to issue it, but someone is paying interest on it every day it is outstanding. The only way the people can expand their currency under this system is to go into debt deeper and pay more interest. The people owe $203,000,000,000 in debts now. During the year 1932 the national income was $40,000,000,000; that year, when we had less than $5,000,000,000 in circulation, the people paid $10,000,000,000 in interest charges alone.

PEOPLE SHOULD GET MONEY MINDED

I hope the people get money minded, money conscious. Look at the paper money in your pocket and do not stop investigating until you know all about why, how, and for whose benefit it was issued. It is the one big problem; when it is solved most of all our other problems will sink into insignificance. Congress is the branch of Government charged by the Constitution with solving it or with submitting to the Executive proposals to that end.

MONEY ISSUED ON DEBT

Nine hundred and eighty-eight million dollars of the present circulating money was obtained by banking institutions depositing Government bonds as collateral security for its issuance. Under the present set-up, if the Government needs a million dollars it issues bonds for the amount and sells the bonds. If certain banking institutions buy the million dollars in bonds it can redeposit the bonds with the Government and receive a million dollars in new money printed at the Bureau of Engraving and Printing. At the same time it uses the money it will get interest on the bonds deposited, but will be required to keep 5 percent of it on deposit with the Treasury and pay one half of the 1-percent tax, which is to cover the cost of printing and replacing the money. In this way many banks are subsidized by the Government. No one can give a good reason why the Government should not issue the money in the first place rather than issue a tax-exempt interest-bearing bond and then permit its holder to use the bond or debt as security for the issuance of the money. The Wall Street parrots have never been taught to call this money "printing press" or "fiat" or "baloney" money.

TAKE THE GOVERNMENT OUT OF PRIVATE BUSINESS AND TAKE PRIVATE CORPORATIONS OUT OF THE GOVERNMENT'S BUSINESS

Our Government, under the leadership of a great President, is making a determined effort to restore prosperity to the people. Much has been done toward helping wage earners, laborers, farmers, home owners, business, industry, and commerce. Debts have been scaled down, extended, and interest charges have been reduced. It is almost inconceivable that we can continue this start on the road to recovery without the Government's having control over its own media of exchange. The issuance and distribution of money is a governmental function. It never should have been farmed out to private corporations; since it has been, the Congress should immediately reassume this great privilege and exercise it in the interest of the people. Our slogan should be: "Get the Government out of private business and get private corporations out of the Government's business." The first step should be for the Government to take over the 12 Federal Reserve banks and coordinate their activities with the Reconstruction Finance Corporation; then the Government's credit can be used for all banks—National, State, or private—all business, all agriculture, all commerce, and all people. Interest rates can be substantially reduced and the Government can obtain considerable revenue by charging a small sum for the use of its credit; all governmental financing can be handled through the new set-up without charging the Government interest which will eliminate the necessity for the issuance by the Government of another tax-exempt interest bearing bond, or to increase taxes.

NEED FOR ADDITIONAL MONEY

Is there a need for additional money? During the last year there has been a shrinkage of actual currency in circulation of $1,600,000,000. There has been a contraction of commercial checking deposits of $20,000,000,000 since the depression began. Ex-Senator Robert L. Owen, framer of the Federal Reserve Act and one of the best-informed men in the world on our monetary problems, has pointed out that the effect of this contraction has been to destroy the value of property in terms of money and to give money a very extraordinary value in terms of property. The banks apparently are unable or unwilling to expand these deposits by loans and thus restore the volume of credit which we previously had, in whole or even in substantial part. The Government alone can expand the currency money to replace the check money contracted. In 1929 money was turning over or was being used in exchange at an average rate of 22 times a year; it is now turning over 11 times a year. The contraction of money and credit, together with the slow turnover, has reduced the business of the country more than $800,000,000,000 the last year. That situation can be cured by Congress doing what the Constitution says it should do, "coin money and regulate the value thereof."

CURRENCY INSTEAD OF BONDS

A few years ago Mr. Thomas A. Edison was inspecting Muscle Shoals. He remarked that the Government should operate that great project in the interest of the people. He was asked if he favored the Government's borrowing the $30,000,000 necessary to make repairs. His answer substantially was: "No; why should the Government borrow its own credit? If it issues tax-exempt interest-bearing bonds and sells the bonds to Wall Street bankers to get the money, by the time the bonds are paid the bankers will have collected as much in interest as the Government received on the bonds. In other words, the bankers who will not furnish an ounce of material or a lick of labor will get as much out of it as the men who do the work and furnish the material." Mr. Edison also said at the same time: "Any government that can issue a dollar bond, interest bearing, that is good can issue a dollar bill, noninterest bearing, that is good, the only difference is the bill is easier to redeem because it does not draw interest." No one can answer Mr. Edison's argument.

HOW MUCH MONEY CAN THE GOVERNMENT ISSUE?

The Government has outstanding today about $26,000,000,000 in bonds and securities. Others are to be issued soon. The interest this year to be paid by the Government will amount to almost one thousand million dollars. A program should be considered now that will call for the gradual retirement of all Government bonds upon maturity or when callable with new currency and issue no more of such obligations. It will be a simple process. We will merely substitute one form of Government obligation for another form of Government obligation. The stock argument against this is that every dollar issued will go into the banks and upon each dollar as a base the banks may issue 10 credit dollars, which will cause undue expansion of the currency. That is true; but the argument may be destroyed completely by changing the law allowing the banks to use 1 dollar to issue 10; as the actual money is increased, require the banks to use a larger reserve or prevent them from lending money they do not have if the facts and circumstances should warrant. Many people who are against issuing a few billion dollars in money are highly in favor of the banks' issuing the same amount in credit, claiming it will serve the same purpose. It will serve the same purpose, but an enormous amount of interest would have to be paid on the credit that would not have to be paid on the money, and besides the banks could call in the credit, deflate values, and destroy prices as they did in 1920. They could not control the actual money in that manner; therefore, they are against it.

HOW WILL THE MONEY BE REDEEMED?

The Treasury and the Federal Reserve banks have sufficient gold to be used as a reserve for the retirement of this money if a gold base is desired. Silver may also be used. We have and can obtain plenty of it for that purpose, and at the same time help our export trade. Neither gold nor silver is absolutely necessary, as the money issued will be good for the payment of all debts, taxes, and import duties, although from an international-trade standpoint it may be desirable to use silver. It will be redeemable in services rendered by the post offices; in payment of all kinds of taxes, including income and excise; in payment of all debts, including debts due the Reconstruction Finance Corporation. We will be using cash instead of interest-bearing credit as a media of exchange. Money will go into channels of trade and production, instead of into tax-exempt interest-bearing bonds.

WILL WAGE EARNER BE INJURED?

It is contended that if more money is issued the dollar will become cheaper, which will be harmful to the farmers and those who live on fixed incomes. We can get on a currency basis, instead of a credit basis, without changing the purchasing power of the dollar, but most of us who advocate issuing more money really desire the return of what may be termed a cheaper dollar. As the dollar becomes cheaper real estate, common stocks, cotton, wheat, raw materials, labor, and all goods and services upon which there is no fixed price increase in value. This will enable the ones in these groups to have additional purchasing power.

Let us see how much it will affect the wage earner who receives one of these so-called "cheaper" dollars. He can use it to pay 100 cents on his debts, taxes, insurance, rent, electricity, gas, water, telephone, railroad freight, and passenger rates, and all other bills, goods, and services upon which there is a fixed and inflexible price. Any adjustment will be in favor of additional purchasing power, which will be in the direction of additional consumption of goods. The factory employee will probably pay a little more for eggs which will enable the farmer to buy more of what his factory produces. It will be better for the wage earner to receive a dollar that will not purchase so much in certain commodities than not to have a job which will enable him to earn a dollar. I much prefer to bring purchasing power up to the point where our surplus may be consumed rather than force production down to a very limited buying power.

In conclusion I hope you will consider the following statements:

1. The Federal Reserve Banks should be taken over by the Government and operated in the interest of all the people, banks, industry, agriculture, and commerce.

2. No private corporation, or corporation owned by private corporations should have the right to issue money.

3. The Government should issue currency when in need of money instead of tax-exempt interest-bearing bonds.

4. No additional taxes should be levied as long as we need additional money.

5. Very few of the bankers of the country, even the real good ones, have ever studied or thought anything about this monetary problem.

6. A billion dollars a year can be used by the Government to a better advantage than paying it as interest on Government bonds that may be used as a basis for the issuance of currency.

7. Direct credits should receive the thoughtful consideration of the people.

8. Opposition to any progressive proposal may be expected from those who will be deprived of special privileges, the die-hard, orthodox, hard-money advocates, and the poll-parrot satellites of

Wall Street who repeat only what others say and never think for themselves.

9. We need and must have more money as a circulating medium, but we should not issue more Government bonds in order to get it.

M'LEOD DEPOSIT-GUARANTY BILL

Although I am strongly in favor of currency expansion, I cannot agree with many of my colleagues that the McLeod bill providing that the Government should pay all losses to depositors in closed banks should pass. This proposal, to my mind, is not supported by logic and reason, and sets a precedent that would obligate the Government to pay everybody all their losses by reason of the panic, especially those involving State banks, private banks, building-and-loan companies, joint-stock land banks, and, finally, losses on the stock exchanges. Depositors who had their money stolen by bank officials who are now serving time in the penitentiaries for their crimes will have their losses made good by the Government, and even the criminals themselves will be reimbursed to the extent of their own deposits. The bill provides for more tax-exempt, interest-bearing bonds to be issued by the Government and sold in order to make the payments. Where it can be shown that the agents of the Government are responsible for the losses in a bank failure, consideration should be given such claims; but to pay them all on the theory that the monetary policy caused their loss sets a precedent for the payment of practically all debts for all persons, firms, and corporations. A recent report discloses that the deposits in national banks are owned as follows:

Sixty percent owned by 0.8 of 1 percent of the depositors.

Forty-five percent owned by 0.1 of 1 percent of the depositors.

Therefore, if the depositors are paid, the money will not be well and equally distributed. Many better plans for distribution have been proposed.

PROGRESS OF ANTILYNCHING LEGISLATION

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. LUDLOW. Mr. Speaker, it is to me, a citizen of Indiana, a source of much gratification that under the leadership of an able Indiana Senator a far-reaching step has been taken to sponge out of our national life the foulest blot that ever stamped with disgrace the honor of the American Nation. I refer to the barbarous, the unspeakable crime of lynching.

In the hurry and press of the public business, with measures of epochal importance crowding upon us, we perhaps have not devoted the attention which the subject merits to the very important steps that have recently been taken at the Senate end of the Capitol looking toward the enactment of a real antilynching bill which, if it becomes a law, will make lynching too risky a crime for even the most reckless to engage in.

I wish every person in the country might read the testimony on lynchings in the United States that was in progress for weeks before the Judiciary Subcommittee of the Senate, of which Senator FREDERICK VAN NUYS, of Indiana, is chairman, and which testimony is now available, on application to the committee room, in two printed volumes. The Indiana Senator has rendered a service that is invaluable to the Nation in bringing forth for the first time a complete compendium of evidence which lays bare in all their naked hideousness the revolting crimes committed in the name of lynch law. The fine judicial mind of the Indiana Senator has enabled him to correlate the essential facts, and with the aid, first, of his subcommittee, and then of the full Committee on the Judiciary, to bring to the Congress and the country a revised Federal antilynching bill which now stands awaiting action on the Calendar of the Senate, where it challenges the attention and the best thought of all of our people. I feel that I cannot, and should not, let this occasion go by without paying this deserved tribute to the notable constructive service rendered in this connection by the Senator from Indiana.

The bill reported to the Senate, which is the Wagner-Costigan bill, in an amended form, recognizes the fact that a lynching, wherever it may occur under the American flag, is a crime against the Nation; that usually local legal processes are subservient to local influences and powerless to purge the wrong that is inflicted, and that if there is to be any redress at all, and if right is to be vindicated, it must be done by the long and strong arm of the Federal Government. As a Democrat, believing fundamentally in local self-government, I am strongly opposed, as a rule, to the Federal Government injecting itself into local affairs, but when there is no other way to protect society from foul and unspeakable crimes, I am in favor of the Federal Government taking hold. As a last resort only would I ever favor such action.

The theory of the proposed law, under which the United States Government would take control over punishment for lynchings, is succinctly set forth in section 2 of the bill introduced by Senator VAN NUYS from his committee, as follows:

If any State or governmental subdivision thereof fails, neglects, or refuses to provide and maintain protection to the life or person of any individual within its jurisdiction against a mob or riotous assemblage, whether by way of preventing or punishing the acts thereof, such State shall by reason of such failure, neglect, or refusal be deemed to have denied to such person due process of law and the equal protection of the laws of the State, and to the end that the protection guaranteed to persons within the jurisdictions of the several States, or to citizens of the United States, by the Constitution of the United States, may be secured, the provisions of this Act are enacted.

Under this bill any official, such as a sheriff, who fails or refuses to make all diligent efforts to protect his prisoner shall be liable to a fine of $5,000 and imprisonment not exceeding 5 years. An official or employee who conspires with a mob to put a prisoner to death is subject to a sentence of 25 years in prison. If local and State courts will not act to punish lynchers, the United States district court, in the name of all of the people of the United States, shall have jurisdiction to administer punishment. The county where a prisoner is seriously injured or put to death by a mob shall be liable to the injured person or the legal representatives of such person for a sum of not less than $2,000 nor more than $10,000 as liquidated damages, which sum may be recovered by civil action in the United States district court.

Such are the salient features of the new bill. Under its provisions the punitive processes of the United States Government will not reach out to the detriment of any innocent man, but those guilty of mob savagery will no longer go scot free. That there is imperative need of this legislation unless justice is to remain a mockery, is impressively set forth in the report submitted by Senator VAN NUYS, as follows:

Twenty-eight lives, sacrificed at the hands of lynchers in 1933, supply the proof of the continuing practice of this shocking type of crime. The complete failure of the governments of those States involved to apprehend and punish the perpetrators of crimes, established by the evidence presented, substantially supports the need for Federal legislation.

The committee believes that the bill does not propose an invasion or subversion of the rights of States. On the contrary, the proposed legislation is an aid to the several States in assuring to their citizens the equal protection of the laws, both State and Federal, to which all citizens are entitled.

When the Governor of a great State defies the moral sentiment of the Nation by proudly condoning the lynching of two miserable creatures within the borders of his Commonwealth, it is time for the United States Government to do something, and the Federal authorities will remain powerless to act until Congress passes the bill reported by Senator VAN NUYS, or something like it. The time is at hand when the statesmanship of Congress should assert itself, to correct these distressing conditions.

The descriptive powers of a Dickens or a Hugo could not conjure out of the atmosphere of fiction any more sickening instances of inhumanity and cruelty than are set forth in the voluminous hearings of Senator VAN NUYS' subcommittee, where actual facts were produced showing what heinous deeds human beings have committed in this country under the devilish inspiration of mob frenzy. It not infrequently happens that after the cringing, agonized victim is brutally put to death, evidence is discovered which establishes his complete innocence. In the name of the God who made us all, are we going to permit repetitions of that sort of thing? This is not a question of race or color. It is a question of humanity. It was brought out in the testimony that among 5,053 authenticated lynchings that have taken place in the United States from 1882 through 1934, to date, 1,438 victims have been white, and 3,513 colored. And I say it with a feeling of shame that 94 of the victims have been

women. Of the 452 persons lynched in the period between 1918 and 1928, 42 were burned alive, and 32 others were subjected to treatment equally ghastly.

In addressing Senator VAN NUYS' subcommittee, Senator WAGNER well said that "the crime of lynching constitutes the most serious assault on civilization."

Mr. Speaker, we who wear the honors of congressional service are—or should be—paladins of civilization and guardians of posterity. Are our consciences so dulled and our ears so deafened to the entreaties of humanity that we are willing to permit these atrocities to go on and on?

SUSPENSION OF THE RULES

The SPEAKER. The Chair thinks that at this point he should recognize some gentleman to move suspensions. After we get through with them we may be able to return to the calendar. The Chair recognizes the gentleman from Minnesota [Mr. KNUTSON].

Mr. KNUTSON. Mr. Speaker, I move to suspend the rules and pass the bill H.R. 6166, with amendments.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Interior is authorized and directed to withdraw from the Treasury so much as may be necessary of the principal fund on deposit to the credit of the Chippewa Indians in the State of Minnesota, under section 7 of the act entitled "An act for the relief and civilization of the Chippewa Indians in the State of Minnesota", approved January 14, 1889, as amended, and to make therefrom payment of $25 to each enrolled Chippewa Indian of Minnesota, under such regulations as such Secretary shall prescribe. No payment shall be made under this act until the Chippewa Indians of Minnesota shall, in such manner as such Secretary shall prescribe, have accepted such payments and ratified the provisions of this act. The money paid to the Indians under this act shall not be subject to any lien or claim of whatever nature against any of said Indians.

The SPEAKER. Is a second demanded?

There was no demand for a second.

The SPEAKER. The question is on suspending the rules and passing the bill.

The question was taken; and two thirds having voted in favor thereof the rules were suspended and the bill was passed.

REIMBURSE STATES FOR RIGHTS-OF-WAY

Mr. WILSON. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 8018) to authorize payment for the purchase of or to reimburse States for local levee districts for the cost of levee right-of-way for flood-control work in the Mississippi Valley, and for other purposes.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of War is authorized, out of any money available for carrying out the provisions of the act entitled "An act for the control of floods on the Mississippi River and its tributaries, and for other purposes", approved May 15, 1928, to purchase from, or to reimburse States or local levee districts for the cost of, any levee rights-of-way or easements for the building of levees in the Mississippi Valley for which the United States was or is under obligation to pay under the provisions of the act of May 15, 1928, regardless of whether said States or local levee districts have furnished such rights-of-way in the past and regardless of the conditions under which such levee rights-of-way were furnished or may be furnished in the future: *Provided*, That after careful investigation the prices are found to be reasonable: *And provided further*, That payments or reimbursements for levee rights-of-way or easements conveying the privilege of building levees may be made as soon as they have been acquired in conformity with local custom or legal procedure in such matters and to the satisfaction of the Chief of Engineers.

The SPEAKER. Is a second demanded?

Mr. CHASE. Mr. Speaker, I demand a second.

Mr. WILSON. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

There was no objection.

Mr. WILSON. Mr. Speaker, gentlewomen and gentlemen of the House, this legislation is proposed at the request of the Secretary of War in order to reimburse local interests for purchase of rights-of-way upon which, as the bill states, the Government is obligated to pay in the Flood Control Act.

The Flood Control Act of 1928 provides for payment by the Government for levee rights-of-way in the alluvial valley of the Mississippi River within the adopted project entirely at Government expense, with one exception now in the act.

The rights-of-way are on the south bank of the Arkansas River, in Arkansas, and the south bank of the Red River in Louisiana. The Secretary of War has requested that legislation authorize payment for these rights-of-way, which have been taken in cooperation with the Government. Nothing is requested except that which the Government is obligated to pay by the act; nothing except that which the Attorney General says the Government owes to the citizens whose lands have been taken for that purpose. This is the request of the War Department and has had favorable report of the Flood Control Committee of the House and of the Commerce Committee of the Senate.

The War Department is anxious to have this bill passed, because these levee rights-of-way were acquired at the request of the War Department, in order to expedite the work, and the local interests, the local levee boards, took the lands of the citizens, which they could do under the laws of Louisiana, at the assessed value the previous year, and by doing that they have expedited the work and they acquired the property at much less cost than the War Department could have acquired it. They ask in this bill for repayment.

Mr. TABER. Will the gentleman yield?

Mr. WILSON. I yield.

Mr. TABER. Would the gentleman be so kind as to tell the House when these rights-of-way were acquired?

Mr. WILSON. During the past 3 years.

Mr. TABER. Has the process of acquiring the rights-of-way been completed?

Mr. WILSON. No. Some of the work is continuing. It will be necessary to acquire additional right-of-way.

Mr. TABER. Most of it has been completed?

Mr. WILSON. No. I would not say that the greater portion of the work has been completed. Probably it is 50 percent completed, but the Secretary of War has especially requested Congress, in order to save expense to the Government and to expedite the work, to approve this act, which gives them authority to compensate the levee boards, local interests, when, in the opinion of the Chief of Engineers and the Secretary of War, it has been acquired at a reasonable cost.

As stated in his letter to the committee, the Secretary of War says these rights-of-way have been furnished at much less cost than the Government could acquire them. It is something the Government is obligated to pay. The Attorney General say so, the War Department says so, and the money is already appropriated, and you do not have to ask Congress for anything.

Mr. DOWELL. Will the gentleman yield?

Mr. WILSON. I yield.

Mr. DOWELL. When this question was before the House on the original appropriation, was it not then understood that this right-of-way was to be secured and that the Government was not to pay for the right-of-way for these levees?

Mr. WILSON. No, sir. When the act was under consideration I think everyone who is familiar with it will recall it was provided that the local interests should furnish the rights-of-way for levees on the main channel of the Mississippi River, but that there should be no local contribution for that purpose except on the main channel. These levees are not on the main channel. They are within the project, as stated in the bill, and the Government is obligated to pay for the entire cost.

Mr. PARKS. Will the gentleman yield?

Mr. WILSON. I yield.

Mr. PARKS. This does not in any way contravene or repeal existing law?

Mr. WILSON. No.

Mr. PARKS. It simply carries out the provisions of law as they now exist?

Mr. WILSON. Yes. When the project was adopted it was stated there shall be no local contribution to this project except that the States and local interests will acquire

rights-of-way on the main channel of the Mississippi River, and that only.

Mr. DOWELL. Will the gentleman yield further?

Mr. WILSON. Yes.

Mr. DOWELL. I want to read from the letter of the Secretary of War. It is in the report, on page 3:

> In the consideration of this claim it developed that the levee district had agreed by resolution to furnish these rights-of-way "without cost to the United States."

Now, that was my remembrance of it. That is the reason I was asking the gentleman the question. There was a long controversy in the House about the matter.

Mr. WILSON. Did the gentleman read further? Of course, I can explain that to the gentleman.

Mr. DOWELL. There was a long controversy in the House, as I recall, about this appropriation originally, and, as I remember it, there was to be no expense to the Government for the rights-of-way. In other words, if the Government would expend the enormous sum of money necessary to construct these levees, the rights-of-way were to be secured without expense to the Government.

Mr. WILSON. That was on the main channel of the Mississippi River.

Mr. DOWELL. Well, I do not understand that there was any definite place where the rights of the Government were to stop in the matter.

Mr. WILSON. The law definitely says so. This was passed up to the Attorney General:

> Is the United States obligated, under the law, to pay for levee rights-of-way in the Atchafalaya Basin, in the Boeuf Basin, and on the south banks of the Arkansas and Red Rivers in the flood-control work on the Mississippi River?
> My answer to this is "yes."

In the Flood Control Act it says there shall be no local contribution to this main project except that the local interests shall provide rights-of-way on the main channel of the Mississippi River; but it is admitted by all, including the War Department and the Attorney General, that other rights-of-way within the project should be paid by the Federal Government.

Mr. DRIVER. Will the gentleman yield to permit me to make a brief expression to the gentleman from Iowa?

Mr. WILSON. I yield.

Mr. DRIVER. In order to clarify the matter, because the gentleman from Iowa perhaps is calling on his memory of the conditions and matters that were mentioned in connection with the consideration of the flood project on the floor——

Mr. DOWELL. I am.

Mr. DRIVER. There was an exception made to the responsibility of the Government.

It was further agreed that on the main line of the Mississippi River levees the local interests should furnish the foundations for the levees; but in the same project was carried the responsibility of building protecting levees on certain tributaries and on the south bank of tributary streams. That was responsible for additions made on the streams that caused additions to the flood in the river that had to be protected against by levees on the main river, the rights-of-way for which levees the local interests assumed responsibility. But the act did not require the local interests to furnish the rights-of-way for the protecting levees along the flood way or on the south banks of the tributary rivers which became a part of the project. There is where the separation occurred.

Mr. DOWELL. Now, if I may make an inquiry, if the Government was responsible for securing this right-of-way, why has not that been done before this? Why has not the Government proceeded, if the Government was responsible according to the law, as the gentleman has stated?

Mr. DRIVER. They did. And that is exactly what is responsible for the bill. The Government proceeded by inducing the local interests to assist in procuring the rights-of-way that were used, for the reason that they contemplated delay in the condemnation of land, and they felt that the interests of the local people being paramount, the local people would be able to secure these rights-of-way at a much less rate per acre than the Government engineers could by condemnation proceedings; and they have. I may say to the gentleman from New York that they procured these rights-of-way at less than the actual value. In Louisiana especially, there is a law which enables the local district to procure these rights-of-way at the assessed value; but the United States Government would not be able to take advantage of this local law.

Mr. DOWELL. Will the gentleman yield for another question?

Mr. DRIVER. I will, with the gentleman's permission.

Mr. DOWELL. Was there such an agreement with the Government?

Mr. DRIVER. The engineers in charge made the agreements, and the Secretary of War wants to carry them out in good faith.

Mr. DOWELL. Am I to understand that the gentleman states that the Secretary of War made an agreement that the Government had the power to reimburse for these rights-of-way?

Mr. DRIVER. The local engineers in charge of the projects made the agreements with respect to the rights-of-way, and the Secretary of War endorsed those agreements. As a result of the agreement the Government procured the rights-of-way at much less than they could possibly have procured them in any other way.

Mr. WILSON. Further replying to the question of the gentleman from New York [Mr. DOWELL], the Secretary of War states:

> After representation by these interests the War Department asked the opinion of the Attorney General as to whether the United States was obligated, under the law, to pay for levee rights-of-way in the Atchafalaya Basin, in the Boeuf Basin, and on the south bank of the Arkansas and Red Rivers, necessary in the prosecution of flood-control work under the act of May 15, 1928. The answer was that the United States was obligated to pay for these rights-of-way. The War Department then started to reimburse certain levee districts which had provided the rights-of-way in question.

Of course, expropriation of land by the Government is an unsatisfactory procedure. So the engineers called upon the levee boards, who would take the property of these people at the value assessed the year before. Then the work went ahead. These people ought to be paid for their land.

Mr. GLOVER. Mr. Speaker, will the gentleman yield?

Mr. WILSON. Yes.

Mr. GLOVER. This bill simply authorizes the War Department to pay for that which they have already used.

Mr. WILSON. The gentleman is correct.

Mr. Speaker, I reserve the balance of my time.

Mr. CHASE. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. SNELL].

Mr. SNELL. Mr. Speaker, in order fully to understand this bill we must go back to the original flood-control legislation. I think I have been in the House during the consideration of all these measures. One of the sharpest-drawn issues in the discussion of these measures has been the question of who would pay for the land on which the levees were built. As I understand it, pretty nearly all the way through it has been generally understood and was specifically stated in the first act which, I think, was passed in the Sixty-fourth Congress, that no money appropriated under authority of these acts shall be used in payment for any right-of-way for any levee, and so forth.

Mr. WILSON. Mr. Speaker, will the gentleman yield?

Mr. SNELL. Certainly.

Mr. WILSON. From what act is the gentleman reading?

Mr. SNELL. I am reading from H.R. 14777, Public Law 367, Sixty-fourth Congress. That was the original act. That program has been followed right along down in connection with all flood-control acts and the paramount question has been as to who should pay for the ground on which the Government built the levees. It has been generally considered in connection with the passage of each individual act that the local authority should pay for land on which the levees are placed.

Mr. WILSON. Mr. Speaker, will the gentleman yield?

Mr. SNELL. Certainly.

Mr. WILSON. But the Flood Control Act of 1928 supersedes all previous legislation with reference to the subject; and the Attorney General passing upon the matter has held that the only rights-of-way the local interests should furnish are those on the main channel.

Mr. SNELL. I do not know whether that is correct or not, but the gentleman will concede that that has been the main issue all the way through; that with the Federal Government spending hundreds and millions of dollars the local people should furnish the rights-of-way, and this is nothing more than fair.

Mr. WILSON. But I am referring to the Flood Control Act of 1928.

Mr. SNELL. If there were no question about it, why is it necessary to have this legislation at the present time? I call the gentleman's attention to the letter of the Secretary of War, particularly that portion which appears at the top of page 3 of the report:

> In the consideration of this claim it developed that the levee district had agreed by resolution to furnish these rights-of-way without cost to the United States, and the Judge Advocate General of the Army, the Attorney General, and the Comptroller General have all rendered opinions that in view of the wording of the several resolutions under which the rights-of-way were provided there is no present authority in law for payment of the claim.

Mr. WILSON. The situation was this, as the testimony showed: the Government district engineer called upon the Levee Board to furnish these rights-of-way, to expropriate them in order that they might expedite the work.

Mr. SNELL. Right there, if the gentleman will permit an interruption, the local engineers did that; but the intention at the time the law was passed was that these people should furnish the rights-of-way, and your own Secretary of War has so interpreted the act.

Mr. WILSON. No; the law specifically states that the Government shall furnish them.

Mr. SNELL. I know, and the gentleman from Louisiana and others know, that when this matter was under consideration the understanding was that the rights-of-way should be furnished by the local interests.

Mr. DRIVER. The gentleman is eminently correct so far as the levees on the main river are concerned, but this work extended beyond the main levees on the Mississippi River and provided for certain work on the Red and Arkansas tributaries.

Also protecting levees on the side of the proposed floodway were not included in the agreement of the people on the main river to provide these foundations. The people on the tributaries were not concerned as were the people on the main stream, and that responsibility was not shared.

Mr. SNELL. I thought it went clear through, and so understood it. Let me read from another place in the Secretary of War's letter:

> The act of May 15, 1928, commonly known as the "Flood Control Act" was interpreted by the War Department to mean that the United States was not obligated to pay for certain rights-of-way for the construction of levees not along the main Mississippi River.

That is the construction put on it by your own Secretary of War and applies to exactly what we have before us at the present time and, I believe, is the correct interpretation and was so understood by Congress.

Mr. WILSON. That was carried to the Attorney General and he ruled the other way.

[Here the gavel fell.]

Mr. CHASE. Mr. Speaker, I yield the gentleman from New York 3 additional minutes.

Mr. SNELL. If it was not necessary I maintain you would not have to have this legislation at the present time and, as I understand, the Comptroller General has ruled that we were not responsible and should not be called upon to pay for these rights-of-way.

Mr. DRIVER. May I make this further remark to the gentleman from New York that I think will be clarifying. It is absolutely necessary that we separate the responsibility, as responsibility was separated in the bill, for the Government to acquire the rights-of-way and the floodways on the tributaries. If this were not true, I can show the gentleman that it would be absolutely an inoperative bill insofar as the levees on the south side of the tributary streams are concerned. The front-line people along the main line of the river had no authority in the world to acquire and pay out the money that they levied on their properties for rights-of-way on the tributary streams.

Mr. SNELL. That is all right, but these various levee districts had the right.

Mr. DRIVER. No; I say they did not. My district is not concerned in this legislation, I will say to the gentleman. I am a bystander.

Mr. SNELL. I know the gentleman knows about the matter.

Mr. DRIVER. The levee district in Mr. WILSON's State and in my State and in Mississippi have no authority to levy and spend any money outside of the limits of their districts.

Mr. SNELL. That may be true; but, on the other hand, there was a definite understanding all along the line and your own Secretary of War said that that is the interpretation they put on the bill.

Mr. DRIVER. It was not justified, I will say to the gentleman from New York. There was not a man concerned with the preparation of this bill who thought for a moment that the liability extended beyond the main line of levees on the Mississippi River, for which they assumed full responsibility.

Mr. SNELL. Of course, I may have been mistaken, but I do not think I have been; but how does the gentleman interpret the language of his own Secretary of War?

Mr. DRIVER. I will not undertake to interpret his language.

Mr. SNELL. It shows that the Department agreed with my position.

Mr. DRIVER. I cannot interpret that, I will say to the gentleman, because I know he is wrong and the Attorney General is right.

Mr. SNELL. I suppose the War Department would know more about it than the Attorney General, because they have had full control of the work all along and are familiar with this work from the beginning.

Mr. WILSON. I was present when the controversy came up, and the Secretary of War stated that he would ask for the opinion of the Attorney General and that that would govern.

Mr. SNELL. Why does he make that statement there if he does not mean it?

Mr. WILSON. Because a controversy came up when the levee boards had agreed to furnish the rights-of-way. If they had furnished them, even though the Government was obligated to pay, the question would come up whether the money should be paid out.

Mr. SNELL. Furthermore, if we pass this bill we will pay for every one of the rights-of-way before we get through, and that was not the original intention, and I think the gentleman well knows it.

Mr. WILSON. No.

Mr. DRIVER. The main river is complete. They have discharged their full responsibility and furnished the rights-of-way. It is only these outside places that do not come within the definition of the law.

Mr. SNELL. The gentleman must admit that his Secretary of War agrees with my interpretation of the law.

Mr. DRIVER. I am sorry to say that the gentleman's Secretary of War just prior to that would not have written this, because he was familiar with the language.

Mr. SNELL. I thought I knew something about it, but evidently I do not. Certainly I have followed this legislation very carefully, and I am sure in my own mind there is no obligation on the part of the Federal Government to pay these claims.

[Here the gavel fell.]

Mr. CHASE. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Speaker, I am going to try to present this situation the way I understand it. I may not be correct, but I am going to give you the best I have.

This bill was passed and became a law on the 15th of May 1928. The War Department, according to the letter of Mr. Dern to Mr. Wilson, Chairman of the Committee on Flood Control, on February 15 last, reported just exactly what Mr. SNELL read, that the act of May 15, 1928, was interpreted by the War Department to mean that the United States was not to pay for these rights-of-way. Following this interpretation, in the sequence of events the flood districts agreed by resolution to furnish these rights-of-way and they went ahead and furnished them. Later, on June 8, 1933, the Attorney General decided that the language of the bill meant the United States was to furnish these rights-of-way. Frankly, I would say that, in my opinion, from reading the bill as carefully as I can, the United States would be in position to say to these flood districts, "The rights-of-way on those side rivers should be furnished."

Mr. SNELL. Will the gentleman yield for a question?

Mr. TABER. I yield to the gentleman for a question.

Mr. SNELL. If the Attorney General's opinion is good—and I suppose it is the highest we have in the land—why is it necessary to bolster it up by passing a resolution of this kind at the present time? If the obligation is there now, why do we have to change?

Mr. TABER. I do not know; but I think I might be able to answer the question, and if I do not answer it correctly the gentleman on the other side will get a chance.

I think it means that these rights-of-way have been purchased by the district and the title to them is in the district. If the United States pays out this money the title would have to be in the United States, I understand, in accordance with the policy that was pursued on the main river. The side rivers furnished the rights-of-way and the United States went on and developed the levees. Then this decision comes along and there is an opportunity to get back for these districts the money that was paid out. This is the way I understand it.

Mr. WHITTINGTON. Will the gentleman yield?

Mr. TABER. I yield.

Mr. WHITTINGTON. The gentleman understands that so far as the side rivers or tributaries are concerned, the controversy is only in the backwater areas of the tributaries of the Mississippi River. May I suggest to the gentleman that my view is that this bill is made necessary by a rather technical objection made by the Comptroller General and his objection is on the ground that when the Government engineers called for rights-of-way so that the Government could build, as it did build, the levees, the Government engineers did not know whether the Government was required to furnish the rights-of-way or not in the backwater area at the Red River and they required the local levee board to adopt a resolution that they would furnish the rights-of-way at their own expense.

The Comptroller General, notwithstanding the law and notwithstanding the opinion of the Attorney General, now says that in view of the resolution that was adopted by the local levee board that they would furnish about $500,000 or $600,000 worth of rights-of-way, he cannot approve the bill. This is clearly a technical objection because, under the law, on the adopted project the Government has to pay for these rights-of-way, as determined by the Attorney General. The bill is to comply with the technical objection made by the Comptroller General.

Mr. TABER. I am sorry I cannot yield further. It looks to me as if the district agreed with what I believe was the intention of the Congress and what I understood to be the intention of the Congress when this bill was passed.

[Here the gavel fell.]

Mr. CHASE. Mr. Speaker, I yield the gentleman from New York 2 more minutes.

Mr. TABER. And the district, understanding the bill just as Congress understood it, passed this resolution that it would provide this right-of-way without expense to the Government, and now they come here with a ruling from the Attorney General different from what we had all supposed the rule was to be, and they ask us to pass a bill which will allow us to turn this money over to these districts.

There is also this situation: With perhaps 50 percent of this proposition done, there is an expense presented of $652,000, and the letter from the Secretary of War tells us there will be an expense probably of $2,000,000 or $3,000,000 for these rights-of-way. I do not think we ought to establish the practice of paying for these rights-of-way, and I hope the House will vote down this motion to suspend the rules.

Mr. CHASE. Mr. Speaker, I yield to myself the balance of the time.

Mr. Speaker, while I formally opposed this bill in demanding a second, my purpose was to allot the time on the minority side.

I am for the bill whole-heartedly.

So far as I can see, there is no joker in this measure. The War Department engineers working on the projects involved were retarded in their efforts to get necessary land for the construction of the levees. Under article XVI of the Constitution of the State of Louisiana the levee boards can appropriate land immediately for levee purposes and pay for it on the basis of its assessed valuation the preceding year. So when the Army engineers found that they would be delayed in securing necessary land for levee purposes, they asked the levee boards to cooperate. The levee boards did cooperate, appropriated the land, and now they are asking, in compliance with their "gentlemen's agreement", for payment.

Mr. GLOVER. Will the gentleman yield?

Mr. CHASE. Gladly.

Mr. GLOVER. Something was said about the act of 1928 not providing for this. Section 14 provides that this is to be paid for by the Government. Let me read it:

> In every contract or agreement to be made or entered into for the acquisition of land, either by private sale or condemnation, as in this act provided, the provision contained in section 337 of the Revised Statutes, being section 42 of the United States Code, shall be applicable.

This shows that it was to be paid by the Government under the act of 1928.

Mr. CHASE. In connection with the point just made by the gentleman from Arkansas, you will find that this bill provides—

> That the Secretary of War is authorized * * * to purchase from, or to reimburse States or local levee districts for the cost of any levee right-of-way or easements for the building of levees in the Mississippi Valley for which the United States was or is under obligation to pay under the provisions of the act of May 15, 1928—

Just quoted.

This bill is not in conflict with the act of 1928. On the contrary, this bill is based squarely upon the 1928 act.

Now, in proof of some of the statements made by the proponents of this bill, I quote from the letter of March 4, 1929, from the United States Army engineers to the president of the Tensas Basin Levee Board:

> As your board has been informed, the levees on the south bank of the Arkansas River head the priority list for work in this district. If we can secure rights-of-way, we will complete the south bank line in about 3 years to the new grade and section. * * *
>
> My assistants are completing the surveys, including detailed plats and descriptions of the rights-of-way. I am obtaining abstracts of title and endeavoring to negotiate a fair price with the owners. If a reasonable price can be reached, I will ask the owner for permission to proceed with the work under a written guaranty that the United States will pay him the agreed price when the abstract of title is accepted by the Attorney General. If the owner refuses to allow this, then it would be most helpful if your board would purchase the right-of-way, guarantee it to the United States as in the past, and be reimbursed in full value as soon as approval can be officially obtained.
>
> Will you kindly put this matter before your board and advise me if they will assist * * *.

And so forth. And we are coming here today to ask for curative action because of a purely technical provision in the levee boards' resolutions that these rights-of-way shall be "furnished without cost."

These resolutions were drafted by the Army engineers. With a friendly, helpful, cooperative spirit the Army engineers and levee boards were working together. The Army engineers suggested the resolutions, drafted them, the levee boards acted on the resolutions, and seized the lands for use of the Army engineers in constructing the levees.

Now, what is the situation here? Under article XVI of the Constitution of Louisiana, payment for lands seized for levee purposes can be made on the basis of the assessed valuation for the preceding year. I have here certified copy of section 6 of article XVI of the State Constitution of Louisiana, and quote therefrom as follows:

SEC. 6. Lands and improvements thereon hereafter actually used or destroyed for levees or levee drainage purposes shall be paid for at a price not to exceed the assessed value for the preceding year.

There is no joker in this bill. It is a good, clean, honest business proposition. Through the cooperative help of the levee boards, this land was seized and used for levee purposes. Payment for the land was made with certificates of indebtedness, which have not been redeemed. Because the interest has been in default, the paper has depreciated and thus these owners have had almost nothing for their land which was seized.

On the contrary, the land was taken for possibly 40 percent of its real value, but since the certificates of indebtedness have depreciated some 60 percent, actual payment to the owners, even if the certificates could be sold now, would represent only about one fifth the full and true value of the land. It is a shameful situation.

The Federal Government, even if it reimburses the levee boards as provided in this bill, will secure the land at a saving of several hundred thousand dollars.

Now, the levee boards cannot pay for the lands they have taken, even at the lower price. They come here in compliance with the promises made them by the representatives of the Government, asking to be reimbursed for the land they furnished to the Army engineers for levee purposes.

Mr. WILSON. This request that they be reimbursed came from the Corps of Engineers—the district engineers.

Mr. CHASE. It came from the Army engineers.

Mr. SNELL. Will the gentleman yield?

Mr. CHASE. Certainly to my leader.

Mr. SNELL. In the letter of the Secretary of War, he says:

In the consideration of this claim, it develops that the levee district had agreed by resolution to furnish these right-of-way "without cost to the United States."

Is not that an admission here that the people agreed to give them this right-of-way? What does the language mean?

Mr. WILSON. That was the Levee Board.

Mr. SNELL. Was not it the understanding that they should be furnished free? He says this was for the relief of the people, and they agreed to furnish it free.

Mr. WILSON. The letter from the district engineer——

Mr. CHASE. The unfortunate use of that phrase by the Army engineers in drafting the resolutions is what necessitated this bill. They should not have been in the resolution, but they are there.

Now, in conclusion I desire to quote from the Attorney General of the United States in a letter written under date of June 8, 1933, to the Secretary of War, upon the exact point before us here. He says:

Your first inquiry is as follows: Is the United States obligated, under the law, to pay for levee rights-of-way in the Atchafalaya Basin, in the Boeuf Basin, and on the south banks of the Arkansas and Red Rivers in the flood-control work on the Mississippi River? My answer to this is "Yes."

I quote now from the Secretary of War's letter of November 9, 1933, to the Comptroller General. He said in part:

The facts are as follows: Section 4 of the Flood Control Act of May 15, 1928, provides that the Secretary of War may acquire lands, easements, or rights-of-way needed for the project by condemnation, purchase, or donation. When the Department first undertook the construction of levees on the south bank of the Red River and in the Boeuf and Atchafalaya Floodways it attempted to acquire rights-of-way for such levees by purchase or condemnation. It was met with demands for exorbitant prices, coupled with injunction suits designed to force payment for flowage rights over the lands within the floodways. When the difficulties over land matters became apparent, the Chief of Engineers decided that efforts by the United States to purchase or condemn such levee rights-of-way should be stopped, and that available funds would be applied first to the construction of such levees at places where rights-of-way were provided by local interests under the more expeditious procedure provided by the State laws.

Thus we have a plain, candid statement of facts. The War Department had authority to buy or condemn the lands. Complying with the requests of Army engineers, the levee boards acted for the engineers, securing the necessary acreage in a fraction of the time in which the Army could have purchased or condemned and for a fraction of the amount which the War Department would of necessity have paid. Now the War Department desires to pay, and the Attorney General says that it should pay. This bill is before you today to cure the difficulty caused by the mischievous words in the resolution.

The bill should pass on its merits, and I urge that you give it your support and your vote.

[Here the gavel fell.]

Mr. WILSON. Mr. Speaker, I yield 3 minutes to the gentleman from Louisiana [Mr. DEAR].

Mr. DEAR. Mr. Speaker and gentlemen of the House, I was not a Member of this body in 1928, when the Flood Control Act was passed, but I will say that I was attorney for a Louisiana levee board for 13 years, and I know something about this situation. If the gentlemen from New York knew the circumstances surrounding this matter, they would not vote against this bill.

The gentleman across the aisle, Mr. CHASE, of Minnesota, who sat in the committee hearings and who knows the facts in this case, has just addressed you and told you he was for this bill.

When these resolutions in question were passed by the levee board in the State of Louisiana, providing that the land be given without cost, let me tell you gentlemen that I know, and it was shown before the Flood Control Committee, that these resolutions were drafted by the Army engineers, who told the levee board we would be reimbursed by the Federal Government, because under the law the Government was obligated to pay for them. You ask why did they not proceed to get these rights-of-way. Let me answer that. For the United States Government to obtain these rights-of-way it meant long delays and months of investigation to cure land titles plus condemnation proceedings in some cases. Where it would cost $70 to obtain a little piece of land, it would cost $500 to perfect the title. Furthermore, the landowner in many cases would wait 5, 10, or 15 years to get paid for his land. What did they do?

The Army engineers said this to my people:

Your levees are weak. You may perhaps be flooded by the next flood. We cannot agree with the landowner. Can't you acquire the rights-of-way for us? You can obtain them by paying the assessed value for the preceding year.

That was true under the clause of the Constitution which was just read to you by the gentleman from Minnesota [Mr. CHASE]. Under a "gentleman's agreement" of which I know, the levee boards purchased these rights-of-way and gave to the landowners certificates of indebtedness which the boards cannot now pay. When we come to the Government for reimbursement under the understanding had with the Army engineers a technical objection was raised that because of the language used in the resolutions, placed there by the engineers, not by the board, the Government is now prevented from reimbursing the districts for the rights-of-way. I deeply regret there is not sufficient time to present this bill. It cannot be done in 3 minutes, the time allotted me.

The SPEAKER. The time of the gentleman from Louisiana [Mr. DEAR] has expired.

Mr. WILSON. Mr. Speaker. I yield 3 minutes to the gentleman from Mississippi [Mr. WHITTINGTON].

Mr. WHITTINGTON. Mr. Speaker, this is a meritorious bill, in my judgment, and it should pass. The bill provides that the Government is not liable for any amount whatsoever except that provided in the Flood Control Act of

1928, and is intended to provide that the Government pay for the rights-of-way for certain relief levees along the Red and Arkansas Rivers. No additional authorization is called for nor any additional appropriation required. Under the Flood Control Act of May 15, 1928, the rights-of-way or foundations for all levees along the main river are to be furnished by the local interests. Those rights-of-way have been furnished at an expense of something like $8,000,000. The Flood Control Act provides for certain exceptions, where the local interests are not required to furnish the rights-of-way. Near the mouth of the Arkansas River, near the mouth of the Red River, General Jadwin, the author of the project, said the Government should build special relief levees and pay for the rights-of-way. The Government acquired and paid for certain of those rights-of-way in the Atchafalaya area, but when they came to the upper stretches of the backwater area of the Red River, the Government said to the local levee board in substance, "Unless you pay, and provide rights-of-way, we will build the levees elsewhere first." The levee boards, for their own protection, agreed to furnish those rights-of-way, and issued their notes therefor to the amount of $652,736.79, as disclosed by the hearings and as shown by the report of the Flood Control Committee. They are not able to pay it. They have tried to pay it. As suggested by the gentleman from New York [Mr. SNELL], the Government has acquired and has agreed to pay the remainder of the two or three million dollars involved in the bill, because the local interests did not adopt the resolution that was adopted by the particular board along the Red River which agreed to pay the said sum by resolution spread on its minutes, and there can be no technical or other objection to the amount involved except said sum of above $652,000.

To cover the whole situation, however, the War Department redrafted the bill that was introduced to authorize the owners to be reimbursed for said sum of $652,000. It strikes me that inasmuch as the bill does not provide for any new appropriation, that inasmuch as both the Secretary of War and the Attorney General say it was provided in the Flood Control Act of 1928, that the Government should pay for these rights-of-way, the people down there ought not to be estopped to ask that they now be paid because the Board adopted a resolution but cannot pay the owners. If that resolution had not been adopted, if the Board had not agreed to furnish these rights-of-way, the probability is that damages aggregating millions would have been done by floods resulting from inadequate levees.

Mr. SNELL. Will the gentleman yield for a short question?

Mr. WHITTINGTON. I shall be glad to yield.

Mr. SNELL. The gentleman says that the Secretary of War and the Attorney General say we are under obligation. How does the gentleman account for what he states in his own letter to the chairman of the committee, that their interpretation of the act is that the Government is not obliged to pay for this?

Mr. WHITTINGTON. I say to the gentleman that notwithstanding the Corps of Engineers paid for certain rights-of-way in this area, farther up the Red River they took the position at first that the Government was not liable, so these local interests provided the rights-of-way, but subsequently the Attorney General said the Government was liable, as shown by the report.

Mr. SNELL. But the Secretary of War says their interpretation is that we are not responsible for the payment.

Mr. WHITTINGTON. That is the interpretation of the War Department at the time the levees were constructed, but not now. The Secretary of War, as shown by the hearings and his report to the committee, drafted and recommended the passage of the pending bill.

While the local interests are required to furnish rights-of-way along the main Mississippi River, which they have done at enormous expense, near the mouth of the Arkansas and the mouth of the Red Rivers, the adopted project provides that the Government pay for the costs of certain relief levees to prevent double taxation against the local interests, and the bill effectuates the intention of the Flood Control Act of 1928.

The SPEAKER. The time of the gentleman from Mississippi has expired.

All time has expired.

The question is on the motion of the gentleman from Louisiana to suspend the rules and pass the bill.

The question was taken; and on a division (demanded by Mr. SNELL) there were ayes 42 and noes 12.

Mr. SNELL. Mr. Speaker, I object to the vote on the ground that there is not a quorum present.

The SPEAKER. The Chair will count. [After counting.] Evidently there is not a quorum present. The roll call is automatic.

The question was taken; and there were—yeas 220, nays 63, not voting 147, as follows:

[Roll No. 128]

YEAS—220

Adair	DeRouen	Lewis, Colo.	Sandlin
Adams	Disney	Lloyd	Schaefer
Arens	Dobbins	Lozier	Schuetz
Arnold	Dockweiler	Ludlow	Schulte
Ayres, Kans.	Drewry	Lundeen	Scrugham
Bailey	Driver	McCarthy	Sears
Bankhead	Duffey	McClintic	Secrest
Beam	Dunn	McCormack	Shallenberger
Beiter	Durgan, Ind.	McFarlane	Shannon
Berlin	Eagle	McGrath	Shoemaker
Biermann	Edmiston	McKeown	Sinclair
Black	Eicher	McLean	Sisson
Bland	Farley	McMillan	Smith, Va.
Blanton	Fernandez	McReynolds	Smith, Wash.
Bloom	Fitzgibbons	McSwain	Snyder
Boehne	Fitzpatrick	Maloney, La.	Spence
Boileau	Fletcher	Marland	Steagall
Brennan	Glover	Martin, Colo.	Strong, Tex.
Brown, Ga.	Goldsborough	Martin, Oreg.	Stubbs
Brown, Ky.	Gray	May	Sutphin
Brown, Mich.	Greenwood	Meeks	Swank
Brunner	Gregory	Miller	Sweeney
Buchanan	Guyer	Mitchell	Tarver
Buck	Hancock, N.C.	Montet	Taylor, Colo.
Bulwinkle	Harlan	Moran	Taylor, S.C.
Burke, Calif.	Harter	Morehead	Taylor, Tenn.
Burke, Nebr.	Hastings	Mott	Terrell, Tex.
Busby	Healey	Murdock	Terry, Ark.
Byrns	Henney	Musselwhite	Thom
Cady	Hildebrandt	O'Connell	Thomason
Cannon, Wis.	Hill, Ala.	O'Connor	Thompson, Ill.
Carden, Ky.	Hill, Samuel B.	O'Malley	Thompson, Tex.
Carmichael	Hoeppel	Oliver, N.Y.	Tobey
Carpenter, Kans.	Hoidale	Owen	Truax
Cartwright	Howard	Parker	Turner
Castellow	Huddleston	Parks	Umstead
Chase	Johnson, Minn.	Parsons	Utterback
Church	Johnson, Okla.	Patman	Vinson, Ga.
Claiborne	Johnson, Tex.	Peavey	Wallgren
Clark, N.C.	Jones	Pettengill	Walter
Cochran, Mo.	Keller	Pierce	Warren
Coffin	Kelly, Pa.	Polk	Wearin
Colden	Kenney	Ramsay	Weaver
Cole	Kleberg	Ramspeck	Welch
Colmer	Kloeb	Randolph	Werner
Cooper, Tenn.	Kniffin	Rankin	West, Ohio
Cox	Kopplemann	Reece	White
Cravens	Kvale	Reilly	Whittington
Crosby	Lambeth	Robertson	Wilcox
Cross, Tex.	Lanham	Rogers, N.H.	Williford
Crosser, Ohio	Larrabee	Romjue	Wilson
Cullen	Lea, Calif.	Rudd	Withrow
Darden	Lee, Mo.	Ruffin	Woodrum
Dear	Lehr	Sabath	Young
Deen	Lemke	Sanders	Zioncheck

NAYS—63

Bacon	Dondero	Kennedy, N.Y.	Reed, N.Y.
Blanchard	Dowell	Kinzer	Rich
Bolton	Eltse, Calif.	Lambertson	Rogers, Mass.
Brumm	Englebright	Lanzetta	Seger
Burnham	Evans	Lehlbach	Snell
Carter, Calif.	Fish	Luce	Swick
Carter, Wyo.	Focht	McFadden	Taber
Christianson	Foss	McGugin	Thomas
Clarke, N.Y.	Frear	McLeod	Tinkham
Cochran, Pa.	Goodwin	Mapes	Turpin
Collins, Calif.	Goss	Millard	Wigglesworth
Cooper, Ohio	Hancock, N.Y.	Moynihan, Ill.	Wolcott
Culkin	Higgins	Perkins	Wolfenden
De Priest	Holmes	Plumley	Wolverton
Dirksen	Hope	Powers	Wood, Ga.
Ditter	Kahn	Ransley	

NOT VOTING—147

Abernethy	Ayers, Mont.	Boylan	Caldwell
Allen	Bacharach	Britten	Cannon, Mo.
Allgood	Bakewell	Brooks	Carley, N.Y.
Andrew, Mass.	Beck	Browning	Carpenter, Nebr.
Andrews, N.Y.	Beedy	Buckbee	Cary
Auf der Heide	Boland	Burch	Caviechia

Celler	Foulkes	Kee	Rayburn
Chapman	Frey	Kelly, Ill.	Reid, Ill.
Chavez	Fuller	Kennedy, Md.	Richards
Collins, Miss.	Fulmer	Kerr	Richardson
Condon	Gambrill	Knutson	Robinson
Connery	Gasque	Kocialkowski	Rogers, Okla.
Connolly	Gavagan	Kramer	Sadowski
Corning	Gifford	Kurtz	Simpson
Crowe	Gilchrist	Lamneck	Sirovich
Crowther	Gillespie	Lesinski	Smith, W.Va.
Crump	Gillette	Lewis, Md.	Somers, N.Y.
Cummings	Granfield	Lindsay	Stalker
Darrow	Green	McDuffie	Stokes
Delaney	Greenway	Maloney, Conn.	Strong, Pa.
Dickinson	Griffin	Mansfield	Studley
Dickstein	Griswold	Marshall	Sullivan
Dies	Haines	Martin, Mass.	Sumners, Tex.
Dingell	Hamilton	Mead	Thurston
Doughton	Hart	Merritt	Traeger
Douglass	Hartley	Milligan	Treadway
Doutrich	Hess	Monaghan, Mont.	Underwood
Doxey	Hill, Knute	Montague	Vinson, Ky.
Duncan, Mo.	Hollister	Muldowney	Wadsworth
Eaton	Hughes	Nesbit	Waldron
Edmonds	Imhoff	Norton	Weideman
Ellenbogen	Jacobsen	O'Brien	West, Tex.
Ellzey, Miss.	James	Oliver, Ala.	Whitley
Faddis	Jeffers	Palmisano	Williams
Fiesinger	Jenckes, Ind.	Peterson	Wood, Mo.
Flannagan	Jenkins, Ohio	Peyser	Woodruff
Ford	Johnson, W.Va.	Prall	

So (two thirds having voted in favor thereof) the rules were suspended and the bill was passed.

Mr. REECE. Mr. Speaker, I wish to change my vote from "nay" to "yea."

The Clerk announced the following pairs:

On this vote:

Mr. Griffin and Mr. Mansfield (for) with Mr. Martin of Massachusetts (against).
Mr. Doughton and Mr. Ellenbogen (for) with Mr. Treadway (against).
Mr. Mead and Mr. Ellzey of Mississippi (for) with Mr. Darrow (against).
Mr. Sullivan and Mr. Flannagan (for) with Mr. Wadsworth (against).
Mr. Auf der Heide and Mr. Boylan (for) with Mr. Doutrich (against).
Mr. Gasque and Mr. Corning (for) with Mr. Crowther (against).
Mr. Johnson of West Virginia and Mr. Lindsay (for) with Mr. Connolly (against).
Mr. Kerr and Mr. McDuffie (for) with Mr. Traeger (against).
Mr. Somers of New York and Mr. Vinson of Kentucky (for) with Mr. Kurtz (against).
Mrs. Norton and Mr. Peyser (for) with Mr. Andrew of Massachusetts (against).
Mr. Jeffers and Mr. Kelly of Illinois (for) with Mr. Hess (against).
Mr. Delaney and Mr. Browning (for) with Mr. Beedy (against).
Mr. Chapman and Mr. Chavez (for) with Mr. Strong of Pennsylvania (against).
Mr. Doxey and Mr. Knute Hill (for) with Mr. Waldron (against).
Mr. Smith of West Virginia and Mr. Sirovich (for) with Mr. Muldowney (against).
Mr. Fiesinger and Mr. Abernethy (for) with Mr. Jenkins of Ohio (against).
Mr. Condon and Mr. Connery (for) with Mr. Britten (against).
Mr. Hamilton and Mr. Granfield (for) with Mr. Bacharach (against).
Mr. Gavagan and Mr. Fuller (for) with Mr. Gifford (against).
Mrs. Jenckes of Indiana and Mr. Fulmer (for) with Mr. Merritt (against).
Mr. Rayburn and Mr. O'Brien (for) with Mr. Edmonds (against).
Mr. Milligan and Mr. Dickinson (for) with Mr. Bakewell (against).

Until further notice:

Mr. Dies with Mr. Woodruff.
Mr. Hart with Mr. Buckbee.
Mr. Oliver of Alabama with Mr. Stalker.
Mr. Weideman with Mr. Allen.
Mr. Palmisano with Mr. Thurston.
Mr. Williams with Mr. Knutson.
Mr. Kee with Mr. Stokes.
Mr. Brooks with Mr. Whitley.
Mr. Kennedy of Maryland with Mr. Hartley.
Mr. Robinson with Mr. James.
Mr. Montague with Mr. Cavicchia.
Mr. Studley with Mr. Gilchrist.
Mr. Sumners of Texas with Mr. Eaton.
Mr. Jacobsen with Mr. Hollister.
Mr. Crowe with Mr. Marshall.
Mr. Cannon of Missouri with Mr. Simpson.
Mr. Gambrill with Mr. Reid of Illinois.
Mr. Prall with Mr. Gillespie.
Mr. Lewis of Maryland with Mr. Hughes.
Mr. Collins of Mississippi with Mr. Peterson.
Mr. Griswold with Mr. Wood of Missouri.
Mrs. Greenway with Mr. Frey.
Mr. Underwood with Mr. Richardson.
Mr. Green with Mr. Richards.
Mr. Allgood with Mr. Dingell.
Mr. Celler with Mr. West of Texas.
Mr. Rogers of Oklahoma with Mr. Caldwell.
Mr. Cary with Mr. Cummings.
Mr. Imhoff with Mr. Gillette.
Mr. Carpenter of Nebraska with Mr. Ford.
Mr. Duncan of Missouri with Mr. Faddis.
Mr. Lamneck with Mr. Carley of New York.
Mr. Ayers of Montana with Mr. Monaghan of Montana.
Mr. Haines with Mr. Kramer.

The result of the vote was announced as above recorded.

HOME OWNERS' LOAN BONDS

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent to have until midnight tonight to file a conference report on the home owners' loan bond guarantee bill.

Mr. BLANTON. Mr. Speaker, reserving the right to object, has a conference report been agreed upon?

Mr. STEAGALL. It has.

Mr. BLANTON. What was done with the so-called "Norris amendment"?

Mr. STEAGALL. It was very happily disposed of.

Mr. BLANTON. Happily disposed of according to the wishes of some Senators or the House?

Mr. STEAGALL. The conferees were obedient to the wishes of the House.

Mr. BLANTON. I have no objection.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

CONSENT CALENDAR

The SPEAKER. The Clerk will continue the call of the Consent Calendar.

NATIONAL ARCHIVES

Mr. BLOOM. Mr. Speaker, I ask unanimous consent to return to the bill (H.R. 8910) to establish a national archives of the United States Government, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. ELTSE of California. Mr. Speaker, reserving the right to object, I would like to ask the gentleman from Massachusetts if the bill is entirely agreeable to him?

Mr. LUCE. It is. This bill is the result of long studies by representatives of the Library of Congress, and I think in all its details the bill now meets the approval of everybody who is interested in the subject.

Mr. ELTSE of California. It provides that appointments may be made without regard to the Civil Service Act.

Mr. LUCE. That is the situation.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That there is hereby established a commission to be known as the "National Archives Commission", to be composed of the Secretaries of each of the executive departments of the Government (or an alternate from each department to be named by the Secretary thereof), the Chairman of each of the Senate and House Committees on the Library, the Librarian of Congress, the Secretary of the Smithsonian Institution, and the Archivist of the United States.

SEC. 2. There is hereby created and established the National Archives, which is hereafter to be known as the "National Archives of the United States", for the purpose of receiving, preserving, and supervising the use of certain Government papers and records as set out in sections 3 and 4 of this act. The head of the National Archives shall be known as the "Archivist of the United States", who shall be appointed by the President of the United States, by and with the advice and consent of the Senate. The Archivist is authorized to appoint assistants, officers, and other employees as he may deem necessary.

SEC. 3. The source of material to be transferred to the National Archives of the United States (hereinafter referred to as the "National Archives") shall consist of records, documents, and manuscripts now in the custody of or having their origin in the executive departments, independent offices, and any and all other agencies of the Federal Government.

SEC. 4. The National Archives Commission (hereinafter referred to as the "Commission") shall define the classes of material which may be transferred to the National Archives and establish rules and regulations governing such transfer. The executive departments, independent offices, and other governmental agencies shall, in all cases, submit in advance to the Archivist descriptive lists, or inventories, of the records to be transferred to the National Archives.

SEC. 5. All materials and records within the definition of the Commission may, subject to the approval of the departments, offices, and agencies from which it is to be drawn, be transferred at any time and without regard to the date of such material and records, on requisition of the Archivist: *Provided*, That after 5 years from the beginning of this Commission the approval of the departments, offices, and agencies, from which such material is to be drawn, shall not be necessary, except in the case of material bearing dates within 50 years prior to the then dates, and thereafter within 50 years prior to the date of requisition.

SEC. 6. The Archivist shall receive, store, classify, arrange, list, index, or catalog all matter received by him, repair and bind the same when needed, and perform all other activities judged needful for the proper preservation and service of the record property in his custody. In consultation with the Commission, the Archivist shall prescribe rules and regulations governing examination and consultation of the record property in his custody, as he may deem wise: *Provided*, That any head of an executive department, independent office, or other agency of the Government may, for limited periods, exempt from examination and consultation by officials, private individuals, or any other persons such confidential matter transferred from his department or office, as he may deem wise.

SEC. 7. The National Archives may also receive, store, and preserve motion-picture films and sound recordings pertaining to and illustrative of historical activities of the United States Government, and in connection therewith maintain a projecting room for showing such films and reproducing such sound recordings for historical purposes and study.

SEC. 8. (a) The Commission is hereby authorized to appoint a committee to advise on publishing historical material, such committee to be known as the "Committee on National Historical Publications." The membership of this committee shall consist of the Archivist of the United States (who shall be chairman); the Historical Adviser of the Department of State; the Chief of the Historical Section of the War Department, General Staff; the Superintendent of Naval Records in the Navy Department; the Chief of the Division of Manuscripts in the Library of Congress; the Curator, Division of History, of the Smithsonian Institution; the president of the American Historical Association; and, in addition thereto, two other members, selected from among persons recognized as of high attainment in American history, to serve for a period of 4 years.

(b) The functions of the Committee on National Historical Publications (hereinafter referred to as the "committee") shall be to examine material in the custody of the National Archives; advise on the propriety and need for its publication; and submit plans and costs governing such publications as it may deem necessary.

(c) The committee shall also examine available historical material, governmental in origin and character, suitable for motion pictures, for radio broadcast, for sound recording, for lecture, or for any other method of disseminating information, and advise as to plans and costs of preparing such material for the end sought.

(d) The committee shall report to the Archivist, who is authorized, with the consent of the Commission, to prepare, print, publish, and/or record such material: *Provided*, That the annual expenditures for such purposes shall not exceed the sum of $20,000.

SEC. 9. The Archivist shall receive a salary of $10,000 a year. The members of the Commission and members of the committee shall receive no salary, but their transportation expenses and expenses incident to not more than two annual meetings of not more than 6 days' duration each shall be paid out of such funds as are available.

SEC. 10. The National Archives shall have an official seal, which shall be judicially noticed.

SEC. 11. The Archivist shall submit annually to Congress a report for the preceding fiscal year covering accessions, publications, and recordings, and a detailed statement covering all receipts and expenditures.

SEC. 12. All acts or parts of acts relating to the custody, preservation, and disposition of official papers and documents of executive departments and other governmental agencies inconsistent with the provisions of this act are hereby repealed.

With the following committee amendments:

Page 2, section 2, line 10, a comma is placed after the word "appoint" and the following language is inserted between the word "appoint" and "assistants": "solely on their fitness and aptitude for their duties, such."

Page 3, section 6, line 15, "(a)" is inserted between the arabic "6" and the word "The." In the same line the word "receive" is deleted. Line 18, between the words "proper" and "preservation" this language is inserted: "administration of his office and the." Line 25, between the words "periods" and "exempt" the following language is inserted: "not exceeding in duration his tenure of that office."

Page 4, line 4, "(b)" is inserted at the beginning of the line and "Sec. 7" is deleted. Line 4, the word "receive" is deleted and the word "accept" is inserted in its stead. Line 7, the word "Government" is deleted. Line 11, section 8 is changed to section 7.

Page 5, line 18, section 9 is changed to section 8. Line 22, the word "annual" is deleted. Line 23, "in any one year" is inserted at the beginning of the line. Line 24, section 10 is changed to section 9.

Page 6, the following section should be inserted at the top of the page:

"SEC. 10. There is hereby authorized such appropriations as may be necessary for the purpose of carrying out the provisions of this act."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

COQUILLE, COOS COUNTY, OREG.

The Clerk called the next bill, H.R. 5597, to afford permanent protection to the watershed and water supply of the city of Coquille, Coos County, Oreg.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc, That for the purpose of affording permanent protection to the watershed and water supply of the city of Coquille, Coos County, Oreg., the south half southeast quarter section 33, township 27 south, range 12 west, Willamette meridian, Oregon, containing 80 acres, being former Coos Bay Wagon Road grant land, title to which was reconveyed to the United States under the terms of the act of February 26, 1919 (40 Stat. 1179), also lot 4 (northwest quarter northwest quarter) and southwest quarter northwest quarter section 3, township 28 south, range 12 west, Willamette meridian, also north half northeast quarter section 9, township 28 south, range 12 west, Willamette meridian, is hereby granted to the city of Coquille, Oreg.; and the Secretary of the Interior is hereby authorized and directed to issue patent to the city of Coquille for said land: *Provided*, That there shall be reserved to the United States all oil, coal, and other mineral deposits that may be found on the land so granted and the right to prospect for, mine, and remove same: *Provided further*, That said land shall be subject to all rights-of-way which the Secretary of the Interior shall at any time deem necessary for the removal of timber from any of the land, title to which revested in the United States under the act of June 9, 1916, or to which title was reconveyed to the United States under the act of February 26, 1919: *And provided further*, That said city shall not have the right to sell or convey the land herein granted or any part thereof or to devote the same to any other purpose than as hereinbefore described; and if the said land shall not be used for such municipal purpose the same, or such part thereof not so used, shall revert to the United States.

SEC. 2. The Secretary of the Interior shall prescribe all necessary regulations to carry into effect the foregoing provisions of this act.

With the following committee amendments:

Page 1, line 5, commencing with the word "the", strike out all that follows up to and including line 11.

Page 2, strike out all of line 1 and up to and including the figure 9 in line 2, inserting in lieu thereof the following: "Lot 4 and southwest quarter northwest quarter section 3".

Page 2, line 22, strike out the period after the word "States" and insert a colon and the following:

"*Provided*, That there shall be reserved to the United States, its patentees or their transferees, the right to cut and remove therefrom the merchantable timber, reserving to the city of Coquille when such sale is made under the provisions of the act of June 9, 1916 (39 Stat. 218), a preference right to purchase the timber at the highest price bid.

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

OGEECHEE RIVER, GA.

Mr. WILSON. Mr. Speaker, I ask unanimous consent to return to Union Calendar No. 127, the bill H.R. 7793, authorizing a preliminary examination of the Ogeechee River in the State of Georgia, with the view to controlling floods.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of War is authorized and directed to cause a preliminary examination to be made of the Ogeechee River, in the State of Georgia, with a view to the control of its floods, in accordance with the provisions of section 3 of an act entitled "An act to provide for control of the floods of the Mississippi River, and of the Sacramento River, Calif., and for other purposes", approved March 1, 1917. The most of such examination shall be paid from appropriations heretofore or hereafter made for examinations, surveys, and contingencies of rivers and harbors.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CONGRESSMAN GREEN'S RECORD

Mr. BYRNS. Mr. Speaker, I ask unanimous consent to insert, as part of my remarks, a printed statement of the record and services of our colleague from Florida, Hon. R. A. GREEN, who has served in the House for a number of terms very acceptably to the people of his district.

Mr. SNELL. Is the insertion of such statements in the RECORD going to become a continuous practice?

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. BYRNS. Mr. Speaker, under the leave to extend my remarks in the RECORD I include the following statement of the record and services of our colleague from Florida, Hon. R. A. GREEN:

The value of a Member of Congress rests largely upon his understanding of the needs of his people and of the Nation and upon his vision to foresee the needs of the future and to meet these needs by appropriate action. His value is tested not by the number of bills introduced, but by the importance, directly and indirectly, of such bills, and their bearing upon legislation finally enacted.

During his service in Congress Mr. GREEN has proposed many bills of great importance. Among these measures are the following:

FLORIDA CANAL

Soon after he became a Member of Congress, in 1925, he introduced a bill for the preliminary examination of the proposed canal across Florida. The bill was included in general rivers and harbors bill and passed, and preliminary survey made. On February 7, 1930, he introduced H.R. 9650 to provide for physical survey of the proposed canal across Florida. It provided for the physical survey of all feasible routes. It passed in April 1930, and surveys have just been completed by Army engineers. The President is appointing a special engineering board to review Army engineers' surveys and surveys made by Public Works engineers. He has addressed the House and many waterways organizations many times upon the subject of the Florida canal. At Wilmington, N.C., October 7, 1930, speaking before the Twenty-third Annual Convention of the Atlantic Deeper Waterways Association, in part, he said:

"Today the most important inland waterway project of the United States is the proposed canal across north Florida, connecting the Atlantic Ocean with the Gulf of Mexico.

"The canal across Florida is the missing and final link of entire waterways chain, and it is obvious that the time is not distant when this final link will be constructed."

SOLDIERS' HOME

On April 15, 1929, he introduced a bill for the establishment of a national home for disabled soldiers in the State of Florida. This bill was passed and actually led to the establishment, not only of the home in St. Petersburg, Fla., but of similar institutions in Alabama, Mississippi, and South Carolina. It was one of the most important pieces of soldiers' relief legislation ever passed.

On December 1, 1930, he introduced a bill authorizing the Secretary of the Navy to return to Florida the silver service set donated to the U.S.S. *Florida* by the Florida people. The legislation was passed.

TROPHY CANNON FOR UNITED DAUGHTERS OF THE CONFEDERACY

On December 4, 1929, he introduced a bill donating by the Government two trophy cannons to Varina Davis Chapter, United Daughters of the Confederacy, to place on the battlefield at Olustee, Fla. The bill passed, and the guns were received.

FEDERAL BUILDINGS

On December 12, 1930, he introduced a bill providing for construction of post-office buildings as an unemployment relief measure. His bill gave impetus to the gigantic Federal building program and led directly to the building of the Federal building at Lake City, Fla., and also of many other Federal buildings in Florida.

TURPENTINE EXPERIMENT STATION

On December 21, 1929, he introduced a bill directing the establishment of a naval-stores experiment and demonstration station on the Osceola National Forest in Florida. The legislation was approved and the station established at Olustee, Fla., and is giving untold benefits to the naval stores and pine-tree industries. It benefits not only Florida but the entire South.

CONFEDERATE GRAVE MARKERS

In 1928 and 1929 he introduced legislation providing for the Government to furnish tombstones or grave markers for the graves of Confederate veterans. It led to the appropriation of funds for this purpose, and today thousands of these stones have been distributed to Confederate graves throughout the country.

VETERANS' LEGISLATION

On December 10, 1931, he introduced a bill providing for payment of pension benefits to widows and orphans of World War veterans, regardless of the cause of the veteran's death. The substance of this legislation passed the House but died in the Senate.

He has voted for the payment of the bonus every time it has been before the House, and he has been a consistent supporter of veterans' relief legislation. He has assisted hundreds of veterans with their claims before the Veterans' Administration and the Pension Director.

The American Legion post of his home county awarded him the Legion distinguished-service medal for 1933.

FEDERAL AIDS FOR ROADS

He has supported all legislation for Federal aid to roads, and on May 3, 1933, introduced a bill to appropriate $200,000,000 for highways. A greater amount was appropriated.

REIMBURSEMENT FOR FRUIT-FLY DAMAGES

In 1930 Mr. GREEN introduced a bill for survey of the fruit-fly losses, and in 1931, 1933, and 1934 he introduced further bills for reimbursement for losses sustained by the Florida growers during the fruit-fly eradication campaign. He has now pending before the House of Representatives H.R. 3833 (introduced Mar. 20, 1933), providing for reimbursement. This bill is based on precedent set in the foot-and-mouth disease and pink boll-worm reimbursement, and is in line with President Roosevelt's views for reimbursement. He has addressed the House urging reimbursement and has conferred with the President and Secretary of Agriculture in this behalf.

FEDERAL FARM LOANS

On March 10, 1933, he introduced a bill providing for extension of time on Federal land-bank mortgages, and for other purposes. This bill gave impetus to the administration's legislation extending time on loans and permitting additional loans by the Federal land banks throughout the country. He has also been very active for legislation providing for crop loans. On January 16, 1933, in addressing the House on this subject, in part he said:

"The fact is these crop loans are sorely needed by our growers. They are unable to obtain adequate funds from local banks to carry on their crop planting and cultivation. Their local credit in many instances is entirely exhausted.

"It is infinitely better to permit these growers loans and thus enable them to maintain themselves, than to deny them and thus throw them upon charity. My growers do not want charity; all they want is such assistance as will enable them to produce and support themselves."

MONUMENTS

On March 10, 1933, he introduced bills for monument markers for Indian Forts King and Drane, in Marion County. He has obtained departmental approval and expects favorable action.

IMMIGRATION RESTRICTION

On March 10, 1933, he introduced bills for stopping immigration into the country and for the registration of all aliens in the country. Hearings are now being held on these bills.

OLD-AGE PENSION

He has a bill pending for the payment of pensions to the aged who are without definite and sufficient income.

PAY BANK DEPOSITORS

He introduced H.R. 9018, which provides for the payment of depositors in closed National and State banks. The House Banking and Currency Committee has just recently acted favorably upon this subject.

RIVERS AND HARBORS

He has obtained Federal funds for the improvement of the harbors at Cedar Key and Fernandina and for the improvement of the Suwannee River. As a member of the Rivers and Harbors Committee, he has also obtained committee approval for surveys of Keaton Beach, and countless other projects, and has also obtained authorization for millions of dollars worth of improvement to rivers and harbors throughout the entire State of Florida.

In reviewing the record of my colleague Mr. GREEN, I am reminded of an address made on March 16, 1916, by former Speaker Champ Clark at the Washington Press Club reception, and printed in the CONGRESSIONAL RECORD on March 17, 1916, as follows:

"It is a high honor to be a Representative in Congress, if for only one term, and with the number of terms the honor increases in geometrical rather than in arithmetical proportion. A Member's usefulness to his country should increase in the same proportion. A man has to learn to be a Representative just as he must learn to be a blacksmith, a carpenter, a farmer, an engineer, a lawyer, or a doctor.

"'Poeta nascitur, non fit'—the poet is born, not made—says Horace; but Congressmen—that is, useful and influential Congressmen—are made largely by experience and practice.

"The old Charlotte district in Virginia knew this and kept John Randolph of Roanoke in the House till he became a great national figure. Then the Old Dominion sent him to the Senate and General Jackson sent him to St. Petersburg. These are sporadic cases of similar action in other districts.

"It is an unwise performance for any district to change Representatives at short intervals. A new Congressman must begin at the foot of the class and spell up. Of course, the more brains, tact, energy, courage, and industry he has, the quicker he will get up. If he possesses these qualities, and if his constituents will keep him in the House, he is as certain to rise as the sparks are to fly upward. No human power can keep him down. It is only fair and rational to assume that every Representative's constituents desire to see him among the 'topnotchers.'

"Let us take the present House and see how long the men who hold the high places have served. I cannot name all, but will cite a few as samples.

"Mr. Speaker Cannon is serving his fortieth year. He holds the record, or, in pugilistic parlance, 'he holds the belt', for length of service in the House in our entire history. In several Congresses he was Chairman of the great Committee on Appropriations and then was Speaker 8 years, only one man, Henry Clay, having been Speaker longer.

"I am serving my twenty-second year; Minority Leader Mann is serving his twentieth year; Mr. Kitchin, Chairman of Ways and Means, his sixteenth; Mr. Fitzgerald, Chairman of Appropriations, his eighteenth; Mr. Moon, Chairman of the Post Office and Post Roads, his twentieth; Mr. Jones, Chairman of Insular Affairs and 'father of the House', his twenty-sixth; Mr. Flood, Chairman of Foreign Affairs, his sixteenth; Mr. Hay, Chairman of Military Affairs, his twentieth; Mr. GLASS, Chairman of Banking and Currency, his sixteenth; Mr. Adamson, Chairman of Interstate and Foreign Commerce, his twentieth; Mr. Stephens, Chairman of Indian Affairs, his twentieth; Mr. Slayden, Chairman of the Library, his twentieth; Mr. Henry, Chairman of Rules, his twentieth; Mr. Lever, Chairman of Agriculture, his sixteenth; Mr. Padgett, Chairman of the Navy, his sixteenth; Mr. Lloyd, Chairman of Accounts, his twentieth; and Mr. Sparkman, Chairman of Rivers and Harbors, his twenty-second. There are other big chairmanships, but these will suffice to show that as a rule the big places go to old and experienced Members, for most of the men who rank close to the chairmen are old timers. The same thing holds good with reference to members of the minority. As an illustration, Messrs. Gillett and Cooper, who are serving their twenty-fourth year, are the ranking Republicans on Appropriations and Foreign Affairs, almost certain to be chairmen thereof should the Republicans ever again have a majority in the House, as in that event, in all probability, Mr. Mann will be Speaker, unless he is nominated for President next June.

"Go through the whole list and you will find, with few exceptions, that the men of long service have the high places.

"New England and the cities of Philadelphia and Pittsburgh have understood the value of long service all along, and, having elected a fairly good man to Congress, they keep him in the harness.

"The Member of longest consecutive service is called 'the father of the House.' Five Philadelphians in immediate succession bore that honorable title—Randall, Kelly, O'Neill, Harmer, and Bingham. Then it went to Mr. Dalzell, of Pittsburgh. When General Bingham announced the death of General Harmer, his immediate predecessor as 'father of the House', he stated that the five Philadelphia 'fathers of the House' had served a total of 147 years, and he served 8 or 10 years after making that interesting statement.

"In the second and third Congresses in which I served, Maine, with only four Members, had the Speakership and the chairmanship of the great Committees on Ways and Means, Navy, and Public Buildings and Grounds—a most remarkable circumstance, giving the Pine Tree State an influence in the House and the country out of all proportion to her population and wealth. These four men—Reed, Dingley, Boutelle, and Millikin—each served in the House 20 years or more. Other States might profit by her example.

"No man should be elected to the House simply to gratify his ambition. All Members should be elected for the good of the country.

"The best rule, it seems to me, is for a district to select a man with at least fair capacity, industrious, honest, energetic, sober, and courageous, and keep him here so long as he discharges his duties faithfully and well. Such a man will gradually rise to high position and influence in the House. His wide acquaintance with Members helps him amazingly in doing things.

"I can speak freely on this subject without violating the proprieties, for my constituents have kept me here 22 years, and for 20 years have given me nominations without opposition, for all of which favors I thank them from the bottom of my heart. Their generous action and unwavering friendship have enabled me to devote all my time to the public service. I have not been compelled to spend any portion of my time in 'mending my fences.' My constituents have attended to that. God bless them."

The speech of Speaker Champ Clark is deserving of the thoughtful study of every voter of the country.

It is a nationally known fact that those districts which have retained their Representatives in Congress for the longest terms have received the best service and the greatest recognition. The present Speaker of the House, Mr. HENRY T. RAINEY, has been in Congress for 30 years. The majority floor leader has been in Congress for 25 years. The Chairman of the Ways and Means Committee, and the Chairman of the Appropriations Committee, and the Chairman of the Judiciary Committee—all have been Members of Congress for more than 20 years. The longer the tenure of office, the greater the service and usefulness of the Representatives. Why should a constituency exchange experience and efficiency for inexperience? The Congress since the inauguration of President Roosevelt has responded nobly to the call of duty and should receive the endorsement and approval of a Nation now upon the high road to recovery.

EXTRACTS FROM MR. GREEN'S ANNOUNCEMENT FOR CONGRESS

"My record is an open book—upon it I stand. There is nothing hidden, and your examination of it is invited. During the past 9 years as your Congressman I have done all within my power to bring to you every possible protection and assistance from our Federal Government. Possibly mistakes have been made, because we all make mistakes, and probably none are without fault. I shall be satisfied, however, if upon examination of my record you will give careful consideration to each vote cast and official act which I have performed, place the good on one side of the balance and the errors on the other side of the balance, and vote for the side which weighs the heavier. I have no fear of the outcome of such ballot, because I feel certain that you will find in my record more merit and perfection than demerit and imperfection. President Roosevelt recently said, 'I will be satisfied if I am right 75 times out of 100.' I believe you will find my record on a parity with this expressed ambition of our great President.

"I bring this high office back to you without stain or tarnish. Even my most severe critics have always admitted that I have been honest and industrious and that I have always been faithful to the interest of the plain people and loyal to my esteemed friends. I trust that it may be your desire to continue me as your Congressman at least until President Roosevelt's new-deal program has been accomplished. I have supported him 100 percent. This I will do in the future; with him I will go, down or up.

"Many of you will recall how I was criticized during my first campaign 10 years ago. The special interest and two or three hostile newspapers have continued to oppose and persecute me ever since. Their criticism has been very acute during the past 2 or 3 years, but such is to be expected during the unusual and tragic times which we are now passing. Those in public office must suffer criticism and persecution. This is one of the penalties of public office, especially during times so trying. I hold no ill will against my accusers, because they have been misled, and are now being daily misled by the whisperings of the enemy.

My committee assignments have been criticized. The facts relative to my committee assignments are: When I first came to Congress, I was assigned to the following committees: (1) Expenditures in the Department of Agriculture; (2) Railways and Canals; (3) Alcoholic Liquor Traffic; (4) Committee on Coinage. Later on I was assigned to the following committees: (5) Immigration and Naturalization; (6) Labor; (7) Public Buildings and Grounds; (8) Disposition of Executive Papers; and (9) Territories. No other House Member held more assignments, and only one or two held as many. Soon after the inauguration of President Roosevelt I was assigned to (10) Rivers and Harbors Committee. The latter committee, to Florida, is probably the most important House committee. I am Chairman of the Territories Committee, which is the only chairmanship held by a House Member from our State. I am also very near the top of the Rivers and Harbors Committee. Some of my friends had been led to believe that I held only one committee assignment—that of the Disposition of Executive Papers.

"I have also been criticized for voting for the bonus, even though we have, during the past 13 months, spent some six or seven billion dollars for direct relief and other purposes. It would be far better to pay the bonus debt with some of the funds we are spending, and I hope this will be done. I voted to pay it in full.

"There has been criticism relative to appointment of postmasters, but, after all, there can be only one postmaster in each place, and I am trying to recommend for the permanent appointment in each case a Democrat of good character and qualifications. Wherever acting postmasters are now serving, in the very near future the Civil Service Commission will hold examinations and obtain three eligibles. The permanent appointment will be made from these three. After the three are certified, in each case I shall be glad to know the desires of the local Democratic Party officials. My sole interest in these matters is to obtain a person qualified in every respect, and I am not dodging or ducking from these appointments. I am ready to recommend just as soon as the Civil Service Commission certifies the eligibles in each case. It is a very unpleasant duty to select from among one's friends, but I have no intention of dodging responsibility or duty.

"I have been criticized because one or two of my relatives have been on the Federal pay roll. In this matter you may be sure that I have complied with the law, which says a Congressman may have two clerks. The fact is I have had, since I have been a Member of Congress, from 3 to 6 clerks, and have paid them from my own pocket when the allowance for this purpose is exhausted. I have also paid rent for an office in the District out of my own pocket and have paid a secretary there during the vacations of Congress. I have made nothing out of my clerk pay roll and have no desire to do so. Suppose that I had given actual preference to relatives, I would only be following the precedent set by Vice President Garner, whose wife assisted him for many years, and President Roosevelt, who has a large number of relatives assisting in his administration. In your own business, whether it be a farm, office, or store, to whom would you give preference?

"The special interests also are criticizing me and other Congressmen for following the President, and they are calling his administration officials the "brain trust." They are calling the Congress "brainless" and otherwise severely and unfairly criticizing the Congress. All this is to be expected in times like these because the special interests are being stepped on.

"Some of our critics say we need a new dealer for the new deal. I do not see how a new dealer could deal more than 100 percent. I made almost 100 speeches, paying my own expenses, for President Roosevelt prior to the November election. Since his inauguration I have supported him 100 percent and have voted for and worked for every one of his measures.

PAYS OWN EXPENSES

"Our critics have had a great deal to say in newspapers and from the stump about Congressmen traveling on junketing trips. I have never traveled a mile on any junketing trip at the expense of the Government or at the expense of anyone except myself.

NOT FED BY LOBBYISTS

"Neither have I been dined by the special interests and the lobbyists. I have paid for every meal that I have eaten in Washington since I have been a Member of Congress except two. One of these was paid for by one of my former secretaries, Mr. Thomas H. Harris, and the other by a boyhood friend.

ANSWERS REQUESTS PROMPTLY

"I have spared no efforts or pains in my desire to be of service to my people. No constituent in all these 9 years can say that he ever asked a service within my power which I did not cheerfully perform, even though such services often kept me away from meals and needed hours of sleep. No letter, regardless of how poorly written or how humble the writer, has gone unanswered. It has given me pleasure to comply promptly with the requests and wishes of my people, regardless of the importance of such request. If I were President and possessed a vast fortune, I still would want the same friends which I now enjoy. In Holy Writ we read, "Blessed are the meek, for they shall inherit the earth." In this I firmly believe.

HAS ANSWERED ROLL CALLS

"It is my earnest desire to meet and shake hands with each of you and personally ask you to vote for me before the primary election; but such probably will be impossible, because I feel that my first duty is to work for and guard the interest of my people here in the Capitol while the Congress is in session. Ten years ago, when you elected me, I promised you that I would answer your roll calls unless providentially hindered. It gives me much pleasure to tell you that this promise has been faithfully kept. Until very recently I never missed a single roll call or meeting of the House of Representatives. This perfect record was kept for over 8 years. On one occasion I was at the White House in conference with President Hoover and left this conference to return to the Capitol to answer a roll call. On another occasion I was confined to a Washington hospital with influenza and left my sick bed and slipped out, went to the Capitol, and answered your roll call. This record has not been made, I believe, by any other House Member or Senator, and was broken only very recently through my own very severe illness and that of a member of my family. During these trying and critical times a Congressman should be on the job here in Washington, and, believing that this is my first duty and that I can do more here working for you than I can annoying you with political speeches, I shall remain here while important matters are pending before the Congress and leave my fate in the hands of my loyal friends in the district. They have never failed me.

PARTY RECOGNITION

"During the 9 years which I have served you, all except the last 13 months has been under Republican rule. Even under Republican domination I did all that I could for legislative proposals which were for the interest of my people, and, as my record will reveal, that many comprehensive and constructive bills introduced by me were written on the statute books. With the coming-in of the Democrats I am now in a position to render greater service to my district, State, and country. The Speaker of the House and whip of the House have seen fit to appoint me as assistant majority whip, which, so far as I know, is the first party honor accorded a Florida House Member during the past half century. I am most grateful for this party honor at the hands of the Roosevelt administration.

"During my 9 years in the House I have made friendships with the Speaker, the leader, high Government officials, and Senators, which are all of great assistance to me in presenting all just claims for my constituency. With this experience and contacts I can during the next 2 years render you better service than I have ever been able to in the past.

GIVES SERVICE

"When you elected me to Congress, I promised to give up my law practice and serve no interest except the best interest of the people of the Second Congressional District. This promise has been faithfully kept, and I am giving to the people of our district the very best service of which I am capable. Many congressional offices are closed during the vacation of Congress, but your Washington office has been kept open every day except Sundays since I have been your Representative, and in addition to this I have kept for your service an office in Starke during the vacations of Congress. In these offices I have had the assistance of competent secretaries, who have cooperated for your interest. Among them are T. H. Harris, Mrs. O. W. Callahan, Miss Lois Coffee, Gerald E. Middleton, Mrs. O. J. Griffis, Mrs. F. H. Hudson, and my present secretaries, C. C. Codrington, Miss Margaret Klotz, Miss Aline Fraser, and Miss Freda Lopatin, all Democrats and residents of our congressional district. Mr. Codrington is my district secretary, and his services are at your disposal at Lake City. We have had several other typists and stenographers to assist us during the busy sessions.

ACCOMPLISHMENTS

"In my campaign 10 years ago I promised to work toward definite goals. Among these were the following: (1) To convert Muscle Shoals into a plant for the production of fertilizer. I voted for the Muscle Shoals bills twice during the Republican administration, and it was vetoed by President Hoover and President Coolidge, but under President Roosevelt I voted for the Muscle Shoals bill and he signed it. (2) Cheaper freight rates. Freight rates have been reduced and should and will be further reduced in the not distant future. (3) Increased loans to farmers. Since the Democrats came into power we passed the Federal farm bill which has loaned to the farmers of our Nation more than $1,100,000,000. (4) Federal aid to schools. The Government is now expending a greater amount in this direction. (5) Increased Federal aid for roads. Since I have been a Member of Congress we have appropriated probably five times as much for Federal roads as during any other similar period. (6) Extended hospital treatment for veterans. Hospital facilities for veterans have been about trebled since I have been a Member of Congress. (7) Restriction of immigration. We have restricted immigration about 90 percent since I have been a Member of Congress. (8) The construction of a canal across Florida. In 1927 I introduced, and the Congress passed, the preliminary-survey bill for this project. In 1930 I introduced, and the Congress passed, the physical-survey bill. Under the provisions of these two bills several routes for the canal have been surveyed. The surveys are about complete, and President Roosevelt is appointing a special committee to review surveys made by the Board of Army Engineers and surveys made by the Public Works Engineers with the hopes of harmonizing differences and constructing the canal. I urged this project before Presidents Coolidge and Hoover and have conferred seven times with President Roosevelt in this behalf. I predict that we will soon have this project authorized.

"If continued in Congress, I will work for: (1) Everything further that is possible to be done for the actual completion of the Florida canal. As a member of the Rivers and Harbors Committee and as author of the survey legislation, I firmly believe if I am returned to Congress the canal will be accomplished. (2) I have pending a bill for the reimbursement of Florida growers for damage sustained during the fruit-fly eradication campaign. I will continue in this behalf until final and favorable results are obtained. President Roosevelt has recently endorsed the substance of my bill. (3) I have pending an old-age pension bill and will continue my efforts to the end that the aged who are in need are provided for. (4) I have pending a bill for the payment of depositors in closed National and State banks. If we can obtain passage of this legislation, our financial troubles will be practically over. I believe we can pass it. (5) I shall support legislation for the payment of the balance of the bonus and for reestablishing former pension and compensation benefits formerly enjoyed by our veterans. (6) I shall continue my efforts for adequate Federal assistance for public roads and public education. (7) I shall continue my cooperation and support of the President and my activity for all measures which I believe to be for the best interest of our people, and to oppose those which are not.

PRESIDENT ROOSEVELT INAUGURATED

"A clear understanding of the President's emergency relief program is to thoroughly approve it. In order to thoroughly understand and fully appreciate the scope and purpose of this gigantic relief program, it is well to refresh our memories of the chaotic condition which faced the American people about 18 months past. At this time business and industry was at its lowest ebb since the beginning of the depression. Agriculture was in the depths of despair; ten or twelve million idle men and women were walking the highways and streets in increasing numbers, looking for jobs. By the first of March a banking holiday had been declared in many States of the Union. The people had almost lost confidence in the ability of their Government to bring about a recovery. Economic chaos threatened the country to a more alarming extent than in the darkest days of the preceding years. Wheat had sold as low as 18 and 25 cents per bushel; cotton 5 to 6 cents per pound; and corn as low as 10 or 12 cents per bushel; in fact some of the corn growers of the Middle West were burning their corn for fuel, while the coal miners were without food and in need of this very corn for food for themselves and families. There was an abundance of wheat, corn, cotton, wool, and meats, yet millions of people hungry for the want of these foodstuffs and cold from lack of cotton and woolen garments. Granaries and warehouses were filled to capacity, yet railroad cars stood idle and rusting out in the railroad yards, and idle freight boats rode at anchor throughout the harbors of our country. Industry was paralyzed. Credit was destroyed. In fact, local credit was almost nonexistent. The old custom of 150 years ago of trade and barter and exchange was in common use. One individual would trade and barter products or commodities for some other needed product or commodity, in order to obtain cloth, food, fuel, and necessities of the body. Agriculture was on the very brink of bankruptcy. Money had either gone into hiding or was locked up in bank vaults.

"The then-remaining banks in the country were closing in alarming numbers, carrying with them the life savings of honest American citizens. Church and charity funds and the trust funds of orphans were not even spared. There was a deficit even in the Budget of our Federal Government which had occurred for the past 3 years and which aggregated over $5,000,000,000. But what was even worse than all this, there were forces of doubt, suspicion, and destruction at work in our midst which threatened our social and civic institutions and the very foundation of our Government itself. In part, these were the chaotic conditions which faced the American people in the most trying times in the peacetime history of our country; but our American Government was founded through valor and courage, and in its darkest hours it

has always produced leadership. The American people have in this darkest hour of the country's history found courageous and able leadership which has come forth and proceeded unafraid. A new deal was not only required but a leader of kind heart, firm hand, and quick decision was needed to put the new deal into effect and to inspire that confidence in the American people which was all essential to recovery. Such leadership appeared in the person of Franklin D. Roosevelt. Probably the most fateful hour and fateful minute in the history of the American Republic was on the 4th day of March 1933, when in his inaugural address, he said: 'So, first of all, let me assert my firm belief that the only thing we have to fear is fear itself, nameless, unreasoning, unjustified terror which paralyzes needed effort to convert retreat into advance. In every dark hour of our national life a leadership of frankness and vigor has met with that understanding and support of the people themselves which is essential to victory. I am convinced that you will again give that support to leadership in these critical days.

"To this clarion call the American people in all walks of life have responded most nobly and are rapidly shaking off the shackles of depression. President Rooselevt is a man of action. He at once assembled the Congress into extra session and passed 12 emergency measures which have, in his own words, converted 'retreat into advance.' Time will not permit a detailed discussion of these 12 emergency measures, but I shall briefly refer to some of the more important ones. Probably the most comprehensive and timely piece of legislation enacted during the present generation was the farm relief bill .

FARM RELIEF BILL

"Some thirty million of our citizens dwell on the farms of our Nation. Every industry and every business establishment throughout the country is dependent upon the purchasing power of the farmer for its existence. The general purpose of the farm relief bill was to reestablish in the hands of the farmer greater purchasing power in order that he may consume the goods of the industrial centers, and that he may in turn aid the industrial and factory centers to purchase and utilize produce from the farms. An alarming percentage of farm property was under mortgage and bankruptcy threatened this great basic industry. Under the provisions of this legislation the sum of $200,000,000 is provided for additional farm credits, and even more far-reaching in its effect is the authorization of the issuance of $2,000,000,000 in bonds with which farm mortgages may be refinanced with the new low rate of interest to the farm owner of 4½ percent. The Congress has very recently put Government guaranty on these bonds. Farmers have been paying entirely too high a rate of interest. With 4½ or 5 percent interest and 15 to 30 years time on their mortgages they will be enabled to carry on their activities.

"In the program of farm legislation, Congress provided for the establishment and maintenance of such balance between the producer and consumer of agricultural commodities as it is hoped will reestablish prices paid to farmers so that their agricultural commodities will have a purchasing power equivalent to that they enjoyed before the war. Authority is given to the Secretary of Agriculture to bring about reduced production to increase farm-commodity prices and to negotiate market agreements with processors and handlers of agricultural commodities to accomplish the purpose of the legislation. The farm bill went far further than this. It gave control over the currency to the President. The gold clause was outlawed in public and private contracts and the President authorized to fix the gold and silver coinage ratio. It gave the President power to coin silver in unlimited quantities and to also issue new paper money. This power of inflation given to the President can be exercised, if and when, in his wisdom, it should be. He has already exercised it, but not adequately. This power of inflation given the President is bringing money out of hiding and loosening up credit. At this point I desire to commend the President for his decision in authorizing the purchase of gold. This is one of the most important acts of his administration. Since the passage of the farm bill the Federal Farm Credit Administration has made loans to agriculture in the amount of about $1,100,000,000. In the month of August alone, $50,000,000 was let out. We regret that it was necessary to loan so large an amount but are proud of the fact that our Government is going to the aid of the farmers of our country. Through the Federal Land Bank of Columbia and other Federal loan agencies, Florida is, I believe, obtaining its portion of credit. This legislation has had a telling effect upon the price of farm produce. Cotton has advanced from its low price of 5 to 6 cents to 10 to 14 cents. Corn, wheat, pork, and all the farm commodities have risen in proportion, and it is confidently believed that these commodities will rise sufficiently to reestablish in the farmers of our Nation the purchasing power realized prior to the war. Your Congressman voted for this legislation.

MUSCLE SHOALS

"Muscle Shoals had been practically idle for the past 12 years. Our Government had invested some one hundred and fifty or sixty millions of dollars in it, and this enormous investment was idle. Under the recent Muscle Shoals legislation a large number of workers are employed. The price of fertilizer to the farmers will be reduced, probably by half, and power sold at Muscle Shoals will set a yardstick for the determination of a fair and reasonable rate for electric energy throughout the country. This great Tennessee Valley will develop into one of the richest industrial sections of our country. The Muscle Shoals plant will remain available to the Federal Government for production of ammunition in the time of war. I voted for this bill and presided over the House while it was under consideration.

MONEY AND BANKING

"Under emergency banking legislation passed on the 9th of March 1933 some 15,000 banks have been reopened and are in a most liquid condition. The greatest piece of banking legislation since the passage of the Federal Reserve Act was the Glass-Steagall banking bill passed in the last days of the extra session of Congress. This legislation amends the Federal Reserve Act by empowering the Federal Reserve Board to suspend banks from the use of Federal facilities of the Federal Reserve banks for the speculative carrying of or trading in securities, or other purposes not consistent with the maintenance of sound credit conditions. It makes Morris Plan and other industrial-loan banks eligible for membership in the Federal Reserve System. It provides for the divorcement of member banks by security affiliates to prevent speculation with depositors' money. It makes provision for the prompt liquidation of closed banks for the relief of depositors and sets up a corporation to insure bank deposits, within certain limitations, in order to safeguard the depositors and to prevent further losses through the failure of banks. Frankly, I believe the insurance or guaranteeing of bank deposits in all banks throughout the United States has meant and will mean more to the future economic life of our Nation than any other piece of legislation during this generation. The first of the year 1934 saw bank deposits insured. Your Congressman voted for this bill.

SECURITIES ACT

"This act provides for Federal supervision through the Federal Trade Commission of interstate traffic in investment securities and is designed to protect the American public against further flotation of securities of doubtful value, the sale of which in recent years has cost the public many billions of dollars. The act requires that the fullest possible information concerning security issues it is proposed to market shall be filed under oath with the Federal Trade Commission, so that the prospective investor may have accurate and reliable knowledge of the business and properties on which the securities are based. Severe penalties are imposed for failure to comply with the provisions of this act. It is bringing good results. Your Congressman voted for this act.

HOME MORTGAGES

"Under the bill for the relief of home owners, persons whose homes are threatened with mortgage foreclosure may, on homes with an assessed valuation up to $20,000, refinance their mortgages at an interest rate of 5 percent, and may have 15 years in which to pay off the mortgage. Through this legislation not only have millions of families been able to save their homes but a more considerate policy on the part of private mortgage holders has been forced. The home is the very foundation of our civilization. This legislation is saving your homes. Your Representative voted for this bill.

UNEMPLOYMENT

"The reforestation bill was sent to the Congress by the President on March 21, 1933, and was promptly enacted. Under its provision some 250,000 young men have been put to work in reforestation camps and also some 25,000 unemployed ex-service men. This measure was primarily to give employment and to feed the needy. It is far better for American citizens to be permitted to earn their living than to beg for it from the hands of charity. The American ideal is that of independence and self-sustenance. As well as giving employment to the needy it is conserving one of our Nation's most important natural resources. Not only replenishing and continuing our forest, but preventing waste, floods, and destructive erosion. Would you be surprised to know that during the past 10 years erosion has destroyed 54,000 square miles of arable land—an area equal in size to all England? It has damaged 195,000 square miles of other lands, an area as large as postwar Germany. Out of our national heritage of 650,000,000 acres, 21,000,000 acres have already been destroyed through erosion. Furthermore, the reforestation service is rapidly decreasing the population of our prisons. The number of young men now being sent to prison in our country has rapidly decreased, and it is believed that opening the reforestation camps to them has diverted their minds to a higher and more noble life. Unemployment, particularly of youth, has a tendency toward mental, moral, and intellectual degradation. The reforestration program is by its good efforts directing the youth of our Nation toward brighter goals. Your Representative voted for this legislation.

RAILROADS

"The railroad provides for railroad combinations and coordination to bring the systems together and to enable the railroads to use one another's terminals and like facilities and to jointly adjust schedules and bring about savings to investors and lower rates to the shippers. Labor is protected against the loss of jobs. I supported this legislation.

TARIFF

"The President was authorized, under the provisions of the Industrial Recovery Act, to adjust tariffs and impose embargoes to meet damaging foreign competition made possible through depreciating currencies. Under the recent tariff bill he is given power to fix and adjust tariff rates in the interest of American producers and consumers. Your Representative voted for these two bills.

BALANCING THE BUDGET

"The Democratic national platform had promised a reduction of 25 percent in Government expenditures. President Roosevelt, as a candidate for the Presidency, had pledged himself and his party to the carrying-out of this proposal. Many looked upon it as an idle political gesture, but Congress, in sustaining the President, considered it a sacred pledge.

"In order to produce these economies and bring the expenditures of the Federal Government within the revenue it was necessary to cut out whole departments and to reduce the personnel in many others, cut down payments to Federal employees, and reduce the amount that was paid to veterans of all wars. This was not an agreeable task, but an unavoidable duty. Some have criticized the Economy Act, but this is the keystone of the arch of the whole recovery program. Without the savings that were made possible by the Economy Act, the financial structure of the Federal Government would have collapsed. Upon the financial strength of our Treasury, reestablished by the Economy Act, we were able to finance every reissue of bonds and were able to borrow money and have sent this money into every nook and corner of our Nation to render direct relief to the starving, to provide employment to the jobless, to prime the pump of industry, to save our people from the depths of despair. The voter should think seriously before condemning a Member of Congress for voting for the Economy Act. Representatives have no desire to do any veteran an injustice. All soldiers with disabilities should be liberally compensated. Their widows and dependents should be cared for. Spanish War veterans at this late date should not be required to prove service connection for disability. Let the reduction be on a percentage basis and the Spanish War veteran allowed to hold his former pensionable status. The injustices under the Economy Act to soldiers are being righted. I shall be glad to give my support to all just modifications of this law and Executive orders issued pursuant thereto. In this program I voted to reduce my own salary 25 percent.

NEW DEAL IN INDUSTRY AND PUBLIC WORKS

The purposes of this act were:

"1. To obtain wide remployment.

"2. To shorten the working week.

"3. To pay decent wages for the shorter week.

"4. To prevent unfair competition.

"5. To prevent disastrous overproduction.

"It appropriated $3,300,000,000 for public works. These funds are being used for public and semipublic projects, particularly self-liquidating projects. Four hundred million dollars of this amount is being expended on our highways, thus giving employment to the needy and stimulating industry generally and also giving the American people needed highways.

"Florida is getting its proportion of these funds. Counting the rivers and harbors funds, the relief funds, Public Works and Civil Works funds, Florida probably will receive $30,000,000 to $40,000,000, and counting the Florida canal, which I feel confident we are going to receive soon, it will have received more than any other State in the Union. I voted for this gigantic relief program in order that our citizens may be permitted to earn their living rather than beg for it. If it had not been for these relief funds, destitution undescribable would exist in Florida today. These funds have been almost lifesavers to our people who have been forced to work on Relief, Civil Works, and Public Works projects. Recently we appropriated another $900,000,000 to be used for this purpose, and it probably will be necessary for us to appropriate an additional sum before adjournment. President Roosevelt is not only justified but is to be commended for seeing that the hungry and helpless of our Nation are provided with employment and the necessities of life. I am supporting him in this relief program.

TIMES IMPROVING

"Business conditions throughout our country are now improving. It has improved about 20 percent since the President was inaugurated. In fact, March of this year showed greater employment, greater pay rolls, and greater sales in stores than have been had since 1929. The number of unemployed has decreased. Out of the 12,000,000 unemployed 13 months ago, more than 5,000,000 have found employment either on relief projects or in industrial establishments. Out of 89 manufacturing industries, 77 of them increased their employment during the past February, and 79 of them increased their pay roll. In February $50,000,000 worth of contracts were awarded for private building and some $53,000,000 awarded on Public and Civil Works projects. This reflects a decided increase in employment and wages earned. The Federal insurance of bank deposits has rapidly increased the amount of money on deposit in banks; the prices of farm commodities have advanced; also the value of livestock; credit is loosening up; you hear no more of banks closing—the guaranteeing of deposits has made them safe—public confidence is being rapidly restored; the wheels of industry are revolving again; trade has been stimulated. Hope is supplanting despair in the minds of our people, and constructive forces have set to work in the minds of our people, and they again have confidence.

"These improved conditions I want to see continue. This improvement has been brought about by the President's program, which I have earnestly and whole-heartedly cooperated for, and I want to see him carry it on through and place the economic life of our Nation on a sound basis. We must not make any mistakes by looking backward; we must forge on forward.

TIMES CRITICAL

"During the next 2 years at least, you will need the best representation that our district affords, because the problems now facing us are still grave. While conditions are improving, things are not at all beyond the danger point and I do not want to see the country step backward. I want to see President Roosevelt go on through with his program because he is the hope of the American people.

"While I have had 9 years' experience in Congress, I am still only 42 years of age—at the time of life when I should be able to render you the best service. This it is my desire to do, and I hope that the thinking people of our district will see fit to continue my services here. It is true that some of my friends were kind enough to suggest that I run for the Senate in the approaching primaries, but this I have declined to do because at this particular time men with experience and who will stand for right and the interest of the plain people are needed in the House of Representatives.

WILL SUPPORT PRESIDENT

"In this entire program, and in fact all the President's program, I have supported him even to the dotting of an "i" and the crossing of a "t." I hope you will not "swop horses while in the middle of a stream", at least until we have crossed over this stream of depression and critical times.

"I also voted recently to sustain President Roosevelt's veto on the pay bill. This bill would have increased my own salary $30 or $40 per month. This I could not agree to. It also would have given additional benefits to veterans. This I wanted them to have, but there was no division of the question, and I voted to sustain him in order to vote against a raise in my own salary and because it was the democratic thing to do.

"I believe in a party form of government and have always supported the nominees of our party. I hold letters from the leaders of our party in 1928 and 1932 commending my efforts for the Democratic ticket. I do not believe the Democrats of my district would expect me to work for and vote for a Democratic President and then run out on him the first time the water got deep. I cannot vote with the Democrats one day and the Republicans the next day. If you expect me to do this, I am sorry, because I have on every occasion voted with the Democrats and will continue to do so, because, after all, the Democratic Party is the only party that has cherished the hopes and the ideals of our great Southland. I am firm in my belief in the correctness of its principles, and I voted to sustain his veto.

"If you believe in President Roosevelt and his program, I want you to vote for me. If you endorse him, then I hope you will do it by returning me to Congress, but do not return me to Congress under any misapprehension, because I am firm in my conviction that he is the friend of the common people and upon him we may depend, and that in spite of the challenge of big money and Wall Street he is standing with us and is proceeding unafraid. Big money and the special interest, are trying also to defeat me. They are trying to betray and mislead my friends into voting against me. Why? Because I have stood by the masses and the interest of the rank and file. This I will do as long as I live. I cannot forget my own handicaps and struggles in trying to obtain an honest education. I plowed, hoed, dug ditches, chipped pine gum, and cut crossties. I can do it again if necessary. I believe in the dignity of labor and in the majesty of toil. There is no aristocracy except that of honor and no rabble save that of crime. I honor the man who earns his living honestly by the sweat of his brow. For his betterment my ark covenant is launched. President Roosevelt will have my vote and support as long as I am your Congressman, and I now call on my friends throughout the Second Congressional District to rally to his banner and to my support, and continue my services to him by returning me to Congress. Every victory I have won and every worth-while accomplishment has been made possible only through the efforts of my loyal friends. You have stood by me in the past, and never permitted me to go down in defeat. My faith in you abides.

[Letter from Chairman STEAGALL, of Banking and Currency Committee]

HOUSE OF REPRESENTATIVES,
Washington, D.C., April 13, 1934.

Hon. R. A. GREEN,
House of Representatives, Washington, D.C.

DEAR LEX: Our committee has before it your bill (H.R. 9018) for the payment of depositors' balances due on deposits in closed banks throughout the country. You will be interested in knowing that after consideration, our committee has favorably reported largely the substance of your bill. In this matter you have been very helpful.

You are assured that we appreciate the good support which you have given our committee since the inauguration of our President. I have particularly in mind your valuable support for the bank-deposit guaranty legislation, the Goldsborough currency expansion measure, and the home owners' loan bill.

With very high personal esteem, I am, sincerely yours,

HENRY B. STEAGALL, *Chairman.*

[Letter from Chairman MANSFIELD, of Rivers and Harbors Committee]

HOUSE OF REPRESENTATIVES,
Washington, D.C., April 12, 1934.

Hon. R. A. GREEN,
House of Representatives, Washington, D.C.

MY DEAR LEX: I was interested recently to learn that President Roosevelt has agreed to appoint a special board to review the report of the Public Works engineers and the report of the Army engineers on the proposed canal across Florida.

In 1927 our committee reported and the Congress passed your bill for the preliminary survey of this project, and, again, in 1930, we approved your bill for the physical survey, and I note with much interest the great progress you are making toward the realization of this important improvement, and the national interest your have aroused for it.

I take this opportunity also to extend to you my appreciation for the good cooperation you have given me since you have been a member of our committee.

Sincerely your friend,

J. J. MANSFIELD, *Chairman.*

Letter from Chairman DOUGHTON, of Ways and Means Committee

HOUSE OF REPRESENTATIVES,
Washington, D.C., April 13, 1934.

Hon. R. A. GREEN,
House of Representatives, Washington, D.C.

DEAR COLLEAGUE: We have before us your bill (2840) "to prohibit the importation of articles from certain countries, and for other purposes." Said bill for the protection of our phosphate and other industries from foreign monopoly products. You may be assured that this matter will have the committee's consideration. We are mindful of your deep interest in this matter and in the protection for fruits, vegetables, and tobacco, which are grown extensively in your State.

Your cooperation with the committee and with our Democratic majority has been most helpful. This is particularly so since the inauguration of our leader, President Roosevelt. He needs from all loyal Democrats the whole-hearted support which you are giving him.

With cordial good wishes, I am, sincerely yours,

R. L. DOUGHTON, *Chairman.*

Letter from Majority Whip GREENWOOD

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., April 12, 1934.

Hon. R. A. GREEN,
House of Representatives, Washington, D.C.

MY DEAR COLLEAGUE: Under separate cover I am sending to you a copy of the New York Times, which, in a comprehensive way, deals fairly with President Roosevelt's administration.

I am quite sure that the American people realize that more beneficial legislation has been passed since President Roosevelt's inauguration than in any other 13 months in the history of our Republic.

In all of the President's program you, as a Member of the House, and particularly as assistant Democratic whip, have played a most important part. Your experience in the House of Representatives has given you acute information on all national affairs, which enables you to intelligently assist in the preparation and carrying-out of our legislative proposals. Your regularity of attendance at sessions of the House and your wide friendship among its Members add to your valuable services.

I desire to take this opportunity of extending to you my appreciation for your good and essential cooperation.

With very kind personal regards, I am,

Sincerely yours,

ARTHUR H. GREENWOOD, M.C.,
Majority Whip.

Letter from Chairman Farley, of Democratic National Committee

DEMOCRATIC NATIONAL COMMITTEE,
Washington, D.C., June 16, 1933.

Hon. R. A. GREEN,
House Office Building, Washington, D.C.

MY DEAR CONGRESSMAN: I want you to know that I greatly appreciate the support you gave the administration program during the session just closed. I feel certain the people of the country generally realize that more beneficial legislation was passed at this session of Congress than ever before in the Nation's history.

For the part you played in these remarkable accomplishments I want you to know that I am personally grateful.

With best wishes, I am, sincerely,

JAMES A. FARLEY, *Chairman.*

ORDER OF BUSINESS

Mr. BYRNS. Mr. Speaker, tomorrow we expect to take up the District of Columbia appropriation bill; but before that there will probably be two conference reports taken up, one of which may be discussed the full hour or perhaps longer. It is known on the bill as "the Bankhead cotton control bill." The other conference report is on the bill guaranteeing the principle of home-loan bonds.

I have been requested by the chairman of the committee who will handle the District of Columbia appropriation bill to ask the House for unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow. There will be more or less extended debate upon the District of Columbia appropriation bill, and we should like to get through with it this week and perhaps be able to adjourn over Saturday.

Mr. SNELL. Will the gentleman from Tennessee tell us what the program is to be for the balance of the week?

Mr. BYRNS. Immediately after the disposition of the District of Columbia appropriation bill, unless something unforeseen intervenes, there will be a rule making in order, under the general rules of the House, the bill of the gentleman from New York [Mr. DICKSTEIN] with reference to the citizenship of women in foreign countries.

Mr. BANKHEAD. Mr. Speaker, will the gentleman from Tennessee yield?

Mr. BYRNS. Certainly.

Mr. BANKHEAD. It is also hoped that the Ellzey bill, providing for an extension of vocational education, may possibly be brought before the House tomorrow.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. I yield.

Mr. RICH. Does the Bankhead bill in its present form contain the same provision it did when it left the House designating what amount of produce other than cotton the farmers of this country can plant?

Mr. BYRNS. I am unable to inform the gentleman. I do not know what is in the conference report.

Mr. JONES. I do not know that I caught the full import of the gentleman's question.

Mr. RICH. As I understand it, the cotton bill not only regulates the amount of cotton that can be planted, but also all other commodities, giving the power of a czar over the American farmer to the Department of Agriculture.

Mr. JONES. No; it does not do that.

Mr. RICH. Can the Department regulate commodities other than cotton under this bill?

Mr. JONES. No. They are only allowed under the bill to regulate what shall be planted on the idle acreage rented or leased in the reduction program to this particular commodity, so far as this bill is concerned.

Mr. RICH. That was in the bill as it passed the House.

Mr. JONES. There was a provision in the bill which authorized him in the making of contracts to require that there be no expansion in competitive crops, but even this provision has been eliminated.

Mr. BOILEAU. Do I understand the amendment which required that the production of other commodities shall not be expanded has been withdrawn?

Mr. JONES. The particular provision that was written in at the gentleman's request remains in there.

Mr. SHOEMAKER. The dairy amendment stays in?

Mr. JONES. Yes; the extension on the idle acreage provision stays in the bill.

HOUR OF MEETING TOMORROW

The SPEAKER. The gentleman from Tennessee asks unanimous consent that when the House adjourns today it meet at 11 o'clock tomorrow. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

GREAT SMOKY NATIONAL PARK

Mr. GOSS. Mr. Speaker, I ask unanimous consent to return to Calendar No. 157, the bill (H.R. 7360) to establish a minimum area for the Great Smoky Mountains National Park, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

Mr. TRUAX. Mr. Speaker, may I say to the gentleman that several of our colleagues over here have bills on the calendar and want to return to a consideration of them.

Mr. GOSS. I may say to the gentleman we are going to save $300 a day, we have been informed in the Appropriations Committee, if we pass the bill at this time. The pro-

ponent of the bill has taken the matter up with the Chairman of the Appropriations Committee and is agreeable to accepting an amendment. It is a matter of saving some $300 a day to the Government on account of an injunction in respect of some national-forest lands.

Mr. TRUAX. Mr. Speaker, we have had similar requests from at least a half dozen Members on this side. It was my understanding we were to adjourn before the last bill was reached. I am sure, in deference to the other Members and to my colleagues on the committee, I shall be forced to object.

Mr. GOSS. May I point out in this particular instance that there is a saving of $300 a day and that we will not have another Consent Calendar day for 2 or 3 weeks? This bill has been agreed to as far as the objections of the Appropriations Committee are concerned.

Mr. TRUAX. I will say to the gentleman from Connecticut [Mr. Goss] that, so far as I am concerned, I will withdraw my reservation of objection with the understanding that this will be the last bill considered.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

The Clerk read the title of the bill.

There being no objection, the Clerk read the bill as follows:

Be it enacted, etc., That an area of 400,000 acres within the minimum boundaries of the Great Smoky Mountains National Park, acquired one half by the peoples and States of North Carolina and Tennessee, and the United States, and one half by the Laura Spelman Rockefeller Memorial in memory of Laura Spelman Rockefeller, be, and the same is hereby, established as a completed park for administration, protection, and development by the United States, and so much of the act of May 22, 1926 (44 Stat. 616), as is inconsistent herewith is hereby repealed.

SEC. 2. That all funds heretofore allocated and made available by Executive order or otherwise or which hereafter may be allocated and made available for the purchase of lands for conservation or forestation purposes within the maximum boundaries of the Great Smoky Mountains National Park as authorized by the act of May 22, 1926, be, and the same are hereby, made available for the purchase of said lands for park purposes and/or in addition to the minimum acreage established by section 1 of this act, notwithstanding any prohibition to the contrary in section 1 of the act of May 22, 1926, aforesaid, and any land heretofore purchased within said area under said funds is hereby made a part of said park.

Mr. GOSS. Mr. Speaker, I offer an amendment to the bill which I send to the desk.

The Clerk read as follows:

Amendment by Mr. Goss: Strike out all of section 2 and insert in lieu thereof: "Section 2: That all lands purchased from funds heretofore allocated and made available by Executive order or otherwise or which hereafter may be allocated and made available for the acquisition of lands for conservation or forestation purposes within the maximum boundaries of the Great Smoky Mountain National Park as authorized by the act of May 22, 1926, be, and the same are hereby, made a part of the said park as fully as if originally acquired for that purpose."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read a third time, and passed.

A motion to reconsider was laid on the table.

SENATE JOINT RESOLUTION REFERRED

A joint resolution of the Senate of the following title was taken from the Speaker's table and under the rule referred as follows:

S.J.Res. 83. Joint resolution amending Public Resolution No. 118, Seventy-first Congress, approved February 14, 1931, providing for an annual appropriation to meet the quota of the United States toward the expenses of the International Technical Committee of Aerial Legal Experts; to the Committee on Foreign Affairs.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 606. An act to authorize the waiver or remission of certain coal-lease rentals, and for other purposes;

S. 1075. An act for the relief of Walter Thomas Foreman;

S. 1076. An act authorizing adjustment of the claim of the Franklin Surety Co.;

S. 1091. An act conferring jurisdiction upon the Court of Claims of the United States to hear, consider, and render judgment on the claims of Edward F. Goltra against the United States arising out of the taking of certain vessels and unloading apparatus;

S. 1934. An act conferring jurisdiction upon certain courts of the United States to hear and determine the claim by the owner of four-masted auxiliary bark *Quevilly* against the United States, and for other purposes;

S. 1935. An act to amend the act of March 2, 1929, conferring jurisdiction upon certain courts of the United States to hear and determine the claim by the owner of the S.S. *W. I. Radcliffe* against the United States, and for other purposes; and

S. 2315. An act to provide for the settlement of damage claims arising from the construction of the Petrolia-Fort Worth gas-pipe line.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 10 minutes p.m.), in accordance with its previous order, the House adjourned until Tuesday, April 17, 1934, at 11 o'clock a.m.

EXECUTIVE COMMUNICATIONS, ETC.

408. Under clause 2 of rule XXIV, a letter from the Postmaster General, transmitting a supplement to a letter dated March 22, 1934, recommending that Mr. Charles M. Perkins, postmaster at Seattle, Wash., be permitted to credit his postal account in the sum of $15,997.66, instead of $14,897.66, as previously recommended, to reimburse him for losses sustained in a robbery and through admitted embezzlement of a former cashier, was taken from the Speaker's table and referred to the Committee on Claims.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mrs. GREENWAY: Committee on the Public Lands. H.R. 7237. A bill to provide for the selection of certain lands in the State of Arizona for the use of the University of Arizona; without amendment (Rept. No. 1242). Referred to the Committee of the Whole House on the state of the Union.

Mr. DEROUEN: Committee on the Public Lands. S. 2568. An act granting a leave of absence to settlers of homestead lands during the years 1932, 1933, and 1934; without amendment (Rept. No. 1243). Referred to the Committee of the Whole House on the state of the Union.

Mr. CELLER: Committee on the Judiciary. H.R. 8057. A bill to amend the Longshoremen's and Harbor Workers' Compensation Act with respect to rates of compensation, and for other purposes; with amendment (Rept. No. 1244). Referred to the Committee of the Whole House on the state of the Union.

Mr. CROSSER: Committee on Interstate and Foreign Commerce. H.R. 8644. A bill to provide warrant officers of the Coast Guard parity of promotion with warrant officers of the Navy; without amendment (Rept. No. 1249). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. YOUNG: Committee on War Claims. S. 2809. An act conferring jurisdiction upon the Court of Claims to hear and determine the claims of the International Arms & Fuze Co., Inc.; with amendment (Rept. No. 1245). Referred to the Committee of the Whole House.

Mr. YOUNG: Committee on War Claims. H.R. 8547. A bill for the relief of Florence Byvank; with amendment

(Rept. No. 1246). Referred to the Committee of the Whole House.

Mr. FITZPATRICK: Committee on Military Affairs. H.R. 6601. A bill for the relief of Second Lt. Charles E. Upson; with amendment (Rept. No. 1248). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Pensions was discharged from the consideration of the bill (H.R. 7537) granting a pension to Martha Jones, and the same was referred to the Committee on Invalid Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. THOMPSON of Texas: A bill (H.R. 9136) to provide further for the national defense; to the Committee on Military Affairs.

By Mr. DEROUEN: A bill (H.R. 9137) providing for the disposition of public lands of the United States situated in the State of Oklahoma between the Cimarron base line and the north boundary of the State of Texas, and for other purposes; to the Committee on the Public Lands.

By Mr. PATMAN: A bill (H.R. 9138) to appropriate money to facilitate the apprehension of certain persons charged with crime; to the Committee on Appropriations.

By Mr. GLOVER: A bill (H.R. 9139) to provide for the relief of farmers by making loans on lands now used for agricultural purposes for the purpose of redeeming said lands from now existing mortgages, and for other purposes; to the Committee on Ways and Means.

By Mr. BOILEAU: A bill (H.R. 9140) to amend section 114 of the Judicial Code to provide for terms of the District Court for the Western District of Wisconsin to be held at Wausau, Wis., and for other purposes; to the Committee on the Judiciary.

By Mr. CARMICHAEL: A bill (H.R. 9141) granting the consent of Congress to the State of Alabama, its agents or agencies, and to Colbert County and to Lauderdale County, in the State of Alabama, and to the city of Sheffield, Colbert County, Ala., and to the city of Florence, Lauderdale County, Ala., or to any two of them or to either of them, to construct, maintain, and operate a bridge and approaches thereto across the Tennessee River at a point between the city of Sheffield, Ala., and the city of Florence, Ala., suitable to the interests of navigation; to the Committee on Interstate and Foreign Commerce.

By Mr. McSWAIN: A bill (H.R. 9142) to aid the common schools of the several States of the United States; to the Committee on Education.

By Mrs. NORTON: A bill (H.R. 9143) providing educational opportunities for the children of soldiers, sailors, and marines who were killed in action or died during the World War; to the Committee on the District of Columbia.

By Mr. LLOYD: A bill (H.R. 9144) to repeal section 33 of the Judicial Code of the United States, as amended; to the Committee on the Judiciary.

By Mr. WHITLEY: A bill (H.R. 9145) to authorize the attendance of the Marine Band at the National Encampment of the Grand Army of the Republic to be held at Rochester, N.Y., August 14, 15, and 16, 1934; to the Committee on Naval Affairs.

By Mr. MULDOWNEY: A bill (H.R. 9146) to amend the Federal Reserve Act to authorize the rediscounting of notes secured by mortgages on homes, and for other purposes; to the Committee on Banking and Currency.

By Mr. DEROUEN: A bill (H.R. 9147) to eliminate certain lands from the Craters of the Moon National Monument, Idaho; to the Committee on the Public Lands.

Also, a bill (H.R. 9148) to accept the cession by the States of North Carolina and Tennessee of exclusive jurisdiction over the lands embraced within the Great Smoky Mountains National Park, and for other purposes; to the Committee on the Public Lands.

Also, a bill (H.R. 9149) to accept the cession by the State of Arkansas of exclusive jurisdiction over all lands now or hereafter included within the Hot Springs National Park, Ark., and for other purposes; to the Committee on the Public Lands.

By Mr. MEAD: A bill (H.R. 9150) to require public contractors to furnish performance bonds for the protection of the United States and payment bonds for the protection of persons furnishing labor and materials, and for other purposes; to the Committee on the Judiciary.

By Mr. BRUNNER: A bill (H.R. 9151) to provide for additional appropriations for Public Works, to amend the National Industrial Recovery Act, and for other purposes; to the Committee on Ways and Means.

By Mr. DEROUEN: A bill (H.R. 9152) to authorize the transfer of the Otter Cliffs radio station on Mount Desert Island, in the State of Maine, as an addition to the Acadia National Park, and for other purposes; to the Committee on the Public Lands.

Also, a bill (H.R. 9153) to amend an act entitled "An act to provide for the exercise of sole and exclusive jurisdiction by the United States over the Hawaii National Park, in the Territory of Hawaii, and for other purposes", approved April 19, 1930 (46 Stat. 227); to the Committee on the Public Lands.

By Mr. MURDOCK: A bill (H.R. 9154) authorizing the Secretary of War to lend certain Army equipment to the city of Price, Utah, for the accommodation of persons attending the interstate musical contest to be held at such city during the year 1934; to the Committee on Military Affairs.

By Mr. DEROUEN: A bill (H.R. 9155) to authorize the acquisition of permanent rights in land for the protection of national parks and national monuments from scenic impairment, and for other purposes; to the Committee on the Public Lands.

By Mr. LLOYD: A bill (H.R. 9156) to allow land within any United States national park to be prospected thereon; to the Committee on the Public Lands.

By Mr. PARKER: Resolution (H.Res. 335) to provide for the sum of $2,500, or so much thereof as may be necessary, for the expenses of the Committee on Elections No. 1; to the Committee on Accounts.

By Mr. BLACK: Resolution (H.Res. 336) that a special committee be appointed by the Speaker to investigate expenditures of candidates for the House of Representatives, and for other purposes; to the Committee on Rules.

By Mr. SCRUGHAM: Resolution (H.Res. 338) providing that the Federal Deposit Insurance Corporation take immediate action to carry out the provisions of subsection (n) of section 12B; to the Committee on Banking and Currency.

By Mr. WHITE: Resolution (H.Res. 339) to create a select committee to investigate speculations and profits in the acquisitions and movements of gold resulting from legislative or Executive action affecting the value of gold, and the acquisitions and holdings of silver in anticipation of legislative or Executive action; to the Committee on Rules.

MEMORIAL

Under clause 3 of rule XXII, a memorial was presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of New York, memorializing Congress to appropriate additional funds for highway construction; to the Committee on Roads.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BEITER: A bill (H.R. 9157) for the relief of Guideo Biscaro, Giovanni Polin, Spironello Antonio, Arturo Bettio, Carlo Biscaro, and Antonio Vannin; to the Committee on Claims.

By Mr. BOEHNE: A bill (H.R. 9158) for the relief of Louis Bender; to the Committee on Claims.

By Mr. BURNHAM: A bill (H.R. 9159) for the relief of Herbert Sydney Wilbur; to the Committee on Naval Affairs.

By Mr. CARPENTER of Kansas: A bill (H.R. 9160) for the relief of Fred Ledebuhr; to the Committee on Claims.

By Mr. CARY: A bill (H.R. 9161) making Henry B. Morehead eligible to receive the benefits of the Civil Service Retirement Act; to the Committee on the Civil Service.

Also, a bill (H.R. 9162) granting a pension to Belle Bratton Hood; to the Committee on Invalid Pensions.

By Mr. COFFIN: A bill (H.R. 9163) granting a pension to William R. S. Lane; to the Committee on Pensions.

By Mr. DELANEY: A bill (H.R. 9164) for the relief of Francisco M. Acayan; to the Committee on Claims.

By Mr. DOWELL: A bill (H.R. 9165) granting an increase of pension to Cynthia A. Barnes; to the Committee on Invalid Pensions.

By Mr. EATON: A bill (H.R. 9166) for the relief of George W. Stout; to the Committee on Claims.

Also, a bill (H.R. 9167) for the relief of George W. Stout; to the Committee on Claims.

By Mr. LUDLOW: A bill (H.R. 9168) to change the records of the War Department in the case of Thomas J. Parrott; to the Committee on Military Affairs.

By Mr. McSWAIN: A bill (H.R. 9169) authorizing the President to present the Distinguished Flying Cross to Air Marshal Italo Balbo and Gen. Aldo Pellegrini, of the Royal Italian Air Force; to the Committee on Military Affairs.

By Mr. MARTIN of Oregon: A bill (H.R. 9170) for the relief of Walter H. Evans; to the Committee on Claims.

By Mr. MONAGHAN of Montana: A bill (H.R. 9171) for the relief of Marie M. Leipheimer; to the Committee on War Claims.

By Mr. SCHULTE: A bill (H.R. 9172) for the relief of John Magdun; to the Committee on Claims.

Also, a bill (H.R. 9173) for the relief of Ruth Nolan and Anna Panozza; to the Committee on Claims.

By Mr. WHITLEY: A bill (H.R. 9174) for the relief of the parents of Albert Thesing; to the Committee on Claims.

By Mr. McFARLANE: Resolution (H.Res. 337) to direct an investigation into the death of Lt. Davis L. Cloud; to the Committee on Rules.

By Mr. McSWAIN (by request): Joint resolution (H.J.Res. 324) authorizing the Secretary of War to receive for instruction at the United States Military Academy at West Point Colon Eloy Alfaro and Jaime Eduardo Alfaro, citizens of Ecuador; to the Committee on Military Affairs.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3862. By Mr. BOEHNE: Petition of the Holy Name Society and the Young Men's Institute of St. Mary's Parish, of the city of Huntingburg, Ind., requesting support of amendment to section 301 of Senate bill 2910, providing for the insurance of equity of opportunity for educational, religious, agricultural, labor, cooperative, and similar nonprofit-making associations seeking licenses for radio broadcasting; to the Committee on Merchant Marine, Radio, and Fisheries.

3863. By Mr. CONDON: Resolution of the General Assembly of the State of Rhode Island, recommending the passage of a resolution in Congress expressing the hope that the German Reich will speedily alter its policy toward its minority groups; to the Committee on Foreign Affairs.

3864. By Mr. CULLEN: Petition of the Assembly and Senate of the State of New York, urging the President and the Congress of the United States to enact during the present session such legislation as will provide an additional program of highway construction and improvement for 1934 of at least $500,000,000 to be allocated among the various States upon the same basis as was followed in connection with the apportionment made last year under the original $400,000,000 fund, the additional $500,000,000 fund to be administered under jurisdiction of the United States Bureau of Public Roads through the State highway departments of the various States; to the Committee on Roads.

3865. By Mr. DICKSTEIN: Petition of many citizens of New York City, protesting against the action of certain radio broadcasting stations whereby the message of Judge Rutherford has been taken off the air; to the Committee on Merchant Marine, Radio, and Fisheries.

3866. By Mr. FITZPATRICK: Petition signed by Joseph Kavanaugh, of 1532 Research Avenue, Bronx, New York City, N.Y., and a number of other residents of Bronx County, urging the enactment into law amendment 301 of the Federal communications bill; to the Committee on Interstate and Foreign Commerce.

3867. By Mr. FORD: Resolution of W. S. Hancock Council, No. 20, Junior Order United American Mechanics of Los Angeles, urging that all aliens be compelled to register, and in order to aid in making such registration workable, further urge that some suitable method of identification be provided and all aliens required to conform thereto; to the Committee on Immigration and Naturalization.

3868. Also, resolution of the executive committee of the American Legion, endorsing application of the Veterans' Home of California to the Federal Government, urging that funds be allotted to provide for the immediate resumption of the building program and for the construction of the dam for the Veterans' Home of California, in Napa County; to the Committee on Military Affairs.

3869. Also, resolution by City Council of Los Angeles, urging adherence to the Johnson bill respecting jurisdiction of Federal courts to enjoin rate orders of State public utility commissions; to the Committee on the Judiciary.

3870. Also, resolution of the City Council of Los Angeles, urging the prompt passage of the McLeod bill, providing for the payment to depositors of the closed national banks; to the Committee on Banking and Currency.

3871. By Mr. FULMER: Resolution of the aviation committee of the Charleston Chamber of Commerce, through our congressional representatives, urging the early passage of the Wood bill, and that a copy of this resolution be dispatched to each South Carolina Senator and Congressman (John S. Wood bill in the House and McCarran bill in the Senate entitled "A bill which provides for a Federal Aviation Commission"); to the Committee on the Post Office and Post Roads.

3872. Also, petition of the Legislature of the State of South Carolina, urging a substantial reduction in the tax on tobacco, snuff, and cigarettes; to the Committee on Ways and Means.

3873. By Mr. HOWARD: Petition of Otto Richards, of Cedar Rapids, Nebr., and numerous other producers of livestock in the Third District of Nebraska, urging the passage of Senate bill 3064; to the Committee on Agriculture.

3874. Also, petition of A. A. Jaworski, of Tarnov, Nebr., and numerous other producers of livestock in the Third District of Nebraska, urging the passage of Senate bill 3064; to the Committee on Agriculture.

3875. Also, petition of William A. Bickley, of Madison, Nebr., and numerous other producers of livestock in the Third District of Nebraska, urging the passage of Senate bill 3064; to the Committee on Agriculture.

3876. Also, petition of Elmer Haglund, of Wakefield, Nebr., and numerous other producers of livestock in the Third District of Nebraska, urging the passage of Senate bill 3064; to the Committee on Agriculture.

3877. Also, petition of Carl Lindo, of Newman Grove, Nebr., and numerous other producers of livestock in the Third District of Nebraska, urging the passage of Senate bill 3064; to the Committee on Agriculture.

3878. Also, petition of Reynold Anderson, of Allen, Nebr., and numerous other producers of livestock in the Third District of Nebraska, urging the passage of Senate bill 3064; to the Committee on Agriculture.

3879. By Mr. KELLY of Pennsylvania: Petition of German-American Federation of Allegheny County, Pa., opposing entry into the League of Nations; to the Committee on Foreign Affairs.

3880. Also, petition of 347 citizens of the District of Columbia, urging passage of House bill 8517, for protection of the needy blind; to the Committee on the District of Columbia.

3881. By Mr. KENNEY: Petition in the nature of a resolution of the Woman's Christian Temperance Union of Dumont, N.J., petitioning your honorable body, the House of Representatives, for early hearings and favorable action on the Patman motion-picture bill (H.R. 6097) providing higher moral standards for films entering interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

3882. Also, petition in the nature of a resolution of the Jersey City Council, No. 137, Knights of Columbus, Jersey City, N.J., commending the programs of radio station WLWL as being thoroughly representative of radio's highest purpose—namely, to serve public interest, convenience, and necessity—and placing ourselves on record as approving radio station WLWL's struggle against monopolistic commercial interests and dedicating ourselves to support with every means at our command the efforts of an agency which has been productive of so much good will, tolerance, and enlightment; to the Committee on Merchant Marine, Radio, and Fisheries.

3883. Also, petition in the nature of a resolution of the Colored Citizens' Committee of Jersey City, N.J., suggesting to each Member of Congress from the State of New Jersey that his attitude toward the De Priest resolution will be taken as a reflection of his attitude toward the citizenship of the colored citizens of New Jersey, and will, at the next election, determine the exercise of franchise by the colored voters of New Jersey; to the Committee on Rules.

3884. By Mr. KRAMER: Resolution adopted by the City Council of the City of Los Angeles, Calif., on April 9, 1934; to the Committee on Banking and Currency.

3885. By Mr. LAMNECK: Resolution of the State of Ohio, Department of Liquor Control, Columbus, Ohio, urging President Roosevelt and Congress to consider a temporary reduction of the $2 a gallon Federal liquor tax to $1; to the Committee on Banking and Currency.

3886. By Mr. HOIDALE: Resolution of the Central Council of District Clubs of St. Paul, Minn., urging an increase in the volume of money to meet requirements and endorsing the President's recommendation that credit be extended through Government banks to private individuals and institutions; to the Committee on Banking and Currency.

3887. By Mr. LINDSAY: Petition of the Merchants' Association of New York, New York City, opposing the Connery 30-hour week bill (H.R. 8492); to the Committee on Labor.

3888. Also, petition of the Globe & Rutgers Fire Insurance Co., New York City, opposing House bill 8720, the National Securities Exchange Act; to the Committee on Interstate and Foreign Commerce.

3889. Also, petition of International Union of Operating Engineers, New York City, urging the passage of the Wagner-Lewis bill; to the Committee on Labor.

3890. Also, petition of the Hathaway Baking Co., Utica, N.Y., opposing the passage of the revised national securities exchange bill; to the Committee on Interstate and Foreign Commerce.

3891. Also, petition of the Peerless Paint & Varnish Corporation, Brooklyn, N.Y., urging the removal of tax on perrilla oil from the new revenue bill; to the Committee on Ways and Means.

3892. Also, petition of the Wallabout Market Merchants Association, Brooklyn, N.Y., urging the passage of the McLeod bill; to the Committee on Banking and Currency.

3893. Also, petition of the Senate of the State of New York, Albany, to provide for additional program of highway construction and improvement; to the Committee on Roads.

3894. By Mr. LUCE: Memorial of the General Court of Massachusetts, endorsing direct loans to industry through the Reconstruction Finance Corporation; to the Committee on Banking and Currency.

3895. By Mr. LUNDEEN: Petition of the Minnesota State Conservation Commission, urging that no action be taken by Congress to enact House bill 2833, introduced March 10, 1933; to the Committee on Indian Affairs.

3896. Also, petition of the Farmer Labor Association of the Fifth Congressional District of the State of Minnesota, declaring its unanimous support for the 30-hour week bill; to the Committee on Labor.

3897. Also, petition of the Isanti County Farmer-Labor Association, favoring the immediate payment of the soldiers' adjusted-service certificates; to the Committee on World War Veterans' Legislation.

3898. Also, petition of the Minnesota Conservation Commission, urging favorable consideration of the recommendations relative to the application of the Pigeon River Lumber Co. for a preliminary permit for water-power project on Pigeon River on the international boundary between Cook County, Minn., and the Province of Ontario, Canada; to the Committee on Foreign Affairs.

3899. Also, petition of the Northwestern and Unemployed Association, endorsing the Roseau River project, commonly known as the "Roseau flood-control project", from a relief standpoint; to the Committee on Flood Control.

3900. Also, petition of the Northwestern and Unemployed Association, urging the Federal Government to take the necessary steps to insure adequate shipment of food into the drought-stricken counties for livestock owned by farmers unable to purchase their own feed; to the Committee on Agriculture.

3901. Also, petition of the Northwestern and Unemployed Association, urging the Federal Government to continue and expand Civil Works Administration projects in northwestern Minnesota; to the Committee on Appropriations.

3902. Also, petition of the Columbia Heights Improvement Association, urging that the Civil Works Administration be not discontinued until a degree of reemployment has been established which will prevent a desperate situation in the United States; to the Committee on Appropriations.

3903. Also, petition of the City Council of St. Paul, Minn., urging that Congress take favorable action in the extension of the Public Works Administration program; to the Committee on Appropriations.

3904. Also, petition of the Cambridge Cooperative Creamery Co., favoring the 5-percent tax duty on oils and fats that are now entering into the manufacture of the product known as "oleomargarine"; to the Committee on Ways and Means.

3905. Also, petition of the Cambridge Cooperative Creamery Co., favoring the passage of the Frazier bill in all its forms pertaining to farm loans; to the Committee on Banking and Currency.

3906. Also, petition of the County Board of Education, Koochiching County, Minn., urging a Federal appropriation of $50,000,000 to keep schools open during the school year 1933–34; the Federal appropriation of $100,000,000 to maintain schools during the year 1934–35; and the additional funds needed during the next 2 years to properly build, equip, and maintain schools for school districts that are unable to do so; to the Committee on Education.

3907. Also, petition of Melvin E. Hearl American Legion, Post No. 21, urging that all interest on loans made by the Government to ex-service men upon adjusted-compensation certificates be waived; to the Committee on World War Veterans' Legislation.

3908. Also, petition of the Nobles County Farmer-Labor Association, urging the passage of the Thomas-Swank cost of production bill; to the Committee on Agriculture.

3909. Also, petition of the Nobles County Farmer-Labor Association, urging the passage of the Lempke banking bill; to the Committee on Banking and Currency.

3910. Also, petition of the Nobles County Farmer-Labor Association, urging the passage of the Wheeler silver remonetization bill; to the Committee on Coinage, Weights, and Measures.

3911. Also, petition of the Nobles County Farmer-Labor Association, urging that Congress perform its constitutional function by issuing legal tender for the payment of all debts, public and private, as provided in section 1, article V, and clause 8 of the Constitution; to the Committee on Banking and currency.

3912. Also, petition of the Nobles County Farmer-Labor Association, urging the passage of the Frazier bill; to the Committee on Agriculture.

3913. Also, petition of the Isanti County Farmer-Labor Association, favoring the Frazier bill, providing for the refinancing of farm loans at a lower rate of interest; to the Committee on Banking and Currency.

3914. Also, petition of the Isanti County Farmer-Labor Association, favoring an amendment to the Constitution of the United States prohibiting the entry of deficiency judgments after foreclosures; to the Committee on the Judiciary.

3915. Also, petition of the Isanti County Farmer-Labor Association, protesting against the sale of foreign meats and meat products in this country under the names of American firms; to the Committee on Interstate and Foreign Commerce.

3916. Also, petition of the State Legislature of the State of Minnesota, urging the passage of house bill 4774 and Senate bill 770, to the end that the Government of the United States may discharge its just and lawful obligations to the citizens of Minnesota; to the Committee on Claims.

3917. By Mr. MILLARD: Resolution adopted by the New Rochelle Council, No. 339, Knights of Columbus, New Rochelle, N.Y., urging the passage of the amendment proposed by Father Harney to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

3918. Also, resolution adopted by the Triune Council, Knights of Columbus, Pearl River, N.Y., urging the enactment of Senate bill 2910 and the amendment to section 301 proposed by Father Harney; to the Committee on Merchant Marine, Radio, and Fisheries.

3919. Also, resolution adopted by the members of the Dobbs Ferry (N.Y.) Italian-American Civic Association, opposing the passage of the bill proposing to regulate the stock exchange; to the Committee on Interstate and Foreign Commerce.

3920. By Mr. RUDD: Memorial of the Legislature of the State of New York, favoring legislation as will provide an additional program of highway construction and improvement for 1934 of at least $500,000,000, to be allocated among the various States upon the same basis as was followed in connection with the apportionment made last year under the original $400,000,000 fund; to the Committee on Roads.

3921. Also, petition of the Merchants Association of New York, opposing the passage of the Connery bill (H.R. 8492); to the Committee on Labor.

3922. Also, petition of the Globe & Rutgers Fire Insurance Co., New York City, opposing the passage of House bill 8720, the national securities exchange bill; to the Committee on Interstate and Foreign Commerce.

3923. Also, petition of the Hathaway Baking Co., Utica, N.Y., opposing the passage of the national securities exchange bill of 1934; to the Committee on Interstate and Foreign Commerce.

3924. Also, petition of International Union of Operating Engineers, New York City, favoring the passage of the Wagner-Lewis unemployment insurance bill; to the Committee on Labor.

3925. Also, petition of the board of directors of the Foundry Equipment Manufactures Association, Cleveland, Ohio, opposing the passage of the Wagner-Connery Labor Disputes Act; to the Committee on Labor.

3926. By Mr. STRONG of Pennsylvania: Petition of Indiana County, Pa., protesting the placing of a tax on natural gas; to the Committee on Ways and Means.

3927. By the SPEAKER: Petition of the Ladies Catholic Benevolent Association, Brattleboro, Vt., regarding the treatment of radio station WLWL; to the Committee on Merchant Marine, Radio, and Fisheries.

3928. Also, petition of the Church of St. Anthony, of Padua, Bronx, N.Y., regarding the treatment of radio station WLWL; to the Committee on Merchant Marine, Radio, and Fisheries.

3929. Also, petition of the Catholic Action Society of Our Lady of Lourdes Parish, University City, Mo., regarding the treatment of radio station WLWL; to the Committee on Merchant Marine, Radio, and Fisheries.

3930. Also, petition of the Bridgeport Council of Catholic Men, Bridgeport, Conn., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

3931. Also, petition of Daughters of Isabella, Brattleboro, Vt., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

3932. Also, resolution of the Municipal Council of San Jacinto, Masbate, P.I., protesting against the proposed tax of 5 cents a pound on coconut oil imported into the United States from the Philippine Islands; to the Committee on Ways and Means.

3933. Also, resolution of the Provincial Board of Bohol, P.I., protesting against the proposed excise tax of 5 cents a pound on coconut oil imported into the United States from the Philippines; to the Committee on Ways and Means.

3934. Also, petition of the city of Cambridge, Mass., urging passage of House bill 7243; to the Committee on Banking and Currency.

3935. Also, petition of St. Nicholas of Tolentine Rectory, New York City, urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

3936. Also, petition of the Woman's National Committee for Political Action; to the Committee on the Judiciary.

3937. Also, petition of the St. Joseph Parish, of the city of Danbury, Conn., regarding the treatment of Radio Station WLWL; to the Committee on Merchant Marine, Radio, and Fisheries.

3938. Also, petition of Thomas Daly et al., regarding the treatment of radio station WLWL; to the Committee on Merchant Marine, Radio, and Fisheries.

3939. Also, petition of St. Mary's Parish, of Ellenville, N.Y., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

3940. Also, petition of Margaret M. O'Neil, urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

3941. Also, petition of St. James Parish, Chesterhorn, N.Y., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

3942. Also, petition of St. Patrick's Church, Lead, S.Dak., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

3943. Also, petition of members of Children of Mary Sodality of Sacred Heart Parish, Bridgeport, Conn., regarding the treatment of radio station WLWL; to the Committee on Merchant Marine, Radio, and Fisheries.

3944. Also, petition of St. Michael's Parish, Antwerp, N.Y., regarding the treatment of radio station WLWL; to the Committee on Merchant Marine, Radio, and Fisheries.

3945. Also, petition of Kenneth L. Powers et al., opposing the stock-exchange regulation bill; to the Committee on Interstate and Foreign Commerce.

SENATE

TUESDAY, APRIL 17, 1934

The Chaplain, Rev. Z. Barney T. Phillips, D.D., offered the following prayer:

Most loving Father, whose mercies are from everlasting to everlasting, unto whom we flee for refuge in the blessed certainty of Thy love, be Thou our helper in this our time of need; assuage the grief of every burdened soul, and pour Thy consolations into our hearts, for Thou knowest our frame, Thou rememberest that we are but dust. Sanctify to us this day these bonds of human sympathy, and grant that by the indwelling of Thy tenderness and mercy we may have a richer, fuller understanding of the purpose of our high calling.

O Thou Christ of God, shepherd of our souls, we intrust all who are near and dear unto us to Thy never-failing care for this life and the life to come, knowing that Thou wilt do for them even more than we can desire.

Lord, Thou art our Shepherd,
Guide us lest we stray,
Gather us when the night cometh
Into Thy fold for aye.

Amen.

THE JOURNAL

The Chief Clerk proceeded to read the Journal of the proceedings of the calendar day of Saturday, April 14, when, on motion of Mr. LEWIS, and by unanimous consent, the further reading was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. LEWIS. I suggest the absence of a quorum and ask for a roll call.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Keyes	Reed
Ashurst	Costigan	King	Reynolds
Austin	Couzens	La Follette	Robinson, Ind.
Bachman	Davis	Lewis	Russell
Bailey	Dickinson	Logan	Schall
Bankhead	Dieterich	Lonergan	Sheppard
Barbour	Dill	Long	Shipstead
Barkley	Duffy	McCarran	Steiwer
Black	Erickson	McGill	Stephens
Bone	Fess	McKellar	Thomas, Okla.
Borah	Fletcher	McNary	Thomas, Utah
Brown	Frazier	Metcalf	Thompson
Bulkley	George	Murphy	Townsend
Bulow	Gibson	Neely	Vandenberg
Byrd	Goldsborough	Norbeck	Van Nuys
Byrnes	Gore	Norris	Wagner
Capper	Hale	O'Mahoney	Walcott
Caraway	Harrison	Overton	Walsh
Clark	Hayden	Patterson	White
Connally	Hebert	Pittman	
Coolidge	Johnson	Pope	

Mr. LEWIS. I desire to announce the absence of the Senator from Arkansas [Mr. ROBINSON] occasioned by a death in his family, the absence of the Senator from New Mexico [Mr. HATCH] caused by illness in his family, the absence of the Senator from Montana [Mr. WHEELER] on account of personal illness, and the absence of the Senator from Florida [Mr. TRAMMELL], the Senator from Maryland [Mr. TYDINGS], the Senator from California [Mr. MCADOO], the Senator from South Carolina [Mr. SMITH], and the Senator from Virginia [Mr. GLASS], who are necessarily detained from the Senate.

Mr. HEBERT. I desire to announce that the Senator from West Virginia [Mr. HATFIELD], the Senator from Delaware [Mr. HASTINGS], and the Senator from Wyoming [Mr. CAREY] are necessarily absent.

Mr. FRAZIER. I wish to announce that my colleague the junior Senator from North Dakota [Mr. NYE] is necessarily absent from the Senate.

The PRESIDENT pro tempore. Eighty-two Senators having answered to their names, a quorum is present.

DEATH OF FORMER SENATOR JOHN J. BLAINE

Mr. LA FOLLETTE. Mr. President, it is with a heavy heart that I announce the untimely death of the Honorable John J. Blaine, who but recently was an active Member of the United States Senate.

He gave a lifetime of devoted service to the State of Wisconsin and to the Nation. He was a man of great native ability. He brought to the ideals of government, in which he believed and for which he fought, a courage and persistency that knew no defeat.

He was truly a pioneer in the progressive movement in Wisconsin, and the span of his public life approached nearly 40 years. John Blaine entered the Legislature of Wisconsin in 1903, after having served his city as mayor for four terms. In the State Senate of Wisconsin he played an active part in the enactment of progressive legislation. As attorney general, and as Governor of Wisconsin for 6 years, and in the United States Senate he was always an effective advocate of progressive principles and a scourge to wrong, corruption, and injustice in every form. He was eminently qualified for the high position to which President Roosevelt appointed him, and he did very effective work for the public interests in that capacity.

I first knew John Blaine as one who enjoyed the confidence and affection of my father. We were intimately associated as colleagues for 6 years in the Senate, and the admiration I held for him in boyhood ripened into a mature appreciation of his sterling character. I take great consolation in the enduring monument of splendid public service he has left and in the privilege of his friendship.

Mr. COPELAND. Mr. President, I, too, wish to say a word about former Senator Blaine. I served with him upon committees of the Senate. In my 12 years in this body I have never known a man who was more diligent, more attentive to his duties, or more intelligent in their discharge than was Senator Blaine.

It is a matter of deep regret to us on this side of the Chamber, too, that we have lost this friend. I want to add just this word of appreciation of the life and activities of Mr. Blaine.

Mr. DUFFY. Mr. President, I wish to say a word, inspired by the untimely death of the man whom I had the honor to succeed in this body as one of the representatives of the State of Wisconsin.

In my opinion, the country at large and our State of Wisconsin in particular have suffered a very great loss in the passing of former Senator John Blaine. His independence of thought, his integrity, and his courage appealed to the citizens of our State, not only those who were alined with him politically but some of those who were his strongest political opponents.

I desired to take this moment to express my deep sense of loss at the passing of my friend.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS AND JOINT RESOLUTIONS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that the President had approved and signed the following acts and joint resolutions:

On April 14, 1934:

S. 1983. An act to authorize the revision of the boundaries of the Fremont National Forest in the State of Oregon;

S. 3209. An act limiting the operation of sections 109 and 113 of the Criminal Code and section 190 of the Revised Statutes of the United States with respect to counsel in the case of United States of America against Weirton Steel Co. and other cases; and

S.J.Res. 74. Joint resolution authorizing necessary funds to conduct investigation regarding rates charged for electrical energy and to prepare report thereon.

On April 16, 1934:

S. 193. An act to amend section 586c of the act entitled "An act to amend subchapter 1 of chapter 18 of the Code of

Laws for the District of Columbia relating to degree-conferring institutions", approved March 2, 1929;

S. 1820. An act to amend the Code of Law for the District of Columbia;

S. 2857. An act to amend an act entitled "An act to incorporate the Mutual Fire Insurance Co. of the District of Columbia", as amended;

S. 3022. An act to amend sections 3 and 4 of an act of Congress entitled "An act for the protection and regulation of the fisheries of Alaska", approved June 26, 1906, as amended by act of Congress approved June 6, 1924, and for other purposes;

S. 2571. An act authorizing the Secretary of the Interior to arrange with States or Territories for the education, medical attention, relief of distress, and social welfare of Indians, and for other purposes; and

S.J.Res. 15. Joint resolution extending to the whaling and fishing industries certain benefits granted under section 11 of the Merchant Marine Act, 1920, as amended.

TELEGRAM FROM THE NEW ORLEANS COTTON EXCHANGE

The PRESIDENT pro tempore laid before the Senate a telegram from the board of directors of the New Orleans (La.) Cotton Exchange, stating "The New Orleans Cotton Exchange wishes to go formally on record as deploring and resenting the unfounded statements concerning its management contained in the speech of April 13 of the senior Senator from Louisiana [Mr. LONG], as reported in the United Press dispatch of that date", which was ordered to lie on the table.

PETITIONS AND MEMORIALS

The PRESIDENT pro tempore laid before the Senate the following concurrent resolution of the Legislature of the State of New York, which was referred to the Committee on Appropriations:

STATE OF NEW YORK,
IN SENATE,
Albany, April 3, 1934.

By Mr. Fearon

Whereas the State of New York was allocated some $22,300,000 in funds for highway work as a result of the National Industrial Recovery Act in 1933; and

Whereas these funds were provided for the purpose of giving additional employment on highway work in the State of New York; and

Whereas practically all of this sum has been either expended or placed under contract; and

Whereas the New York State budget for the next fiscal year provides only the sum of $5,000,000 for construction and reconstruction work on highways in this State; and

Whereas most of this sum will be used by the State for maintenance of present highways and bridges; and

Whereas there will be practically no new State highway work undertaken during the year 1934; and

Whereas the highway program made possible through the Federal allotment of $22,300,000 last year will be completed during the summer months of 1934, thus releasing thousands of workers directly and indirectly employed as a result of this progress; and

Whereas the release of these thousands of workers from the highway industry will greatly intensify the unemployment situation in nearly all sections of the State unless additional Federal funds are made available with which to prosecute a continued program of highway employment during the current year: Therefore be it

Resolved (if the assembly concur), That the Legislature of the State of New York memorialize and respectfully petition the President and the Congress of the United States to enact during the present session such legislation as will provide an additional program of highway construction and improvement for 1934 of at least $500,000,000, to be allocated among the various States upon the same basis as was followed in connection with the apportionment made last year under the original $400,000,000 fund, the additional $500,000,000 fund to be administered under jurisdiction of the United States Bureau of Public Roads through the State highway departments of the various States; be it further

Resolved, That a copy of this resolution be transmitted to the Clerk of the House of Representatives and the Secretary of the United States Senate, to the President of the United States, and to each Member of Congress elected from the State of New York.

By order of the senate.

MARGUERITE O'CONNELL, *Clerk.*

In assembly, April 4, 1934.
Concurred in without amendment.
By order of the assembly.

FRED W. HAMMOND, *Clerk.*

The PRESIDENT pro tempore also laid before the Senate the following concurrent resolution of the Legislature of the State of South Carolina, which was referred to the Committee on Finance:

Concurrent resolution memorializing the President of the United States and Congress that substantial reduction be made on taxes on tobacco and tobacco products

Whereas the Congress of the United States, through a subcommittee of its Committee on Ways and Means, has undertaken a full study of the status effect and the possible results of adjustments of the Federal tax rates on tobacco, snuff, and cigarettes and has just completed a series of hearings upon the subject, and is expected soon to have before it for consideration and action the report of said committee; and

Whereas the growing of tobacco of the types used in and marketed through these products is an important part of the agricultural activity of the State of South Carolina, with many of its citizens dependent upon that industry for a livelihood; and

Whereas an annual Federal tax burden of about $400,000 necessarily forces the prices of the manufactured products so high as to greatly restrict the consumption thereof, and thereby limit the demand for leaf tobacco and unduly restrict the prices that the farmer receives therefor; and

Whereas, among other expressions on these facts, the State grange, whose membership includes many farmers in the State, has through its executive committee adopted a resolution asking for a heavy tax reduction, and has had its views presented before the subcommittee hearing the matter in Washington: Now, therefore, be it

Resolved by the house of representatives (the senate concurring), That the Legislature of the State of South Carolina does hereby memorialize the President of the United States and the Congress with this earnest request that such substantial reduction be made in the taxes on tobacco, snuff, and cigarettes as will encourage a greatly increased consumption of the product of the tobacco growers to the end that better prices and a heavier demand may prevail for leaf tobacco, and that the tobacco grower may, at least to a substantial extent, be relieved from the handicap under which he is placed through the fact that his product, along with all of the agricultural products of this country, is not only under a heavy direct tax burden but under that burden at rates which represent the emulation of a maximum prohibition era tax upon a maximum war-time tax; be it further

Resolved, That copies of this resolution be sent promptly to the President of the United States, the Vice President, the Speaker of the House, the Chairman of the Committee on Ways and Means in the House, and on Finance in the Senate, and to each of the Senators and Representatives of the States of South Carolina in the Congress.

HOUSE OF REPRESENTATIVES,
Columbia, S.C., April 14, 1934.

I hereby certify that the foregoing is a true and correct copy of a resolution adopted by the house of representatives and concurred in by the senate.

[SEAL]

JAS. E. HUNTER, JR.,
Acting Clerk of the House.

The PRESIDENT pro tempore also laid before the Senate a resolution adopted by the board of aldermen of New York City, N.Y., favoring the prompt passage of the so-called "McLeod bill", providing for the payment of depositors in closed banks, which was referred to the Committee on Banking and Currency.

He also laid before the Senate a resolution adopted by the city council of Chicago, Ill., favoring the passage of the so-called "McLeod bill", providing payment to depositors in closed banks, which was referred to the Committee on Banking and Currency.

He also laid before the Senate a letter from C. William Kinsman, on behalf of the tax committee and the City Fusion Club of the Sixth Assembly District of the Bronx, New York City, N.Y., in relation to the pending revenue bill and tax matters, which was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by the Rotary Club of Bradenton, Fla., protesting against the passage of tariff legislation which might reduce the duty on imports of fresh vegetables in their natural state below the present rates as fixed in the Tariff Act of 1930, which was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by Local Union No. 387, National Federation of Post Office Clerks, of Providence, R.I., favoring the passage of the so-called "Condon bill", being House bill 7597, making Armistice Day, November 11, a legal holiday for all Federal employees, which was referred to the Committee on the Judiciary.

He also laid before the Senate a resolution adopted by W. S. Hancock Council No. 20, Junior Order United American Mechanics, of Los Angeles, Calif., favoring the passage of

legislation providing for the registration of all aliens, which was referred to the Committee on Immigration.

He also laid before the Senate a resolution of the Municipal Council of San Jacinto, Masbate, P.I., protesting against the imposition in the pending revenue bill of an excise tax of 5 cents per pound on coconut oil entering the United States from the Philippine Islands, which was ordered to lie on the table.

He also laid before the Senate a resolution adopted by the Board of Supervisors of the County of Kauai, Territory of Hawaii, favoring the passage of legislation according the same treatment to the sugar industry of Hawaii as that accorded to the sugar industry in continental United States, which was ordered to lie on the table.

He also laid before the Senate a resolution adopted by the Board of Supervisors of the City and County of Honolulu, Territory of Hawaii, protesting against the passage of the so-called "Jones-Costigan bill", relating to sugar, as being discriminatory against the Territory of Hawaii, which was ordered to lie on the table.

He also laid before the Senate a resolution adopted by the Du Page County Executive Committee, American Legion, of Illinois, favoring giving the same preference to war veterans in work or relief assignments under all new Public Works or relief programs as prevailed in the original C.W.A. program, which was ordered to lie on the table.

He also laid before the Senate a resolution adopted by the Eighth Ward Share-Our-Wealth Club, of New Orleans, La., favoring the passage of legislation sponsored by the senior Senator from Louisiana [Mr. LONG], providing for the redistribution of wealth and the granting of old-age pensions, which was ordered to lie on the table.

Mr. CAPPER presented resolutions adopted by Local Union No. 1224, of Emporia, and Local Union No. 168, of Kansas City, both of the United Brotherhood of Carpenters and Joiners of America, in the State of Kansas, favoring the passage of the so-called "Wagner-Lewis unemployment insurance bill", which were referred to the Committee on Finance.

Mr. LEWIS (for Mr. TYDINGS) presented a petition of sundry citizens of Galesville, Md., praying for the passage of the so-called "McLeod bill", providing for the payment of depositors in closed banks, which was referred to the Committee on Banking and Currency.

Mr. WALCOTT presented a memorial of 391 citizens, being employees of investment firms in and around Hartford, Conn., remonstrating against the passage of the so-called "Fletcher-Rayburn bill", providing for the regulation of stock exchanges, which was referred to the Committee on Banking and Currency.

He also presented petitions of the Hartford (Conn.) Federation of Churches and the Women's Missionary Society of the First Baptist Church of Middletown, in the State of Connecticut, favoring the prompt ratification of the World Court protocols, which were referred to the Committee on Foreign Relations.

He also presented resolutions adopted by the National Circle, Daughters of Isabella, of New Haven; members of the congregation, the Holy Name Society, the Saint Anne Society, and the Sodality of the Children of Mary, all of the parish of Saint Anthony of Padua, and the Bridgeport Council of Catholic Men, of Bridgeport, all in the State of Connecticut favoring liberalizing amendment of Senate bill 2910, the so-called "communications bill", providing more adequate radio broadcasting time for religious, educational, cooperative, and similar non-profit-making associations, which were referred to the Committee on Interstate Commerce.

Mr. WALSH presented a petition of sundry citizens of Melrose, Mass., praying for the passage of the so-called "Sweeney bill", being House bill 8758, to discontinue administrative furloughs in the Postal Service, which was referred to the Committee on Post Offices and Post Roads.

He also presented a memorial of citizens, being executives and members of the Farrington Manufacturing Co., of Boston, Mass., remonstrating against the passage of the proposed national securities exchange bill of 1934, which was referred to the Committee on Banking and Currency.

He also presented a resolution adopted by the City Council of Revere, Mass., protesting against the erection in East Boston, Mass., of housing buildings known as "The Neptune Garden Apartments", which was referred to the Committee on Education and Labor.

He also presented a letter in the nature of a petition from the secretary-treasurer of Local No. 9, A. F. of M., of Boston, Mass., praying for the passage of the so-called "Wagner-Lewis bill", pertaining to unemployment insurance, which was referred to the Committee on Finance.

He also presented resolutions adopted by Local Union No. 11, Masters, Mates, and Pilots of America, of Boston; Local Union No. 43, United Textile Workers of America, of Adams; Local Union No. 108, International Union of Operating Engineers, of Rockport; and Bricklayers' and Masons' Union No. 10, of Lawrence, all in the State of Massachusetts, favoring the passage of the so-called "Wagner-Lewis bill" pertaining to unemployment insurance, which were referred to the Committee on Finance.

Mr. HARRISON presented the following concurrent resolution of the Legislature of the State of Mississippi, which was referred to the Committee on Agriculture and Forestry:

House Concurrent Resolution 39

House concurrent resolution stressing the importance of and commending the work of the McNeill Experiment Station and memorializing the Congress of the United States to make suitable appropriation for its maintenance

Whereas agriculture is of primary importance to the people of Mississippi, furnishing livelihood to approximately 80 percent of our residents and thereby affecting all persons living within the State; and

Whereas the urgency of the times and the importance that our State resources be developed necessitates that experimental work be conducted to ascertain and prove the merits of new and better agricultural principles and practices; and

Whereas the McNeill Experiment Station has contributed notably to the fund of valuable agricultural information, particularly in respect to the localization of such information to the Coastal Plains area and specifically in the instance of practical methods of handling livestock and of reforestation of denuded long-leaf-pine land and of introducing and proving the practicability of native and foreign grasses and legumes; and

Whereas this information is of practical value, not only in Mississippi but also throughout the very considerable area included in the Coastal Plain area in several Southern States; and

Whereas the McNeill Experiment Station has been and continues to be inadequately financed because of inability to appropriate on the part of the Mississippi State government and lack of direct appropriation on the part of the Federal Government in Washington: Now, therefore, be it

Resolved by the House of Representatives of the State of Mississippi (the senate concurring therein), That the Congress of the United States be, and the same hereby is, memorialized to provide adequate funds to the proper financial support of the McNeill Experiment Station, located at McNeill, Miss.;

Resolved further, That copies of these resolutions be forwarded to the United States Senators and Congressmen representing the State of Mississippi in Congress.

Adopted by the house of representatives March 9, 1934.

THOS. L. BAILEY,
Speaker of the House of Representatives.

Adopted by the senate March 26, 1934.

DENNIS MURPHREE,
President of the Senate.

Originated in house.

BUFORD GEIGER, *Clerk.*

Mr. HARRISON also presented the following concurrent resolution of the Legislature of the State of Mississippi, which was referred to the Committee on Commerce:

House Concurrent Resolution 49

House concurrent resolution memorializing the United States, through its proper agencies, to maintain an inspector at Biloxi for the purpose of cooperating with persons engaged in the sea-food industry in meeting the requirements of the United States Government relative to the preparation, packing, and shipping such sea foods

Whereas one of the important industries of the State of Mississippi consists of its sea-food industry along the Mississippi coast, the product of which consists of hundreds of carloads of packed and canned shrimp, oysters, and other sea foods which are known and sold throughout the civilized world; and

Whereas this industry, so important to the welfare of the State and its people, furnishes employment to many thousands of per-

sons and contributes in an indirect manner to the support and well-being of vast numbers of our people; and

Whereas, in order to further the development of this great industry and to aid and expedite those persons engaged therein in complying with all of the rules and regulations of the Federal Pure Food and Drug Administration: Now, therefore, be it

Resolved by the House of Representatives of the State of Mississippi (the senate concurring therein), That the Legislature of the State of Mississippi do now go on record memorializing and requesting the United States Government, through its proper agencies, to maintain an inspector in the city of Biloxi, the center of such industry, authorized and empowered to cooperate with persons engaged in the sea-food industry and to make all inspections necessary and proper to be made by the Pure Food and Drug Administration of shrimp and other sea foods brought into the factories in their raw state, the processing thereof, to reinspect packed shrimp before the same be shipped, and to make such other inspections as may be necessary, and to advise with the persons engaged in said industry as to the proper method whereby strict compliance may be met with all of the Federal regulations; and that a copy of the foregoing resolution be forwarded to the United States Senators from Mississippi and our Congressmen.

Adopted by the house of representatives March 21, 1934.

THOS. L. BAILEY,
Speaker of the House of Representatives.

Adopted by the senate March 26, 1934.

DENNIS MURPHREE,
President of the Senate.

REPORTS OF COMMITTEES

Mr. LEWIS (for Mr. TYDINGS), from the Committee on the District of Columbia, to which was referred the bill (S. 1757) to amend an act entitled "An act to incorporate the Mount Olivet Cemetery Co. in the District of Columbia", reported it with an amendment and submitted a report (No. 731) thereon.

Mr. THOMAS of Utah, from the Committee on Military Affairs, to which was referred the bill (S. 2044) to amend the National Defense Act of June 3, 1916, as amended, reported it without amendment and submitted a report (No. 732) thereon.

Mr. LOGAN, from the Committee on Military Affairs, to which was referred the bill (S. 2207) for the relief of Sarah Lloyd, reported it without amendment and submitted a report (No. 736) thereon.

He also, from the same committee, to which was referred the bill (S. 426) for the relief of Robert H. Wilder, reported it with an amendment and submitted a report (No. 735) thereon.

Mr. WALSH, from the Committee on Education and Labor, to which was referred the bill (S. 3275) for the allowance of certain claims for extra labor above the legal day of 8 hours at the several navy yards and shore stations certified by the Court of Claims, reported it without amendment and submitted a report (No. 737) thereon.

Mr. ASHURST, from the Committee on the Judiciary, to which was referred the joint resolution (S.J.Res. 7) proposing an amendment to the Constitution of the United States relative to taxes on certain incomes, reported it without amendment and submitted a report (No. 738) thereon.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, to which was referred the bill (S. 2825) to provide for an appropriation of $50,000 with which to make a survey of the Old Indian Trail, known as the "Natchez Trace", with a view of constructing a national road on this route to be known as the "Natchez Trace Parkway", reported it with an amendment and submitted a report (No. 740) thereon.

He also, from the same committee, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 1779. An act authorizing the issuance of a special postage stamp in commemoration of the three hundredth anniversary of the founding of the Colony of Connecticut (Rept. No. 741);

H.R. 3845. An act to amend section 198 of the act entitled "An act to codify, revise, and amend the penal laws of the United States", approved March 4, 1909, as amended by the acts of May 18, 1916, and July 28, 1916 (Rept. No. 742); and

H.R. 6676. An act to require postmasters to account for money collected on mail delivered at their respective offices (Rept. No. 743).

TOMBIGBEE RIVER BRIDGE NEAR NAHEOLA, ALA.

Mr. STEPHENS. From the Committee on Commerce I report back favorably without amendment the bill (S. 3296) to revive and reenact the act entitled "An act granting the consent of Congress to Meridian & Bigbee River Railway Co. to construct, maintain, and operate a railroad bridge across the Tombigbee River at or near Naheola, Ala.", approved January 15, 1927, and I submit a report (No. 734) thereon. I ask unanimous consent for the present consideration of the bill.

There being no objection, the Senate proceeded to consider the bill, which was ordered to be engrossed for a third reading, read a third time, and passed, as follows:

Be it enacted, etc., That the act approved January 15, 1927, granting the consent of Congress to the Meridian & Bigbee River Railway Co. to construct, maintain, and operate a railroad bridge across the Tombigbee River at or near Naheola, Ala., be, and the same is hereby, revived and reenacted: *Provided*, That this act shall be null and void unless the actual construction of the bridge herein referred to be commenced within 2 years and completed within 4 years from the date of approval hereof.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

INCLUSION OF SUGAR BEETS AND CANE AS BASIC COMMODITIES

Mr. COSTIGAN. Mr. President, from the Committee on Finance, I report favorably, with amendments, the bill (H.R. 8861) to include sugar beets and sugar cane as basic agricultural commodities under the Agricultural Adjustment Act, and for other purposes, and I submit a report thereon (No. 733).

Mr. President, in connection with the report, I should announce that Senators from some 19 States have hope that the business pending before the Senate, by unanimous consent might be laid aside this afternoon in order that the bill I have just reported could be considered for passage. I am advised, however, that objection would be made to immediate consideration, because of the urgent pressure of other business, but that if the report shall go over, under the rule, until tomorrow, an opportunity will be afforded to press for immediate consideration of the report and the bill.

Indicating the public importance of the bill sent to the desk, I ask to have incorporated in the RECORD certain telegrams received by me with reference to the reported measure. Some 80,000 sugar-growing farmers, and many hundreds of thousands of other citizens of this country, directly or indirectly, are gravely affected by the postponement of approval by the Senate of the bill which has already passed the House of Representatives. I should like to have the telegrams read at the desk.

Mr. McNARY. Mr. President, if the Senator from Colorado will yield, I think I should supplement the remarks made by him by saying that this morning he appealed to me to permit the bill to come up for consideration today, as did the Senator from Wyoming [Mr. O'MAHONEY] and the Senator from Michigan [Mr. VANDENBERG]. I realize the necessity of early consideration of the measure, but, in view of the rule that a report must lie over for a day after being submitted, I could not consent to its consideration today.

Again indicating my interest in an early consideration of the bill, I did say to the Senators involved that tomorrow I would not object to unanimous consent to temporarily lay aside the unfinished business and proceed to the consideration of the sugar bill.

I desire to make this statement, because I realize the urgency of the situation.

Mr. COPELAND. Mr. President, will the Senator from Colorado yield?

Mr. COSTIGAN. I yield.

Mr. COPELAND. I was out of the Chamber when the Senator made his statement. Did he ask that the bill be taken up at once?

Mr. COSTIGAN. Mr. President, I expressed the wish of Representatives of many States that the bill be taken up at once, but indicated that because of objections which would be preferred to its consideration today, I advised the Senate that tomorrow an effort will be made to have it given first consideration.

Mr. COPELAND. Mr. President, my reason for interposing at all was because of my desire to have the measure go over for a day, at least, until material which has been sent to me shall have arrived. I think perhaps there is considerable interest in the bill in my State.

Mr. COSTIGAN. Will 24 hours suffice?

Mr. COPELAND. I cannot answer at the moment. I want first to see what the material is.

Mr. HARRISON. Mr. President, will the Senator from Colorado yield to me?

Mr. COSTIGAN. I yield.

Mr. HARRISON. I hope this measure may be expedited, because the Senate has been considering the subject for many months. The representatives of the sugar-beet regions have very largely gotten together, and if the legislation is to be enacted, as has been stated by the Senator from Colorado, it ought to be enacted quickly. I am hopeful that the Senator from Tennessee [Mr. McKELLAR], in charge of the air-mail bill, which will be taken up, I understand, after the morning hour shall expire, will on tomorrow consent to temporarily laying aside the air mail bill so that the sugar bill may be brought before the Senate and its passage expedited.

Mr. McKELLAR. Mr. President, in answer to what the Senator from Mississippi has said, I hope that the air-mail bill may be taken up as soon as the morning business shall have been concluded. My understanding is that the sugar bill will take but a brief time, and I see no reason why, after the air-mail bill shall have been taken up, the then pending business should not be temporarily laid aside for the consideration of the sugar bill.

Mr. COSTIGAN. Mr. President, I renew my request that the communications I have sent to the desk from responsible citizens and organizations be read.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the clerk will read.

The legislative clerk read the following communications:

LONGMONT, COLO., *April 14, 1934.*

Senator E. P. COSTIGAN,
United States Senate, Washington, D.C.:

Growers' mass meetings northern Colorado unanimously appeal to Congress for immediate favorable consideration of Jones-Costigan bill. Desperate condition exists, planting season half over.

ALBERT DAKAN,
Secretary Beet Growers' Committee.

LONGMONT, COLO., *April 14, 1934.*

Hon. EDWARD P. COSTIGAN,
United States Senate, Washington, D.C.:

Sugar situation is very critical. Deadlock on contract between company and growers' organization. Organization members developing unfriendly attitude toward nonmembers. Rumors of intimidation. Every day delayed legislation lessens prospect of settlement and cuts tonnage of prospective crop.

LONGMONT TIMES CALL.

LONGMONT, COLO., *April 14, 1934.*

Hon. EDWARD P. COSTIGAN,
Senate Chamber, Washington, D.C.:

Sincerely urge prompt action on Costigan-Jones bill. Farmers should be planting beets if returns are to be satisfactory. Further delay will tend to reduce tonnage and sugar content. Good beet crop means much to farmer, labor, and business. Experience has demonstrated poor crop worse than none.

FIRST NATIONAL BANK.
LONGMONT NATIONAL BANK.

DENVER, COLO., *April 6, 1934.*

Hon. EDWARD P. COSTIGAN,
Senate Office Building:

Resolved that we urge the speedy passage of the pending sugar bill in the Senate as passed in the House, with such amendments, if any, that may improve the position of the growers; and further that we have confidence in the administration of this legislation by the Department of Agriculture and that the several associations will await passage of this bill before taking further steps in attempting to negotiate a conract for 1934.

MOUNTAIN STATES BEET GROWERS' MARKETING ASSOCIATION.
COLORADO-NEBRASKA CORPORATIVE BEET GROWERS' ASSOCIATION.
MONTANA-WYOMING BEET GROWERS' ASSOCIATION.
WHEATLAND BEET GROWERS' ASSOCIATION, WYOMING.

GREELEY, COLO., *March 27, 1934.*

Hon. EDWARD P. COSTIGAN,
Senate Chamber, Washington, D.C.:

Appreciate telegram of 26th reciting efforts to expedite sugar legislation. No attempt yet made to negotiate beet contract with Great Western though planting season here. Holly Co. offering contract among Delta and Grand Junction growers containing provisions for making reduction in beet payments in event of tariff reduction or for company paying processing tax. One blanket provision stipulates company may modify or amend contract terms touched by national legislation or Government regulation, including restriction of output or sugar sales. Obviously amount of additional payments for past crop to our farmers depends upon Washington legislation. No one can estimate impending disaster awaiting beet farmer if sugar legislation fails or is delayed too long. Growers deeply appreciate your efforts to obtain purchasing-price guarantee per ton.

MOUNTAIN STATES BEET GROWERS MARKETING ASSOCIATION,
J. D. PANCAKE, *Secretary.*

ROCKYFORD, COLO., *March 24, 1934.*

The Honorable ED. P. COSTIGAN,
United States Senator, Washington, D.C.:

The Southern Colorado Beet Growers Association meeting at La Junta today respectfully urge you to hasten sugar legislation. Time for planting makes it imperative that we growers know our status for this year. Anything you can do to expedite matters will be greatly appreciated.

SOUTHERN COLORADO BEET GROWERS ASSOCIATION,
H. H. HAMPTON, *Secretary.*

GREELEY, COLO., *March 23, 1934.*

Hon. EDWARD P. COSTIGAN,
Senate Chamber, Washington, D.C.:

Replying to your telegram just received, will kindly say we have confidence that you and other Members of Colorado congressional delegation and other friends laboring for the best interests of the beet industry will secure best terms possible in pending sugar legislation to insure its early passage and we accept the results of all your efforts, feeling that you and your associates have welfare of individual beet farmer at heart.

MOUNTAIN STATES BEET GROWERS MARKETING ASSOCIATION,
A. L. LITEL, *President.*
J. D. PANCAKE, *Secretary.*

Mr. POPE. Mr. President, in line with the request of the Senator from Colorado [Mr. COSTIGAN] for early action on the so-called "sugar bill", I send to the desk and ask to have read a telegram received by me from the president of the Idaho Beet Growers' Association, calling attention to the serious condition in Idaho, and the urgent demand for the early consideration of the pending bill.

The VICE PRESIDENT. The telegram will be read.

The legislative clerk read as follows:

BLACKFOOT, IDAHO, *April 17, 1934.*

Senator JAMES P. POPE,
Senate Building, Washington, D.C.:

Farmers here very anxious about sugar bill. We are afraid that President will veto it if Cuba is restricted too much. Do all you can to get bill passed as soon as possible; condition here serious if bill should fail; labor demanding heavy increase in wages.

IDAHO BEET GROWERS' ASSOCIATION,
BY GEO. T. COBBLEY, *President.*

INVESTIGATION OF AIR-MAIL AND OCEAN-MAIL CONTRACTS—PRINTING ADDITIONAL COPIES OF HEARINGS

Mr. HAYDEN. Mr. President, by direction of the Committee on Printing I report a concurrent resolution, and ask for its immediate consideration.

The VICE PRESIDENT. The concurrent resolution will be read.

The concurrent resolution (S.Con.Res. 13) was read, as follows:

Resolved by the Senate (the House of Representatives concurring), That, in accordance with paragraph 3 of section 2 of the Printing Act, approved March 1, 1907, the Special Committee on Air and Ocean Mail Contracts of the Senate be, and is hereby, empowered to have printed 1,500 additional copies of each, and all parts of the testimony taken before said special committee during the Seventy-third Congress in connection with its investigation of air-mail and ocean-mail contracts.

Mr. DILL. Mr. President, I desire to ask the Senator from Arizona a question. As I understand, when these additional copies are printed they will be distributed without regard to any equalized division among Senators.

Mr. HAYDEN. All committee hearings are delivered to the committee.

Mr. DILL. I think the concurrent resolution ought to provide on its face that at least 10 copies of these hearings shall be distributed to each Senator, or placed to his credit, so that all Senators may have an opportunity to comply with the requests of their constituents. The first 2,000 copies have been distributed without any division whatsoever, and the demand is such that some of us may not be able to get any of these copies.

Mr. HAYDEN. I dare say the chairman of the committee, the Senator from Alabama [Mr. BLACK] could arrange that very readily.

Mr. BLACK. Mr. President, will the Senator yield to me?

Mr. HAYDEN. I yield.

Mr. BLACK. I desire to state that I shall be very glad indeed to follow any division which is arranged. If it is desired that the entire additional number to be printed be divided among Senators according to a certain proportion, it would be a great relief to the committee, and I shall be very glad to abide by any suggestion that is made and agreed upon.

Mr. DILL. Mr. President, my suggestion was that 10 be allotted to each Senator, which would leave over 500 for general distribution, and if this method of distributing a certain number to each Senator were followed, there could be no question but that each Senator would have opportunity of taking care of the requests of his constituents. I do not see any reason why the resolution should not carry an amendment to that effect in its language.

Mr. HAYDEN. The practice has been to make distribution of Senate documents in the manner suggested by the Senator from Washington, but where there are committee hearings, the committees generally have control of their distribution. The chairman of the committee in this instance having indicated that he would make that kind of a distribution, that is all that is necessary.

Mr. DILL. Mr. President, I offer as an amendment, that at the end of the resolution the period be changed to a colon and there be added the words, "*Provided*, That 10 copies shall be distributed to each Senator."

Mr. BLACK. Mr. President, I suggest that if that is to be done, it would be a great relief to the committee, because of multitudinous requests made for copies of the hearings, and I do not desire to have the burden of determining as to the remainder. I should like to have fifty or a hundred copies left to the committee simply for use here in the Senate as they might be needed, but I should be very glad indeed if the resolution would provide that as to the remainder, they could be divided up among Senators for distribution to their constituents.

Mr. HAYDEN. There is a varying demand on the part of Senators for these hearings, and where we provide for a definite division in the manner suggested, the result is simply this, that a number of Senators who do not want them receive them, and many of those who do want them do not get enough, whereas if the matter is left in the hands of the committee, with the limit the Senator has suggested, the matter can be better taken care of. I am willing to accept the amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Washington.

The amendment was agreed to.

The concurrent resolution, as amended, was agreed to, as follows:

Resolved by the Senate (the House of Representatives concurring), That, in accordance with paragraph 3 of section 2 of the Printing Act, approved March 1, 1907, the Special Committee on Air and Ocean Mail Contracts of the Senate be, and is hereby, empowered to have printed 1,500 additional copies of each and all parts of the testimony taken before said special committee during the Seventy-third Congress in connection with its investigation of air-mail and ocean-mail contracts: *Provided*, That 10 copies shall be distributed to each Senator.

EXECUTIVE REPORT OF A COMMITTEE

As in executive session,

Mr. ASHURST, from the Committee on the Judiciary, reported favorably the nomination of John B. Ponder, of Texas, to be United States marshal, eastern district of Texas, to succeed Phil E. Baer, whose term will expire April 15, 1934, which was ordered to be placed on the Executive Calendar.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BARBOUR:

A bill (S. 3389) for the relief of John Henry Tackett; to the Committee on Claims.

By Mr. COUZENS:

A bill (S. 3390) for the relief of Harbor Springs, Mich.; to the Committee on Claims.

By Mr. LEWIS (for Mr. TYDINGS):

A bill (S. 3391) for the relief of James T. Webster and Mary A. Webster; and

A bill (S. 3392) for the relief of Mary E. Roney; to the Committee on Claims.

By Mr. THOMAS of Oklahoma (by request):

A bill (S. 3393) relating to the tribal and individual affairs of the Osage Indians of Oklahoma; to the Committee on Indian Affairs.

By Mr. BAILEY:

A bill (S. 3394) for the relief of the Grier-Lowrence Construction Co.; to the Committee on Claims.

By Mr. REED:

A bill (S. 3395) to provide for the carrying out of the award of the National War Labor Board of January 15, 1919, dockets nos. 419 and 420, in favor of certain employees of the Lebanon, Pa., plants of the Bethlehem Steel Co. and the Lebanon Valley Iron Co.; to the Committee on Claims.

By Mr. FRAZIER:

A bill (S. 3396) to amend the act of January 30, 1897 (29 Stat. 506, sec. 3129, U.S. Rev. Stat.; sec. 241, title 25, U.S.C.), transferring certain jurisdiction from War Department to the Department of the Interior; to the Committee on Indian Affairs.

By Mr. LOGAN:

A bill (S. 3397) to amend the laws relating to the length of tours of duty in the Tropics and certain foreign stations in the case of officers and enlisted men of the Army, Navy, and Marine Corps, and for other purposes; to the Committee on Military Affairs.

By Mr. CAPPER:

A bill (S. 3398) to amend the Agricultural Marketing Act, as amended; to the Committee on Agriculture and Forestry.

By Mr. COPELAND:

A bill (S. 3399) conferring jurisdiction upon the Court of Claims of the United States to hear, determine, and render judgment upon the claims of Edward A. McCormack; to the Committee on Claims.

A bill (S. 3400) for the relief of Frank Kroegel, alias Francis Kroegel; to the Committee on Military Affairs.

A bill(S. 3401) for the relief of Isaiah James Harrington; to the Committee on Naval Affairs.

By Mr. HARRISON:

A bill (S. 3402) to provide relief to Government contractors whose costs of performance were increased as a result of compliance with the act approved June 16, 1933, and for other purposes; to the Committee on Finance.

A joint resolution (S.J.Res. 103) extending for 2 years the time within which American claimants may make application for payment, under the Settlement of War Claims Act of 1928, of awards of the Mixed Claims Commission and the Tripartite Claims Commission, and extending until March 10, 1936, the time within which Hungarian claimants may make application for payment, under the Settlement of War Claims Act of 1928, of awards of the War Claims Arbiter; to the Committee on Finance.

REGISTRY RECORD OF CERTAIN ALIENS—AMENDMENT

Mr. COPELAND submitted an amendment intended to be proposed by him to the bill (S. 2692) relating to the record of registry of certain aliens, which was ordered to lie on the table and to be printed.

INCLUSION OF SUGAR BEETS AND CANE AS BASIC COMMODITIES—AMENDMENT

Mr. BORAH submitted an amendment intended to be proposed by him to the bill (H.R. 8861) to include sugar beets and sugar cane as basic agricultural commodities under the Agricultural Adjustment Act, and for other purposes, which was ordered to lie on the table and to be printed.

RELIEF OF DEBTORS IN BANKRUPTCY PROCEEDINGS—AMENDMENT

Mr. FRAZIER submitted an amendment intended to be proposed by him to the bill (H.R. 5884) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto, which was ordered to lie on the table and to be printed.

REGULATION OF STOCK EXCHANGES—AMENDMENT

Mr. KEAN submitted an amendment intended to be proposed by him to the bill (S. 2693) to provide for the registration of national securities exchanges operating in interstate and foreign commerce and through the mails and to prevent inequitable and unfair practices on such exchanges, and for other purposes, which was referred to the Committee on Banking and Currency and ordered to be printed.

RECIPROCAL TARIFF AGREEMENTS—AMENDMENTS

Mr. REED submitted nine amendments intended to be proposed by him to the bill (H.R. 8687) to amend the Tariff Act of 1930, which were ordered to lie on the table and to be printed.

Mr. VANDENBERG submitted an amendment intended to be proposed by him to the bill (H.R. 8687) to amend the Tariff Act of 1930, which was ordered to lie on the table, to be printed, and to be printed in the RECORD, as follows:

On page 4, line 20, add a new paragraph reading as follows:

"SEC. 4. The tariff powers herein defined shall not be exercised in respect to any basic commodity under the Agricultural Adjustment Act and/or any commodity which is manufactured or produced under a code pursuant to the National Industrial Recovery Act."

MARY ALLEN YOUNG

Mr. McNARY submitted the following resolution (S.Res. 223), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay from the contingent fund of the Senate to Mary Allen Young, daughter of John Sims, late an employee of the Senate, a sum equal to one year's compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

MILES THOMAS BARRETT—VETO MESSAGE (S.DOC. NO. 171)

The VICE PRESIDENT laid before the Senate a message from the President of the United States, which was read, referred to the Committee on Military Affairs, and ordered to be printed, as follows:

To the Senate:

I am returning herewith, without my approval, Senate bill no. 1484, for the relief of Miles Thomas Barrett.

This bill (as indicated by S.Rept. No. 264 thereon) appears to be predicated on the assumption that Barrett received no compensation "for his service in the Army from May 3, 1918, to August 19, 1918." I am advised by the Secretary of War and the Secretary of the Navy that Barrett's service in the Army, following his enlistment therein while absent without leave from the Marine Corps, covered the period from May 7, 1918, to August 19, 1918, both dates inclusive. I am further advised that he has been paid for the grade which he actually held in the Army, which was that of private, from May 7, 1918, to July 31, 1918. In these circumstances approval of this bill would result in a duplicate payment for the period of May 7 to July 31, 1918.

The objection which I have raised to the approval of this bill would not apply, however, to a bill which would compensate Barrett for service rendered during any other period for which he has not been paid, and I am not unmindful of statements made in the report on the bill to the effect that Barrett's reenlistment in the Army was actuated by his ardent desire for active duty in France, to which he understood he would be sent at once when he reenlisted in the Marine Corps on August 27, 1917, for duration of the war.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *April 17, 1934.*

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had passed without amendment the joint resolution (S.J.Res. 70) to provide for the reappointment of John C. Merriam as a member of the Board of Regents of the Smithsonian Institution.

The message also announced that the House had passed the following bills of the Senate severally with amendments, in which it requested the concurrence of the Senate:

S. 2084. An act granting and confirming to the East Bay Municipal Utility District, a municipal utility district of the State of California and a body corporate and politic of said State, and a political subdivision thereof, certain lands, and for other purposes;

S. 2811. An act to authorize the incorporated city of Juneau, Alaska, to issue bonds in any sum not exceeding $100,000 for municipal public works, including regrading and paving of streets and sidewalks, installation of sewer and water pipe, construction of bridges, construction of concrete bulkheads, and construction of refuse incinerator;

S. 2812. An act to authorize the incorporated city of Skagway, Alaska, to issue bonds in any sum not exceeding $40,000, to be used for the construction, reconstruction, replacing, and installation of a water-distribution system; and

S. 2813. An act to authorize the incorporated town of Wrangell, Alaska, to issue bonds in any sum not exceeding $47,000 for municipal public works, including enlargement, extension, construction, and reconstruction of water-supply system; extension, construction, and reconstruction of retaining wall and filling, and paving streets and sidewalks; and extension, construction, and reconstruction of sewers in said town of Wrangell.

The message further announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H.R. 1503. An act to amend the act entitled "An act to create the California Debris Commission and regulate hydraulic mining in the State of California", approved March 1, 1893, as amended;

H.R. 1567. An act amending section 1 of the act of March 3, 1893 (27 Stat.L. 751), providing for the method of selling real estate under an order or decree of any United States court;

H.R. 2828. An act to authorize the city of Fernandina, Fla., under certain conditions, to dispose of a portion of the Amelia Island Lighthouse Reservation;

H.R. 2858. An act to add certain lands to the Pike National Forest, Colo.;

H.R. 2862. An act to add certatin lands to the Cochetopa National Forest in the State of Colorado;

H.R. 3768. An act to change the name of the retail liquor dealers' stamp tax in the case of retail drug stores or pharmacies;

H.R. 4349. An act to withdraw certain public lands from settlement and entry;

H.R. 5597. An act to afford permanent protection to the watershed and water supply of the city of Coquille, Coos County, Oreg.;

H.R. 6166. An act providing for payment of $25 to each enrolled Chippewa Indian of Minnesota from the funds standing to their credit in the Treasury of the United States;

H.R. 7353. An act granting the consent of Congress to any two or more States to enter into agreements or compacts for cooperative effort and mutual assistance in the prevention of crime, and for other purposes;

H.R. 7357. An act to amend section 109 of the United States Criminal Code so as to except officers of the United

States Naval and Marine Corps Reserve not on active duty from certain of its provisions;

H.R. 7360. An act to establish a minimum area for the Great Smoky Mountains National Park, and for other purposes;

H.R. 7488. An act authorizing the Secretary of Commerce to acquire a site for a lighthouse depot at New Orleans, La., and for other purposes;

H.R. 7551. An act authorizing the Secretary of Commerce to dispose of the Pass A'Loutre Lighthouse Reservation, La;

H.R. 7744. An act to authorize the Secretary of Commerce to transfer to the city of Bridgeport, Conn., a certain unused light-station reservation;

H.R. 7793. An act authorizing a preliminary examination of the Ogeechee River in the State of Georgia, with a view to controlling of floods;

H.R. 8018. An act to authorize payment for the purchase of, or to reimburse States or local levee districts for the cost of levee rights-of-way for flood-control work in the Mississippi Valley, and for other purposes;

H.R. 8544. An act making receivers appointed by any United States courts and authorized to conduct any business, or conducting any business, subject to taxes levied by the State the same as if such business were conducted by private individuals or corporations;

H.R. 8832. An act to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto;

H.R. 8889. An act to provide for the custody and maintenance of the United States Supreme Court Building and the equipment and grounds thereof; and

H.R. 8910. An act to establish a National Archives of the United States Government, and for other purposes.

The message also announced that the House had agreed to a concurrent resolution (H.Con.Res. 36) rescinding the action of the Vice President and Speaker in signing the enrolled bill (H.R. 3521) to reduce certain fees in naturalization proceedings, and for other purposes, in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 606. An act to authorize the waiver or remission of certain coal-lease rentals, and for other purposes;

S. 1075. An act for the relief of Walter Thomas Foreman;

S. 1076. An act authorizing adjustment of the claim of the Franklin Surety Co.;

S. 1091. An act conferring jurisdiction upon the Court of Claims of the United States to hear, consider, and render judgment on the claims of Edward F. Goltra against the United States arising out of the taking of certain vessels and unloading apparatus;

S. 1934. An act conferring jurisdiction upon certain courts of the United States to hear and determine the claim by the owner of the four-masted auxiliary bark *Quevilly* against the United States, and for other purposes;

S. 1935. An act to amend the act of March 2, 1929, conferring jurisdiction upon certain courts of the United States to hear and determine the claim by the owner of the steamship *W. I. Radcliffe* against the United States, and for other purposes; and

S. 2315. An act to provide for the settlement of damage claims arising from the construction of the Petrolia-Fort Worth gas-pipe line.

BONDS OF HOME OWNERS' LOAN CORPORATION—CONFERENCE REPORT (S.DOC. NO. 170)

Mr. BULKLEY submitted the following report, which was ordered to lie on the table and to be printed:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2999) to guarantee the bonds of the Home Owners' Loan Corporation, to amend the Home Owners' Loan Act of 1933, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

"That (a) section 4 (c) of the Home Owners' Loan Act of 1933 is amended to read as follows:

"'(c) The Corporation is authorized to issue bonds in an aggregate amount not to exceed $2,000,000,000, which may be sold by the Corporation to obtain funds for carrying out the purposes of this section, or exchanged as hereinafter provided. Such bonds shall be in such forms and denominations, shall mature within such periods of not more than 18 years from the date of their issue, shall bear such rates of interest not exceeding 4 percent per annum, shall be subject to such terms and conditions, and shall be issued in such manner and sold at such prices, as may be prescribed by the Corporation, with the approval of the Secretary of the Treasury. Such bonds shall be fully and unconditionally guaranteed both as to interest and principal by the United States, and such guaranty shall be expressed on the face thereof, and such bonds shall be lawful investments, and may be accepted as security, for all fiduciary, trust, and public funds, the investment or deposit of which shall be under the authority or control of the United States or any officer or officers thereof. In the event that the Corporation shall be unable to pay upon demand, when due, the principal of, or interest on, such bonds, the Secretary of the Treasury shall pay to the holder the amount thereof which is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such bonds. The Secretary of the Treasury, in his discretion, is authorized to purchase any bonds of the Corporation issued under this subsection which are guaranteed as to interest and principal, and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such act, as amended, are extended to include any purchases of the Corporation's bonds hereunder. The Secretary of the Treasury may, at any time, sell any of the bonds of the Corporation acquired by him under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of the bonds of the Corporation shall be treated as public-debt transactions of the United States. The bonds issued by the Corporation under this subsection shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the United States or any District, Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority. The Corporation, including its franchise, its capital, reserves, and surplus, and its loans and incomes, shall likewise be exempt from such taxation; except that any real property of the Corporation shall be subject to taxation to the same extent, according to its value, as other real property is taxed. No such bonds shall be issued in excess of the assets of the Corporation, including the assets to be obtained from the proceeds of such bonds, but a failure to comply with this provision shall not invalidate the bonds or the guaranty of the same. The Corporation shall have power to purchase in the open market at any time and at any price not to exceed par any of the bonds issued by it. Any such bonds so purchased may, with the approval of the Secretary of the Treasury, be sold or resold at any time and at any price. For a period of 6 months after the date this subsection, as amended, takes effect, the Corporation is authorized to refund any of its bonds issued prior to such date or any bonds issued after such date in compliance with commitments of the Corporation outstanding on such date, upon application of the holders thereof, by exchanging therefor bonds of an equal face amount issued by the Corporation

under this subsection as amended, and bearing interest at such rate as may be prescribed by the Corporation with the approval of the Secretary of the Treasury; but such rate shall not be less than that first fixed after this subsection, as amended, takes effect on bonds exchanged by the Corporation for home mortgages. For the purpose of such refunding the Corporation is further authorized to increase its total bond issue in an amount equal to the amount of the bonds so refunded. Nothing in this subsection, as amended, shall be construed to prevent the Corporation from issuing bonds in compliance with commitments of the Corporation on the date this subsection, as amended, takes effect.'

"(b) The amendments made by subsection (a) of this section (except with respect to refunding) shall not apply to any bonds heretofore issued by the Home Owners' Loan Corporation under such section 4 (c), or to any bonds hereafter issued in compliance with commitments of the Corporation outstanding on the date of enactment of this act.

"SEC. 2. Section 4 of the Home Owners' Loan Act is further amended by adding at the end thereof the following new subsections:

"'(l) No home mortgage or other obligation or lien shall be acquired by the Corporation under subsection (d), and no cash advance shall be made under subsection (f), unless the applicant was in involuntary default on June 13, 1933, with respect to the indebtedness on his real estate and is unable to carry or refund his present mortgage indebtedness: *Provided,* That the foregoing limitation shall not apply in any case in which it is specifically shown to the satisfaction of the Corporation that a default after such date was due to unemployment or to economic conditions or misfortune beyond the control of the applicant, or in any case in which the home mortgage or other obligation or lien is held by an institution which is in liquidation.

"'(m) In all cases where the Corporation is authorized to advance cash to provide for necessary maintenance and to make necessary repairs it is also authorized to advance cash or exchange bonds for the rehabilitation, modernization, rebuilding, and enlargement of the homes financed; and in all cases where the Corporation has acquired a home mortgage or other obligation or lien it is authorized to advance cash or exchange bonds to provide for the maintenance, repair, rehabilitation, modernization, rebuilding, and enlargement of the homes financed and to take an additional lien, mortgage, or conveyance to secure such additional advance or to take a new home mortgage for the whole indebtedness; but the total amount advanced shall in no case exceed the respective amounts or percentages of value of the real estate as elsewhere provided in this section. Not to exceed $200,000,000 of the proceeds derived from the sale of bonds of the Corporation shall be used in making cash advances to provide for necessary maintenance and necessary repairs and for the rehabilitation, modernization, rebuilding, and enlargement of real estate securing the home mortgages and other obligations and liens acquired by the Corporation under this section.'

"SEC. 3. The sixth sentence of section 4 (d) of the Home Owners' Loan Act of 1933 is amended to read as follows: 'The Corporation may at any time grant an extension of time to any home owner for the payment of any installment of principal or interest owed by him to the Corporation, if in the judgment of the Corporation, the circumstances of the home owner and the condition of the security justify such extension.'

"SEC. 4. Subsection (g) of section 4 of the Home Owners' Loan Act of 1933 is hereby amended to read as follows:

"'(g) The Corporation is further authorized to exchange bonds and to advance cash to redeem or recover homes lost by the owners by foreclosure or forced sale by a trustee under a deed of trust or under power of attorney, or by voluntary surrender to the mortgagee subsequent to January 1, 1930, subject to the limitations provided in subsection (d) of this section.'

"SEC. 5. Section 5 of the Home Owners' Loan Act of 1933 is amended by adding at the end thereof the following new subsections:

"'(j) In addition to the authority to subscribe for preferred shares in Federal savings-and-loan associations, the Secretary of the Treasury is authorized on behalf of the United States to subscribe for any amount of full paid income shares in such associations, and it shall be the duty of the Secretary of the Treasury to subscribe for such full paid income shares upon the request of the Federal Home Loan Bank Board. Payment on such shares may be called from time to time by the association, subject to the approval of said Board and the Secretary of the Treasury, and such payments shall be made from the funds appropriated pursuant to subsection (g) of this section; but the amount paid in by the Secretary of the Treasury for shares under this subsection and such subsection (g), together shall at no time exceed 75 percent of the total investment in the shares of such association by the Secretary of the Treasury and other shareholders. Each such association shall issue receipts for such payments by the Secretary of the Treasury in such form as may be approved by said Board and such receipts shall be evidence of the interest of the United States in such full paid income shares to the extent of the amount so paid. No request for the repurchase of the full paid income shares purchased by the Secretary of the Treasury shall be made for a period of 5 years from the date of such purchase, and thereafter requests by the Secretary of the Treasury for the repurchase of such shares by such associations shall be made at the discretion of the Board; but no such association shall be requested to repurchase any such shares in any one year in an amount in excess of 10 percent of the total amount invested in such shares by the Secretary of the Treasury. Such repurchases shall be made in accordance with the rules and regulations prescribed by the Board for such associations.

"'(k) When designated for that purpose by the Secretary of the Treasury, any Federal savings-and-loan association or member of any Federal Home Loan Bank may be employed as fiscal agent of the Government under such regulations as may be prescribed by said Secretary and shall perform all such reasonable duties as fiscal agent of the Government as may be required of it. Any Federal savings-and-loan association or member of any Federal Home Loan Bank may act as agent for any other instrumentality of the United States when designated for that purpose by such instrumentality of the United States.'

"SEC. 6. Section 5 (i) of the Home Owners' Loan Act of 1933 is amended to read as follows:

"'(i) Any member of the Federal home-loan bank may convert itself into a Federal savings-and-loan association under this act upon a vote of 51 percent or more of the votes cast at a legal meeting called to consider such action; but such conversion shall be subject to such rules and regulations as the Board may prescribe, and thereafter the converted association shall be entitled to all the benefits of this section and shall be subject to examination and regulation to the same extent as other associations incorporated pursuant to this act.'

"SEC. 7. The first sentence of the eighth paragraph of section 13 of the Federal Reserve Act, as amended, is further amended by inserting before the semicolon, after the words 'Federal Farm Mortgage Corporation Act', a comma and the following: 'or by the deposit or pledge of bonds issued under the provisions of subsection (c) of section 4 of the Home Owners' Loan Act of 1933, as amended.'

"(b) Paragraph (b) of section 14 of the Federal Reserve Act, as amended, is further amended by inserting after the words 'bonds of the Federal Farm Mortgage Corporation having maturities from date of purchase of not exceeding 6 months', a comma and the following: 'bonds issued under the provisions of subsection (c) of section 4 of the Home Owners' Loan Act of 1933, as amended, and having maturities from date of purchase of not exceeding 6 months.'

"SEC. 8. The Federal Reserve banks are authorized, with the approval of the Secretary of the Treasury, to act as depositaries, custodians, and fiscal agents for the Home Owners' Loan Corporation.

"SEC. 9. The Home Owners' Loan Corporation is authorized to buy bonds or debentures of Federal home-loan banks

upon such terms as may be agreed upon or to loan money to Federal home-loan banks upon such terms as may be agreed upon, but not to exceed $50,000,000 shall be invested or advanced under this section.

"SEC. 10. The first sentence of section 10 (b) of the Federal Home Loan Bank Act, as amended, is amended by inserting before the period at the end thereof a comma and the following: 'unless the amount of the debt secured by such home mortgage is less than 50 percent of the value of the real estate with respect to which the home mortgage was given, as such real estate was appraised when the home mortgage was made.'

"SEC. 11. Section 6 of the Home Owners' Loan Act of 1933 is amended by adding at the end thereof the following new sentences: 'For the purposes of this section the Secretary of the Treasury is authorized and directed to allocate and make immediately available to the Board, out of the funds appropriated pursuant to section 5 (g), the sum of $500,000. Such sum shall be in addition to the funds appropriated pursuant to this section, and shall be subject to the call of the Board and shall remain available until expended.'

"SEC. 12. Subsection (e) of section 8 of the Home Owners' Loan Act of 1933, is hereby amended to read as follows:

"'(e) No person, partnership, association, or corporation shall, directly or indirectly, solicit, contract for, charge or receive, or attempt to solicit, contract for, charge or receive any fee, charge, or other consideration from any person applying to the Corporation for a loan, whether bond or cash except ordinary fees authorized and required by the Corporation for services actually rendered for examination and perfection of title, appraisal, and like necessary services. Any person, partnership, association, or corporation violating the provisions of this subsection shall, upon conviction thereof, be fined not more than $10,000, or imprisoned not more than 5 years or both.'

"SEC. 13. Subsection (k) of section 4 of the Home Owners' Loan Act of 1933 is hereby amended by inserting a new sentence after the second sentence of such subsection as follows: 'All payments upon principal of loans made by the Corporation shall, under regulations made by the Corporation, be applied to the retirement of the bonds of the Corporation.'

"SEC. 14. The eighth sentence of section 4 (a) of the act entitled 'An act to provide for the establishment of a Corporation to aid in the refinancing of farm debts, and for other purposes', approved January 31, 1934, is amended to read as follows: 'No such bonds shall be issued in excess of the assets of the Corporation, including the assets to be obtained from the proceeds of such bonds, but a failure to comply with this provision shall not invalidate the bonds or the guaranty of the same.'

"SEC. 15. If any provision of this act, or the application thereof to any person or circumstance, is held invalid, the remainder of the act, and the application of such provision to other persons or circumstances, shall not be affected thereby."

And the House agree to the same.

ROBERT J. BULKLEY,
ALBEN W. BARKLEY,
Managers on the part of the Senate.

HENRY B. STEAGALL,
T. ALAN GOLDSBOROUGH,
ANNING S. PRALL,
ROBERT LUCE,
CARROLL L. BEEDY,
Managers on the part of the House.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred or ordered to be placed on the calendar as indicated below:

H.R. 1503. An act to amend the act entitled "An act to create the California Debris Commission and regulate hydraulic mining in the State of California", approved March 1, 1893, as amended; to the Committee on Mines and Mining.

H.R. 1567. An act amending section 1 of the act of March 3, 1893 (27 Stat.L. 751), providing for the method of selling real estate under an order or decree of any United States court;

H.R. 7353. An act granting the consent of Congress to any two or more States to enter into agreements or compacts for cooperative effort and mutual assistance in the prevention of crime, and for other purposes;

H.R. 7357. An act to amend section 109 of the United States Criminal Code so as to except officers of the United States Naval and Marine Corps Reserve not on active duty from certain of its provisions;

H.R. 8544. An act making receivers appointed by any United States courts and authorized to conduct any business, or conducting any business, subject to taxes levied by the State the same as if such business were conducted by private individuals or corporations; and

H.R. 8832. An act to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto; to the Committee on the Judiciary.

H.R. 2828. An act to authorize the city of Fernandina, Fla., under certain conditions, to dispose of a portion of the Amelia Island Lighthouse Reservation;

H.R. 7551. An act authorizing the Secretary of Commerce to dispose of the Pass A'Loutre Lighthouse Reservation, La.;

H.R. 7744. An act to authorize the Secretary of Commerce to transfer to the city of Bridgeport, Conn., a certain unused light-station reservation; and

H.R. 7793. An act authorizing a preliminary examination of the Ogeechee River in the State of Georgia, with a view to controlling of floods; to the Committee on Commerce.

H.R. 2858. An act to add certain lands to the Pike National Forest, Colo.;

H.R. 2862. An act to add certain lands to the Cochetopa National Forest in the State of Colorado;

H.R. 4349. An act to withdraw certain public lands from settlement and entry;

H.R. 5597. An act to afford permanent protection to the watershed and water supply of the city of Coquille, Coos County, Oreg.; and

H.R. 7360. An act to establish a minimum area for the Great Smoky Mountains National Park, and for other purposes; to the Committee on Public Lands and Surveys.

H.R. 3768. An act to change the name of the retail liquor dealers' stamp tax in the case of retail drug stores or pharmacies; to the Committee on Finance.

H.R. 6166. An act providing for payment of $25 to each enrolled Chippewa Indian of Minnesota from the funds standing to their credit in the Treasury of the United States; and

H.R. 7488. An act authorizing the Secretary of Commerce to acquire a site for a lighthouse depot at New Orleans, La., and for other purposes; to the calendar.

H.R. 8889. An act to provide for the custody and maintenance of the United States Supreme Court Building and the equipment and grounds thereof; to the Committee on Public Buildings and Grounds.

H.R. 8910. An act to establish a National Archives of the United States Government, and for other purposes; to the Committee on the Library.

THE GREAT EFFUSION—EDITORIAL BY RAYMOND MOLEY

Mr. FLETCHER. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial by Mr. Raymond Moley, in the magazine Today of the issue of April 14, 1934, entitled "The Great Effusion", having relation to a recent editorial appearing in the Saturday Evening Post.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From Today of Apr. 14, 1934]

THE GREAT EFFUSION—A CONSIDERATION OF THE PRINCIPLES OF THE SATURDAY EVENING POST POLITICAL PARTY

The Saturday Evening Post has stepped from its role as the companion of idle hours and proposes a new political party. It pub-

lishes its confession of faith under the appropriate title The Great Illusion.

It is hard to answer this confession of faith, because it is not very logical. But by dint of piecing the sentences together and by establishing cogency, order, and logic where they do not really exist, I have reduced this boggling keynote speech to six points.

The Post says that in the old parties, containing as they do both conservatives and progressives, there should be realinement; some Republicans ought to get out of that party and some Democrats ought to rally around a "reformed and reconstructed Republican Party." The Post is 21 months late, which is not bad for the Post. Franklin D. Roosevelt, in accepting the Democratic nomination, said the same thing:

"This is no time for fear, for reaction, or for timidity, and here and now I invite those nominal Republicans who find that their conscience cannot be squared with the groping and the failure of their party leaders to join hands with us; here and now, in equal measure, I warn those nominal Democrats who squint at the future with their faces turned toward the past, and who feel no responsibility to the demands of the new time, that they are out of step with their party."

The Post's first complaint against the Roosevelt administration is that it is proposing a new measure "every morning" and is asking Congress to pass "prepared" bills. The answer to this is twofold. The administration in the spring of 1933 faced a major economic collapse, and energy was necessary to save the country. Would the Post have spent "months and years" preparing banking legislation in March 1933 when the savings of the people were engulfed in a complete collapse of the banking system?

As to the present session of Congress, what the Post says is completely false and misleading. The President in his annual message announced a practical suspension of legislative activity in this session. Only those measures were requested that were a necessary fulfillment of his pledges. They were the gold bill, the tariff bill, the stock exchange bill, the St. Lawrence Treaty, and the communications bill. The Post is disturbed by the fact that "most of the legislation that is being proposed bears the imprint of the 'brain trust'", those "smart, shallow young men who are so cocksure and so determined to make us all over in 5 or 10 minutes."

Let the facts speak.

The gold bill was largely the work of veteran lawyers of the Treasury. The tariff bill bears the imprint of that flaming and radical youth, Cordell Hull; the communications bill, that of Joseph B. Eastman, whom the railroads regard as the most competent and experienced public servant in his line in this generation. The St. Lawrence Treaty came over from the Hoover administration. The stock exchange bill—ah, that is another story. But it is the real point of the Saturday Evening Post's effusion, and we shall return to that presently.

The Post complains against the administration of certain measures already in operation, alleging that the defects are due to the "haste" with which they were conceived and the inexperience of those in charge. Let us take the Post's list and measure it.

The C.W.A.—the Post would have had it "carefully planned and slowly put into effect." It was carefully planned. The idea of the C.W.A. was discussed by President Roosevelt and Harry Hopkins as long ago as May 1932. It was put into effect when it was because hunger and suffering and moral and spiritual discouragement were paralyzing the country. But what does the Post know of hunger and suffering and discouragement?

Next is the N.R.A. One of the most vicious falsehoods current these days is the charge that this legislation was the work of theorists. No professor and, so far as I know, no man under 45 had anything whatsoever to do with the framing of the bill. The various ideas that went into it came from business men, leaders of the American Federation of Labor, and a group of Senators. A most important contribution to the measure was formulated in that hotbed of Bolshevism—the Chamber of Commerce of the United States. These are facts. I know them to be facts and I have the documentary evidence to sustain my assertions.

Perhaps the A.A.A. is the product of the so-called "intellectuals * * * who have never made a wheel turn over." The agricultural legislation of the President is the result of the work of many people. The principles which it embodies were set forth in his Topeka speech in 1932. They had been considered and passed upon by no fewer than 25 people. They were not, except in a few instances, young. Only two of them were professors. The others were business men and Members of Congress, who had for a generation participated in the battle over agricultural relief. Here again I make the flat assertion not only because I was an eyewitness to most of what was done but because the documentary proof is in my possession.

The assertions of the Post, then, apply neither to the C.W.A., the N.R.A., nor the A.A.A.

Ah, the truth comes out at the end. This entire tirade against the administration generally, the exhortation to form a new party, this denunciation of Roosevelt, youth, and progressivism—all this is but window dressing to cover up the real purpose of the guardian of reaction. It is the stock exchange bill that has put the Post so beside itself.

Here, again, I know the facts at first hand. The ideas of this legislation did not come from a preconceived theoretic system of Government control of business. They were drawn from American experience, found in scores of places. The idea of limiting margins and speculative credit is as old as the hills. The provisions to protect stockholders from exploitation by insiders came from a partner of a most conservative law firm in Wall Street, who has himself taken credit for being the foster father of the provision. (Name furnished on request.) The provision concerning adequate reports of corporations to their stockholders is something the New York Stock Exchange has been seeking for many years, although it had neither the courage nor the strength to put it through. The provisions concerning manipulative practices came from Mr. Pecora's Senate investigation.

The President did not cause a bill to be framed. He asked Congress, under his constitutional rights, for legislation. The responsible committees of Congress proceeded to the task of framing it. These committees were under the chairmanship of two of the oldest and most trusted Members of the two Houses—Senator FLETCHER and Congressman RAYBURN. Congressman RAYBURN and Senator FLETCHER indicated their objectives and purposes, and at least a dozen men—old and young, and certainly not inexperienced—drafted the legislation. They were professional bill draftsmen. They did not put their own ideas into the law.

The bill was revised over and over again. All interested parties were heard. There have been at least 10 drafts of the measure. The bill was gone over word by word by Treasury and Federal Reserve experts, including Governor Black, who as yet has been suspected of no Moscow affiliations. Important sections were gone over and accepted by the Wall Street counsels actually appearing for complaining brokers, dealers, and bankers. The final result is as far from being the work of young and inexperienced men as the Constitution of the United States was the work of Randolph, who submitted the first draft.

It cannot, then, be the young men "untainted with any practical experience" who are really the concern of the Saturday Evening Post or Dr. Wirt or other propagandists in the cause of Wall Street's fight. It is the fact that the bill is effective and proposes to remedy evils that should be remedied and that the people of the United States want remedied. This is the reason for the Post's hysteria. Its colossal screed is not the constitution of a new party but a piece of special pleading for those who have always been the special concern of this organ of reaction.

There is something intensely hypocritical in the use these days of expressions such as "traditional liberties" and "the spirit of the pioneer." The Post has sprinkled these unctuous platitudes throughout. I find myself torn between an impulse to laugh and an impulse to swear when I hear, in luxurious clubs, talk about pioneer spirit in America. It is the talk of men whose sole contribution to pioneering has been limited to the initiation of stock-market pools, whose contribution to the economic building of the country has been that of an uninformed and inactive membership on boards of directors, whose lives have been spent safely behind the barricades of wealth.

I want liberty, too—freedom from the awful consequences of an economic system smashed by an orgy of speculation in a stock exchange made in the image of gamblers.

I want freedom—for workingmen to join unions of their own choice.

I want rights, too—the right of children to their youth.

I want security, for the savings of the people.

I want fairness in economic return—the right of the farmer to get a decent price for his products.

I am not for liberty for irresponsible bankers who foist fake securities upon the public.

The true conservative leader in this country is the President of the United States. To be a conservative is to conserve—to save human values, to promote as rapidly as can be a return of active economic relationships.

If Franklin D. Roosevelt were a radical, he certainly would not have followed the course that he did. Any high-school student who has read the lessons of history knows that the way to achieve a revolution is to let things get so bad that an enraged and infuriated public takes things into its own hands. The radical way in the spring of 1933 would have been for Mr. Roosevelt to delay until the multitude of the unemployed should rattle the economic structure down around the ears of its leaders, and then, on the ruins, to make himself the leader of the victorious masses.

Instead of this, he chose the conservative way—the immediate restoration of a capitalistic society. If the Post will read its contemporary, the New Masses, it will see what real radicals think of the course that Mr. Roosevelt has taken. They look upon him as their enemy. Their friend is the Post, with the reactionary obscurantism preached by it week after week, even in the fiction that it purveys.

I am a conservative. I want to save what we have. The Post, apparently, in its blindness, like the Bourbons, never learns and never forgets.

RAYMOND MOLEY.

AMERICA'S TRADE POLICY—ADDRESS BY GEORGE N. PEEK

Mr. PITTMAN. Mr. President, I ask that there be printed in the RECORD a very able address delivered by Mr. George N. Peek, special adviser to the President on foreign trade. The address is one of a series on America's Choice of a Trade Policy, and was delivered April 5 and broadcast over the National Broadcasting Co. system.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

AMERICA'S CHOICE OF A TRADE POLICY

The more we experience this depression the more fully we understand that it was not the development of a few weeks or even

of a few months. Rather, it was the uneconomic practices of years, not merely in our foreign trade but in our domestic trade as well, that laid the foundation for our present difficulties. We shall not get out of them easily. With courage and resolution we shall have to take careful steps toward restoration. Our President is giving us leadership. In the future, as we look back on the stirring times we are living through today, we shall acknowledge, I think, more fully than now the country's debt to that leadership.

Particularly at this time the condition calls for coordination in all effort directed by the Government toward recovery in our foreign trade. I believe a sound foreign commerce is essential to the recovery and the continued well-being of this country. Above all, in agriculture we cannot do without it. For 22 years, between 1910 and 1932, 18 percent of our agricultural income came from exports. We built our agricultural economy on the prospect of the continuance of this international business. We look with alarm on the fact that at the end of last year the volume of exports of our 44 principal farm products was the smallest in 17 years. It is not possible to readjust ourselves to this enormous difference solely by restricting our production. The social dislocation would be too great. Recovery by restriction runs against the grain of the American people. In an emergency, yes; for continuance, no; not while American stock rules America. In addition to the restrictions we are obliged for the time being to impose on production, we must squarely face those conditions which have hampered and reduced our exports. We must seek outlets and more outlets at home and abroad.

The cold figures show us that our exports, in value, were but 25 percent in 1933 of our exports in 1929. Other nations have also suffered heavy losses, but none of the larger nations has experienced a loss so great as ours. Our British cousins, from whom almost 20 years ago we wrested the supremacy of world trade in exports, last year for the first time since the war had a greater export trade than ours. Translating both figures into the current value of the dollar, British exports, including reexports, amounted to about $1,768,000,000, compared with our own total exports of about $1,675,000,000. Reducing both figures to terms of gold, the disparity is about the same, Britain's total exports amounting to $1,380,000,000, compared with ours of $1,289,000,000. Either way you look at it, our boasted world supremacy in export trade was transferred last year to London. In 1933 we did only 11½ percent of the world's export trade, compared with our share in 1929 of about 15½ percent. Those are disquieting facts when it is remembered that, counting the farmers growing the crops which have hitherto been exported, more than two and one-half million families of this country depend upon foreign trade for their livelihood.

The administration considers this situation a serious one, and the President has called in consultation all the departments and agencies of our Government concerned with foreign trade, with a view to devising and carrying into effect a coordinated international trade policy. Last December it was my privilege to be appointed by the President chairman of a temporary committee to recommend permanent machinery to coordinate all our Government relations to foreign trade. I realize that there are many people in this country, particularly my distinguished friend of many years, the Secretary of State, whose knowledge of our foreign trade and its needs far exceeds my own; but the development of a coordinated and implemented Government clearing house for foreign-trade matters I have for years believed possible. I have believed we should have better teamwork on this question. The necessity for this teamwork in Washington on our foreign commercial policy has been realized slowly. We are still at its very early stages. I strongly believe that permanently constructive results, both to the agricultural and industrial communities, are going to come from this new activity. I believe just as strongly that we cannot build this thing in a day; nor can we, nor should we, do for American producers and traders anything which they could do better for themselves.

Under the order issued by the President on March 23 last I was authorized as special adviser on foreign trade to obtain, review, and coordinate the information, statistics, and data with reference to the foreign trade of the United States, collected by or prepared by any department or other establishment or agency of the Federal Government or elsewhere.

That is the first and most important part of our duties. We shall try to portray an absolutely frank picture of the actual situation and we shall look at it without rose-tinted glasses. Serious mistakes have been made during the past 15 years, and we have never fully realized either how we happened to make those mistakes or how other countries added to the uneconomic situation we helped to create. The administration in power during the 12 years immediately following the war will never be able to dissociate themselves from the series of events which followed fatefully and necessarily, one upon another, until the amazing speculative period terminating in the late summer of 1929 brought down the whole house of cards and revealed the unstable material of which that prosperity was built.

We cannot formulate our foreign-trade recovery upon the principles which now we see led us inevitably to this disaster. Just as the domestic policy of this country is being refounded, so must the foreign commercial policy of our country be adjusted in order to avoid, as much as is humanly possible, a repetition of the gigantic toll in human displacement and human suffering which has occurred since 1920 in agriculture and since 1929 in industry.

The second part of our endeavor will be, in following the terms of our Executive order, "to carry on negotiations with respect to specific trade transactions with any individual, corporation, association, group, or business agency interested in obtaining assistance from the Federal Government through financial transactions, barter transactions, or other forms of Government participation authorized by law."

If we have learned anything from experience, it is that eventually our exports and our imports approximately must balance. Trading cannot be a one-sided transaction. I have found that wherever we strip this idea of its economic language and academic sound and tell plain farmers and plain business men in plain English that we are going to help resume world business on the basis of bartering or swapping, we get immediate and intelligent approval of the idea. I would not go so far as to say that Uncle Sam never won a conference or lost a trade. I think that Secretary of State Cordell Hull decidedly came off with the honors from the Montevideo conference. But, roughly speaking, it suits the temper of our people better to trade them to parley. Furthermore, in a trade it is very much more obvious to our own people that you have to buy something from the foreigner as well as sell him something if you are to be paid at all. The past administration believed that we could go on selling foreigners forever, piling up their debts against us in the light of our refusal to face the reality that an international balance, visible or invisible, must ultimately be squared.

I believe that no man denies today that we are in a position where our huge surpluses of agricultural products demand a world market. That requirement is imperative; the failure to carry it out has undermined our home price structure and has perpetuated the depression. Very well then, just as urgently we can accept in return selected goods or services which constitute surpluses abroad and whose removal will increase prices there; so that the joint process not only will raise prices here but will, by raising prices abroad, increase the opportunity to purchase our products. I believe that along with the method of endeavoring to enter into general agreements or treaties to reduce trade barriers where we can do so to our advantage, we can concentrate on specific trades in commodities where the prospect of a profit by traders on both sides will materially help in binding the bargain. That is what I call cutting holes through the tariff wall.

Where we can make bargains that will help dissolve our surpluses, and promote the sound business interest of our people as a whole, we shall have an impelling force behind these specific transactions. They will not threaten in any sense the just security of our general tariff structure but will make it possible and highly desirable to give preference to national welfare rather than to special privilege.

After all it is not entirely the tariff which has been to blame. There are many barriers to trade in the form of embargoes, quotas, unfair practices of one kind and another, exchange restrictions, currency devaluations or fluctuations, and outright currency manipulations, which are just as obstructive to trade as some of the prohibitive tariff schedules. We desire to deal with the whole subject in a sensible way. We want to bring the facts together in a common picture. That picture will give to you and to us an honest and comprehensive balance sheet of the real interests of the United States. Every department of the Government having a concern in our foreign trade will collaborate in it.

I have spoken of the phases of our work which I believe must come first. It will take time to survey accurately the resources of foreign-trade data which exist in Washington. It will take time to consider all the proposals being presented to us in the light of these data. Then, and only after we get our picture comes the third phase of our operation—that of facilitating the extension of credit. I have already said that the new export-import banks have not been created for the purpose of acting as Santa Claus, to hand out presents at home or abroad. The banks have been created for the purpose of assisting our foreign trade and of providing facilities for our people not now obtainable in regular banking channels. They are intended primarily to finance the seller in this country. Their essential purpose is to facilitate trade that would not be possible without them. Again, I urge industry in its own interest to be temperate in its demands at the start of the new agencies, but I invite its fullest cooperation to bring these new banking facilities into practical service.

There need be no confusion about the fact that as a preliminary step in setting up these banks we have first organized export-import banks for Russia and for Cuba. It will readily be understood that special circumstances are concerned in both.

Please remember that these banks, or financing institutions—for that is more nearly what they are—come in as the third link of our chain. Frankly, I am not disposed to speak technically as yet on either our principles or our policies. Certainly we are not going to increase the frozen debts owed to this country. I am sure I am expressing the sense of the producers and manufacturers, who for many months past have urged this additional credit agency, that the first purpose of its accommodations should be to help sellers in this country to move their goods. I believe it is a sound rule of business that the sale of goods and the provision for payment should be included in one transaction. The export-import banks, I believe, can be effective instruments in breaking the log jam of credit, in which the limitations of the banking system, both abroad and at home, have piled up both good business and bad in a tangle of disaster.

We expect to supplement and not to replace the functions of existing banks, and we anticipate and have already experienced their constructive cooperation. We shall be asked particularly for intermediate credit, I anticipate, from the many conferences I have had already; I think in most cases terms of a few months will meet the most pressing need and will release a very substantial amount of additional trade. Capital goods in some instances will require longer terms, and on consumable goods the terms should naturally be shorter. But in all cases our procedure should be guided by the credit of the buyer and the seller, by the nature of the transaction, and by its importance, not only to present but to future business for American producers and traders.

Naturally, different exporters need different kinds of accommodation, and a reasonably flexible system will have to be evolved to meet these varied seeds. It goes without saying, however, that a responsible Government institution must provide for the retention of the money in the United States. It is not the purpose of this agency to lend money to foreigners but to help American institutions extend credit to foreign buyers on terms which will compete with other nations, and which accord with the necessities of present-day conditions in our own country.

I have been asked about the Government assuming the credit risks. Personally I do not see why, when manufacturers receive orders from abroad, they should not themselves assume a large part of the risk in filling these orders unless they are willing to forego a large part of their profit. It seems to me only just that those who stand to make the profits out of such business should take their full part in the credit risk. If credit insurance is desired, I shall be glad to help work out a plan which is fair and equitable.

Other nations are developing their trade plans more rapidly than we are. Already this year three nations have armed their executives with powers to make reciprocal commercial agreements and almost all nations possess powers of coordinated action much more modern and flexible than our own. I anticipate that in some form satisfactory to the President, our own Chief Executive will also soon possess greater freedom of action. In a rapidly changing world this is a necessary and entirely common-sense step.

America is not going out of world business. We are not going to withdraw those of our products we are best qualified to supply from circulation in the markets of the world. Generally speaking, in the immediate past, we have been treated somewhat roughly in certain foreign countries. Other nations of the world have made more than 60 agreements among themselves within the past few years which have had one striking similarity—they have left our interests out of the picture, except where they have definitely and intentionally affected them adversely. I am not one of those who believe that in order to resume our place in international business we have to do anything remotely threatening the disruption of peaceful relations. On the contrary, I believe we shall be much more likely to get into trouble if we continue in our position of international Simple Simon and allow curselves to be pushed about just because we have possessed no coordinated policy of maintaining our proper position.

We are sitting by watching other nations play for a very large stake, and a substantial part of that stake is our own. Certainly we cannot gain anything by isolating ourselves completely. By so doing we shall only impoverish ourselves. There is no use in claiming a monopoly over our impoverished home market, brought upon us by our inflexible trade policy during recent years. There are other markets, and we have goods to supply them. Moreover, no one need be apprehensive that increased imports, taken in return for our selected and increased exports, will exert any more serious danger to our economic situation than any other of the elements of a profitable foreign trade. Our imports are only one quarter as large in their gold value as they were in 1929. Normally they have a long way to come back before they even strike an equipoise in our properly regulated economic life.

We cannot sell unless we buy; but we can both sell and buy intelligently, and with some coordinated knowledge of what we are doing. We can and should watch the flow of long- and short-term loans, of tourist credits, of currency, and of shipping and insurance charges and other such invisibles just as closely as we watch from month to month our merchandise trade. Without such knowledge we have no real understanding of what goes on between nations. We had much of this knowledge before 1929, but it was scattered in unrelated departments throughout Washington. If we had put it together on a balance sheet and frankly faced what the in and out items showed us, we should have been spared a lot of our trouble.

We should have foreseen the blocked exchange situation, for example, which I believe has exerted quite as much harm to our trade and to that of the rest of the world as all of the protective and prohibitive tariffs. For under blocked exchange you have all the fun of selling your goods and do not wake up to the fact that you have not been paid until a large amount of your money has been impounded in a foreign country. Then, when your creditors talk terms, they talk long terms, and you can only put on long faces and take it. It is not the fault of the many good and able men and women in the various departments that we find ourselves in the position we are in. Responsibility rests with previous administrations which failed to act.

The manufacturers and producers of the country have asked for an agency here in Washington to coordinate and supplement with real assistance the foreign-trade resources of our Government. I believe this job can be done, and if, as I earnestly hope, it can be effectively done, it will be as great a service as any I know in subduing our ancient enemy, the depression. May his shadow grow thinner! And may the thin purse of every honest man grow thicker!

LAWYERS IN THE SEVENTY-THIRD CONGRESS

Mr. LOGAN. Mr. President, I ask unanimous consent to have printed in the RECORD an article by John Brown Mason in the Rocky Mountain Law Review, of the February 1934 issue, the title of which is "A Study of the Legal Education and Training of the Lawyers in the Seventy-third Congress."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

A STUDY OF THE LEGAL EDUCATION AND TRAINING OF THE LAWYERS IN THE SEVENTY-THIRD CONGRESS

"Lawyers do not live by bread alone. * * * The community pays them in terms of prestige, power, and fame." [1]—James Grafton Rogers.

Comments are not infrequent on the predominance of men of legal training and experience in our legislative councils, State and Federal. Since the very beginning of the independence of the United States the lawyer has held an eminent place in our public life. A majority of the members of the Constitutional Convention of 1787 were lawyers by profession [2] and similar statement probably may be made concerning most, if not all, consequent State legislatures and both Houses of Congress. Needless to point out, in addition, that about two thirds of our Presidents have been lawyers.

The present study aims to furnish some figures, as exact as possible with the material available, and both absolute as well as on a percentage basis, concerning the legal education and legal experience of lawyer Members of the Seventy-third Congress, both Senate and House. The information presented has been gathered from biographical data contained in the Congressional Directory [3] and Who's Who in America.[4] Several interesting and some unexpected results were arrived at. It is possible at this time to draw only some conclusions. Others will have to await the compilation of statistical data for previous Congresses so that from comparisons the existence of definite tendencies over long period of time and indications of likely future developments may be brought out.

Both in the Senate and in the House of the present Congress lawyers are relatively more numerous in the Democratic than in the Republican Party, or in either House as a whole. This is especially true of the Senate.

Senate

	Number of Senators	Number of lawyers	Percentage of lawyers
Democrats	60	51	85
Republicans	[1] 36	17	47
Total	96	68	70

[1] Including 1 Farmer-Laborite.

House

	Number of Representatives	Number of lawyers	Percentage of lawyers
Democrats	310	191	62
Republicans	[1] 122	62	51
Total	[2] 432	251	58

[1] Including 5 Farmer-Laborites.
[2] There were 3 vacancies in the House.

In speaking of the educational background of the lawyer, Dean James Grafton Rogers has said: "The typical [lawyer] * * * seems to have about 1 year of slim college work and 2 years of reasonably good law-school experience. * * * It is true that our most successful lawyers in America will show a high average of college attendance. * * * Typical lists [of high-grade lawyers] on examination reveal that nearly 90 percent of the men included were college graduates before they began the study of law." [5]

The statistics of the Seventy-third Congress in this respect are interesting.

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[1] Quoted from the speech of Mr. Rogers on the occasion of his induction as dean of the law school, University of Colorado, on Mar. 1, 1928, p. 15.

[2] Cf. Charles A. Beard, An Economic Interpretation of the Constitution of the United States, quoted in Finla Goff Crawford, Readings in American Government (New York: F. S. Crofts & Co., rev. ed., 1933), p. 52.

[3] 73d Cong., 1st sess., 1st ed., corrected to June 3, 1933.

[4] 1932–33 edition.

[5] Rogers, op. cit. supra no. 1 at pp. 20, 22.

	A.B.	A.M.	LL.B.	LL.M.	J.S.D.	Attended law school	Trained in law office	Attended foreign university
SENATE								
Number of lawyers holding degree of...	36	3	23	1	----	12	10	----
Percent of all lawyers in Senate.....	52	4	33	1	----	18	15	----
HOUSE								
Number of lawyers holding degree of...	90	13	142	2	3	45	20	4
Percent of all lawyers in House.....	36	5	57	1	1	18	8	2

Taking the above quotation as a correct description of the education of the typical as well as the high-grade American lawyer, it appears that the average Congressman differs considerably from both of them. His general college as well as his law school training is much better than that of his typical colleague outside of Congress. The lawyer-Congressman does not, however, quite reach the mark set by the high-grade lawyer, as far as college education is concerned. This does not detract from the well-known fact that both Houses contain some of the keenest legal minds of the country.

Some significant differences are noticeable in the education of lawyer-Members of the Senate and of the House. Roughly, one half of the lawyer-Senators and only about one third of the lawyer-Representatives are graduates of some college, with an A.B. or similar nonprofessional bachelor degree. The House is to a considerable extent ahead of the Senate, however, in the extent and degree of law-school training. Of its lawyer-Members 57 percent are holders of the LL.B. degree, against only 33 percent of the Senate. The percentage of the research degree LL.M. is about the same for both Houses, with a small relative preponderance in favor of the Senate. The House has the distinction of having three Members with a J.S.D. degree, of whom one is a woman from Kansas, Mrs. KATHRYN O'LOUGHLIN MCCARTHY. All three were elected to Congress for the first time in 1932, and all three are Democrats. They come not from the East but from Kansas, California, and Utah, respectively.

A consideration of the law schools attended by the lawyers in Congress presents some unexpected and interesting facts.

	Democrat	Republican
Number of Senators with LL.B. degree from—		
University of Michigan	3	----
University of Alabama	3	----
Cumberland University	2	----
Iowa University	----	2
New York University	1	----
Number of Representatives with LL.B. degree from—		
University of Michigan	8	1
New York University	2	6
Harvard	5	2
Cumberland University	6	1
University of Alabama	5	----
University of Mississippi	5	----
Georgetown	4	1
Mercer University	5	----

This list includes those law schools only which are represented in the present Congress by five or more graduates, not counting students who attended without graduating. The University of Michigan heads the list for both Houses, to be equaled for the Senate by the University of Alabama, with Cumberland and Iowa sharing the second place, and New York University coming third. In the House, New York University takes second place, while Harvard and Cumberland tie for third honors. Columbia trails four other schools—Georgetown, Alabama, Mississippi, and Mercer.

Yale has awarded an LL.M. degree to one present Senator, and George Washington and Texas to one Representative each. Two Members of the House hold a J.S.D. degree from Chicago and one from Southern California. All of them are Democrats.

Nine Representatives have attended foreign universities; among them are 4 lawyers (3 Democrats and 1 Republican) who have studied at Heidelberg, Munich, Vienna, and Claremont (France). One Republican, in addition, studied law at the Inns of Court in London.

It is an interesting fact that out of 39 one-time public-school teachers now Members of the House, 24 have turned from teaching to law. Some of them indicate that they read law while teaching, at times through correspondence courses. One lawyer-Congressman began teaching at the age of 16. Another reports that he received a first-grade county teacher's certificate at 14; that he taught in writing schools during the winter in order to earn money to go to college. At 17 he graduated from a college, at 19 he became city superintendent of schools on competitive examination. He read a University of Virginia law course while teaching in another State. One Representative taught only 6 months, but the average time spent in teaching by those who mention its extent was 4 years, as against 5.8 years for those teacher-Congressmen who did not take up law. Senator NORRIS worked on farms in the summer and attended district school in the winter; he, too, taught school in order to earn the means for higher education and studied law while teaching. He even taught for 1 year after being admitted to the bar in order to get money to purchase a law library. Senator GORE, of Oklahoma, taught school before becoming a lawyer, though he is blind.

There are a number of professors of law and deans of law schools in Congress. The present Senate counts 2 of them, both Republicans, and the House 6, 5 of whom are Democrats. Senator FESS, Ohio, has been not only a college president (Antioch) but also a law-school dean (Ohio Northern University). His colleague and fellow partisan from Oregon, Senator MCNARY, was dean of the Willamette College of Law. Among Representatives we find former deans of the law schools of the University of Alabama and of Richmond College; a professor of law at the Mercer Beasley School of Law at Newark, N.J.; and lecturers at the East Texas and St. Louis University law schools.

A number of lawyer-Congressmen are authors, some of note. They include Representative BECK, Republican, of Pennsylvania, a graduate, incidentally, of a small college and of no law school, and well known for his works on constitutional law and government; Representative LUCE, Republican, of Massachusetts, who has written extensively on aspects of legislative work; Representative WHITLEY, Republican, from New York; and Mr. CANNON, Democrat, from Missouri, expert on parliamentary law. Senator FESS has written in the fields of American history and American political theory. Other lawyer-Congressmen are the authors of a Life of John Marshall, Secretary of State, The Foreign Trade of the United States (used as a college textbook), and other works.

Most lawyer-Congressmen appear to have practiced law as well as studied it. One or two state that they have not, while Senator LONG (Louisiana) makes it a point that he practiced law almost continually while holding public office. One Representative claims that he is "known in the State as a trial lawyer and a platform lecturer upon economic, literary, and historical subjects", while at the same time he is also profoundly interested in agriculture. A former municipal judge admits that he is "known as orator and singer." Other lawyer-Congressmen are less diversified in their nonlegal talents. Their legal experience, however, is most varied. One has been general counsel for a State league of municipalities, another judge advocate in the Army. One has practiced law in Mexico, one in China; another has been United States Assistant Attorney General and Solicitor General; member of the commission which revised the municipal act of New York. A Cherokee Indian by blood was attorney general for the Cherokee Nation and represented it in winding up its tribal affairs before the Commission to the Five Civilized Tribes. One Congressman has been presiding judge of a State court of claims. Two were parliamentarians of the House before they became its Members.

This diversification of experience in public and legal life can best be illustrated by a tabulation:

	Members of the House	Members of the Senate
City attorney	32	10
County attorney	15	7
City prosecuting attorney	8	----
County prosecuting attorney	38	4
District attorney	51	14
Clerk of a court	10	1
City judge	8	1
County judge	9	2
District judge	----	3
United States district attorney	3	4
Assistant attorney general	5	1
Attorney General	1	1
Judge State supreme court	----	8

Two factors stand out most prominently in this chart: The number of city, county prosecuting, and district attorneys who have entered the House (97) and the Senate (18) and the number of State supreme courts judges who have become United States Senators (8), including 2 chief justices. The impression among students of politics that a vigorous prosecuting attorney has an opportunity at an early age to get his name before the public is therefore substantiated. If he has any political ambitions at all, he is subject to strong temptations to play up to the newspaper reader and voter. Of the eight State supreme court justices who became Senators, three expressly state that they resigned to become candidates for the Senate.

Lawyer-Congressmen enumerate achievements of additional distinctions, some real and some less apparent in the eyes of the observer. Among them are two Senators who are blind. One, Senator SCHALL, of Minnesota, continued his law practice after losing his eyesight; the other, Senator GORE, of Oklahoma, has been blind since the age of 11.

The lawyers in both Houses of Congress and both major parties seem to present a fairly accurate picture of a cross-section of our population. Their biographical data show their achievements and sometimes vanities—often by omission of fact as well as by their enumeration. They all belong to one and the same profession, but

they are not a homogeneous group by any means. There are poor and well-to-do, successful lawyers in Congress; counsels for the underdog and for the powerful corporation. Many have known the hardships of poverty, while others have clearly led sheltered lives. Some were immigrant boys, ignorant of the language and customs of their new home, others graduated from fashionable preparatory schools. Among them are machine politicians and servants of vested interests, as well as militant fighters of predatory privilege. Perhaps they constitute, after all, a rather true representation of the American voter and his economic views, rather than a professional clique. The present writer is not prepared, on the basis of this study, to venture a definite opinion. It is obvious, however, that in spite of many attacks on the lawyer in politics he has continued to play his eminent role—a sign, apparently, that there is a demand which he fills.

JOHN BROWN MASON.

"FLOUNDERING POLICIES NEED PRESIDENT'S HELP"—ARTICLE BY WILLIAM HARD

Mr. DICKINSON. Mr. President, I ask unanimous consent to have printed in the RECORD an article by William Hard, appearing in the Washington Star of Sunday, April 15, 1934, entitled "Floundering Policies Need President's Help."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

FLOUNDERING POLICIES NEED PRESIDENT'S HELP—FAILURE TO PROVIDE JOBS AND CONFUSION OVER PRICE LEVEL TARGETS FOR OPPONENTS OF ROOSEVELT PROGRAM

By William Hard

Anybody in Washington can feel the "new deal" pausing, can feel it circling, can feel it behaving like a retriever that fears it has lost the scent and is gallantly striving to recover it. Never was the indubitable genius of Franklin Delano Roosevelt as a political hunter more needed. Welcome back!

The central trouble is the still enormous mass of the unemployed. It is idle to talk of the accomplishment of recovery when eight or ten million workers are still not working.

It is true that industrial corporations are again beginning to make money. But if the N.R.A. codes are so constructed that capital can reap profits out of restricted production and restricted consumption with millions and millions of citizens left unemployed outside the industrial organism, then the N.R.A. has helped actually to accentuate a social problem which still requires the application to it of Rooseveltian social justice. No one can doubt that the ideal of Mr. Roosevelt—and the ideal of common sense—is that a profitable life for capital in this country shall develop only in accompaniment with a profitable life for the American people in total.

From the beginning it has been the aspiration of the new deal to arrive at that end. It has followed at least four different sorts of devices. Commentators customarily have divided new-deal policies into those designed for "recovery" and those designed for "reconstruction." The line thus drawn is dubious. "Recovery" and "reconstruction" merge. It is more convenient—and even more logical—to divide the new-deal policies into categories not of purpose but of method.

MOMENTUM SLACKENS

It will be found upon examination that each of the methods so far pursued has come now to a slackening of momentum, or even sometimes almost to a stoppage.

The first method was the monetary method. By manipulation of the gold value of money the price level was to be restored to the heights of 1926 and kept there.

This objective, every friend and every foe must admit, is far indeed from having been reached. Prices have not gone more than approximately half way back to the desired altitude. That altitude was declared to be necessary to economic regeneration. We today are not at that altitude, nor are we at that regeneration. Strict logic would thereupon suggest that further monetary manipulation was necessary.

But right there the administration recoils from its own road. For months it has taken no additional step in the monetary method of producing price reflation. Now, therefore, come the silver people in the Congress and declare that what has not been successfully concluded by the manipulation of one of the monetary metals should be valiantly attempted by the manipulation of the other.

EXPERIMENTS RESISTED

How can monetary experimenters and price reflationists meet that argument? In basic theory they cannot meet it at all. The monetary conservatives, who resisted the experimentations with gold, are on strong ground in resisting the experimentations with silver. The administration, however, which has committed itself over and over again to the predepression price level, is obviously embarrassed and perplexed. Itself reflationist, it has difficulty in answering and countering the congressional continued reflationists.

Its situation is thereupon—for the first time in this matter—negative. It has ceased to assault the citadel of 1926 by new rushes along the path of gold, and it declines to begin to assault it by new rushes along the path of silver. It has lost the reflationist flag to Senator WHEELER. Mr. WHEELER now summons the Congress to a fresh effort to arrive at the administration's own stated price terminal, and the administration is forced into saying:

"Rather than go there by silver we will not go there at all."

This may be perfectly sound, but it transfers the initiative in the price problem from the White House to Capitol Hill. It demonstrates that the monetary method of the new deal is thought by the "new dealers" in the executive branch of the Government to have come—for the moment at any rate—to its limit.

PUBLIC EXPENDITURES

The same observation must be made regarding its second method—its public-expenditures method. A strong streak of the philosophy of the new deal was to the effect that a sufficient quantity of public expenditures—through, for instance, the P.W.A.—would prime the pump of private industry and restore it to full normal flow. This idea is in operation now only hesitantly and falteringly.

If the P.W.A. and other similar constructional governmental agencies spend one and a half billion dollars during 1934, they will be fulfilling all present realistic expectations. The normal national income of the people of the United States is some $90,000,000,000 annually. Our national constructional opportunities in the immediate future—in the modernization of our railroads, in the replacement of obsolescent machinery in our factories, in the reconstruction and improvement of our residential housing in town and on countryside, in the relocation of industries, in the development of subsistence homesteads plus adjacent industrial employment, and in numerous other directions—come to $50,000,000,000 or $60,000,000,000 at a most moderate estimate. The instant future of this country, irrespective of what defeatists may say, is colossal.

But what contribution to the priming of it is a billion dollars or a billion and a half or two billion? It is like trying to prime the Mississippi with a freshet from a creek.

The administration thereupon loses its public-expenditures verve. It declines to support the bill of Representative KELLY of Pennsylvania for moving upon all our public constructional necessities and for arriving at universal reemployment through public corporations founded upon public credit. Just as it resigns to Senator WHEELER the hoisting of prices on monetary jacks, so it resigns to Representative KELLY the restoring of the flow of employment by public constructional pumps. Its public-expenditures method joins its monetary method in stopping short of its objective and in leaving the "new dealers" pondering a disappointment and seeking a substitute.

PLANNING METHOD

The third method has been planning—economic planning—as evidenced in the A.A.A. and N.R.A. The spectacular beneficent services of the N.R.A. in the elimination of child labor and in the education of American industry ot the idea that there is a proper minimum work wage and a proper maximum workday will never be forgotten by the industrial historian of this country but are now indeed already in the industrial historian's province. The immediate problem of the N.R.A. is to cleanse the codes of provisions which raise prices and check consumption faster than recovery can raise purchasing power and expand consumption.

On that problem the administration has acted so tardily that the initiative in it has been grasped by Senator BORAH and Senator NYE and other congressional critics who are well on their way now toward persuading the Congress next year to give the whole N.R.A. system a body blow by reinstating in our statute books the full force of our antitrust legislation against price fixings. Once more—in this matter as in the other matters mentioned—the administration finds itself not on the aggressive but on the defensive.

In the A.A.A., meanwhile, the advance in planning is now headed not by Secretary of Agriculture Wallace but by those twin planners from Alabama, Senator BANKHEAD and Representative BANKHEAD. The Bankhead cotton bill takes the voluntary agricultural planning of Mr. Wallace and carries it to its absolutely logical conclusion of compulsory planning. It obliges the individual cotton planter to abide by a plan whether he individually likes the plan or not.

CENTRAL COMMAND NEEDED

Any other sort of national planning is surely a mere play upon words. The General Staff of our Army, when it drafts a war plan, does not propose a consultation of the Illinois National Guard as to whether or not it will conform to it. Planning, if it is done at all in any actual sense, must be done by a central command, military or industrial. The Bankheads may be utterly wrong in ultimate economics. They are utterly right as logicians in the administration's immediate planning method.

But the administration accepts the Bankhead bill only because it politically must, and it swerves from applying the principle of it to agriculture in general. Again it flinches from its own portrait in the mirror.

Coming, then, to the fourth and final new-deal method we see "regulatory" measures such as the Securities Act, the foods and drugs bill and the stock-exchange control bill. In all these outstanding instances of this method the original provisions contrived by able and enthusiastic "new dealers" have been subjected, or are now on the point of being subjected, to drastic amendments by congressional analysts.

These analysts are moved primarily not by technical knowledge but by their appreciation of the reactions and sentiments of the

concerned public. There has been strong public criticism, and now there is strong congressional amendatory zeal. The new-deal innovators are pushed into the wings. The spotlight is taken by legislative revisers and modifiers, who in some cases are wholly sympathetic to the new deal, but who in other cases are covert enemies to it and are endeavoring primarily to encompass its downfall.

Such are the actualities of the politics of the new deal in Washington today. The "new dealers" last year were in motion. Now, more and more, they are in trenches; and, more and more, it is the enemy, "supernew deal" or "antinew deal", that is in motion. Mr. Roosevelt needs now much more than his radiant popularity. He needs all his superb tactical skill at new political plays, and all his supreme strategical vision of new social issues and aims. He must again attack. Will he? I surmise, since he is what he is, that he will.

PRECEDENTS FOR RECOVERY MEASURES OF ADMINISTRATION—ADDRESS BY SENATOR BARKLEY

Mr. McKELLAR. Mr. President, I ask unanimous consent to have printed in the RECORD an able and illuminating address delivered last evening by the Senator from Kentucky [Mr. BARKLEY] in the National Radio Forum, carried over a coast-to-coast network of the National Broadcasting Co., on precedents for the recovery measures undertaken by the present administration.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

TEXT OF ADDRESS

During recent weeks we have, by every form of publicity from backyard gossip to the front pages of the newspapers, been regaled with obsessions, predictions, consternations, reverberations, alliterations, asseverations, and hallucinations and revelations concerning some sort of revolution that seems to be in hiding just around the corner. Whether this is the same corner that sheltered so elusively the prosperity which was supposed to be located there for several years I am not in a position to state; though I have a hunch that some of those who were instrumental in the attempt to make a shrine out of the corner that shielded prosperity have had a hand in erecting the corner which is now shielding the revolution which is about to descend upon us.

I have no desire to quibble over words. I am not a quibbler over words. I dislike the habit of quibbling over anything. But we may perhaps dissipate our fears and console our souls with the reflection that there is nothing satanic about the word revolution. There is a great national organization now in annual session in this city eligibility for membership in which requires an unbroken line leading back to a revolution and some soldier who fought in that revolution.

WASHINGTON A REVOLUTIONARY

Washington, with all his aristocratic bearing and conservative reactions to public questions, was a revolutionary. He was the leader of the Revolution which made us a Nation, and he was probably the one indispensable man of that great historic accomplishment.

Jefferson was a revolutionary. So was Madison, the father of the Constitution. So was Monroe, who gave his name to an immortal American policy. Even Alexander Hamilton was revolutionary in the sense that he believed in and advocated a change in the existing order, and fought bravely and with distinction by the side of Washington to make that revolution effective.

Andrew Jackson was somewhat of a revolutionist, both personally and politically. He revolutionized the methods of appointment to public service. He revolutionized the banking system of the United States. He revolutionized some of the conceptions of his national character entertained by his enemies when he declared under dramatic circumstances that the Union must be preserved against sedition or secession anywhere.

LINCOLN'S ECONOMIC CHANGES

Abraham Lincoln was a revolutionary. He revolutionized the economic system in half the States of the Union, and as President of the United States he directed a 4 years' war to decide whether the Nation could stand undivided in adjusting itself to that economic and political revolution for which he was largely responsible.

In many other respects Lincoln showed his belief in changes which he felt were necessary in a growing and expanding national life.

Theodore Roosevelt was a revolutionist. He advocated what was termed the "square deal", which was only another name for a new deal, because at that time any sort of square deal was a new deal compared with the old deal to which the people were accustomed.

He advocated the recall of judicial decisions by popular election. This was certainly a revolutionary proposal. Nothing that has been suggested, brought forward, thought about, or dreamed of in the past year of the new deal exceeds the recall of judicial decisions in its revolutionary qualities.

Compared with the conceptions of the powers of the National Government entertained by some of those who framed it, the construction of the Panama Canal was certainly a revolutionary innovation.

THE LOUISIANA PURCHASE

Thomas Jefferson was perhaps the outstanding strict constructionist of his day. He feared the enlargement of the Federal powers. But when he became President he wanted to purchase Louisiana. He searched the Constitution for specific authority and found it not. But he wanted it. Finally he concluded that he could do it under the treaty-making power conferred upon the President, and in the exercise of this power he made a treaty with Napoleon and purchased that vast territory. But it was a revolutionary procedure. At the time it was charged that if he had not broken the Constitution he had at least bent it woefully. But we have Louisiana and all the States carved out of it.

At another time while he was President he found a surplus in the National Treasury. This is always a tempting situation. Jefferson found it so. He did not believe that Congress had the power to expend this surplus for the building of highways or the deepening of rivers or harbors. But we wanted to expend the surplus for that purpose. He asked the Congress to submit to the States an amendment to the Constitution empowering the National Government to build roads and improve rivers and harbors and engage in other internal improvements.

Madison, Monroe, Andrew Jackson, and James K. Polk all vetoed appropriations for these purposes on the ground that Congress had no such power.

AMENDMENT NOT PASSED

But the Constitution was never so amended. By judicial and legislative interpretation the Constitution was held to contain such powers under the commerce clause, the general welfare clause, and other elastic provisions of that great document. So that today the improvement of rivers and harbors, which are the instruments of commerce, and the construction of highways as the servants of the Postal System, and also our great Interstate Commerce System, are accepted and welcomed as a settled national policy. But as compared with the original conceptions of some of the framers of the Constitution and most of the early Presidents it was revolutionary. It was even unconstitutional.

In a similar sense Woodrow Wilson was a revolutionist. Theodore Roosevelt called it "a square deal." Franklin D. Roosevelt calls it "a new deal." Woodrow Wilson called it "the new freedom." The application of specific remedies in each case may have been different. That is, the particular remedy demanded by the particular situation confronted by the people and by these leaders of the people may have been different. But in each case the conception of the need and the remedy presupposed the creation of something that did not heretofore exist. And this ability to perceive the need for remedies and the ability to create and supply them is, after all, the real test of popular government. It is the stabilizing quality which in fact prevents revolutions of force and of blood.

AN ALTERNATIVE

If the power to adjust government to the conditions which must be dealt with by each generation did not exist, the only remedy would be the destruction of an impotent government and the building of a government fitted and qualified to deal with the problems of the new generation. Thus we would have a situation which would require that the people of each generation or each decade change the form and the character of their government, just as farmers have changed the instruments of husbandry, surgeons have changed the instruments of surgery, teachers have changed the methods of their teaching, preachers the methods of their preaching, and the traveling public the methods of their transportation.

While, therefore, as I stated in the beginning, the word "revolution" contains no diabolical implications, many of the transitions to which I have referred, and many thousands more to which I could refer, may be more softly designated as "evolutions."

That there has been a revolution in the practice of medicine and the science of medicine no man will deny. The transition from the universal practice a century and a half ago of bleeding a patient for every known disease to the skillful and life-saving delicacy of modern surgery has been and is a tribute to the genius of man throughout the world. But it was a revolution, or, if you prefer the word, it was an evolution in the treatment of injury and disease.

THE STAGECOACH ERA

The transition from the stagecoach of our forefathers to the modern Pullman car, the modern automobile, and the modern airplane has certainly been a revolution in the methods of transportation. Would we go back to the stagecoach? Let all who favor it say "aye."

The transition from the old custom of piling the ice from the mill pond in sawdust in the barn to the facility afforded by the electric refrigerator has certainly been a revolution in the art of refrigeration. I ask whether in the complex life which we lead today we would be willing to revert wholly to the mill pond, fond as we are of that familiar old place in story and tradition.

The transition from the old sickle and the wheat cradle with which our fathers garnered the grain for themselves and for a hungry world, to the modern reaper and combine which cuts, threshes, and sacks the grain as it goes along through the golden field, is certainly a revolution in the science of harvesting, and typifies many other similar revolutions and evolutions in the field of agriculture.

Examples of this constant change, this incessant growth, this impatient reaching out in every field of action by the human race throughout the world for something different and something better, could be multiplied without limit.

THE ONE EXCEPTION

Even those who object to change, to growth, to development, to elasticity in government, admit all this. It is only to a growth in government that they object.

But why, among all the sciences and the arts which have been studied or mastered by the race of men from the beginning of time, should government alone stand still? Why, among all the improvements which have been brought to the human race through the generations in other fields of endeavor should government alone tie itself to a hitching post and refuse to move with the upward procession?

By this question I am not to be understood as believing in our advocating the policy of opportunism in government; I am not suggesting that government as such should be swept off its feet or away from its moorings by every fantastic proposal that fantastic minds may create or propose.

But I do mean that any form of government that even claims to be efficient or responsive to public need must be an elastic government. It must be ready to adopt, and not afraid to adopt, experiments in the process of government just as the physician must adopt them, just as the manufacturer must adopt them, just as the great financial structure of this and every nation must now and then adopt them.

THE NEED FOR COURAGE

It must be willing to go up what may turn out to be blind alleys now and then. Without the courage to embark upon these political and governmental explorations and experimentations once in a while, or even constantly, government could never find its way 3 inches from the status quo, and the people would ultimately find themselves constrained in so immovable a straitjacket that they would have to destroy the old order by a forceful revolution in order to establish an order and a government that could serve them by peaceful evolution.

In view of all these things and in view of the stable quality of the American people which has been established in the century and a half of our history, it is nothing short of the utmost folly for men or women to conjure up in their frightened minds the specter of unconstitutional revolution, the destruction of our ancient landmarks, the surrender to communism, or bolshevism or fascism, or the arrival of a dictator marching under the banner of goblinism.

If Thomas Jefferson, without specific constitutional authority, could purchase the whole of Louisiana, what is to prevent Franklin D. Roosevelt, under the same Constitution and without specific constitutional authority, from purchasing a few million acres of waste or unproductive lands in the public interest and for the public welfare?

If Theodore Roosevelt, without specific constitutional authority, could buy from Panama a 10-mile strip across the Isthmus of Panama and dig a canal through it for the benefit of American commerce and as an instrument of national defense, what is to prevent Congress from giving Franklin D. Roosevelt the power to make a few agreements by which some of that commerce may flow to other nations through that same canal?

EXCHANGE REGULATION

If Congress has the power to regulate the freight rate on every pound of commerce that finds its way across State lines and across the continent by rail, water, motor, or airplane; if Congress can regulate the size of cars, the length of trains, the issue of securities, the hours of service, the wages of laborers, and the income of those who own these instruments of commerce, who can say that it has not the power to regulate a stock exchange where the securities of all who have invested in these transportation agencies and all who use them are bought and sold in every city and hamlet of this Republic?

If Congress had the power to revolutionize our banking system by the passage of the Federal Reserve Act, who can deny to it the power to guarantee a modicum of safety to those who intrust these banking institutions with their lifetime accumulations?

If the Federal Government has the right and the power to inspect and to pass judgment on every article of food and every drug which is consumed by the people of the United States—a power and a right which has been upheld by the only authority that can finally adjudicate it, the Supreme Court—who shall deny to that same Congress the power and the right to set up boards or commissions to enforce codes of fair practice among the manufacturers of these articles or other articles over which Congress may have regulatory power?

If the National Government can fix the hours and the compensations and the conditions of employment of those who minister to the necessities of interstate commerce through transportation, who shall say that Congress has not the power to set up the machinery or provide by legislation the conditions under which more men may work and fewer men will be without work?

PUBLIC-WORKS PROGRAM

If the national Government has the power to clean out a harbor or deepen a river or build a road, so that the people may go or carry what they have from place to place throughout the Nation with greater comfort, speed, and efficiency, shall we deny that this same Government has the power to provide a public-works program through which more commodities may be consumed and more of the facilities of life and of comfort may be obtained.

If the national Government may under the Constitution create a banking system to loan money to the people and their institutions, why may it not set up an agency of its own in an emergency to do what the banks, due to the emergency, cannot do?

If Aaron Burr could be tried and acquitted for a conspiracy to destroy the Government because of a little conference on Blennerhassetts Island in the Ohio River, cannot a few professors meet around a beefsteak at a restaurant in Washington and exchange views about things as they are or ought to be without sending a series of shivers of earthquake proportions up and down the spines of other professors remotely located, who hear of it around other beefsteaks also remotely located?

DENIES PLOT

Those who are now directing the destinies of this Government are not seeking, directly or indirectly, to undermine the foundations of constitutional government in the United States of America. They are not seeking to fasten upon the American people any system that is un-American or that will take away the right of the American people to pass upon the acts of their Government in the same constitutional way which has always been theirs.

But those who are directing the Government of the United States at present are trying to apply the powers contained in the American Constitution to the wise solution of the great problems which now beset the Nation in a way that will justify the flexibility and adjustability put in that document by its great framers.

It is not strange to hear able men dispute over the constitutionality of legislation or executive policies. This dispute has been in progress ever since the Nation was established and will continue so long as we are a free and intelligent people. But there is a final reservoir of authority upon that subject. It is the Supreme Court. The people trust that Court. They trust this Nation. They have confidence in themselves. They know that there is no insidious or harmful revolution that can transpire in this Nation without their consent. But they know likewise that evolution in government is as inevitable as the growth of children and of trees. They are not afraid to welcome and espouse such growth.

CONSERVATION PROGRESS IN 1934

Mr. WALCOTT. Mr. President, I ask unanimous consent to have printed in the RECORD a memorandum on Conservation Progress in 1934, with a brief digest of the new laws, prepared by Hon. Harry B. Hawes, former United States Senator from the State of Missouri, and a former member and vice chairman of the Special Senate Committee on Conservation of Wild Life Resources.

Harry Hawes is one of the grand men in the conservation movement of this country and stands square shouldered for everything worth while and practical in the restoration of our game birds and animals and fish.

Outdoor Life, one of the great national wild-life magazines, each year presents its annual award of a gold medal to the conservationist whose achievements in wild-life conservation during the preceding year had been most outstanding. Harry Hawes received this medal in 1931.

He is not only a distinguished leader in the outdoor and wild-life field, but he is a warm, sincere, and loyal friend whose paramount interest today is in the welfare of the creatures of our wilderness world.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

MEMORANDUM ON CONSERVATION PROGRESS

On January 6, 1934, at Boston, I undertook to analyze the national conservation situation existing at that time. That address expressed the hope that big things were just ahead. That hope has been realized.

Administration of the legislative program still remains. That will take time, and the degree of its success will depend largely on those in charge.

A daily increasing mail, in the form of inquiries, makes it necessary to give by way of reply a short review of what has happened thus far.

Never before in our national history have our Congress and our Federal administrators given more attention, consideration, and assistance to the friends of the big "outdoors" than those now in control.

Almost exceeding in importance the legislation recently enacted has been the development of a vigorous national interest in this subject.

Four years ago it was my pleasure to suggest the appointment of a committee of the United States Senate, entitled "the Special Committee on Conservation of Wild Life Resources", consisting of seven Senators. These Senators are now recognized as authorities.

This example was followed in 1934 by the creation of a similar committee in the House of Representatives. There are 15 members on this latter committee.

The President's attitude was defined in a conference held with Members of Congress and leaders of the conservation movement on December 20, last year. We all left that conference filled with

enthusiasm. It resulted in the calling of a national conference for the 25th of January. This was held on that date and attracted a large attendance.

In the meantime the Secretary of Agriculture, with the approval of the President, had appointed a committee of three to prepare a national plan for wild-life restoration. At the time of the conference on January 25, this plan was only in tentative form, but the feeling of cooperation was so strong that it was presented to the President on the following day.

The special committee selected by Secretary Wallace has now completed and presented a plan to the President for his consideration.

This plan contemplates the utilization of submarginal lands in a vast restoration program, including migratory waterfowl, upland game birds, animals, and other forms of wild life.

The President's committee is composed of three well-known and enthusiastic conservationists—Thomas H. Beck, Jay N. Darling, and Aldo Leopold. Their report, already submitted to the President, is comprehensive and illuminating.

JAY N. DARLING, CHIEF OF BIOLOGICAL SURVEY

Conservationists were pleased, I might even say inspired, with the selection of Jay N. Darling, of Iowa, to succeed Paul G. Redington, as head of the Biological Survey. Mr. Redington was transferred, at his request, to an important post in the Forest Service. Mr. Darling's acceptance of this position marks another high spot in conservation. I have the hope that ultimately there will be created what might be termed a conservation secretary under the Secretary of Agriculture and that Mr. Darling will accept that post. He has under him in the Biological Survey men of experience, specialists in their way, who have been developed by long years of service.

An article by Mr. Darling was inserted in the CONGRESSIONAL RECORD on February 26, 1934. It is worthy of careful consideration. His is a broad view. His philosophy is that nature should have a chance in wild-life restoration.

THE PURCHASE OF SUBMARGINAL LANDS

The President's order to expend $25,000,000 in the purchase of submarginal land and withdraw it from commercial agriculture, without additional expenditure of funds or cost to the Government, affords a great opportunity to conservationists. It means a vast expansion of our public domain. It is a comparatively simple matter, if rightly administered, to place part of this added Federal domain in the breeding grounds and along the flight lanes of migratory birds, and use other portions for the development of upland game birds and animals.

Out of a measure intended solely for the purpose of assisting agriculture has come an opportunity.

As many of these areas contain fresh water, this naturally suggested the development and propagation of fresh-water fish, so we have now in the conservation picture not only the Secretary of Agriculture, but in addition the Secretary of the Interior and the Secretary of Commerce, and, under the coordination bill, practically the entire Presidential Cabinet.

But the big accomplishment was of a general character in stimulating national interests in this subject and assuring a permanent place for it in the minds of legislators and administrators.

This will inspire Governors of States, State game administrators, and State legislators to remodel and strengthen the game and fish programs of the various States.

Before answering numerous inquiries about the three big bills which have passed Congress, it might be well to review the legislation which had been secured prior thereto.

THE LACEY ACT

The Lacey Act regulating interstate commerce in wild birds and animals, passed in May 1900, was the first definite expression of Congress on this subject. This act specifies "that the duties and powers of the Department of Agriculture are enlarged to include the preservation, distribution, introduction, and restoration of game and other wild birds", and the act further outlines its objects and purposes as being "to aid in the restoration of such birds in those parts of the United States adapted thereto where the same have become scarce or extinct."

This part of the act was never closely followed by the Department of Agriculture and the Biological Survey. The principal accomplishment of the Lacey Act has been to stop interstate commerce in wild birds and animals and to regulate their importation. Under these provisions it became unlawful to introduce or import into the United States the mongoose, the flying foxes, the fruit bats, or to make further importations of the English sparrow, the starling, and other birds and animals which might be injurious to the interests of agriculture and horticulture. These provisions of the act have been enforced throughout the years.

THE MIGRATORY BIRD TREATY WITH CANADA

Following the passage of the Lacey Act many legislative attempts, beginning in 1904, were made to protect migratory waterfowl. One such attempt became a law which was subsequently declared unconstitutional by the courts (act of Mar. 4, 1913).

This court decision forced the negotiation of a treaty between the United States and Canada protecting migratory birds. The treaty was finally proclaimed on December 8, 1916.

THE MIGRATORY BIRD TREATY ACT

The Migratory Bird Treaty Act became a law on July 3, 1918, and was passed to give effect to the treaty between the United States and Canada. The Secretary of Agriculture was authorized to make regulations for the hunting, taking, transportation, etc., of the waterfowl and other migratory game birds coming within the scope of the treaty. It is under this treaty act that all waterfowl regulations have been promulgated.

THE ALASKA GAME LAW

The next important legislation was the Alaska game law approved on January 13, 1925. This act set up a commission composed of residents of the Territory with a chief executive officer in charge who was also to be the representative of the Biological Survey in Alaska. This act gives to the commission jurisdiction over all of the fur bearers, the big and smaller game animals, and the waterfowl of Alaska. It might be said in passing that the work of this commission has been commendable. It is one of the real accomplishments of the Federal Government in wild-life conservation.

THE MIGRATORY BIRD CONSERVATION ACT

The Migratory Bird Conservation Act was approved on February 18, 1929. The Migratory Bird Conservation Commission, created by this act, consists of the Secretary of Agriculture, the Secretary of Commerce, and the Secretary of the Interior, 2 Members of the Senate, and 2 Members of the House. The Commission is authorized to consider and pass upon all lands recommended by the Secretary of Agriculture for acquisition as waterfowl refuges.

Appropriations were authorized under the act as follows: $75,000 for the fiscal year of 1930; $200,000 for the fiscal year of 1931; $600,000 for the fiscal year of 1932; $1,000,000 for the fiscal year of 1933, and $1,000,000 for each succeeding year thereafter for 6 years, and then $200,000 a year thereafter for acquisition and maintenance.

While these authorizations seem imposing, the appropriations have fallen far short of the figures mentioned. Five years of the proposed 10-year program have expired, yet the actual appropriations have been less than 50 percent of the amount authorized.

UPPER MISSISSIPPI WILD-LIFE REFUGE

On June 7, 1924, the Upper Mississippi Wild Life and Fish Refuge Act was approved. It had been my privilege to introduce this bill in the House of Representatives of which I was then a member.

This bill established a great wild-life-producing and public recreational area on the upper Mississippi and embraces 300 miles of the Mississippi River from above Wabasha, Minn., to a point below McGregor, Iowa. It borders on four States—Iowa, Illinois, Wisconsin, and Minnesota—and embraces 341,000 acres of land and water.

In addition to the fishes that abound in these waters, especially the black bass, there are to be found many muskrats and other small fur-bearing animals. Migratory waterfowl are more and more attracted to the area by reason of the protection that is afforded them within the refuge.

This act for the first time committed the Government to specific appropriations for the creation of wild-life refuges.

THE BEAR RIVER MARSHES IN UTAH

One of the most important migratory waterfowl restoration projects established by Federal appropriation is known as the "Bear River Marsh", in Utah, north and west of Ogden. Here a vast waterfowl death-trap has been converted into a great feeding and breeding area. After an 8-year battle, on April 23, 1928, Congress appropriated $300,000 to dike and later flood about 40,000 acres with fresh water, the second largest waterfowl breeding area in Continental United States. It is now a reality, water having been turned into it in 1930. Waterfowl once more are nesting in this region, which is growing up in native marsh grasses ideally adapted to feeding and breeding.

CHEYENNE BOTTOMS IN KANSAS

In June 1930 Congress authorized an appropriation of $250,000 for the restoration of Cheyenne Bottoms in Kansas. The region is a marshy catch-basin area of 20,000 acres in which thousands of waterfowl formerly rested on their migrations north and south. With no constant water supply, this area dries up periodically and heavy losses of young ducks occur. Only $50,000 of the congressional authorization was appropriated. Thirty-nine thousand dollars of this amount was used in surveys and examination of titles. The balance of the money has never been appropriated. However, it is now listed as one of the projects, in case the President approves the report, for use of submarginal lands.

ALBEMARLE CANAL LOCK

In 1930 Congress provided $500,000 to restore the Albemarle Canal Lock near Norfolk, Va., to stop the flow of salt water and pollution into Currituck Sound and Back Bay, thereby restoring 300 square miles of waterfowl wintering grounds and black-bass producing waters. Joseph P. Knapp and William E. Corey are to be congratulated for this signal achievement.

The black bass bill, which I also had the honor to sponsor in Congress, prohibited the interstate shipment of black bass for commercial purposes.

The black bass bill for the District of Columbia directed national attention to these subjects.

But what immediately concerns most inquirers are the effects of the new laws just passed by Congress and approved by the President.

DUCK STAMP ACT

The Duck Stamp Act provides that all migratory waterfowl hunters must purchase a $1 stamp at convenient post offices, the stamp to be attached to the State hunting license.

Not less than 90 percent of the fund raised by the sale of the stamps will be available for the acquisition, operation, and maintenance of inviolable migratory-bird sanctuaries under the provisions of the Migratory Bird Conservation Act. The other 10 percent will be used for administrative expenses and for the printing and distribution of the stamps.

No one knows exactly the number of migratory waterfowl hunters. It has been estimated by officials and other agencies that the number is between 500,000 and 1,500,000. No matter how much is raised through the purchase of these stamps, it will be that much more than is obtained at the present time, and once this fund is established Congress can be called upon to carry out its obligations under the Norbeck-Andresen Act by bringing the appropriations up to date. The program can be pushed forward just as rapidly as the money becomes available. Time is the essence of migratory waterfowl restoration. Waterfowl areas must be purchased and restored so that birds may use them. Some of the more important areas should be acquired this year.

THE COORDINATION ACT

The Coordination Act was before the Senate for 2 years. In itself it is a broad restoration program. Its title is significant, a bill "To promote the conservation of wild life, fish, and game." Its first section announces a policy for the development of "a Nation-wide program of wild-life conservation and rehabilitation."

The Secretaries of Agriculture and Commerce are authorized to assist and cooperate with other Federal and with State and private agencies in increasing the supply of game and in combating diseases.

Section 2 brings to an end the long fight against pollution of our inland waters. Investigations are authorized to determine the effects of pollutants upon wild life, and it calls upon the Secretaries of Agriculture and Commerce to report to Congress with recommendations for remedial legislation.

Section 3 gives opportunity to the Bureau of Fisheries and the Biological Survey to make use of all Federally impounded waters. Fish hatcheries and migratory waterfowl resting and nesting areas are authorized on reclamation projects where large bodies of water are stored for irrigation and other purposes.

Wherever economically practicable, fishways or other devices are authorized, such as dams to take care of the migration of fish from the upper to the lower, and from the lower to the upper waters of these dams.

Section 4 calls upon the Office of Indian Affairs, the Bureau of Fisheries, and the Biological Survey to prepare a plan for the better protection of wild life upon all of the Indian reservations and unallotted Indian lands.

This ties in three Departments of the Government—Agriculture, Commerce, and Interior. Once this plan for control and protection of wild life on the Indian reservations is promulgated by these Secretaries, wild life will immediately increase in these regions.

Section 5 is in itself a comprehensive wild-life program. Under it the Biological Survey and the Bureau of Fisheries are directed to survey the wild-life resources of the public domain on any lands owned or leased by the Federal Government and to develop a program for the maintenance of an adequate supply of wild life on these areas.

This section also authorizes the establishment on the public domain of game farms and fish hatcheries of such proportions as are necessary to replenish the supply of game, fur-bearing animals, and fish.

The word "game" is here used in its broader meaning which includes birds and four-footed animals. The only limitation on the establishment of these game farms and fish hatcheries is that the State in which the farm or hatchery is to be located must give its consent. Such consent legislation has been given in all but one State.

Section 6 gives broad authority to the Federal agencies to cooperate with all other agencies, whether private or public, engaged in conservation work. It also authorizes the Federal Government to accept donations of lands, moneys, and other aids in the development of the wild-life program provided in the act.

The coordination act is probably the most important and far-reaching in its effects of the three bills. It puts every department of the Government upon notice to consider conservation and gives real power to different bureaus. It will be found to be of great assistance to the President's committee. It gives authority where heretofore cooperation was merely voluntary. Conservationists will find much more in this act than they may have anticipated.

With adequate appropriations and intelligent leadership, the coordination act will give to the lovers of outdoor America, a restoration of wild life which a few years ago appeared impossible.

The machinery is set up, the agencies have their instructions. Many of these plans and surveys should be completed this year and recommendations should be forthcoming so that at the next session of Congress adequate appropriations may be provided.

NATIONAL FOREST REFUGE ACT

This is an act which Senator JOSEPH T. ROBINSON had endeavored to pass for the previous 14 years.

It is the correlate of the other two acts already commented on.

In brief, the act provides that the President, upon recommendation of the Secretary of Agriculture and the Secretary of Commerce may, by public proclamation, establish in the national forests, fish and game sanctuaries which shall be devoted to the increase of game birds, game animals, and fish which are indigenous to the area.

The only limitation on the right of the President to establish these sanctuaries is that consent of the State in which the sanctuary is sought to be established must first be obtained.

The Secretaries of Agriculture and Commerce are charged with the execution of the act and are authorized to make rules and regulations for the administration of the sanctuaries.

This act will be of special benefit to the Western States where national forests have their eminence. All forms of wild life will be benefited.

WORK ADVANCED, BUT MUST CONTINUE

The scope of each of these acts is well worthy of study. A wild-life program for the next generation has been established. Our task now is to urge adequate appropriations for carrying on the work of restoration.

None of these results could have been brought about without the active cooperation of all the great national game and fish organizations of America.

Nor could it have been done without the active assistance of various State and local organizations. They were urged to express their opinion to official Washington, and this they have done.

Now they have one other thing to do; that is to follow closely the administration of these laws, and to do their share of the work locally.

It is a great opportunity for our 13 million hunters and fishermen to keep up the good work—not permit the enthusiasm to die. It is at its high peak now.

The groundwork for a big Federal program has been laid. To complete the structure will require years of intelligent, organized effort in which everyone interested in the outdoors must participate in order to achieve the desired end.

In some of our States a high degree of efficiency has been attained. Restoration programs of a very practical and efficient character have been carried through, but there are other States that lag behind, and to these the appeals of all classes of our citizens must be made.

The one who seems to have had the hardest time in recent years is the farmer, and this conservation program will be of especial benefit to him. The story should be taken to him from our State universities, from the game and fish departments of the States, from the Governors of States in their messages to their legislatures, from the farm bureaus and agencies, and from the local, State, and national wild-life organizations.

It is now a matter of following through, holding what we have, and assisting in supporting an intelligent, sympathetic administration.

INTERNAL REVENUE TAXATION

Mr. HARRISON. I move that the Senate insist upon its amendments to the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes, ask a conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

Mr. NORRIS. Mr. President, I am not opposed to the motion, but I wish to say a few words before action shall be taken upon it.

I think the revenue bill which we recently considered is one of the best of its kind ever passed by the Senate. I cannot help but notice, however, that certain interests in the country are largely condemning the bill as it passed the Senate.

I desire to read from an Associated Press dispatch. The Associated Press is the greatest, or one of the greatest, news-gathering agencies in the world. It ought to confine itself to the gathering of news and the giving of news information to the people of the country. However, I cannot help noticing, on the part of this news agency, what, to me, seems to be a tendency to step beyond what is its real object and what ought to be the real excuse for its existence. In the Sunday newspapers there was a long article from the Associated Press. I am not going to read it all, but I want to read one or two quotations from it. Among other things, it was said:

Swelling opposition to the Senate provisions for a 10-percent addition to income taxes for 1 year and for abolition of the consolidated returns greeted the new revenue bill yesterday in the House. Democratic and Republican leaders joined in criticising the measure.

What I desire to call attention to is not with reference to an item of news but to an expression of opinion by the use of the words "swelling opposition." If the representative of the Associated Press had been desirous of forming a conclusion instead of sending out news, it would not have been difficult for him to find among the membership of the House of Representatives condemnation of such language. "Swelling opposition to the Senate provisions." That is not an item of news. That is a conclusion drawn by the representative of the Associated Press and sent all over the coun-

try. It is quite common and, in my judgment, a part of the propaganda that is being circulated throughout the country to the detriment and against the provisions of the revenue bill as it was passed by the Senate.

Later on in this article there are quotations from various persons, some of them in condemnation of the action of the Senate, some of them rather discourteous in their nature. For instance, it is said, in quoting one Member of the House:

> It is evident that the so-called "Senate Progressives" ran away with the Finance Committee.

And so forth. That is one of the things which I think has a tendency to create prejudice on the part of the reader against the progressive group, if there is such a group in the Senate as distinguished from the remainder of the Senate, and also to create a sentiment in the country in opposition to the bill as it passed the Senate.

Another quotation is:

> The Senate always has to show its superior knowledge. If it did not, there would not be much excuse for its existence.

That, as a criticism coming from a Member of the coordinate branch of the legislative body, is rather discourteous. It is exceedingly misleading. I desire to call the attention of the Senate and of the country to the fact that the only place in the legislative history of the bill where it received open criticism, and where there was absolute freedom of debate and freedom of action in the matter of offering amendments, was here in the Senate. The bill passed the House of Representatives under a special rule, from which I quote as follows:

> That after general debate, which shall be confined to the bill and shall continue not to exceed 16 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be considered as having been read for amendment. No amendments shall be in order to said bill except amendments offered by direction of the Committee on Ways and Means, and said amendments shall be in order, any rule of the House to the contrary notwithstanding.

So this great bill for raising revenue came to the Senate of the United States without the representatives of the people ever having had an opportunity to offer amendments unless those amendments were approved by the Ways and Means Committee. That committee consisted of 25 members. Thirteen constituted a majority. The Members of the House of Representatives—a body of patriotic, industrious statesmen selected by the people of the country, comprising nearly 450 Members—were all deprived of the right to offer amendments unless they received the approval of 13 picked men. None of them dared say a word in debate unless they were given time by one man on each side, constituting the leaders of the respective parties in the consideration of that bill in the House of Representatives. So when the bill reached the Senate it was considered for the first time under freedom of debate, and with the right to offer amendments.

It is not surprising, therefore, when the bill was first considered by a body that was absolutely free to act, that it was amended in many particulars. Most of the amendments, particularly the ones referred to and criticized by the Associated Press, were amendments which levied increased taxation upon the very wealthy of the country; and it is not surprising that there should come from those influences a propaganda against the action taken by the Senate.

I do not agree with all the provisions of the bill as it passed the Senate. Some amendments were rejected that I should have liked to see adopted; but as a whole, instead of its being a case where the Senate only wanted to "show its superior knowledge", and if it did not do so there "would not be much excuse for its existence", the fact is that the Senate has made of that bill one of the best bills ever presented to the country. When the country realizes that this body was the only place where there was freedom of action on the part of the representatives of the people in the consideration of the bill there will, I believe, grow up a sentiment that will demand that the amendments, drawing revenue from the accumulated wealth of millionnaires everywhere, shall be retained in the bill.

Mr. LONG. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Louisiana?

Mr. NORRIS. I yield to the Senator.

Mr. LONG. I was called from the Chamber. Was the rule which the Senator has read one adopted for the bill we have just sent back to the House?

Mr. NORRIS. The one we are now about to send back.

Mr. LONG. They have already adopted a rule?

Mr. NORRIS. They adopted the rule before they took up the bill.

Mr. LONG. As I understand from what the Senator read, the House is practically foreclosed against voting on our amendments.

Mr. NORRIS. No; as I showed from the rule, the membership of the House were denied the privilege of offering amendments when the bill was up for consideration in the House of Representatives.

Mr. COUZENS. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. COUZENS. I should like to ask whether or not conferees on a bill are required to keep secret the consideration given to the bill in conference, or whether their proceedings are public records?

The VICE PRESIDENT. The Chair can only speak from experience. He does not know that there is any rule on the subject. The Chair knows, however, that there is no way by which the proceedings of a conference can be kept secret if any member of the conference desires to tell about them. [Laughter.] The Chair himself has had that experience.

The question is on the motion of the Senator from Mississippi [Mr. HARRISON].

The motion was agreed to; and the Vice President appointed Mr. HARRISON, Mr. KING, Mr. GEORGE, Mr. REED, and Mr. COUZENS conferees on the part of the Senate.

CANCELATION OF AIR-MAIL CONTRACTS

Mr. ROBINSON of Indiana. Mr. President, in view of the many rumors that have been going around Washington during the past several months with reference to secret-service methods being adopted and put in force by the administration, an editorial which appeared last Sunday in the New York Herald Tribune is rather enlightening. It is entitled "The Ogpu at Washington?"

I send the editorial to the desk and ask to have it read.

The VICE PRESIDENT. Without objection, the editorial will be read.

The legislative clerk read as follows:

[From the New York Herald Tribune of Sunday, Apr. 15, 1934]

THE OGPU AT WASHINGTON?

The revelation that Charles A. Lindbergh was questioned secretly for 4 hours by a Department of Justice agent following his appearance before the Senate Post Offices Committee a month ago makes unpleasant and disturbing news. Following so closely upon the cancelation of the air-mail contracts—an utterly unjust and dictatorial abuse of public power—this resort to star chamber tactics calls for a strict investigation.

The test of the character of Colonel Ristine's investigation lies in the stenographic report thereof. Senator AUSTIN does well to announce that he will insist that this secret record be produced before the Black committee. Were the questions designed to develop constructive advice? Or were they the grueling to which a district attorney subjects a suspect? The record will speak for itself.

If it was a grilling, as is charged, the episode will constitute one more milepost on the road from normal American processes of justice to the Russian system. As such it is of deep concern to the whole Nation. Mr. Lindbergh can take care of himself on any witness stand, as he has demonstrated. Such scrupulous integrity and clear-eyed courage as are his are proof against the assaults of any browbeating inquisition. But the resort to such tactics would constitute a vicious and highly dangerous precedent and deserve the sternest rebuke.

Incidentally it would be interesting to know whether Commissar Farley played any part in instigating this experiment with Ogpu methods. Having punished the air-mail companies without the pretense of a trial, did he perhaps think that a little terrorizing of a hostile witness might help out his case? The country is already greatly in the debt of Senator WARREN R. AUSTIN, of Vermont, for taking up the air-mail fight. Here is another opportunity for his clear, fair questioning in the pursuit of truth.

Mr. LEWIS. Mr. President, I desire to say to the Senator from Indiana that the able editorial in the very excellent publication referred to is based upon statements or con-

struction or interpretation which the Senator from Alabama [Mr. BLACK], having charge of the investigation, says are wholly in error. Since he insists that they are in error, and that the information on which the editorial is founded has been the cause of an error, I beg to state to the Senator from Indiana that the facts stated in the editorial are disputed by those in charge of the investigation.

THE LOUISVILLE & NASHVILLE RAILROAD CO.

Mr. BARKLEY. Mr. President, on the 2d of April, during a discussion by the Senator from Nebraska [Mr. NORRIS] of the utilities and power question, some reference was made by him to a connection between the Louisville & Nashville Railroad Co. and some power company about which I know nothing. Mr. W. R. Cole, the president of the Louisville & Nashville Railroad Co., seeing those remarks in the RECORD, has written me a letter with reference to the Senator's discussion, and I ask that the letter be read by the clerk for the information of the Senate.

Mr. NORRIS. Mr. President, I have no objection whatever to the reading of the letter if it is understood that I may take the time of the Senate to add a little postscript to it in the way of a reply. I realize that this is the morning hour, and that probably, unless we had such an understanding to begin with, I would consume time which the Senate wanted to devote to the consideration of the calendar. Therefore I request that either I be allowed time to answer the letter or that the Senator defer its reading until later, when I may have the time on some question then before the Senate.

Mr. BARKLEY. I have no objection to the Senator's having all the time he desires, because I know nothing whatever about the circumstances.

Mr. NORRIS. I understand that, but I do not want to take up time in advance when under the rules I would not be entitled to the time unless the Senate understood about it.

Mr. BARKLEY. I will defer the request to a more convenient hour.

VIEWS OF ARIZONA EDITOR ON RECOVERY MEASURES

Mr. ASHURST. Mr. President, I fondly believed, for some years, that I was sterilized and vaccinated against the vicious habit of reading letters into the RECORD, but it now appears that the habit has recurred.

My most constant and most savage critic is a leading Democratic daily newspaper in Arizona, to wit, the Arizona Daily Star. I have received a letter from the editor of that journal; and his arguments in opposing my views on certain public questions are so well stated that I telegraphed to him securing his permission to have the letter read into the RECORD.

I now read my telegram to the editor:

APRIL 15, 1934.

Mr. W. R. MATHEWS,
Editor and Publisher the Arizona Daily Star,
Tucson, Ariz.:

Your letter of April 10 received. You are one of Arizona's leading journalists, and your letter ably argues for your views on seven subjects of legislation now before Congress. Inasmuch as I am at variance with you and do not agree with your conclusions therein expressed except that I do concur with your opinion that the President should be granted the power to negotiate the reciprocal treaties, I hereby request permission to print your letter in the CONGRESSIONAL RECORD. Please do not be thin-skinned but imitate me as I am pachydermatous. If you grant me such permission, I shall, of course, print your letter without any deletion. Please wire me.

Kind regards.

ASHURST.

I now send the letter to the Secretary's desk and ask to have it read.

The VICE PRESIDENT. Is there objection? The Chair hears none. The letter will be read.

The Chief Clerk read as follows:

THE ARIZONA DAILY STAR,
Tucson, Ariz., April 10, 1934.

Senator HENRY F. ASHURST,
Senate Office Building, Washington, D.C.

DEAR HENRY: It is with some misgivings that I write you, because, in the first place, I am loath to add to the burden of your overwhelming mail. I have refused countless times to write you at the behest of many different people. In the second place, I have doubts, even though you take the time to read and consider what I have to say in this letter, whether what I say will have any effect on you. I sometimes think that both you and CARL, and even Mrs. GREENWAY, do just the opposite of what I recommend.

I am writing to you concerning certain legislation the administration has introduced that, in my opinion, from impartial observation, is definitely delaying recovery. The securities bill is one. It has practically killed all underwriting of securities. The obligation an issuing house assumes in issuing securities under this act imposes a burden by the practically unlimited endorsement it requires that no honest and reputable security house would or should assume. On the other hand, there is practically nothing in the act to prevent unscrupulous promoters from meeting the terms of the act and then using the fact that they have had their securities registered as a means of implying governmental endorsement of their project. The liability imposed upon them is nothing, because they are here today and gone tomorrow. The fact that no securities of any appreciable amount have been issued shows the disastrous effects of this law, and this fact is reflected by the inability of industry to borrow for long terms, except from the Government, for purposes of plant improvement and expansion. I believe this act has gone entirely too far. Much of the act is needed and desired, but why burn down the barn to kill the rats?

The second piece of legislation is the proposed stock-exchange regulation. I cannot emphasize too strongly the fact that a daily cash market requires speculative activity. Even the Government has had to recognize this fact in supporting a market for Government securities during times of stress. Here again I think the administration is insisting upon burning down the barn to kill the rats.

The third piece of legislation is the Bankhead compulsory cotton bill. The fact that the Government should even countenance the idea of compulsion is a sad commentary on our times. However, remember the fact that within the past 3 months the Supreme Court has twice stated that the ginning of cotton is not a matter subject to legislation under the interstate commerce law. Moreover, the so-called "liberals" of the Supreme Court wrote the opinion, and now you Members of Congress ignore that fact and go blindly ahead and attempt to enact a law which is clearly unconstitutional, if our Constitution still means anything. I refer you particularly to the excellent exposition that Senator BAILEY, of North Carolina, made, and I tell you frankly I am ashamed that neither of the two Senators from Arizona had one word to say in opposition to this obnoxious bill.

The fourth piece of pernicious legislation, I believe, is the proposed unemployment insurance bill. To impose an additional burden on industry at a time when industry is struggling to recover would defeat the very purpose of the bill. I think it would be much better for the unemployed to be put back to work rather than to be called upon to pay the penalty while the administration experiments on them as though they were a bunch of guinea pigs.

The fifth piece of pernicious legislation is the silver legislation. I want to call your attention to the fact that Arizona will not benefit particularly by silver legislation. Mr. Beckett, of the Phelps-Dodge Corporation, told me recently that the byproduct of copper that is coming from the increased silver and gold mining is already proving a serious factor to control. Arizona's interest is primarily in copper and not in silver. The passage of silver legislation would create a temporary boom, but it would have a terrible aftermath. The passage of silver legislation would not help trade with the Orient as is popularly and so frequently said. It would not raise the purchasing power of the silver-using countries. The purchasing power of the silver-using countries depends entirely upon what they produce and what goods we are willing to accept from them in payment for what we sell them. If they were to ship us silver in payment of goods, it would be only a short time until their stores of silver bullion would be exhausted. Tell me how, then, would they be able to purchase from us except by the exchange of goods? The remonetization of silver has no chance whatever unless it is done on an international basis.

The sixth piece of legislation is the Wagner labor bill. The making of every business in the country, regardless of its character, subject to the terms of this bill is a gross invasion of American rights. Labor has an inalienable right to organize and to strike, but neither labor nor the American Government has a right to force every business in America employing two or more people to accept organized labor as represented by the American Federation of Labor. This bill will enable the American Federation of Labor to grow into an organization stronger than the Government itself. I think, therefore, the bill should be defeated.

Finally, allow me to say that business is improving, but the process of improvement is retarded on account of the threats all of this legislation promotes. If the Securities Act were amended so as not to require the vast amount of expense a small business must undergo in order to get its securities registered, and if it were amended so as not to impose an impossible liability on reputable issuing houses, if the power were granted the President to negotiate reciprocal treaties, if all other legislation were killed and Congress adjourned, you Members of Congress would find, on reassembling next January that many of the ills with which you are trying to deal would have been cured in a natural

way, so that your problems would be much simplified and you would not be having the tremendous burden that is now wearing all of you out.

With kindest personal regards, I am,

Very sincerely yours,

W. R. MATHEWS.

Mr. BAILEY. Mr. President, in connection with the communication just presented to the Senate, I desire unanimous consent to offer an item clipped from the Washington Post of this date, sent out as news by the Associated Press and entitled as follows:

Cotton prices drop $1 under liquidation.

The date being April 16. I desire to read just one paragraph, as follows:

Reports that the Senate had adopted the conference report on the Bankhead bill Saturday afternoon and that early House approval of the measure was considered probable were without apparent market influence as traders turned their attention to other developments.

I ask that the entire article may be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

COTTON PRICES DROP $1 UNDER LIQUIDATION—MAY CLOSES AT 11.63 AS GENERAL MARKET FALLS 22 TO 23 POINTS

NEW YORK, April 16.—A decline of slightly more than $1 a bale in cotton today carried the market down to the lowest levels since early February. There was active general liquidation influenced by weakness of grains and silver. July sold off from 11.95 to 11.73 and closed at 11.75, with the general market finishing barely steady at net declines of 22 to 28 points.

The opening was 2 to 5 points lower. Liverpool was a fair seller here on narrower differences during the first hour, but the market showed a fair resistance to each point decline on scale down price fixing for domestics and foreign trade account.

Reports that the Senate had adopted the conference report on the Bankhead bill Saturday afternoon and that early House approval of the measure was considered probable were without apparent market influence as traders turned their attention to other developments.

BECOMES MORE ACTIVE

Following a moderate turnover during the morning at slowly sagging prices, the market became more active and easier in the midafternoon under rather general liquidation with the lower levels uncovering stop orders.

Locals were active sellers on the decline and offerings also came from Wall Street and wire houses. May eased from 11.84 to 11.62 and October from 12.08 to 11.86 with final prices at or within a few points of the lowest.

Washington advices indicating that silver legislation was not on the administration's program for this session of Congress came in for attention in connection with the weakness of silver and the apparent lessening possibilities for inflationary legislation of this character.

Exports today, 16,477, making 6,343,690 so far this season. Port receipts, 11,355. United States port stocks, 3,067,429.

FUTURES PRICE RANGE

	High	Low	Last
May	11.84	11.62	11.63–65
July	11.95	11.73	11.75–76
October	12.08	11.86	11.87
December	12.21	11.96	11.97–98
January	12.26	12.04	12.04
March	12.35	12.10	12.10

Spot steady; middling, 11.80.

COTTONSEED OIL

Bleachable cottonseed oil was easy today, closing 5 to 16 points net lower under increased liquidation and commission-house selling, promoted by the weakness of grains and the lower lard and cotton markets.

Weakness of the stock market was a factor. Sales, 56 contracts; bleachspot nominal; May closed 5.22; July, 5.42; September, 5.62; October, 5.67.

PURCHASE OF VEHICLES FROM EMERGENCY RECOVERY FUNDS

The VICE PRESIDENT. The next order of business is resolutions coming over from a preceding day.

Mr. DICKINSON. Mr. President, I call up Senate Resolution 217.

Mr. McKELLAR. Let the resolution be read.

The VICE PRESIDENT. Is that a resolution coming over from a former day?

Mr. DICKINSON. It is on the table.

The VICE PRESIDENT. Then it will have to come up by unanimous consent or on motion. The Senator from Iowa will be recognized for the purpose of making a motion, unless the Senate is going to proceed immediately with the consideration of the calendar.

Mr. McKELLAR. Mr. President, may the clerk state the resolution?

Mr. DICKINSON. Mr. President, I do not believe there will be any objection to the resolution.

Mr. McKELLAR. Will the Senator state what it is?

Mr. DICKINSON. It is a resolution asking that there be sent to the Senate copies of correspondence between Secretary Ickes and Comptroller General McCarl wherein there was a dispute with reference to the right of purchase of automobiles and general expenditures under the Public Works Administration. The President issued an Executive order, as I understand, annulling the decision of Comptroller General McCarl. I think we should have copies of those records, so that we may determine whether or not such expenditures are rightfully within the control of the Executive.

Mr. McKELLAR. Ought not the resolution go to a committee? I can see no particular objection to it.

Mr. DICKINSON. I see no reason why it should go to a committee. The correspondence constitutes a public record. One can go to the Department and look at such records; it is public correspondence, and such resolutions have never before gone to a committee.

Mr. McKELLAR. Mr. President, will the Senator bring up the resolution a little later and in the meantime let me make some inquiry about it?

Mr. DICKINSON. My understanding is that if we do not get it up today it will be barred.

Mr. McKELLAR. Of course, I do not want to bar the Senator from consideration of the resolution.

Mr. DICKINSON. I do not see what possible objection there can be to the resolution.

Mr. FESS. Mr. President, will the Senator yield?

Mr. McKELLAR. I withdraw my objection.

The VICE PRESIDENT. The Senator from Iowa asks unanimous consent for the present consideration of the resolution, which will be read.

The legislative clerk read the resolution (S.Res. 217) submitted by Mr. DICKINSON on the 4th instant, as follows:

Whereas under date of April 4, 1934, an Executive order was made overruling the decision of Comptroller General J. R. McCarl, wherein the Secretary of the Interior, Harold Ickes, was denied the right to purchase passenger-carrying vehicles out of emergency recovery funds under the National Recovery Act; and

Whereas it is of public interest to know whether the National Recovery Act supersedes other statutes controlling Federal expenditures: Therefore be it

Resolved, That Secretary of the Interior Harold Ickes and Comptroller General J. R. McCarl be requested to furnish the Senate with all correspondence, contracts, and memoranda in connection with such transactions, together with a copy of the Executive order made in connection therewith.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

Mr. BORAH. Mr. President, is this a resolution coming over from a previous day?

The VICE PRESIDENT. It is not; it will have to be considered by unanimous consent or on motion.

Mr. BORAH. If it is going to lead to any debate whatever, I shall object.

Mr. DICKINSON. Mr. President, if it leads to any debate, I shall withdraw it.

Mr. McKELLAR. I want to suggest to the Senator that he allow the resolution to go over today, and I will look into it right away and let him know.

The VICE PRESIDENT. Without objection, the resolution will go over.

THE CALENDAR—BILLS PASSED OVER

The VICE PRESIDENT. The calendar, under rule VIII, is in order.

The bill (S. 882) to provide for the more effective supervision of foreign commercial transactions, and for other purposes, was announced as first in order.

Mr. McKELLAR. I ask that that bill go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 506) conferring upon the President the power to reduce subsidies, and for other purposes, was announced as next in order.

Mr. McKELLAR. I ask that that bill go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 583) relating to the classified civil service was announced as next in order.

Mr. LA FOLLETTE. Over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 316) relative to the qualifications of practitioners of law in the District of Columbia was announced as next in order.

Mr. McKELLAR. The Senator from Utah is not present at the moment, and I ask that that bill go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 867) to define, regulate, and license real-estate brokers and real-estate salesmen; to create a real-estate commission in the District of Columbia; to protect the public against fraud in real-estate transactions, and for other purposes, was announced as next in order.

Mr. McKELLAR. I ask that the same order be entered in the case of that bill.

The VICE PRESIDENT. The bill will be passed over.

BILL INDEFINITELY POSTPONED

The bill (S. 2652) to include peanuts as a basic agriculture commodity under the Agricultural Adjustment Act was announced as next in order.

Mr. McNARY. Mr. President, action on that bill in connection with another measure was taken sometime ago, and I think it should be indefinitely postponed.

The VICE PRESIDENT. Without objection, the bill is indefinitely postponed.

JOINT RESOLUTION PASSED OVER

The joint resolution (S.J.Res. 29) proposing an amendment to the Constitution of the United States providing for the popular election of President and Vice President of the United States was announced as next in order.

Mr. McKELLAR. I suppose that is too important a matter to be heard on the call of the calendar, and I, therefore, ask that it go over.

The VICE PRESIDENT. The joint resolution will be passed over.

UNCLAIMED DEPOSITS IN NATIONAL BANKS

The bill (S. 2359) to provide for the disposition of unclaimed deposits in national banks was announced as next in order.

Mr. REED. I ask that the bill go over.

The VICE PRESIDENT. The bill will be passed over.

Mr. FLETCHER. Mr. President, does not that bill provide for the disposition of unclaimed moneys now in the Treasury?

Mr. REED. No; the bill does not provide for the Government's retaining in the Treasury money now unclaimed; it provides that all unclaimed deposits in national banks throughout the country shall be paid into the National Treasury, and, in effect, it provides a system of national escheat and takes away from the States the power of escheat which they now have. It is a very serious attack on the individual States. I ask that the bill go over.

The VICE PRESIDENT. The bill will be passed over.

BILL PASSED OVER

The bill (S. 2500) to aid in relieving the existing national emergency through the free distribution to the needy of cotton and cotton products was announced as next in order.

Mr. McKELLAR. Mr. President, the Senator from South Carolina [Mr. SMITH], the author of the bill, is not present at the moment, so I will ask that the bill go over.

The VICE PRESIDENT. The bill will be passed over.

LOSSES INCIDENT TO ERADICATION OF MEDITERRANEAN FRUIT FLY

The Senate proceeded to consider the bill (S. 1800) to provide for an investigation and report of losses resulting from the campaign for the eradication of the Mediterranean fruit fly by the Department of Agriculture, which had been reported from the Committee on Agriculture and Forestry with amendments.

Mr. VANDENBERG. Mr. President, I have been objecting to this bill. I have been waiting for the junior Senator from Florida [Mr. TRAMMELL] in order that I might suggest two amendments to it. I do not want to be alone responsible for indefinitely postponing the consideration of the bill. Will the senior Senator from Florida feel entitled to speak for his colleague in respect to one or two amendments?

Mr. FLETCHER. I think I may do that.

Mr. VANDENBERG. The first amendment I desire to suggest is to reduce the sum available for the proposed investigation from $20,000 to $10,000 because of the fact that the bill only carried $10,000 when it was passed by the Senate on March 14, 1932. Would the Senator object to such an amendment?

Mr. FLETCHER. I will make no objection to it.

Mr. VANDENBERG. Then I move to amend in line 11, page 3, by striking out "$20,000" and inserting "$10,000."

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Michigan.

The amendment was agreed to.

Mr. VANDENBERG. Mr. President, the other objection is more fundamental. This bill, if enacted, in its implication, and in spite of the report of the committee to the contrary, may set a precedent for the collection of damages against this Government when the Government has entered upon an agricultural relief program or an agricultural curative program.

No appropriations were made for damages in the case of the eradication of the corn borer, for example, and there has never been any reimbursement when it was undertaken to check the depredations of the pine beetle and the white-pine blister rust, with resultant damage to great areas of forests. I am perfectly willing to have the information called for by the bill collected so long as it is definitely certain that we are not committing the Government to the recognition of any claim. Therefore I move, on page 2, in line 12, to strike out the words "make finding upon such" and in line 15 to strike out the words "and finding", so that all that will result from the bill will be the collection of information. Does the Senator object to that?

Mr. FLETCHER. I think such amendments would very largely defeat the purpose of the bill. The object of the bill is to ascertain exactly what damage came about by reason of the work of the Government itself. The Government, of course, performed a great service down there, but in prosecuting the work it had to employ many people who were green and inexperienced, who did things which it was unnecessary to do and caused damage thereby.

Mr. VANDENBERG. The fact remains that we cannot determine what claims should be acknowledged except as we first have a rule which sets up the principle of liability. I am objecting to setting up any principle of liability at least until the information is at hand. If the Senator wants the bill to provide that full information may be obtained, I have no objection; but I shall have to object to the present determination of the principle, to wit, that we are responsible in damages to anybody in Florida for work done by the Government in respect to the Mediterranean fruit fly.

Mr. FLETCHER. The Senator does not deny that if subsequent information justifies it the damage should be paid?

Mr. VANDENBERG. I deny at present any acknowledgment of liability. I am perfectly willing to have the information developed to prove liability, if any there be.

Mr. FLETCHER. I would rather have the bill passed in the form suggested than not to have it passed at all.

The VICE PRESIDENT. The clerk will state the amendment offered by the Senator from Michigan.

The CHIEF CLERK. It is proposed, on page 2, line 12, to strike out the words "make finding upon such", and in line 15, to strike out the words "and finding."

The VICE PRESIDENT. Without objection, the amendments are agreed to. There are certain amendments of the Committee on Agriculture and Forestry which will be stated.

The amendments were, on page 2, line 14, to strike out "1933" and to insert "1934", and in line 18, to strike out "1934" and to insert "1935", so as to make the bill read:

Be it enacted, etc., That a board is hereby created, to be known as the Mediterranean Fruit Fly Board, to be composed of 5 individuals to be appointed by the Secretary of Agriculture, 2 of whom shall be representatives of the Department of Agriculture (1 to be chairman of the board), 2 citizens of the State of Florida, and 1 man at large. Any vacancy occurring in the board shall be filled in the same manner as the original appointment. Each member of the board, other than members holding office under the State or Federal Government, shall receive compensation at the rate of $10 per day while actually employed on the business of the board. The board shall cease to exist upon transmitting its report under section 2 of this act.

SEC. 2. The board is authorized and directed to (1) conduct a complete investigation and survey of all losses sustained by growers and farmers in the State of Florida resulting from the campaign to eradicate the Mediterranean fruit fly in such State; (2) receive claims for such losses with such proof as the board may require; (3) report the facts and claims; and (4) transmit to the Secretary of Agriculture not later than December 31, 1934, a report of the survey and full data regarding losses and claims: *Provided*, That such report shall serve as information only and not be binding on the Secretary of Agriculture or Congress. The Secretary of Agriculture shall not later than January 10, 1935, transmit such report of survey to Congress, together with such recommendations as he may, in his judgment, deem advisable.

SEC. 3. The board may, with the approval of the Secretary of Agriculture, appoint and fix the compensation (without regard to the civil-service laws and regulations or to the Classification Act of 1923, as amended) of such employees as may be required, and may, with the approval of the Secretary of Agriculture, make such expenditures, including expenditures for travel and subsistence expenses, for personal services at the seat of government and elsewhere, and for printing and binding, as are necessary for the efficient execution of its functions under this act. All expenses of the board shall be allowed and paid upon the presentation of itemized vouchers therefor approved by the chairman of the board and the Secretary of Agriculture.

SEC. 4. That there is hereby authorized to be appropriated the sum of $10,000, or so much thereof as may be necessary, for the purpose of carrying out the provisions of this act.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

REIMBURSEMENT FOR LEVEE RIGHTS-OF-WAY IN MISSISSIPPI VALLEY

The bill (S. 2796) to authorize payments for the purchase of, or to reimburse States or local levee districts for the cost of levee rights-of-way for flood-control work in the Mississippi Valley, and for other purposes, was announced as next in order.

Mr. OVERTON. Mr. President, I move to substitute House bill 8018 for the Senate bill.

Mr. McKELLAR. Mr. President, has the House passed a similar bill?

Mr. OVERTON. The House has passed an exactly identical bill.

Mr. McKELLAR. Has it been reported to the Senate from the committee.

Mr. OVERTON. No; it has not been reported.

Mr. McKELLAR. Unless the bill has actually reached the Senate, it cannot be considered.

The VICE PRESIDENT. The Chair is advised that House bill 8018 has just come over from the House. The bill has the same title as the Senate bill. Does the Senator from Louisiana desire to have the House bill substituted for the Senate bill?

Mr. OVERTON. That is my desire.

The VICE PRESIDENT. Is there objection?

There being no objection, the bill (H.R. 8018) to authorize payment for the purchase of, or to reimburse States or local levee districts for the cost of levee rights-of-way for flood-control work in the Mississippi Valley, and for other purposes, was read twice by its title, considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of War is authorized, out of any money available for carrying out the provisions of the act entitled "An act for the control of floods on the Mississippi River and its tributaries, and for other purposes", approved May 15, 1928, to purchase from, or to reimburse States or local levee districts for the cost of, any levee rights-of-way or easements for the building of levees in the Mississippi Valley for which the United States was or is under obligation to pay under the provisions of the act of May 15, 1928, regardless of whether said States or local levee districts have furnished such rights-of-way in the past and regardless of the conditions under which such levee rights-of-way were furnished, or may be furnished in the future: *Provided*, That after careful investigation the prices are found to be reasonable: *And provided further*, That payments or reimbursements for levee rights-of-way or easements conveying the privilege of building levees may be made as soon as they have been acquired in conformity with local custom or legal procedure in such matters and to the satisfaction of the Chief of Engineers.

The VICE PRESIDENT. Without objection, Senate bill 2796 will be indefinitely postponed.

SERVICE OF MEMBERS OF CONGRESS AS ATTORNEYS

The bill (S. 2018) relative to Members of Congress acting as attorneys in matters where the United States has an interest, was announced as next in order.

Mr. REED. Let the bill go over.

Mr. BORAH. Mr. President, notwithstanding the objection I move that the Senate proceed to the consideration of the bill.

Mr. REED. Mr. President, I suggest the absence of a quorum.

Mr. McNARY. Mr. President, a number of Senators are interested in the bill; and before we act on the motion of the Senator from Idaho, I desire to suggest the absence of a quorum.

The VICE PRESIDENT. The absence of a quorum is suggested. The clerk will call the roll.

The Chief Clerk called the roll and the following Senators answered to their names:

Adams	Couzens	Keyes	Pope
Ashurst	Davis	La Follette	Reed
Austin	Dickinson	Lewis	Reynolds
Bachman	Dieterich	Logan	Robinson, Ind.
Bailey	Dill	Lonergan	Russell
Bankhead	Duffy	Long	Schall
Barkley	Erickson	McCarran	Sheppard
Black	Fess	McGill	Shipstead
Bone	Fletcher	McKellar	Steiwer
Borah	Frazier	McNary	Stephens
Brown	Gibson	Metcalf	Thomas, Okla.
Bulkley	Goldsborough	Murphy	Thompson
Bulow	Hale	Neely	Vandenberg
Capper	Harrison	Norris	Walcott
Caraway	Hayden	O'Mahoney	Walsh
Clark	Hebert	Overton	White
Copeland	Johnson	Patterson	

Mr. LEWIS. I wish to reannounce the absences and the reasons for such as previously announced by me this morning.

The VICE PRESIDENT. Sixty-seven Senators having answered to their names, a quorum is present. The question is on agreeing to the motion of the Senator from Idaho.

Mr. BORAH. On that I call for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. BULKLEY (when his name was called). I have a general pair with the Senator from Wyoming [Mr. CAREY], who is necessarily absent. Not knowing how he would vote, I withhold my vote.

Mr. REED (when his name was called). I have a general pair with the Senator from Arkansas [Mr. ROBINSON], but I know that he would vote as I am about to vote, so I feel at liberty to vote. I vote "nay."

The roll call was concluded.

Mr. FESS (after having voted in the negative). I have a general pair with the senior Senator from Virginia [Mr. GLASS]. I transfer that pair to the senior Senator from Delaware [Mr. HASTINGS], and will allow my vote to stand.

Mr. PATTERSON (after having voted in the negative). I have a general pair with the junior Senator from New York [Mr. WAGNER]. I am not informed as to how he would vote. I therefore am compelled to withdraw my vote.

Mr. METCALF (after having voted in the negative). I have a general pair with the Senator from Maryland [Mr. TYDINGS]. I transfer that pair to the Senator from New Jersey [Mr. KEAN], and will allow my vote to stand.

Mr. WALCOTT (after having voted in the negative). I have a general pair with the junior Senator from California [Mr. McADOO]. He is absent, and I do not know how he would vote if present. I therefore withdraw my vote.

Mr. FLETCHER. I have a pair with the senior Senator from West Virginia [Mr. HATFIELD]. I transfer that pair to my colleague [Mr. TRAMMELL], and will vote. I vote "yea."

Mr. McKELLAR (after having voted in the affirmative). I have a general pair with the junior Senator from Delaware [Mr. TOWNSEND]. As he has not voted, I withdraw my vote.

Mr. LEWIS. Mr. President, on this question I wish to reannounce the absences I previously announced and the reasons for those absences, as previously stated.

I also desire to announce that the Senator from Virginia [Mr. BYRD], the Senator from South Carolina [Mr. BYRNES], the Senator from Texas [Mr. CONNALLY], the Senator from Massachusetts [Mr. COOLIDGE], the Senator from Colorado [Mr. COSTIGAN], the Senator from Georgia [Mr. GEORGE], the Senator from Virginia [Mr. GLASS], the Senator from Oklahoma [Mr. GORE], the Senator from Utah [Mr. KING], the Senator from Utah [Mr. THOMAS], and the Senator from Indiana [Mr. VAN NUYS] are necessarily detained from the Senate on official business.

I also desire to announce the general pair of the Senator from Indiana [Mr. VAN NUYS] with the Senator from New Mexico [Mr. CUTTING].

I wish further to announce that the Senator from Nevada [Mr. PITTMAN] is detained at the White House.

Mr. HEBERT. I desire to announce the following general pairs:

The Senator from New Jersey [Mr. BARBOUR] with the Senator from Montana [Mr. WHEELER];

The Senator from North Dakota [Mr. NYE] with the Senator from South Carolina [Mr. SMITH]; and

The Senator from Oregon [Mr. McNARY] with the Senator from Georgia [Mr. GEORGE].

The roll call resulted—yeas 31, nays 31, as follows:

YEAS—31

Ashurst	Davis	La Follette	Sheppard
Black	Erickson	Lewis	Shipstead
Borah	Fletcher	Lonergan	Thomas, Okla.
Brown	Frazier	Neely	Thompson
Bulow	Hale	Norris	Vandenberg
Capper	Harrison	Pope	Walsh
Copeland	Hayden	Robinson, Ind.	White
Couzens	Keyes	Schall	

NAYS—31

Adams	Clark	Hebert	O'Mahoney
Austin	Dickinson	Johnson	Overton
Bachman	Dieterich	Logan	Reed
Bailey	Dill	Long	Reynolds
Bankhead	Duffy	McCarran	Russell
Barkley	Fess	McGill	Steiwer
Bone	Gibson	Metcalf	Stephens
Caraway	Goldsborough	Murphy	

NOT VOTING—34

Barbour	George	McKellar	Townsend
Bulkley	Glass	McNary	Trammell
Byrd	Gore	Norbeck	Tydings
Byrnes	Hastings	Nye	Van Nuys
Carey	Hatch	Patterson	Wagner
Connally	Hatfield	Pittman	Walcott
Coolidge	Kean	Robinson, Ark.	Wheeler
Costigan	King	Smith	
Cutting	McAdoo	Thomas, Utah	

The VICE PRESIDENT. On this question the yeas are 31, the nays are 31. The Chair votes "yea", and lays the bill before the Senate.

The Senate proceeded to consider the bill (S. 2018) relative to Members of Congress acting as attorneys in matters where the United States has an interest, which had been reported from the Committee on the Judiciary with amendments.

The VICE PRESIDENT. The amendments of the committee will be stated.

The first amendment was, on page 1, line 3, after the word "Delegate", to insert "in Congress", so as to read:

Be it enacted, etc., That no Senator, Representative, or Delegate in Congress, after his election and during his continuance in office, shall receive or agree to receive any compensation whatever, directly or indirectly, for any services rendered or to be rendered to any person, corporation, or association, either by himself or another—

And so forth.

The VICE PRESIDENT. The question is on agreeing to the amendment.

Mr. LONG. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. LONG. Is the Borah bill now up?

The VICE PRESIDENT. The motion just carried resulted in the Senate's taking up for consideration Senate bill 2018, which, perhaps, may be called the "Borah bill." The Senator from Idaho introduced it.

Mr. REED. Mr. President——

Mr. LONG. I do not wish to interfere with any other Senator who desires to speak. If the Senator from Pennsylvania wishes to address the Senate, I will yield to him.

Mr. REED. I desire to suggest an amendment, Mr. President.

Mr. LONG. Very well.

The VICE PRESIDENT. A committee amendment is pending. However, if the Senator from Pennsylvania desires to offer an amendment to the committee amendment, he may do so.

Mr. BORAH. I think the amendment which the Senator from Pennsylvania intends to offer does not relate to this amendment.

Mr. REED. No, Mr. President; I have no objection to the first committee amendment.

The VICE PRESIDENT. The question is on agreeing to the first amendment of the committee.

The amendment was agreed to.

The next amendment was, on page 2, line 1, before the word "interested", to strike out "directly or indirectly", so as to read:

In relation to any proceeding, contract, claim, controversy, charge, accusation, or arrest, or other matter or thing in which the United States as a party is interested—

And so forth.

Mr. REED. Mr. President, I have an amendment to offer to that committee amendment. I move to substitute the word "adversely" for the words "directly or indirectly."

The VICE PRESIDENT. The amendment to the amendment will be stated.

The CHIEF CLERK. On page 2, in lieu of the words proposed to be inserted by the committee amendment it is proposed to insert the word "adversely", so that, if amended, it will read:

In which the United States as a party is adversely interested.

Mr. REED. Mr. President, just a word of explanation of my amendment.

I have no doubt that every other lawyer in Congress has had the same experience as I. I would not dream of taking a case in which the interests of my client were adverse to the interests of the United States; but I can see no reason in common sense or any other way why I should not take a case if the interests of the client are the same as those of the United States.

At the present time I am defending a former official of the Government who is being sued for damages on the allegation that he compelled the payment of a tax which was in fact invalid. This man was trying to enforce a Federal statute, asserting that the tax was valid, and trying to collect it. He is now being sued for that by one of the persons who paid the tax. His interests are absolutely identical with those of the Government of the United States. I do not see why a Member of the House of Representatives or a Member of the Senate should be prohibited from acting in a case of that kind.

I hope the Senator from Idaho will accept the amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Pennsylvania to the amendment of the committee.

Mr. LONG. Mr. President, I object to this or any other amendment to the bill. To begin with, I do not think anyone in the Senate knew what he was voting on. I should like to have a copy of the bill. The vote was 31 to 31. I have asked a number of Senators about the matter, and they said they voted in such a hurry——

Mr. BORAH. I think the Vice President knew what he was voting on.

Mr. LONG. I do not know whether he did or not, but I assume he did. The point is that the Vice President did not have to vote. The vote was 31 to 31, and the motion to proceed to the consideration of the bill would have been lost had the Vice President remained as innocuous as we generally have understood a Vice President could be. I am not willing to have the Vice President's knowledge assumed to be that of the rest of the Senate.

Mr. President, to begin with, if I might say a word, this is the only time the Senator from Idaho has ever put me over in the reactionary column. I believe I might appropriately start off the discussion of this bill by quoting a few lines I thought I had forgotten about King Solomon and King David. King Solomon, I believe, had five or six hundred wives, and King David had two or three hundred, and the poem ran something like this:

King David and King Solomon led merry, merry lives,
With many, many concubines, and many, many wives.
But when old age o'ertook them, with its many, many qualms,
King Solomon wrote the Proverbs, and King David wrote the Psalms.

[Laughter.]

There is no more able lawyer in the United States than is the Senator from Idaho. I read his speeches many years before I ever thought I would be recognized for any public office. His reputation as a lawyer went not only from one end of this country to the other, but I venture the assertion that two thirds of the barristers of the world have read some of the celebrated legal arguments made by the Senator from Idaho. Had this bill been a law in the days when he made those arguments, the world would have been deprived of a great deal of that legal oratory. We would not have had some of the celebrated defenses he has made.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. BORAH. If the Senator will permit me to make a correction in his statement of facts, none of those arguments was made since I became an active Member of the Senate.

Mr. LONG. I think the Senator made an argument in the Haywood case after he became a Member of the Senate.

Mr. BORAH. No; not after I became a Member of the Senate.

Mr. LONG. Had not the Senator already been elected to the Senate?

Mr. BORAH. I had been elected, but I had not entered upon my duties as a Member of the Senate. I was employed in the Haywood case prior to the time I was elected, and I remained in it until it was closed.

Mr. DILL. Mr. President, if the Senator from Louisiana will yield, I want to ask the Senator from Idaho whether he has not represented mining companies since he became a Senator?

Mr. BORAH. No; I have not.

Mr. DILL. The report has been that the Senator has.

Mr. BORAH. I desire to say that I have received no fee as an attorney since I entered upon my duties as a Senator of the United States. I closed up and finished the professional engagements pending at the time of my election. I have taken no new business. I have not since my work here accepted retainers of mining companies or any other companies or persons.

Mr. LONG. Mr. President, I congratulate the Senator from Idaho that he has not had to receive any fee since he came to the Senate.

The reason why I have not received any fees since I came to the Senate is that, with my limited time, I have not been able to get a client who had little enough intellect to employ me. I have tried, however.

The facts are these, that there are many celebrated men who have been Members of the United States Senate, who have not looked on this matter as the Senator from Idaho looks on it, who have rendered to the bar of this country as noble a service as could be rendered.

Let us bear this in mind. A lawyer pleading before a jury pleads before them without any influence of position. His title as a United States Senator is not worth the paper it is written on when he is before a jury. The fact is that it is against him if anything. He has absolutely no vote on the jury, nor has he any vote on the court. He is just the same simple, stripped-down lawyer that anyone else is.

If this bill shall be enacted—and I hope Senators will understand what I am saying—we might just as well write into the law a provision that a lawyer who is a Member of the Senate cannot practice law.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. CLARK. That is clearly the intention of the bill, and I suggest to the Senator that it would be much more in keeping with honesty and much franker simply to pass a law providing that no Member of the Senate or of the House of Representatives should engage in the practice of the law.

Mr. LOGAN. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. LOGAN. I hope that is what the bill means, because that is exactly what I am in favor of. I do not think any Member of the United States Senate should be allowed to practice law.

Mr. LONG. Why not include a provision that no Member of the Senate could practice medicine? Why not include a provision that no Member of the Senate could raise cotton? Why not include a provision that no Member of the Senate could run a newspaper?

Mr. LOGAN. Mr. President, will the Senator yield further?

Mr. LONG. I yield.

Mr. LOGAN. The reason for that is that the raising of cotton does not place the man who raises it in position to influence United States Senators. No one need tell me that, when a Senator represents some great railroad company, and a question affecting that railroad company comes before the United States Senate, the railroad company, through its representatives, does not approach the Senator more as a client to a lawyer than as to a United States Senator representing the whole people. I sincerely believe that Senators ought not to be allowed to practice law, so I answer the Senator's question by saying that the analogy which he draws between raising cotton and practicing law is not very good.

Mr. BONE. Mr. President, will the Senator yield to me?

Mr. LONG. I yield.

Mr. BONE. The suggestion of the Senator from Kentucky leads me to propound an inquiry. I wonder whether a railroad company seeking a special privilege would be any less likely to come to me and ask for favors if I were not a lawyer than if I were an attorney. The thing that would induce that company seeking special privileges to come to me would be that I would have a vote in this body, not that I followed some particular profession.

I agree with the Senator from Louisiana [Mr. LONG]. I am a poor man, and I know of no reason why the Senate should strike from my hands the right to make a living for my family in a legitimate activity. I know of no reason why a poor man should be excluded from this body and the instrument by which he lives be stricken from his hands.

Mr. LOGAN and Mr. BORAH addressed the Chair.

The VICE PRESIDENT. Does the Senator from Louisiana yield; and if so, to whom?

Mr. LONG. I yield first to the Senator from Kentucky.

Mr. LOGAN. The Senator from Washington asked me a question. I only wanted to respond to the Senator that, so far as money and property are concerned, I suspect I am the poorest man in the Senate. I am rich in a good many other respects which I think are worth while, and I do not care much about these other matters. But I would find some way of making a living without accepting fees from those who have business with the Congress of the United States or I would go home and resign and represent them as a private citizen.

Mr. BONE. Mr. President, will the Senator from Louisiana yield further?

Mr. LONG. I yield.

Mr. BONE. May I suggest to the Senator from Kentucky that the bill provides that no Member of Congress can take a case in which interstate commerce is involved? It might have no bearing whatever on legislation. I could not, as a lawyer, nor could a firm with which I was connected, be permitted to handle a case which even remotely touched interstate commerce; and I cannot see any connection between that and my duties here.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. BORAH. The bill would prohibit a United States Senator acting for corporations or associations or persons engaged in interstate commerce, it is true, and it was drawn in that way for the reason that matters of that kind are constantly coming before the Senate for consideration and legislation. I am simply prohibiting by the terms of this bill those professional relationships which relate to matters about which we may be called upon to legislate.

Mr. CLARK. Mr. President, will the Senator from Louisiana yield?

Mr. LONG. I yield.

Mr. CLARK. The Senator will recall that on Saturday last we agreed to a conference report on a bill which declares that every man engaged in the growing of cotton is engaged in interstate commerce. Therefore under the pending bill it would be absolutely impossible to conceive of any sort of lawsuit a Senator or a Representative would be entitled to handle.

Mr. BORAH. I am aware of the fact that we passed a bill declaring in effect that every man engaged in the raising of cotton was engaged in interstate commerce, but every man in the Senate who knows anything about the Constitution of the United States knows that is not true, notwithstanding the fact that we passed the bill.

The simple question is whether it is wise to have attorneys who represent corporations about which we are to legislate and may legislate drawing fees from the corporations at the time when they are sitting in the Senate or the House.

Mr. BORAH and Mr. BONE addressed the Chair.

Mr. LONG. Just a moment.

The VICE PRESIDENT. The Senator from Louisiana has the floor, but yielded to the Senator from Idaho.

Mr. LONG. I did yield to the Senator.

Mr. BORAH. Mr. President, this bill would not inhibit the practice of law, speaking of section 3, outside of those instances and cases where the matters involved might come before the Congress of the United States, such as matters relative to interstate commerce. It would not prohibit a Member of Congress practicing law in all other respects. It would simply prohibit his representing a railroad company, for instance; and will the Senator from Washington say that if he is drawing $20,000 a year from a railroad company he is qualified to sit in legislation which affects his client?

Mr. CLARK. Mr. President——

Mr. LONG. Just a moment. I want to answer the Senator from Idaho.

Mr. BONE. Mr. President——

Mr. LONG. Just a moment. The bill does not stop with prohibiting a Member of Congress from representing a railroad company. I never represented a corporation in my life to amount to much. I do not recall that I ever took many lawsuits for corporations in my life. Certainly none against a poor man. I am on the other side. I sue the railroads. I sue the corporations. I sometimes defend people in the United States courts charged with crime. I had a pretty good practice representing employees under the Federal Employees' Liability Act. Under this bill I could not represent any of them. I could not have represented a laborer who had a ground of suit against a railroad. If the Bankhead bill should be held to be constitutional—and it may be—I could not represent a cotton grower in an action against a cotton gin.

Mr. BARKLEY. Mr. President, will the Senator from Louisiana yield to me?

Mr. LONG. I yield.

Mr. BARKLEY. As I understand the language of the bill, if a wholesale grocer doing business in Kentucky shipped a carload of goods through Louisiana, and those goods were damaged by the railroad company, a Member of the Senate could not represent the wholesale grocer and bring a suit against the railroad company and recover damages.

Mr. LONG. He could not.

Mr. BARKLEY. Such a matter could never come before the Senate or the House for a vote as a legislative question.

Mr. BORAH. Mr. President, will the Senator yield to me?

Mr. LONG. I yield.

Mr. BORAH. Of course, illustrations can be given, but I ask this simple question of the Senator from Kentucky. If he were drawing a salary of $20,000 a year from a railroad company, would he feel that he was prepared, as a representative of the public, to sit in matters of legislation which would affect that railroad?

Mr. BARKLEY. I would not feel that I could, and I would not do it. If I represented a railroad company on any such retainer and were elected to the United States Senate, I would resign my attorneyship with the railroad company.

But I do not admit, if the Senator from Idaho will permit me to say so, that if I desired to represent a private industry or a private individual in bringing a suit against a railroad for damages either to his person or to his goods or to his business, I should be precluded from doing so simply because of my position as a Senator. The bringing of such suit is not a matter in which I could have any official concern.

I will say further to the Senator from Idaho that I have not practiced law since I have been a Member of the Congress of the United States—for nearly 21 years. I abandoned my practice and turned over to others all the cases I had when I came to Washington, and I have not taken a fee from anyone from that day until this. If, however, I desired to practice law during vacation back in my State of Kentucky, and I wanted to bring suit for any concern against a railroad company, or against anybody who is engaged in interstate commerce, or if I wanted to represent one firm that is engaged in interstate commerce in a suit against another concern engaged in interstate commerce, I could not do it under the language of the bill introduced by the Senator from Idaho. I do not see where there is any connection between engaging in such action and my official duties here in the Congress.

Mr. BORAH. It may be there is no connection between them, Mr. President, but I take it the Senator from Kentucky declined to continue in the practice of the law for a reason. He thought it inappropriate and improper.

Mr. BARKLEY. Not necessarily. That might have had something to do with it. I thought it inappropriate for me to be attempting to run back and forth between Washington and my home in Kentucky, and neglect my official duties here while undertaking to practice law on the outside. I did not regard it as having been inappropriate and improper otherwise.

Mr. BORAH. That presents another phase of this question which the bill in effect prevents. It would permit the Senator to devote his time to his public duties.

Mr. BONE. Mr. President, will the Senator from Louisiana yield?

Mr. LONG. I yield.

Mr. BONE. I wonder if the Senator from Idaho realizes how broad section 3 is.

Mr. BORAH. I ought to know something about it. I have been urging it for the last 11 years.

Mr. BONE. The Senator from Kentucky has suggested, and I think with propriety, a perfect case. A grocer is shipping sugar, we will say, from the State of Washington to Alaska. That grocer is engaged in interstate commerce. I might not even be retained, under the terms of the bill, if the grocer desired to retain me as an attorney for him, and I had time—which I do not—but if he desired to retain me I would be forbidden to take a case from a wholesale grocer in the city of Tacoma who shipped a carload of sugar into the Territory of Alaska. I cannot imagine by the widest stretch of imagination how such work could affect my duties

here. I have not represented any corporations while here. I never have.

Mr. BORAH. None of us do, of course.

Mr. BONE. With that section out of the bill I think it a proper measure. I think it improper for Members of Congress to appear and practice before bureaus of the Government and Government departments.

Mr. LONG. Mr. President, that is already prohibited by law. We have a law which prohibits a Congressman from appearing and practicing before bureaus or Government departments.

The point I am making is this: We have all the law in the world that I think is proper to pass. We have a law today that we cannot go before any department of the United States Government and represent a client for any compensation.

That is the present law. A Member of Congress cannot represent the diplomatic service of a foreign country without violating the law; but here is a bill, under the terms of which an effort is made to prevent a man from going before a court with which he has absolutely no affiliation, over which he has absolutely no control. We are not simply stopping a man from representing corporations. I might be willing under some circumstances to go before the people and oppose corporation lawyers who are running for office in order to try to defeat them for election if they represent corporations whose interests are opposed to those of the people. There are some places where the people do not think that is anything against a man. They would rather have a good railroad lawyer in the Senate than anybody else. That is not my view of the matter, though it may be the view of some people. Here, however, the proponents of the bill come before us and say, "A lawyer cannot be a lawyer when he gets into the United States Senate. He will have to quit his business as a lawyer."

The Senator from Idaho, who is also liberal, has another view of the matter where the two extremes will meet. My friend from Idaho wants to do more things. He wants to reduce the salaries of Senators, to start with. If we had not worked pretty hard, I do not think we would have gotten our salaries back to $9,500. The Senator from Idaho first would cut the salaries, and he would take his cut along with the rest. I honor him for taking that position. He would not even take the raise for awhile, I understand, after it was voted. If I had voted against it and it had been raised, you would not have seen me waiting around; I would have gone around to get it myself. I would not have been nearly as meticulous as my friend from Idaho was.

First, however, he wants to cut the salaries. That is no. 1.

Mr. BORAH. I am not advocating the reduction of salaries, except the reduction which should take place by reason of this depression. I thought it was proper for us to bear our proportion of the cut; that is all. I am not asking for a general reduction of salaries, as a permanent policy.

Mr. LONG. I know my friend has good motives and thinks we ought to take our part in fighting the depression. He first would cut down the salaries, and then he would raise the Senators' income tax, and prevent them from making a living anywhere else. What a man can do after he gets through legislating in the United States Senate, I do not know. If there is anything else left which he can do, I do not know what it is. There would be only two classes which could crawl into the United States Senate—a pauper or a rich man—if such legislation as this were passed. A man would have to be either the one or the other in order to get into the Senate.

I know and I propose a reasonable rule to apply to the Senate under present conditions. If it were left to me, I would raise the salaries of United States Senators to what they ought to have. I would pay them about what they could make or what they ought to be able to make on the outside. I would pay them what would be a reasonable living cost when they are in the Senate. I would pay them enough to enable them to pay the cost of making a political campaign instead of having to stand with their hats in hand out in front of St. Peter's Church to look for a dime here and there with which to buy stamps in order to mail out circulars to their constituents.

I would not give Senators a salary of $10,000 a year each. If it were left to me, I would pay them more than that so long as it cost that much to hold the office. I am not afraid to go back and tell the people of my State that I would be in favor of paying them a sufficient amount to pay the reasonable living costs of a Senator while in the Senate. I would be willing to tell them that the salaries of Senators ought to be double what they are at the present time; and, even if the salaries were doubled, Senators would not have enough to live on in Washington and pay for conducting their campaigns every 6 years.

Now, however, it is proposed to make us get out of the practice of law. I think Senators know that if a man is taken out of the practice of law for 15 or 20 years he is done for as a lawyer. If he does not keep some kind of a contact with somebody, and keep his contacts with the jurisprudence of the State and the United States, he is done for as a lawyer at the end of 10 or 15 years' time.

I do not think the average life of a United States Senator is 15 years. I think the average life of a United States Senator may be some 9 or 10 years. He gets into the Senate, and under this bill when he gets into the Senate he is to be prohibited from the practice of law; and then perhaps after awhile he is kicked out of the Senate by the people, and then he is not able to continue his law practice and is left with no place to go.

We cannot pass this bill except on the theory of the Senator from Kentucky [Mr. LOGAN]; that is, we cannot pass it unless we look upon it just as the Senator does, when he said he would vote for the bill because he wishes to prevent Members of the Senate from practicing law.

Mr. BONE. At all.

Mr. LONG. At all; and that is the purport of the bill, whether the Senator from Idaho has written that into it or not. The purport of the bill is that we cannot practice law.

My friend from Idaho points out that lawyers deal with the Government. Then a man who has any interest at all in any bank would have the same reason for not sitting in the United States Senate, because the bank has to deal with the Government. Any man who borrows money from a bank should not be allowed to sit in the United States Senate, because his note is negotiated with the Reconstruction Finance Corporation and with the Agricultural Adjustment Administration and the Federal Reserve bank; so he ought to be put out of business.

No man who has raised cotton ought to be allowed to sit in the United States Senate, because he is dealing directly with the United States Government. He is receiving a bounty on his cotton, a loan from the Government, and has marketed his crop through the United States Government, and with his connection he ought not to be allowed to be in the United States Senate either.

We should not let a man who is on the C.W.A. roll come to the United States Senate, because the Government has been feeding him, so he could not be a Member of the United States Senate.

If you will name me any man who has not a contact by which his private interest is affected, even though he be a Senator, I do not know who he is. Why not say that no Member of the United States Senate should recommend anybody for employment? Why not say that Members of the Senate ought not to be allowed to solicit jobs in Federal departments because of the fact that if they put their friends in jobs in Federal departments it is likely to affect their standing, it is likely to affect their viewpoint in voting on legislation? There is far more reason to do so than to say that a man in the United States Senate could not appear as counsel before a court.

I am sorry I am not going to be able to complete my argument on this matter before 2 o'clock. There are a great many things I desire to say. To begin with, I do not believe the bill should ever have been taken up. The Senator from Idaho says he has been drawing it for 11 years. I do not present the case as concretely as my friend from Washington

[Mr. BONE] presents it; but I say that a man who is in the United States Senate, and who owes anything, certainly knows that he is not going to be able to pay it if he is prohibited from pursuing his profession as a lawyer. It is too late for most of us to engage in any other kind of profession; and those of us who do not represent corporations, who never have represented corporations, who represented little men who sued railroads, who sued electric-light companies, who sued steamboat companies, who brought suits against the big oil and transportation companies, those of us who represented the common, ordinary man, drawing a small fee, who hoped some day that we would be able to come back and have time enough to represent some of them to make enough fees to help us pay the deficits steadily growing by reason of the expenses of a United States Senator being above the amount of money he gets in the office, certainly do not want to be hamstrung, Mr. President, at such a time as this, by a bill which is going to prohibit us from engaging in a vocation which we have trained ourselves all our lifetime to pursue.

I think Senators make enough sacrifices when they come to Washington to sit in the United States Senate. I have had lots of jobs, but this is the sorriest one I have ever had. I had a job as a farmer, and when I left the farm I said I did not want to go back to it, and I thought I would never have a job as hard as that. Then I used to set type by lamplight, sometimes being up until 2 or 3 o'clock in the morning, standing on my feet most of the time, and I thought that was a pretty poor job. Then I had a job as a drummer driving a surrey behind a pair of "broom-tailed" ponies, or riding the "jerk-water" trains at night; but the sorriest job I ever had has been in the United States Senate, Mr. President [laughter]; and now they are going to come along and take away the one and only chance a man has got to pay himself out of debt while he sits here.

RELIEF OF DEBTORS IN BANKRUPTCY PROCEEDINGS

The VICE PRESIDENT. The hour of 2 o'clock having arrived, the Chair lays before the Senate the unfinished business, which will be stated.

The CHIEF CLERK. A bill (H.R. 5884) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto.

Mr. McKELLAR. Mr. President, after conference with the Senator from Indiana [Mr. VAN NUYS], I ask unanimous consent that the unfinished business be temporarily laid aside and that the Senate proceed to the consideration of Senate bill 3170, known as the air-mail bill.

The VICE PRESIDENT. Is there objection to the request of the Senator from Tennessee that the unfinished business be temporarily laid aside and that the Senate proceed to the consideration of Senate bill 3170?

Mr. ASHURST. Mr. President, the Senator from Indiana [Mr. VAN NUYS] is in charge of the unfinished business.

Mr. McKELLAR. Yes; and he has asked that what I have suggested be done.

Mr. ASHURST. Very well.

Mr. McNARY obtained the floor.

Mr. McCARRAN. Mr. President——

Mr. McNARY. I yield to the Senator from Nevada.

Mr. McCARRAN. Mr. President, I do not like to interpose an objection to the unanimous consent request of the Senator from Tennessee, but, in view of the condition of the hearings going on, and in view of legislation in the making of which the Senator has some knowledge, I cannot at this time consent, and therefore object.

The VICE PRESIDENT. Objection is made.

THE AIR MAIL

Mr. McKELLAR. Mr. President, I move that the Senate proceed to the consideration of the bill (S. 3170) to revise air-mail laws.

The VICE PRESIDENT. The question is on the motion of the Senator from Tennessee.

Mr. McNARY. Mr. President, is that motion subject to debate?

The VICE PRESIDENT. It is subject to debate.

Mr. AUSTIN. Mr. President——

Mr. McNARY. I yield to the Senator from Vermont.

Mr. AUSTIN. Mr. President, I do not intend to debate this question, but I do wish to call the attention of the Senate to the pending situation. The most recent event which has come to my notice came through the agency of the press, which indicated that the President had made a suggestion to certain Senators with respect to air-mail legislation and to a fundamental study to be made covering the whole field of aeronautics.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield.

Mr. McKELLAR. I will say to the Senator that the President's suggestion is that two amendments be made, one reducing the time of the contracts from 3 years to 1 year and the other providing for the establishment of a commission to consider the general subject of the air mail. These two amendments will be offered later on in the progress of the consideration of the bill.

Mr. AUSTIN. Mr. President, of course, we cannot foretell, we cannot even imagine, what the terms of those amendments will be, and perhaps they have not as yet been agreed upon; but until there shall be some indication that this procedure will not be used merely as a means of consolidating the cancelation of the air-mail contracts and foreclosing a proper consideration of the causes which led up to that event, I must urge upon the Senate not to proceed to the consideration of any permanent legislation on this subject.

I am rather inclined to believe that the President's suggestion is a very wise one with respect to permanent air-mail legislation; I am not intending to commit myself to it in advance, of course; but I say this much in order to reveal to my colleagues my disposition to go along and work toward any constructive legislation that will save the institution of aeronautics for our people. I do not think it would be wise for us to proceed with the measure which is referred to by the Senator from Tennessee until we shall have some definite idea of the matter to which we are going to address our real consideration. For that reason I hope the Senate will not vote to make Senate bill 3170 the pending business at this time.

Mr. McCARRAN. Mr. President, while in many things I do not concur with the learned Senator from Vermont [Mr. AUSTIN], who is my colleague on the special committee, on this particular matter I do concur with him, and there are reasons for my position. There is legislation now in the making here in connection with which Senators are giving their time and their energy to a study of a matter which is of Nation-wide interest and which in its far-flung effects should have careful consideration. Pending before one of the standing committees of this body and receiving its consideration is another measure on this subject, and now to try to crowd forward a measure that so greatly affects our national life seems to me to be untimely.

I respectfully say, Mr. President, that at this time the bill referred to by the Senator from Tennessee should not be forced forward, but further opportunity should be afforded in order that we may give the best thought we have to measures now pending which may take the place of or be consolidated or amalgamated with the thoughts incorporated in the bill which the Senator from Tennessee represents. Therefore, in view of the facts stated, and the further fact that the special committee on ocean- and air-mail subsidies have been sitting all morning and have witnesses now before them ready to go on, I say that legislation of this kind should be postponed until all the facts shall be brought out and until we may have knowledge of the entire condition. We should not have forced down our throats a measure that comes from some particular governmental agency. I do not care what that agency may be; I do not care what department may have drafted the measure, but I ask the Senate to vote making Senate bill 3170 a special order or the unfinished business.

Mr. WHITE. Mr. President, I concur without reservation in what has been said by the Senator from Vermont [Mr. AUSTIN] and the Senator from Nevada [Mr. MCCARRAN] as to the undesirability of proceeding at this time with this proposed legislation. The Senate of the United States by formal resolution authorized the appointment of a committee to study the problem of the ocean- and air-mail contracts and all facts bearing upon such contracts then in existence. That committee has been diligent in its efforts; its work has not as yet been concluded. There have been no conferences among members of the committee so far as my knowledge goes as to the conclusions which should be arrived at; I take it that no member of the committee is at this time able to state with definiteness and finality what any other member of the committee believes as to proper legislation on this subject.

It seems to me to be a reflection upon the committee while it is still engaged upon this work to bring in here proposed legislation on the subject and to force its consideration. I think legislation of this character should be postponed until the committee shall have concluded its work and until the committee shall have made its recommendations to the Senate.

Mr. BLACK. Mr. President, I dislike very much to disagree with my friend from Nevada, who is a member of the special committee, as to the advisability of considering this proposed legislation at this time. Insofar as waiting until the committee shall have completed its investigation is concerned, it is my judgment that it will be impossible for the committee to complete its investigations for some months. We have not as yet gone in detail into the financial aspects of the companies, and we cannot do so before the Senate, in the ordinary course of events, shall adjourn.

The bill which is proposed anticipates a broader study than that in which the present Senate committee has engaged and perhaps a broader study than it has the power to undertake. It anticipates and provides for a thorough investigation of Army and Navy aeronautics, and, indeed, all branches of aeronautics in the Nation. It is my belief that we should proceed to enact legislation at this time to the extent which this bill proposes.

I do not consider it to be at all a reflection upon the committee, nor do I believe that there is any justification for the idea that it is a reflection upon the committee; on the contrary, I consider conditions to be such that it is essential at the present time that legislation be enacted, and I sincerely hope that the motion to proceed with the consideration of the bill will be adopted.

Mr. DILL. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. HARRISON in the chair). Does the Senator from Alabama yield to the Senator from Washington?

Mr. BLACK. I yield to the Senator from Washington.

Mr. DILL. I wish to ask the Senator about another phase of the subject, and that is the possibility of getting some copies of the hearings that have been conducted. I understand the copies which were printed are exhausted.

Mr. BLACK. The Senator is correct.

Mr. DILL. I have been unable to get a copy of any kind. I inquired this morning of the printing clerk, and was told there is a resolution pending to print 1,500 more copies.

Mr. BLACK. There is such a resolution which, as I understand, has been adopted by the Senate. The Senator from Arizona [Mr. HAYDEN] is familiar with it.

Mr. DILL. It must come back to the Senate because of some change to be made. The point I am making is that there is no use adopting a resolution which will give us 1,500 additional copies if they are going to be distributed to a few organizations as the other copies were. I suggest to the Senator that there be a provision incorporated in the resolution that the additional 1,500 copies shall be distributed to Senators who have constituents who would like to get copies.

Mr. BLACK. That is the way the others were distributed in the main. Letters from Senators and Congressmen reached the committee, requesting that copies be sent to their constituents, and they were sent in accordance with those requests so long as copies were available, the first to make the request being first supplied.

Mr. DILL. There is no use to complain about what has been done. I am talking about the future. If the copies heretofore printed were distributed to Senators' offices, no copy came to my office, and I know other Senators who received no copy. I am not now complaining about that, but I am asking that if we are to print further copies of the hearings, there shall be some allocation of copies to each Senator so we will have an opportunity to secure at least one for each Senator's own use and some for his constituents, who are certainly entitled to them.

Mr. BLACK. So far as I am concerned, I shall be very glad to listen to any suggestion of that kind. I have not personally attended at all to the distribution of the copies of the hearings, but they have been sent out upon requests received. I agree with the Senator from Washington that if Senators want copies sent to their offices, that should be done. It can be very easily done.

Mr. DILL. I want more than that. If we have to have a concurrent resolution adopted to order the printing of extra copies, I see no reason why such extra copies should not be distributed in the regular way by having allocated to each Senator a certain number of the printed copies. The other printed copies have been distributed en masse, but the additional copies should be distributed to the various Senators.

Mr. BLACK. I do not know what the rule is. It may be there is a rule of the Senate with reference to distribution, which, of course, should be observed.

Mr. DILL. The resolution should have incorporated in it a provision, as resolutions often do, which provide for printing of extra copies, that those copies shall be distributed in equal number among the Senators.

Mr. BLACK. I shall be very glad indeed to have it done that way in order to relieve the clerks of the trouble of sending them out to the various individuals who request them.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Tennessee.

Mr. MCNARY. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. MCKELLAR. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	Keyes	Robinson, Ind.
Ashurst	Cutting	King	Reynolds
Austin	Davis	La Follette	Russell
Bachman	Dickinson	Lewis	Schall
Bankhead	Dieterich	Logan	Sheppard
Barkley	Dill	Lonergan	Shipstead
Black	Duffy	Long	Steiwer
Bone	Erickson	McCarran	Stephens
Borah	Fess	McGill	Thomas, Okla.
Brown	Fletcher	McKellar	Thomas, Utah
Bulkley	Frazier	McNary	Thompson
Bulow	George	Metcalf	Townsend
Byrd	Gibson	Murphy	Vandenberg
Byrnes	Goldsborough	Neely	Van Nuys
Capper	Gore	Norris	Wagner
Caraway	Hale	O'Mahoney	Walcott
Connally	Harrison	Overton	Walsh
Coolidge	Hayden	Patterson	White
Copeland	Hebert	Pope	
Costigan	Johnson	Reed	

Mr. LEWIS. Mr. President, I desire to reannounce the absences and the reasons for such, as previously announced by me this morning.

The PRESIDING OFFICER (Mr. DILL in the chair). The question is on the motion of the Senator from Tennessee [Mr. MCKELLAR]. On that motion the yeas and nays have been ordered. The clerk will call the roll.

Mr. LONG. Mr. President, I desire to offer a substitute for the motion of the Senator from Tennessee. I move, as a substitute, that instead of taking up Senate bill 3170 the

Senate proceed to the consideration of House bill no. 1, the bonus bill, and that the committee be discharged from its further consideration.

Mr. McKELLAR. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator from Tennessee will state it.

Mr. McKELLAR. That motion is not in order.

The PRESIDING OFFICER. The point of order is sustained. The motion is out of order. The clerk will call the roll on the motion of the Senator from Tennessee that the Senate proceed to the consideration of Senate bill 3170.

Mr. VAN NUYS. Mr. President, I desire to state that the motion of the Senator from Tennessee is in keeping with the agreement made with the Senator from Delaware [Mr. HASTINGS], who is a very active member of the subcommittee having in charge the corporation reorganization bill, which is the unfinished business. The Senator from Delaware is out of the city and will not be back until tomorrow. My agreement with him, as chairman of the subcommittee that had charge of the measure, was that the consideration of the bill should be temporarily postponed until his return.

Mr. McNARY. Mr. President, I did not hear the statement of the Senator from Indiana. The unfinished business is the bill reported by the Senator from Indiana.

Mr. VAN NUYS. That is correct.

Mr. McNARY. I have been told on the floor that the Senator is not ready to proceed with it today, but that he will be ready to proceed with it later in the week.

Mr. VAN NUYS. I will say to the Senator from Oregon that his statement is correct.

Mr. McNARY. When does the Senator expect to be ready to proceed with the consideration of the bill?

Mr. VAN NUYS. I should think by day after tomorrow, at least.

The PRESIDING OFFICER. The question is on the motion of the Senator from Tennessee [Mr. McKELLAR] that the Senate proceed to the consideration of Senate bill 3170. On that question the yeas and nays have been demanded and ordered. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. FESS (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. GLASS]. I transfer that pair to the senior Senator from Delaware [Mr. HASTINGS], and will vote. I vote "nay."

Mr. FLETCHER (when his name was called). I have a general pair with the Senator from West Virginia [Mr. HATFIELD]. I transfer that pair to my colleague [Mr. TRAMMELL], and will vote. I vote "yea."

Mr. METCALF (when his name was called). I have a general pair with the Senator from Maryland [Mr. TYDINGS]. Not knowing how he would vote, I withhold my vote.

Mr. REED (when his name was called). I have a general pair with the Senator from Arkansas [Mr. ROBINSON.] I transfer that pair to the Senator from New Jersey [Mr. KEAN], and will vote. I vote "nay."

Mr. WALCOTT (when his name was called). The junior Senator from California [Mr. McADOO], with whom I have a general pair, is absent from the Chamber, so I shall have to refrain from voting. If at liberty to vote, I should vote "nay."

The roll call was concluded.

Mr. BULKLEY. In the absence of the senior Senator from Wyoming [Mr. CAREY], with whom I have a pair, I withhold my vote. I understand that if present he would vote "nay." If I were at liberty to vote, I should vote "yea."

Mr. HEBERT (after having voted in the negative). I have a general pair with the senior Senator from Illinois [Mr. LEWIS]. In his absence, and not knowing how he would vote, I am obliged to withdraw my vote. If at liberty to vote, I should vote "nay."

I desire to announce a pair between the Senator from New Jersey [Mr. BARBOUR] and the Senator from Montana [Mr. WHEELER], and a pair between the Senator from North Dakota [Mr. NYE] and the Senator from South Carolina [Mr. SMITH].

The Senators from New Jersey [Mr. KEAN and Mr. BARBOUR] are detained on an important matter; and the Senator from Wyoming [Mr. CAREY], the Senator from Delaware [Mr. HASTINGS], and the Senator from West Virginia [Mr. HATFIELD] are necessarily absent. All these Senators, if present, would vote "nay."

Mr. HARRISON. I desire to announce that the Senator from Nevada [Mr. PITTMAN] is necessarily detained from the Senate in attendance upon a conference at the White House.

I also desire to announce that the Senator from North Carolina [Mr. BAILEY], the Senator from Missouri [Mr. CLARK], and the Senator from Illinois [Mr. LEWIS] are necessarily detained from the Senate on official business.

I desire to repeat the announcement heretofore made by the Senator from Illinois [Mr. LEWIS] as to the absences of various Senators, and the reasons therefor.

The result was announced—yeas 48, nays 25, as follows:

YEAS—48

Adams	Connally	Harrison	Overton
Ashurst	Coolidge	Hayden	Pope
Bachman	Copeland	Johnson	Reynolds
Bankhead	Costigan	La Follette	Russell
Barkley	Dieterich	Logan	Sheppard
Black	Dill	Lonergan	Stephens
Bone	Duffy	McGill	Thomas, Okla.
Brown	Erickson	McKellar	Thomas, Utah
Bulow	Fletcher	Murphy	Thompson
Byrd	Frazier	Neely	Van Nuys
Byrnes	George	Norris	Wagner
Caraway	Gore	O'Mahoney	Walsh

NAYS—25

Austin	Fess	McCarran	Steiwer
Borah	Gibson	McNary	Townsend
Capper	Goldsborough	Patterson	Vandenberg
Couzens	Hale	Reed	White
Cutting	Keyes	Robinson, Ind.	
Davis	King	Schall	
Dickinson	Long	Shipstead	

NOT VOTING—23

Bailey	Hastings	McAdoo	Smith
Barbour	Hatch	Metcalf	Trammell
Bulkley	Hatfield	Norbeck	Tydings
Carey	Hebert	Nye	Walcott
Clark	Kean	Pittman	Wheeler
Glass	Lewis	Robinson, Ark.	

So Mr. McKELLAR's motion was agreed to; and the Senate proceeded to consider the bill (S. 3170) to revise the air-mail laws, which had been reported from the Committee on Post Offices and Post Roads with an amendment.

Mr. AUSTIN. Mr. President——

The PRESIDING OFFICER (Mr. McGILL in the chair). Does the Senator from Tennessee yield to the Senator from Vermont?

Mr. McKELLAR. I yield.

Mr. AUSTIN. I think it is fair for me to make an announcement at this time, before the Senator from Tennessee proceeds with his discussion, that I have the intention of preparing immediately an amendment to be offered in the nature of a substitute for the pending bill, intended to restore the status quo before the cancelation of the air-mail contracts, pending an investigation by such a commission as we understand the President has suggested, and also providing for the appointment by the President of such a commission to make a broad examination of the subject and report at the next session of the Congress if possible.

I give the notice now, in order that the Senator from Tennessee may understand that that is our position.

Mr. McKELLAR. Mr. President, the Senator from Michigan [Mr. COUZENS] asks that the bill be read, and I will ask the clerk to read it in my time. I hope we may have order while the bill is being read. It is a very important measure, and I am sure all Senators will take the same view about it the Senator from Michigan entertains.

The PRESIDING OFFICER. The clerk will read.

The LEGISLATIVE CLERK. It is proposed to strike out all after the enacting clause and in lieu thereof to insert the following:

That the act of April 29, 1930 (46 Stat. 259, 260; U.S.C., supp. VII, title 39, secs. 464, 465c, 465d, and 465f) and the sections amended thereby are hereby repealed.

SEC. 2. The term "person", as used herein, is defined so as to include within its meaning all persons, firms, partnerships, corporations, or associations.

SEC. 3. The Postmaster General is authorized to award contracts for the transportation of air mail by airplane between such points as he may designate, and for periods of not exceeding 3 years, to the lowest responsible bidders tendering sufficient guaranty for faithful performance in accordance with the terms of the advertisement at fixed rates per airplane-mile, with a definite weight basis of 1 cubic foot of space being considered as the equivalent of 10 pounds of air mail: *Provided*, That where the Postmaster General holds that a low bidder is not responsible, such bidder shall have the right to appeal to the Interstate Commerce Commission under rules and regulations to be established by the said Commission, which shall speedily determine the issue, and its decision shall be final: *Provided further*, That the base rate of pay which may be bid and accepted in awarding such contracts shall in no case exceed 30 cents per airplane-mile for transporting a mail load not exceeding 300 pounds. Payment for transportation shall be at the base rate fixed in the contract for the first 300 pounds of mail or fraction thereof plus one tenth of such base rate for each additional 100 pounds of mail or fraction thereof, computed at the end of each calendar month on the basis of the average mail load carried per mile over the route during such month, except that in no case shall payment exceed 40 cents per airplane-mile: *Provided further*, That no contract or interest therein shall be sold, assigned, or transferred by the person to whom such contract is given, to any other person without the approval of the Postmaster General and the Interstate Commerce Commission; and upon any such transfer without such approval, the original contract, as well as such transfer, shall become null and void: *Provided further*, That, if, in the opinion of the Postmaster General, the public interest requires it, he may grant an extension of any route, for a distance not in excess of 100 miles, and only one such extension shall be granted to any one person, and the rate of pay for such extension shall not be in excess of the contract rate on that route: *Provided further*, That the Postmaster General may designate certain routes as primary and secondary routes and may include at least four transcontinental routes, extending to termini, as nearly as practicable, on the Atlantic and Pacific coasts, as primary routes. All other routes shall be secondary routes. The character of the designation of such routes shall be published in the advertisements for bids, which bids may be asked for in whole or in part of such routes.

SEC. 4. The Postmaster General shall cause advertisements of air-mail routes to be conspicuously posted at each such post office that is a terminus of the route named in such advertisement, for at least 30 days, and a notice thereof shall be published at least once a week for 4 consecutive weeks in some daily newspaper of general circulation published in the cities that are the termini for the route before the time of the opening of bids.

SEC. 5. After the bids are opened, the Postmaster General may grant to a successful bidder a period of not more than 6 months from the date of award of the contract to take the steps necessary to qualify for mail services under the terms of this act: *Provided*, That, at the time of the award, the successful bidder executes an adequate bond with sufficient surety guaranteeing and assuring that, within such period, said bidder will fully qualify under the act faithfully to execute and to carry out the terms of the contract: *Provided further*, That, if there is a failure so to qualify, the amount designated in the bond will be forfeited and paid to the United States of America.

SEC. 6. The Interstate Commerce Commission is hereby empowered and directed to fix and determine, within 6 months prior to the expiration date of any and every contract made under this act, and at all events at a period not later than 4 years from the date of the passage of this act, the public convenience and necessity for all air-transport routes and the fair and reasonable future rates of compensation for the transportation of such mail matter by airplane common carriers and the service connected therewith, but not in excess of the rates herein provided for, prescribing the method or methods by weight or space, or both, or otherwise, for ascertaining such rates or compensation, and to publish the same, and orders so made and published shall continue in force until changed by the Commission after due notice and hearing.

All provisions of section 5 of the act of July 28, 1916 (39 Stat. 412), relating to the procedure and administrative detail for the adjustment of rates for carriage of mail by railroads, shall be applicable to the adjustment rates for transportation of mail by airplane under this act so far as consistent with the provisions of this act.

In fixing and determining the fair and reasonable rates of compensation for such transportation of mail matter by airplane, the Commission shall not include in such rates, or provide in addition thereto, any compensation by way of subsidy or other similar payment.

SEC. 7. It shall be unlawful for any person, or any officer thereof, holding an air-mail contract, to buy, acquire, control, or own, directly or indirectly, any interest, evidenced by stock ownership or otherwise, in any other person, if such other person is engaged, directly or indirectly, in any phase of the aviation industry.

It shall be unlawful for any person, or any officer thereof, engaged, directly or indirectly, in any phase of the aviation industry, to buy, acquire, control, or own, directly or indirectly, any interest, evidenced by stock ownership or otherwise, in any person holding a mail contract.

No person shall be eligible to bid for or hold an air-mail contract if when operations are begun under the contract, or thereafter, it has an officer, or another, who has theretofore entered into any unlawful combination or conspiracy to prevent the making of any bid for carrying the mails by airplane, or which pays an officer, or another, as a salary, including any other compensation, either directly or indirectly, a sum in excess of $17,500 per annum for full-time service.

"Officer" as used in this section includes a director, trustee, or whoever may individually, or in connection with others, assist in the management of any person as defined in this act.

No person who violates any provision of this section shall be eligible to bid on or hold any air-mail contract.

The prohibitions expressed in this section shall apply to holding companies, air-mail transportation companies, including all such persons or companies as may be engaged in the manufacture or sale of airplanes, parts of airplanes, accessories, or other materials or articles, used in connection with air-mail transportation; and shall also apply to subsidiaries, associates, affiliates, or other persons controlled by interlocking stock ownership or otherwise: *Provided*, That nothing in this section contained shall be construed to prohibit any persons holding an air-mail contract, buying, leasing, or owning in whole or in part a landing field or equipment thereon.

SEC. 8. Any company alleging to hold a claim against the Government on account of any mail contract that may have heretofore been annulled, may prosecute such claim as it may have against the United States for the cancelation of such contract in the Court of Claims of the United States, provided that such suit be brought within one year from the date of the passage of this act; and any person not ineligible under the terms of this act who qualifies under the other requirements of this act, shall be eligible to contract for carrying air mail, notwithstanding the provisions of section 3950 of the Revised Statutes (act of June 8, 1872).

SEC. 9. Each person desiring to bid on air-mail contracts shall be required to furnish in its bid a list of all the stockholders holding more than 5 percent of its entire capital stock, and of its directors, and a statement covering the financial set-up, including a list of assets and liabilities; and in the case of a corporation, the original amount paid to such corporation for its stock, and whether paid in cash, and if not paid in cash, a statement for what such stock was issued. Such information and the financial responsibility of such bidder, as well as the bond offered, may be taken into consideration by the Postmaster General in determining the qualifications of the bidder.

SEC. 10. All persons holding air-mail contracts shall be required to keep their books, records, and accounts under such regulations as may be promulgated by the Postmaster General, and he is hereby authorized to examine and audit the books, records, and accounts of such contractors and to require a full financial report under such regulations as he may prescribe.

SEC. 11. Before the establishment and maintenance of an air-mail route the Postmaster General shall notify the Secretary of Commerce, who thereupon shall certify to the Postmaster General the character of equipment to be employed and maintained on each air-mail route. In making this determination the Secretary of Commerce, in his specifications furnished to the Postmaster General, shall determine only the speed, load capacity, and safety features and safety devices on airplanes to be used on the route, which said specifications shall be included in the advertisement for bids.

SEC. 12. The Secretary of Commerce is authorized and directed to prescribe the maximum flying hours of pilots on air-mail lines, and safe operation methods on such lines, and is further authorized to initiate and approve agreements between air-mail operating companies and their pilots for retirement benefits to such pilots and mechanics. The Secretary of Commerce is authorized to prescribe all necessary regulations to carry out the provisions of this section and section 10 of this act.

SEC. 13. It shall be a condition upon the awarding and holding of any air-mail contract that the rate of compensation for all pilots, mechanics, and laborers employed by the holder of such contract shall be not less than the rate of compensation paid by air-mail-line operators during 1933, as modified by decisions of the National Labor Board. This section shall not be construed as restricting the right of collective bargaining on the part of any such employees.

SEC. 14. In order to improve national defense, promote the art of flying, and secure for air-mail and military and naval pilots the benefits of training in both military and commercial aviation, a committee of not more than seven members, consisting of representatives of the Postmaster General, the Secretary of War, the Secretary of the Navy, the air-mail contractors, and of the air-mail pilots, to be designated in such manner as the Postmaster General may determine, is authorized to provide for an interchange of personnel, so that air-mail pilots who hold commissions as Reserve officers in the Army, Navy, or Marine Corps may be called into active service with their respective branches, and air pilots who are Regular or Reserve officers of the Army, Navy, or Marine Corps may be detailed by the Secretary of War or the Secretary of the Navy, as the case may be, for training in air-mail flying. Such interchange of personnel shall not operate to reduce the pay, emoluments, or privileges of any pilot of an air-mail

contractor, except that any air-mail pilot who is a Reserve officer when called into active service under such interchange shall not be entitled to pay from the air-mail contractor during such active service.

SEC. 15. All commissioned officers who are detailed for training in air-mail flying shall receive from the United States the pay, including flying pay and other allowances, now authorized in accordance with their military or naval rank, and, while detailed to such duty, shall also be paid the same rate per diem as is now payable to civilian employees of the United States under the Subsistence Expense Act of 1926, as amended. The performance by military or naval personnel of duty under this act shall in no way disturb or change their status under their respective commissions, warrants, or enlistments in their branches of the service, or any right, privilege, benefit, or responsibility growing out of such status.

SEC. 16. All persons holding air-mail contracts, and who may employ civilian pilots and/or copilots, who now hold, or who may hereafter hold, commissions in the Army, Navy, or Marine Corps Reserve, shall, upon request of such pilots and/or copilots, grant them leave of absence but not during vacation, of not to exceed 1 month each year, when such pilots and/or copilots may be called to Government training duty with their respective branches of the service, under their respective commissions, for such period: *Provided*, That all reserve officers performing Government duty with their respective branches of the service shall be deemed to be in the Government military service, and, if injured or killed while on such active duty, such officer and/or his dependents and beneficiaries shall be entitled to the same benefits as in the case of officers of the Army, Navy, or Marine Corps and/or their dependents and beneficiaries.

SEC. 17. The Federal Radio Commission shall give equal facilities in the allocation of radio frequencies to those airplanes carrying mail and/or passengers during the time the contract is in effect.

SEC. 18. It shall be unlawful for the contractor of any air-mail route to hold any other contract, or for air-mail contractors competing in parallel routes to merge or enter into any agreement, express or implied, which may result in common control or ownership.

SEC. 19. The Postmaster General may provide service to Canada within 150 miles of the international boundary line, over domestic routes which are now or may hereafter be established and may authorize the carrying of either foreign or domestic mail, or both, to and from any points on such routes and make payment for services over such routes out of the appropriation for the domestic Air Mail Service: *Provided*, That this section shall not be construed as repealing the authority given by the act of March 2, 1929 (U.S.C., supp. VII, title 39, sec. 465a).

SEC. 20. The Postmaster General may cause any contract to be canceled for disregard of or failure by the contractor to comply with the provisions of law herein contained and for any conspiracy or acts designed to defraud the United States with respect to such contracts. This provision is cumulative to other remedies now provided by law.

SEC. 21. Whoever shall enter into any combination to prevent the making of any bid for carrying the mail under this act, or shall make any agreement, or give or perform or promise to give or perform, any consideration whatever to induce any other person or concern not to bid for any contract pursuant to this act, shall be fined not more than $10,000 or imprisoned for not more than 5 years, or both.

SEC. 22. Section 3 of the act of February 2, 1925 (43 Stat. 805), as amended (39 U.S.C., supp. VII, sec. 463), is amended so as to read as follows:

"Air-mail postage rates shall be 6 cents for each ounce or fraction thereof."

SEC. 23. If any person shall willfully or knowingly violate any provision of this act his contract, if one shall have been awarded to him, shall be forfeited, and such person shall upon conviction be punished by a fine of not more than $10,000 or be imprisoned for not more than 5 years.

Mr. McKELLAR. Mr. President, I have long been greatly interested in aviation and especially in the air mail. So long ago as May 1918 I offered in the Senate Committee on Post Offices and Post Roads an amendment which I am going to read, as it is very short. That amendment was proposed to the post-office appropriation bill of that year, and is as follows:

Provided, That out of this appropriation the Postmaster General is authorized to expend not exceeding $100,000 for the purchase, operation, and maintenance of aeroplanes for an experimental aeroplane mail service between such points as he may determine.

Mr. President, that amendment, as I have stated, was offered in the committee and was adopted, but when the bill reached the Senate the Senator from Utah [Mr. KING] made a motion to strike it out. It was not stricken out, and that appropriation of $100,000 was the beginning of the Air Mail Service in this country.

There was established by the then Postmaster General a line from Washington to New York. That line proved to be quite a success. Of course the airplanes were not then particularly good; there was practically no airplane passenger service; but the mails were carried very regularly. I wonder if I might not quote briefly from a speech I made in the Senate at that time? The Senator from Utah, it will be remembered, had made a motion to strike out that amendment, on the ground, as he stated, that air navigation could never be made practicable. I quote from my speech on page 6208 of volume 56, part 6, of the RECORD of the Sixty-second Congress, second session, May 8, 1918, as follows:

Mr. MCKELLAR. I just want to call the attention of the distinguished Senator from Utah [Mr. KING], who is the author of the amendment to strike out the airplane provision——

Mr. BLACK. Mr. President, will the Senator from Tennessee yield to me in order that I may suggest the absence of a quorum?

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Alabama?

Mr. McKELLAR. I yield.

Mr. BLACK. I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum being suggested, the clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Johnson	Pope
Ashurst	Costigan	Kean	Reed
Austin	Couzens	Keyes	Reynolds
Bachman	Cutting	King	Robinson, Ind.
Bailey	Davis	Lewis	Russell
Bankhead	Dickinson	Logan	Schall
Barbour	Dieterich	Lonergan	Sheppard
Barkley	Dill	Long	Shipstead
Black	Duffy	McCarran	Steiwer
Bone	Erickson	McGill	Stephens
Borah	Fess	McKellar	Thomas, Okla.
Brown	Fletcher	McNary	Thomas, Utah
Bulkley	Frazier	Metcalf	Thompson
Bulow	George	Murphy	Townsend
Byrd	Gibson	Neely	Vandenberg
Byrnes	Goldsborough	Norbeck	Van Nuys
Capper	Gore	Norris	Wagner
Caraway	Hale	O'Mahoney	Walcott
Clark	Harrison	Overton	Walsh
Connally	Hayden	Patterson	White
Coolidge	Hebert	Pittman	

Mr. NORRIS. I desire to announce that the senior Senator from Wisconsin [Mr. LA FOLLETTE] is absent, having left the city to attend the funeral of the late Senator Blaine, of Wisconsin.

The PRESIDING OFFICER. Eighty-three Senators having answered to their names, a quorum is present.

Mr. McKELLAR. Mr. President, when interrupted by the roll call, I was about to state that in 1918 in a debate here my distinguished friend and desk mate, the Senator from Utah [Mr. KING], argued the matter on the other side from me. I had introduced a bill to establish an air-mail line between Washington and the city of New York. The Senator from Utah opposed very strenuously that bill. I am going to read a short excerpt from what I said at the time and a brief excerpt from what the Senator from Utah said:

I just want to call the attention of the distinguished Senator from Utah [Mr. KING], who is the author of the amendment to strike out the airplane provision, to the fact that objections of this kind have uniformly been made, and frequently by our ablest and most distinguished men, to new discoveries and inventions of this kind and to progressive measures generally. I think it was no less a person than Mr. Webster who, on the floor of this Senate, about 1830, said he would vote against any appropriation to be used for any purpose for the improvement of anything beyond the Mississippi River, on the ground that the great West was a desert waste and never could be used by this country. Now, we read the statements of the men who opposed those things in those days and we wonder how it was that with their great reputations they were men who did not have more perspective or insight into the future, to say the least; and in the years to come I have no doubt that the distinguished Senator from Utah will be referred to by others, just as I am referring to Mr. Webster now, in the very same way. I can say to the Senator that I believe that he is just standing across the path of progress.

Why, as young a man as I am, I remember distinctly when it was considered that the telephone was a toy and that it had no real use or advantage, and later on the automobile was considered a toy that would never be of any practical benefit; and yet the world could hardly get along today without telephones and automobiles. The telegraph, the ocean cable, the electric light, the electric motor, the moving picture, and numberless other improvements had the same history. And so it is with airships.

I have no doubt that the time will come when we will use them for a hundred different purposes, and that the world will feel that it could hardly get along without them.

I hope the Senator will not interpose an objection to this very worthy measure, as it seems to me. It may be that the money may not bring full results the first year or the second year or even the third year, but the time will come when results will be shown by reason of these experiments. Why, the time will come when we will use airplanes just as frequently as we now use automobiles, in my judgment, and there may be inventions in the future that will far surpass them. We cannot afford to take chances on it if we want to help develop things of this kind and make them the best for our country, and I hope the Senator will withdraw his amendment.

Mr. KING. Mr. President, the Senator from Tennessee is assuming the role of a prophet today. It was stated by the great prophet of old that "without vision the people perish." Prophecy did not cease when Malachi, the last of the prophets of the Old Testament, gave his words to an unwilling world.

Then my distinguished friend the Senator from Utah a moment later said:

Great political leaders have looked with prophetic vision into the future, and the great statesman is the one who glimpses the mighty events which the future holds within her grasp. Poets, too, have been prophets, and they, like Tennyson—

* * * dipped into the future, far as human eye could see,
Saw the vision of the world, and all the wonder that would be;
Saw the heavens filled with commerce, argosies of magic sails,
Pilots of the purple twilight, dropping down with costly bales.

Mr. President, that was in 1918. If the Senator from Utah will recall, that debate was sent out by the newspapers all over the land in parallel columns. Fortunately, as I thought then and as I still think, the Senate decided in favor of making that appropriation for $100,000 to inaugurate only experimental air lines from Washington to the city of New York. The experiment was a success; and either next year or the second year thereafter the Committee on Post Offices and Post Roads authorized an appropriation of a million dollars to establish a line from the city of New York to the city of San Francisco. That line was established by the Government at that time. So we went on down through the years, until there was a change of administration in 1921, when that line was turned over to a private company.

It was not long after the line was thus turned over that we began to give benefits to those engaged in the aircraft industry. In 1924 another measure was passed, adding some little subsidy as we went along. Then in 1928 the celebrated Watres Act was passed.

Mr. KING. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Utah?

Mr. McKELLAR. I yield.

Mr. KING. The Senator has referred to what appears to me as a prophetic statement which I made in 1918, when I quoted from Tennyson, who, in a great poem, adverted to the fact that in the future there would be pilots of the azure blue who would drop their golden bales upon earth.

As I recall, I was not in favor of the particular amendment to which the Senator referred, though not because of opposition to aviation. Indeed, I predicted then, as the few remarks which the Senator has read indicate, the future use of this great instrumentality. I recall that during the war I advocated large appropriations, aggregating several hundred million dollars, for the construction of airplanes to be used in the great World War. And I offered a resolution, as I recall, in favor of establishing a Bureau of Aeronautics. It seemed to me then that airplanes were destined to constitute powerful and indispensable weapons of war as well as instrumentalities of commerce. I believed in the submarine, in the airplane, as essential to our military organizations, and offered a resolution, as I have indicated, calling for the organization of bureaus of aeronautics and submarines. The reactionary forces in the War and Navy Departments, however, were not favorable to the resolutions to which I have referred. I think the World War and subsequent events have demonstrated that important weapons of future wars will be the submarine upon the high seas and the airplane upon the sea as well as upon the land.

I was not favorable then, and I am not favorable now, to subsidies. The word "subsidies" has conveyed a rather unfavorable meaning to me. I believed that private capital would develop the airplane and make of it an instrumentality of commerce, as it has in this and other lands. If it were absolutely imperative, in order to develop the art of aviation, that we should subsidize it in a limited way, I think I should go that far; but I do not believe it to be necessary. I believe in the genius of the American. He has surmounted difficulties in almost every field of endeavor and has brought our country mechanically, industrially, and commercially to preeminence in the world. Give the American opportunity, leave him untrammeled, and he will achieve mighty results and bring countless blessings commercially, industrially, morally, and culturally to our Nation and its people.

Mr. McKELLAR. Mr. President, from that date in 1918 aviation has steadily grown.

On April 29, 1930, an act was approved by which it was provided that contracts for air-mail service would be let after public bidding. I read one section of that measure:

The Postmaster General is authorized to award contracts for the transportation of air mail by aircraft between such points as he may designate to the lowest responsible bidder at fixed rates per mile for definite weight spaces, 1 cubic foot of space being computed as the equivalent of 9 pounds of air mail, such rates not to exceed $1.25 per mile.

I shall not read any more of that act, but ask unanimous consent that the entire act may be printed here as a part of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

The act referred to is as follows:

[Public—No. 178—71st Congress]
H.R. 11704

An act to amend the Air Mail Act of February 2, 1925, as amended by the acts of June 3, 1926, and May 17, 1928, further to encourage commercial aviation

Be it enacted, etc., That section 4 of the Air Mail Act of February 2, 1925, as amended by the act of June 3, 1926 (44 Stat. 692; U.S.C., supp. III, title 39, sec. 464), be amended to read as follows:

"SEC. 4. The Postmaster General is authorized to award contracts for the transportation of air mail by aircraft between such points as he may designate to the lowest responsible bidder at fixed rates per mile for definite weight spaces, 1 cubic foot of space being computed as the equivalent of 9 pounds of air mail, such rates not to exceed $1.25 per mile: *Provided*, That where the air mail moving between the designated points does not exceed 25 cubic feet, or 225 pounds, per trip the Postmaster General may award to the lowest responsible bidder, who has owned and operated an air transportation service on a fixed daily schedule over a distance of not less than 250 miles and for a period of not less than 6 months prior to the advertisement for bids, a contract at a rate not to exceed 40 cents per mile for a weight space of 25 cubic feet, or 225 pounds. Whenever sufficient air mail is not available, first-class mail matter may be added to make up the maximum load specified in such contract."

SEC. 2. That section 6 of the act of May 17, 1928 (45 Stat. 594; U.S.C., supp. III, title 39, sec. 465c), be amended to read as follows:

"SEC. 6. The Postmaster General may, if in his judgment the public interest will be promoted thereby, upon the surrender of any air-mail contract, issue in substitution therefor a route certificate for a period of not exceeding 10 years from the date service started under such contract to any contractor or subcontractor who has satisfactorily operated an air-mail route for a period of not less than 2 years, which certificate shall provide that the holder thereof shall have the right, so long as he complies with all rules, regulations, and orders that may be issued by the Postmaster General for meeting the needs of the Postal Service and adjusting mail operations to the advances in the art of flying and passenger transportation, to carry air mail over the route set out in the certificate or any modification thereof at rates of compensation to be fixed from time to time, at least annually, by the Postmaster General, and he shall publish in his annual report his reasons for the continuance or the modification of any rates: *Provided*, That such rates shall not exceed $1.25 per mile. Such certificate may be canceled at any time for willful neglect on the part of the holder to carry out any rules, regulations, or orders made for his guidance, notice of such intended cancelation to be given in writing by the Postmaster General and 45 days allowed the holder in which to show cause why the certificate should not be canceled."

SEC. 3. That after section 6 of the said act as amended, additional sections shall be added as follows:

"SEC. 7. The Postmaster General, when in his judgment the public interest will be promoted thereby, may make any extensions or consolidations of routes which are now or may hereafter be established.

"SEC. 8. That the Postmaster General in establishing routes for the transportation of mail by aircraft under this act may provide

service to Canada within 150 miles of the international boundary line, over domestic routes which are now or may hereafter be established and may authorize the carrying of either foreign or domestic mail, or both, to and from any points on such routes and make payment for services over such routes out of the appropriation for the domestic air-mail service: *Provided*, That this section shall not be construed as repealing the authority given by the act of March 2, 1929, to contract for foreign air-mail service.

"SEC. 9. After July 1, 1931, the Postmaster General shall not enter into contracts for the transportation of air mail between points which have not theretofore had such service unless the contract air-mail appropriation proposed to be obligated therewith is sufficient to care for such contracts, and all other obligations against such appropriation, without incurring a deficiency therein."

Approved, April 29, 1930.

Mr. McKELLAR. Mr. President, that has remained the law until this time. Recent events caused a cancelation of the contracts that were entered into by the Post Office Department with the several bidders. At this time I shall content myself with an explanation of the various provisions of the pending bill.

This bill was prepared after most careful consideration by the committee, by representatives of the Post Office Department, by representatives of the Commerce Department, and by representatives of the Army. In addition to that the committee has taken 420 pages of testimony. Some of the witnesses who testified in favor of the pending bill are Clarence D. Chamberlain; Karl A. Crowley, Solicitor of the Post Office Department; Miss Amelia Earhart, vice president of the National Airways; William W. Howes, First Assistant Postmaster General; Gen. William Mitchell, one of the most distinguished aviators we had during the war and an expert on aviation; and Eugene L. Vidal, Director of Aeronautics of the Department of Commerce.

A number of other witnesses were called. Among these was Col. Charles A. Lindbergh. Colonel Lindbergh did not endorse all the provisions of the bill. He had a complaint about the cancelation of the contracts, but otherwise his testimony was exceedingly favorable to the bill. That was a major exception on his part. He thought the contracts ought not to have been canceled as they were; but, outside of that, he favored many of the leading provisions of the bill, as his testimony will show.

We had before us Mr. Edwin V. Rickenbacker, the noted American ace, who disagreed with the bill very generally. Mr. Rickenbacker was president of the North American Aviation Corporation, and, of course, it was very natural that he should not be in favor of the terms of the bill. The testimony of Miss Amelia Earhart, however, was most favorable.

Mr. William W. Howes, the First Assistant Postmaster General and for a long time in charge of aviation in the Post Office Department, made a most excellent witness. His testimony was clear, cogent, and forceful; and it was in a very large degree upon his testimony that this bill was predicated.

We had other witnesses before us. Clarence D. Chamberlain, one of the noted aces of the country, one of the noted explorers of the air, came before the committee, and was most favorable to the provisions of the bill.

There were a number of other witnesses. Representatives of almost all the old companies appeared before us. The committee tried to be absolutely fair, and to give them all a chance to be heard. They not only read their own views, but, as it seemed to me, they had very carefully prepared briefs; and the briefs of the representatives of the companies are in the hearings. In my judgment, there was an open, fair hearing of the entire matter.

Various members of the committee took various views at first, but when the bill was ordered reported the action was taken without a record vote in the committee. It is fair to say that there were two or three Senators on the committee who stated their desire to let it be known that they might vote against the bill, or they might offer amendments or substitutes for it. However, when the bill was reported, as I recall, there were no adverse votes at all, but simply statements of several members of the committee; and in that way the bill is now before the Senate.

I wish to call attention to some of the salient features of the bill. I have not a prepared speech on the measure, but I simply desire to consider briefly the various sections.

The first important section is section 3, which provides as follows:

The Postmaster General is authorized to award contracts for the transportation of air mail by airplane between such points as he may designate, and for periods of not exceeding 3 years, to the lowest responsible bidders tendering sufficient guaranty for faithful performance in accordance with the terms of the advertisement at fixed rates per airplane-mile, with a definite weight basis of 1 cubic foot of space being considered as the equivalent of 10 pounds of air mail:

Mr. President, that is substantially the present law. It provides merely that air-mail contracts may be let upon open competitive bidding. A change is made, however, in the life of the contracts. Their duration under the old law was 10 years. The length of time fixed here is 3 years, and I feel that I should say at this point that after conversation with the President, he felt that this provision ought to be limited to 1 year instead of 3 years; that the contracts should be let after public, competitive bidding for a period of 1 year. That is one of the two amendments which will be proposed later.

I next come to the first proviso:

Provided, That where the Postmaster General holds that a low bidder is not responsible, such bidder shall have the right to appeal to the Interstate Commerce Commission under rules and regulations to be established by the said Commission, which shall speedily determine the issue, and its decision shall be final.

The purpose of that proviso is to give a bidder whose bid has been refused for any reason the right of appeal to the Interstate Commerce Commission, there to have the questions concerning his bid, if any there may be, speedily settled. The action of the Interstate Commerce Commission is to be final.

That provision was inserted because we had found that on a previous occasion one bidder had bid $1.01 a mile, my recollection is, and another bidder had bid 62 cents a mile. There was a difference of 39 cents between the two bids. The Postmaster General accepted the highest bid, and the lowest bid was turned down. The committee thought that under circumstances such as that the low bidder should have a right to appeal to the Interstate Commerce Commission, if he desired to do so, and that we should let the Interstate Commerce Commission settle the matter. That is the reason for that proviso.

I next come to the following:

Provided further, That the base rate of pay which may be bid and accepted in awarding such contracts shall in no case exceed 30 cents per airplane-mile for transporting a mail load not exceeding 300 pounds.

The testimony varied about the cost of transporting the mail. Some testified that mail could be carried for as low as 15 or 20 cents a mile, others 25 cents, but out of an abundance of caution, the committee thought that the maximum rate should be 30 cents a mile, with the provisions which will be referred to in a moment for larger loads.

As I recall, the general average under the old contracts was about 38 cents a mile in later months. So the committee fixed the rate at 30 cents a mile for a load of 300 pounds.

Then the following proviso was inserted:

Payment for transportation shall be at the base rate fixed in the contract for the first 300 pounds of mail or fraction thereof plus one tenth of such base rate for each additional 100 pounds of mail or fraction thereof, computed at the end of each calendar month on the basis of the average mail load carried per mile over the route during such month, except that in no case shall payment exceed 40 cents per airplane-mile.

Mr. President, that means that if 300 pounds are carried, an additional 100 pounds shall be carried at the rate of 3 cents a mile, if the bid was 30 cents a mile. The next 100 pounds shall be carried at the rate of 3 cents more, and the next 100 pounds at the rate of only 2 cents more, because 40 cents is the limit for any load. That is assuming that the contractor bid 30 cents a mile for 300 pounds. If he bid 20 cents a pound, then the figures would run up to a considerable height on the larger load.

The purpose is to encourage passenger-plane service with the mail service for the more thickly populated routes and the better routes. As we all know, the best route is from New York to Chicago. I take it that any contractor would be glad to get that route without the slightest suggestion of subsidy, because it pays well.

I proceed:

Provided further, That no contract or interest therein shall be sold, assigned, or transferred by the person to whom such contract is given to any other person without the approval of the Postmaster General and the Interstate Commerce Commission; and upon any such transfer without such approval the original contract, as well as such transfer, shall become null and void.

The purpose of that proviso is to prevent speculation. Under the conditions heretofore existing many companies would get a contract or route certificate on a shoestring and at once proceed to transfer it to other companies and to create monopolies. The following provision was also added:

Provided further, That if, in the opinion of the Postmaster General, the public interest requires it, he may grant an extension of any route for a distance not in excess of 100 miles, and only one such extension shall be granted to any one person, and the rate of pay for such extension shall not be in excess of the contract rate on that route.

The purpose of that proviso is to prevent a company from getting a route, say, from here to Knoxville, Tenn., and then just continuing to extend that route until they get to Mexico City, for instance, or to Los Angeles, Calif., in this country. In other words, the committee thought that, in fairness, these contracts ought to be let after public bidding, and that extensions should not be allowed to the extent that has been indulged.

I now come to the last proviso in that section, which reads:

Provided further, That the Postmaster General may designate certain routes as primary and secondary routes and may include at least four transcontinental routes, extending to termini, as nearly as practicable, on the Atlantic and Pacific coasts, as primary routes. All other routes shall be secondary routes. The character of the designation of such routes shall be published in the advertisements for bids, which bids may be asked for in whole or in part of such routes.

As Senators know, there are now three great transcontinental routes. This would permit another transcontinental route. The Senators from North Dakota, Montana, Idaho, and Washington have long contended that there should be a fourth transcontinental route, and that such a route is necessary. This would merely give the right to establish such a route.

Section 4 merely refers to the advertisement for air-mail routes, and it is along the lines of previous legislation.

Sction 5 has to do with the opening of the bids. I will read it:

SEC. 5. After the bids are opened, the Postmaster General may grant to a successful bidder a period of not more than 6 months from the date of award of the contract to take the steps necessary to qualify for mail services under the terms of this act.

That provision is inserted to enable a company which is well qualified but cannot instantly undertake the work, though submitting the lowest bid, which would mean a saving of money to the Government, to prepare for the work it has bid on.

Section 6 is an important section.

Mr. FESS. Mr. President——

The PRESIDING OFFICER (Mr. BYRD in the chair). Does the Senator from Tennessee yield to the Senator from Ohio?

Mr. McKELLAR. I yield.

Mr. FESS. Does the Senator consider the procedure under section 5, which he has just read, and under which bids are permitted before the bidder is qualified, a safe one?

Mr. McKELLAR. The committee thought so. The bidder will have to give a bond, and the bond, as I understand, will have to be in quite a considerable sum, guaranteeing the carrying out of the contract; and no company will put up the amount of the bond unless it is in good faith intending to take over the contract.

Mr. FESS. Does this language mean that the contract may be let to a bidder who is not qualified, giving him 6 months' time in which to qualify?

Mr. McKELLAR. No; but there might be instances where a bidder of that kind would need some time in which to carry out his bid, and if the bidder were otherwise satisfactory and otherwise qualified, the section gives the Postmaster General a limited time in which to permit him to qualify.

Mr. FESS. The bond, which the Senator says gives that assurance to the Government, will not be issued until after the bid is passed upon?

Mr. McKELLAR. No; there is a bidder's bond filed before the contract is made, and then there is the bond guaranteeing that the terms of the contract will be carried out. There are two bonds provided for, one being a bidder's bond and the other a bond to carry out the contract.

I next come to section 6, which gives the Interstate Commerce Commission the power—

To fix and determine, within 6 months prior to the expiration date of any and every contract made under this act, and at all events at a period not later than 4 years from the date of the passage of this act, the public convenience and necessity for all air-transport routes and the fair and reasonable future rates of compensation for the transportation of such mail matter by airplane common carriers and the service connected therewith, but not in excess of the rates herein provided for, prescribing the method or methods by weight or space, or both, or otherwise, for ascertaining such rates or compensation, and to publish the same, and orders so made and published shall continue in force until changed by the Commission after due notice and hearing.

In other words, after the first contracts are let by open competitive bidding there is placed in the hands of the Interstate Commerce Commission, in which I think the people of the United States have confidence, the matter of the establishment of rates within the statutory limitations.

I next come to a section which, with the third section, I consider the most important section in this bill. I refer to section 7, on page 2. I desire to give the history of that section. It was drafted and redrafted probably half a dozen times. The committee tried its hand at the section, and several provisions were written and even agreed upon; and finally, when the bill came up for a vote before the committee, the distinguished Senator from Kentucky [Mr. LOGAN], who is an ex-judge of the supreme court of that State, a very able lawyer, and a very gifted hand at distinguishing between legal terms and in the use of legal terms, asked if he might take the section home and redraft it along lines which he believed would carry out the purpose of the committee. That was done, and the next morning Senator LOGAN appeared before the committee and submitted this section. I read it:

SEC. 7. It shall be unlawful for any person, or any officer thereof—

A person meaning a corporation, as provided earlier in the bill—

holding an air-mail contract, to buy, acquire, control, or own, directly or indirectly, any interest, evidenced by stock ownership or otherwise, in any other person—

Of course, meaning a corporation—

if such other person is engaged, directly or indirectly, in any phase of the aviation industry.

That was for the purpose of excluding holding companies. The situation heretofore, at times, has been that a company carrying the mail would belong to another company which manufactured the planes, the two in turn belonging to some other holding company which was purely a speculative company. The purpose of this section is to exclude holding companies; to separate the companies so that the company which actually obtains from the Government the contract to carry the mails will actually carry the mails.

I proceed further:

It shall be unlawful for any person, or any officer thereof, engaged, directly or indirectly, in any phase of the aviation industry, to buy, acquire, control, or own, directly or indirectly, any

interest evidenced by stock ownership or otherwise, in any person holding a mail contract.

No person shall be eligible to bid for or hold an air-mail contract if when operations are begun under the contract, or thereafter, it has an officer, or another, who has theretofore entered into any unlawful combination or conspiracy to prevent the making of any bid for carrying the mails by airplane; or which pays an officer, or another, as a salary, including any other compensation, either directly or indirectly, a sum in excess of $17,500 per annum for full-time service.

That is a provision against unlawful combinations. What is its purpose? Its purpose is to prevent agreements not to bid, or to bid certain amounts, or to control bidding in any way, or to refrain from bidding on any contract. Its purpose is to have honesty of bidding, honesty of contracting, honesty of action on the part of those who contract with the Government.

We are not departing from the established policies of the Government when we put that provision in the bill. It is already, in a general way, in the law as to every other Department of the Government. Any combination to prevent bidding, or agreement that bids shall be made in a certain way concerning anything the Government now buys which is open to competitive bidding, is unlawful; and we simply make it unlawful with respect to airplanes, as it should be.

Mr. FESS. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. FESS. Would that limitation extend to the bidding of an aviation company which owns an airport, in an endeavor to obtain a contract for carrying mail?

Mr. McKELLAR. An amendment has already been agreed to by the committee excepting the ownership of airports in this particular matter. The amendment was agreed to by the committee, but through error it was left out of the bill by the draftsmen, and it will be offered later as a committee amendment.

Mr. FESS. I should think such an amendment would necessarily have to go in the bill.

Mr. McKELLAR. Yes; it will have to go in.

Mr. FESS. Let me ask as to another point. Would the section just read forbid an air transportation company which has a mail contract to establish a school for its own fliers?

Mr. McKELLAR. Oh, no; I do not think so. That is a part of carrying out the contract, and I do not think it would be prevented from conducting such a school by the language of this section.

Mr. FESS. That is a part of aviation.

Mr. McKELLAR. I am just giving the Senator an offhand opinion. The subject has not heretofore been brought to my attention, but I am sure this provision would not prevent that.

I next come to the provision limiting the salaries of officers of the concerns. For years, Mr. President, the United States Government appropriated for air-mail service, in round numbers, about $20,000,000. My recollection is since about 1926 we have been appropriating for the carriage of air mail alone—not for the other expenses, but for payment to contractors—the enormous sum of about $20,000,000 a year. It was a great deal of money. It seemed to me then, and it seems to me now, that it was a willful waste of the people's money. It was a reckless extravagance on which the Government should never have embarked.

What did that expenditure bring about? It brought about the most reckless speculation. I saw in the newspapers not long ago a very interesting statement, and I afterward read it in the printed proceedings of the hearings before the special committee presided over by my distinguished friend the Senator from Alabama [Mr. BLACK], one of the ablest men in the Senate, a man who has done a great public service in his investigation of the air-mail industry.

Its tenor was that a man who had invested, my recollection is less than $100, certainly less than $500, in a year or two had profited to the extent of half a million dollars. In other words, the Government was putting into the hands of these contractors lavish sums of public money, and as in all such cases, as in the case of all subsidies which are granted, there was reckless extravagance in regard to expenditures and speculation became rife. Some of the salaries together with the prerequisites, bonuses, and fees far exceeded $100,000. One man who invested practically nothing—who went in on a shoestring—soon became an officer drawing scores of thousands of dollars; and where did he get the money? He got the money from the Government. Come easy, go easy. The Government was handing out the money.

The distinguished senior Senator from Virginia [Mr. GLASS] and myself fought that extravagance; and I must also include my friend, the Senator from Utah [Mr. KING]. He was not on the Appropriations Committee, but whenever the opportunity afforded on the floor of the Senate, he joined us in fighting those extravagant appropriations. However, we could not do anything with them and, although there was the most strenuous opposition, they got through every time. The purpose of this provision is to prevent these concerns which obtain contracts from the Government paying out the Government's money in bonuses or in exorbitant salaries to officers, and so a limitation of $17,500 is fixed.

I next come to the provision—

No person who violates any provision of this section shall be eligible to bid on or hold any air-mail contract.

The Senator from Kentucky [Mr. LOGAN] has made that provision exceedingly strong, it is true, but in dealing with a case of this kind it is necessary to employ language that cannot be misunderstood.

The prohibitions expressed in this section shall apply to holding companies, air-mail transportation companies, including all such persons or companies as may be engaged in the manufacture or sale of airplanes, parts of airplanes, accessories, or other materials or articles, used in connection with air-mail transportation; and shall also apply to subsidiaries, associates, affiliates, or other persons controlled by interlocking stock ownership or otherwise: *Provided*, That nothing in this section contained shall be construed to prohibit any persons holding an air-mail contract, buying, leasing, or owning in whole or in part a landing field or equipment thereon.

Mr. President, the bill does contain the provision to which the Senator from Ohio just referred. It is found in the copy of the bill and is also included in the report. I call the Senator's attention to it. It will be found at the top of page 3, and reads:

Provided, That nothing in this section contained shall be construed to prohibit any persons holding an air-mail contract, buying, leasing, or owning in whole or in part a landing field or equipment thereon.

So that settles that, Mr. President.

Mr. FESS. What does the Senator construe the phrase "equipment thereon" to mean?

Mr. McKELLAR. I think it would include everything that is ordinarily used in connection with a landing field.

Mr. FESS. Would it include shops for repairing engines?

Mr. McKELLAR. If they are on the airplane field, I should think it would.

However, Mr. President, the purpose of this section is to do equal and exact justice to all companies that may have contracts with the Government under competitive bidding. For instance, in the case of one of the big companies which holds a contract for an airline from New York to Los Angeles or San Francisco, under the bill such company, in order to bid on a contract will have to sell out its manufacturing plant; it will have to divest itself of all affiliates and holding companies. Who is to say that that is not wise? It should be done in the interest of good government, and, more than that, it should be done in the interest of building up a real aviation industry in this country. We shall never build up a real aviation industry until we provide for honesty and fair dealing and enact provisions with teeth in them to prevent 1 company or 3 companies or 4 companies monopolizing the whole airplane business.

I have heretofore read to the Senate and have referred to the debate that took place between the Senator from Utah [Mr. KING] and myself more than 15 years ago on this floor

when the aircraft industry, especially the Air Mail Service, was in its infancy, when we did not have in operation a plane carrying the mail. We undertook to build up the Service by governmental assistance, and it ought to be done on terms of absolute fairness all the way along the line.

I next come to the provision that was not in the bill at the time but which, Colonel Lindbergh said, ought to be in the bill. I read it, as follows:

SEC. 8. Any company alleging to hold a claim against the Government on account of any mail contract that may have heretofore been annulled, may prosecute such claim as it may have against the United States for the cancelation of such contract in the Court of Claims of the United States, provided that such suit be brought within 1 year from the date of the passage of this act; and any person not ineligible under the terms of this act who qualifies under the other requirements of this act, shall be eligible to contract for carrying air mail, notwithstanding the provisions of section 3950 of the Revised Statutes (act of June 8, 1872).

What that means is simply this: The act of 1872 provides that where a contract with the Government has been canceled the contractor whose contract has been canceled cannot again bid within a period of 5 years. Any of the companies that may complain that a contract was canceled illegally, if they want to put it that way—and I do not believe that to be so, and I am not now going to go into that question; it is not necessary; I am merely explaining the terms of this bill and its purposes—any company that may feel aggrieved has a right to go into the court, and that is all that any company should ask under the circumstances.

Mr. McCARRAN. Mr. President——

The PRESIDING OFFICER (Mr. BYRD in the chair). Does the Senator from Tennessee yield to the Senator from Nevada?

Mr. McKELLAR. I yield.

Mr. McCARRAN. Does the bill of the Senator add anything to existing law so far as the right of these companies to go into the Court of Claims is concerned?

Mr. McKELLAR. I do not know whether it does or not; I think they have the right now to go into the Court of Claims; but it was objected by several of the witnesses that this bill did not make such provision, and so we have virtually given them an invitation to go into the court under the terms of the measure.

Mr. FESS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Ohio?

Mr. McKELLAR. I yield.

Mr. FESS. I think the Senator from Nevada asked a question that was in my mind, although I did not distinctly hear his question.

Mr. McCARRAN. I asked the Senator from Tennessee whether the proposed legislation added anything to the law as it now stands so far as the right to sue the Government is concerned, and the learned Senator from Tennessee said he did not know.

Mr. McKELLAR. I think the companies have that right now; I thought so at the time; but representatives of the companies virtually insisted that they were debarred from the right to go into the court. Therefore, the committee met that situation by providing in terms specifically in this bill for their right to go into the court.

Mr. FESS. Does the Senator understand that this bill, without any additional authority from Congress, will permit a company or individual to sue the United States in the Court of Claims? This bill gives that right, does it?

Mr. McKELLAR. It gives that right; yes.

Mr. FESS. I hope it does.

Mr. BLACK. Mr. President——

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Alabama?

Mr. McKELLAR. I yield.

Mr. BLACK. I desire to add to what my colleague from Nevada has said that, in my judgment, this bill does not confer any additional right, because none could be added and none is needed. By an act expressly, specifically, and pointedly it is provided that suit may be filed in the Court of Claims, but it is my understanding, as the Senator from Tennessee has stated, that this provision was placed in the bill by the committee because somebody had raised the question that the law did not so provide.

Mr. McKELLAR. No; not "somebody" but a number of witnesses and several members of the committee said that in the air bill the specific right should be accorded to the air-mail companies to go into the court, and we give them that right out of abundance of caution. I agree with the Senator from Nevada and the Senator from Alabama that no additional right was needed, but, upon that insistence, realizing that it could not hurt anything, we incorporated in the bill the provision giving them the right to go into court.

Mr. FESS. Mr. President, if the Senator will permit me, the petition for an injunction in New York was denied on the ground that the only relief the air-mail companies had was to sue the Federal Government in the Court of Claims. What I am asking is, Does this bill include the authority to go into the Court of Claims without additional legislation?

Mr. McKELLAR. The proposed legislation is full, ample, and complete. Under its provisions any airplane company may take advantage of it. That is so, notwithstanding the provision in the existing law that a contractor whose contract has been canceled has no right to go into the court. That provision is found in section 3950 of the Revised Statutes, act of June 8, 1872.

On reflection I see that it does give an additional right in that, whether the contract has been canceled or not, any company feeling aggrieved may go into court.

Mr. BLACK. Mr. President, there is no law anywhere in existence which prevents a company going into the Court of Claims and filing suit. On the contrary, the statute explicitly and expressly authorizes anyone, if the Government breaches a contract, to go into court and file suit. The Senator is referring to a statute which provides that if any contractor enters into collusion with another contractor to prevent competitive bidding, he is barred from obtaining any further Government contract for a period of 5 years; but that does not stand in any way against his right to go into the Court of Claims and complain that his contract has been canceled. When he does that, if the Government sets up a defense of fraud it is the duty of the Government to prove fraud. Under that condition each of these companies has had the right since the day its contract was canceled to go into court and file suit.

Mr. McKELLAR. That may be a matter of legal discussion, but this provision would take it out of the realm of discussion and would make it absolutely certain that any company feeling aggrieved might go into the Court of Claims and seek redress.

Mr. FESS. Mr. President——

The PRESIDING OFFICER (Mr. BONE in the chair). Does the Senator from Tennessee yield to the Senator from Ohio?

Mr. McKELLAR. I yield.

Mr. FESS. If the Senator will permit me, I think the statute of 1872 is quite different from this provision in that under that statute we do not cancel a contract without a hearing. The contracts in this instance were canceled without any hearing; so it does not stand on the same ground at all.

Mr. McKELLAR. No; the Senator is referring to a different statute. Without regard to any statute, whatever the grounds for cancelation, a contractor can go into court under this statute.

Mr. FESS. I am referring to the statute which I had printed in the RECORD the last time I addressed the Senate on this subject.

Mr. McKELLAR. I now come to section 9, which provides:

SEC. 9. Each person desiring to bid on air-mail contracts shall be required to furnish in its bid a list of all the stockholders holding more than 5 percent of its entire capital stock, and of its directors, and a statement covering the financial set-up, including a list of assets and liabilities; and in the case of a corporation, the original amount paid to such corporation for its stock, and whether paid in cash, and if not paid in cash, a statement for what such

stock was issued. Such information and the financial responsibility of such bidder, as well as the bond offered, may be taken into consideration by the Postmaster General in determining the qualifications of the bidder.

That refers back to other sections, one as to the persons who may bid, and another as to the refusal of the Postmaster General to accept the lowest bid. Anyone aggrieved can appeal to the Interstate Commerce Commission and the decision of that Commission shall be final.

Mr. FESS. Mr. President, I do not fully understand section 9.

Mr. McKELLAR. It seems to me its provisions are quite simple. It provides:

Each person desiring to bid on air-mail contracts shall be required to furnish in its bid a list of all the stockholders holding more than 5 percent of its entire capital stock, and of its directors, and a statement covering the financial set-up, including a list of assets and liabilities; and in the case of a corporation, the original amount paid to such corporation for its stock, and whether paid in cash, and if not paid in cash, a statement for what such stock was issued.

That is to say, the bidder may appeal, and the question is to be passed upon, under the provisions of this bill, first by the Postmaster General; and if there is discontent with his decision, an appeal may be had to the Interstate Commerce Commission.

Mr. FESS. Is it also to indicate whether the bidder is responsible?

Mr. McKELLAR. That is the purpose.

I have just been furnished with section 3950 of the Revised Statute; and in order that there may be no mistake about it, I am going to read it at this time:

No contract for carrying the mails shall be made with any person who has entered, or proposed to enter, into any combination to prevent the making of any bids for carrying the mail, or who has made any agreement, or given or performed, or promised to give or perform, any consideration whatever to induce any other person not to bid for any such contract; and if any person so offending has a contract for carrying the mail, his contract may be annulled; and for the first offense the person so offending shall be disqualified to contract for carrying the mail for 5 years, and for the second offense shall be forever disqualified.

Mr. President, that concludes my discussion of section 9.

Section 10 provides merely for the keeping of records under regulations to be promulgated by the Postmaster General, and, of course, such a section should be in the bill.

Section 11 is rather important. It provides:

SEC. 11. Before the establishment and maintenance of an air-mail route the Postmaster General shall notify the Secretary of Commerce, who thereupon shall certify to the Postmaster General the character of equipment to be employed and maintained on each air-mail route. In making this determination the Secretary of Commerce, in his specifications furnished to the Postmaster General, shall determine only—

This is the important part of it:

the speed, load capacity, and safety features and safety devices on airplanes to be used on the route, which said specifications shall be included in the advertisement for bids.

That is important for the purpose of insuring to the very last possible limit safety in flying. The Government should not enter into these contracts without taking every precaution for safety, and that is what is proposed by this section.

Section 12 provides that the Secretary of Commerce is authorized and directed to prescribe the maximum flying hours of pilots on air-mail lines, and safe operation methods on such lines, and is further authorized to initiate and approve agreements between air-mail operating companies and their pilots for retirement benefits to such pilots and mechanics. This is an important section. It has to do with pilots and mechanics, and it is a provision that ought to be in the law.

Sections 13 and 14 provide very largely—especially section 14—for the use under certain conditions of copilots from the Army, Navy, and Marine Corps. I digress here long enough to say that this provision is especially important in view of the proposal of the President of the United States, as shown in the statement given out by him yesterday. Under an amendment to the bill to be later offered, a commission is to be established to study and report to the Congress and to the President upon the whole aviation problem. It is for the purpose of establishing a general policy. We have not had any policy for years. This is a great and important subject. We ought to have a real, genuine policy including every phase of the Air Mail Service.

Our President yesterday gave out a statement, which I desire to read at this point:

In conversation with Senators McKELLAR and BLACK and Congressman MEAD, the President suggested that in connection with pending aviation legislation it should be borne in mind that the United States has had no broad aviation policy; that a large number of interrelated factors enter into the general subjects of civilian and military flying and their subdivisions—material, personnel, manufacturing, and experimentation.

That in view of the latter and a need for a national policy, the Congress might well authorize the appointment of a commission to make immediate study and recommend to the next Congress a broad policy covering all phases of aviation and the relationship of governments thereto.

Insofar as that part of aviation which relates to carrying United States mails is concerned, contracts could well be let on competitive bidding for 1 year or until such time as a broad policy relating to aviation as a whole is adopted.

That is a very wise statement. It will be very wise to establish a commission of that kind for the purpose of passing upon the numerous questions arising with relation to aviation. More than 15 years ago I predicted that aviation was certain to become a great factor in transportation in this country and in all countries, and it is necessary for our Government to have a broad policy in reference to it.

Sections 14, 15, and 16 provide for the use of pilots and copilots, and for the use of officers of the Marine Corps and the Navy and the Army in connection therewith.

Section 17 provides that the Federal Radio Commission shall give equal facilities in the allocation of radio frequencies to those airplanes carrying mail and/or passengers during the time the contract is in effect. The purpose of that section is to see that the greatest safety is had in the carriage of the mails and of passengers. It is a wise provision; and we had before our committee the Chairman of the Federal Radio Commission, who testified that under this section the greatest precautions could be taken with reference to the carriage of mails and passengers.

Section 18 merely provides that contractors shall not have parallel routes, or enter into agreements, express or implied, which may result in common ownership or control.

Section 19 provides, as the present law does—it is merely a reproduction of the present law to a large extent—that branch lines may be operated into Canada. We have two such lines in Canada, and it may be necessary to continue them for not more than 150 miles; and we may want to operate a line of that kind to Mexico.

Section 20 merely provides that the Postmaster General may cause any contract to be canceled for disregard of or failure by the contractor to comply with the provisions of law contained in the bill, and for any conspiracy or acts designed to defraud the United States with respect to such contracts. This provision is cumulative to other remedies now provided by law.

I shall digress long enough here to say that it is very wise to incorporate in the law a provision of this kind. It has been provided in the law, since the Government first began contracting, that where a contract had been obtained by fraud, the official of the Government having charge of the contract had a right to cancel it. Mr. New, the Postmaster General under the Harding and Coolidge administrations, as I remember, exercised that right and canceled a contract while he was Postmaster General.

Mr. FESS. Mr. President, will the Senator yield?

Mr. McKELLAR. Yes.

Mr. FESS. I do not read in section 20 any provision that conspiracy or fraud must be established before the contract may be canceled.

Mr. McKELLAR. No; it is left to the executive officer in charge of the contract, as it has been in the Navy and other Departments. It has never been required that conspiracy or fraud must first be established.

Mr. FESS. Does the Senator mean that such contracts may be canceled without anything more than an allegation?

Mr. McKELLAR. Of course; that is so. If the Senator will recall, during the war Admiral Peoples and Admiral McGowan, in charge of the purchasing department of the United States Navy, time and again exercised the right of the Government to cancel contracts.

Section 21 merely provides a penalty.

Section 22 relates to the rate that shall be charged. It provides that the air-mail postage rate shall be 6 cents for each ounce or fraction thereof.

Mr. President, very frankly, I was not in favor of fixing the rate at 6 cents. The rate under the present law is 8 cents. It has been proposed to make the rate as low as 5 cents. I think those who use the air mail ought to pay for it. I think the rate ought to be continued at 8 cents. The committee outvoted me, however; and while my private views are as I have stated, I desire to say that I am for what the committee has reported and hope the bill will pass with that provision in it. It did not meet my judgment at the time; but it may be that my colleagues on the committee are much wiser men than am I, and that 6 cents will bring more revenue to the Government and be better for the people of this Nation than a higher rate. If so, it is all right.

The next section simply prescribes a penalty and nothing more.

Mr. KING. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield to the Senator from Utah.

Mr. KING. I should like to ask the Senator whether there was any evidence before his committee indicative of the possible profits that would be derived from a rate of 6 cents or 8 cents, or whether a subsidy would be required if 8 cents were charged as well as if 6 cents were charged.

Mr. McKELLAR. There was a difference of view about the rate. Some witnesses thought the revenue from a 6-cent rate would be greater than from an 8-cent rate, because the air mail would be more generally used under the lower rate, and not all the space in airplanes now provided in contracts is taken up anyway, and for that reason it was thought that the revenue would be greater under the lower rate. Others thought a rate of 8 cents would produce the greater income. There was a difference of opinion on the subject.

I desire to say in that connection that our present income from postage on air mail is about six and a half million dollars, in round figures.

Mr. KING. That is the gross revenue?

Mr. McKELLAR. The gross revenue from postage. Of course, from that gross revenue must be taken the normal and ordinary expenses. There was a good deal of difference of opinion about the amount, some witnesses claiming that there was as much as $7,000,000 of revenue; but there was no substantial proof that the total is more than six and a half million dollars, and that is gross, not net, revenue. On the other hand, last year we spent $14,000,000, and prior to that we had been spending in some years $20,000,000, in some years $19,000,000, in some years $21,000,000, and so on, just as much as the proponents of the appropriations could get. Sometimes, when the matter was in conference, the Senator from Virginia [Mr. GLASS] and several other members of the Appropriations Committee and myself, who were interested in it, had the amount cut down. We believe that if it had not been for the extravagant appropriations that were asked for and obtained, the condition of aviation in this country would be very different from what it now is.

Mr. President, I have gone over rather hastily, and in a more or less desultory way, the provisons of this bill.

Mr. FESS. Mr. President, will the Senator yield?

Mr. McKELLAR. In just a second.

I am convinced that the enactment of the bill will bring about absolute honesty in the letting and management and control of air-mail contracts. I believe the limitations in the bill are wise. I believe they are in accord with what our experience shows they ought to be. I believe the enactment of the bill will mean the building up of aviation in this country as never before. I believe the course contemplated by the bill is best for the Government; I believe it is most economical for the Government; I think it is wisest for the companies which have been carrying the mail. I believe their wisest course will be to reorganize under the provisions of the bill and bid on the contracts; and when they do so, I believe they will be building themselves up in a better and stronger way than they have ever known before. To be sure, they will not have so much money with which to speculate. They will not have so much money to give out in bonuses and in great salaries to officials. They will not have so much money to expend lavishly, sometimes without regard to the proprieties, I am afraid; but under the terms of the bill they will have sufficient money to build up the great aviation industry as it ought to be built up; for I desire to say that, in my judgment, no great industry such as this one is, and will be, can successfully maintain itself, can prosper in this country, unless it is conducted on terms of honesty and integrity that are known of to all men.

The Government in its relation to its citizens ought to be generous, if you please, but at all times it ought to require absolute honesty in the use of the funds it contributes, whether in the way of subsidies or in any other way.

Mr. President, I am opposed to subsidies. I have always been opposed to them; and we should take the Air Mail Service out of that category as soon as possible. Wherever the Government gives subsidies, it thereby promotes graft and speculation. "Come easy, go easy" is just as true in the giving of governmental favors as it is in the giving of any other favors.

Mr. FESS. Mr. President——

The PRESIDING OFFICER (Mr. BONE in the chair). Does the Senator from Tennessee yield to the Senator from Ohio?

Mr. McKELLAR. I yield.

Mr. FESS. The Senator mentioned subsidies. I did not understand the Senator's answer to the question of the Senator from Utah in reference to what aid would be necessary. Does the bill carry a provision for subsidies?

Mr. McKELLAR. It all depends upon the contract. The testimony was to the effect that several of the routes, especially the transcontinental routes, were able now, as they have been, to maintain themselves. I think the statement of one of the companies was, "Give us the contract, and we do not want any subsidy. Just give us the returns from postal receipts." There are other contracts as to which there will have to be some help.

Mr. FESS. That is what I desire to inquire about. Is there any provision for that?

Mr. McKELLAR. The bill provides for honest, open, competitive bidding. It has been the policy of the Government for a century and a half to let contracts after open competitive bidding; and where they are honestly let and honestly received and honestly conducted, nothing but good can come to those receiving them. But wherever in the granting of governmental favors an indirect course is pursued, it will not do, and we all know it, and we ought to be careful.

The pending bill guards the Government's interests; it guards the interest of the carriers of the mail by air; it guards them as honestly and as openly as they can be; and, in my judgment, when these companies examine the bill with care, they will come to the conclusion that the measure is to their interest as well as to the interests of the Government and to the interest of the common good.

Mr. McCARRAN. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. McCARRAN. Before the Senator concludes, I should like to have him discourse to the Senate and give his views as to why the Postmaster General should control the aviation of the United States.

Mr. McKELLAR. I shall be glad to tell the Senator what I know about it. Is the Senator talking about air mail?

Mr. McCARRAN. I will put my question again to the Senator from Tennessee. Will the Senator kindly tell the

Senate why the Postmaster General should control the aviation of the United States? I exclude Army aviation.

Mr. McKELLAR. If the Senator had been here and had kept up with the course I have pursued for a period of 12 or 14 years, he would know that no one has ever protested against the Postmaster General controlling aviation more than I have. That was one of the complaints I have uniformly had, and have now. The pending bill takes it out of the power of the Postmaster General to control the air mail. Any decision he may make can be appealed to the Interstate Commerce Commission; and after 1 year, under the terms of the bill, the whole subject of air-mail contracts, and the certificates of routes and certificates of convenience and necessity, will be turned over to the Interstate Commerce Commission.

Mr. McCARRAN. Will the Senator kindly indicate where that is provided for in the bill?

Mr. McKELLAR. The Senator cannot have read the bill.

Mr. McCARRAN. I have tried to find that provision.

Mr. McKELLAR. If the Senator will read the bill and look over it carefully, I think he will find that the things of which he complains are taken care of in the measure.

Section 6 provides:

SEC. 6. The Interstate Commerce Commission is hereby empowered and directed to fix and determine, within 6 months prior to the expiration date of any and every contract made under this act, and at all events at a period not later than 4 years from the date of the passage of this act, the public convenience and necessity for all air-transport routes and the fair and reasonable future rates of compensation for the transportation of such mail matter by airplane common carriers and the service connected therewith, but not in excess of the rates herein provided for, prescribing the method or methods by weight or space, or both, or otherwise, for ascertaining such rates or compensation, and to publish the same, and orders so made and published shall continue in force until changed by the Commission after due notice and hearing.

In other words, just exactly what the Senator is contending ought to be in the bill is already in the bill.

Mr. McCARRAN. I do not care to enter into a discussion of the matter at this time, but I still ask the Senator, in exploitation of his position, in explanation of his bill, whether or not it is true that at some time during the pendency of the bill he now proposes to have enacted the Postmaster General and his Department will be entirely divorced from the control of aviation in the United States?

Mr. McKELLAR. I do not see how the Senator could for a moment think, in the very nature of things, that a function of the Post Office Department, that function being the carrying of the mail, could be divorced from that Department. Is the Senator in favor of divorcing the carrying of the mails by railroads from the Post Office Department?

Mr. McCARRAN. Does the fact that the Postmaster General may place the mail on trains give him control over the railroads of the Nation?

Mr. McKELLAR. Oh, no; not at all, but it gives him control over those mails, and he fixes the contracts with the railroads, subject to the supervision of the Interstate Commerce Commission, precisely as is provided to be done in the pending bill as to the air mail.

Mr. McCARRAN. I do not mean to be discourteous; I am merely inquiring of the Senator in order that he may fully elucidate his views in answer to the questions which may be propounded.

Mr. McKELLAR. I am delighted to yield.

Mr. McCARRAN. The fact of the matter is that the rates for carrying the mail on the railroads have at no time been controlled by the Post Office Department. That matter has been handled by the Interstate Commerce Commission entirely.

Mr. McKELLAR. Oh, no.

Mr. McCARRAN. If the learned Senator from Tennessee had had the experience, he would have known that.

Mr. McKELLAR. Oh, no.

Mr. McCARRAN. That is entirely so.

Mr. McKELLAR. I have voted for a bill, since I have been in the Congress, transferring the power from the Postmaster General to the Interstate Commerce Commission. When I first came here——

Mr. McCARRAN. I am not talking about ancient history.

Mr. McKELLAR. It may be ancient history, but it is within my knowledge. When I first came here the Postmaster General made the contracts with the railroads and fixed the rates, without any supervision or control on the part of the Interstate Commerce Commission. I forget the date of the enactment of the law, but I will get the law and show it to the Senator.

Mr. McCARRAN. How long has the Senator been here?

Mr. McKELLAR. I have been in Congress 22 years, in the Senate 18 years.

Mr. McCARRAN. I thought so, because I know, as a matter of fact, that rates on the railroads today are controlled by the Interstate Commerce Commission and have been for years.

Mr. McKELLAR. I stated that they have been, but it has not been many years—and the Senator from Ohio [Mr. FESS] was a Member of the House of Representatives, I think, at the same time I was—when the law was changed, and he will verify what I have said. The Senator from Nevada has not been here long enough to remember these things, and probably did not take as much interest in the matter before he came here as he is now taking. The fact is that the carriage of mail by the railroads was in the hands of the Postmaster General, just as the carriage of the mail by airplane has been recently, and the Congress took out of his hands the power to fix the rates and to arrange the contracts, just as the pending bill provides for the taking of the air mail out of the hands of the Postmaster General and putting it into the hands of the Interstate Commerce Commission.

In saying that I desire to add that I am not here criticizing, directly or indirectly, our splendid Postmaster General. I admire him and respect him, and I do not mind saying that here or anywhere else. I think he is a fine official. I admire his courage. I have said heretofore, and I say again, that courage in a public officer is one of the noblest traits of character.

Mr. McCARRAN. Mr. President, will the Senator yield again?

Mr. McKELLAR. Gladly.

Mr. McCARRAN. I desire to subscribe to the last declaration of the learned Senator from Tennessee, that courage in a public officer is one of the noblest traits of character. I am not here to criticize the present Postmaster General. I am here, however, and will be here, to defend him.

Mr. McKELLAR. I am glad to hear that.

Mr. McCARRAN. It is because of my defense of him that I say this entire matter should be taken out of a category which has resulted in the Postmaster General being subjected to criticism, and I contend that it should be put under a separate, distinct commission, so that the Postmaster General may attend to his business and the commission may attend to its business.

Mr. McKELLAR. There is no use in my defending the Postmaster General. He is amply able to take care of himself. I think he has shown an unusual facility and ability to handle matters under his care in a very fair and able way.

I have already detained the Senate much longer than I had intended. I should have finished long ago. I thank the Senate, and I yield the floor.

MINIMUM PAY FOR POSTAL SUBSTITUTES

Mr. FESS obtained the floor.

Mr. O'MAHONEY. Mr. President, will the Senator from Ohio yield to me?

Mr. FESS. I yield.

Mr. O'MAHONEY. I ask unanimous consent for the consideration at this time of Order of Business 609, House bill 7483, to provide minimum pay for postal employees. This bill was unanimously reported by the Committee on Post Offices and Post Roads, and there is an agreement upon the part of the leaders of both sides that it may be considered.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. McKELLAR. I very much hope the bill may be considered and passed. The report of the committee is unanimous. The bill embodies a provision that ought to be enacted into law. Heretofore the substitute carriers have been, in my judgment, I will not say badly treated, but certainly not very well treated by the Government, and I sincerely hope this bill may now be passed.

The PRESIDING OFFICER (Mr. McGILL in the chair). Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (H.R. 7483) to provide minimum pay for postal substitutes, which had been reported from the Committee on Post Offices and Post Roads with an amendment, on page 1, line 7, after the word "paid", to strike out "a minimum of $15 a week. Where payment at the rates now fixed by law would exceed the minimum pay herein established, payment shall be made at the rates now fixed by law" and to insert in lieu thereof "for a minimum of 100 hours of service in each calendar month at the rates fixed by law. Where the needs of the service require the employment of such substitutes in excess of 100 hours in each calendar month, they shall be paid for the number of hours they have been actually employed at the rates now fixed by law: *Provided*, That nothing in this section shall be construed to prevent the reinstatement of former employees to regular positions in the Postal Service", so as to make the bill read:

Be it enacted, etc., That all original appointments of post-office clerks, city letter carriers, village letter carriers, railway postal clerks, employees in the Motor Vehicle Service, and laborers in the Postal Service shall be to the rank of substitute and that such substitutes shall be paid for a minimum of 100 hours of service in each calendar month at the rates fixed by law. Where the needs of the Service require the employment of such substitutes in excess of 100 hours in each calendar month, they shall be paid for the number of hours they have been actually employed at the rates now fixed by law: *Provided*, That nothing in this section shall be construed to prevent the reinstatement of former employees to regular positions in the Postal Service.

SEC. 2. The ratio of substitute post-office clerks, substitute city letter carriers, substitute village letter carriers, substitute laborers, and substitutes in the Motor Vehicle Service in any post office, to regular post-office clerks, city letter carriers, village letter carriers, watchmen, messengers, and laborers, and employees in the Motor Vehicle Service in said office, shall be not more than 1 substitute for 7 regular post-office clerks, city letter carriers, village letter carriers, laborers, or employees in the Motor Vehicle Service, except in offices having fewer than 7 regular post-office clerks, city letter carriers, village letter carriers, laborers, or employees in the Motor Vehicle Service; and that the ratio of substitute railway postal clerks in any State, to regular railway postal clerks in said State, shall be not more than 1 substitute to 10 regular railway postal clerks: *Provided*, That where the ratio of substitute post-office clerks, city letter carriers, village letter carriers, railway postal clerks, and laborers, and substitutes in the Motor Vehicle Service on the date of the passage of this act is in excess of these ratios, no additional substitutes shall be appointed until these ratios are established: *Provided further*, That the provisions of this act shall not operate to furlough or dismiss (1) any regular or substitute post-office clerks, city letter carriers, village letter carriers, railway postal clerks, or laborers, or (2) any regular employees or substitutes in the Motor Vehicle Service now carried on the rolls of the Post Office Department.

SEC. 3. Nothing in section 2 of this act shall be construed to deny any substitute post-office clerk, substitute city letter carrier, substitute village letter carrier, substitute railway postal clerk, or substitute laborer, or substitute in the Motor Vehicle Service the benefits of section 1 of this act.

The amendment was agreed to.

Mr. GORE. Mr. President, I should like to ask the Senator from Wyoming how much this bill will add to our annual expenditures.

Mr. O'MAHONEY. It is not believed by the experts in the Post Office Department that the bill will increase the annual expenditures by more than $3,000,000. It is my own impression that it will not reach that amount.

Mr. GORE. Is it intended to pay the substitutes while they do not work?

Mr. O'MAHONEY. No; it is not. The amendment which has just been adopted provides for a minimum number of hours; not a minimum wage.

Mr. GORE. How many employees does the bill affect?

Mr. O'MAHONEY. There are about 26,000 postal substitutes throughout the country.

Mr. GORE. There are about 36,000 rural mail carriers. How many rural mail carriers does the bill affect?

Mr. O'MAHONEY. It does not affect the rural mail carriers.

Mr. GORE. It affects only the city mail carriers?

Mr. O'MAHONEY. The city carriers and the city clerks in the substitute service.

The PRESIDING OFFICER. The question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

ISSUANCE OF BONDS BY JUNEAU, SKAGWAY, AND WRANGELL, ALASKA

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 2811) to authorize the incorporated city of Juneau, Alaska, to issue bonds in any sum not exceeding $100,000 for municipal public works, including regrading and paving of streets and sidewalks, installation of sewer and water pipe, construction of bridges, construction of concrete bulkheads, and construction of refuse incinerator, which were to strike out all after the enacting clause and insert:

That the incorporated city of Juneau, Alaska, is hereby authorized and empowered to undertake the municipal public works herein specified and for such purposes to issue bonds in any sum not exceeding $103,000. Said city is hereby authorized and empowered to regrade and pave streets and sidewalks and for such purpose to issue bonds in any sum not exceeding $51,400; to install sewer and water pipes and for such purpose to issue bonds in any sum not exceeding $2,750; to construct and replace a bridge and for such purpose to issue bonds in any sum not exceeding $5,000; to construct concrete bulkheads and for such purpose to issue bonds in any sum not exceeding $12,850; to construct a refuse incinerator and for such purpose to issue bonds in any sum not exceeding $25,000; to employ such engineering supervision and pay such overhead expenses as may be necessary in connection with the above-mentioned public works and for such purpose to issue bonds in any sum not exceeding $6,000. All of said public works are to be undertaken in the said city of Juneau, Alaska, except said refuse incinerator, which may be placed without the corporate limits of said city.

SEC. 2. Before said bonds shall be issued a special election shall be ordered by the common council of the said city of Juneau, at which election the question of whether such bonds shall be issued in the amounts above specified for any or all of the purposes hereinbefore set forth shall be submitted to the qualified electors of said city of Juneau whose names appear on the last assessment roll of said city for municipal taxation. The form of the ballot shall be such that the electors may vote for or against the issuance of bonds for each of the purposes herein specified in the amounts herein authorized. Not less than 20 days' notice of such election shall be given by publication thereof in a newspaper printed and published and of general circulation in said city before the day fixed for such election. The registration for such election, the manner of conducting the same, the canvass of the returns of said election shall be, as nearly as practicable, in accordance with the requirements of law in general or special elections in said municipality, and said bonds shall be issued for any or all of the purposes herein authorized only upon condition that not less than a majority of the votes cast at such election in said city shall be in favor of the issuance of said bonds for such purpose.

SEC. 3. Such bonds shall be coupon in form, may bear such date or dates, may be in such denomination or denominations, may mature in such amounts and at such time or times, not exceeding 30 years from the date thereof, may be payable in such medium of payment and at such place or places, may be sold at either public or private sale, may be redeemable, with or without premium, or nonredeemable, may carry such registration privileges as to either principal and interest, principal only, or both, as shall be prescribed by the common council of said city of Juneau at the time such bonds are authorized to be issued. The bonds shall bear the signatures of the mayor and clerk of the city of Juneau, and shall have impressed thereon the official seal of said city. In case any of the officers whose signatures or countersignatures appear on the bonds shall cease to be such officers before delivery of such bonds, such signatures or countersignatures shall nevertheless be valid and sufficient for all purposes the same as if they had remained in office until such delivery. Said bonds shall bear interest at a rate to be fixed by the common council of the said city of Juneau, not to exceed 6 percent per annum, payable semiannually, and the bonds shall be sold at not less than the principal amount thereof plus accrued interest.

SEC. 4. The bonds herein authorized to be issued shall be general obligations of said city of Juneau, payable as to both interest and principal from ad valorem taxes which shall be levied upon all the taxable property within the corporate limits of said city of Juneau in an amount sufficient to pay the interest on and

principal of such bonds as and when the same become due and payable.

SEC. 5. No part of the funds arising from the sale of said bonds shall be used for any purpose or purposes other than those specified in this act. Said bonds shall be sold only when and in such amounts as the common council of the city of Juneau shall direct, and the proceeds thereof shall be disbursed for the purposes hereinbefore mentioned and under the orders and directions of said common council from time to time as the same may be required for said purposes.

SEC. 6. The city of Juneau is hereby authorized to enter into contracts with the United States of America or any agency or instrumentality thereof, under the provisions of the National Industrial Recovery Act and acts amendatory thereof and acts supplemental thereto, and revisions thereof, and the regulations made in pursuance thereof, and under any further acts of the Congress of the United States to encourage public works, for the sale of bonds issued in accordance with provisions of this act or for the acceptance of a grant of money to aid said town in financing any public works herein authorized; or to enter into contracts with any person or corporation, public or private, for the sale of such bonds; and such contracts may contain such terms and conditions as may be agreed upon by and between the common council of said city of Juneau and the United States of America or any agency or instrumentality thereof or any such purchaser.

Amend the title so as to read: "An act to authorize the incorporated city of Juneau, Alaska, to undertake certain municipal public works, including regrading and paving of streets and sidewalks; installation of sewer and water pipes, bridge construction and replacement, construction of concrete bulkheads, and construction of refuse incinerator, and for such purposes to issue bonds in any sum not exceeding $103,000."

The PRESIDING OFFICER also laid before the Senate the amendments of the House of Representatives to the bill (S. 2812) to authorize the incorporated city of Skagway, Alaska, to issue bonds in any sum not exceeding $40,000, to be used for the construction, reconstruction, replacing, and installation of a water-distribution system, which were to strike out all after the enacting clause and insert:

That the incorporated city of Skagway, Alaska, is hereby authorized and empowered to construct, reconstruct, replace, and install a water-distribution system to replace the system now owned by the city of Skagway and for such purpose to issue bonds in any sum not exceeding $40,000.

SEC. 2. Before said bonds shall be issued a special election shall be ordered by the common council of the said city of Skagway, at which election the question of whether such bonds shall be issued shall be submitted to the qualified electors of said city of Skagway whose names appear on the last assessment roll of said city for municipal taxation. Not less than 20 days' notice of such election shall be given by posting notices of the same in three conspicuous places within the corporate limits of the city of Skagway, Alaska, one of which shall be at the front door of the United States post office. That the registration for such election, the manner of conducting the same, and the canvass of the returns of said election shall be, as nearly as practicable, in accordance with the requirements of law in general or special elections in said municipality and said bonds shall be issued only upon condition that not less than a majority of the votes cast at such election in said city shall be in favor of the issuance of said bonds.

SEC. 3. Such bonds shall be coupon in form, may bear such date or dates, may be in such denomination or denominations, may mature in such amounts and at such time or times, not exceeding 30 years from the date thereof, may be payable in such medium of payment and at such place or places, may be sold at either public or private sale, may be redeemable, with or without premium, or nonredeemable, may carry such registration privileges as to either principal and interest, principal only, or both, as shall be prescribed by the common council of said city of Skagway at the time such bonds are authorized to be issued. The bonds shall bear the signatures of the mayor and clerk of the city of Skagway, and shall have impressed thereon the official seal of said city. In case any of the officers whose signatures or countersignatures appear on the bonds shall cease to be such officers before delivery of such bonds, such signatures or countersignatures shall nevertheless be valid and sufficient for all purposes the same as if they had remained in office until such delivery. Said bonds shall bear interest at a rate to be fixed by the common council of the said city of Skagway, not to exceed 6 percent per annum, payable semiannually, and the bonds shall be sold at not less than the principal amount thereof plus accrued interest.

SEC. 4. The bonds herein authorized to be issued shall be general obligations of said city of Skagway, payable as to both interest and principal from ad valorem taxes which shall be levied upon all the taxable property within the corporate limits of said city of Skagway in an amount sufficient to pay the interest on and principal of such bonds as and when the same become due and payable, and, if so provided by the common council of said city of Skagway, may be additionally secured by a direct pledge of all or any part of the revenues of said water-distribution system and any subsequent additions or extensions thereto, remaining after provisions for the payment of the cost of operation and maintenance of said system and the cost of such repairs, improvements, and betterments thereto as shall be necessary to keep the same at all times in good repair and working order.

SEC. 5. No part of the funds arising from the sale of said bonds shall be used for any purpose or purposes other than those specified in this act. Said bonds shall be sold only when and in such amounts as the common council of the city of Skagway shall direct, and the proceeds thereof shall be disbursed for the purposes hereinbefore mentioned and under the orders and directions of said common council from time to time as the same may be required for said purposes.

SEC. 6. The city of Skagway is hereby authorized to enter into contracts with the United States of America or any agency or instrumentality thereof, under the provisions of the National Industrial Recovery Act and acts amendatory thereof and acts supplemental thereto, and revisions thereof, and the regulations made in pursuance thereof, and under any further acts of the Congress of the United States to encourage public works, for the sale of bonds issued in accordance with provisions of this act or for the acceptance of a grant of money to aid said city in financing any public works herein authorized; or to enter into contracts with any person or corporation, public or private, for the sale of such bonds; and such contracts may contain such terms and conditions as may be agreed upon by and between the common council of said city of Skagway and the United States of America or any agency or instrumentality thereof or any such purchaser.

Amend the title so as to read: "An act to authorize the incorporated city of Skagway, Alaska, to construct, reconstruct, replace, and install a water-distribution system and for such purpose to issue bonds in any sum not exceeding $40,000."

The PRESIDING OFFICER also laid before the Senate the amendments of the House of Representatives to the bill (S. 2813) to authorize the incorporated town of Wrangell, Alaska, to issue bonds in any sum not exceeding $47,000 for municipal public works, including enlargement, extension, construction, and reconstruction of water-supply system; extension, construction, and reconstruction of retaining wall and filling, and paving streets and sidewalks; and extension, construction, and reconstruction of sewers in said town of Wrangell, which were, to strike out all after the enacting clause and insert:

That the incorporated town of Wrangell, Alaska, is hereby authorized and empowered to undertake the municipal public works herein specified and for such purposes to issue bonds in any sum not exceeding $51,000. Said town is hereby authorized and empowered to construct, reconstruct, enlarge, extend, or improve its water-supply system and for such purpose to issue bonds in any sum not exceeding $32,000; to construct a retaining wall and to backfill behind same to make a permanent street, and for such purpose to issue bonds in any sum not exceeding $13,000; to construct, reconstruct, enlarge, extend, or improve sewers and for such purpose to issue bonds in any sum not exceeding $6,000.

SEC. 2. Before said bonds shall be issued a special election shall be ordered by the common council of the said town of Wrangell, at which election the question of whether such bonds shall be issued in the amounts above specified for any or all of the purposes hereinbefore set forth shall be submitted to the qualified electors of said town of Wrangell whose names appear on the last assessment roll of said town for municipal taxation. The form of the ballot shall be such that the electors may vote for or against the issuance of bonds for each of the purposes herein specified in the amounts herein authorized. Not less than 20 days' notice of such election shall be given by posting notices of the same in three conspicuous places within the corporate limits of the town of Wrangell, Alaska, one of which shall be at the front door of the United States post office. The registration for such election, the manner of conducting the same, and the canvass of the returns of said election shall be, as nearly as practicable, in accordance with the requirements of law in general or special elections in said municipality, and said bonds shall be issued for any or all of the purposes herein authorized only upon condition that not less than a majority of the votes cast at such election in said town shall be in favor of the issuance of said bonds for such purpose.

SEC. 3. Such bonds shall be coupon in form, may bear such date or dates, may be in such denomination or denominations, may mature in such amounts and at such time or times, not exceeding 30 years from the date thereof, may be payable in such medium of payment and at such place or places, may be sold at either public or private sale, may be redeemable, with or without premium, or nonredeemable, may carry such registration privileges as to either principal and interest, principal only, or both, as shall be prescribed by the common council of said town of Wrangell at the time such bonds are authorized to be issued. The bonds shall bear the signatures of the mayor and clerk of the town of Wrangell, and shall have impressed thereon the official seal of said town. In case any of the officers whose signatures or countersignatures appear on the bonds shall cease to be such officers before delivery of such bonds, such signatures or countersignatures shall nevertheless be valid and sufficient for all purposes the same as if they had remained in office until such delivery. Said bonds shall bear interest at a rate to be fixed by the common council of the

said town of Wrangell, not to exceed 6 percent per annum, payable semiannually, and the bonds shall be sold at not less than the principal amount thereof plus accrued interest.

SEC. 4. The bonds herein authorized to be issued shall be general obligations of said town of Wrangell, payable as to both interest and principal from ad valorem taxes which shall be levied upon all the taxable property within the corporate limits of said town of Wrangell in an amount sufficient to pay the interest on and principal of such bonds as and when the same become due and payable. Such of the bonds as may be issued to construct, reconstruct, enlarge, extend, or improve the water-supply system of said town of Wrangell may, if so provided by the common council of said town of Wrangell, be additionally secured by a direct pledge of all or any part of the revenues of said water-supply system and any subsequent additions or extensions thereto, remaining after provision for the payment of the reasonable costs of operation and maintenance of said system and the cost of such repairs, improvements, and betterments thereto as shall be necessary to keep the same at all times in good repair and working order.

SEC. 5. No part of the funds arising from the sale of said bonds shall be used for any purpose or purposes other than those specified in this act. Said bonds shall be sold only when and in such amounts as the common council of the town of Wrangell shall direct, and the proceeds thereof shall be disbursed for the purposes hereinbefore mentioned and under the orders and directions of said common council from time to time as the same may be required for said purposes.

SEC. 6. The town of Wrangell is hereby authorized to enter into contracts with the United States of America or any agency or instrumentality thereof, under the provisions of the National Industrial Recovery Act and acts amendatory thereof and acts supplemental thereto, and revisions thereof, and the regulations made in pursuance thereof, and under any further acts of the Congress of the United States to encourage public works, for the sale of bonds issued in accordance with provisions of this act or for the acceptance of a grant of money to aid said town in financing any public works herein authorized; or to enter into contracts with any person or corporation, public or private, for the sale of such bonds; and such contracts may contain such terms and conditions as may be agreed upon by and between the common council of said town of Wrangell and the United States of America or any agency or instrumentality thereof or any such purchaser.

Amend the title so as to read: "An act to authorize the incorporated town of Wrangell, Alaska, to undertake certain municipal public works, including construction, reconstruction, enlargement, extension, and improvements of its water-supply system; construction of a retaining wall and to backfill behind same to make a permanent street; and construction, reconstruction, enlargement, extension, and improvements to sewers, and for such purposes to issue bonds in any sum not exceeding $51,000."

Mr. KING. Mr. President, these three bills, each one dealing with a separate city in Alaska, authorizing it to issue bonds for certain public purposes, were passed by the Senate. The House amended each of the bills, pursuant to a request of the Public Works Administration, from which the money is to be obtained, so as to clarify the language and make it plain that taxes must be imposed for the purpose of meeting the maturing obligations.

The view is entertained that the bills as passed gave the necessary authority, but the Public Works Administration thought the language should be made a little more definite, and the House has acceded to that suggestion.

I move that the Senate concur in the amendments of the House to each of the three bills.

The motion was agreed to.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 8402) to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes; agreed to the conference requested by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. DOUGHTON, Mr. SAMUEL B. HILL, Mr. CULLEN, Mr. TREADWAY, and Mr. BACHARACH were appointed managers on the part of the House at the conference.

ENROLLED BILLS PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on today, April 17, 1934, that committee presented to the President of the United States the following enrolled bills:

S. 606. An act to authorize the waiver or remission of certain coal-lease rentals, and for other purposes;

S. 1075. An act for the relief of Walter Thomas Foreman;

S. 1076. An act authorizing adjustment of the claim of the Franklin Surety Co.;

S. 1091. An act conferring jurisdiction upon the Court of Claims of the United States to hear, consider, and render judgments on the claims of Edward F. Goltra against the United States arising out of the taking of certain vessels and unloading apparatus;

S. 1934. An act conferring jurisdiction upon certain courts of the United States to hear and determine the claim by the owner of four-masted auxiliary bark *Quevilly* against the United States, and for other purposes;

S. 1935. An act to amend the act of March 2, 1929, conferring jurisdiction upon certain courts of the United States to hear and determine the claim by the owner of the S.S. *W. I. Radcliffe* against the United States, and for other purposes; and

S. 2315. An act to provide for the settlement of damage claims arising from the construction of the Petrolia-Fort Worth gas-pipe line.

UNITED STATES GEOGRAPHIC BOARD

The PRESIDING OFFICER laid before the Senate a message from the President of the United States, which was read and ordered to lie on the table, as follows:

To the Congress:

Pursuant to the provisions of section 16 of the act of March 3, 1933 (ch. 212, 47 Stat. 1517), as amended by title III of the act of March 20, 1933 (ch. 3, 48 Stat. 16), I am transmitting herewith an Executive order abolishing the United States Geographic Board and transferring its functions to the Department of the Interior.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *April 17, 1934.*

CHARGES OF DR. WIRT

Mr. CONNALLY. Mr. President——

The PRESIDING OFFICER. The Senator from Ohio [Mr. FESS] has the floor. Does the Senator from Ohio yield to the Senator from Texas?

Mr. CONNALLY. Will the Senator yield for about 2 minutes?

Mr. FESS. For what purpose?

Mr. CONNALLY. I desire to make some comments on the bursting of the Wirt revolution balloon.

Mr. FESS. I will yield if the Senator will not continue too long.

Mr. CONNALLY. The Senator can control his own time.

Mr. FESS. I will resume the floor if the Senator continues too long.

Mr. CONNALLY. Mr. President, for some weeks now the press of the country has been filled with sensational reports regarding the supposed revelations of Dr. Wirt regarding a fanciful revolution, an imaginary Kerensky, and a bogy Stalin.

I notice from the press that six of the guests who were at the dinner with Dr. Wirt when these revelations are supposed to have taken place have testified before the House committee; and all of them contradict Dr. Wirt, and say that the charges he has recently made never had any foundation at all in fact.

It seems that Dr. Wirt is a prolific talker. When he gets cranked up he cannot stop. So he monopolized this entire dinner, and all of the things alleged to have been said about the revolution, and Stalin, and Kerensky were purely figments of his imagination.

It seems to me, Mr. President, that when men go before the committees of the Senate or of the House and under oath make false statements, false accusations, somebody ought to prosecute them in the courts for perjury, and stop sensational methods of propaganda to gain headlines and to sell books which may be published.

The Wirt myth has vanished. The Wirt bogy has been exposed. The Wirt propaganda has absolutely collapsed.

I thank the Senator from Ohio.

CHICAGO WORLD'S FAIR CENTENNIAL CELEBRATION

Mr. LEWIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Illinois?

Mr. FESS. I yield.

Mr. LEWIS. I ask unanimous consent to intrude in the program in order to have present consideration of a bill which has the recommendation of the President of the United States and the recommendation of the committee which will open the fair at Chicago. I desire to have the bill passed, as the fair committee in Chicago is waiting for some action to be taken in Congress. The bill is on the table, recommended by the Commerce Committee, by the four members of the Cabinet who are concerned, and by the President.

The bill allows the use of the remaining fund which the Congress allowed last year under President Hoover's administration; and I am anxious to have the Senate pass the bill, as it is desired to reopen the fair as soon as possible.

Mr. FESS. Mr. President, is the report on the bill unanimous?

Mr. LEWIS. Yes.

Mr. FESS. If the bill does not lead to debate, I shall be glad to yield.

Mr. KING. How much is it going to cost?

Mr. LEWIS. The Government is merely asked to pay for its own exhibit. It will pay no money at all to the fair. This is—

A bill to amend an act entitled "An act providing for the participation of the United States in A Century of Progress (the Chicago World's Fair Centennial Celebration) to be held at Chicago, Ill., in 1933, authorizing an appropriation therefor, and for other purposes", approved February 8, 1932, to provide for participation in A Century of Progress in 1934, to authorize an appropriation therefor, and for other purposes.

It is for no other purpose than to allow the Government to make its display. The Government officials say they may have to construct one other building. Four hundred thousand dollars is the sum now remaining, and under the bill it may be applied to the new fair if the Government wishes to use it. If the Government does not wish to use it at all, of course, it will remain unexpended.

Mr. KING. Is the Senator sure that the obligation, direct or indirect, remote or immediate, will not exceed $400,000?

Mr. LEWIS. The bill provides that it shall not exceed that amount. It is to be expended for no other purpose than that provided for in the earlier bill, and if the Government wishes to put up the extra building it is to be for the Government's own display only.

Mr. KING. Is the Senator certain that the passage of the bill will not involve a demand upon the Treasury of the United States for more money?

Mr. LEWIS. I have only the representations of Mr. Dawes and the committee and the members of the Cabinet, who assure me that this money is to be spent only for the Government's use, if demanded, and they seem to feel that it will not be necessary to spend as much as that. That is all I can tell the Senator. I must quote those to whom I have referred. That is all I know.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (S. 3235) to amend an act entitled "An act providing for the participation of the United States in A Century of Progress (the Chicago World's Fair Centennial Celebration) to be held at Chicago, Ill., in 1933, authorizing an appropriation therefor, and for other purposes", approved February 8, 1932, to provide for participation in A Century of Progress in 1934, to authorize an appropriation therefor, and for other purposes; which was read, as follows:

Be it enacted, etc., That the United States continue its participation in the exposition, A Century of Progress (the Chicago World's Fair Centennial Celebration), at Chicago, Ill., in 1934.

SEC. 2. For this purpose the act entitled "An act providing for the participation of the United States in A Century of Progress (the Chicago World's Fair Centennial Celebration to be held at Chicago, Ill., in 1933, authorizing an appropriation therefor, and for other purposes", approved February 8, 1932, as hereby amended, is extended and made applicable to the continuance of the participation of the United States in the said exposition in 1934 in the same manner and to the same extent and for the same purposes as originally provided in said act, except insofar as the provisions of that act specify the erection of a building or group of buildings: *Provided*, That there may be expended a sum not to exceed $2,500 for the purchase of a passenger-carrying automobile for the official use of the Commissioner of A Century of Progress.

SEC. 3. In addition to the sum of $1,000,000 authorized by the aforesaid act to be appropriated for the participation of the United States in A Century of Progress (the Chicago World's Fair Centennial Celebration) and appropriated under section 2 of the act entitled "An act making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1933, and for other purposes", approved July 7, 1932, there is hereby authorized to be appropriated the sum of $405,000.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. LEWIS. I desire to thank the Senator from Ohio [Mr. FESS] for allowing this bill to be considered.

INCLUSION OF SUGAR BEETS AND CANE AS BASIC COMMODITIES

Mr. HARRISON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Mississippi?

Mr. FESS. I yield.

Mr. HARRISON. I understood that the Senator from Ohio was getting ready to discuss the air-mail legislation.

Mr. FESS. The Senator is correct.

Mr. HARRISON. I do not want to interfere with the Senator's speech. I merely wish to state that it is desired, when we conclude our session this afternoon, to recess until 12 o'clock tomorrow, and at that time to have the pending bill temporarily laid aside and the sugar bill brought before the Senate. It is hoped that we can get through with the sugar bill very speedily. In view of that fact I thought, perhaps, the Senator might not want to have his speech interrupted by beginning this afternoon and then delaying its completion until we pass the sugar bill and get back to the air-mail bill. Would the Senator prefer to wait until we dispose of the sugar bill, or to proceed this afternoon?

Mr. FESS. It is understood that we are to recess quite early and to meet tomorrow at 12 o'clock. The Senator knows how anxious a Senator, who plans to speak, is to follow an argument that has just been made; but if it is understood that the sugar bill will be taken up tomorrow, I shall be very glad to accommodate the Senator, and to defer my address until the Senate shall resume the consideration of the air-mail bill.

Mr. HARRISON. I should not make even the suggestion to the Senator if it were not for the fact that Senators who represent sugar-beet regions are very anxious to secure action on this proposed legislation so that the farmers may make their contract with reference to this year's yield.

Mr. FESS. I am somewhat embarrassed by not having about me someone who is interested in the sugar question.

Mr. HARRISON. I am sure Senators generally understand that the sugar bill is to be taken up tomorrow. I merely called that fact to the Senator's attention so that he would not be interrupted in his speech. If no one desires to speak this afternoon, I shall move that the Senate take a recess until 12 o'clock noon tomorrow.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. MCGILL in the chair), as in executive session, laid before the Senate messages from the President of the United States submitting nomi-

nations of several United States marshals, which were referred to the Committee on the Judiciary.

(For nominations this day received, see the end of Senate proceedings.)

WILLIAM J. THOMPKINS

As in executive session,

Mr. KING. Mr. President, I ask unanimous consent that the President be notified of the confirmation of the nomination of William J. Thompkins to be recorder of deeds for the District of Columbia. The nomination was confirmed by the Senate several days ago.

The PRESIDING OFFICER. Without objection, the President will be notified.

TREATIES—REMOVAL OF INJUNCTION OF SECRECY

As in executive session,

Mr. PITTMAN. Mr. President, the Foreign Relations Committee having reported on an international telecommunication convention, the general radio regulations annexed thereto, and a separate radio protocol, all signed by the delegates of the United States to the International Radio Conference at Madrid on December 9, 1932, being Executive B, Seventy-third Congress, second session, I ask that the injunction of secrecy be removed therefrom.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PITTMAN. I also report back favorably from the Committee on Foreign Relations, and ask for the removal of the injunction of secrecy therefrom, a protocol signed at Rome on April 21, 1926, and effective on January 1, 1927, substituting new paragraphs for paragraphs 3 and 4 of article 10 of the convention of June 7, 1905, creating the International Institute of Agriculture at Rome, being Executive C, Seventy-third Congress, second session; and I submit a report (Exec. Rept. No. 3) thereon.

The PRESIDING OFFICER. Without objection, it is so ordered. The report will be placed on the Executive Calendar.

RECESS

Mr. HARRISON. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock p.m.) the Senate took a recess until tomorrow, Wednesday, April 18, 1934, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate April 17, 1934

UNITED STATES MARSHALS

M. Frank Hammond, of Texas, to be United States marshal, southern district of Texas, to succeed Herbert E. L. Toombs, removed.

George P. Alderson, of West Virginia, to be United States marshal, southern district of West Virginia, to succeed John P. Hallanan, whose term will expire May 13, 1934.

HOUSE OF REPRESENTATIVES

TUESDAY, APRIL 17, 1934

The House met at 11 o'clock a.m.

The Reverend Walter M. Degenhardt, of the Grace Evangelical Lutheran Church of New York City, offered the following prayer:

Lord God Heavenly Father, Thou eternal creator and preserver of mankind, Thou who holdest in Thy hand all the might of man, and who hast ordained the powers that be for the punishment of evildoers, and for the praise of them that do well, and of whom is all rule and authority, we humbly beseech Thee to so rule and guide the hearts of all Thy children that they may acknowledge Thee and exalt the Son of Righteousness whom Thou hast sent. Heavenly Father, we pray Thee to be present with us in our deliberations today. Look with favor and behold all those who have been placed in authority by a brave and united people. Replenish them with Thy grace that they may always incline to Thy will and walk in Thy way. Prosper all good counsels and all just works that peace and happiness, truth and righteousness, religion and piety may be established among us throughout all generations. Into Thy hands we commit ourselves, unto Thy gracious mercy and protection we commend ourselves, as unto a faithful and merciful God. All this we pray in the name and for the sake of the world's Saviour. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Latta, one of his secretaries.

VETO OF INDEPENDENT OFFICES BILL

Mr. TREADWAY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing an address which I delivered yesterday in Greenfield, Mass.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. TREADWAY. Mr. Speaker under leave granted to extend my remarks in the RECORD, I include the following address delivered by myself before a women's gathering in Greenfield, Mass., Monday, April 16, 1934:

On March 27 President Roosevelt vetoed what is known as the "independent offices bill." It contained a great many provisions, among them restoration of certain benefits to veterans and partial restoration of salaries to Government employees which had been taken from them by the Economy Act of 1933.

Following my vote to override this veto I received from residents of the First District 28 criticisms. Included in this number were several statements that I had voted from a partisan standpoint to aid in embarrassing the President, that I had endeavored to curry favor with certain groups of people to secure political support. There were also a few statements reflecting upon my personal integrity. I deny such allegations in toto. I am satisfied that my vote was proper; also, that if all the details of the complicated parliamentary situation were understood the criticisms would not have been made.

As a matter of fact, there has been a great deal of confusion and misunderstanding of what took place, and I should like to take a few moments to clear up the matter in the minds of my listeners.

The independent offices bill is one of the annual governmental appropriation bills. Included in it this year were the controversial items relating to veterans' compensation and salary reduction. In his veto message the President claimed that the bill went $228,000,000 beyond recommendations that he made. This is clearly a mistake. As a matter of fact the passage of the bill over the President's veto resulted in a net saving in annual burden to the Government of over $111,000,000.

In view of the enormous expenditures that are being made in connection with the so-called "recovery program", a great majority of Congress felt that a 5-percent cut was sufficient in the salaries of the regular Government employees, instead of the 10-percent cut recommended by the President, particularly in view of the depreciation of the dollar and the increased cost of living under the N.R.A. In addition to a 15-percent cut, these employees have been forced to take extensive furloughs equivalent to further cuts of from 7 to 21 percent. It should be borne in mind that the employees of the new alphabetical organizations, who are new and inexperienced, are much higher paid than the regular civil-service employees.

With respect to veterans, Congress voted about $14,000,000 over what the President was willing to approve. Apparently the item which he chiefly objected to was that restoring the former compensation of veterans suffering from disabilities incurred in the service, which more than accounts for the increase referred to. These war-disabled veterans were cut from 25 to 30 percent, and, in some cases, as high as 60 percent, under the Economy Act of last year. I do not believe that anyone had any desire to reduce the compensation of this class of veterans by such a big percentage.

The following table shows the savings in veterans' benefits under the Economy Act and the amounts since restored by the President and Congress, also the remaining savings.

Original savings under Economy Act (exclusive of deferment of adjusted-service certificate fund)		$400,000,000
Subsequent Executive orders increasing payments:		
June 6, 1933	$56,978,000	
Jan. 19, 1934	21,000,000	
Mar. 27, 1934	61,750,000	
Total		139,728,000
Net savings after President's Executive orders		260,272,000
Legislation increasing payments:		
Independent offices appropriation bill, 1935		14,250,000
Net savings after President's Executive orders and act of Congress increasing payments		246,022,000

One item that has been the cause of much criticism was that restoring the presumptive cases to the rolls temporarily until the question of service origin can be determined by the Veterans' Administration. This restoration was made by the President himself in his Executive order of March 27, 1934. The amount involved is comparatively small, about $9,000,000. There are 29,000 cases involved, 15,000 of which are mental cases and 12,000 tubercular cases. Practically all these men are in institutions and are public charges. Presumptive cases are those where it has been impossible to prove service origin, but where the disability is presumed to have resulted from service. If a man is mentally incapacitated, he must be confined. If he has tuberculosis, he should be in a sanatorium. The only question here involved is whether he should be a Federal charge or a local charge. Inasmuch as these men are veterans and their infirmities are presumed to be due to the war, it is felt the burden should fall on the Federal Government rather than upon the local communities.

Other provisions of the independent offices bill, having no connection with the controversial items, effected a saving of over $125,000,000. Therefore, in passing the bill with $14,000,000 more than the President was willing to approve, Congress in reality, as I said before, made a net saving by overriding the veto of $111,000,000.

It should be understood that there is still a further saving of $250,000,000 still in full force and effect under the Economy Act in the field of veterans' compensation. If Congress had not eased some of the drastic regulations under that act, which were causing such mounting dissatisfaction and unrest among veterans and others, I feel that in a short time you would have seen not only all the savings of the Economy Act wiped out but a strong possibility of the payment of the soldiers' bonus involving an outlay of $2,200,000,000 in inflated currency for the immediate payment of adjusted-service certificates which will not mature until 1945. This enormous expenditure would make the amount involved in the independent offices bill look like pretty small potatoes.

As is well known, I have on numerous occasions voted against the payment of these bonus certificates before they are due. I feel that by dealing fairly with our disabled veterans we have lessened the probability of the payment of these certificates at this time.

Committee work has been so confining that it has given me less opportunity to visit the district while Congress has been in session than in some previous years. A chance to address constituents therefore takes on the nature of a report of the manner in which I have carried out my representation of you in Washington.

The Roosevelt administration has been in charge of government now over a year. We frequently hear the expression that the honeymoon period is over. I am inclined to think that is somewhat true. At the special session last year we accepted the policies of the administration blindly, having faith and confidence in the President and a willingness to give his experiment a trial. Following the special session I advised citizens to sincerely and fully accept the President's recommendations. There were items in the so-called "recovery program" with which I was not in harmony. I want briefly to review some of these with you now, as the time is approaching when we must take account of stock and note what material will be provided for the campaign this fall.

As a result of the unprecedented authority placed in the hands of the President by the legislation of the special session last year, we are now confronted with the biggest debt this country has ever known in peace times, and it is estimated that by the close of the fiscal year 1935 our public debt will exceed that following the World War.

One of the questions which the people will decide this fall is whether or not results have justified such enormous and in many instances extravagant expenditures. We are today paying salaries to 611,752 Government employees, not counting the Army, Navy, or C.C.C. services, which is an increase of 48,265 over last year. Through Democratic efforts the Civil Service system has been largely nullified. Only last week the House voted down an amendment to place under the Civil Service employees of the Home Loan Bank Board and the Home Owners' Loan Corporation. The Republicans in the House voted solidly for the amendment, which sought to take the home-loan service out of political patronage.

So many other important matters are pending that very little attention has been given to the merit system in the Government service recently. It may be desirable to build up a political machine, but if the machine fails in its accomplishment and the taxpayers are called upon to settle the bills, it will prove a boomerang, and I do not hesitate to assert that the thousands of additional Government employees who have been put on the pay roll during the past year will be a drawback rather than a benefit to the Democratic Party in the long run.

Figures are dry and uninteresting, but it is a fact that soon after I went to Washington, Congress was criticized for appropriating as much as a billion dollars in 1 year. It was called the "billion-dollar Congress." At the close of the fiscal year ending June 30, 1934, it is estimated that we will have expended during this year $10,560,000,000, or about $29,000,000 per day, with an estimated deficit for the year of $7,300,000,000 and an estimated public debt of $29,840,000,000. These figures are taken from the official 1935 Budget as submitted by the President to Congress.

In other words, the deficit for this 1 year will be seven times the cost of running the Government 1 year soon after I came to Congress. The estimated cost of the entire recovery program of the President is $14,373,000,000.

The people are, therefore, facing the question, Have results justified the expense? Or are we simply trying to pull ourselves up by the bootstraps? If much of this new legislation is to become permanent, as seems to be the program now, we will face the same questions in the future as we do today.

Voters in Massachusetts are asked whether or not they are willing to pay any part of the $50,000,000 authorized to be expended at Muscle Shoals and in the so-called "Tennessee Valley." This was one of the first measures urged by the President. There is an old expression about making two blades of grass grow where one grew before. With the Tennessee Valley project apparently the effort is to make several blades of grass grow there instead of in Massachusetts.

Another item of the Roosevelt program that I have opposed from its beginning is the so-called "processing tax." Under this plan the Government enters into agreements with the producers of certain basic commodities, whereby the production of these commodities is reduced and the land thus taken out of production is rented by the Government. The rent money is obtained by placing a tax on the first processing of such commodities, and of course this tax is ultimately paid by the consumer. The present program runs through the year 1935, having begun last summer. It is estimated the payments to the producers during that period will be $847,000,000 and the collections through taxes $835,000,000.

A few days ago I received the following telegram from Mr. George M. Putnam, president New Hampshire Farm Bureau Federation:

"One hundred fifty representatives of poultry, potato, market gardening, and fruit industries from six New England States in informal conference assembled here today. Urge the inclusion of an amendment to the Bankhead bill giving the Secretary of Agriculture authority to prohibit signers of contracts on basic commodities from increasing production for sale of nonbasic commodities. We request that you communicate this action to Senators and Representatives from New England States and also inform conferees of action taken. This shall be in no way construed as an endorsement of other features of the Bankhead bill."

The above telegram was sent to the American Farm Bureau Federation in Washington and a copy handed me by that organization.

The desired amendment was originally in the bill but was taken out in the Senate.

Apparently the farmers of New England are not to benefit by the Agricultural Adjustment Act. Under the Bankhead bill, without the desired amendment, Southern and Western lands withdrawn from the production of basic commodities may be used to produce nonbasic commodities such as poultry, potatoes, market truck, fruit, etc., in competition with those of New England. I am sorry to bring such an unfavorable report to the farmers of Franklin County. This is another indication that the present administration is not in sympathy with the agricultural, industrial, and commercial interests of this region.

The Treasury Department reports the following collections under the processing tax from New England States to the end of February 1934:

Maine	$1,451,000
New Hampshire	1,162,000
Vermont	175,000
Massachusetts	13,779,000
Connecticut	1,384,000
Rhode Island	2,469,000
Total	20,400,000

Against these collections of over $20,000,000, New England farmers have benefited during the same period only to the extent of $1,000,000 in payments under the agricultural-relief program, three quarters of a million having gone to Connecticut tobacco growers, and the balance to tobacco raisers in Massachusetts. Tobacco was the only crop involved in these payments.

On the 2d of March there was introduced in the House, at the behest of the administration and recognized as an administration measure, a bill authorizing the President to enter into reciprocal trade agreements with foreign nations. Hearings were held for 1 week at which college professors, all of them members of the administration itself, testified. One of your own neighbors from Ashfield, Professor Dickinson, a most charming gentleman, advocated this measure and referred to it as a "new protectionism."

Secretary Wallace recommended doing away with small industries, which he described as being inefficient. When Republican members of the committee inquired what industries would be sacrificed on the altar of this new protectionism, the replies were noncommittal and general.

The idea of a reciprocal trade agreement is to reduce the tariff on a certain foreign product on the theory that that country will purchase more goods from us.

The worst feature about reciprocal trade agreements is that all authority under the Constitution now vested in Congress to fix tariff rates is relinquished and this power placed in the hands of one man, the President, with permission to change these rates within a range of 50 percent and at the same time to "freeze", as it is called, the free list.

Never before has such tremendous authority been given the President, nor has it been requested. The special legislation of last spring made the President a virtual dictator over domestic affairs. This law extends this dictatorship to our foreign trade.

Last Tuesday I witnessed one of the most remarkable scenes in my entire congressional life. Dr. Wirt, for 20 years superintendent

of schools in Gary, Ind., had been subpenaed to testify before a special committee.

Our largest hearing room was packed to the doors with interested people, moving-picture men, photographers, and other scientific people and paraphernalia. Dr. Wirt made a severe indictment of the leaders of the "brain trust" who are today the chief advisers of the administration. He laid his facts plainly before the committee and told the committee that it could, if it wished, put the Government at work on the charges he made.

The substance of his evidence was the expectation and intention of those close to the administration eventually to overthrow the present social order, which meant not the overthrow of government but of the present method of government as handed down to us by our forefathers. It seems to me that such a possibility is a menace to our free institutions and the constitutional form of government under which this country has existed and prospered for a hundred and fifty years.

I never heard of Dr. Wirt before this matter came up, but he is an able, brilliant, and undoubtedly an honorable man. The majority of the special committee appointed to hear the case will ridicule him and no doubt the witnesses they will call will make light of his testimony. He has, however, accurately described the type of people who are the close advisers of the administration. Possibly some of these advisers, like Professor Dickinson, do not want to change the social order, but they do want to change the established principles of agriculture, industry, and commerce.

I saw the President take the oath of office as President of the United States wherein he swore he would support and defend the Constitution. He surely intends with all his strength of character to carry out that oath, but he has close advisers who are showing more and more their interest in a change in our social order which will naturally lead to some other form of government. This is another of my objections to the present-day regime and another reason why I feel that victories await the Republican Party.

I realize that you have such a galaxy of speakers that you cannot devote more time listening to me. I have just touched a few of the high spots showing how the kaleidoscope has been revolving. There will be more to be said in the coming months, and as inventory is taken of the Roosevelt administration it will be found that on one side of the ledger are admiration and respect for our Chief Executive personally, but on the other side of the ledger the most profligate and extravagant expenditures ever known in our history without value received. They are costly experiments, and I predict the American people will soon tire of them.

You have probably read the recent address in New York of Governor Ely. I am criticizing some of the abnormal policies of the present administration. Governor Ely now feels the time has come to get back to normal conditions, and he contends that such conditions would be much more quickly reestablished by abandoning the N.R.A. and other temporary activities.

Here is the expression of judgment by a member of the President's own party, and a man in whom the people of Massachusetts have twice shown their confidence by electing him Governor. By reason of his statement, I am glad it can no longer be charged that in taking exception to the Roosevelt program we Republicans are acting from partisan motives. I have received hundreds of letters from business men in this State relative to the N.R.A., and it is significant that the only one who was thoroughly in favor of it was an undertaker.

The Republican Party is therefore cheerfully facing the approaching campaign. Within a few weeks the preprimary convention in this State will be held. I am glad to learn that the personnel of candidates for delegates to the Republican convention is a very fine one. We look for splendid results for the party at that convention. It goes without saying that included in the names of the nominees will be that of John W. Haigis, who, in addition to his popularity in western Massachusetts, will add tremendous strength to the ticket throughout the State on account of his ability, integrity, and experience in public office. The contribution of Franklin County to the ticket reflects the high standards of citizenship in this section.

CALENDAR WEDNESDAY BUSINESS

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that business in order tomorrow, Calendar Wednesday, may be dispensed with.

The SPEAKER. Is there objection?

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed, with amendments, in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 7835. An act to provide revenue, equalize taxation, and for other purposes.

The message also announced that the Senate insists upon its amendments to the foregoing bill, requests a conference with the House thereon, and appoints Mr. HARRISON, Mr. KING, Mr. GEORGE, Mr. REED, and Mr. COUZENS to be the conferees on the part of the Senate.

The message also announced that the Senate had passed without amendment a bill of the House of the following title:

H.R. 8018. An act to authorize payment for the purchase of, or to reimburse States or local levee districts for the cost of levee rights-of-way for flood-control work in the Mississippi Valley, and for other purposes.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 3296. An act to revive and reenact the act entitled "An act granting the consent of Congress to Meridian & Bigbee Railway Co. to construct, maintain, and operate a railroad bridge across the Tombigbee River at or near Naheola, Ala.", approved January 15, 1927.

The message also announced that the Senate agrees to the amendments of the House to bills of the Senate of the following titles:

S. 2811. An act to authorize the incorporated city of Juneau, Alaska, to issue bonds in any sum not exceeding $100,000 for municipal public works, including regrading and paving of streets and sidewalks, installation of sewer and water pipe, construction of bridges, construction of concrete bulkheads, and construction of refuse incinerator.

S. 2812. An act to authorize the incorporated city of Skagway, Alaska, to issue bonds in any sum not exceeding $40,000, to be used for the construction, reconstruction, replacing, and installation of a water-distribution system.

S. 2813. An act to authorize the incorporated town of Wrangell, Alaska, to issue bonds in any sum not exceeding $47,000 for municipal public works, including enlargement, extension, construction, and reconstruction of water-supply system; extension, construction, and reconstruction of retaining wall and filling, and paving streets and sidewalks; and extension, construction, and reconstruction of sewers in said town of Wrangell.

DISTRICT OF COLUMBIA APPROPRIATION BILL—1935

Mr. BLANTON. Mr. Speaker, on behalf of the gentleman from Missouri [Mr. CANNON], who is unavoidably absent, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 9061) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1935, and for other purposes.

Mr. SNELL. Mr. Speaker, will the gentleman withhold that a moment so that I may ask a question of the majority leader?

Mr. BLANTON. Certainly.

Mr. SNELL. Is it the intention to bring up later in the day the conference reports the gentleman talked about last night?

Mr. BYRNS. So far as the conference report on the Home Owners' Loan Corporation bill is concerned, I have just been informed by the gentleman from Alabama [Mr. STEAGALL] that he will ask to call up that report tomorrow. The Chairman of the Committee on Agriculture, who has charge of the conference report on the Bankhead cotton-control bill, is unavoidably absent at the moment. He indicated to me he would like for the committee to rise a little later on in the afternoon and take up that report. I told him that would be satisfactory to me if it was satisfactory to the gentleman from Texas [Mr. BLANTON], who will have charge of the District of Columbia bill.

Mr. SNELL. Several Members have asked me to find out about the procedure, as they want to be here at the time the report is called up.

Mr. BYRNS. As soon as the gentleman comes in I shall inform the gentleman from New York about the procedure.

Mr. TREADWAY. May I ask a question of the majority leader?

Mr. BYRNS. Yes.

Mr. TREADWAY. Could there be given perhaps an hour's notice as to when the report will be called up, in order that

we may be sure of knowing when the conference report will be taken up?

Mr. BYRNS. Yes; we can do that. What kind of notice would the gentleman suggest?

Mr. TREADWAY. Why not set some definite time?

Mr. SNELL. Why not agree upon 2 o'clock this afternoon?

Mr. BYRNS. I do not know whether that will be satisfactory to the gentleman from Texas [Mr. JONES] or not. I do not know whether the gentleman will be able to be here at 2 o'clock.

Mr. BLANTON. Mr. Speaker, I have discussed the matter with the ranking minority Member on the other side, and I ask unanimous consent that general debate run on today, the time to be equally divided and controlled by the gentleman from Pennsylvania [Mr. DITTER] and myself.

Mr. DITTER. Will the gentleman from Texas yield for a question?

Mr. BLANTON. Yes.

Mr. DITTER. Can we come to an agreement as to the time we will use in general debate as a whole; that is, whether the debate will go over to a future day?

Mr. BLANTON. This will be the last appropriation bill, except the last deficiency bill, upon which debate will be confined to the bill. In other words, this will be the last general debate on an appropriation bill during this session, and there are a great many Members who wish to speak in general debate.

Mr. DITTER. That is what I have in mind. I have a number of requests on this side.

Mr. BLANTON. I think it would be best to have the debate run along for the day, and we can come to an agreement later on with reference to closing general debate.

Mr. BYRNS. Will the gentleman from Texas yield?

Mr. BLANTON. Yes.

Mr. BYRNS. I may say to the gentlemen, with regard to the conference report, that I cannot say whether it will be called up this afternoon or not, but we could have an understanding that under no circumstances will it be called up before 2 o'clock.

Mr. TREADWAY. That is entirely agreeable, so far as I am concerned.

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. BLANTON]?

There was no objection.

The SPEAKER. The question is on the motion of the gentleman from Texas.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the District of Columbia appropriation bill, with Mr. SEARS in the chair.

The Clerk read the title of the bill.

Mr. BLANTON. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BLANTON. Mr. Chairman, I yield 30 minutes to my colleague from Texas [Mr. MANSFIELD].

Mr. DITTER. Mr. Chairman, I also yield 30 minutes to the gentleman from Texas.

Mr. MANSFIELD. Mr. Chairman, I have received many inquiries relative to a river and harbor bill, and I take this occasion to make a general reply. On May 9 of last year a river and harbor bill was reported to the House and is now upon the calendar. This was done with the consent of the President, but with the understanding that congressional action would not be urged, awaiting the Public Works program then contemplated. Since then the program of Public Works has been inaugurated, and many of the projects embraced in the bill are now being carried out under that agency. Many others, just as important, have not been included. One of the major purposes of the Public Works program was to afford immediate employment, and preference, of course, was given to those measures which gave promise of the least possible delay in execution.

Since the river and harbor bill was introduced, additional projects have been reported by the Chief of Engineers, a number of which have already, in whole or in part, been adopted in the Public Works program. The Committee on Rivers and Harbors has held hearings upon these measures, and last week reported another bill, embracing the projects in the former bill, with those approved by the committee since that bill was reported.

The President does not give his assent to the consideration of any river and harbor legislation at this time, fearing the effect it might have upon the Budget. He also contemplates a new program to be applied to inland waters. That, of course, has not yet been definitely worked out. However, the bill reported by the Committee on Rivers and Harbors is largely for the improvement of port conditions on the Atlantic, Gulf, and Pacific coasts, and upon the Great Lakes. These measures would not interfere with any proposed system of internal improvements. The amounts recommended in the bill for inland waters are minor as compared with those now under execution by the Public Works Administration.

Mr. CULKIN. Will the gentleman yield?

Mr. MANSFIELD. I yield.

Mr. CULKIN. In the list of legislation which the President desires to have passed at this session, as I have seen it in the press, there is no mention of the so-called "works bill."

Mr. MANSFIELD. I think the gentleman is correct. I presume they are expecting another appropriation.

Mr. CULKIN. So the zoning of the country by watersheds is for the present session abandoned.

Mr. MOTT. Will the gentleman yield?

Mr. MANSFIELD. I yield to the gentleman.

Mr. MOTT. The gentleman says that legislation on the river and harbor bill will not be urged.

Mr. MANSFIELD. That was the bill of last year. There has been no understanding about this bill.

Mr. MOTT. Will there be legislation on the river and harbor bill of this year?

Mr. MANSFIELD. That is up to Congress.

Mr. MOTT. Does the Rivers and Harbors Committee want a bill passed at this session?

Mr. MANSFIELD. I would like to have it passed, but I see no prospect of it unless the President gives it his approval.

Mr. MOTT. Then what is the purpose of introducing a bill?

Mr. MANSFIELD. We have several purposes in view; one is that we want to put before Congress our recommendations as to what should be done. I am speaking for the Committee on Rivers and Harbors. Our views may not agree with the views of a majority of the House.

Mr. MOTT. Is it the intention to try to pass the bill notwithstanding the want of the President's consent?

Mr. MANSFIELD. I have not had any such view as that.

Mr. MOTT. I hope the gentleman will try to. I will do what I can to help him.

Mr. MANSFIELD. That will be up to Congress.

It has now been 4 years since a river and harbor bill was enacted. A check-up for the past 128 years fails to reveal another instance where so long a time elapsed without a river or harbor bill or navigation measure of some kind, except in the years from 1860 to 1864. That was during the period of the great Civil War, or war of secession, when the country was torn asunder by sectional feeling and internal strife. In the year 1864, and before the war had ended, Congress realized the need of certain waterways for military use. In that year seven bills were enacted providing for harbor-and-channel improvements.

In 1866 a general bill was passed authorizing the largest expenditures for waterway improvements ever made up to that time, the appropriation being for more than $3,700,000. In 1867 another bill was passed authorizing more than $4,700,000. These expenditures were about equally divided between harbors and inland waters with substantial sums for investigations and surveys.

For many years prior to 1922 it was the general custom to pass a river and harbor bill at each regular session of Congress. Occasionally a bill would get caught in a legislative jam and fail to get through. In the Sixty-fifth Congress three general river and harbor bills were passed in the 2-year period, all receiving the approval of President Wilson. This was during the World War, when it was found that the country was in need of these facilities of transportation.

Mr. COLE. Will the gentleman yield?

Mr. MANSFIELD. I yield.

Mr. COLE. While we have had no river and harbor bill since 1930, can the gentleman tell us how much money has been expended on new projects under the P.W.A. since we passed that legislation?

Mr. MANSFIELD. If the gentleman will wait a little while, that question will be answered further on.

Since the adoption of the Budget, the Committee on Rivers and Harbors no longer being an appropriating committee, the necessity for a regular annual bill does not always exist. While under the 8 years of the Wilson administration 8 bills were enacted, only 3 such bills were passed in the 8 years of the Harding-Coolidge administrations.

Under the Hoover administration, the depression coming on, only one river and harbor bill became a law. That was in 1930 and was the last bill of the kind to pass Congress. Since 1930 no new river and harbor projects have been authorized by Congress, and no changes or alterations have been granted on those previously authorized. Still, our actual expenditures for such purposes have been far greater than ever before in our history.

In the first years of the depression, the Committee on Rivers and Harbors was advised to curtail authorizations for future expenditures to aid in balancing the Budget and restoring public confidence. The committee cheerfully complied and refrained from reporting a bill. In other quarters efforts were made to increase the current expenditures for public works as an aid to reemployment. This idea finally prevailed, and expenditures in 1931 and 1932 for rivers and harbors were materially increased over that of previous years.

In 1933, under the administration of Mr. Roosevelt, the National Recovery Act was passed, and all river and harbor improvement works are now carried out under the Public Works Administration. This agency, under certain restrictions, is authorized to adopt its own projects for expenditures. It has allotted for river and harbor improvements, within the past year, $178,769,908. Of this sum total, $50,557,108, or approximately 30 percent, were for expenditures on projects previously authorized by Congress.

The other sums allotted for rivers and harbors, amounting to $128,132,800, were for expenditures which Congress had not specifically approved but which the Public Works Administration had authority to adopt on the recommendation of the Chief of Engineers. In order to complete these projects, additional expenditures of $235,319,700 will be required. I believe that answers the question of the gentleman from Maryland [Mr. COLE].

These projects are all doubtless meritorious. No thought of criticism is here intended. In fact, projects embraced in these allotments, totaling $46,879,500, had previously been approved by the Committee on Rivers and Harbors and recommended to Congress in the river and harbor bill reported last May and now pending upon the calendar. However, they have never been approved by Congress, nor has Congress had the opportunity of passing upon them.

Regardless of merit, large expenditures made without the specific authorization of Congress will naturally invite public criticism. Why provoke such criticism when Congress can so easily avoid it by passing upon these measures before the expenditures are made? Such responsibilities should not be placed upon the executive branch when Congress can and should take action. Expenditures made in that manner are perhaps justifiable in cases of emergency, but such emergency does not exist where Congress has the opportunity to pass upon such matters for itself. Congress can now easily pass upon these measures and decide for itself where necessary expenditures should be made.

Conditions of commerce do not remain stationary. They are continually undergoing changes in development. New oil fields are being discovered. Sulphur mines and coal and mineral deposits are being developed. The products of the farm and factory are meeting with new conditions, requiring changes in the facilities for handling them. Types of ships and other floating craft are constantly undergoing a period of evolution.

In former years a 3- or 4-foot depth in our principal rivers would reasonably have accommodated the boats and traffic handled at that time. Such facilities under present conditions would be obsolete. Not only the rivers, but our ocean, Gulf, and Lake ports have undergone a similar change in requirements. The types of ships now in operation, and which are necessary for the economic movement of our commerce, require additional depth and width of harbor, channel, and turning basin.

There is nothing unusual or unreasonable in this constant evolution in our waterway requirements. Our railways and highways are undergoing similar changes to meet new conditions as they arise. The roadbed and rolling stock of the railroads of only a few years ago would be obsolete under present conditions. Neither could the automobile traffic of today be handled over the highways of yesterday.

Fifty years ago I was in the employ of the Southern Pacific Railroad as a freight clerk. A freight train at that time consisted of 30 to 40 cars, of capacity not exceeding 30,000 pounds, or 15 tons. Freight trains now frequently consist of 100 or more cars, with loads ranging from 50 to 90 tons to the car. Last week, Mr. Forsberg, chief engineer of the Pittsburg & Lake Erie Railroad, a very distinguished and well-informed gentleman, stated before the Committee on Rivers and Harbors that his road, with the usual crew of five men, had hauled as many as 110 cars to the train, loaded with 6,000 tons of coal. This was 10 times the average trainload of a few decades ago.

In order to provide reasonably for our ever-changing conditions in shipping requirements, a national river and harbor bill should be passed by Congress at least every other year. We should have had one in 1932 and another at the present session of Congress. These matters cannot, except in a few isolated cases, be systematically taken care of in any other manner.

Such a course would not at all interfere with the annual Budget. Our actual expenditures for waterways the past 4 years, when no bills of authorization were passed, have been far greater than ever before and possibly greater than they would have been if we had gone ahead in the orderly manner of having Congress pass upon and approve the river and harbor projects upon which expenditures are to be made.

Congress has been conservative in expenditures for waterway improvements for purposes of navigation. The Committee on Rivers and Harbors has been extremely cautious in its recommendations to Congress for such expenditures. The elements opposed to those inland waterways that are thought to compete with the railroads have been loud in their condemnation of Congress but are silent as to the larger expenditures authorized for such purposes by the Public Works Administration.

Mr. CULKIN. Mr. Chairman, will the gentleman yield?

Mr. MANSFIELD. Yes.

Mr. CULKIN. Can the gentleman state specifically the amount of money which the Public Works Administration has allocated to river and harbor projects without coming to Congress or to a congressional committee?

Mr. MANSFIELD. One hundred and twenty-eight million one hundred and thirty-two thousand eight hundred dollars on river and harbor projects.

Mr. CULKIN. Will the gentleman include in that amount the additional amount required to complete these projects?

Mr. MANSFIELD. Two hundred and thirty-five million three hundred and nineteen thousand seven hundred dollars.

Mr. CULKIN. So that without having any say in the premises the Congress will be asked to appropriate $250,000,000 for projects in which it had no voice?

Mr. MANSFIELD. That is the case with some of the expenditure made, some of which will go for nothing unless completed.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. MANSFIELD. Yes.

Mr. DONDERO. If Congress does not approve the further expenditure of the $235,000,000 required, what will become of the $128,000,000 that has already been expended?

Mr. MANSFIELD. That is a question that I do not believe I am competent to answer.

Mr. DONDERO. It may not be of any benefit to the people at all.

Mr. MANSFIELD. Some of the expenditures will serve a good purpose, but many of them will be of no avail whatever until they are completed. There are so many different types of work included that one cannot place them all under the same category.

Mr. MOTT. Mr. Chairman, will the gentleman yield?

Mr. MANSFIELD. Yes.

Mr. MOTT. To ask the gentleman if the policy that he has just outlined of river and harbor development by the Public Works Administration does not in fact constitute a complete surrender by the Rivers and Harbors Committee of jurisdiction over that branch of legislation, now vested in the discretionary jurisdiction of the Secretary of the Interior.

Mr. MANSFIELD. Or the Administrator of Public Works, in that capacity.

Mr. MOTT. Yes.

Mr. MANSFIELD. Of course that takes all that legislation out of the jurisdiction of the Committee on Rivers and Harbors.

Mr. MOTT. The gentleman does not agree with that policy, does he?

Mr. MANSFIELD. I do not, except for emergency work.

Mr. SNELL. Mr. Chairman, will the gentleman yield?

Mr. MANSFIELD. Yes.

Mr. SNELL. In the gentleman's speech somewhere will he set forth the number of projects that had been taken up by the Public Works Division which never had been approved by Congress or by the Rivers and Harbors Committee?

Mr. MANSFIELD. I have not that list before me now, but I can insert it in the RECORD.

Mr. SNELL. I think that would be very good information for the House and the country to show the number of projects that have been taken up which the Committee on Rivers and Harbors or the Board of Engineers have never considered.

Mr. MANSFIELD. The Chief of Engineers has considered and approved all of them.

Mr. SNELL. They have not necessarily approved them.

Mr. MANSFIELD. They have not been approved by the Congress; they have not been brought before Congress.

Mr. SNELL. I think the gentleman should mention those projects that have not been approved by the legislative end of the Government.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. MANSFIELD. Yes.

Mr. BLANTON. I believe that the minority leader will find that data in the hearings on the War Department appropriation bill.

Mr. SNELL. If that could be included in the speech of the gentleman from Texas, I think it would be good information.

Mr. MANSFIELD. I think the gentleman will find it set forth there. I ask unanimous consent to insert them in my speech at this point.

The CHAIRMAN. Is there objection?

There was no objection.

The list is as follows:

Projects not considered by the Rivers and Harbors Committee to which allotments have been made by the Public Works Administration

	Estimated cost	Amount allotted	Additional amount required to complete
Delaware River, Philadelphia and Trenton	$3,828,000	$1,000,000	$2,828,900
Savannah River, below Augusta, Ga	470,000	482,000	
Miami Harbor, Fla	3,311,000	2,000,000	1,311,000
River Styx, Fla	15,000	15,000	
Upper Mississippi River	104,850,000	21,850,000	83,000,000
Missouri River; dam at Fort Peck, Mont	66,500,000	25,000,000	41,500,000
Cumberland River, below Nashville, Tenn	868,000	868,000	
Kanawha River, W.Va	12,200,000	4,765,000	7,435,000
San Joaquin River and Stockton Channel, Calif	990,000	990,000	
Columbia River; dam at Bonneville		20,240,700	12,168,000
Olympia Harbor, Wash	24,000	24,000	
Kaunakakai Harbor, Hawaii	120,000	120,000	
Total	193,176,900	77,354,700	148,242,900

Mr. COLDEN. Mr. Chairman, will the gentleman yield?

Mr. MANSFIELD. Yes.

Mr. COLDEN. The distinguished gentleman from Texas mentioned that the P.W.A. had appropriated money, I think, to the extent of $128,000,000.

Mr. MANSFIELD. Yes.

Mr. COLDEN. And $235,000,000 for projects not approved by the Committee on Rivers and Harbors.

Mr. MANSFIELD. That have not been approved by the Congress.

Mr. COLDEN. Are there any improvements there that would not be classified as navigation, but might be of the nature of flood control and the development of power and other uses of waterways outside of navigation?

Mr. MANSFIELD. Some of them are of that type, like the Fort Peck Dam, for instance, on the upper Missouri River, largely for flood control and for power, but incidentally for furnishing water for navigation.

Mr. CULKIN. Mr. Chairman, will the gentleman yield?

Mr. MANSFIELD. Yes.

Mr. CULKIN. The Fort Peck Reservoir involves governmental disbursements of something like $900,000,000, does it not? According to the document presented by the engineers, $400,000,000 is for power, $400,000,000 is for irrigation, and about $300,000,000 for navigation?

Mr. MANSFIELD. I am just speaking of the dam that has been approved. Twenty-five million dollars has been allocated to it now, and it will take $41,000,000 more to complete the Fort Peck Dam, as I understand.

Mr. CULKIN. Neither the committee nor the Congress ever had anything to do with that.

Mr. MANSFIELD. It has not been before the Congress.

Mr. CULKIN. And it is also true that it will take 7 years for the reservoir to fill?

Mr. MANSFIELD. It will take a number of years.

Mr. CULKIN. I mean the time necessary to actually fill the reservoir.

Mr. MANSFIELD. I am not advised as to that; I do not know how long it will take.

Mr. DUNN. Mr. Chairman, will the gentleman yield?

Mr. MANSFIELD. I yield.

Mr. DUNN. Is it not a fact that Congress has empowered the President of the United States to call upon the Treasury Department to spend money for construction purposes?

Mr. MANSFIELD. All this, of course, is authorized in the National Recovery Act. That is the source of the authority.

Mr. Chairman, there is another feature to which I desire to call attention. That is as to the legal status of those projects which have not been specifically authorized by act of Congress but upon which expenditures have been made by the Public Works Administration. Whether Congress has authority to consider those projects as having been legally authorized and can appropriate money for their permanent maintenance might be a question of grave doubt.

Neither the code nor act of Congress will contain the list of the projects or the terms of their adoption.

Mr. Chairman, the improvements of the seacoast and inland waterways of the United States for the practical and systematic movement of commerce is a question in which every citizen has an interest. We have expended for such purposes, through a period of more than a hundred years, approximately one and three quarter billion dollars, about 45 percent of which has been upon inland waters.

Mr. SNYDER. Mr. Chairman, will the gentleman yield?

Mr. MANSFIELD. I yield.

Mr. SNYDER. The gentleman spoke of the Erie Railroad. It is in my district. The gentleman's mention of this company brings to my mind the fact that the Monongahela River has more freight tonnage on it per square mile of surface than any other one river in the world. It cost the Government $15,000,000 to build the locks in the Monongahela River, but over these locks since 1931 there has passed coal from West Virginia and the western part of Pennsylvania in vast tonnage. In 1931 there were about 6,000,000 tons.

Mr. MANSFIELD. I will ask the gentleman to make his question as short as possible, for my time is passing.

Mr. SNYDER. All right. We will have the gentleman's time extended if we can. The point about which I wish information is whether there is any place in the United States where a tonnage fee is charged for locking coal through canal locks.

Mr. MANSFIELD. Not in any Government project.

Mr. SNYDER. A State builds a bridge, for instance, and then charges a toll of 10 cents or 15 cents for each vehicle passing over it until the bridge is paid for. Is there any such policy in operation in regard to any of the waterways?

Mr. MANSFIELD. There is nothing of that kind in any Federal waterway project. The matter of which the gentleman speaks is within the control of the States. Different States have different laws in regard to that.

Mr. SNYDER. Could a law be passed whereby a lockage fee could be charged?

Mr. MANSFIELD. It can be done. The President has had it under consideration. I do not know what decision, if any, has been reached.

Mr. COLDEN. Mr. Chairman, will the gentleman yield?

Mr. MANSFIELD. I yield.

Mr. COLDEN. The gentleman has in mind the theory that waterways should bear a tax in order to discharge the upkeep. The Rhine River has been used as an example of that system in operation in Europe; but is not that an entirely distinct situation where Germany, France, Holland, and Belgium participate in the traffic on that river and that it has no parallel whatever to the inland waterways of the United States?

Mr. MANSFIELD. The Rhine is an international stream, and most of the large rivers of Europe are more or less under international control. An instance of this is the Danube.

Under the engineers of the War Department, backed by the authority of Congress and the confidence of the American people, our improvements have become more nearly coordinated and systematized than ever before in our history. Many of our waterways, and especially our harbors and channels on the ocean, Gulf, and Lakes coasts, are sadly in need of alteration and improvement, as is shown by the hearings before the Committee on Rivers and Harbors during the past 2 years. It is to be hoped that these matters may be called to the attention of Congress at an early day.

Our total water-borne commerce, of course, has been decreased enormously during the depression, but is again assuming large proportions. The last annual report of the Chief of Engineers shows that the traffic handled through the Atlantic, Gulf, and Pacific ports amounted to 231,581,086 tons, valued at $9,450,112,120. That of the Great Lakes was 54,913,140 tons, valued at $893,207,794. Our rivers and other inland waters, after deducting duplications, had a traffic of 151,276,145 tons, valued at $2,589,991,917.

These were the figures for 1932, and are from the latest official reports available. Reports for 1933 so far as heard from through the port authorities, in many instances, show enormous increases over the previous year.

The public was recently given a brief synopsis of the plans of the President for a national system, consisting of commissions to take charge of the several watersheds of the United States, for the purpose of planning and improving our rivers for all national purposes. These purposes are so closely interrelated as to seem incapable of being segregated. The country looks forward with interest to whatever successful and comprehensive plan that may be evolved.

Any successful program that can be worked out must necessarily be based upon the information obtained in response to the surveys embraced in Document No. 308, authorized by Congress in the river and harbor bill of 1925.

Mr. CULKIN. Mr. Chairman, will the gentleman yield?

Mr. MANSFIELD. I yield.

Mr. CULKIN. Does the gentleman believe that Congress should delegate to any departmental group power to initiate and control the development of these improvements in inland or coastal waterways? Is this the gentleman's judgment after his long and distinguished service in connection with this matter?

Mr. MANSFIELD. As I understand the proposition, they can act in an advisory capacity only. Reports are to be made to them and they in turn make their recommendation to Congress, but Congress is the final arbiter in the proposition.

Mr. CULKIN. Is the gentleman sure of that?

Mr. MANSFIELD. No; I do not know for a certainty.

Mr. CULKIN. Under existing law these matters, such as the Fort Peck Reservoir or the Grand Coulee Dam, involving $50,000,000, has not come to Congress.

Mr. MANSFIELD. No.

Mr. CULKIN. And have not been considered by any committee?

Mr. MANSFIELD. No; but that is not in the permanent program for the future; that is under the Public Works Administration for temporary emergency expenditure.

Mr. CULKIN. It is, however, a rather healthy disbursement; but what I am getting at—and I hate to take up the gentleman's time—is the gentleman's opinion, based on his long service and experience, as to the advisability of Congress by legislation delegating to any bureau or department the power to initiate, regulate, or enter into improvements?

Mr. MANSFIELD. I believe my answer to the gentleman from Oregon a while ago is an answer to the question of the gentleman from New York—that they can be regarded only as emergency measures and not permanent works.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. MANSFIELD. I yield.

Mr. DONDERO. What is the gentleman's opinion as to whether or not commissions can work out rivers and harbors projects better than the Rivers and Harbors Committee of this Congress?

Mr. MANSFIELD. They could not unless they were better informed upon the subject than is the Committee on Rivers and Harbors.

Mr. DONDERO. The record for 140 years shows that it has been taken care of.

Mr. MANSFIELD. That is the way it appears to me. This was the case with the Tennessee River, where a most thorough study was made under Document No. 308, and also under the survey in the river and harbor bill of 1922, when a half million dollars was authorized for the commencement of the studies.

After securing the information provided for in the bills reported by the Committee on Rivers and Harbors, the Tennessee River, with all its works for navigation installed during a period of 80 years, was then taken completely out of the jurisdiction of the Committee on Rivers and Harbors in the creation of the Tennessee Valley Authority, under the jurisdiction of the Committee on Military Affairs.

Mr. CULKIN. Mr. Chairman, will the gentleman yield?

Mr. MANSFIELD. I yield.

Mr. CULKIN. And is it not a fact that not only was Congress ousted from this situation but the engineers who

made the survey costing a million dollars were also ousted and have nothing to do with it at the present time.

Mr. MANSFIELD. The Tennessee Valley Authority under that law has full power to act.

Mr. CULKIN. And the engineers are not in the picture?

Mr. MANSFIELD. Only insofar as they are continued in the employ of the Tennessee Valley Authority.

The gentleman from Alabama [Mr. McDUFFIE], a member of the Committee on Rivers and Harbors, was the author of the provision for the general purpose survey of the Tennessee River, and other rivers, embraced in Document No. 308. The pioneering of this program was on the Tennessee. When the time came for its culmination, in the creation of the Tennessee Valley Authority, the gentleman from Alabama, as a member of the Committee on Rivers and Harbors, was not permitted to enter with the host into this land of promise, to which he had led the way, but, like his prototype of old, was permitted to view the scene from a distant mountain top.

Mr. Chairman, I hope I may be pardoned if I call attention to conditions under which the ocean commerce of my home State of Texas is laboring. On page 53 of the hearings before the Committee on Appropriations for the War Department for the fiscal year 1935, there is a table of ports inserted by General Pillsbury, Assistant Chief of Engineers. It embraces our 20 leading ports for the year 1932. The tonnage, of course, was far below the average of a few years ago, but in each of 13 of these ports, for the year 1932, more than 10,000,000 tons of freight were handled. These ports, in the order of their rank, are as follows:

Rank, Port, Tonnage	
1 New York, N.Y.	87,733,459
2 Philadelphia, Pa.	18,837,868
3 Los Angeles, Calif.	18,288,705
4 Boston, Mass.	14,012,172
5 Beaumont, Tex.	13,218,880
6 Houston, Tex.	12,710,432
7 Baltimore, Md.	12,227,271
8 Norfolk, Va.	11,524,264
9 Buffalo, N.Y.	11,146,462
10 Toledo, Ohio	10,790,210
11 Port Arthur, Tex.	10,612,975
12 Duluth, Minn.	10,519,804
13 New Orleans, La.	10,491,084

Mr. COLDEN. Will the gentleman yield?

Mr. MANSFIELD. I yield to the gentleman from California.

Mr. COLDEN. I call attention of the gentleman to the fact that the year 1932 is rather unfair to the port of Los Angeles, because in that particular year Philadelphia crowded Los Angeles from second place by a few hundred thousand tons. I also call attention of the gentleman and my colleagues to the fact that for the year 1931, for instance, Philadelphia had a tonnage of 19,283,863 tons and Los Angeles had a tonnage of 23,097,778 tons, or nearly 4,000,000 tons more than our rival, the city of Philadelphia; that in 1929 the Philadelphia tonnage was 21,674,752 tons, while Los Angeles had a tonnage of 29,106,095 tons, or almost 8,000,000 tons in excess of Philadelphia.

Mr. MANSFIELD. The gentleman from California is correct. The shipping conditions of 1932 were abnormal, and many of these ports normally have millions of tons more than embraced in the table put in the hearings before the Committee on Appropriations.

Mr. COLDEN. Does not the Philadelphia tonnage include the Schuylkill River as additional territory to that port?

Mr. MANSFIELD. The Delaware River?

Mr. COLDEN. The Schuylkill River.

Mr. MANSFIELD. I should judge so. These were the only American ports that handled as much as 10,000,000 tons in 1932. Three of these ports, Buffalo, Toledo, and Duluth, are upon the Great Lakes, where the requirements for shipping are entirely different from those upon the high seas. Of the 10 ocean and Gulf ports, handling more than 10,000,000 tons each in 1932, 3 were in Texas—Beaumont, Houston, and Port Arthur. It is a significant fact that the present project depth in each of these Texas ports is only 30 feet, while all of the other ocean and Gulf ports embraced in the table have project depths of from 35 to 40 feet.

I have here a photostat from the Engineer's office, showing that the tonnage of these three Texas ports for the year 1933 registered a gain over that shown in the table for 1932 of 8,060,691 tons, and this did not include cargoes in transit and bunker fuel which would add nearly 3,000,000 tons additional.

These conditions in Texas should be brought more nearly to an equality with other ports handling a like amount of shipping of similar character. They have been approved for a depth of 32 feet by the engineers of the War Department, and each of them is now embraced in the pending river and harbor bill, which has not come to a vote. It is true, they have been approved by the Public Works Administration for a portion of the money necessary to give them this proposed depth of 32 feet. However, the allotments of the Public Works Administration, according to the estimates, will lack $1,000,000 of giving the required depth to the Houston Ship Channel, and nearly another $1,000,000 on the Sabine-Neches waterway on which the ports of Beaumont and Port Arthur are situated. Unless the required depth of 32 feet is given the entire length of these respective ship channels, then the 32-foot depth given to them on three fifths of the distance will be of little avail. The tonnage handled in these Texas ports is of such a nature as to require sufficient depth to accommodate the freight and tank ships of the largest capacity afloat.

At the ports of New Orleans and Baton Rouge—ports comparable with those of Texas as to the type of ships and character of commerce, but where a least depth of 35 feet is available—338 ship entries were made in 1933 by ships drawing more than 30 feet. On page 952, volume 1, Annual Report of the Chief of Engineers for 1930, it is shown that for the previous year 82 ship entries were made through the Southwest Pass of the Mississippi by ships drawing more than 30 feet, the maximum draft for that year being 33 feet. None of these ships can enter any Texas port when loaded to capacity. This is the equivalent of a tax that must be borne by the producers and consumers of that commerce, the largest items of which are oil and gasoline, cotton and wheat.

I simply call attention to these matters for the purpose of illustrating the need for a river and harbor bill to more nearly equalize the conditions of shipping upon the Gulf, in which the producers and consumers of the whole country have an interest.

Mr. DONDERO. Will the gentleman yield?

Mr. MANSFIELD. I yield to the gentleman from Michigan.

Mr. DONDERO. Is there any reason why a small amount of money might not be allotted out of the Public Works fund to increase the depths of the Texas ports to accommodate these other vessels which cannot now enter the ports with cargoes?

Mr. MANSFIELD. If they have the money, there is no reason why that should not be done. They claim they have no more money. They have allotted enough to do approximately three fifths of the work, with the expectation doubtless of making further allotments. Unless further allotments are made and the money provided, the money that has been expended and the work being carried out now will serve very little purpose.

Mr. DONDERO. Would not this small amount of money have served a better purpose rather than to have expended $128,000,000 on projects which were not approved by the committee?

Mr. MANSFIELD. I cannot pass upon matters that the Public Works Administration has passed upon, because I do not know what evidence they had before them.

Mr. THOM. Will the gentleman yield?

Mr. MANSFIELD. I yield to the gentleman from Ohio.

Mr. THOM. The gentleman does not think the Public Works Administration, after beginning these projects, are going to walk away from them and not finish the projects? That seems ridiculous to me. As a matter of fact, they are going to ask for more appropriations in this Congress.

Mr. MANSFIELD. I have not made any intimation to that effect that I know of.

Mr. THOM. I thought that was the drift of the conversation here, that the Public Works Administration was going to walk out on those partly finished projects.

Mr. MANSFIELD. No. I said the claim was made that they had no more money available.

Mr. ADAMS. Will the gentleman yield?

Mr. MANSFIELD. I yield to the gentleman from Delaware.

Mr. ADAMS. In view of the statement made by the distinguished Chairman of the Rivers and Harbors Committee, does not the gentleman think it would be advisable if a bill is brought in appropriating money for P.W.A. work that the appropriation be earmarked to continue, carry out, and complete worth-while projects already undertaken?

Mr. MANSFIELD. I should favor the earmarking of all appropriations that can be consistently earmarked.

Mr. ADAMS. My thought is that if we are not sure they are going to be continued by the administration, why not make sure of that fact by having the funds so earmarked.

Mr. MANSFIELD. That will be up to Congress.

Mr. COLDEN. Will the gentleman yield further?

Mr. MANSFIELD. I yield.

Mr. COLDEN. Is it not a fact that the P.W.A. is merely an emergency recovery proposition and has no assurance of a continuous existence?

Mr. MANSFIELD. That is entirely correct, as I understand the matter.

Mr. Chairman, our river and harbor legislation has had a tortuous road to travel. A few references might not be without interest. In our early history internal improvements by the Federal Government were generally regarded as being unconstitutional or, at least, of doubtful constitutionality. Though, dating back even to the first Congress, bills were passed for the maintenance of lighthouses, beacons, buoys, and public piers as aids to navigation.

Under the administration of Mr. Jefferson two bills were passed for the erection of public piers in the Delaware River; one in 1802, the other in 1806. In 1809 he approved a bill for deepening and extending to the Mississippi River the canal of Carondelet. In 1808 Mr. Gallatin, Secretary of the Treasury under Mr. Jefferson, advocated the improvement of highways and waterways as the permanent policy of the Federal Government.

In 1817 Mr. Madison vetoed a bill for internal improvements, including waterways. In his message he said:

> The legislative powers vested in Congress are specified and enumerated in the eighth section of the first article of the Constitution, and it does not appear that the power proposed to be exercised by the bill is among the enumerated powers.

Mr. PARSONS. Will the gentleman yield?

Mr. MANSFIELD. I yield to the gentleman from Illinois.

Mr. PARSONS. The gentleman has given us a history of these improvements. A few weeks ago there was a resolution brought in on the floor one morning without discussion and without the Chairman of the Rivers and Harbors Committee or any member of the committee knowing anything about it, asking that the President be requested to make and furnish to the House and Senate a report on a comprehensive plan for the improvement and development of the rivers of the United States, all of which information was and is now available in Report No. 308 that the Board of Engineers and the various engineering officers of the country have made over a period of years under direction of the Rivers and Harbors Committee. The resolution was adopted by the House, and we are expecting that this report will be furnished to the Congress within the next few days or few weeks.

This resolution was brought in by the Flood Control Committee, which had no jurisdiction over any of the matters mentioned in the report to be submitted except the one item of flood control. When the report comes in, does not the gentleman believe it should be referred to the Rivers and Harbors Committee for study and consideration and that any legislation affecting navigation or affecting any parts of the report other than the flood-control feature should be directed to the Rivers and Harbors Committee and that the Rivers and Harbors Committee should prepare such legislation and report?

Mr. MANSFIELD. I do not think there is any doubt about that matter.

Mr. PARSONS. I have quite a history here of the development of Rivers and Harbors and of the Flood Control Committees. The Rivers and Harbors Committee was created in 1882 or 1883. It had jurisdiction over the improvement of rivers for navigation, for power of flood control, irrigation, and reclamation.

Mr. MANSFIELD. And pollution.

Mr. PARSONS. All of these matters were taken care of and the appropriations, up until the Budget was created in 1921, for all these purposes were passed upon by the Rivers and Harbors Committee and reported to the House. In the creation of the Flood Control Committee the former leader of this House, the Honorable Finis Garrett, brought in a rule on February 3, 1916, to create this committee, and among other things, in talking about the jurisdiction that the committee would have, he said that the committee would have jurisdiction of that subject matter only, speaking of flood control, and therefore the Rules Committee reported unanimously to create this committee to have charge of one thing only, and that was flood control. There was quite a discussion in the RECORD as of that date, and on page 2069 of the RECORD, Mr. Sparkman who was interested at that time in rivers and harbors had this to say——

Mr. MANSFIELD. He was chairman of the committee.

Mr. PARSONS. Yes; and he rose and asked this question:

> What I want to ask is what effect would this rule, if adopted, or this amendment to the rule, and the investigation by this committee under it have on the jurisdiction of the Committee on Rivers and Harbors over that class of work?

Mr. Garrett, answering, had this to say:

> I should say, Mr. Speaker, that bills relating to flood control would be referred to this new committee if the rule be adopted. I do not think that those bills which refer to the question of navigation of the Mississippi would be referred to this new committee but that they would be referred, as they have always been since the Committee on Rivers and Harbors was created, to the Committee on Rivers and Harbors.

Now, in view of the evidence in the RECORD as to the creation of this committee, does not the gentleman believe that when this report comes back to the Congress it should be referred to the Rivers and Harbors Committee, because the Rivers and Harbors Committee was the parent committee of all these things in the beginning, and having had the Army engineers and the Board of Engineers make the surveys that this report will contain, as a natural consequence, it should go to this committee.

Mr. MANSFIELD. I may state to the gentleman that I think there was some further discussion of the subject. Was there not a question asked, If a proposition embraced a mixed question of flood control and navigation, to what committee it would be referred?

Mr. PARSONS. It would go to the Committee on Rivers and Harbors.

Mr. MANSFIELD. I think Mr. Garrett gave that assurance before the committee was created.

Mr. PARSONS. He did.

Mr. MANSFIELD. I went on that committee a few months afterward, in March 1917, and served on it for 4 years.

Mr. PARSONS. If the gentleman will yield further, after the Committee on Flood Control was created in 1916, it reported out a bill known as the "act of March 1, 1917", and they exceeded their authority and jurisdiction at the time they reported their first bill because, in section 3 of the first flood-control act, this committee took charge and took jurisdiction of all of the questions embraced in flood control, navigation, reclamation, irrigation, drainage of swamps, power, and others. The language runs something like this: That all examinations and surveys of projects relating to flood control shall include a comprehensive study of the

watershed or watersheds. There is nothing in the rules of the House that would give them jurisdiction over any such matters.

Mr. WILSON. Will the gentleman yield there?

Mr. PARSONS. In just a moment; let me finish this quotation:

> And the report thereon, in addition to any other matters upon which a report is required, shall give such data as it may be practicable to secure in regard to the extent and character of the area to be affected by the proposed improvements; the probable effect upon any navigable water or waterway, the possible economical development and utilization of water power and such other uses as may be properly related to or coordinated with the project.

In other words, they just spread their wings on March 3, 1917, and encompassed the whole scheme of everything which the Rivers and Harbors Committee had done since 1882.

Mr. WILSON. Since the gentleman is quoting from my speech, will not the gentleman yield? That provision that is in the Flood Control Act authorizing these surveys was passed by Congress, was it not?

Mr. PARSONS. It was passed by the House.

Mr. WILSON. Then it became the law and superseded any law preceding that date.

Mr. PARSONS. It did not supersede the jurisdiction of the Flood Control Committee, because the rules of the House provided for the jurisdiction of the Flood Control Committee and not this act.

Mr. WILSON. The passage of any act supersedes any prior act.

Mr. PARSONS. Not at all.

Mr. WILSON. That is the law.

Mr. PARSONS. The committees function under the rules of the House, and the House decides upon the matters which may be assigned to the different committees.

Mr. WILSON. But did not Congress pass the act giving that authority to the Flood Control Committee?

Mr. PARSONS. They passed this act I have referred to.

Mr. WILSON. And that is the law.

Mr. PARSONS. But that does not give the Flood Control Committee jurisdiction of these subjects, because that is within the jurisdiction of the Rivers and Harbors Committee under the rules of the House.

Mr. WILSON. An act of Congress supersedes the rules of the House.

Mr. PARSONS. I cannot agree with the gentleman in that respect.

Mr. WILSON. I want to correct the gentleman's statement about the record. This resolution referred to was introduced by me in the House and by Senator NORRIS in the Senate. It was not a resolution giving certain authority to the Committee on Flood Control but was a resolution asking that the President send recommendations to the Congress upon these questions.

Mr. PARSONS. Did not the gentleman have this resolution before his committee for discussion?

Mr. WILSON. I did not.

Mr. PARSONS. The Committee on Flood Control knew nothing about the resolution?

Mr. WILSON. Oh, so far as that is concerned, they probably knew about it; but that was not necessary, because the act of Congress itself in making provisions for the jurisdiction of the Committee on Flood Control naturally carried the authorization there.

Mr. PARSONS. The Committee on Flood Control has no jurisdiction of any question except the matter of flood control. It certainly has no jurisdiction over power or navigation. Those matters have been with the Committee on Rivers and Harbors for more than 50 years.

Mr. WILSON. The major features involved in all those questions relate to flood control, and the surveys are made under the authority granted by the creation of the Committee on Flood Control. There is no conflict between the Committee on Flood Control and the Committee on Rivers and Harbors, and I am sorry that such a question has been raised, because this act of Congress was supported by the leaders on the Republican side and upon the Democratic side and the then Speaker of the House and the leader on the Republican side, and in creating this committee they gave it authority to handle these investigations which coordinate a national plan and delegated to it the handling of reports made by the same engineering bodies that are under the control of the Rivers and Harbors Committee.

Mr. PARSONS. If the gentleman from Texas will yield further, the gentleman from Louisiana does not contend for a moment that the Flood Control Committee has jurisdiction over matters of navigation.

Mr. WILSON. Incidental to flood control; yes.

Mr. PARSONS. Storage of water, creation of power, is not within the committee jurisdiction.

Mr. WILSON. If the major portion of the project is improvement of rivers and harbors, it goes to the Committee on Rivers and Harbors. If the main portion is flood control, it goes to the Committee on Flood Control.

Mr. TREADWAY. Will the gentleman yield?

Mr. MANSFIELD. I yield.

Mr. TREADWAY. I do not want to enter into any discussion as to the jurisdiction of the two committees, but I have been interested in listening to the passage between the two gentlemen relative to the two committees. I was a member of the Committee on Rivers and Harbors when the Committee on Flood Control was set up. I was interested in listening to what Mr. Garrett said at that time about the jurisdiction of the two committees.

As I recall the history under which it was set up—I think it is fair to say to the House that the jurisdiction of the Flood Control Committee went way beyond what the Rivers and Harbors Committee expected it would.

It was brought about in a peculiar way. Mr. Sparkman, of Florida, was Chairman of the Committee on Rivers and Harbors. He was a delightful gentleman, a competent and efficient chairman. The next man to him was Ben Humphreys, of Mississippi, who was also a leader, but there was no possibility of Mr. Humphreys ever becoming chairman of the committee.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. BLANTON. Mr. Chairman, with the permission of the House, I yield to the gentleman 10 minutes more, and out of that I hope he will permit me to say a word about his services here. I wish to say in behalf of the service of the gentleman from Texas [Mr. MANSFIELD] that he entered this House with me in the Sixty-fifth Congress. The other day, on April 2, he finished here his seventeenth continuous year of valuable and efficient service.

The general interest in his hour's speech today is manifested by the fact that 30 minutes was yielded to him by the minority side from across the aisle. I think he is one of the most valuable men in the House, and I know that I express the sentiment of the House when I say that no man in the United States knows more about river and harbor work than he does. [Applause.]

Every Member of the House is his friend, and he has the confidence and respect and esteem of the whole body.

I remember when I was a boy, some of the happiest days I ever spent was when I lived in a county in his district. In hunting deer and fox with hounds I used to know every cow trail between La Grange and Columbus, where he lives. I hope he will serve here with the same valuable service that he has given in the past for many years to come. [Applause.]

Mr. MANSFIELD. I thank my colleague. I will now yield to my friend from Massachusetts [Mr. TREADWAY].

Mr. TREADWAY. It is a great pleasure, Mr. Chairman, to be entirely in accord once in a while with our colleague, the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. I would not expect the gentleman from Massachusetts to be entirely in accord with me only occasionally. [Laughter.]

Mr. TREADWAY. I could not be and retain my reputation at home. [Laughter.] But when he speaks of my good friend Mr. MANSFIELD, the Chairman of the Committee

on Rivers and Harbors, with such praise, I heartily coincide with him.

I only want to add a word. No matter what the record of 15 or 20 years ago may say, the actual fact is that there was a desire to create another committee to take care of some ambitious men who wanted positions. That is the history of the whole set-up of the Flood Control Committee, and I do not think that such jurisdiction should have been taken away from the Rivers and Harbors Committee as was done at that time. As I said, I served years ago on the committee when Mr. Sparkman, of Florida, was Chairman of the Committee on Rivers and Harbors, and now we have as efficient and fine a chairman as Mr. Sparkman was at that time in the person of the gentleman from Texas [Mr. MANSFIELD]. [Applause.]

Mr. MANSFIELD. Mr. Chairman, I thank the gentleman from Massachusetts and my colleague [Mr. BLANTON] for the compliments they have paid me.

Mr. Madison was denominated the "Father of the Constitution", but his rigid construction of it in this regard has long since failed to be sustained by the courts and by the people. Congress failed to override the veto by the necessary two-thirds majority, though on the roll call in the House there were 60 yeas and 56 nays. It is a notable fact that Clay, Webster, Calhoun, and William Henry Harrison all voted to override the veto, Mr. Clay being the Speaker of the House at the time. Mr. Webster was then a Member of the House from the State of New Hampshire, and William Henry Harrison, afterward President, was then a Representative from Ohio.

In 1832 Andrew Jackson vetoed a bill containing waterway and other improvements. In his message he said:

> It is obvious that such appropriations involve the sanctity of a principle that concedes to the General Government an unlimited power over the subject of internal improvements, and that I could not, therefore, approve a bill containing them without receding from the position taken in my veto of the Maysville road bill, and afterward in my annual message of December 7, 1830.

In the annual message referred to by Mr. Jackson he drew a distinction between bills for internal improvements, considering some as of national scope, while others he denominated as local. Several bills for river and harbor improvements were approved by him as of national scope, and the bill meeting with his veto passed Congress by the necessary majorities. On March 3, 1837, the last day of Mr. Jackson's term as President, he approved a general river and harbor bill appropriating $1,666,722, the largest river and harbor bill ever passed by Congress up to that time.

In 1854 and 1856 several bills for internal improvement, embracing waterways, were vetoed by Franklin Pierce, whose views upon the constitutionality of such measures were similar to those of Mr. Jackson. All of the bills vetoed, with one exception, were passed by the necessary majorities. He also approved several bills for waterway improvements as not coming within the scope of his objections.

Mr. Pierce, in his message of December 30, 1854, makes reference to President John Quincy Adams, which is quite interesting. It is as follows:

> President John Quincy Adams, in claiming on one occasion, after his retirement from office, the authorship of the idea of introducing into the administration of the affairs of the General Government a pertinent and regular system of internal improvements, speaks of it as a system by which the whole Union would have been checkered over with railroads and canals affording high wages and constant employment to hundreds of thousands of laborers, and he places it in express contrast with the construction of such work by the legislation of the State and by private enterprise.

Mr. Chairman, I wonder if those views are entertained by the statesmen representing Massachusetts at this time.

The first general river and harbor bill to be vetoed was by President Arthur in 1882. The bill carried appropriations of more than $18,000,000, which Mr. Arthur thought was excessive and more than the Treasury could bear. He stated that he would have approved a bill for half the amount. The bill passed over his veto by more than the necessary two-thirds majority. In the Senate Ransom, Sherman, Vest, Voorhees, Windom, Allison, Aldrich, Coke, Gorman, Hoar, Kellogg, and Pugh were among those who voted "yea." Several river and harbor bills were approved by Mr. Arthur.

In 1896 a river and harbor bill was vetoed by President Cleveland. This was in the last year of his second administration. He had previously approved all river and harbor bills presented to him, but this measure he denominated as "so extravagant as to be especially unsuited to these times of depressed business and resulting disappointment in Government revenue."

It will be borne in mind that this was soon after the Supreme Court had declared the income tax law unconstitutional, and the Government was shorn of a large proportion of its revenues. Mr. Cleveland's motto was "rigid economy" in times of depression. The bill was passed over his veto, Bankhead, Burton, Cannon, Champ Clark, Culberson, Cummings, Gillette, Grosvenor, McMillan, and Underwood voting yea.

Since 1896, no river and harbor bill has been vetoed, and the Chief Executives have shown a friendly interest in navigation improvements. President Theodore Roosevelt has been the outstanding President of all time for the improvement of inland waters. His message in 1908, in transmitting the report of the Inland Waterways Commission, can truthfully be said to be the beginning of the renaissance of river transportation in the United States.

No President of the United States has ever expressed antipathy to waterway improvements by the Federal Government, except upon constitutional or economic grounds. From George Washington to Franklin D. Roosevelt, both included, every President, with the possible exception of William Henry Harrison and James A. Garfield, has approved measures in aid of navigation. William Henry Harrison served as President for only 30 days, and Mr. Garfield for only a few months. I know of no measure of the kind being presented to them during their short tenures. Mr. Harrison was one of those who voted to override the veto of Mr. Madison. It is a reasonable certainty he would have approved such a bill, if given the opportunity. Mr. Garfield voted for such measures when a Member of Congress.

Mr. Madison, who in 1817, for constitutional reasons, vetoed a bill for internal improvements embracing canals, did not hesitate the year before to approve a bill for lighthouses, buoys, and beacons, as aids to commerce and navigation. In the face of the unbroken record of our Presidents, from the first to the latest, in the improvement of waterways, who will presume to condemn such measures? To such contender I should be pleased to reply in the language attributed by Shakespeare to Brutus: "If any, speak; for him have I offended." [Applause.]

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. MANSFIELD. Mr. Chairman, I ask unanimous consent to proceed for 1 minute more.

Mr. BLANTON. Mr. Chairman, I yield the gentleman from Texas 1 minute more.

Mr. MANSFIELD. I thank the gentleman very much. I have here volume XIV, no. 2, of the Annals of Congress of 1816–17, containing the bill vetoed by Mr. Madison and his veto message, with the record vote in the House showing Mr. Webster, Mr. Clay, Mr. Calhoun, Mr. William Henry Harrison, voting to override the veto, and here is a note at the bottom in parenthesis:

> (It will be observed that the Speaker [Mr. Clay] on this occasion, differing from all other questions before the House, claimed and exercised the right to vote.)

That is the only instance where he did it as Speaker. [Applause.]

The CHAIRMAN. The time of the gentleman from Texas has again expired.

Mr. DITTER. Mr. Chairman, I yield 15 minutes to the gentleman from Pennsylvania [Mr. RICH].

Mr. RICH. Mr. Chairman, during the past week there has been quite a bit of discussion in reference to the rules of the House with regard to a petition to discharge a committee from further consideration of a bill by the signatures

of 145 Members to such a petition. I call attention to the rule as adopted on Tuesday, December 8, 1931, and quote from Mr. Pou, who was then Chairman of the Committee on Rules:

Mr. Speaker, 31 years ago I was a Member of this House under what I may term a "one-man oligarchy." For 10 years following my entrance into the House, the House of Representatives had tied itself, hand and foot, and delivered itself to the Speaker. The House was under the control of a Committee on Rules, composed of three men—the Speaker, a gentleman from his side of the House, and one man from the minority side.

This discharge rule provides for the discharge of committees under certain circumstances. It even provides for the discharge of the Committe on Rules. I have no objection to that. As long as I am at the head of the Rules Committee there is not going to be any sitting on the lid. [Applause.] I am willing at any time if any gentleman thinks the Rules Committee is attempting to stifle legislation to have you put your discharge rule into operation. This is also what the proposed change does with respect to other committees.

I may say that this matter will be discussed in detail by the gentleman from Georgia, Mr. Crisp, and perhaps by other gentlemen on this side. The Crisp discharge rule also provides in another paragraph for the calling together of committees where the chairman refuses to call the committee together. Surely nobody objects to this.

Another provison of the Crisp rule is that providing for action by the conferees when they refused to act. Surely nobody can object to that. There are the three high spots in the Crisp amendment to the rules of the House—the discharge of committees, the calling of committees together and compelling the conferees to act.

A good deal has been said about amendments to this Crisp amendment to the rules. We are willing to stand or fall by the action taken by the Democratic caucus. I believe an overwhelming majority of the House is in favor of the proposed liberalization of the rules.

Mr. Crisp then made the following remarks, and I want to say here that I am not reading all the remarks that were said, so that I am not trying in any way to deceive the House in the statements made by Mr. Pou or Mr. Crisp, for whom I have the highest regard. I quote:

Mr. Speaker and my colleagues, this is the day I long have looked forward to—a Democratic Speaker, this House under Democratic rule, carrying out the great principles of democracy, that a majority shall rule, and the adoption of rules with sufficient authority and so adjusted that they shall be rules for the entire House—not to meet any political exigency of any party, but to insure the fundamental right of democracy, that a majority of the House may work its will under the terms of those rules. [Applause.]

The rules that are presented here today are exactly the rules, word for word, that were presented by me in the last Congress and debated with the distinguished majority leader on the floor of the House with only one change. The number that is required to initiate a motion to discharge being changed from 100, as originally written, to 145.

* * * * * * *

I determined to evolve, to the very best of my ability, a rule that could not be filibustered, that could not be circumvented, giving the House a chance to discharge a committee and put a bill on its passage; and the second method in this rule which you have before you today will absolutely accomplish that purpose.

* * * * * * *

Now, I would like especially to stress to my friends of the press that 145 does not discharge a committee. The opponents of this rule say that that 145 would permit unbaked legislation. Such is not the case. The 145 is simply the number necessary to initiate the right for the House itself to vote twice a month as to whether or not it will discharge a committee. .To discharge a committee it would be necessary to have a majority of the membership of the House voting, a quorum being present. As this rule can only come up 2 days in a month, the motion to discharge will have to be on the calendar 7 days, and the membership of the House will know it, will be here, and, in my judgment, it will always require 200 or more voting in the affirmative to discharge a committee, but it is within the power of the 145 to put the House on record.

* * * * * * *

I welcome the minority's program. I hope you will propose one. This rule gives you an opportunity to do so. If it is like your programs in the past, I am quite willing to vote against it, and our majority will vote against it, and yet you can have your record known to the country.

That is all these rules will do. They are democratic. They put it in the power of the majority of this House to carry out its will, whether that majority is made up of Democrats, Progressives, Republicans, or any other party. These rules are made in keeping with the spirit of democracy, in keeping with the spirit of the Constitution of the United States that the majority may rule; and with these rules there can be no hue and cry throughout the land that the House of Representatives is gagged by a triumvirate. [Applause.]

I shall also quote a statement by the gentleman from Illinois [Mr. SABATH]:

Today, after 22 years, thanks to the Democratic majority, we again have a chance and an opportunity to liberalize the rules and to relieve the membership from the extremely restrictive and established rulings which have been in effect the last 10 years of Republican rule.

To me, who continually demanded the liberalization of these rules, it is a great satisfaction that we are about to protect the Members in their rights and privileges so long denied them. For not only was the House often at the mercy of the Speaker but also at the mercy of the conferees and of the various chairmen of the committee.

On the vote on this rule there were 227 yeas and 193 nays. Practically all the Democrats voted for the rule. In this connection, let me remind you that Mr. BYRNS, the majority leader of the House, during the past week has severely criticized the fact that this rule was detrimental to the orderly functioning of the House, claiming that it interfered with the right of those in charge of legislation and that it is an obstacle to legislation rather than an aid to it; and a way is being sought to prevent these rules from coming up for discussion on the floor of the House.

I, myself, am convinced that if our Constitution is to survive we must have party government, and the party must be responsible for its acts in order that it may function to the best interests of the American people. The other day I was interrogated by the majority leader as to my attitude in reference to this rule and I made the statement that I voted against the rule in 1931 because I thought it was wrong and that I would vote to support a change of the rule because I am firmly convinced that party government should function properly if we do not want to establish some form of government in this country that will weaken our Constitution and make us an inferior Government of a one-man rule, or set up a dictatorship, and I am opposed to any dictatorship.

Mr. McDUFFIE. Mr. Chairman, will the gentleman yield?

Mr. RICH. I yield.

Mr. McDUFFIE. How much support could we expect from the gentleman's side were we to bring up the question of amending this rule?

Mr. RICH. I may say that if we as American citizens under the present condition of our country would do those things we in our own minds and consciences feel are for the best interest of the country we would not play politics; and if we did not play politics then I think that the majority of the Republicans who, at the time this vote was taken, opposed that rule should vote for its modification.

Mr. McDUFFIE. I agree with the gentleman, but unfortunately the Republican Party sometimes plays politics.

Mr. RICH. I do not think the Republican Party is nearly as much inclined to play politics as is the Democratic Party, because during the time I have been here, since 1930, I have seen little but politics played on the Democratic side of the House. This statement I am sorry I have to make. A great many of the laws that have been enacted at this session of the Congress will rise up to damn the Democratic Party, for they can never explain the operations of those laws to the satisfaction of their constituents and the country at large.

Mr. McDUFFIE. Of course the Democratic Party will speak for itself at the proper time.

Mr. RICH. The members of that party certainly will have to, for the responsibility is theirs.

Mr. McDUFFIE. Certainly; and we want the responsibility.

I am in entire accord with the gentleman's views with regard to the rule. I think it is the most asinine thing the House has ever done. I asked the gentleman how much support we could expect from his side, but I failed to find out from him if there were gentlemen on that side who are ready to join those of us on this side who wish to act for the benefit of orderly procedure by amending this rule.

Mr. RICH. In connection with the gentleman's statement that this was an asinine rule, the gentleman himself voted for it.

Mr. McDUFFIE. I beg the gentleman's pardon; I did not vote for it.

Mr. RICH. I have before me the CONGRESSIONAL RECORD for December 8, 1931. On the roll call appearing at page 82, there were 227 yeas recorded for the rule and one of the Members recorded as voting "yea" is Mr. McDUFFIE. I presume that means the gentleman from Alabama.

Mr. McDUFFIE. That is my name. I dislike to challenge the RECORD, but I opposed the rule in caucus and have opposed it ever since it was first suggested. Even if I did vote for it [laughter]—and I now have no recollection of having done so, and I do not believe I did so.

Those of us who have seen its operation, being anxious to preserve the welfare of this side of the legislative branch of the Government wish to see the rule amended. May I ask the gentleman frankly if he thinks we could get support from his side to do away with this rule?

Mr. RICH. I certainly admire the gentleman's attitude. I have the greatest respect for the gentleman from Alabama. I have always come to the conclusion in my life that a wise man changes his mind and a fool never. When you find out that you did something wrong you ought to right a wrong. So far as the Republican Party, the minority Members on this side are concerned, I can speak for only one Member. I may say that I have never been tied down by anybody for anything. I have never made a promise of any kind to anybody, and I do not intend to unless I think within my own mind and conscience that it is the right thing. I can assure the gentleman that I will secure all the votes that I can from Republicans to help amend this rule.

Mr. McDUFFIE. The gentleman is a very rare Republican.

[Here the gavel fell.]

Mr. DITTER. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. MILLARD. Will the gentleman yield?

Mr. RICH. I yield to the gentleman from New York.

Mr. MILLARD. It is quite possible that the gentleman from Alabama may have voted one way in the caucus but was bound by the caucus in voting in the House, which the RECORD shows.

Mr. RICH. I may say in that connection that the members of the Democratic Party are putting through legislation that they do not know what they are voting for. In connection with the Taylor bill that we had here last week they were like a bunch of sheep trying to put through section 13 which was added to the bill. The Committee on Public Lands knew nothing about the section. The only men that knew anything about section 13 was Mr. Wallace of the Department of Agriculture, Mr. Ickes of the Department of the Interior, and Mr. DeRouen, chairman of the committee. The committee never had an opportunity to discuss section 13, and because the chairman of the committee stated that it ought to be enacted into law why they filed down from this side of the House and put that section to the bill when it was detrimental to the members of the Democratic Party and they will find that out later. We should have stated to the departments who should be responsible for administrating the grazing on public lands.

Mr. O'MALLEY. Will the gentleman yield?

Mr. RICH. I yield to the gentleman from Wisconsin.

Mr. O'MALLEY. The gentleman, in the course of his remarks, accused the Democrats of playing politics and the Republicans of not doing so.

Mr. RICH. I did not say any such thing.

Mr. O'MALLEY. The gentleman inferred that we played politics. I am willing to admit the gentleman is right; we do play politics on the Democratic side, but it is playing politics for the people; and when 145 Representatives of the people want to get action on a bill they should be entitled to get that action.

Mr. RICH. I do not say that the Democratic Party are the only ones that play politics. I am sorry to admit that too much politics is played by both parties; but I would say the Democrats are past masters in the art.

[Here the gavel fell.]

Mr. DITTER. Mr. Chairman, I yield 30 minutes to the gentleman from Michigan [Mr. WOODRUFF].

Mr. WOODRUFF. Mr. Chairman, no attitude, of his many attitudes, since he assumed the high and solemn duties of Chief Executive and savior of this Nation and its peoples, since he demanded—and received—the despotic power in which today he is clothed, has so disappointed me, and, I venture, has so disappointed his other friends, his supporters, and the millions who have found their hope for the future and their patience for the present in the vibrant promises of "the more abundant life", the "good neighbor", the "scourging of the money changers from the temple", as Mr. Roosevelt's attitude, as announced by the press, concerning the proposal in the McLeod bill to restore to the rightful owners nearly two billions of deposits now frozen in the closed banks of America, in part, by the direct action of the President.

According to reports of a conference held on the day of his return from his vacation by the Chief Executive with Washington press correspondents, the President in a somewhat jesting manner disposed of the proposal for the Government to take over the assets of the closed banks, restore to the rightful owners of the deposits frozen in those banks, that money they so desperately need.

In that jestful moment Franklin Delano Roosevelt, President of these United States, hope of a desperate and fearful populace, wielder of the most autocratic power ever vested in a Chief Executive of this Nation, literal possessor of despotic power over the fortunes, the possessions, the health, almost the very lives of one hundred and twenty-five millions of people, in the greatest Nation of former freemen ever devised by the mind of man, in that moment, I say, he disposed of the hopes of millions of desperate, want-ridden, gaunt, and agonized men, women, and children whose all, impounded, by order of the President, in banks which they believed, and had a right to believe, were safe and sound, remains today impounded. Impounded, if you please, while bank officers, conservators, receivers, and receivers' attorneys are reaping rich salaries being paid out of the assets of those closed banks, the while the rightful owners of those moneys can get no word, no tidings of what is being done with and to their savings.

Nearly two billions of money belonging to citizens of this Republic remain frozen by order of the President in these closed banks and in banks closed before the Executive action. That nearly two billions of money withheld from the owners thereof represents the self-denial, the lifelong toil, the careful saving, the intelligent thrift, the sweat and sacrifice of millions of our citizens. In that nearly two billions of frozen deposits are imprisoned the present and the future welfare of widows, orphans, of aged and aging men and women who have saved for a lifetime so that as the sun of their mortal day sinks slowly but surely toward the western horizon, and the twilight of advancing years gently settles over their silvered heads they might know peace, security, freedom from the fear that they might have to eat the bitter bread of charity.

Imprisoned in the icy folds of those bank-frozen billions are the insurance funds, the savings, the investments left as the tokens of tenderest love by departed fathers and mothers who planned and saved and strove and sacrificed that the gentle touch of their affection might remain as they journeyed forth into the vastness of an unknown eternity to bless their loved ones left here waving them a tearful adieu on their journey from the shores of mortal experience.

Why, Mr. Chairman, thousands of those citizens, whose funds are thus frozen in the banks, are in the pitiful bread lines which wind their slow and tortuous course each day to the soup kitchens.

Why, sir, thousands of those citizens who believed, and rightfully believed, they had saved and sacrificed successfully to attain a competence for their old age are today eating the bitter bread of charity.

Millions of those citizens, Mr. Chairman, are dragging their weary days out in the midst of stark tragedy, agony of mind, long and countless nights of fitful tossing in fear

and desperation, wondering how they will fare in the future, with their all held in the icy clasp of frozen bank deposits. Who, sir, can venture to gage the depths of human agony, fear, and tragedy into which these millions of citizens, through no fault of their own, were plunged by a stroke of the President's pen when he closed the banks of America? Who, sir, can explain to these millions of citizens that the banks were closed by the President "to protect and conserve", as he declared at the time, "the deposits in the banks for their owners", and yet answer their pitiful plea as to why their deposits, instead of being conserved to them, are being slowly but surely consumed in the salaries and expenses of the conservators? Who, sir, can explain to them why it is that, while the deposits of other citizens are now guaranteed by this Government, they, and they alone, must pay the fearful price of poverty and reap the starkly tragic toll of gaunt want?

Who, Mr. Chairman, can explain on any grounds of justice, economic expediency, or good neighborliness to those tragic victims of the closed banks, why it is that we must pour out billions to the railroads, that their bad investments may be liquidated; to insurance companies, to employees in the forests, to everybody; the young, the able, the robust, the banker in his mahogany offices, the railroad official in his palatial quarters, the P.W.A., the C.W.A., the C.C.C., the A.A.A., but yet blast the hopes and refuse the pleas of millions, a large percentage of whom are aged, gray, unable longer to toil, unable longer to meet the struggles in a selfish world?

Who, Mr. Chairman, among us here today can venture to gage the measure of hurt to the hearts of these millions of Americans, as the President's refusal to relieve the most fearful tragedy of their lives rings in their ears? Who, sir, can venture here today to measure the depth of the wound sent by that refusal into the very quivering souls of millions of America's best men and women, and defenseless children—victims of a Presidential order which imprisoned their all in the icy grip of frozen assets—and without a word of explanation, has kept that all so imprisoned?

Those frozen deposits, Mr. Chairman, are the tragic summation of crushing misfortune to millions of good Americans.

Those frozen assets may not have seemed tragic to the President, but they are the ever-present specter of hunger, want, humiliation, and starvation to thousands and thousands of the finest type of citizenship ever produced in this "home of the brave and land of the free." God save the mark!

Mr. CHRISTIANSON. Will the gentleman yield?

Mr. WOODRUFF. I yield to the gentleman from Minnesota.

Mr. CHRISTIANSON. As I understood the gentleman's statement he said that it would require about $2,000,000,000 to liquidate these deposits.

Mr. WOODRUFF. Approximately that, I understand.

Mr. CHRISTIANSON. Does that include deposits in banks that are nonmembers of the Federal Reserve System?

Mr. WOODRUFF. That will, of course, depend entirely on the form of the bill as it becomes law. I may say that the original McLeod bill provided that the entire amount of deposits in national banks should be paid depositors. That in itself, I understand, would approximate $2,000,000,000. Ninety-six and one half percent of the depositors with money frozen in closed banks are made up of those with $2,500 or less in those banks.

Mr. CHRISTIANSON. Can the gentleman give an estimate of how much will be required to take care of the deposits in nonmember banks?

Mr. WOODRUFF. I am of the opinion that if the bill is amended to pay in full deposits in both national and State banks not in excess of $2,500, graduating the amount above that which shall be paid, that $2,000,000,000, or approximately that sum, will be necessary.

Mr. BROWN of Michigan. Will the gentleman yield?

Mr. WOODRUFF. I am glad to yield to my colleague from Michigan.

Mr. BROWN of Michigan. As the author of the bill which has been substituted in the Banking and Currency Committee for the McLeod bill, I may say that Mr. PRALL, chairman of the subcommittee, has an estimate that the cost would be about $700,000,000.

Mr. WOODRUFF. I am very happy to have that statement from my colleague from Michigan and I thank him for his contribution to this discussion, and hope he is correct, although I seriously doubt the accuracy of the prediction of the chairman of the subcommittee which considered the bill.

Those frozen assets—nearly two billions of them, sir—may seem but an incident of depression to some, but those impounded deposits are the epitomy of human grief and fear and tragedy to millions of our finest types of men and women in America. Who, I repeat, can venture to measure the wound to them in the attitude of the President toward their dire misfortune and their stark want?

"I'm a tough guy. I learned things from the sharks and barracudas." So spoke the President to the delegation of adoring Members of the Congress and the Marine Band, glorious in crimson, as they met him at the railroad station. And one almost wonders, Mr. Chairman, whether there was in that remark, more than the mere jocularity of an idle jest made in a moment of exuberance, upon finding a delegation of adoring admirers awaiting with a band in crimson and gold. One wonders, when one ponders that refusal of a few hours later the same day, crushing the last hope of millions of fear-stricken and want-ridden victims of the closed banks. Truly the art of so lightly dismissing the hopes, the fears, the agony, and the tragedy of millions of American men, women, and children might well have been learned from the sharks and the barracudas.

I say to you, Mr. Chairman, that I have been more profoundly disappointed by this attitude of Franklin Delano Roosevelt than I have at anything that has happened in American life and affairs since he has been the Chief Executive. I believe the President's closest and most loyal admirers must be disappointed as I am.

When I ponder the high, idealistic, warm, human, protestations of Mr. Roosevelt, his assurances of protecting the weak against the strong, his promises that the money changers should be driven from the temple, his vibrant voicing of the philosophy of the good neighbor, his solemn declaration that he was closing the banks to conserve the deposits for their rightful owners, his demands for autocratic power that he might see that even-handed justice was dispensed to every individual of this great Nation, his further demands for more power and still more power—which this Congress has readily and willingly, aye, eagerly granted him—I say, when I ponder those facts, when I recall the noble sentiments he expressed outside this historic edifice in his inaugural address, the beautiful prayer to Almighty God which crowned so fittingly the expression of such noble sentiments—I find myself utterly unable to reconcile his refusal to relieve the misery, the fears, the want, the privation, the bitter humiliation of millions of our finest men and women and children of this land. To me it is an utterly incomprehensible reversal of everything Franklin Delano Roosevelt has voiced in the past, everything he has claimed to stand for, everything he has typified to a Nation whose citizens today still stand on the perilous edge of a yawning precipice, into the darkness and social chaos of which a thrust, the like of that which the President has made into the hearts and the hopes of millions of Americans, might easily plunge us.

I want to say to you, Mr. Chairman, that in the person of Franklin Delano Roosevelt, into his keeping, because of the high spiritual ideals he has voiced, the high spiritual promises he has made, are centered the hopes of this people; to him is confided the greatest, most despotic, most autocratic power ever vested in any individual in any high office since this land was wrested from the greedy grasp of an absentee ruler and, through the blood and agony of our fathers, molded into the greatest social organization, under the greatest charter of human rights—the Constitution—ever devised by man. And I want to say also that the hope, the con-

fidence, the idealistic adoration which has been given to this man, along with this despotic power, if shattered by misguided or mistaken decisions may well result in social chaos and serious consequences. America has been patient, sir. Our people have been long suffering and majestic in their exercise of self-control. They have believed the promises of Mr. Roosevelt. To them he is their champion, their savior, their hope, and I warn this Congress and this country that that hope, that confidence, that—I am tempted to say—idolatry of the President by our people is something not to be trifled with, not to be endangered, not to be treated lightly. America cannot suffer another loss of confidence in her leaders and survive social disorder.

This question, Mr. Chairman, is not one merely of sentiment. This question, sir, is not one which can be settled and dismissed on the basis of granting or of refusing a favor. The issues here involved are fundamental issues of government, of moral responsibility, of sheer justice, and this question has not been and cannot be settled by Mr. Roosevelt, or by any other official nor by any group of officials, until it has been settled rightly, justly, equitably, and decently.

That the Government does have resting upon it a profound moral obligation to restore these billions of dollars to the rightful owners, no man can justly deny.

Why, sir, have we so soon forgotten the hymn of hate which swept the press of this country for 2 years previous to Mr. Roosevelt's inauguration against the so-called "hoarders"? The Government officials, from Mr. Hoover down, pleaded, demanded, threatened, cajoled the people to cease withdrawing their money from the banks, to take their money out of hiding, and put it in the banks. Mr. Hoover himself assured the people the banks were sound. Mr. Coolidge, then ex-President, in a scathing denunciation of so-called "hoarders", demanded that, as a part of good citizenship, as a part of patriotism, the people should put their money in the banks, and should keep their money in the banks. The Secretary of the Treasury and innumerable other officials of the Treasury and other departments of the Government gave out interviews in the press, over the radio, in every way by which the people might be reached; Government officials, bankers, editors, industrialists—all demanded, on the grounds of good citizenship, on the grounds of patriotism, that the citizens should keep their money in these banks, which were declared over and over again to be sound. Why, sir, that drive, that campaign, to force the citizens to put their money into banks reached a crescendo comparable to the war-time drive in the sale of Liberty bonds. So-called "hoarders" were branded as slackers.

It was proposed in this Congress and was urged by some Government officials that an act be passed making it a crime punishable by heavy fine and imprisonment for anybody to voice or to whisper or to even hint that any banking institution might not be as sound as the Rock of Gibraltar. Those facts are not buried in the mists and hysteria of a war time of nearly two decades ago. They are facts of less than 3 years ago. They are facts of yesterday, and they cannot be dismissed by a jest by the President or by anybody else.

What was the true situation while this hymn of hate, this campaign of villification, this deluge of ridicule, this avalanche of demands by Government officials and others was beating about the heads of the citizens. Why, sir, in those very days, when Government officials were demanding, pleading, threatening, cajoling the citizens to have faith in the banks—in those very days, I say, those banks were unsound—and the Government officials knew it. Those banks were issuing false statements—and the Government officials knew it. We have since learned through the testimony of the Government officials themselves that bank inspectors were being instructed to permit banks to operate, to accept deposits, to make false reports, when those banks were known to be insolvent. Those are the facts, sir, and they cannot be waved aside.

O Mr. Chairman, it will be of no avail to say that a Republican administration was in power when that was done! Those officials were Government officials, not merely Republican officials, just as Franklin Delano Roosevelt is the Chief Executive of all the people, not merely of the Democrats. It will be of no avail, I say, to try to befog this issue by partisan political arguments. Democrats, Republicans, men of all parties, men of all creeds, helped to carry on that campaign to force the people to put their money in the banks. Officials, laymen, pulpit, press—they all urged that governmental supervision of the national banks, that Federal Reserve supervision of member banks, that State supervision of State banks—were the guaranties that the banks were sound. Members of Congress of both political parties, clearing-house associations—all assured these citizens who now fill the bread lines, who are now pauperized, who now are losing their homes, who now are living out their days in the agony of a base betrayal which has frozen their money in locked banks—that the banks were safe. And, in those very hours, Government officials knew—mark you that statement—Government officials knew, banking officials knew, clearing-house authorities knew that many of those banks were unsound, unsafe! They knew then that the legend, "national bank", spread in gold letters across the front of many financial institutions as the guaranty of strict governmental supervision and of soundness, were a falsity and a hollow mockery. Those facts cannot be denied.

Mr. CHRISTIANSON. Will the gentleman yield?

Mr. WOODRUFF. I yield to the gentleman from Minnesota.

Mr. CHRISTIANSON. Does the gentleman mean to say that Government officials knew as a fact that these banks were unsound? Was not the situation that it was a period during which there was great uncertainty as to values, when it was practically impossible to determine what the value of bank paper was, because no man in the world could determine whether the man who made the paper or the corporation back of it was solvent or insolvent, and that what the Government officials did was merely to give the banks the benefit of the doubt?

Mr. WOODRUFF. Yes; I mean to say Government officials did know banks were unsound. I recognize the fact that there were mitigating circumstances, that those were perilous times in this country, and banking was of uncertain stability, but, nevertheless, in spite of all the things the gentleman states, it is a matter of record before committees of Congress that the statements I have made are true; and may I remind the gentleman that no matter what the banking situation was, and no matter what combination of circumstances may seem to justify Government officials misleading the people of this country, the depositors were not to blame. We cannot charge them with any part of this responsibility.

Mr. CHRISTIANSON. I do not believe the gentleman should put into the RECORD a statement charging the Government with responsibility, either.

Mr. WOODRUFF. That is a matter of opinion only.

Mr. CHRISTIANSON. The truth of the matter is, of course, that hindsight is always better than foresight. During that period it was often impossible to determine the value of the assets of a bank. Mistakes were made. Instead of working out of the economic depression and effecting a recovery, we went in deeper; but there was no man in the world who could have anticipated it at that time.

Mr. WOODRUFF. The gentleman says mistakes were made. Were the mistakes made by the depositors who believed these Government officials and who because of their belief either left their money in the banks or returned it to the banks.

Mr. CHRISTIANSON. The mistake was made both by the depositors and by Government officials.

Mr. WOODRUFF. May I ask the gentleman from Minnesota if he approves the loans that have been made by the Reconstruction Finance Corporation to the banks, to the railroads, and to the insurance companies?

Mr. CHRISTIANSON. To make a direct answer to the question would require a statement that would be too sweeping.

Mr. WOODRUFF. I am not asking a question that requires a speech in response. I am asking the gentleman for a "yes" or "no" answer. Does the gentleman believe that the loans to the banks, to the railroads, and to the insurance companies have been justified?

Mr. CHRISTIANSON. I submit that the gentleman's question does not permit of a "yes" or "no" answer. Some of the loans were justified and some may not have been justified. I am, of course, not personally familiar with the details of all the loans.

Mr. WOODRUFF. Without doubt, if the bill I am discussing should become law, the assets in some banks would more than pay the depositors of those banks. The assets of other banks would not be sufficient for this purpose. Loans—because after all that is what the proposed payments amount to—would be both good and bad, as have been the loans the gentleman refers to.

There seems to be no hesitancy on the part of the present administration to continue to meet such demands as seem necessary from the banks, the railroads, and the insurance companies for loans to them. I am not criticizing this policy. I do not want the gentleman from Minnesota [Mr. CHRISTIANSON] or anyone else to gather from what I am saying that I consider the activities of the Reconstruction Finance Corporation as being anything other than necessary. I do not want the gentleman to mistake me on that; but I disagree with the gentleman, I can see, about this matter. Inasmuch as we have made loans to these business organizations, and inasmuch as necessarily there must be, in due course of time, losses connected with those loans, and as a result of those loans, and as the question involved in this proposal to pay the depositors is nothing more or less than a loan extended on security—not the best, perhaps, but on security—and as we have some justification for some degree of optimism as to the future of this country, we have reason to expect that during the better days to come these securities, which today do not have the value we may wish they might have, will acquire a value which will make the loss to the Government comparatively small as a result of such loans.

Mr. CHRISTIANSON. Does the gentleman believe, then, in view of the Securities Regulation Act of 1933, that if the Government should hold out to investors the belief or the hope that certain securities are good, and this in fact should turn out not to be the fact, for that reason the Federal Government would be assuming a responsibility to reimburse these investors?

Mr. WOODRUFF. Mr. Chairman, the gentleman would beguile me from a further discussion of the matter to which I am directing my remarks. He is opening up new avenues of discussion which neither time nor inclination will permit me to follow. The question he raises is not included in the matter before us.

To now resume the tenor of my remarks, the moral responsibility of this Government—notwithstanding what my friend from Minnesota has had to say—with respect to these millions of citizens whose all is frozen in the closed banks is there. It cannot justly be evaded. It cannot be waved aside. Until the grievous wrong done these millions of good citizens is righted these facts will stand as the record of the basest betrayal of the people by their Government and their leaders that ever blotched and smutted the pages of this great Republic.

The action proposed in the McLeod bill or the Brown bill, I will say to my colleague from Michigan, if that bill is the one finally enacted, is not to make a gift to these people.

It is not a measure to pay lobster losses or private debts. It is a measure of rightful restitution to these citizens of what is justly theirs; of money which officials of this Government helped to lure into banks which they knew were unsound; banks which the Government was charged with the responsibility of seeing were sound—a responsibility that was basely and wantonly betrayed and evaded. And again, I say, sir, that responsibility, that moral duty, to restore to these despoiled millions of citizens the money that is rightfully theirs cannot be finally disposed of until justice is done.

[Here the gavel fell.]

Mr. DITTER. I yield the gentleman 8 additional minutes.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. WOODRUFF. I yield.

Mr. RICH. How would the gentleman suggest that the Government take over the assets of all these banks that have failed, when some have been partly liquidated and the good assets sold? Does the gentleman think that the taxpayers of this country should come in and assume the responsibility of the burdens that might be placed upon them because of the desire of Members of Congress to have the Government pay all of these deposits?

Mr. WOODRUFF. I assume, I will say to my friend from Pennsylvania, that if he has been listening to my remarks, he must have long ago come to the conclusion that I am in favor of just that. The taxpayers will find it necessary to provide the funds with which to pay the losses on the loans of the Reconstruction Finance Corporation. They must eventually pay the expenses and the expenditures of all the different alphabetical activities now being indulged in. The largest eventual loss to the Treasury which so far as I know has been predicted as a result of this legislation is $300,000,000, the exact sum of the first appropriation for the C.C.C. That appropriation assisted 300,000 young men and their families. This legislation would extend needed relief to 10,000,000 worthy men and women, and through them to those dependent upon them.

Turning for a moment to the economic side of this grave and portentious question, I ask by what process of reasoning anyone can arrive at the conclusion that two billions of frozen bank deposits, if released, would not contribute just as much to renewed purchasing power of our people as two billions handed to the railroads, as two billions handed to banketeers, as two billions spent in public works, as two billions spent in reforestation, and in the C.W.A.? Mark you, sir, I am not decrying these various efforts at national economic rehabilitation! I am asking by what process of reasoning two billions, or nearly two billions of dollars now frozen in bank deposits, if released, can be considered as of less value in aiding restoration of purchasing power in America than the two billions here and the two billions there, and the two billions yonder, being poured out in such unstinted measure by the President in efforts to increase purchasing power and restore prosperity.

I have said I am profoundly disappointed by the President's attitude toward the money belonging to millions of good Americans now locked in the icy grip of frozen bank deposits, the while icy fear grips at the hearts of bereft men and women. This is so grave that it goes beyond any personal criticism of merely an individual. Franklin Delano Roosevelt is not merely an individual. By the very force of circumstances, by his very promises, by the very desperation of this Nation and its peoples, he cannot for one single moment be merely an individual. Not one word, not one act, not one wave of his hand, not one chuckle of his can be merely individual. He typifies the hope, the salvation, the bulwark against ruin and social chaos, to the American people. Therefore, he should—and must—weigh every word, every chuckle, every gesture, by that measure. Not for one minute of one hour of his days can he be merely an individual.

He assumed, and willingly, the role of savior of this country, champion of the oppressed, guarantor of even justice to all. He wanted to be the knight in armor who would joust with the dragon of ruin and disorder, and with his lance of high ideals and purposes strengthened by autocratic power, asked for by him and given to him by this Congress, representing a sorely oppressed people, slay that monstrous menace of want and riot and revolution. He must weigh his words and gestures; he must chart his course and consider his acts accordingly. More than any other individual in this land, more than any official in this Republic, more than all of us here, perhaps, he holds and wields the power for good or ill to this Nation in his words, his gestures, his attitudes, his states of mind.

In all fairness, Mr. Chairman, I want to say that as I recall the vibrant expressions of high spiritual purposes sent ringing broadcast through this land time and again, sent

through medium of linotype and printing press, sent through the avenue of a book, by the President, I simply cannot believe Mr. Roosevelt could have meant to jest about the stark tragedy wrought in the lives of millions of our best citizens by those frozen bank deposits. I want to say, frankly and fairly, that I can find the only explanation of Mr. Roosevelt's amazing and unbelievable attitude and expressions concerning this tragic matter in his recent vacation and his return to the adulation of a congressional delegation, the martial strains of "Hail to the Chief"; it must have been that in the exuberance of it all this kindly man, who has voiced so many beautiful and noble sentiments, whose concern, as expressed by him, has been always for the lowly and the stricken—it must have been that he forgot for the moment his high destiny, the high place he holds in the hearts of his countrymen, the vast power for good or ill he wields, the stark and fearful tragedy today engulfing millions of citizens whose all is denied them behind the doors of locked banks. He must for the moment have forgotten. No other explanation of this amazing and disheartening change of sentiment can I find.

But, sir, whether it was in a moment of exuberance, whether it was in a moment of trying to be merely an individual, the terrible fact remains that Franklin Delano Roosevelt, by one airy wave of his hand, damned the McLeod bill; and in that same instant he damned the hopes and confirmed the fears and fastened more tightly the nooses of tragedy, hunger, lost homes, bitter charity, fear, agony, sleepless nights about the lives of millions of America's best men and women. I cannot but feel that the President owes it to these millions of betrayed and ruined depositors to unsay what he has said, to reconsider his decision, to withdraw his objections to the McLeod bill.

But one conclusion can be reached about the tactics employed by the committee of this House in charge of the McLeod bill. It is that the committee fears to give the Congress, the peoples' representatives, a chance to vote on the proposal. Added to that now the President's words and attitude damn irretrievably the hopes of these millions of American men and women getting their money, unless Mr. Roosevelt changes his views expressed on that fateful Friday the 13th. It cannot be that he means to turn his back upon these pleading millions—pleading for the restoration of that which is rightfully theirs. It must be the President will see this matter in a more kindly vein and will send the word to this Congress to give the peoples' representatives a chance to vote on the McLeod measure. If he does not, if he persists in his refusal to right one of this Nation's most terrible tragedies, then America's idol has fallen and the people are, indeed, bereft of hope. [Applause.]

Mr. BLANTON. Mr. Chairman, I yield myself such time as I may require, not exceeding an hour.

I believe, Mr. Chairman, our committee has brought you one of the best appropriation bills for the District of Columbia that has been before the Congress for several years.

While we have tried to eliminate all waste and extravagance and opportunity for graft, and have reduced it $817,761 below the President's Budget estimates, we have nevertheless granted to the District of Columbia for the next fiscal year the sum of $2,261,248.94 more than it received for the present fiscal year.

I feel sure that I express the sentiment of all of the Members of this House when I say that we cannot say too much in praise of the splendid work our distinguished colleague from Missouri [Mr. CANNON], as chairman of the subcommittee handling this bill, has diligently and efficiently performed in its careful preparation. He devoted to it weeks of study and consideration. During the tedious days he spent in holding the hearings, he was patient and courteous, yet firm and exacting, in seeing to it that no stone was left unturned in bringing to light all pertinent information. All of us regret exceedingly that the injuries he received in the unfortunate automobile accident prevent him from handling this bill on the floor, and we wish for him a speedy recovery. [Applause.] CLARENCE CANNON is one of the ablest parliamentarians in this House. I deem him one of the most valuable Members we have in Congress. I consider it an honor to serve under him on this subcommittee. I wish that he were here to take charge of his own bill.

I want also to commend our goods friends, new Members, Mr. JACOBSEN, of Iowa, Mr. DITTER, of Pennsylvania, and Mr. POWERS, of New Jersey, who have done splendid work. I think that this bill will withstand the criticism of the Members of this House. I now want to use my time in speaking of my own service here.

Mr. Chairman, I ask unanimous consent to revise and extend my remarks and insert therein certain documents and excerpts that I wish to refer to in my speech.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BLANTON. Mr. Chairman, I am serving here nearly 2,000 miles away from my constituents. They cannot be here to watch us work. They have no first-hand knowledge of what we do, or do not, accomplish for them. Since we convened this session, early last January, I have been on a continual grind, working about 16 hours per day. I receive and answer daily 20 times as much mail as Members here formerly received from their districts. I daily fill numerous appointments with departments. I have been very busy helping to hold important hearings on some very important supply bills involving hundreds of millions of dollars. During every session of this House I am active here on this floor, carefully watching all legislation.

PEOPLE DEPENDENT ON PRESS

Our constituents know about what we do here only from what they see in the newspapers. The very few who receive the daily CONGRESSIONAL RECORD can gain from it only a faint idea of the nature and scope of our duties in Congress. The United States Government is the biggest and most ponderous business institution in the world. It has agencies and interests in every foreign country. To serve well here it is necessary for a Member to have intimate knowledge of the nature, scope, and necessities of every department, bureau, commission, independent office, and agency, both domestic and foreign, and to gain this knowledge requires intense study, investigation, and practical experience, for many years. And most of this knowledge can be acquired only when Congress is not in session. The only news about Congress that the people back home get is whatever the press boys in the gallery see fit to send out from Washington over the wires.

Mr. RICH. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. RICH. If the people back home in the gentleman's home in Texas knew how hard he was working, not only on the floor of the House during the sessions of the day, but at night, it must give those citizens great satisfaction to know that fact, and those people back home will never believe the Hearst newspapers but will take the CONGRESSIONAL RECORD as their guide. [Applause.]

Mr. BLANTON. I thank my distinguished friend from Pennsylvania. Coming from that side of the aisle, I especially appreciate it.

Mr. COCHRAN of Missouri. I suggest to the gentleman from Texas that he send a copy of the CONGRESSIONAL RECORD of last week to his constituents and let them see that the gentleman from Texas led the fight that saved the Government $12,000,000 on the Minnesota fire bill.

Mr. BLANTON. I thank my good friend from Missouri for his suggestion. When what we do here is misrepresented at home by designing politicians who are seeking the positions we hold, we have the right to present our side, and let our constituents have all the facts so they may pass on the issues intelligently.

SENSATIONAL DEEMED OF GREATEST IMPORTANCE

The press boys in the gallery always report the snarls, and jabs, and fights, and spirited repartee over inconsequential incidents, because they believe their readers demand the sen-

sational, but the earnest important efforts exerted on this floor to pass beneficial legislation, or to stop and kill improper bills, are rarely ever mentioned.

For instance, last week, when the gentleman from Michigan [Mr. FOULKES], who had been given only 2 minutes to speak since he became a Member of Congress, requested permission to speak 5 minutes, his request was denied, and in defense of his rights I insisted that, although he was a new Member, he was entitled to 5 minutes, and I prevented the older Members there from passing their private bills, and forced the House to adjourn, in order to force the time to be promised him the next day. This proceeding, in no way important to the people, was sent out in full over the wires, and it was given an unwarranted lot of space in the newspapers. But when on April 4, 1934, I led the fight against the Minnesota fire bill, which in every session since 1924 I have killed, and which was mentioned a few minutes ago by the gentleman from Missouri [Mr. COCHRAN], a bill that would have paid $10,000,000 to private claimants on a fire occurring in 1918, for which—though it was not legally responsible—the Government then settled with them in full and paid them $13,000,000 in cash, and they executed releases to the Government acknowledging that they accepted the $13,000,000 in full settlement of all claims they had against the United States, and now, years after, they tried to dig the Government for another $10,000,000, and to defeat this bill on the final vote, April 5, 1934, it was necessary for me to employ outsiders at my own expense and to work my office force most of the preceding night mailing a letter to all of the 434 Congressmen, advising them of the nature of the bill, and that the final vote on it would come the first thing Thursday, not one word about killing this expensive bill was sent out to my district, as the saving of this $10,000,000 or $12,000,000 was deemed unimportant by the press gallery, as it was not sensational news. Yet by killing this one bill I saved enough money to pay my salary and the salaries of my office employees for 769 years.

And last week, Mr. Chairman, by objecting to bad bills and preventing them from being passed I saved $30,859.28 by stopping H.R. 2558; and saved $18,704.89 by stopping H.R. 2764, and saved millions of dollars by thus stopping the bad precedent its passage would have set, that would have caused thousands of new claims to be filed against the Government; and saved $11,172.15 by stopping H.R. 3236, and by so doing prevented another bad precedent from being established that would have cost our Government millions of dollars; and saved $5,000 by amending and reducing H.R. 5405, and saved $20,000 by stopping H.R. 5588, and saved $62,340.65 by stopping H.R. 4067. By objections yesterday I stopped a $3,250 junket to Rome, Italy, another bill that would cost $40,000 annually for all time to come, and a $90,000 junket to Turkey. Yet not one word about all of the hard work I had done in preparing to stop these bad bills and the saving of these various sums of money for the taxpayers of this Nation was sent to the Texas papers by the press boys in the gallery, as they did not consider same sensational.

SPECIAL PRESS PETS

Members who will wear the press yoke, who will take orders from the press, and who will obey the big press mandates, have every little insignificant act of theirs sent out with headlines and played up on the front page; but Members here who think for themselves, who act for themselves, who refuse to take orders from the big press, and who refuse to kowtow to the reporters in the press gallery, never have anything they do mentioned except in a garbled and derogatory way. Our friendly home papers in our district that would like to mention our work are dependent absolutely on what the news agencies are willing to send them. When the press boys do not want to send them anything, they do not get it. And when you remember that the usually reliable Associated Press has 62 reporters accredited to it in the press gallery, all with different personalities and viewpoints, who take turns in reporting the proceedings, you can then realize that the news sent out, to a more or less extent, is dependent upon the personality, bias, prejudice, and viewslant of the particular reporter who happens to be on duty at the time.

CHEAP SKATES AND PIMPS

In addition to the reputable press and news agencies and reporters, there is always to be found around Congress and State legislatures some so-called "publicity agents", who for pay will write anything one wants written. For pay they will agree to write and get published in the papers flowery articles about Members or attacks upon their opponents. Many of them have offered me their services. I will not even allow them to come in my office. Since I have been in public life I have never yet paid one dollar to any publicity agent to write anything about me, and I never will. I have made many of them mad by refusing to talk to them.

HIGH-CLASS JOURNALISTS

There are many newspaper men of high character who cannot be bought. You have not enough money to buy praise from men like Frederic William Wile, or Arthur Brisbane, or David Lawrence, or William P. Kennedy, or Hugh Nugent Fitzgerald, or Max Bentley. You could not bribe them to malign your enemies. Their code of ethics prints the news regardless, and gives praise where praise is due and censures when censure is deserved.

SKUNKS LIKE RAYMOND BROOKS

Raymond Brooks is a dirty little rat at Austin, who for several years has been pimping around the Texas Legislature. When dirty work is to be done, he does it. He will write any kind of an article he is paid to write. He is a detestable little cheap skate. For $1.97 he would sing the praise of the most undeserving. For $1.99 Raymond Brooks would malign the President. He is a despicable publicity pimp.

AMBUSHING ME FROM ABILENE

In a hired attempt to injure me, Raymond Brooks went to Abilene on March 21, 1934. He visited the Reporter-News office. He did not get their viewpoint, because they were my loyal friends. He did not mention me. He did not inquire about my chances for reelection. His only inquiry was about the race in Texas for Governor. Yet from my home city, where my good friends abound, he sent out a malicious article dated "Abilene, March 21, 1934", which he published in the Austin American, bemeaning me and eulogizing my opponents, and predicting my defeat, falsely asserting that Abilene people "were keenly enlivened over the prospect of sweeping TOM BLANTON out of Congress this year." He failed, however, to disguise his source of information. Under the headline "Wagstaff Quitting" he said: "Carl Hammond (meaning Hamlin), district judge and World War veteran, and Representative Oscar F. Chastain are already pouring it on BLANTON", and then he said "R. M. Wagstaff has decided he has had enough of the legislature, and will retire."

MACHINE GUNNING ME FROM CISCO

And from Cisco that same day, dated "Cisco, March 21, 1934", Raymond Brooks published in the Austin American an additional attack upon me, again eulogizing my opponents, and predicting my defeat. After glowingly asserting "how very popular Oscar Chastain was in that county" (Eastland) he said that Chastain "is strong in BLANTON'S home city." He showed that he did not even know Hamlin, for again he called him "Hammond." He said: "Judge Carl Hammond (meaning Hamlin) has a challenging political background, and a record of success in all his races, is a son of a former Missouri Congressman, is a World War veteran, and is extremely popular with veterans and with organized labor." His last two words let the cat out of the bag. They show who probably were among those who employed him and sent him to Abilene and Cisco.

ORGANIZED GOVERNMENT EMPLOYEES

It will be remembered that there are 600,000 strongly organized Government employees, many of whom are affiliated with the American Federation of Labor, who last fall, 3 months before Congress convened, tried to get me to pledge my vote to restore the cuts we had made in all salaries.

When I refused they threatened that they would defeat me. I led the fight here against restoring full salaries. The law making cuts expires July 1. President Roosevelt agreed that he would restore part of the cuts. But unless Congress passed a law before July 1, continuing that part of the cuts the President refused to restore, all cuts would expire on July 1, and all salaries would then be fully restored. These organized employees hoped that no law would be passed before July 1. They rejoiced when President Roosevelt, because of veterans' provisions, vetoed the bill continuing part cuts, but I helped to pass this bill over the President's veto, which prevents such cuts from expiring July 1; and these organized Government employees are still fighting me because I helped to prevent the old salaries from being restored in full. I imagine their influence had something to do with sending Raymond Brooks to Abiline and Cisco.

RETIRED OFFICERS' LOBBY

I helped to cause over 4,800 emergency officers who wrongfully had gotten themselves retired on big pay, ranging from $150 to $500 per month for life, to be dropped from the rolls and their retired pay taken from them, because numerous boards held they were not in any way disabled from service. They were trying to get back on the rolls and to have their pay restored. They had a strong influential lobby here working for them. There were well-to-do doctors and well-to-do lawyers and judges and other officials represented by this lobby. I opposed them at every turn. One important official, who had drawn $240 per month retired pay until we cut him off, runs an influential newspaper here with circulation all over the United States. They succeeded in getting a Senate amendment passed placing them back on the rolls. I helped to kill this amendment, and we kept them off.

During much of the time for the last 13 years he has been district judge Carl O. Hamlin drew $5,000 salary from the State, and during part of said time he also drew $150 per month retired pay from the Government, presumed to be based upon service-connected disabilities, when he was never out of the United States during the war. He was dropped, and several boards have held that he has no service disability, yet he has been trying to get back on the rolls. So I imagine that this retired officers' lobby also may have been helpful in causing Raymond Brooks to go to Abilene and Cisco to specially eulogize Carl Hamlin, whose name Brooks did not even know, as he called him "Hammond."

In his attack sent from Cisco, Brooks falsely asserted that my constituents had defeated me and kept me out of Congress for a while when he knew that I was out because I ran for the Senate; and against a field of 6 prominent candidates, I carried 79 counties in Texas and my district gave me a tremendous majority over all candidates.

Raymond Brooks caused his Cisco article, dated from "Cisco, March 21", but with "Hammond" changed to "Hamlin", to be published in the Wichita Falls newspaper in its issue of March 23, 1934, because it circulates in a part of my district. But the editor, on the following Sunday, March 25, 1934, in the Wichita Falls Daily Times, threw Raymond Brooks' attack in the wastebasket by publishing the following editorial:

BLANTON

A political writer thinks that Congressman BLANTON, of the Abilene district, is in danger of defeat this year. In that respect, things are running true to form. Always in March and April and May and June of election years, BLANTON is headed straight for the discard. The trouble is, from the viewpoint of those who would like to see him beaten, that July never supports the hopes that have bloomed in the spring, tra-la-la. Always we are told in March that BLANTON'S sun is setting; always the end of July finds it shining brightly as ever.

The people who would like to see BLANTON defeated, and there are quite a few outside of Texas, don't vote in BLANTON'S district. The voters in that part of west Texas keep sending him back, usually by thumping majorities. We have a hunch the primary vote will tell the same old story. His courage cannot be questioned.

SWEETWATER REPORTER FERTILE FIELD

The Sweetwater Daily Reporter and one small weekly are the only two newspapers published in my district that are fighting against me. Everything they say about me is unkind, garbled, and malicious. The other newspapers are fair and just. They never stab me under the belt. Unless urged to do so by my friends, the Sweetwater Reporter never mentions me kindly. Raymond Brooks had no trouble in getting the Sweetwater Reporter to broadcast his political propaganda. In its issue of March 23, 1934, dated from "Cisco, March 21" but with "Hammond" changed to "Hamlin", it spread Brooks' attack all over the bottom of its front page. It did not care whether it was true or not. It did not care whether it was just or unjust. It did not care what Brooks' motive was in writing it. The controlling point was that it maligned me, hence the Sweetwater Reporter rejoiced in carrying it. Then in its Sunday issue, April 1, 1934, it attacked me editorially, falsely stating that I draw "20 cents mileage" when for several years mileage has been cut 25 percent, following a determined fight I have made for years to cut it; and it also falsely stated that I favored restoring pay cuts in Federal salaries, when just the opposite was true, and my vote helped to continue on that part of the pay cuts advocated by President Roosevelt. Then in its issue of April 5, 1934, the Sweetwater Reporter carried a ridiculous—United Press—article asserting that I had denounced labor, without quoting anything I had said. My speech was an endeavor to stop the American Federation of Labor from forcing 250,000 heads of families in the auto industry from striking, such employees being well paid and satisfied, and who did not want to strike. At least 90 percent of the people of Sweetwater will approve all I said in this speech. For last year the Sweetwater Reporter paid the Government only $130.32 for carrying its paper through the mails for a whole year. That is its subsidy. Just to let the Sweetwater people know how very unreliable the United Press and the Sweetwater Reporter are, I am going to have this speech I made on March 20, 1934, against strikes published at my own expense and will later mail them a copy. My constituents have the right to know just what I did say, and not be misled by a garbled account of it in the Sweetwater Reporter, which is nettled because the law grants me the privilege of letting my constituents know what goes on here.

WHAT SOME SWEETWATER PEOPLE SAY ABOUT IT

I have received a letter from a substantial citizen of Sweetwater, who says:

DEAR BLANTON: After all you have done for Sweetwater, I am ashamed of the way Cope treats you in his Reporter. You fulfilled the promise you made to me, Vard, Howard, and your other close friends here and gave Sweetwater the first public building you secured for our district, and you may rest assured that it is appreciated by all the people in Sweetwater who know about it.

Cope came here from San Angelo, and he evidently runs the Reporter on orders from San Angelo. His prejudices don't help Sweetwater. I am in favor of the business men here withdrawing all advertising and support from his paper if he continues to register his spleen against you. Don't let his attitude interfere with giving us the C.C.C. camp you promised me you would locate here this summer.

TRICKERY OF REDATING AND SHIFTING

Then, in an attempt to try to fool the Cisco people, Raymond Brooks redated this same article he had sent out to papers at Austin, Wichita Falls, and Sweetwater, as if emanating from Cisco, dated "Cisco, March 21", to "March 26", and then, newly dated "Austin, March 26", he caused same to be published in the afternoon edition of the Cisco Daily News of March 26, 1934, as if it were a fresh telegraphic dispatch just sent to Cisco from Austin on March 26, when, to fool readers of the other papers, all of this dirty work had been sent out by Raymond Brooks from Cisco on March 21. He had tried to make the readers of the other papers believe that he was in Cisco on March 21 and had checked up the political situation there, and that he had written his article there, and that it was coming from Cisco on March 21 to them over the wires, when he had not been near Manager LaRoche or Editor Butler, of the Cisco Daily News, on March 21. And after he thought this specially prepared political propaganda he had been hired to disseminate had done all the harm it could do me in the other places, he then sent this same unreliable, irresponsible, lying propaganda right back to Cisco, dated from Austin, March 26. The people of Cisco are highly intelligent and will not be so dumb as to fall for it. Of course,

he corrected his error in name and changed "Hammond" to "Hamlin" when he published the above in the Cisco News.

JUGGLING MULTIPLIED

Then, on March 29, 1934, Raymond Brooks again changed dates and places respecting this same article and shifted its date line back to Cisco, and, dating it "Cisco, March 29", he or someone for him or Carl Hamlin, got the Breckenridge American, published where Carl Hamlin lives, in its issue of Sunday, April 1, 1934, to spread same all over the bottom of its front page, covering the exact position it had covered in the Sweetwater Reporter. Of course, the error in name had been changed from "Hammond" to "Hamlin." And thus they hoped to fool the good people of Breckenridge into believing that this was a bona fide news item sent out from Cisco on March 29, when the same article had appeared in the Austin American, Wichita Falls Record-News, and Sweetwater Reporter, dated from "Cisco, March 21", and had later appeared in the Cisco Daily News, dated from "Austin, March 26." When they find that out people will quit reading anything they see from Raymond Brooks. He is absolutely unreliable and irresponsible.

NOW PUBLISHING WITHOUT DATING

In last week's Rising Star Record, leaving off the date, but just heading it "By Raymond Brooks, Cisco", this same Raymond Brooks' political propaganda that he originally hatched out on March 21, was carried in full, again appearing on the front page, it being another deliberate attempt to get the good people of Rising Star to believe that this hired opposition and bogus political check-up came from Cisco. I would not be worthy of the confidence of my constituents, or qualified to hold their office, if I permitted this hired juggling to continue unnoticed.

WHAT AN AUSTIN CITIZEN THOUGHT OF IT

The following letter, dated at Austin on March 24, 1934, I received from a substantial citizen of Austin, indicates just how very ridiculous this Raymond Brooks' political propaganda appears to anyone who is posted:

DEAR JUDGE: I am sending you some articles clipped from the Austin American written by Raymond Brooks, one he sent from Abilene, and one from Cisco, both dated March 21. Undoubtedly this is inspired propaganda against you. If his life depended on it, Raymond Brooks could not tell how any one of the numerous precincts in Austin or Travis County, where he lives, will go in the coming primary regarding any candidate or any race. Surely he won't succeed in fooling many people in your counties.

His reference to Oscar Chastain amused me greatly. Oscar was a joke here and in the legislature didn't know what it was all about, and he certainly wouldn't know what it was all about in Washington. After the redistricting, Oscar bragged here about his framing you, and said that Wagstaff from your Abilene district didn't like you because you had beaten Wagstaff's father for Congress, and that Wagstaff had helped him take 10 of your best counties away from you, and had added 3 new counties in which Oscar was well acquainted, and that he thus had his election and your defeat assured. I don't believe that any Texas voters will approve of politicians framing up and gerrymandering a district in trying to beat somebody and to elect themselves. I advise you to check up on Oscar's doublecrossing the independent oil producers.

HOME PEOPLE KNOW BEST

If Raymond Brooks had asked the newspaper men in Abilene, instead of someone I had defeated for office, about my standing, he would have obtained more reliable information. The following is an editorial from the Abilene Daily Reporter-News, carried in its issue of January 22, 1934:

NOBODY WILL BEAT BLANTON

Another open season is rolling around for those who would like to retire TOM BLANTON to private law practice, either in person or by proxy, with indications of a rather large field against the Seventeenth District Congressman.

Vain hope. There never was a less propitious time for inaugurating a really formidable "beat BLANTON" campaign, and the more candidates there are the lesser chance any will have. Even this early in the game it looks safe to count him in again.

BLANTON'S forthright personality and his sometime headlong way of doing things have made him vulnerable politically in the respect that important enmities have been needlessly created. That has given him a lot of grief and cost him a lot of money in defending himself against attacks, most of them springing from personal motive. He has won in the past, and will win in the future, on a record of public service that is impregnable. Opponents who start out with promise of heavy artillery invariably end the campaign in a feeble and futile popping of firecrackers.

There was a time when BLANTON was virtually a lone wolf in the halls of the House of Representatives, defiantly baring his teeth at the pack. Jealous of their own petty prerogatives, stirred to childish anger by his ruthless baring of a system to which they subscribed, a great many otherwise fine Congressmen stooped to a conspiracy to make him impotent.

They failed. That time has passed. The west Texan is ace high in the national council, fitting like a glove in the recovery program. He is happy, busy, and so usefully engaged in the people's business that they will, when the time comes, send him back with plenty of votes to spare. Nobody will beat BLANTON this year.

OFFICE BELONGS TO THE PEOPLE

The office I hold is not mine. It belongs to the people whom I have the honor to represent. Whenever they want me to relinquish it I will do it without a murmur. Whenever my constituents believe that another can and will give them better service here than I am giving, I want them to retire me. It is their confidence and esteem only that remunerates me for all the hard work I have done, and am still doing, in their behalf. I have gained nothing from the office financially. Above a bare frugal living for my family, I have spent each year since I have been in Washington my entire income in trying to make the United States a more decent place for a poor man to live, and in addition I have sold my home in Abilene, my small ranch and livestock at Albany, and two farms since entering public office, and spent it all in carrying on investigations of graft, waste, and extravagance that has existed in Government business. I have never spent $1 of any public money on any junket. I have traveled all over the United States during vacations checking up Government plants, but have always spent every dollar of the expense out of my own pocket. If I were to die today, I would not leave anything whatever received from the Government that has been left over from my salary after paying expenses. So the people realize that they have an investment in me. Since they have been paying me a salary I have learned all about their business, with intimate detailed knowledge of every office and bureau, both in the United States and abroad, and just what their necessities are and all about the many ways they have of trying to get more money allowed them for waste and extravagance, and I know just how to stop them from getting it. It would take any new man, no matter how able and industrious and well qualified he might be, at least 10 years of hard work and intensive study and investigation to gain the knowledge I now have about Government business. Is there any big business concern with a hundred stores scattered all over the world that would discharge its general manager who had been with it for years, and who knew every detail about all of its business, just to employ some new man who wanted the job when it would take years for the new man to learn anything about the business? That is the situation that appeals to my constituents. I am their general manager here in the House of Representatives. Since they have been paying me a salary I have learned all about their complicated business. I am prepared to earn their salary every day that I serve here. I do not have to spend years to learn how. The people in my district realize that during the years it would take a new man to learn how, they might be losing hundreds of millions of dollars and their business might go to the bowwows.

CONGRESSIONAL RECORD ONLY BULWARK

The daily CONGRESSIONAL RECORD is the Congressman's only bulwark against misrepresentations. Realizing this, and that unless Members here had some way of getting the real facts about their service here before their constituents, any vicious interest they opposed, or any malicious newspaper they refused to obey, or any designing politician in their district seeking to supplant them, through base misrepresentations about them made in their districts, while Members were busily engaged in Washington, could ruin any Member here, this Congress many years ago provided by law that any Member of Congress, by paying the full cost of printing himself, could send excerpts from the RECORD, covering the proceedings of this House, to the people in his district. Congress felt that this was a protection to the people, as well as a protection to their Congressmen. That has been a wise law since 1873. In one day here, fre-

quently I save enough to pay the entire cost of printing the daily CONGRESSIONAL RECORD, and the expense of sending through the mails all franked matter sent by all 435 Congressmen for a whole year.

OPPONENTS ACTIVE IN MY DISTRICT

Since early in January, while I have been busy here 16 hours per day, Mr. State Legislator Oscar F. Chastain, who brags that he specially framed and gerrymandered my district to defeat me and elect himself, and Mr. District Judge Carl O. Hamlin, whom I stopped from drawing retired pay of $150 per month, have been traveling all over my district misrepresenting me and my record, when they know that I am 2,000 miles away, busily attending to the people's business, and daily helping the President in his recovery program, and that I will not get to leave here, or to devote one minute to a campaign, until just a short time before the primary.

They are telling my constituents that I am unpopular in Congress. I challenge them to name one Member of this House or the Senate who is unfriendly to me. I differ here on the floor frequently with many Members about legislation, and we cross swords with one another and fight back and forth across the aisle, and every Member here will admit that I have helped to kill as many bills in this House as any other Member for the past 16 years, but all of my colleagues here now realize that I am earnest and sincere in every fight I make, and I feel gratified that I now enjoy the respect and friendly feeling of every Member of this House and every Senator at the other end of the Capitol. I believe that I have as many close, personal, dependable friends in this House and in the Senate as any other Member here. I am the recipient daily of kindness, helpful cooperation, and friendly assistance from different Members, and their friendship is worth more to me than anything else in the world. Of course Oscar F. Chastain and Carl O. Hamlin do not want me to send excerpts from the RECORD about my work here to my constituents. It interferes with their misrepresentations. It dispels the cobwebs which malicious articles such as the one that dirty, cowardly, little cur, Raymond Brooks, sent out to newspapers in their behalf on March 21 from Cisco and my home city of Abilene. These excerpts showing my speech against unwarranted strikes, interferes with the misrepresentation made by the United Press and the Sweetwater Reporter when they said I "denounced labor" without quoting a single word I had said.

COULD NOT EVEN ANNOUNCE DECENTLY

When announcing, Carl O. Hamlin could not even do it decently. When he printed his announcement in the Breckenridge American on January 11, 1934, he tried to hit me under the belt by stating that up to this time the three new counties of Fisher, Erath, and Hamilton have been "ably represented in Congress" by the three Members—from whose districts Oscar F. Chastain brags that he took these three counties in order to defeat me and elect himself—and that he would give these new counties that same able representation they now have, purposely and designedly insinuating thereby that if these counties elected me they would not have that high class of representation.

BECAME ASHAMED OF THE LILA KEITH STATEMENT

Because I made public the statement he had filed here in 1928, when he had compensation granted him, purporting to have been signed by one named "Lila Keith", in which she certified that following his discharge Carl O. Hamlin was nervous, that his lungs gave him trouble, and that he had boils on his head, he has just printed a vicious attack against me in both the Breckenridge American and the Stephens County Sun, asserting that there is no such statement signed Lila Keith in his file, and that he has never been nervous, and has never suffered with his lungs, and has never had boils on his head. If there is now no such statement by Lila Keith in his file, he has caused someone to remove it. It was in his file just before he had the Veterans' Administration here to send his folder containing his file to the branch office at Dallas for his personal inspection. I will prove that it was in his file. Carl Hamlin cannot deny that he had friends here among the retired officers in the employ of the Veterans' Bureau, who themselves had been dropped, and who had access to his file. Carl Hamlin cannot deny that he had friends here, not employed by the Bureau, who have been helping him with his appeal, who have had access to his file. Carl Hamlin cannot deny that there was a statement by Lila Keith once in his folder. Carl Hamlin cannot deny that someone took a statement by Lila Keith out of his file. Carl Hamlin cannot deny that the official records of the Bureau still show now that there was once in his file a statement by Lila Keith, and he cannot deny that he knew this on April 5, 1934, at the time he printed a denial of it in the Breckenridge American. And Carl Hamlin cannot deny that when he printed that false denial in the Breckenridge Daily American on Thursday, April 5, 1934, and when he printed it in the Stephens County Sun on the same date, he then knew that he was deliberately trying to deceive the good people of Breckenridge, and of Stephens County, and of my district, in trying to make them believe that he knew nothing about a statement made by Lila Keith, and that there had never been a statement by Lila Keith in his file, and that I had concocted a false statement about Lila Keith manufactured out of the whole cloth with no basis or foundation whatever for it, when, if he had wanted to be honest and truthful, and had not wanted to deceive them, he would have told the people that there was a statement by Lila Keith once in his file, regardless of the claims he might now be making concerning it. Common decency and common honesty demanded that he should have made that revelation to the people in the statement he published in said two newspapers on April 5, 1934.

FIGHT AGAINST RETIRED PAY RACKETEERS BEGAN IN 1931 LONG BEFORE CARL HAMLIN ANNOUNCED FOR CONGRESS

District Judge Carl O. Hamlin would now have the people believe that I am waging my fight against allowing 4,800 officers who are not disabled through service to draw big retired pay of from $125 to $500 per month from the Government for life, because he is a candidate for Congress. He knows that is untrue. These 4,800 officers had gotten themselves on the rolls through misrepresentation and fraud. Congress had passed no law authorizing them to draw pay. The law passed by Congress authorized only the officers who had been disabled, and whose disability resulted from their service during the World War to draw pay. It did not take in the pretenders. It did not take in those who had simply presumed themselves to have been injured in service. These 4,800 officers had gotten themselves on the roll, and had pay allowed themselves, through misrepresentation, fraud, and collusion. The boards that did the retiring were composed of lawyers and doctors who had retired themselves, and who had granted themselves retired pay. They simply scratched each other's backs, and after retiring themselves on big monthly pay for life, additional to their big government salaries, they then began to retire their friends holding big State jobs all over the country.

MY HOUSE DOCUMENT NO. 802

After going to quite a lot of expense out of my own pocket checking up thousands of such cases, and after spending several months of hard work in vacation on investigations, the House of Representatives by unanimous consent on March 3, 1931, granted me permission to have printed as a House document my complete authentic list of all emergency officers with retired pay, giving their name, rank, address, class number, length of service, amount of retirement pay, accrued amount, and amount of their first check, and the position, if any, they held with the Veterans' Administration, and the annual salary they were drawing from the Government, if any, additional to their monthly retired pay. This became House document no. 802 and embraced 157 printed pages. It showed on page 139 that this district judge, Carl O. Hamlin (who was then drawing a State salary of $5,000 per year from Texas), whose address was given as "Box 41, 1303 W. Walker Street, Breckenridge", had gotten one of these "scratch-each-other's-back" boards to grant him retired pay of $150 per month for life, which $150 he was drawing each month from the Government addi-

tional to the $5,000 salary he was drawing from the State of Texas as district judge. He was not a candidate for Congress then on March 3, 1931. Yet I was fighting then to take him off the pay roll of the Government, just as I was then fighting to take the other 4,800 brother officers of his off of the Government pay roll, because there was no law authorizing it.

And in this House Document No. 802 you will find on its front page this certificate:

Seventy-first Congress, third session

IN THE HOUSE OF REPRESENTATIVES, *March 3, 1931.*

On motion of Mr. BLANTON, by unanimous consent,

Ordered, That there be printed as a House document a list of the emergency retired officers, together with their pay and position.

Attest:

WM. TYLER PAGE, *Clerk.*

MY HOUSE JOINT RESOLUTION NO. 355

Then after going to a lot of additional expense out of my own pocket getting the data from all over the United States, and after putting in more than a year's hard work on it, done mostly in vacations, I introduced in the House of Representatives my House Joint Resolution No. 355 on April 6, 1932, which was immediately referred to the Committee on Military Affairs. It contained 35 printed pages, and named several hundred lawyers and doctors employed in the Veterans' Bureau, who were drawing big salaries ranging up to $9,000 per annum from the Government, and who at the same time, by claiming that they were disabled from service connection, and by "scratching each other's backs", each aiding the other, had granted to themselves retired pay of from $125 to $500 per month for life, additional to their regular Government salaries ranging up to $9,000 per annum, and I showed that it was a fraud upon the Government; and following the hearing and the evidence I produced before the Committee on Military Affairs, over 4,800 of these pretenders, who preferred to be called "the presumers", because they presumed that they had been disabled through service, were dropped from the rolls and kept off of the pay roll of the Government, and District Judge Carl O. Hamlin was one of them so dropped, and they have not yet been able to get back.

MY SPEECH OF MARCH 2, 1934

These 4,800 retired officers who have been dropped from the rolls and had their pay cut off have had one of the strongest, most active, most influential, and most powerful lobbies in Washington working for months to get a law passed through Congress granting them pay, despite the fact that they have no disability of service connection. They got the Senate to pass an amendment restoring their pay. The matter was up at issue between the House and the Senate. At the time I made my speech in the House on March 2, 1934, I was then fighting to keep the House from accepting the Senate amendment. I had this speech carefully prepared, with each and every statement made in it carefully checked to see that there was no error in it, and, with the exception of certain quoted evidence in it, delivered it in the House; but, so as to give me an opportunity to carefully recheck it before printing it, I printed only a small part of it on March 2, 1934, and secured permission of the House to have the balance of it printed later in the RECORD, and then I carefully checked up every fact stated in such speech, and saw to it that there was not an error in it when it was printed in the RECORD. And there is not an error in it. There is no erroneous statement in it about Carl O. Hamlin. And this speech helped to defeat the Senate amendment which would have put said 4,800 officers back on the roll and paid Carl O. Hamlin $150 per month for life. He cannot escape from the facts set forth by me simply by entering the lawyer's "general denial." If he wants to deny, he must deny specifically. I had my March 2, 1934, speech printed on March 12, 1934, and copies of it went to several citizens in Breckenridge on March 15, 1934, and were read by Carl O. Hamlin soon thereafter; a copy of the daily RECORD carrying such speech reached the office of the Breckenridge American as early as March 16, 1934, and yet Carl O. Hamlin did not make any denial of any part of it until April 5, 1934, when he on that date attempted to enter a general denial in the Breckenridge newspapers. He has never yet advised me that I made any statement about him that is erroneous. And there is no statement in my said speech of March 2, 1934, about him that is erroneous. Each and every statement in it about him is true and correct, and I can prove it by the records. I challenge him to show any statement in such speech about him that is incorrect.

CARL O. HAMLIN DELIBERATELY MISREPRESENTED HIS OWN RECORD

Keep in mind that in his statement he published in the Breckenridge American and the Stephens County Sun on April 5, 1934, and in the Hamlin Herald and Stamford Leader last Friday, and which he will doubtless publish in the other papers, and which by circular letters he is now mailing out to the voters of my district, while I am busy here 2,000 miles away, Carl O. Hamlin stated emphatically that he had never heard of a person by the name of Lila Keith, that his nerves were always steady, that his lungs were sound, and that he had never had a boil on his head during his entire life, and that I had deliberately falsified his record by stating in my speech anything about a statement by Lila Keith in his file, and that "Mr. BLANTON ought to furnish the Veterans' Bureau with a copy of this affidavit, for they are unable to find such in my file." Carl O. Hamlin knew when he published the above that he was deliberately misrepresenting me, was misrepresenting the facts, and was concealing from the public things about Lila Keith that he himself should have made clear. Read the following:

AFFIDAVIT

The District of Columbia:

Before me, the undersigned authority, on this day personally appeared Mrs. Louise Kennedy Marx, known to me to be a credible citizen residing at No. 4000 Cathedral Avenue, Northwest, in Washington, D.C., who, being by me duly sworn, upon her oath deposes and says: My name is Louise Kennedy Marx; I saw the folder containing the file of Carl Oswald Hamlin, No. C–1,433,354, containing all of his papers filed with the United States Veterans' Administration relating to his claim for compensation and retired pay, at the time an official of said Veterans' Administration exhibited it to Congressman THOMAS L. BLANTON in my presence to ascertain why the boards had held that Hamlin had no disability connected with his service, and I know positively that at that time there was in such folder a statement signed by Lila Keith on November 17, 1928, certifying that Carl O. Hamlin was nervous after his discharge, that his lungs gave him trouble, and that he had boils on his head; that in my presence Congressman BLANTON had the above allegations copied from said statement of Lila Keith, and also had copied other data from other papers said Carl O. Hamlin had filed with said Veterans' Administration; if said statement of Lila Keith is not now in the folder containing the file of Carl O. Hamlin, it has been removed therefrom within the last two months, because I know positively that it was in said Carl O. Hamlin's folder just before it was sent to Texas; the said statement of Lila Keith was right next to a statement made by Dr. Wilbur Smith relative to his removing the appendix of said Carl O. Hamlin in August 1919.

Mrs. LOUISE KENNEDY MARX.

Sworn to and subscribed by the said Mrs. Louise Kennedy Marx before me on this the 12th day of April A.D. 1934. Given under my hand and seal of office in the city of Washington, District of Columbia.

[SEAL] HARRY PILLEN,

Notary Public in and for the District of Columbia.

WHY DID CARL O. HAMLIN WANT HIS FILE IN TEXAS?

Long before I made my speech on March 2, 1934, Carl O. Hamlin had written and filed in the Bureau here the following letter:

NINETIETH DISTRICT COURT,
C. O. HAMLIN, JUDGE,
Breckenridge, Tex., January 29, 1934.

Replying to MCC-Bf
Re: Carl O. Hamlin C–I, 433,354.
Hon. GEORGE E. BROWN,
Director of Compensation,
Veterans' Administration, Washington, D.C.

DEAR SIR: I hereby make the request to have my case file decentralized and sent to the regional office at Dallas, Tex., so that I may have the privilege of examining said file.

Respectfully,

CARL O. HAMLIN.

What did he want with his file? He said in his printed statement that he is not making any further effort to be restored to the pay roll. If he were not still trying to get another appeal of his case, why did he want his voluminous file sent to Dallas for his personal inspection?

But the Bureau here did not grant his request. Then he had one of his brother officers here intercede for him and insist on his file being sent to Dallas. Such officer here had access to his file at any time. So one folder containing part of his voluminous file was sent to Dallas on March 17, 1934. Shortly after it reached Dallas Carl O. Hamlin went there from Breckenridge and inspected it. He got the adjudication officer to write him a letter dated March 26, 1934, showing what said file contained and that there was no statement by Lila Keith in same. Of course, it was not then in that folder, because it had been taken out of it, and was probably taken out in Washington before it was sent to Texas. Then, finding out that they had overlooked in said folder a work sheet that specified that there was an affidavit by Lila Keith that had formed part of the evidence in Carl O. Hamlin's case, which specified that following his discharge he was nervous, that his lungs gave him trouble, and that he had boils on his head, he caused the following letters to be written:

VETERANS' ADMINISTRATION,
April 3, 1934.

Memorandum—MCC-Ba.
From: Director Veterans' Claims Service.
To: Chief Clerk's Division.
Subject: Hamlin, Carl O. C–1,433,354.
Attention: Decentralization Section.

This veteran's folder was decentralized to the Dallas (Tex.) regional office, March 17, 1934. However, his application for retirement and correspondence between him and the Director of Compensation are on file in the central office folder.

Capt. Watson B. Miller, chairman of the national rehabilitation committee, the American Legion, as representative of the veteran, has requested that this additional evidence be forwarded to the Dallas (Tex.) regional office for the convenience of the veteran in preparing his appeal for restoration of emergency officers' retirement benefits.

GEORGE E. BROWN.

Capt. Watson B. Miller is the same helper who got $187.50 per month for William Wolff (Poker Bill) Smith. Then the Bureau sent this letter to Dallas:

VETERANS' ADMINISTRATION,
Washington, April 3, 1934.

Refer to MCC-Ba.
Hamlin, Carl O. C–1,433,354.

MANAGER,
Dallas, Tex.:

This veteran's folder was decentralized to your office March 17, 1934. However, certain correspondence and the veteran's retirement application were not included in his folder. This additional evidence is now being transmitted for the convenience of the veteran in preparing his appeal for restoration of emergency officers' retirement benefits.

GEORGE E. BROWN,
Director Veterans' Claims Service.

So you see, that despite his statement to the contrary, Carl O. Hamlin is now preparing another appeal and is trying to get back on the disabled roll and is trying to get back his $150 per month, to which several boards have decided he is not entitled under the law, because he has no disability of service connection.

HAMLIN CORRECTS HIS EVIDENCE

Before the second folder mentioned above reached Dallas, Carl O. Hamlin had the Dallas officer give him a new letter dated March 30, 1934, which admitted that there had been a statement by Lila Keith filed in his folder, but that it was taken out, claiming that it didn't relate to him.

From a letter which Manager Read Johnson of the Dallas office wrote to Gen. Frank T. Hines, Administrator, I quote the following pertinent excerpts:

In reply to your radiogram of April 10, 1934, concerning the case folder of Carl O. Hamlin, C–1433354, there is attached hereto, in accordance with your instructions, two photostat copies of a work sheet which is contained in this folder and which is the only piece of paper contained in this entire file, having any reference whatever to an affidavit made by one Lila Keith in connection with this claim.

This claims file was received in this office on March 22, 1934, at 8:30 a.m. It was immediately dispatched to the adjudication officer, and it did not leave his desk until after an inspection of it had been made by the claimant. * * * While inspecting the file Judge Hamlin made definite inquiry with reference to an affidavit that might be contained therein which was supposed to have been made by one Lila Keith. * * * On March 26, 1934, at the request of the claimant, the adjudication officer wrote Judge Hamlin a letter detailing to him the evidence that was contained in his file. A copy of this letter is attached hereto. Some 2 or 3 days later Judge Hamlin came into the office personally to make an inspection of the file and it was again gone over by the adjudication officer, with Judge Hamlin, as referred to above. * * * At the time Judge Hamlin was in the office, he requested that a letter be forwarded to him over the signature of the manager, stating whether or not the piece of evidence in question was in the file. On March 30, 1934, I released a letter to him, advising him that upon another careful search of the file the adjudication officer had discovered a work sheet in the folder making reference to an affidavit made by one Lila Keith.

And this work sheet, made by some Bureau employee, mentioning the different documents filed in evidence by Carl O. Hamlin, in behalf of his claim, forming an index for the convenience of the different boards passing upon his case, is headed "Bureau examinations" and gives a brief outline of various affidavits embracing one by Dr. R. Van Duzen, one by Dr. Grover C. Wood, one by Dr. B. F. Rhodes, one by Dr. Wilbur Smith, and one by Lila Keith, dated November 17, 1928, received at Bureau November 19, 1928—which was the same identical date the affidavits of Doctors Rhodes and Smith were received showing they were all filed at the same time, and even this work sheet showed that in here affidavit Lila Keith stated that claimant has been very nervous ever since his discharge, and that his lungs have given him trouble, and that his head has given him trougle also, and that he has boils on his head continuously.

Carl O. Hamlin tried to convince these Bureau officials at Dallas that Lila Keith was referring to another, and because they could not find the original affidavit of Lila Keith in that folder had them write him the second letter dated March 30, 1934, certifying that "apparently" it had been taken out of the file for that reason. All of the above occurred before Capt. Watson B. Miller had the Bureau send the additional Hamlin folder to Dallas on April 3, 1934. How did Carl O. Hamlin and the Dallas officials know on April 30, 1934, when Hamlin had them write him the second letter, that his additional folder here in Washington did not contain the original Lila Keith affidavit, for it did not leave Washington until April 3, 1934? How does Carl O. Hamlin know that this original Lila Keith affidavit is not in some one of the numerous other files he has here in the Veterans' Bureau? For he has other files here which have not yet been sent to Texas.

CAPT. WATSON B. MILLER

District Judge Carl O. Hamlin selected the right man to help him get his $150 per month back when he selected Miller, who has received a salary of $7,500, and part of the time $10,000, for looking after disabled lawyers and judges. He helped Maj. William Wolff "Poker Bill" Smith get his $187.50 per month while Smith was drawing a salary from the Government of $9,000 per annum. I quote from my House Joint Resolution 355, page 12, the following portion of the testimony Capt. Watson B. Miller gave for Smith after he had been turned down by various boards, to wit:

Captain Miller testifying that since 1923 (when Smith became general counsel) he and Smith "have traveled extensively together from one end of the country to another, many times sleeping in the same room in hotels and on trains; scores of times during that period we have played golf together; frequently when playing golf together I have noticed that he held his hand in this position. I have also seen him walk a long distance over the holes with golf club in one hand and his other hand pressed on his lower left side; * * * Major Smith and I are about the same age and weight; on 25 or 30 occasions, when we have been doing similar things, he has had to quit before I did; on one occasion, when we were playing golf, he got as far as the seventh hole of a certain course we were on and quit, and didn't say why he quit, but he had some reason for doing it; it may have been associated with his service-connected disability."

And I quote from my said House Joint Resolution 355, page 10, the following from an affidavit of Annabel Hinderliter (whose evidence before the Military Affairs Committee in my hearing on my said resolution I quoted in my speech of March 2, 1934):

Annabel Hinderliter, stating that since May 7, 1921, Smith had been her immediate superior, that he had suffered with a cough

and "since I have known Major Smith he has always carried more than the usual number of handkerchiefs," and on October 25, 1929, Smith—

The foregoing is the kind of evidence "pet" officers like "Poker Bill" Smith and Carl O. Hamlin, who were never within several thousand miles of a Germany enemy, filed in 1928, when they were trying to draw from the Government $187.50 and $150 per month, respectively, for life, to which under the law they were not entitled. When we faced Poker Bill with his record, he threw up his hands and agreed to pay his money back to the Government. Why does not Carl O. Hamlin pay back to the Government the several thousand dollars he has wrongfully received? He is still fighting to get back on the pay roll at $150 per month for life.

CARL O. HAMLIN GETS CHEAPEST INSURANCE IN THE WORLD

In his long attempted explanation and excuses to Mr. R. M. Simmons, of Sweetwater, which Carl O. Hamlin has published in all the newspapers, he admits that his health is now good (because he knows that voters expect a candidate for Congress to be in good health) he said: "My loss will continue to be financial as well as physical, by reason of the greatly increased insurance premium which I am now compelled to pay.

From one of Carl O. Hamlin's voluminous folders still in the Bureau here in Washington I quote the following letter he wrote:

C. O. HAMLIN,
JUDGE NINETIETH JUDICIAL DISTRICT
OF TEXAS, STEPHENS COUNTY,
Breckenridge, June 29, 1928.

UNITED STATES VETERANS' BUREAU,
Washington, D.C.

GENTLEMEN: Enclosed herewith find my check in the amount of $23.60. The same being premium payment for the quarter beginning July 1, 1928, on policy no. K-606646, in the name of Carl O. Hamlin.

Please be kind enough to acknowledge receipt of this letter.

Yours truly,

C. O. HAMLIN.

COH/h
Encl. ck.

The above was a $10,000 policy of Government insurance, which unlike the unstable insurance most of us carry, was good as gold, because payable by the Government, and under its provisions if he became permanently disabled it would be paid to him in cash, without his dying to get it, and it was given him at the special low rate for 5 years which Congress provided for all veterans from April 1, 1927, to April 1, 1932, at the end of which 5 years he had the right to convert it into permanent insurance. Where is there any citizen in my district not a veteran, who for these 5 years had a gilt-edge gold policy for $10,000 furnished them by the Government for a premium of only $23.60 per quarter? And at the end of said 5 years, when he converted his insurance into a permanent policy with its rate never changed again, he was granted this $10,000 policy for only $64.60 per quarter. No civilians in my district get that cheap a rate for a policy that is good as gold. The above is shown by the following letter Hamlin filed here:

C. O. HAMLIN, JUDGE, NINETIETH JUDICIAL
DISTRICT OF TEXAS, STEPHENS COUNTY,
Breckenridge, March 1, 1932.

UNITED STATES VETERANS' BUREAU,
Insurance Department, Dallas, Tex.

GENTLEMEN: I am herewith enclosing 5-year convertible term policy no. K-606646, in the amount of $10,000, in the name of Carl Oswald Hamlin, together with application for change to ordinary life policy in the same amount of $10,000.

You will note in the application herewith enclosed, I have designated the effective date of said change as of April 1. According to my understanding, my present 5-year convertible term policy expires on April 1, and I desire to convert the same into an ordinary life policy, without any lapse in my insurance. The point is, I now desire to exchange my 5-year term policy for an ordinary life policy for the same amount as my term policy, and I most assuredly do not want any lapse in my insurance. So, if for any reason, the effective date which I have designated for the change would cause a lapse in my insurance, I wish you would please notify me at once so that I may change the said date; or this letter will be your authority to so change the said application.

I have designated in the application for change of policy the mode of premium payment as quarterly, and am herewith enclosing my check in the amount of $64.60, the same being quarterly premium payment which will be due upon the ordinary life policy.

If I have overlooked any matter or failed to do anything herewith that will endanger or cause the lapsing of my insurance, I will appreciate your notifying me at once, for, as stated before, I do not want my insurance to lapse, but want to take advantage of the privilege within the time limit to exchange my present 5-year convertible term policy to an ordinary life policy.

Thanking you for giving this matter your prompt attention, I am,

Yours very truly,

CARL OSWALD HAMLIN.

Until he became a candidate for Congress he signed his name Carl O. Hamlin and Carl Oswald Hamlin, but now in all campaign literature he is broadcasting throughout my district he signs "Carl Hamlin." He must be thinking about what Lila Keith said, that he was nervous after his discharge, and had boils on his head. What made him nervous? He was never out of the United States.

He thus carries a gilt-edged Government policy of $10,000 which will be paid to him in cash if he ever becomes disabled, and will be paid to his family when he dies, for which he pays only $64.60 per quarter. Is not that cheap insurance? And the premium will not ever be raised on him.

CARL O. HAMLIN ALSO RECEIVED A BONUS OF $1,186

C. O. Hamlin, Judge
Ninetieth Judicial District of Texas, Stephens County
BRECKENRIDGE, *March 28, 1929.*

UNITED STATES VETERANS' BUREAU,
Insurance Division, Washington, D.C.

GENTLEMEN: I hold policy no. K-606646 in the sum of $10,000, issued April 1, 1927, also adjusted-service certificate no. A-2099901 in the sum of $1,186.

I find no restrictions in these policies as to travel, etc., however, as travel by airplane is now becoming quite ordinary, just as a matter of precaution, I desire to know if you interpret your policy to place any restrictions on such mode of travel. I would appreciate you advising me in regard to this matter.

Yours truly,

C. O. HAMLIN.

DISTRICT GERRYMANDERED IN 1917

In 1917 I represented the Sixteenth (Old Jumbo) District of Texas, embracing 59 counties, running west to El Paso. Certain politicians in the Texas Legislature who wanted to go to Congress, gerrymandered the State, took 49 counties on the west away from me, and shunted me into an entirely new district running southeast to within 20 miles of Austin, embracing both Burnet and Llano Counties, placing me in what was then the new Seventeenth District. But their plans did not succeed. The people did not appreciate this "framing up" of districts. I won out over all candidates.

ANOTHER GERRYMANDER IN 1933

The following letter, dated September 3, 1933, sent me by a substantial citizen of Eastland, contains interesting information:

DEAR JUDGE: I enclose you yesterday's paper showing Oscar F. Chastain's announcement against you for Congress. In a talk I had with him he said he had gotten the legislature to strip you of 10 counties that had always given you big majorities, and had left you the counties embracing all of the politicians you had beaten for office. He told us that the representative from Abilene, in the State legislature, wanted to get your goat because you had kept his dad from going to Congress, and that he helped him frame you. He seems elated, and said that he had added the counties of Erath, Hamilton, and Fisher to your district, and that he had all three of them grabbed, as he was a native of Erath, and had influential relatives in Hamilton, and had a strong hold on Fisher. He thinks he is sure to carry Jones as he once taught school in Stamford.

I am telling you this just for information. You needn't worry. We will take care of you in Eastland County. Chastain's hair has grown white holding unimportant offices, and he has never made good at any of them. My private opinion is that he will run best in counties where he is least known.

ANOTHER LETTER FROM EASTLAND

I received the following letter from a friend at Eastland dated March 31, 1934:

DEAR JUDGE BLANTON: I want to give you the low down on Oscar Chastain. He has just employed a newspaper woman named Miss Maifred Hale, who is to run his campaign office and get publicity for him in newspapers. She came here from Fort Worth in 1931.

When Oscar Chastain made his race for the legislature his main plank was that he would abolish a lot of the surplus courts,

and he mentioned when you was district judge for Eastland, and Breckenridge, and Albany, and Baird, and Abilene, and held the courts for these five counties, and now there was 1 judge for Breckenridge, 2 for Eastland, and 2 at Abilene. One of our judges here gave Oscar's daughter a position as stenographer, and Chastain forgot all about his campaign plank. He also promised that he would cut the cost of auto tags. But he failed. He assured the independent oil men that he would get them relief, and then laid down on them. After he got to Austin he said the people don't know what they want. And while C. W. Hoffman was in Austin he heard Chastain say that the people at Eastland don't know the difference between a barrel of oil and a barrel of molasses. As soon as you get home, let me know. We are not going to let you be lied on again like you were last time when Joe ran against you.

EDITORIAL FROM EASTLAND CHRONICLE

The following editorial is quoted from the Eastland Chronicle, which is the oldest newspaper in Eastland County, published at Eastland, where Oscar F. Chastain lives, in the issue of last Friday, April 13, 1934:

In a series of articles by Raymond Brooks, Austin newspaper correspondent, published recently in a number of papers in the Seventeenth Congressional District, the statement is made that Congressman THOMAS L. BLANTON is facing the supreme struggle of his political career, and that the result of the coming Democratic primaries may be to unhorse him for good.

Opponents of Mr. BLANTON, who are better informed as to the true state of affairs in the Seventeenth Congressional District than Mr. Brooks appears to be, get little comfort from these articles. They only wish these were the facts.

The facts are THOMAS L. BLANTON is stronger today in his district than he was 2 years ago when he defeated Joe H. Jones. It is also a fact that Jones was a stronger opponent than either of the candidates out after BLANTON'S political scalp this year.

Brooks points out that both of BLANTON'S opponents have records, one as a district judge and the other as a State legislator. That is true, but records oftentimes prove one's undoing, and that is just what many predict will happen to BLANTON'S opponents when the records they have made are compared with those of BLANTON.

The Eastland County candidate, Brooks states, is very popular in the county and the district. Brooks doesn't know his west Texans if he thinks any man is popular with them who stands up in the legislature of their State and makes the statement that "they don't know what they want", and that "they do not know the difference between a barrel of oil and a barrel of molasses." The Eastland County representative is charged with having made that statement in a speech in the State legislature. Whether he used such poor judgment or not this writer does not know, but he was credited by newspaper correspondents and others with having said it. We believe he denies it, however.

Col. Hugh Nugent Fitzgerald, veteran political observer on the Austin American, same newspaper on which Brooks is employed, doesn't share Brooks' opinion of BLANTON'S chances for reelection. In the July 22 issue of the Austin American Fitzgerald praised BLANTON for the record he has made in Congress and pointed out that many former critics of BLANTON had seen the light and were now thanking him for the splendid, unselfish service he has rendered the laborer, the farmer, war veterans, and others, and ventured the assertion that BLANTON would continue in Congress as long as he desired.

Brooks also showed his lack of knowledge of the existing facts when he stated that "after a long service in the House BLANTON got left out." BLANTON did not get left out, he could have easily been reelected, but dropped out of his own accord.

This is a time when voters are going to think twice before they act to turn out an "in" for an "out", especially when the "in" has been tried and found not wanting and the "out" is more or less an unknown quantity.

BROWNWOOD AND BROWN COUNTY STOLEN FROM ME

Brown is one of the 10 counties which Oscar F. Chastain has been bragging to people that he took away from me when he "framed" my district to elect himself. Brownwood is its county seat. The Brownwood Bulletin is its daily newspaper and is one of the best in west Texas. Its editor had distinguished service during the World War. He is Hon. James C. White. The following is his editorial published last week:

TOM BLANTON'S RECORD

Some of the most eulogistic appraisals of THOMAS L. BLANTON'S service in Congress are made by people outside Texas, reminding one of the Scriptural declaration that a prophet is not without honor save in his own country, although in Mr. BLANTON'S case there is an abundance of honor for him in his own district. From The Chronicle, published at Clarendon, Va., we take the following excerpts of an editorial written by Crandal Mackey, formerly commonwealth attorney for his State:

"The recent statement of FREDERICK VINSON, of the Ways and Means Committee of the House of Representatives, that Congressman THOMAS L. BLANTON, of Texas, would not be overpaid if his salary were raised to $50,000 per year, is no more than others in Congress have said about that remarkable man.

"BLANTON, during his long service in Congress, has blocked more bad legislation than any other Member. Nothing escapes his vision.

"He has put through more good legislation than any other Member.

"BLANTON is always in his seat when Congress opens and has never been known to miss a roll call. He is always the first to arrive at a committee meeting and always knows to the greatest detail every matter that comes up for consideration. He has been rightly called a locomotive in trousers for he never stops day or night until exhaustion tells him: 'Something accomplished, something done, has earned a night's repose.'

"There is no man in Congress more familiar with parliamentary laws, practice, and procedure, and BLANTON uses this knowledge often with surprising results. BLANTON knows more ways for obstructing and defeating bad legislation than any Member of the House. His achievements along that line would fill a big book. He is the terror of the Treasury raider.

"With BLANTON everything is open and above board. With him candor is the courage of the soul. To know him is to hold him in the highest esteem and respect. Few men in public life are as unselfishly working for the good of others. His example is exalting and inspiring to those who seek honesty and purity in public and private life. His influence in Congress has steadily grown until he is now one of the most powerful leaders."

Brown County people have cast their last ballots for Mr. BLANTON, unless he becomes a candidate for some other office than congressional Representative, but they have appreciated his faithful service and will continue to be interested in his political success. The recent redistricting measure took this and neighboring counties out of his district, but did not sever the ties of friendship or the bonds of gratitude that hold the people here to him.

Such expressions, Mr. Chairman, from men like Jim White, showing appreciation for earnest service, is the most valuable remuneration for our work here that we receive. Evidently Raymond Brooks did not go to Brownwood when he was making his hired prognostications.

COKE COUNTY STOLEN FROM ME IN 1917

In the 1917 gerrymander Coke County was 1 of the 49 counties taken away from me by the politician legislature. Bronte is its largest city. I quote the following from the Bronte Enterprise, in its issue of February 16, 1934:

BLANTON DAUNTLESS, UNIMPEACHABLE, ASSERTS UPSHAW, EX-CONGRESSMAN

A far away but vigorous tribute to Thomas L. BLANTON, Seventeenth District Congressman, is conveyed in the appended letter to Dr. T. S. Knox, Abilene, handed to the Reporter-News for publication. The writer, William D. Upshaw, is a former Member of Congress from Georgia. The letter, dated Washington, D.C., follows:

MY DEAR DR. KNOX: Having one time held an evangelistic meeting with my golden-hearted friend, Dr. M. A. Jenkins, pastor of the First Baptist Church in Abilene, plus several other public addresses there, plus also inspirational speeches to the schools and colleges there, I have come to think of Abilene as holding sort of inside track in my heart among all Texas communities.

Therefore I feel like congratulating you on being the pastor of Abilene's outstanding citizen and one of the Nation's greatest lawmakers, Congressman THOMAS L. BLANTON.

I learn from a Texas friend that BLANTON has vigorous opposition at the next election. I know nothing of the men who oppose him; but I do know THOMAS L. BLANTON as a stainless, fearless, resourceful statesman, who during our 8 years together in Congress not only voted on the right side of every moral question but who fought with vigilant fidelity for every form of constructive legislation. He has been known for years as the watch dog of the Treasury, saving hundreds of thousands, indeed millions, of dollars from unworthy appropriations.

But in spite of his truceless warfare against everything he conceives to be wrong, he has grown increasingly popular with best Members on both sides of the House, for they honor him as a leader of dauntless courage and unimpeachable character. The defeat of such a man would be a public calamity, and I hope the people of his district will continue to make their splendid contribution to the Nation by guaranteeing his triumphant reelection.

(Signed) WM. D. UPSHAW.

Abilene Reporter.

Editor's note: The Enterprise reproduces the above for two reasons: First, while Bronte is not in the Seventeenth Congressional District, Blackwell is. We have a goodly number of readers in Blackwell and the Blackwell community. Blackwell is in the Seventeenth District. Judge BLANTON has many friends in the Blackwell country, some of whom requested the above article be inserted in the columns of the Enterprise, which we are glad to do. Then, too, the Enterprise editor has known W. D. Upshaw for many years. Nearly 40 years ago he was a guest in our home—he was "Earnest Willie" then, "the cripple boy lecturer", who traveled about in his armed wheel chair—that was long before he dreamed of Congress, perhaps. His first book, Echoes from a Recluse, was an inspiration to us in our younger life and lingers with us still.

Incidentally, we were in his home city, Atlanta, Ga., the night he went away to Washington to take his seat in Congress. We

went to the station that night, with the thousands of his other friends, to see him off for Washington. He wore a homespun suit of clothes, given him by admiring friends. So impressed were we with the simplicity and sincerity of this great man—(great not only as an intellectual genius, but great in gentility and nobility of character and loftiness of ideals, both in his private and public life)—that we drafted some verses and printed in our newspaper, which we were editing in a central Texas city at that time. We forwarded him a copy of the issue containing the verses, entitled, "The Congressman in the Homespun Clothes." One of the most appreciated letters we ever had from anyone as a friend came in response to the verses. So, did we not know Judge BLANTON, the above lines from W. D. Upshaw would be all the commendation for us to underwrite for him without limit. But we know Judge BLANTON—and it would take a mighty strong line-up, if we resided in his district, to keep us from following him to "the jumping-off place." And, generally, after his political enemies have finished pouring out their wrath upon him, they have to come back and say, "We find no fault in this man—except we can't control him, nor get him to do only as he conceives to be right and honorable and for the country's good."

LETTER FROM FORMER STEPHENS COUNTY JUROR

Written from Sweetwater on March 25, 1934, I received the following letter from a substantial citizen:

DEAR JUDGE BLANTON: I am now living in Sweetwater. You will remember that I used to serve on your juries at Breckenridge. I have often thought how different court is run there now. Judge Hamlin isn't busy a fourth of his time. He has been running all over your district campaigning.

During the past 2 days there has been a convention of county commissioners here. Judge Hamlin had two of his Stephens County commissioners here campaigning their entire time. I enclose you one of his cards they were giving out here. Hamlin states on these campaign cards that you were repudiated in the last election by certain counties in your new district. That was all these two commissioners could talk about.

They didn't tell the people about the dirty campaign Jones made, or the lies he told all over your district while you were busy in Washington, or about the full-page ads. carried right at the last in the Fort Worth papers, or that you didn't have time to campaign your district. And they didn't mention the big majority your home county gave you.

I know that Judge Hamlin made a secret campaign against you in the last campaign both in Stephens County and in Palo Pinto County and did everything he could to beat you. I didn't understand it then. But since I have learned about his being cut off from his clabber and you keeping him from getting his $150 per month from the Government, I now understand it.

LETTER FROM FISHER COUNTY

I received the following letter from a good citizen of Fisher County:

DEAR JUDGE BLANTON: I want you to know that your old friends here will stand by you. Both Chastain and Judge Hamlin are trying to get a line up here. Possibly it may interest you to know of the racket Hamlin has played in holding court for other judges away from his home county. He gets extra pay when he does it. Sometime ago he held court at Roby a few days for Judge Chapman, and if you will investigate it at Austin you will find that he collected $34.85 from the State of Texas for extra allowance.

BUSY HERE IN WASHINGTON

I am busy here in Washington, Mr. Chairman, attending to the people's important business. I have no time for campaigning. I am kept on the grind 16 hours per day. None of us know yet just how much longer we will be kept here. There was a dirty, lying campaign made against me in my district in 1932. Much outside money was sent into my district to defeat me. Men were employed to make house to house canvasses against me in most of my counties. Every kind of a lie imaginable was told. I had no time to properly campaign my district after I reached Texas. I could only make a speech here and there. It was a great wonder that I was not defeated. Most of the county papers have not yet received their pay for my opponent's advertising.

Several like the Abilene Reporter-News and the Brownwood Bulletin had to bring suit. I am not going to allow unscrupulous politicians to repeat this year what was done in 1932. I am going to let the people know the facts. I am going to have printed at my own expense in a few days and send to my constituents a copy of the resolution passed by my last district Democratic convention for my district. Some of the leading citizens of my district were members of the resolutions committee and signed it. Until I can get to Texas I must rely upon my friends to look after my interests. If I had not made fights for the people here I would not have opposition.

Mr. Chairman, after most of our hard work had been accomplished I took a few days' rest about the last of April 1933. On the few votes that occurred during my short absence I was paired with a Republican, so that my position was counted on every vote. The following shows that I was under obligations to our able Speaker, Hon. HENRY T. RAINEY, for these few days of rest:

THE SPEAKER'S ROOMS,
HOUSE OF REPRESENTATIVES, UNITED STATES,
Washington, D.C., April 15, 1933.

Hon. THOMAS L. BLANTON,
House of Representatives.

DEAR TOM: Congress has been running at a very high rate of speed. I am warned by the House physician that a number of Members are overtaxing themselves.

I have been watching you and your work. You are overworking. You are rendering a splendid service. I know of no one who works harder than you. For the next few weeks there will not be so many important measures coming up, so I suggest that toward the end of the month you take a rest. I sincerely hope that you will accept this suggestion in the spirit in which it is intended.

Very truly yours,

HENRY T. RAINEY.

And including the above, the following letters, Mr. Speaker, are among my most valuable possessions:

OFFICE OF THE MAJORITY LEADER,
HOUSE OF REPRESENTATIVES, UNITED STATES,
Washington, D.C., June 5, 1933.

Hon. THOMAS L. BLANTON,
House of Representatives, Washington, D.C.

MY DEAR TOM: As we approach the close of the session, I do not wish to fail to express my deep appreciation for your kindness and valuable support.

In this connection, may I say that during all my long service I have never served with a Member who was more diligent in his effort to render real service to the people, not only of his district but of the entire Nation, and who watched appropriations and expenditures more closely than yourself. It will never be known just how much money you have saved to the people by your watchful care, your ability, as well as your close knowledge of parliamentary procedure and governmental affairs. It has enabled you to render a real and a great service.

With best wishes, I am, sincerely yours,

JO BYRNS.

HOUSE OF REPRESENTATIVES, UNITED STATES,
COMMITTEE ON APPROPRIATIONS,
Washington, D.C., June 17, 1933.

Hon. THOMAS L. BLANTON,
House Office Building.

DEAR TOM: I am familiar with the splendid record you have made in Congress and as a member of the Appropriations Committee for economy, and I wish to join with our Democratic majority leader, Hon. Jo BYRNS; Democratic Chairman CANNON, of the subcommittee; and Hon. JOHN BOYLAN, of New York, in their commendation of your services.

You will recall that just before the Republican Administration expired, on March 3, 1933, the District appropriation bill was pending in conference and you refused to sign the conference report because you thought the amount carried in the bill constituted too great a burden upon the taxpayers of the Nation. The night before Congress adjourned you led the fight against this bill and succeeded in defeating the approval of the conference report. Your act in that fight has been vindicated by the President, and by the Democratic Congress, who reduced the Budget and this appropriation bill in accord with your contentions, thus saving over $6,000,000 in this bill alone.

I am not unmindful of the fact that you and I have never agreed upon prohibition, that you are a pro and I am an anti, but this question should be relegated to second place when it comes in conflict with the crying need of reduction and retrenchment of the enormous expenditures of our Federal Government.

I commend you for your many accomplishments and your great energy in the interest of economy.

Your friend,

JAMES P. BUCHANAN,
Chairman Committee on Appropriations.

HOUSE OF REPRESENTATIVES, UNITED STATES,
COMMITTEE ON WORLD WAR VETERANS' LEGISLATION,
Washington, D.C., June 23, 1933.

Hon. THOMAS L. BLANTON,
House Office Building.

DEAR TOM: When you go home, I want you to tell those ex-service men for me that they will make a serious mistake if they turn against you after all you have done for them, and especially will do themselves an injury if they help to deprive themselves of the benefit of your services in the future.

Assuring you of my very kindest regards and best wishes at all times, I remain,

Sincerely your friend.

J. E. RANKIN,
Chairman of Committee.

From Postmaster General James A. Farley:

DEMOCRATIC NATIONAL COMMITTEE,
Washington, D.C., June 16, 1933.

Hon. THOMAS L. BLANTON,
House Office Building.

MY DEAR CONGRESSMAN: I want you to know that I greatly appreciate the support you gave the administration program during the session just closed. I feel certain the people of the country generally realize that more beneficial legislation was passed at this session of Congress than ever before in the Nation's history.

For the part you played in these remarkable accomplishments I want you to know that I am personally grateful.

With best wishes, I am, sincerely,

JAMES A. FARLEY, *Chairman.*

UNITED STATES HOUSE OF REPRESENTATIVES,
Washington, D.C., May 27, 1933.

Hon. THOMAS L. BLANTON,
House of Representatives.

MY DEAR MR. BLANTON: I realize you hardly know me, as my first service in Congress began last December, when I succeeded Judge Crisp as Representative from the Third District of Georgia.

I have carefully considered and critically analyzed all proposed legislation and listened attentively to practically every argument and colloquy occurring in the House since my entry into Congress, and it is my candid opinion that your untiring efforts in behalf of economy during this period of our greatest distress deserves grateful recognition by the Nation and the plaudits of our people.

May you live long to continue the splendid service which so few are disposed or capable of rendering.

Very truly yours,

B. T. CASTELLOW.

Mr. Chairman, I reserve the balance of my time, and yield 10 minutes to my friend from Alabama [Mr. McDUFFIE].

Mr. McDUFFIE. Mr. Chairman, our distinguished friend from Pennsylvania [Mr. RICH], whose sincerity of purpose no man can question, and I a few moments ago had a lapse of memory as to how each of us voted on the discharge rule when it was adopted. I overlooked the fact that I was bound by caucus action, and of course voted for the rule against my better judgment. I stated to the gentleman that I had not done so, thinking I was correct. On examination of the RECORD I recall the circumstances under which the vote was cast. Now, in order that the gentleman's record may be cleared, I think it but fair to state that the RECORD on the next page to which he referred reveals that the gentleman himself also voted for that rule. We were both in error when we said we voted against it. Like myself he condemns it and is ready to amend it. I repeat, nothing this House has done can hinder it or hamper its proper functions more than this foolish discharge rule. I recognize that it was put in effect under the leadership of my own party, but I venture the assertion that a majority of the gentlemen sitting on the Democratic side, after having seen its operation here, are now ready and willing and anxious to amend the discharge rule. What I wanted was to find out, if I could, how many gentlemen on the Republican side, some of whom may say they did not vote for it but who did, and who, like us, have seen its effect, are now willing to join the majority on this side for the amendment of the rule. The vote adopting the rule was overwhelming—only seven votes against the resolution.

Mr. DITTER. Mr. Chairman, will the gentleman yield?

Mr. McDUFFIE. Yes.

Mr. DITTER. During the course of the remarks of the gentleman from Pennsylvania [Mr. RICH], the gentleman from Alabama directed an inquiry to him as to whether he might anticipate the support of the minority for the elimination of the rule. May I suggest to the gentleman that during the course of the sessions of the House thus far all of the gag rules that were required for the administration program have been supported by the majority side and carried in spite of the protestations of the minority. Is not that true? So that gentlemen on the Democratic side could carry this thing through, even though we Republicans refused to join with them.

Mr. McDUFFIE. On both sides of the aisle, when it comes to gag rules, probably you will find that honors are even, if the gentleman will look up the record. Sometimes it is necessary in a body as large as this to have gag rules. The party charged with responsibility should not be embarrassed in discharging that responsibility, and often is called upon to do things which it does not especially enjoy doing, such as operating under gag rules. The gentleman's side has done it, and my side has done it.

Much has been said here about the publication in certain newspapers of the names of those gentlemen who have signed petitions under this discharge rule. If it is against any rule of this House to publish names of those who sign a petition let us abandon that rule. I am not so sure but this House puts itself in an unfortunate attitude before the country if we protest against the public knowing of our actions on this floor. The petition is a public document, and men who sign the petition should not object to the public knowing that they signed it. If it be against any rule of this House for the public to know who signs the petitions, such a rule itself should be eliminated. Certainly Members of this House should not conceal or hide their signatures to a petition to discharge a committee.

Mr. DOWELL. Mr. Chairman, will the gentleman yield?

Mr. McDUFFIE. Yes.

Mr. DOWELL. Is it not true that the rules do not prevent these names from being published? There is nothing in the rule itself to prevent the publicity of the names on this petition.

Mr. McDUFFIE. I agree with the gentleman, but aside from that I can see no reason why any gentleman should object to having the public know that he had put his name on one of these petitions.

Mr. DOWELL. Certainly not; and it ought to be a public document.

Mr. McDUFFIE. And it is. There are now more than 20 petitions on file awaiting signatures. So much for that. We have found on our side a majority, I believe, who feel that the rule is unworkable, that it does not make for orderly processes of legislation, and who will vote to amend it.

Mr. BLANCHARD. Mr. Chairman, will the gentleman yield?

Mr. McDUFFIE. In a moment. We are ready to amend the rule, but a majority of the Democrats cannot do it without some aid from the Republicans, such as the distinguished gentleman from Pennsylvania [Mr. RICH], who says that he is ready and willing now to vote to amend the rule.

On this side of the aisle I think it should be said that when we find we have made a mistake or committed an error, we wish to correct it. The trouble about the gentleman's side of the aisle is that it does not correct its mistakes. I am not speaking about mistakes the gentleman may have made, I am speaking of the gentleman's side of the aisle, the gentleman's party.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. McDUFFIE. I will yield if the gentleman can get me more time.

Mr. DITTER. I shall be pleased to give the gentleman sufficient time to answer the question.

Mr. RICH. The gentleman spoke about us not recalling how we voted on this rule; it is difficult sometimes to remember back 2 or 3 years, but may I say to the gentleman that even today to the lay mind, to the mind of the man not legally trained, all the rules of the House are not easily understood. A great many of the Members are lawyers, but a great many others are not.

After we Republicans voted against the previous question, then we put the matter of permitting 145 signers to discharge a committee up to the Democratic Party who wanted the rule. Notwithstanding the fact that the Democratic administration, when I first came in here, did everything under the heavens to harass the Hoover administration, we wanted to give them the opportunity to do that which they thought would be the best thing to do when they came into power. We did not want to hamstring President Roosevelt as the Democrats hamstrung former President Hoover, because it was not the proper thing to do; it was unjust; and we Republicans would not do that to our President today. We believe in helping our President when he is right but will oppose him only when he is wrong.

Mr. BLANTON. Does the gentleman from Alabama subscribe to all that?

Mr. McDUFFIE. No; but I think it is well to let the gentleman from Pennsylvania finish his statement, for he says a layman has difficulty at times in understanding the rules and what he should do, and I want to help him. I have not the time now to discuss the measure of cooperation Mr. Hoover received. The record speaks for itself.

Mr. RICH. I want to help the gentleman's side of the House so the gentleman's party can enact legislation that is going to be for the benefit of America and not be a matter of politics.

Mr. McDUFFIE. The gentleman's purposes are very high, and, of course, I am willing to join the gentleman in all sincerity in carrying out his very high motives. Unfortunately, this is a political body; and if the gentleman has come here from Pennsylvania thinking that he has come to a body that is not political, indeed he does need to learn a great deal. [Laughter.]

Mr. BLANCHARD. Mr. Chairman, will the gentleman yield?

Mr. McDUFFIE. I yield.

Mr. BLANCHARD. Is it the gentleman's purpose to change the rule so that a majority would be required to discharge a committee?

Mr. McDUFFIE. Yes; but I understand our leadership believes this rule is a bad one. I am not speaking for the leadership on our side. My idea, of course, is that when a majority of the House expresses itself in favor of considering any measure, then that measure should be considered, and not otherwise.

May I repeat what I said the other day: We are drifting toward government by petition; government by blocs and minorities; and I think all fair-minded Members on both sides of the aisle will agree that this does not make for the welfare of this great Government of ours. Whenever a majority of the Members of the House, be they Republicans or Democrats, say that any bill should be considered, then it is the expression of the will, I take it, of the majority sentiment of the American people. But when only 145 Members of 435, by petition, can work their will and take up the time of the House to consider what they think proper and what is demanded by organized interests back home, regardless of the will of the majority, that, I say, is not the proper way to legislate. Again I appeal for the modification of this rule.

[Here the gavel fell.]

Mr. DITTER. Mr. Chairman, I yield 3 minutes to the gentleman from Alabama [Mr. McDUFFIE].

Mr. BOILEAU. Mr. Chairman, will the gentleman yield?

Mr. McDUFFIE. I yield.

Mr. BOILEAU. Is it not a fact that the present rule provides that 145 Members may force a vote on the question of discharging a committee?

Mr. McDUFFIE. That is right.

Mr. DITTER. But even under the present rule the committee is not discharged unless the majority want to discharge it.

Mr. McDUFFIE. Yes; the first vote for or against discharging a committee generally reflects the views of the majority of the House on the measure asked for by petition of the House. It, of course, makes a record.

Mr. BOILEAU. That is true only if a majority wants to consider the bill. There is no possible chance of the bill's being given consideration even under the present discharge rule, for it merely makes possible consideration of the question of discharging a committee when 145 Members sign the petition.

Mr. McDUFFIE. A bloc of only 145 Members should not have the power to force a vote on any measure, but aside from that, the gentleman knows that the committees of this House fairly represent the sentiment of this country.

Mr. BOILEAU. That was not the case with the bonus petition, for instance.

Mr. McDUFFIE. And the gentleman knows that for all practical purposes if measures come here approved by a majority of the Members in this House or if a majority deems them wise measures, they will receive the attention of the committees. Some of the best work done by the committees of Congress, in my judgment, is stifling bills that are unwise, that are not for the general good of all the people, and that should not be passed.

Mr. BOILEAU. That was not the case with the bonus petition. The majority of the House wanted the bonus bill but could not get it out of the committee.

Mr. McDUFFIE. That may be true.

Mr. BOILEAU. And if we had not had the 145 discharge rule, the gentleman knows we would never have gotten that bill out for consideration. Without this discharge rule legislation would be suppressed. That is the trouble.

Mr. McDUFFIE. The gentleman has no fear of any vote he might cast here?

Mr. BOILEAU. No; I have not one.

Mr. McDUFFIE. Not one! I congratulate the gentleman, for his is a rare experience. The gentleman knows that question after question may or can be presented here under this discharge rule, which serves only to embarrass those on the gentleman's side as well as those on this side.

Mr. BOILEAU. A Member of the House should be willing to stand by his convictions.

Mr. McDUFFIE. A majority of the Members may not be interested in questions presented by petition of 145 and may not wish favorable action upon them. Important business of the House may be hindered and unwise legislation may be passed. Legislation by petition is wrong, regardless of embarrassment.

Mr. BOILEAU. The mere matter of embarrassment is not justification for refusing to vote.

Mr. KNUTSON. I am one of those who voted against the rule.

Mr. McDUFFIE. The gentleman had better look at the RECORD. If the gentleman did, he is one of seven, if I remember correctly.

Mr. KNUTSON. I am one of seven, I think. I am sorry that the action taken by the Democrats at that time has risen to haunt them, but I am glad to support an amendment to that rule.

[Here the gavel fell.]

Mr. BLANTON. Mr. Chairman, I yield 15 minutes to the gentleman from Missouri [Mr. COCHRAN]. May I say that it is understood that the conference report on the Bankhead cotton control bill will come up immediately after the gentleman concludes.

Mr. COCHRAN of Missouri. Mr. Chairman, under our existing form of government it rests with the Congress to legislate for the District of Columbia. It is a responsibility which I do not feel is welcomed by the national lawmakers but, at the same time, one we cannot shirk. In times such as we are now experiencing, there is little time for the Representative or Senator to look after the many problems confronting the District. Monday a week ago was District Day; that is the regular day set aside for the consideration of legislation affecting the District of Columbia. Nearly a score of bills were on the calendar. Outside the 21 Members on the District Committee I doubt if there were a half dozen of the remaining 414 Members in the House who had ever read one of the bills. I confess I had never before Monday even looked at one of the measures, not because I am not interested in the welfare of the District and its citizens, but because my time has been taken up with other matters directly affecting the people of my State.

The members of the House District Committee are all hard-working, conscientious legislators; they give their time to questions pertaining to District affairs, knowing this labor will be of no benefit to them in their district back home. Called upon to perform a duty they respond and I desire to emphasize, nothing I say today is to be construed in the least as a reflection upon Mrs. MARY NORTON, the chairwoman, and members of her committee.

Investigate the personnel of the District Committee and you will find some of the members are assigned to as many as four House committees. Who can expect under such conditions members of the committee can give the time to District affairs they would like.

Under the rules of the House, the second and fourth Mondays are set aside as District days, but at the close of a session you will find the leaders have permitted the committee to have recognition not more than 5 or 6 days. The result is that when the committee does get its day Mrs. NORTON is required to call up the bills that are least controversial.

I have referred to this condition solely as justification for my consuming time today on a subject of great importance, not only to the District but also residents of nearby Maryland and Virginia.

As a result of over 20 years' residence in Washington, I have a large number of friends who reside here. I am pleased to be able to call the Commissioners, Mr. Hazen, Mr. Allen, and Major Gotwals, close personal friends. I became intimately acquainted with Major Gotwals when he served as district engineer of the Army Engineer Corps and was stationed in my home city, St. Louis.

It has been my custom to call on Major Gotwals New Year's Day. When I visited his home last New Year's, I found him standing at a table covered with maps and papers hard at work. After greeting me Major Gotwals said:

I am trying to solve a problem, one most interesting to me from an engineer's standpoint but far more important to official Washington, as well as to the people of this city and adjoining States, because it has a direct bearing upon their health.

I became interested immediately, and we talked at length upon the disposal of sewage in the Potomac River.

Having spent considerable time on the river and being an ardent fisherman, I had long known that the sewage in the river had practically eliminated fish from nearby waters, and the fish caught were not fit for consumption. I was also aware the river abutting the District and below for many miles was condemned by the natives as being unfit for bathing purposes; but this was the first time I had been advised that the health of the citizens of the District, as well as of the hundreds of thousands who visit the Capital annually, was in jeopardy.

The District of Columbia has had many competent Engineer Commissioners but none more competent nor any who have endeared themselves more to the people of Washington than Maj. John C. Gotwals. Knowing him as I do, I was impressed with his sincerity, and I will ever remember when he said to me:

Congressman, the day is sure to come that Congress as well as the people of the District will regret it if something is not done within a short time in reference to the sewerage, and sewage disposal, of the District of Columbia and adjoining territory.

Aware that Major Gotwals' term as Engineer Commissioner would expire this summer, that if Congress or some other Government agency did provide for the project he would probably have nothing to do with its construction, I asked him why he was so intensely interested. He replied that he fully understood the conditions, felt in time it would strike at the health of the community, and considered it his duty to let those in authority know of the conditions.

I have made some investigation, and being convinced a menace to the health of everyone residing here, from the President down, does exist, I am calling it to the attention of the Congress.

In my quest for information I found a report of an investigation made by the Surgeon General of the Public Health Service of conditions resulting from the present method of the disposing of sewage in the Potomac River. It was in response to a Senate resolution, Senate Document 172, Seventy-second Congress, second session. The report contains 65 pages, but I will quote only the "Summary and Conclusions", which follow:

SUMMARY AND CONCLUSIONS

In compliance with Senate Resolution No. 44 of March 11, 1932, requesting that the United States Public Health Service make an investigation of conditions resulting from the present method of disposing of sewage from the District of Columbia into the Potomac River, a study was conducted during the summer of 1932 which included the collection of many water samples for chemical and bacteriological examination from the watercourses in and about Washington; the tabulation of data relative to stream flow in the Potomac River, above Washington; studies of rainfall statistics and elevations and times of high and low tide in the river; and a survey of the sources of pollution on the watershed.

The survey was conducted when the discharge from the watershed was below the general average but representative of what may be expected during a considerable period of time in the future. The results obtained during the past summer are therefore indicative of probable conditions in the river for a considerable portion of the time during the summer season.

In response to the specific questions propounded in the Senate resolution the investigation has indicated that—

1. During the summer months of decreased stream flow and high-water temperatures the concentration of sewage bacteria in the entire river system from Little Falls Creek on the upper Potomac River and for the entire length of the Anacostia River within the District of Columbia, downstream to about Fort Foote, is such that the water is unsafe for bathing and constitutes a menace to public health from the standpoint of contracting sewage-borne diseases if bathing in the river is to be permitted.

2. Between Fort Foote and Hallowing Point there is a questionable area, the extent of pollution and its effect on bathing beaches depending upon the volume of discharge, which governs times of flow, which in turn affects rates of natural purification.

3. Below Hallowing Point sewage from the Washington area has no sanitary significance during the summer months when the river is used for bathing and other recreational purposes.

4. In the section of the Potomac River from a point between the sewer outlet and Fort Foote (the exact location depending upon the volume of flow in the river) to the vicinity of the railroad bridge above Hains Point, and in the Anacostia River to the District of Columbia-Maryland line, there exists a zone in which the dissolved oxygen is reduced to such an extent that critical conditions are reached in the summer months when the run-off from the upper watershed decreases to between 1,000 and 3,000 second-feet. With normal increases in population and an additional sewage load in the river, critical oxygen conditions will occur more frequently and be of longer duration. With complete exhaustion of the dissolved oxygen, anaerobic conditions will prevail at times, becoming more frequent with increased sewage pollution, and the gaseous decomposition products will cause odors and annoyances to residents and to persons using the park facilities along the river.

5. The oxygen content of the water for a considerable distance below the sewer outlets during the summer period was below that required for supporting fish life, and in a considerably larger area it is rapidly approaching similar conditions.

6. Below Fort Foote there appears to be sufficient dissolved oxygen at all times to support all the various forms of fish life.

7. The first oyster areas below Washington are located in the Wicomico River, nearly 70 miles below the sewer outlets, and are not affected by the Washington sewage, except possibly during periods of exceptional floods; and even under flood conditions it is believed that the pollution reaching this section of the Potomac River would in no way affect the oysters for human consumption.

In view of the conditions now existing in the Potomac River in the Washington metropolitan area, and in view of the fact that the study of proper methods of sewage disposal and the design and construction of sewerage works require a number of years, it appears essential, if it should be considered desirable to prevent the development of nuisances and make the river suitable for bathing and other recreational purposes and capable of supporting fish life during the summer, that the District of Columbia take steps toward providing the treatment of its sewage to relieve the constantly increasing sewage load reaching the river. The question as to whether the expense involved in the provision of sewage treatment required to meet these ends would be justifiable is a matter to be determined by the authorities who must assume responsibility for the expenditure of public funds. In view of the fact that no public water supply is now or is likely in the near future to be affected by pollution of the river in the vicinity of Washington, there appears to be at present no important public-health problem involved other than the use of local waters for bathing.

If it should not be considered justifiable to incur the expense necessary to reclaim the river for bathing purposes, this problem could be solved, of course, by prohibiting bathing in local waters.

In weighing the question as to whether the expense for sewage treatment is warranted at this time, the recreational value of the river, possible damage from pollution to private property adjoining the stream, and the probability that treatment ultimately will have to be provided—all should be taken into consideration.

Suitable methods of artificial sewage treatment are available for the purification of the sewage from the District of Columbia, should such purification be considered justifiable at this time. Should sewage treatment be deemed advisable, preliminary works should first be installed and placed in operation as soon as practicable. The estimated cost of complete treatment works is between $8,000,000 and $9,125,000.

In view of the magnitude of the works necessary, the design and construction of which require highly specialized training and experience, it would appear desirable to have available the services of one or more engineers, specialists in this subject, acting singly or as a board, to cooperate with the District sewer department engineers in the design and construction of the purification works.

I am told that if those responsible for that investigation and report are called before a congressional committee or a Government agency considering this project, some state-

ments bearing on the future health of the people of this community will be made that will be far stronger than those found in the report. When I asked why these views were not included in the report, I was advised the investigators did not want to alarm the people of the city.

As a result of the recommendation made in the report I just referred to and under a grant of $40,000 by Public Works authorities, a board of sanitary engineers was appointed to determine the need for a treatment plant and to fix the type and capacity of such a structure. This board found the Potomac River so polluted with sewage as to be unattractive and at times of low flow in the warmer months offensive in appearance, low in dissolved oxygen, highly contaminated with sewage bacteria, and as a result of these conditions unsatisfactory for recreation and some other purposes for a distance of more than 20 miles downstream from the Anacostia River.

To remedy these conditions the board recommended that sewage from the city be purified to a high degree by the activated sludge process during the 6 warmer months of low river discharge and during the 6 cooler months to a lesser degree by plain sedimentation, and that the sludge obtained from this plant be processed and used to provide fertilizer and humus for the farm lands of the penal institutions at Lorton, Va. It was proposed to construct this plant on District-owned property at Blue Plains, D.C., at an estimated cost of $8,000,000, and to operate it at an annual estimated cost of $400,000 from District revenues under congressional appropriations.

A bill was presented by the Commissioners to the Bureau of the Budget for submission to Congress authorizing the construction outlined above, but was disapproved as not being in accord with the financial program of the President. However, just prior to this disapproval and in response to a request from the Public Works Administration, the Commissioners submitted as second in priority of four projects an item of $8,000,000 for this treatment plant. No official reply has been received, but the newspapers under date of April 4 carried a story to the effect that all four projects had been disapproved pending availability of additional funds for such grants.

You see, so impressed were Secretary Ickes and his associates of the Public Works Administration, that this project warranted consideration, that it advanced $40,000 to employ outstanding engineers to make an investigation.

The report will appear in three parts. Part I, consisting of 140 pages, contains a summary and recommendations which I will quote. It is as follows:

SUMMARY AND RECOMMENDATIONS

Summary of findings: The findings may be stated as follows:

1. The present method of sewage disposal by dilution is unsatisfactory because the Potomac River is badly polluted by the sewage discharged into it.

2. The population of the District of Columbia and certain small contiguous areas from which sewage probably will be discharged into District sewers is estimated at 650,000 and 850,000 as of 1950 and 1970, respectively.

3. The average volume of sewage to be treated is estimated at 200 gallons per capita per day, equivalent to 130,000,000 and 170,000,000 gallons per day as of 1950 and 1970, respectively.

4. The sewage as compared with that of other large cities is weak, because of the large per capita volume, but the per capita quantity of polluting matter is rather large.

5. Ordinarily the discharge of the Potomac River is low during the warmer months, averaging 3,000 cubic feet per second or less, during 50 percent of the time in July, August, and September, and falling to 706 cubic feet per second during the month of minimum flow of record.

6. If the biochemical oxygen demand of the sewage be reduced 90 percent by treatment, the dissolved oxygen in the river water will seldom be less than 50 percent saturation.

Summary of recommendations—it is recommended:

1. That a sewage-treatment plant be built forthwith on the site now owned by the District at Blue Plains, D.C.

2. That the treatment plant be built to serve a population of 650,000, estimated to be tributary about 1950, and so laid out that it can be enlarged to serve a population of at least 850,000, estimated to be tributary about 1970.

3. That the activated-sludge process of treatment be adopted.

4. That the activated-sludge treatment be suspended for the 6 cooler months of the year, during which the treatment will be by plain sedimentation.

5. That the sludge produced be digested in gas-tight heated tanks.

6. That the digested sludge be dewatered by means of vacuum filters.

7. That the dewatered sludge be taken to the District of Columbia penal institutions at Lorton, Va., and utilized for agricultural purposes.

8. That the gas produced by the digestion of the sludge be utilized for generating power for use at the treatment plant, and that the supplemental power, when required, be generated by Diesel engine-driven electric generators.

9. That the hot engine jacket water and the hot exhaust gases, supplemented when more convenient by gas from the digestion tanks, be utilized for heating the sludge undergoing digestion and for furnishing other heat about the plant where required.

RESULTS TO BE OBTAINED BY CARRYING OUT THE RECOMMENDED SEWAGE-DISPOSAL PROJECT

The efficient operation of the sewage-treatment plant herein recommended will produce the following results:

1. The present offensive appearance of the Potomac River will be eliminated.

2. The organic matter carried in suspension in the sewage will be removed to such a degree that extensive deposits of such matter will not be formed in the river and aid in depleting the natural supply of dissolved oxygen in the overlying water.

3. The organic matter in the sewage will be removed to such a degree that the dissolved oxygen in the river water will seldom fall below 50-percent saturation, and major forms of fish life will not be driven away because of lack of oxygen.

4. The present bacterial pollution of the river will be greatly reduced.

5. The river will be attractive in appearance and suitable for navigation, pleasure boating, fishing, and other uses.

6. The sludge produced will be utilized to advantage.

Although the District of Columbia does not have any jurisdiction over areas outside the District, it is assumed in predicting these results, that the sewage of the Washington Suburban Sanitary District, Arlington County, and the city of Alexandria will be so purified that it will not tend to offset and nullify the treatment of the sewage of the District of Columbia.

The greatly improved condition of the Potomac River water will affect favorably the water in the lower Anacostia River by eliminating the present tendency for polluted water to pass from the Potomac River into the Anacostia River with the incoming tides. The Anacostia River, however, has a very small flow during the warmer months, which makes it imperative that the sewage naturally tributary to it from the Washington Suburban Sanitary District be purified to a high degree so that this river will not be objectionable.

With the recommended sewage treatment, the river in and below the District will be much safer for bathing, which is carried on here and there to a limited extent. However, bathing will not be entirely safe on account of the necessary discharge from storm overflows, particularly in the vicinity of the outlets of the storm overflow conduits at times of discharge. It is impracticable to chlorinate or otherwise treat such discharges effectively.

The treatment of the sewage as herein recommended is consistent with the policy of the Federal Government in requiring that navigable waters shall be maintained in a condition which will not interfere with their reasonable use for navigation.

CONTRACT DRAWINGS AND SPECIFICATIONS

After it shall have been decided to proceed with construction it will be necessary to make additional surveys, borings, soil tests, and other preliminary investigations upon which to base the detail designs. It is estimated that a period of 9 months will be required for this preliminary work and for the preparation of designs, drawings, and specifications for the major features of the plant.

TIME REQUIRED TO BUILD PLANT

Many contracts will be required for the construction of the treatment plant. The first work to be undertaken would naturally consist of excavation and building the major structures. While this is going on the machinery and equipment could be built. Climatic conditions are such that construction can be carried out practically continuously throughout the year. It is estimated that a period of about 3 years from the date of award of the first construction contract will be required for the completion of the plant. Thus the total time from beginning of design to putting the plant into operation will be some 3 years 9 months, or say 4 years.

The estimate of the rate of expenditure during this period is as follows:

First year	$500,000
Second year	2,000,000
Third year	3,000,000
Fourth year	2,500,000
Total	8,000,000

Respectfully submitted.

HARRISON P. EDDY,
JOHN H. GREGORY,
SAMUEL A. GREELEY,
Board of Sanitary Engineers.

Mr. Eddy is considered one of the leading, if not the leading, sanitary engineers of the country, and resides in Boston.

Mr. Gregory, a professor from Johns Hopkins University, and Mr. Greeley from Chicago, are also sanitary engineers recognized throughout the country as outstanding along this particular line.

The Bureau of the Budget having for the time being refused to approve the project due to the financial condition of the Treasury, the Commissioners very properly have appealed to the Public Works Administration because the P.W.A. regulations provide specifically that sewage disposal is to be considered a preferential subject in the allocating of money.

The question of employment is also one for consideration in connection with P.W.A. projects. This plan, if undertaken, will furnish employment for 640 men working 3 full years, equivalent to 4,000,000 man-hours.

The Commissioners had a conference with Secretary Ickes and his aides Tuesday afternoon of last week. I have no knowledge of what occurred, but I am aware that when it is shown that it will require $400,000 annually to maintain and operate such a plant, Secretary Ickes will desire to know where this money is coming from. To meet that situation I have today introduced a bill authorizing the Commissioners to construct the plant at a cost not to exceed $8,000,000, and further authorizing such annual appropriations as may be required for maintenance and operation. The bill is short, and reads as follows:

Be it enacted, etc., That in order to remove objectionable sewage pollution from the Potomac River the Commissioners of the District of Columbia be, and they are hereby, authorized to construct in the District of Columbia, at Blue Plains, a sewage-treatment plant at a cost not to exceed $8,000,000, and such annual appropriations as may be required for the maintenance and operation of said plant shall be made by Congress in the same manner as other appropriations are made for defraying the expenses of the government of the District of Columbia.

Money has already been allocated to Arlington County, Va., by the P.W.A. for sewerage and sewage disposal, but I understand the county officials are waiting to see what is to be done by the District, feeling it is useless to proceed with their plant if the District is not authorized to construct its plant.

Maryland likewise has asked the P.W.A. for an appropriation for the Anacostia River.

Naturally the health of the people of the District is of paramount importance, but aside from that there are other benefits that will accrue if this project is carried out.

It is our duty to safeguard the health of Government officials. Let us say this condition existed in our own community. Is there a man or woman in the Congress who would not join in a movement with local officials to cure the condition? We should do the same by the people of Washington as we would do for those who send us to Congress. I submit the responsibility is ours and we should meet it.

A few weeks ago the House passed a resolution providing for the appointment of a committee of 15 to be known as a "Conservation Committee" and providing that it cooperate with a committee of the Senate. Later, the House apppropriated about $10,000 to assist this committee in its investigation. I think the Senate committee has spent about $50,000.

The purpose of this special committee in part is to submit to the Congress legislation that will stop the pollution of our streams, having in mind the harmful effects of pollution on fish life. The report of the Surgeon General as well as the report of the three sanitary engineers calls attention to this.

Here at our very door we find one of the greatest streams in the country, from a recreation standpoint, polluted by the sewage of the Nation's Capital to such an extent that it is practically devoid of fish life, only the more hardy fish finding it possible to survive.

Can we ask the States to stop the pollution of streams when we permit such a condition to exist?

Few cities in this country have such facilities for recreation at its front door as the Potomac affords.

Stop this pollution and summer resorts will spring up over night on the shores of the Potomac. The land abutting the river will increase in price far above the cost of the project. The people of Washington will spend their money at home rather than travel miles to find a suitable place for bathing. Where there is one motorboat on the river now you will find a hundred and a thousand fishermen will angle in the river where one fishes now.

Let us get behind this project, conserve the health of the people of Washington, and at the same time exploit the recreational facilities of this great river that abuts the Capital of the Nation.

Let us do for Washington what we would do for our own people back home if a similar situation existed there. [Applause.]

Mr. TREADWAY. Will the gentleman yield?

Mr. COCHRAN of Missouri. I yield to the gentleman from Massachusetts.

Mr. TREADWAY. The gentleman is making an interesting statement about public health in the District of Columbia. May I ask whether or not anything is being done, either by the District authorities or by the Congress, in relation to the incineration of garbage?

Mr. COCHRAN of Missouri. I think the present bill takes care of the matter.

Mr. TREADWAY. Was not the question brought up at one time before the Congress and then abandoned later?

Mr. COCHRAN of Missouri. I think it was, but if I am not mistaken there is some reference to that in the present bill.

Mr. TREADWAY. I hope that is being considered, because if there is one thing in the District that is disgraceful as well as insanitary it is the burning of refuse right across the river.

Mr. COCHRAN of Missouri. That is taken care of, I am positive, in the present bill. It is restored.

Mr. TREADWAY. I am glad to hear the gentleman say that.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. COCHRAN of Missouri. I yield to the gentleman from Pennsylvania.

Mr. RICH. The gentleman says that the Public Works Administration would have to advance 100 percent of the money for the construction of this plant. Is not this a 100-percent American town?

Mr. COCHRAN of Missouri. I hope it is.

Mr. RICH. Then why should they not do that?

Mr. COCHRAN of Missouri. I hope the Public Works Administration will take that view of the matter. This city is the Capital of the Nation, and, as such, I feel Mr. Ickes would be justified in making this an all-Federal project.

Mr. MANSFIELD. Will the gentleman yield?

Mr. COCHRAN of Missouri. I yield.

Mr. MANSFIELD. Does the gentleman know of any other city as large as Washington where the untreated sewage is emptied into a navigable stream?

Mr. COCHRAN of Missouri. I am sure the gentleman from Texas could answer that question better than I can. Personally I do not know of any city.

Mr. KOPPLEMANN. Will the gentleman yield?

Mr. COCHRAN of Missouri. I yield to the gentleman from Connecticut.

Mr. KOPPLEMANN. In my own district the P.W.A. has allocated money for a sewage-disposal plant, and I would like to ask the gentleman a question which may help him with his bill. Do not the adjoining States that border on the Potomac River have laws stopping the pollution of these streams by a certain time? We have such a law in our own State and in the neighboring State of Massachusetts.

Mr. COCHRAN of Missouri. This is a navigable stream and is under the control of the United States. The adjoining communities have been allocated money by the P.W.A.

to dispose of their sewage, but they are waiting to see what the District does.

Mr. MANSFIELD. And it is an interstate stream?

Mr. COCHRAN of Missouri. Yes; it is an interstate stream.

Mr. FOCHT. Will the gentleman yield?

Mr. COCHRAN of Missouri. I yield.

Mr. FOCHT. Has there been any change in the handling of the sewage or garbage which is carried down below the War College and discharged into the river at that point? I am referring to a condition which I know existed when I was chairman of the committee that had charge of this matter. The sewage then went down below the bridges in large conduits and then out into the Potomac River, and the garbage was sold to contractors. Is this the way the matter is handled now?

Mr. COCHRAN of Missouri. No; they have no way of disposing of the garbage at all at this time other than to sell a small amount to farmers.

Mr. FOCHT. They sell it to contractors, I understand.

Mr. COCHRAN of Missouri. A small amount to farmers only, but I am referring to the general sewage which pollutes the stream for as far as 50 miles below Washington, according to the report which you will find in the RECORD.

Mr. FOCHT. It may pollute the stream, but, as the Supreme Court has declared with respect to the coal dirt in Pennsylvania, it may be an unavoidable necessity. If that is the case, what is the gentleman going to do about it?

Mr. COCHRAN of Missouri. It is not unavoidable, because Major Gotwals has shown just how the matter can be handled. If it can be taken care of it is not an unavoidable necessity.

Mr. FOCHT. By taking it out to the salted sea, which is the only way it can be handled?

Mr. COCHRAN of Missouri. No; it can be handled here by building a disposal plant. The reports show that the engineers say it can be done.

Mr. FOCHT. That cannot take care of the sewage and garbage and the storm water.

Mr. COCHRAN of Missouri. Why, certainly it can; the best engineers obtainable say so. Of course, the gentleman from Pennsylvania is a better engineer than Major Gotwals.

Mr. FOCHT. I hope I would be better than a good many that I have known around here.

Mr. COCHRAN of Missouri. If the gentleman will get acquainted with the District Engineer Commissioner he will find that he knows something about the sanitary conditions here, after serving the District for many years. [Applause.]

[Here the gavel fell.]

Mr. BLANTON. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. BYRNS) having assumed the chair, Mr. SEARS, Chairman of the Committee of the Whole House on the state of the Union, reported that the Committee having had under consideration the bill H.R. 9061, the District of Columbia appropriation bill, had come to no resolution thereon.

PLACE COTTON INDUSTRY ON SOUND COMMERCIAL BASIS

Mr. JONES. Mr. Speaker, I call up the conference report on the bill (H.R. 8402) to place the cotton industry on a sound commercial basis, to prevent unfair competition and practice in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes.

The Clerk read the conference report.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 8402) to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 4, 5, 7, 8, 11, 13, 14, 15, 16, and 17.

That the House recede from its disagreement to the amendments of the Senate numbered 3, 6, 9, 10, and 19, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows: In lieu of the matter proposed to be stricken out by the Senate amendment insert a comma and the following: "but if the President finds that the economic emergency in cotton production and marketing will continue or is likely to continue to exist so that the application of this act with respect to the crop year 1935–36 is imperative in order to carry out the policy declared in section 1, he shall so proclaim, and this act shall be effective with respect to the crop year 1935–36. If at any time prior to the end of the crop year 1935–36 the President finds that the economic emergency in cotton production and marketing has ceased to exist, he shall so proclaim, and no tax under this act shall be levied with respect to cotton harvested after the effective date of such proclamation"; and the Senate agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert a comma and the following: "for the crop year 1935–36, if the provisions of this act are effective for such crop year, that two thirds of the persons who have the legal or equitable right as owner, tenant, share-cropper, or otherwise to produce cotton on any cotton farm, or part thereof, in the United States for such crop year"; and the Senate agree to the same.

Amendment numbered 12: That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "$1,000, or by imprisonment for not exceeding 6 months, or both"; and the Senate agree to the same.

Amendment numbered 18: That the House recede from its disagreement to the amendment of the Senate numbered 18, and agree to the same with an amendment as follows: In lieu of the matter proposed to be stricken out by the Senate amendment insert:

"SEC. 24. The Secretary of Agriculture is authorized to develop new and extended uses for cotton, and for such purpose there is authorized to be made available to the Secretary not to exceed $500,000 out of the funds available to him under section 12 of the Agricultural Adjustment Act."

And the Senate agree to the same.

MARVIN JONES,
H. P. FULMER,
WALL DOXEY,
CLIFFORD R. HOPE,
J. ROLAND KINZER,
Managers on the part of the House.

E. D. SMITH,
J. H. BANKHEAD,
ARTHUR CAPPER,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amend-

ments of the Senate to the bill (H.R. 8402) to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

On amendments nos. 1 and 3: These amendments strike out the provisions of the House bill which make the proposed bill effective for the crop year 1935–36 and which authorize the extension of its provisions for the crop year 1936–37. Amendment no. 1 also strikes out the provision authorizing termination of the bill at any time.

The House recedes with an amendment on amendment no. 1, the effect of which is to make the bill applicable during the crop year 1934–35, to authorize its extension by the President so that it may be applicable during the crop year 1935–36, and to retain the provision of the House bill authorizing the termination of its provisions at any time. Since under the conference agreement on amendment no. 1 the bill will not be applicable to the crop year 1936–37, the House recedes on amendment no. 3.

On amendment no. 2: This amendment strikes out the provision of the House bill providing for a finding by the Secretary of Agriculture that farmers favor a tax for the crop year 1935–36 and a similar finding for succeeding crop years. The amendment also requires a finding for the crop year 1934–35 which was not required under the House bill. See amendment no. 1. The amendment also substitutes for the provision of the House bill requiring a finding that two thirds of the persons who own, rent, share-crop, or control cotton land favor a ginning tax, a provision which requires that two thirds of the persons who have legal or equitable title as owner, tenant, share-cropper, or otherwise to produce cotton on any farm or part thereof for the succeeding crop year favor a ginning tax.

The conference agreement eliminates the finding for the crop year 1934–35, but requires it for the crop year 1935–36 if the bill is to be applicable for that year, and adopts the provisions of the Senate amendment on the finding itself.

On amendment no. 4: This amendment makes the rate of tax 75 percent of the average central price, rather than 50 percent, as contained in the House bill. See amendment no. 5. The Senate recedes.

On amendment no. 5: This amendment makes the minimum tax 8 cents per pound, rather than 5 cents per pound, as contained in the House bill; and the Senate recedes.

On amendment no. 6: This amendment exempts from the tax all cotton having a staple of 1½ inches in length or longer. The House recedes.

On amendment no. 7: Under the House bill, the tax on nonexempt cotton was postponed until bale tags were secured for it, if the cotton was to be stored by the producer. Bale tags for such cotton could be secured upon payment of the tax or surrender of exemption certificates covering the cotton. This Senate amendment strikes out this provision. The amendment also provides that a producer harvesting more cotton than his allotment of tax-exempt cotton may, in a subsequent year when the tax is in effect, if he does not harvest in the subsequent year the amount of cotton for which he holds certificates, pay the ginning tax on the excess in the prior year with exemption certificates issued for the subsequent year. The amendment further provides that a producer to whom an exemption certificate is issued, who does not use it for the year issued by reason of his producing an amount of cotton less than that represented by the certificates, may use the unused certificate in a subsequent year when the allotment and tax are applicable. The Senate recedes, thus restoring the House provision which authorizes postponement of the payment of the tax and retaining the substance of the matter proposed to be inserted by the Senate amendment which is covered in the language restored and in other provisions of the bill.

On amendment no. 8: Under the House bill, the allotment of tax-exempt cotton to each State was to be based upon the ratio of its average production for the 5 crop years preceding the enactment of the act to the average national production for the same period. This amendment makes both periods 10 years. The Senate recedes.

On amendment no. 9: This amendment provides a minimum allotment of 200,000 bales of tax-exempt cotton to each State if in any one of the 5 years preceding the enactment of the act the production of such State equaled 250,000 bales. The House recedes.

On amendment no. 10: Under the House bill no certificate or allotment was to be granted to a producer unless he agreed to comply with requirements to assure his cooperation in reduction programs and to prevent expansion of competitive production by him. This Senate amendment limits the provision so that the requirement preventing expansion of production relates only to expansion on lands leased by the Government. The House recedes.

On amendment no. 11: This amendment strikes out the exception contained in the House bill permitting transportation of cotton beyond the county of production for storage under section 4 (f), in conformity with Senate amendment no. 7, which eliminates the provision with respect to storage. The Senate recedes.

On amendment no. 12: This amendment reduces the criminal penalty for violation of section 12 (d) (relating to willful violations of the act, willful failure to pay tax, and other crimes) from a fine not exceeding $1,000 or imprisonment for not more than 1 year, or both, to a fine not exceeding $100. The conference agreement makes the punishment a fine not exceeding $1,000 or imprisonment not exceeding 6 months, or both.

On amendments nos. 13 and 15: The House bill authorized the Secretary of Agriculture to make regulations to carry out the powers given him and provided a fine for violating such regulations. These Senate amendments authorize the Secretary to enact a penal statute to carry out such powers and make violation of the penal statute the offense. The Senate recedes on both amendments.

On amendment no. 14: This amendment provides that no producer shall be taxed or penalized in the ginning of his first six bales and further provides that the total allotment for the crop year 1934–35 shall not exceed 10,000,000 bales. The Senate recedes.

On amendment no. 16: This amendment reduces from 6 months to 30 days the time, after filing claim for refund of tax, prior to which no suit or proceeding by the taxpayer may be begun for the recovery of the tax paid. The Senate recedes.

On amendment no. 17: This amendment strikes out the provision of the House bill defining the term "bale" when used in describing a quantity of cotton as 500 pounds of lint cotton, and substitutes therefor a definition of bale as a package containing 500 pounds average gross weight of lint cotton and customary bagging and ties. The Senate recedes.

On amendment no. 18: This amendment strikes out the provision of the House bill authorizing the Secretary of Agriculture to purchase taxable cotton and to dispose of it for charitable purposes, in the development of new and extended uses for cotton, and for other purposes, and which authorized the making of appropriations of funds available to the Secretary of Agriculture under section 12 of the Agricultural Adjustment Act. The House recedes with an amendment which authorizes the Secretary to develop new and extended uses for cotton and which limits the amount which is authorized to be appropriated from the funds available under such section 12 to $500,000.

On amendment no. 19: This amendment strikes out the amendment contained in the House bill to the Agricultural Adjustment Act authorizing the Secretary of Agriculture to

include in agreements made under section 8 (1) of that act provisions for the reduction of acreage or production for market of agricultural commodities. The House recedes.

MARVIN JONES,
H. P. FULMER,
WALL DOXEY,
CLIFFORD R. HOPE,
J. ROLAND KINZER,
Managers on the part of the House.

Mr. JONES. Mr. Speaker, the conference report is self-explanatory. In the main the conference report embodies the provisions of the House bill. One change is that the operation of the bill is limited to 1 year, with the privilege of extending it 1 additional year upon proclamation by the President, providing two thirds of those, renters, share croppers, or otherwise, interested in the land, are favorable to such extension.

There is an amendment put in also which exempts long-staple cotton, because this country produces nothing like the amount that is needed.

The Johnson amendment, which provided that a State that produced as much as 250,000 bales should not be reduced below 200,000 bales is retained. The last provision in reference to the amendment of the triple A act, pertaining to competitive crops, is eliminated. The so-called "Boileau amendment", which provided that there shall be no expansion in competitive crops, is retained in the bill, with a qualification limiting its application to lands leased by the Government. The whole cotton-reduction program is based on land leasing. In other words, they will not be permitted to use the land thus leased for competitive crops.

Mr. SNELL. Will the gentleman yield?

Mr. JONES. I will yield to the gentleman.

Mr. SNELL. I understand the bill as framed now is limited to 1 year. When we had the discussion in the House, if I remember correctly, the gentleman from Texas said that, if limited to 1 year, it would be inoperative and of no value.

Mr. JONES. No. I stated in order to have the full effect, to have it work properly, we should have it for longer than 1 year. So we now provide that it may be extended the second year if it appears needed and the President so decides. We retain the House provision, but omit the middle year. In the original House bill, in order to extend it the second year, it was required that two thirds of those engaged in production should favor it. In other words, the original act provided that it was for 1 year, with the privilege of extending it 1 year, and then a third year in addition, by proclamation of the President.

We have omitted the middle year and given them the privilege of extending it the second year in the same manner that it could have been extended the third year by proclamation of the President.

Mr. SNELL. What is the amendment of section 24?

Mr. JONES. Under the original House bill, the Secretary of Agriculture was permitted to use any of the cotton funds under the triple A act in the purchase of cotton subject to taxation, and use it in a search for new and extended uses of cotton and its distribution. The Senate objected to that provision, but indicated that they had no objection to a search for new and extended uses of cotton. The Secretary under the conference bill is not authorized to purchase cotton. We modified it to that extent.

Mr. SNELL. What does the gentleman mean by new and extended uses? Does he mean in foreign countries?

Mr. JONES. It might be in foreign countries or in this country—any new channels in which cotton might be used. Practically all commodities of any consequence have some search made along those lines. For instance, there is the Forest Products Laboratory at Madison, Wis., which has been doing research in new uses of forest products for many years, and has done very valuable work. A great many people think that while a measure of this kind may be necessary to clear the decks of the overhanging surpluses that have been wrecking the market for the past few years, yet, as a long-range proposition, the question of the marketing and the fields and channels in which a great commodity of this kind must go is perhaps the most or, at least, a very important feature of any program.

Mr. SNELL. Of course, that is a great deal more than any one other industry has, is it not?

Mr. JONES. Oh, no. We appropriated at one time as much as $800,000 for the Forest Products Laboratory. Besides, this comes out of the cotton funds, I will state to the gentleman.

Mr. SNELL. Even if it does, it is a special fund.

Mr. JONES. I know; but if those who are to receive the benefits under the program, instead of receiving the benefits, would prefer that a small part of that fund should be used in searching for new and extended uses of the commodity, I do not see how anyone can object.

Mr. SNELL. Does it come out of a processing tax?

Mr. JONES. Yes, or out of the funds collected under this bill.

Mr. SNELL. The people who make paper bags up in my country have to pay for a processing tax and then have to pay for their share toward this tax.

Mr. JONES. It may come out of the taxes collected under this bill and probably will.

Mr. SNELL. The gentleman admits that a lot of this money comes from people not directly interested in cotton.

Mr. JONES. Of course, if you have any tax, if you use the fund, you cannot say that somewhere along the line it will not touch somebody else. I cannot see how the gentleman can seriously object to a search for new markets for cotton.

Mr. SNELL. It depends on what the search is. It has been the policy of the administration not to search in foreign countries.

Mr. JONES. I do not agree with the gentleman. Then on that basis the cotton people could object to the forest products laboratory, because wood pulp and fiber rayon have for years been cutting into the channels used by cotton in the form of rayon and other commodities. You cannot have a national program where you will never approach or touch elbows with somebody else.

Mr. SNELL. Let me ask one more question. What proportion of cotton is already planted at this time?

Mr. JONES. That is a very difficult question to answer, but only a small percentage.

Mr. SNELL. I understood that at the time this bill passed the House, say, a month or 6 weeks ago, it had to be passed at once, because the cotton was practically planted at that time.

Mr. JONES. If the gentleman is familiar with the geography of the United States, he will know that one part of Texas ranges pretty far south.

Mr. SNELL. I am familiar with what the gentleman said at that time, whether I am familiar with the geography of the United States or not.

Mr. JONES. And I say to the gentleman that they plant cotton from a month to 2 months earlier in that part of Texas than they do in my district.

Mr. SNELL. I am stating what the gentleman said on the floor of the House—that we would have to have it 6 weeks ago, or it would not do any good this year.

Mr. JONES. The gentleman is evidently not familiar with the planting of cotton. I did not say it would not do any good. I did say that it was preferable to have it before any of the cotton was planted.

Mr. SNELL. Oh, I admit that I am not; but I am taking what the gentleman stated at that time.

Mr. JONES. I stated at that time—and I still stick to my guns—that they were planting cotton in south Texas, and if we came here 3 weeks from now, they would still be planting cotton in some parts of Texas.

Mr. HASTINGS. Mr. Speaker, will the gentleman yield?

Mr. JONES. Yes.

Mr. HASTINGS. I understood the gentleman from Texas, in reply to the gentleman from New York [Mr. SNELL], to say that the President cannot extend this act for another year without a two-thirds vote of the cotton producers?

Mr. JONES. That is correct.

Mr. HASTINGS. And I should like to have the gentleman discuss a little more in detail what noncompetitive crops may be planted on this surplus unused cotton land?

Mr. JONES. The gentleman is familiar with the cotton voluntary reduction program. The contracts call for a designation of those crops by the Department, and in each vicinity they will furnish information as to what crops may or may not be grown. The cotton program is an acreage-reduction program. It forbids their using idle land, which will probably amount to some 15,000,000 or 16,000,000 acres, in the expansion of any competitive crop or commodity.

Mr. HASTINGS. I wish the gentleman, in revising his remarks, would go a little more into this in detail, because the country is very much interested in that feature.

Mr. JONES. It is practically impossible to make a general statement that would cover the entire country on that. It is an administrative problem that must be varied somewhat in the different localities. I think, at least as a temporary matter, that the cotton people would be better off to have a program than not to have a program, even if they left those lands perfectly idle.

They are lands leased by the Government, and a man will be permitted to plant just what those administering it define as noncompetitive crops, and will be permitted to plant no other. The Government leases and pays for the land.

Mr. HASTINGS. Of course, the chairman of the committee knows that it is getting a little late in the season.

Mr. JONES. Yes.

Mr. HASTINGS. And the farmers must know, and must know at once, what they can plant on these surplus lands.

Mr. JONES. All that has practically been determined by the voluntary program. A vast majority of the cotton producers have signed up on these voluntary programs, and they have practically the same provisions in the voluntary contracts which they will have under this plan. The Department has furnished people in all localities the essential information as to what they may plant, and I am sure that the information is in the hands of the county agents in the districts which the gentleman represents.

Mr. WHITTINGTON. There is nothing in the bill to prevent the planting of foodstuffs for use on the plantations and farms, is there?

Mr. JONES. Not for use by the people who own the land.

Mr. BUSBY. Mr. Speaker, will the gentleman yield?

Mr. JONES. I yield.

Mr. BUSBY. Will the gentleman inform us what penalties are provided in the bill at the present time for violation of its terms?

Mr. JONES. The penalties for violating the act which we talked about when we first had the measure under consideration range from a fine not exceeding $1,000 to imprisonment not exceeding 6 months, and for violation of a regulation the penalty is a fine not exceeding $200.

Mr. BUSBY. Does the gentleman mean that for violation of a regulation a person may be fined; that a man may be fined because he violates some regulation promulgated by the Department of Agriculture which regulation is not in this bill?

Mr. JONES. It must be a regulation authorized by the terms of this bill and within the four corners of this bill.

Mr. BUSBY. But it is to be pronounced by the Department of Agriculture.

Mr. JONES. Why, of course. The gentleman has never voted for any law that required any administration at all that did not provide for some regulation, because the gentleman knows that regulations are essential. The gentleman knows further that were we to incorporate in a bill every regulation to carry out a program covering as wide a stretch of the country as this must necessarily cover we would have a wholly unworkable bill.

Mr. BUSBY. The gentleman from Texas knows that we construe penal laws strictly and we write the penal statutes verbatim into the law; but we do not instruct a lot of subordinates and bureaucrats to enact penal statutes under which people on farms may be sent to jail. The gentleman knows that. I should like to pursue the matter further. I notice an exemption is made in the case of cotton the staple of which is 1½ inches long.

Mr. JONES. There may be some of that in the gentleman's own State.

Mr. BUSBY. I do not care about that; what I am concerned with is that there should be an exemption of any cotton from taxation if cotton is to be taxed.

Mr. JONES. As the gentleman knows, there is a distinct field for long staple cotton, and even in times when we have had great surpluses of the ordinary variety of cotton in this country we import long-staple cotton to fill that particular field.

Mr. BUSBY. Why exempt it from this tax? Are not the growers of long-staple cotton cotton growers just like the others except they grow a higher-priced cotton?

Mr. JONES. Does the gentleman want an answer to his question or does he just want to ask a lot of questions?

Mr. BUSBY. If the gentleman will yield me some time I will let him alone. Will the gentleman yield me 10 minutes?

Mr. JONES. I will yield the gentleman 5 minutes but I cannot yield the gentleman further time because I promised to take but a limited time in the discussion of this conference report. But first, however, I insist on answering the gentleman's question. There is a very limited acreage suitable for the growing of long-staple cotton.

Far less long-staple cotton is grown in the country than is consumed. There is no surplus problem of any kind connected with long-staple cotton, and this is an exemption of this particular type of cotton.

Mr. BUSBY. It is the creation of a special class.

Mr. DOXEY. Mr. Speaker, will the gentleman yield?

Mr. JONES. I yield.

Mr. DOXEY. Mr. Speaker, the gentleman from Texas yields to me for the specific purpose of answering the question of the gentleman from Mississippi. The gentleman has reference to page 6 of the bill, amendment 4, made by the Senate:

> Cotton having a staple of 1½ inches in length alone.

That amendment applies only to the State of Arizona. It is in its infancy in the production of cotton. This exemption covers only about 9,000 bales in the United States.

As to the argument that the exemption makes a special class, that does not fit the case, because in our State we have no cotton that will pull an inch and a half, and this long-staple cotton that is grown in Arizona enters into direct competition with Egyptian cotton; and there is no surplus of this grade of cotton.

Mr. BUSBY. Why should we do anything to encourage the production of cotton, when the very purpose of the bill is to curtail production?

Mr. JONES. In order to be fair to a struggling State in fostering a very promising infant industry.

Mr. BUSBY. One other question: Why exempt States that have not grown 1,000 bales of cotton over a 5-year period?

Mr. JONES, I think the gentleman will find there are but two States affected by this provision.

Mr. BUSBY. But if the bill is designed to bring all cotton growers into line why exempt some of them?

Mr. JONES. Some of these States have gone into cotton production in comparatively recent years and there is no surplus in those States. They have become accustomed only in recent years to the production of cotton. In order to be

fair to all the different States it was necessary to go back over a range of years. Then to be fair to the newer States it was necessary to insert the provision referred to.

We went over that range of years in these particular States and they do not produce enough cotton to materially affect the program.

It is only to the effect that cotton may be reduced to between 125,000 and 150,000 bales in California. It will be limited to 200,000 at the most.

Mr. BUSBY. May I ask one more question? Was not the purpose in making these concessions to get support in the Senate so that the bill could be passed?

Mr. JONES. I am not authorized to speak on the motives of the Senate. I have been surprised by them many times. But it was not necessary in the House. I think we could pass it with or without the amendment.

Mr. BUSBY. Is the opposition going to have time to speak against the report?

Mr. JONES. I hope the gentleman will not insist on much time. I will give him some time.

Mr. BUSBY. How about 10 minutes?

Mr. JONES. I will give the gentleman 5 minutes.

Mr. TREADWAY. Will the gentleman yield for an inquiry?

Mr. JONES. I yield to the gentleman from Massachusetts.

Mr. TREADWAY. I am very much interested in the amendment stricken out on page 25, the last section of the bill, amendment no. 19. As I understand it, that was passed by the House and stricken out in the Senate. Its object was to protect the growers of nonbasic agricultural products, such as are raised in New England, garden truck, fruit, poultry, milk, cheese, butter, eggs, and various items of that kind, the products of New England. I have a telegram from a group of New England farmers, representing the associations up there, bitterly opposing the opportunity the cotton growers will have of taking up land for products competitive to our nonbasic New England agricultural products. Under leave to extend my remarks, I insert the telegram referred to, as follows:

BOSTON, MASS., *April 6, 1934.*

One hundred fifty representatives of poultry, potato, market-gardening, and fruit industries from six New England States in informal conference assembled here today. Urge the inclusion of an amendment to the Bankhead bill giving the Secretary of Agriculture authority to prohibit signers of contracts on basic commodities from increasing production for sale of nonbasic commodities. We request that you communicate this action to Senators and Representatives from New England States and also inform conferees of action taken. This shall be in no way construed as an endorsement of other features of the Bankhead bill.

GEORGE M. PUTNAM,
President New Hampshire Farm Bureau Federation.

What is the gentleman's idea as to why the amendment was not left in the bill?

Mr. JONES. If the gentleman will turn to page 10, insofar as this bill is concerned, practically the same thing is accomplished. The particular amendment at the end is an amendment to the Agricultural Adjustment Administration generally.

Mr. TREADWAY. I realize that.

Mr. JONES. That was bitterly objected to by a great many people in different parts of the country.

Mr. TREADWAY. By whom?

Mr. JONES. It was not objected to by the southern people, I may say to the gentleman. The objection was made by the people from other sections of the country.

Mr. TREADWAY. Certainly not by the people of New England.

Mr. JONES. If the gentleman will go to the RECORD he will find the Senators who objected, and they stated they did not want this to apply all along the line. The amendment that the gentleman is talking about is an amendment to the A.A.A. Act.

Mr. TREADWAY. I realize that.

Mr. JONES. We have the same thing insofar as this act is concerned.

Mr. TREADWAY. The language that is stricken out is very plain. We see exactly what it does. When we turn to page 10 there is a complication of language that might be interpreted most any old way by the Secretary of Agriculture.

Mr. JONES. May I say further to the gentleman that the same provisions are in the cotton contracts that were signed under the voluntary program? The objection, I may say to the gentleman, was raised largely by people who were not from the South.

Mr. TREADWAY. Is it not possible under the law and under this bill as the gentleman expects it to be enacted, to substitute for the basic cotton the product of the lands you are withdrawing, nonbasic agricultural commodities?

Mr. JONES. Not of a competitive variety.

Mr. TREADWAY. What does the gentleman mean by "competitive variety"?

Mr. JONES. Anything that competes on a national scale. This will be determined largely by regulations of the Department, which must be adjusted in order to fit the whole agricultural program.

Mr. TREADWAY. Take Maine potatoes that go into the Boston and New York markets. They are competitive.

Mr. JONES. They are limited. I assume that situation will be covered. But I am not going to undertake to solve all of the problems of administration. I think those in charge will administer it in a way that will be fair to all concerned. At least, that will be their purpose.

Mr. TREADWAY. Take as an illustration what is ordinarily known as "garden truck."

Mr. JONES. I would not want to go into a field that I am not thoroughly versed in, but this will not permit competition on a commercial scale in connection with any of these articles. That is as far as I can go.

Mr. TREADWAY. But that does not cover the objections of the people I am in touch with.

Mr. JONES. I am sorry.

Mr. TREADWAY. When they are raising garden truck or have a hennery and ship eggs to New York, they do not know whether they are raising and marketing competitive or noncompetitive products.

Mr. JONES. I do not think the gentleman will have any complaint at all. The administration so far has not run into serious difficulties along that line. That is the best I can give the gentleman.

Mr. TREADWAY. I know the gentleman wants to deal in generalities. Our experience for the past year shows that is true.

Mr. JONES. The cotton contracts will still be in effect and this provision on page 10, in my judgment, the amendment by Mr. BOILEAU, is stronger than the one that has been stricken out.

Mr. TREADWAY. It does not cover nonbasic products.

Mr. JONES. There will not be anything taken away from the protection which the gentleman now has.

Mr. RICH. Will the gentleman from Texas yield?

Mr. JONES. I yield.

Mr. RICH. Does the gentleman think that the farmers of this country are going to be well satisfied with the power of the Secretary of Agriculture to tell them what they shall do with their lands?

Mr. JONES. I do not know. I hope they will be satisfied with the program. I feel that if they lease their land to the Government under the voluntary program, which they have had a right to do, they certainly should not complain if the party that has leased and paid for the land has something to say about what goes on. I think they will be satisfied with it.

Mr. RICH. When the time comes that we try to tell the people of this country—agriculture of business—just what they can do, where will be the freedom of the citizens of this country?

Mr. JONES. Oh, nobody is advocating any such proposition. This can be ended at any time; and any time they manifest a desire to have this ended, that will be done.

Mr. McCLINTIC. Will the gentleman yield?

Mr. JONES. I yield to the gentleman from Oklahoma.

Mr. McCLINTIC. The distinguished chairman of the committee represents a section of country that is comparable with western Oklahoma. I am very much interested in the man who produces a small amount of cotton and I should like to get the gentleman's reaction to amendment no. 14, which sought to provide a minimum amount of cotton that could be produced by any individual farmer. I should like to have the gentleman's explanation of whether or not there could be allowed a minimum number of bales and if such a proposition would work out in a satisfactory manner.

Mr. JONES. I may state to the gentleman that those who have had charge of the cotton program heretofore regarded that as complicated and wholly unworkable. They felt there would be a terrible amount of work involved in determining just who was entitled to grow cotton and that it meant, practically, the same as striking out the enacting clause of the bill, in view of the great number who are engaged in the growing of cotton. There are some 2,000,000 such farmers, and if we gave them each six bales, of course, they would all claim their exemption, because they could dispose of their exemption tags. There may be some way of making 12,000,000 go into 10,000,000, but I was never able to find it in any arithmetic that I have studied.

In addition to this, there would be any number of people who, at some time, may have had land that had grown cotton and they would claim their exemption. This was regarded as wholly unworkable and if you have this only for 1 year, with a possibility of 2 years, I think the purpose can be accomplished better by having it as simplified as possible.

Mr. McCLINTIC. I wanted the gentleman to put that statement in the RECORD and I wish to make one further observation. In the section of the country I represent, which is similar to the section of the country that the gentleman from Texas represents, there are many who are capable of planting cotton that have not grown this crop in the past. Does the gentleman feel that the 5-year computation would have been better than the 10-year computation, taking into consideration the fact that the 10-year computation would have allowed new growers of cotton a little more leeway?

Mr. JONES. I may state to the gentleman it is impossible to answer that question categorically. There would be a little shade of difference when you take the different periods, but taking the country over it seemed this was about as fair a basis as we could get. We tried to safeguard the very proposition the gentleman is talking about by stipulating that 10 percent should be held back for the purpose of caring for the shift in population and for new production and I think this will take care of that situation insofar as possible. They are dovetailing this into the voluntary-allotment program and trying to fit it into that program. They wish to clear the decks and give us relief from the overhanging surplus which has heretofore tended to depress the market.

Mr. McCLINTIC. Is the gentleman in position to give the House a short statement as to the number of acres that are now in cotton production and the amount it has been stated this will be increased this year, for the purpose of showing that unless there is some method to bring about a reduction of acreage, increased foreign production will have a marked effect upon domestic production in this country and will especially affect the price?

Mr. JONES. In the voluntary program they have tried to reduce from something just above 40,000,000 acres to around 25,000,000 acres this year, never intending at any time to surrender the foreign market, but simply to bring about an adjustment which is for the best interests of the farmers in this country in selling their cotton. We hope to sell all we can abroad, and we hope to retain a market abroad, but we certainly do not want a continuation of the 4- or 5-cent cotton which we had at the time this program was started.

Mr. McCLINTIC. Then the gentleman is of the opinion that something must be done to curtail the yield per year in this country?

Mr. JONES. At least for the time being, and then I hope the program can go along normally.

Mr. TERRELL of Texas. Will the gentleman yield for one question?

Mr. JONES. I yield.

Mr. TERRELL of Texas. Under the voluntary plan that has been signed by a great many farmers, the Government pays a rental on the land taken out of the production of cotton.

Mr. JONES. Yes.

Mr. TERRELL of Texas. Then there is a small number who have signed no contract. If they go ahead and comply and reduce their acreage, because of the penalty provided in the law, will they get any pay for their land taken out of production?

Mr. JONES. They will not unless they sign the voluntary contract.

Mr. TERRELL of Texas. Have they had a chance to sign it?

Mr. JONES. I am not sure, but after it was certain that this bill would pass, they had a chance to sign, and if they were not willing to cooperate to save the South from bankruptcy I have not much sympathy for them.

Mr. Speaker, I yield 5 minutes to the gentleman from Mississippi [Mr. BUSBY].

Mr. BUSBY. Mr. Speaker and gentlemen of the House, I come from Mississippi, which State grows cotton. I have made some investigation in my section of the State, and have not been able to find anybody who has been asked to give his consent, as is alleged was done, for the proposal laid down in this Bankhead bill. There may be a few, but not many, I am sure.

Cotton is not only grown in the United States, but is grown in many parts of the world. Last year the world cotton crop was about 25,000,000 bales, of which 51 percent was grown in the United States, or a little over 12,500,000 bales.

Almost the same amount was grown in other parts of the world. Now, if we reduce our production to 10,000,000 bales and the other parts of the world only grow 12,500,000 bales, instead of 51 percent we will be growing 40 percent, and the rest of the world will be growing 60 percent. As a result we will lose the benefits of the sale of that portion of the cotton in the markets of the world, and it will not help the southern farmers in the proportion that they cut down their production. We will assist the foreign cotton raiser.

We will go to the market with three quarters of the crop and the rest of the world with a full crop and then some, because they will increase their production while we curtail ours. In 1884 we produced 4 out of 5 bales of cotton grown; under this bill we will produce 2 bales out of 5 bales of cotton grown in this year, 1935.

UNITED STATES TO WORLD COTTON MARKET

We are fixing to lose our market, and irretrievably we are surrendering to other parts of the world that which has been ours throughout generations of the past. You northwestern farmers, listen. We buy much of our feed and hay and corn from you. If you think that you are helping yourselves by playing a joke on the South in putting this thing upon the cotton farmers, we will turn around and produce our own feed, our own hay on vacant lands, our own cattle, our own butter, and we will cease to be your customers in time to come, just as we are losing the world market for cotton, you are losing the South as a market for your corn, feed, and hogs. It is a short-sighted policy we are

pursuing. We cannot lift ourselves by a processing tax. We cannot get out of this financial slump by climbing up on each other's shoulders. It will not work. Every time you lay a processing tax on a section of the country to support another section, you are taking part of the wages that the people in that section are earning, and you are lessening their buying power. What we are doing is not creating wealth. Trying to get out of this depression by climbing upon each other's shoulders, without increasing wealth a bit. You may increase prices for a time, but you cannot increase wealth except by production. You are not helping the South when you say that "we will put a processing tax in favor of the South and increase the cost of living to all, then we will levy a tariff in favor of the North and thereby increase living cost to all"; that we will do this thing for the hog raiser, and this thing for the wheat raiser, that we will get out of this thing by climbing upon each other's shoulders with high costs of living the only final result.

I am against this legislation because of another thing. It takes from the landowner the last vestige of control over his property. It takes the boys from the families that work the farms, from the families that labor to produce, unless they first get a ticket from the Secretary of Agriculture authorizing them to produce a limited number of bales of cotton.

It robs us of the fundamentals that we have cherished and relied on and boasted of as being the foundation stones of this great Government. I ask you to vote against this conference report. If you do not do it, in 3 years you will rue the day when you voted to approve this kind of legislation, seeking to escape through this means that which is inevitable. [Applause.]

Mr. JONES. Mr. Speaker, a planless agriculture in the presence of a planned industry would, in my judgment, condemn the South to a continuation of the conditions that have existed down there at intervals for many years. If the industry of the country were on a planless basis, if the automobile factories had been running full tilt during all of this depression, automobiles would be selling for $100 apiece, and we could have afforded to have 5-cent cotton. But they have adjusted their production to their demands, and if we are going to live in the presence of that, we would better take similar steps ourselves, even though in working out a general program we may make a mistake or two. There are more than 10,000,000 bales of cotton in the carryover. If nothing is done about it, it probably means 5- or 6-cent cotton again. Does anyone wish that? It is not a question of surrendering world markets. No one wishes to do that. If we produced no cotton at all this year we could still furnish the world with cotton to meet the demands. We are simply trying to adjust back to a normal basis. No one knows what the results of this bill will be. But for years other plans have failed. The farmers want to try it. If it does not work properly, it can be ended.

I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER pro tempore (Mr. BYRNS). The question now recurs on the adoption of the conference report.

The question was taken.

Mr. BUSBY. Mr. Speaker, I object to the vote because there is no quorum present.

Mr. SNELL. Mr. Speaker, I demand a division.

The House again divided; and there were—ayes 71, noes 45.

Mr. BUSBY. I object to the vote because there is no quorum present.

Mr. SNELL. Mr. Speaker, I object to the vote, and make the point of order that there is no quorum present.

The SPEAKER pro tempore. Evidently there is no quorum present. The Doorkeeper will close the doors, the Sergeant at Arms will notify absentees, and the Clerk will call the roll.

The question was taken; and there were—yeas 235, nays 105, not voting 91, as follows:

[Roll No. 129]

YEAS—235

Adair	Dobbins	Kniffin	Robertson
Adams	Dockweiler	Kocialkowski	Robinson
Arens	Doughton	Kopplemann	Romjue
Arnold	Doxey	Kramer	Rudd
Ayers, Mont.	Drewry	Kvale	Ruffin
Ayres, Kans.	Driver	Lambeth	Sabath
Bankhead	Duffey	Lanham	Sanders
Beam	Duncan, Mo.	Lanzetta	Sandlin
Beiter	Dunn	Larrabee	Secrest
Berlin	Durgan, Ind.	Lee, Mo.	Shallenberger
Black	Eagle	Lehr	Shoemaker
Blanton	Edmiston	Lewis, Colo.	Sinclair
Bloom	Ellzey, Miss.	Lewis, Md.	Sirovich
Boehne	Faddis	Lindsay	Smith, Va.
Boileau	Farley	Lloyd	Smith, Wash.
Boland	Fernandez	Lozier	Smith, W.Va.
Boylan	Fitzgibbons	McCarthy	Snyder
Brown, Ga.	Fitzpatrick	McClintic	Somers, N.Y.
Brown, Ky.	Fletcher	McCormack	Spence
Brown, Mich.	Ford	McDuffie	Steagall
Brunner	Fuller	McFarlane	Strong, Tex.
Buchanan	Fulmer	McGrath	Stubbs
Bulwinkle	Gambrill	McKeown	Studley
Byrns	Gasque	McReynolds	Sumners, Tex.
Cady	Gavagan	McSwain	Sutphin
Caldwell	Gilchrist	Maloney, Conn.	Swank
Carden, Ky.	Glover	Maloney, La.	Tarver
Carmichael	Goldsborough	Mansfield	Taylor, Colo.
Cartwright	Granfield	Marland	Terry, Ark.
Castellow	Green	Martin, Colo.	Thom
Chavez	Greenwood	Martin, Oreg.	Thomason
Christianson	Gregory	May	Thompson, Tex.
Church	Haines	Mead	Thurston
Clark, N.C.	Hancock, N.C.	Meeks	Truax
Coffin	Harlan	Miller	Umstead
Colden	Hastings	Monaghan, Mont.	Utterback
Cole	Healey	Montet	Vinson, Ga.
Collins, Calif.	Henney	Murdock	Vinson, Ky.
Collins, Miss.	Hildebrandt	Musselwhite	Wallgren
Colmer	Hill, Ala.	Norton	Warren
Condon	Hill, Samuel B.	O'Connell	Wearin
Connery	Hoeppel	O'Connor	Weaver
Cooper, Tenn.	Hoidale	O'Malley	Weideman
Cox	Howard	Oliver, Ala.	Welch
Cravens	Imhoff	Oliver, N.Y.	Werner
Crosby	Jacobsen	Owen	West, Ohio
Cross, Tex.	Jenckes, Ind.	Palmisano	West, Tex.
Crosser, Ohio	Johnson, Minn.	Parker	Whittington
Crowe	Johnson, Okla.	Parks	Williford
Crump	Johnson, Tex.	Parsons	Williams
Cullen	Johnson, W.Va.	Patman	Wilson
Cummings	Jones	Pierce	Withrow
Darden	Kee	Polk	Wood, Ga.
Dear	Keller	Prall	Wood, Mo.
Deen	Kennedy, Md.	Ramsay	Woodrum
Delaney	Kenney	Ramspeck	Young
Dickinson	Kerr	Randolph	Zioncheck
Dickstein	Kleberg	Rayburn	The Speaker
Dies	Kloeb	Reilly	

NAYS—105

Andrews, N.Y.	Eaton	Lehlbach	Richardson
Bacharach	Edmonds	Lemke	Rogers, Mass.
Bakewell	Eicher	Luce	Schuetz
Biermann	Englebright	Ludlow	Schulte
Blanchard	Evans	Lundeen	Seger
Bland	Fish	McFadden	Snell
Brennan	Focht	McGugin	Swick
Brumm	Foss	McLean	Taylor, S.C.
Burke, Nebr.	Frear	McLeod	Taylor, Tenn.
Burnham	Goodwin	McMillan	Terrell, Tex.
Busby	Gray	Mapes	Thomas
Carpenter, Kans.	Griffin	Marshall	Tinkham
Carter, Calif.	Guyer	Merritt	Tobey
Carter, Wyo.	Hancock, N.Y.	Millard	Traeger
Chase	Hess	Mitchell	Treadway
Clarke, N.Y.	Higgins	Moran	Turner
Cochran, Mo.	Holmes	Morehead	Turpin
Cochran, Pa.	Hope	Mott	Walter
Connolly	Huddleston	Moynihan, Ill.	Whitley
Cooper, Ohio	Jenkins, Ohio	O'Brien	Wigglesworth
Culkin	Kahn	Perkins	Wolcott
De Priest	Kelly, Ill.	Peyser	Wolfenden
Dirksen	Kelly, Pa.	Powers	Wolverton
Disney	Kennedy, N.Y.	Rankin	Woodruff
Ditter	Kinzer	Ransley	
Dondero	Knutson	Reed, N.Y.	
Dowell	Lambertson	Rich	

NOT VOTING—91

Abernethy	Bailey	Browning	Cannon, Wis.
Allen	Beck	Buck	Carley, N.Y.
Allgood	Beedy	Buckbee	Carpenter, Nebr.
Andrew, Mass.	Bolton	Burch	Cary
Auf der Heide	Britten	Burke, Calif.	Cavicchia
Bacon	Brooks	Cannon, Mo.	Celler

Chapman	Gillette	Martin, Mass.	Sears
Claiborne	Goss	Milligan	Shannon
Corning	Greenway	Montague	Simpson
Crowther	Griswold	Muldowney	Sisson
Darrow	Hamilton	Nesbit	Stalker
DeRouen	Hart	Peavey	Stokes
Dingell	Harter	Peterson	Strong, Pa.
Douglass	Hartley	Pettengill	Sullivan
Doutrich	Hill, Knute	Plumley	Sweeney
Ellenbogen	Hollister	Reece	Taber
Eltse, Calif.	Hughes	Reid, Ill.	Thompson, Ill.
Fiesinger	James	Richards	Underwood
Flannagan	Jeffers	Rogers, N.H.	Wadsworth
Foulkes	Kurtz	Rogers, Okla.	Waldron
Frey	Lamneck	Sadowski	White
Gifford	Lea, Calif.	Schaefer	Wilcox
Gillespie	Lesinski	Scrugham	

So the conference report was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Allgood (for) with Mr. Taber (against).
Mr. Jeffers (for) with Mr. Martin of Massachusetts (against).
Mr. Sullivan (for) with Mr. Bolton (against).
Mr. Browning (for) with Mr. Hollister (against).
Mr. Celler (for) with Mr. Strong of Pennsylvania (against).
Mr. Cannon of Wisconsin (for) with Mr. Bacon (against).
Mrs. Greenway (for) with Mr. Andrew of Massachusetts (against).
Mr. Carley (for) with Mr. Kurtz (against).
Mr. Peterson (for) with Mr. Darrow (against).
Mr. Richards (for) with Mr. Doutrich (against).
Mr. Burch (for) with Mr. Crowther (against).
Mr. Fiesinger (for) with Mr. Gifford (against).
Mr. Ellenbogen (for) with Mr. Corning (against).
Mr. Bailey (for) with Mr. Cavicchia (against).
Mr. Lea of California (for) with Mr. Wadsworth (against).
Mr. Sears (for) with Mr. Hartley (against).
Mr. Sisson (for) with Mr. Muldowney (against).
Mr. DeRouen (for) with Mr. Plumley (against).
Mr. Cannon of Missouri (for) with Mr. Eltse of California (against).
Mr. Douglass (for) with Mr. Britten (against).
Mr. Chapman (for) with Mr. Beedy (against).
Mr. Knute Hill (for) with Mr. Beck (against).
Mr. Griswold (for) with Mr. Goss (against).
Mr. Rogers of New Hampshire (for) with Mr. Buck (against).
Mr. Cary (for) with Mr. James (against).
Mr. Rogers of Oklahoma (for) with Mr. Stokes (against).
Mr. Sweeney (for) with Mr. Reid of Illinois (against).
Mr. Burke of California (for) with Mr. Stalker (against).
Mr. Scrugham (for) with Mr. Pettengill (against).
Mr. Thompson of Illinois (for) with Mr. Reece (against).
Mr. Carpenter of Nebraska (for) with Mr. Peavey (against).
Mr. Hughes (for) with Mr. Gillette (against).
Mr. Dingell (for) with Mr. Harter (against).
Mr. Schaefer (for) with Mr. Simpson (against).
Mr. White (for) with Mr. Nesbit (against).

Until further notice:

Mr. Wilcox with Mr. Allen.
Mr. Gillespie with Mr. Buckbee.
Mr. Lamneck with Mr. Auf der Heide.
Mr. Montague with Mr. Brooks.
Mr. Flannagan with Mr. Claiborne.
Mr. Shannon with Mr. Frey.
Mr. Underwood with Mr. Foulkes.
Mr. Hart with Mr. Hamilton.

The SPEAKER. The Clerk will call my name.

The Clerk called the name of Mr. RAINEY, and he voted "yea."

The result of the vote was announced as above recorded.

On motion of Mr. JONES, a motion to reconsider the vote whereby the conference report was agreed to was laid on the table.

Mr. KVALE. Mr. Speaker, I desire to announce that my colleague on Subcommittee No. 3 of the Committee on Military Affairs, the gentleman from New Hampshire, Mr. ROGERS, the gentleman from Ohio, Mr. HARTER, the gentleman from Michigan, Mr. JAMES, the gentleman from Connecticut, Mr. Goss, and the gentleman from Vermont, Mr. PLUMLEY, are detained in connection with work on the subcommittee and are therefore unable to vote.

EQUALIZATION OF TAXATION

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 7835) to provide relief, to equalize taxation, and for other purposes, with Senate amendments, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. DOUGHTON, SAMUEL B. HILL, CULLEN, TREADWAY, and BACHARACH.

JOHN J. BLAINE

Mr. FREAR. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes to make an announcement.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. FREAR. Mr. Speaker, I regret to announce that John J. Blaine, recent Senator from the State of Wisconsin, died yesterday. He was a man well and popularly known throughout my State for a quarter of a century, from the days when he was State senator. Subsequently he served as attorney general, as Governor of the State for three terms, and as United States Senator. At the time of his death he was a director of the Reconstruction Finance Corporation of this Government.

Mr. Blaine was an outstanding official, known to the whole people of my State for his undoubted courage and ability. On behalf of my colleagues I express the sympathy we all feel for his family and host of friends in their bereavement.

As I was about to make this announcement I received a telegram stating that Justice Walter Owen, of the supreme court, one of my closest friends, also a former State senator and attorney general of the State, died yesterday at the same time with Mr. Blaine in Wisconsin. Thus the State of Wisconsin has lost two distinguished men who were highly honored by its people. Again we express our sympathy in this double loss to our State.

DISASTER PREPAREDNESS

Mr. GREENWOOD. Mr. Speaker, I ask unanimous consent to extend my remarks by including an address by my colleague, the gentleman from Indiana [Mr. BOEHNE], delivered at the Red Cross Convention.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. GREENWOOD. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following statement of Hon. JOHN W. BOEHNE, JR., member of the board of directors of the Evansville Chapter, American Red Cross, before the round-table conference of the American Red Cross held in Washington, D.C., April 9, 1934:

The Evansville (Ind.) Chapter of the American Red Cross feels highly honored that it has been requested to present to this round-table conference its complete set-up on disaster preparedness. We feel quite proud of the work that our special disaster preparedness committee has done, and I hope that the information which I will give to you will be of benefit to similar committees throughout the Nation. Evansville has been very fortunate in that very few major disasters have been visited upon it, but, of course, we never know when lightning will strike. For that reason we insist that this committee be in readiness at all times, and that its membership know exactly what is to be expected of it at the moment it is called upon to serve.

This disaster preparedness committee was formed in September 1930, at which time a group of the busiest business men of Evansville came together and selected the entire committee and named the various subcommittees.

Good propaganda, of course, is always worth while. Each year we have what we now know as an annual disaster preparedness day. On this day the entire committee meets and studies a typical type of disaster problem, so that each committee member may refresh in his mind the duties that are his. This meeting is always held in October, just prior to the annual drive. This in itself is excellent publicity for the drive. The mayor of the city proclaims that day as annual disaster preparedness day, and naturally the local newspapers carry stories about the work of the committee. Fortunately one of the local newspapers employs a very clever cartoonist, who is tremendously interested in the city, and he always displays a very appropriate cartoon on this subject. In addition to this, all the schools in the city take part in that the various school classes, particularly the upper grammar grades and the high-school grades, prepare essays on what each child would feel to be his duty in the event of a major disaster.

We also enlist the aid of the Boy Scouts, who are very active in our city.

We find that our standing disaster preparedness committee is one of our biggest selling points to the public. The night of this preparedness day the entire committee, composed of approximately

20 members, meets at one of our country clubs for a dinner and a program.

For several years after we formed our committee we always were able to secure a speaker of national importance from headquarters at Washington. We have now graduated to the point where we feel it is time to provide our own program.

For our last meeting we had Mr. Maurice Reddy send us a typical disaster problem, which was somewhat like the Knickerbocker disaster of a few years ago. We have quite a large Coliseum in Evansville, and the disaster problem covered the work that would be necessary upon the complete collapse of that building while it was fully occupied. Copies of this program were sent to all the disaster committee members at least 10 days in advance of the meeting, and the various subcommittee chairmen were asked to meet with their own subcommittees and be prepared to tell exactly what part they should play. This particular meeting was the best that the committee has ever had.

To show you how thoroughly the job was done, I want to give you some of the details that were worked out by the subcommittee chairmen with their subcommittees. The chairman of the clothing subcommittee, for instance, knew exactly how many blankets he should secure and where he could secure them. The chairman of the shelter subcommittee had made a complete survey of the downtown section and knew where every empty building was located, and the capacity of every such building. The chairman of the food subcommittee had in advance wired the Indiana State National Guard at Indianapolis and had found out how many rolling kitchens were available on very short notice and how they could be secured. The chairman of medical aid had called every hospital and had a definite doctor scheduled to go to the scene of the disaster and other doctors ordered to remain at the hospitals to receive injured patients. In addition to this, he had made arrangements for several large buildings in the vicinity of the Coliseum, where first-aid stations were to be erected. He had secured the exact floor space of these buildings and came prepared to tell the committee the exact capacity of each building—how many patients each building would house.

It was really one of the most inspiring meetings the disaster preparedness committee has ever had. The interest manifested by those busy business men was astonishing. At the conclusion it was unanimously decided that this should be repeated not annually but at least semiannually. In order that nothing should be overlooked, our very efficient secretary, Miss Mary Bailey, through her office staff called on the chairman of each subcommittee, who in turn was asked to check up on his subcommittee to see if there were any vacancies due to death or removal from the city. Should such vacancies occur, the subcommittee chairmen have the authority to fill such vacancies immediately. Aside from this, a complete and accurate list of the entire disaster preparedness committee, with the names of the various subcommittee chairmen, and his subcommittees, with home addresses and telephone numbers, is on file at each one of the telegraph offices, as well as with the Indiana Bell Telephone Co.

Naturally, it is quite important to be sure of the men who are to serve as subcommittee chairmen. We have been especially interested in seeing to it that only those men whose particular line of work would dovetail with their proposed work in a major disaster would be selected. For instance, the chairman of the subcommittee on clothing is Mr. R. C. Smith, who is the head of our largest department store. Likewise his committee members are chosen from that field. The chairman of the subcommittee on food is Mr. Clarence Kahn, who is manager of our largest wholesale produce house.

The chairman of the subcommittee on medical aid is Dr. W. W. Hewins, one of Evansville's ablest physicians and surgeons. The chairman of the subcommittee on purchasing is Mr. H. A. Woods, a very prominent merchant and active head of a chain of drug stores. The chairman of the subcommittee on shelter is Mr. Henry Schroeder, manager of the Sunbeam Electric Manufacturing Co., and whose committee has made a very careful survey of the housing facilities of the city. His committee members represent lumber companies, as well as awning and tent supplies. Our chairman of the subcommittee on intelligence is Mr. A. A. Brantano, active manager of a very large printing establishment. Our chairman of finance is a leading banker of Evansville, Mr. Frank R. Wilson, vice president of the Old National Bank. Our chairman on the subcommittee of transportation and communication is Mr. Henry Koch, who is the head of several large companies and has a fleet of trucks at his command.

Evansville is fortunate in having a radio station—WGBF. The manager of that station, Mr. Clarence Leich, is very much interested in our work, and has of his own accord set up a short-wave radio set operating independently of city current and placed at the transmitter of WGBF, 8 miles north of Evansville on Highway No. 41. This has been done so that information could be sent out in the event a disaster would wreck the local radio station. The call letters of this short-wave set are W9AIN and it is constantly in readiness to operate day and night.

We do not consider our set-up perfect at all. We feel though that we have gotten a good start. We attribute the present standing of our disaster preparedness committee largely to the fact that the committee itself meets frequently and every member of it is reminded of his duties and responsibilities at the time of a disaster, which, of course, everyone hopes will never occur. We hope that what little we have done will be of benefit to the American Red Cross.

CONSERVATION AND CITIZENSHIP

Mr. TAYLOR of Colorado. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including an excellent address delivered over the radio by the Speaker of this House on the subject of citizenship and conservation.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

Mr. TAYLOR of Colorado. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following splendid address of Hon. HENRY T. RAINEY, Speaker of the House of Representatives, over the National Broadcasting Co. network on Sunday, April 8, 1934:

CONSERVATION AND CITIZENSHIP

Twenty-five years ago, when the first Roosevelt was President of the United States, we commenced, under his leadership, to realize the importance of conservation. We commenced to realize then, rather dimly, that it required millions of years to prepare the world for the habitation of men.

For millions of years the earth revolved on its axis and completed its yearly journeys around the sun while vegetation flourished and grew and died; while great forests spread over the earth, attained their maturity and died; and other growths of vegetation and other forests grew on the remains of the dead vegetation and in turn perished and died. In this way our great coal fields developed and our deposits of oil were made. All this was essential in order to prepare the world for the sustenance of animal life, and after millions of years the process of the creation of the world had developed to such an extent that it was possible for animal life to appear, and finally the world was made fit for the habitation of man. Its vast stores of coal, iron ore, gold, silver, and oil had developed and decaying vegetation had resulted in rich, black fertile soil, capable of producing the cereals necessary to maintain men and animals. The land had appeared; the waters had receded; rivers pursued their courses down from the mountains to the sea; abundant life was possible.

An all-wise Creator turned all this valuable heritage over to the race of men He created; and we commenced to waste and destroy it. The period of the world's history marked by the presence of men on the earth is inconsiderable in length as compared to the millions of years required to make the world a safe habitation for men and animals. We proceeded then rapidly to destroy the heritage which has been prepared for us. Forests commenced to disappear and deserts took their places. Great civilizations developed and flourished and, with the destruction of natural resources, faded from the earth.

It is only in recent years that we have commenced to realize that what remains of the natural resources prepared for us must be preserved, and not destroyed. At the present time our coal fields are being rapidly depleted. Thousands of oil wells, three times as many as are needed, have been sunk, and salt water has been permitted to permeate the pools of oil. Overproduction has been rapidly at work in recent years destroying this valuable heritage.

They realized in Germany long before we did the necessity of preserving their national resources. It is impossible in Germany, and has been for many years, to cut down a tree on your own land without permission from the proper conservation official of the Government. When trees are cut, provision must be made for replanting. In a recent trip through Germany I was impressed with their magnificent forests. Germany has all the timber she needs for all purposes, but trees are cut scientifically and replanting is done as directed by the Government.

From Berlin I traveled through northern Poland. The country was bare and desolate of trees. During the World War this part of Poland was occupied by Germany. When it became necessary for her military commanders to build in northern France during the World War the longest line of defenses ever constructed on the face of the earth—the Hindenburg line—she was able to accomplish it without impoverishing her forests. The Hindenburg line was largely built of trees, and the trees were obtained, not from her own magnificent forests, but from the forests of northern Poland, and carried on railoads five or six hundred miles through Poland and Germany and into northern France. She lost millions of men in battle; but her natural resources were not disturbed; they were preserved for future generations of Germans, and her forests will stand.

Recently the ruins of a magnificent city were discovered in a remote part of the Desert of Sahara, indicating that where this great desert now exists there were once vast fertility and forests and rivers. The civilization indicated by these ruins could have existed under no other environment, and this civilization grew and developed and perished from the earth long before the period of recorded history. But the ruins recently discovered are evidence of the fact that reckless use of natural resources eventually de-

stroyed the soil which made possible the production of life-sustaining crops and which made possible the existence of animal life. With the destruction of vegetation and soil the rivers which must have existed disappeared and a vast expanse of sand took the place of what were at a remote period fertile lands capable of sustaining cities and perhaps a large population outside of the cities.

Recently, aviators discovered, 1,000 miles from Jerusalem, the remains of an ancient city with its palaces, its towers, and its extensive burial grounds. It was, they say, the capital city of the vast, fertile, rich empire of the Queen of Sheba, but evidently a disregard of the fundamentals of conservation as the centuries passed destroyed the civilization which once existed there, and the population there now consists, the aviators tell us, of a few wandering tribes of warlike Arabs who guard with superstitious reverence what remains of the ruins of the ancient capital city of the Queen of Sheba.

A bill will come up in Congress next week intended to preserve what remains of vegetation on our national domain. We are told in the hearings that owners of great flocks of sheep insist upon driving flocks, thousands of them in every flock, onto the public domain where the already sparse vegetation is being destroyed. The sheep eat the grass, roots and all, and vast sections of the public domain are being converted into a desert. A vigorous fight will be made, we are advised, by the owners of these great herds to insist upon the privileges they have heretofore enjoyed, and those privileges involve the destruction of the vegetation on millions of acres of land, and possibly the creation of another great waterless desert in the western section of the United States. They insist upon the continuance indefinitely of the privileges they now enjoy, which involve the inevitable destruction of plant life in all that section.

As vegetation is destroyed, rainfall stops, rivers and streams disappear, wild life vanishes, and a desert is created. Something like this must have happened to the civilizations which preceded recorded history of which there remains only the mute evidence of ruined cities.

Forests at the headwaters of our rivers are at the present time rapidly disappearing; and with the disappearance of forest growth, floods held back by trees and vegetation are no longer retarded and rivers quickly become raging torrents as they plunge on down to the sea. Rainfall decreases on the areas which were formerly covered by forests and that part of the world in which we live is now too rapidly deteriorating as our population increases, and we are commencing to realize that conservation must be more vigorously promoted than in past years.

I am thoroughly in sympathy with the efforts of the Educational Conservation Society. The place to commence a program of conservation is in the schools. Those who are to come after we are gone must be educated now as to the importance of the preservation of trees, of grasslands, of coal, of oil, and of wild life. All of us who are now living can live out our lives perhaps without serious inconvenience, but it is an obligation which we must realize to preserve natural resources for generations yet unborn.

Only God can make a tree; it takes a hundred years of time to do it. A few years ago in a western forest a giant redwood tree crashed. The Bureau of Forestry sawed through the tree and studied the rings which indicated its annual growth and issued a little bulletin, The Story of a Tree. By the study of the growth rings they found the tree was standing and was a monarch of the forest when Christ lived on the earth. Biblical stories of droughts were verified by decreased tree growth during those particular periods described in Biblical history. This bulletin ought to be reprinted and circulated in schools to stimulate an interest in tree life.

It takes a small forest of trees to produce one edition of a great metropolitan Sunday newspaper, with all its supplements, and small trees are rapidly being destroyed and converted into pulpwood in order to produce the vast amount of paper used in the Sunday editions of these great newspapers. A substitute can be found for pulpwood and we are gradually promoting the business of the manufacture of paper out of corn stalks and out of straw. This industry ought to be encouraged and, if necessary, subsidized by legislative action.

We recently appointed a House committee to study this summer the matter of the preservation of wild life, and the summer months will be consumed by this committee in its studies—how to preserve bird life; how to preserve the lives of migratory waterfowl from the ruthless slaughter in progress now.

A sentiment is rapidly developing which will lend itself in a short time to the taking over by the National Government of the great area of swamp lands in southern Florida in order to preserve the abundant bird life which exists there now. We have already established along our rivers some national preserves and we expect to establish still more game preserves in the immediate future.

Organizations, such as the Educational Conservation Society, are engaged in promoting propositions of this character.

At the present time songbirds are rapidly disappearing. Not many years ago there were always a song somewhere; there came always the song of the lark when the skies were clear; and then, when the skies were gray, there was always the song of the thrush. Not long ago the bluebird sang its song from orchard trees and whether the skies were dark or were clear there always came, just a few years ago, from orchards and from the forests and along the hedgerows the love songs of wild birds. These conditions we know are rapidly disappearing.

In some sections of the southern part of the United States robins are killed as game birds. They do not sing in the South; but when they come back to our colder North, they sing their love songs. But there is a perceptible diminution in this form of bird wild life in the course of the last 20 years.

The great destruction of wild life, of forests, and of oil has all occurred within the last 40 years and is proceeding more rapidly now than ever. The depletion of our mineral resources must be stopped. We need more land laws to preserve our remaining public domain from the waste and the looting of private interests.

We have started in now to develop water power by Government agencies at Muscle Shoals and at Boulder Dam, and these are features of the broader national program for the conservation of natural resources.

We are controlling forest fires better now than we did 30 years ago, but there is much along these lines to be done. There is still a tremendous waste through soil erosion. Our armies of unemployed in the last 12 months have been engaged in stopping some of it, and their work will be educational and will inspire men to preserve against erosion the farms which are now in cultivation.

We must preserve for future generations all those things adapted to the physical well-being and the comfort and the happiness of the people who will live on this earth and within the boundaries of the continental United States long after we are gone.

AMATEUR BOXING

Mrs. NORTON presented the following conference report on the bill (S. 828) to authorize boxing in the District of Columbia, and for other purposes, which was ordered printed.

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—UNITED STATES GEOGRAPHIC BOARD

The SPEAKER laid before the House the following message from the President of the United States, which was read and referred to the Committee on Expenditures in the Executive Departments and ordered to be printed:

To the Congress:

Pursuant to the provisions of section 16 of the act of March 3, 1933 (ch. 212, 47 Stat. 1517), as amended by title III of the act of March 20, 1933 (ch. 3, 48 Stat. 16), I am transmitting herewith an Executive order abolishing the United States Geographic Board and transferring its functions to the Department of the Interior.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *April 17, 1934.*

VETO MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER laid before the House the following veto message from the President of the United States, which was read and ordered spread upon the Journal:

To the House of Representatives:

I return herewith, without my approval, H.R. 8046, entitled "An act to provide a penalty for the knowing or willful presentation of any false written instrument relating to any matter within the jurisdiction of any department or agency of the Government with intent to defraud the United States."

This bill, in effect, seeks to punish every person who, with intent to defraud the United States, knowingly or willfully makes, aids, or assists in the making of any false representation concerning any matter within the jurisdiction of any agency of the United States, or any corporation owned or controlled by the United States. The maximum penalty prescribed by the bill is a fine not exceeding $5,000 or imprisonment for a term not exceeding 5 years, or both.

These offenses are already covered by existing law, which provides for more severe punishment than that proposed by the bill. Section 35 of the Criminal Code, as amended by the act of October 23, 1918 (U.S.C., title 18, sec. 80), in addition to covering certain other offenses, provides for the punishment of all persons who, for the purpose and with the intent of cheating and swindling or defrauding the Government of the United States, or any department thereof, or any corporation in which the United States is a stockholder, knowingly and willfully falsify, or conceal or cover up, a material fact, or make or cause to be made any false or fraudulent statement or representation. The penalty prescribed by the foregoing section is a fine of not more than

$10,000 or imprisonment for not more than 10 years, or both, to wit, double the penalty prescribed in the bill under consideration.

The bill is objectionable in that its result would be to reduce the punishment for certain frauds against the United States.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *April 17, 1934.*

Mr. BYRNS. Mr. Speaker, I move that the message of the President and the bill be referred to the Judiciary Committee and ordered printed.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

DISTRICT OF COLUMBIA APPROPRIATION BILL, FISCAL YEAR 1935

Mr. BLANTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R. 9061), making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1935, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H.R. 9061, the District of Columbia appropriation bill for the fiscal year 1935, with Mr. SEARS in the chair.

The Clerk read the title of the bill.

Mr. DITTER. Mr. Chairman, I yield 15 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Chairman, I take this opportunity merely to make a few brief observations and possibly an analysis of the testimony in the investigation of Dr. Wirt; and I want to emphasize to my Democratic friends that Dr. Wirt is not our baby. [Laughter.] Not only do I want to emphasize to my Democratic friends that he is not our baby, but that we have no relation whatever to him; they cannot prove any evidence of paternity on the part of the Republican Party. [Applause.] We have never sponsored him and we do not propose to let the Democrats place him upon our doorstep. [Laughter.]

Mr. BYRNS. Mr. Chairman, will the gentleman yield?

Mr. FISH. I yield for a brief question.

Mr. BYRNS. Is the gentleman making this statement as an apology for the gentleman from Kansas [Mr. MCGUGIN]?

Mr. FISH. No; the gentleman from Kansas can speak for himself; he generally does; and he knows how to speak for himself very ably.

I am making this statement not only for the education of the Democratic Party but for accuracy of statements in the press.

Mr. PARSONS. Mr. Chairman, will the gentleman yield?

Mr. FISH. I am sorry but I cannot yield. I must catch a 4:05 train.

That is exactly why I rose to speak, because what the Democrats are trying to do is perfectly obvious; they are trying to make this so-called "doctor" from Indiana a Republican agent, a Republican propagandist. [Laughter.] Now let us get down to the facts.

As Al Smith said, "Let us look at the record." Let us see what the record proves.

In the first place, the testimony that was submitted on behalf of Dr. Wirt was introduced before a committee of this House by the head of the committee on the Nation, a committee that has for its object the depreciation of the currency, certainly not a Republican principle, an organization that had backed the President 100 percent up to that time. Dr. Wirt, if he was spokesman for anyone, was the spokesman for that committee, and it was the president of this committee who had been supporting the President all the way through that read his testimony into the RECORD. When the charge was read into the RECORD a Democratic member of the committee, not a Republican, introduced a resolution to have him investigated, and the House, controlled by the Democrats, appointed a committee to investigate, and naturally they put in charge members of their own party.

Facts are facts, and they are very stubborn things. I knew very well when I started to speak that you Democrats would like to wish Dr. Wirt on us as one of our main propagandists, when, as a matter of fact, he was spokesman for a committee that was back of the administration and trying to depreciate the currency. Even the testimony of the witnesses given before the committee today states that Dr. Wirt took up all of the time at the dinner talking about depreciating the currency. I want to be fair, and I believe this should be nonpartisan. It is evidently hard to make it nonpartisan. I heard the testimony the first day, and, as far as I am concerned, I did not hear any testimony from Dr. Wirt about his so-called "dinner with a nest of radicals" that would hold any weight in court. He just recited what he thought he heard in talking to a bunch of radicals. One was a Communist. Another was a Socialist. They were all subordinates. What did it amount to?

Mr. BLANTON. If the gentleman will yield to me, I will yield him a half minute.

Mr. FISH. I cannot yield to the gentleman.

Mr. BLANTON. This is the first time I ever saw the gentleman from New York afraid to yield.

Mr. FISH. I will answer any question of the gentleman.

Mr. BLANTON. I will yield the gentleman a half minute to answer the question.

Mr. FISH. I yield to the gentleman.

Mr. BLANTON. If Dr. Wirt is not the gentleman's baby, then why is he and the gentleman from Kansas [Mr. MCGUGIN] acting as wet nurses for him? [Laughter and applause.]

Mr. FISH. That is a fair question in some respects. I have never met Dr. Wirt. I have never spoken on this floor about Dr. Wirt, and I know nothing whatever about him. As far as that dinner is concerned, I do not think his testimony amounts to anything. If the gentleman refers to other Members of the House, perhaps he has a right to, but as far as I am concerned the gentleman never heard me mention Dr. Wirt in this House.

First I want to say that I do not think the testimony Dr. Wirt presented about the dinner conversation amounted to anything, and, second, Dr. Wirt has no connection whatever with the Republican Party. As I said before, he is not our baby, and even the gentleman from Texas is not going to bring him along and put him on our doorstep. As far as his trying to prove that we were in the midst of an economic and social revolution, the only thing he was trying to prove was about the easiest thing to prove to anyone's satisfaction. There are any number of Members of this House that can prove it. The only way to prove it is by the testimony of the members of the "brain trust" themselves.

Look at the books they have written. Look at their speeches. Look at their other acts. I am just a pacifist on this question. I am mild compared with some Members of the House on the Democratic side. I have heard Democratic Members get up and denounce the A.A.A. and call the members of the A.A.A. Communists and all kinds of things. I do not agree with their sentiments, because lots of times I think people confuse socialism with communism. I do not know of any Communist in this administration, but I know of a great many Socialists. I know a number of Socialist-minded men, and I know these men, holding key positions in this administration, are out of sympathy with our economic and political system. They are disbelievers in our present system and they want to bring about a social and economic revolution. That is exactly what they are trying to do, and they are largely succeeding at the present time. There are a number of Democrats here that know that. There are a number of Democrats, a majority in this House, who are not in sympathy with that idea, and are not

in sympathy with the "brain trust", and are not in sympathy with their socialistic ideas.

This is what Dr. Wirt was trying to prove, but he knows less about it than do half the Members of the House who live here in Washington. We know these people and we see what they are doing every day. Dr. Wirt merely comes here occasionally from the State of Indiana and attends a little dinner.

I heard only the first day's testimony, but there are only two remarks that should be investigated, because they did seriously challenge the Government and challenged two high officials in the Government service. One was Frederic Howe. Dr. Wirt testified that General Westervelt had said that Frederic Howe had come to him and said, in effect, "We won't be able to give any more money to the unemployed and hungry so we can accomplish our results sooner." Dr. Tugwell said, "We ought to take the young students and put them together and educate them along these radical ideas so we can use them." These men, General Westervelt, Dr. Tugwell, and Dr. Howe, should be called before the committee instead of calling a few of these subordinates who do not amount to anything and which results in nothing. Those were serious charges, and they are the only charges that have not been investigated. The only thing that Dr. Wirt said that was worth while at all has been utterly ignored. Everybody knows that and everybody knows, if they want to take the trouble to investigate the record of either Dr. Howe or Dr. Tugwell, that both of them have been associated for years with socialistic organizations; not 1 but 3 or 4 of them. I can name every one of these organizations. You can go into the records and find what they themselves have stated. You do not have to have a man come down here from Indiana to tell us what public statements these men made or what they said in their writings. We can fill books with the socialistic statements of Dr. Howe and Dr. Tugwell.

We can show exactly what they are trying to do, and I do not believe they would deny it. They are trying to destroy the profit system, and the profit system is nothing but the American industrial system, that whether you are a laborer, a farmer, or whatnot, you are entitled to make a reasonable profit. Their whole idea and the whole idea of every organization they belong to is to destroy this profit system.

The only reason I rose to speak today, and I admit I had some ulterior motives, is that I hoped I would have time to discuss the air mail and some other little problems before us, but, unfortunately for you and for me, I have not the time to do this. I do want to say, however, although I think I have made it perfectly clear in spite of the gentleman from Texas, this is the first time I have spoken on Dr. Wirt or his testimony or what he is trying to do; but his objective, which is perfectly clear, is to call the attention of the people back home to the fact that we are in the midst of a social and economic revolution, and the only testimony he produced is that of General Westervelt.

So I challenge the committee, before they conclude their hearings, to call General Westervelt before them and ask him whether it is the truth that he made these two statements, and then call Dr. Tugwell and Dr. Howe and ask them if they belong to these socialistic organizations, and ask them if these statements printed under their names are the truth—whether they desire to destroy the profit system. This will end the whole thing, and if they deny it or if they deny their own work, then, again, that is the end of the whole proposition.

Mr. BLACK. What is the use of spending the money; we can take your word for it.

Mr. FISH. I think you are right, and you can take their word for it, too, because it is printed in black and white, and there is no use spending any more money.

Mr. BLANTON. Did the gentleman say he wanted to catch the 4:05 New York train for that most important banquet tonight?

Mr. FISH. Yes; and the gentleman took a minute out of my time. In conclusion, I challenge the Democratic members of the committee, if they want to do the honest thing and the right thing, to call these two gentlemen and ask for their own testimony to find out whether they are Socialists or not. [Applause.]

[Here the gavel fell.]

Mr. BLANTON. Mr. Chairman, I yield to the gentleman from Georgia [Mr. PARKER] such time as he may desire to use.

Mr. PARKER. Mr. Chairman, I want to announce in the time I have the death of a constituent, Mrs. Belle Rhynes, of Savannah, Ga., who died last Sunday.

In my opinion, Mrs. Rhynes was the oldest citizen in the United States. She had reached the age of 123 years on last March 4, and I ask unanimous consent to include in my remarks a short newspaper account of her death, telling some of the incidents in her life.

The CHAIRMAN (Mr. CALDWELL). Is there objection to the request of the gentleman from Georgia?

There was no objection.

The matter referred to follows:

123-YEAR-OLD WOMAN DIES AT HOME IN SAVANNAH

SAVANNAH, GA., April 15.—Mrs. Belle Rhynes, 123-year-old Irishwoman, who attributed her long life to pipe smoking and a philosophic outlook, died today at the Little Sisters of the Poor Home.

She was born in Dublin, March 4, 1811, and came to America with her parents, Mr. and Mrs. Thomas Heights, when 11 years old. In early life she joined a circus with her husband, now many years dead, and performed as a snake charmer and dancer.

It was a matter of pride and principle with Mrs. Rhynes that she always took the things of life as they came. She had smoked a pipe for 112 years, she said, and it was to this, coupled with her philosophical outlook on life, that she laid her longevity.

On her one hundred and twenty-first birthday, when feebleness began to manifest itself strongly, Mrs. Rhynes said: "I'm as happy as a little pig in the sunshine, and they talk about me being old. Why, Uncle John Shell was 130, and he started out to get some wood to cook with when he fell dead in the yard." Shell was a one-time neighbor.

She was confirmed by the Most Rev. Michael J. Keyes, Catholic bishop of Savannah, on her one hundred and twentieth birthday, and on that occasion received quantities of presents from her friends—including a pipe, rosaries, flowers, tobacco, candy, and bedroom slippers were given her that time.

Last year Mrs. Rhynes took a marked interest in the political situation when Franklin D. Roosevelt was inaugurated President on her birthday. She had just recovered from an illness when she learned of the inauguration, and breakfasted in bed, topping things off by smoking her pipe. She never tried cigarettes. She said she had asthma for 101 years, but had been cured of that.

Tomorrow at 9 a.m. she will be buried in the Catholic cemetery. She has one living relative in America, a great-grandson, Joe McBee, of Louisville, Ky.

Mr. BLANTON. Mr. Chairman, I yield 5 minutes to the gentleman from Kentucky [Mr. BROWN].

Mr. BROWN of Kentucky. Mr. Chairman, I want to take 5 minutes of your time to devote to this so-called "Wirt or Squirt investigation." The gentleman from New York today has disclaimed any ownership of this baby that he claims we are trying to lay on your doorstep. I call the attention of the Members of the House to the fact that the gentleman who first read into the RECORD the reported statements of Dr. Wirt and demanded here an investigation is the gentleman from the western State of Kansas [Mr. MCGUGIN] who charged here that we were formulating a Communist plot for the overthrow of our Government.

I have attended every meeting of the special committee and I have seen the gentleman from Kansas [Mr. MCGUGIN] as he has attempted to prove Dr. Wirt a national hero and attempted to uncover some sort of sinister rebellion, and as the gentleman from New York [Mr. FISH] has confessed today, the whole thing is a flop, and now that it has flopped they want to bring Wirt back over here and put him on our doorstep. Well, we do not want him. He is the child of the gentleman from Kansas. [Laughter.]

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Kentucky. I yield.

Mr. O'CONNOR. The gentleman, Dr. Wirt, at the first hearing expressed great reluctance about all this publicity he was given. He was anxious to get back to Indiana. We asked him if he would be available at the next hearing and he stayed over until the next day. He has since been in Washington although he was paid off by the Sergeant at Arms some $90, which was at the rate of over $1 a minute, and which some people thought was excessive compensation. However, he is still in Washington, available to any newspapermen or any photographers although the committee has said that they are through and have no need for any more of his testimony, but with the $90 in his pocket, payment at the rate of $1 a minute, he is just itching for another chance to expound his obsessions before the committee.

Mr. BROWN of Kentucky. The gentleman's remarks are quite true.

Mr. MILLARD. Will the gentleman yield for a short question?

Mr. BROWN of Kentucky. If it is a short one; yes.

Mr. MILLARD. Does the gentleman recall that before the Interstate and Foreign Commerce Committee, when Mr. Rand offered this testimony, JOHN COOPER, a Republican, objected, but Mr. BULWINKLE wanted it to go in the RECORD?

Mr. BROWN of Kentucky. I do not recall that, because I was not present; but I will say that I was present when you got your finished product up here. When your delivery doctor, Mr. MCGUGIN, announced the probable arrival of this baby, Dr. Wirt, your side of the House cheered gleefully, or so it is recorded in the RECORD; but now that the baby turns out to have the scurvy and apparently not capable of making much political ballyhoo, you now bring in Dr. FISH and try to prove that the child is not yours. Well, if he is not yours, why has the gentleman from Kansas taken so much time to defend him? Why has he launched such bitter attacks on the "brain trust" under the guise of speaking on the Wirt investigation?

When Dr. Wirt was called into the room, I was present. I heard every word he said. I heard two Republican members of the committee attempt to make the audience believe that he was deprived of the opportunity of counsel.

Whoever heard of a witness in a courtroom having an attorney to tell him what to say, and yet the Republican members tried to make the audience believe that; and this morning they brought in a gallery or a group to applaud Mr. MCGUGIN in every remark that he made.

Mr. O'CONNOR. Will the gentleman yield?

Mr. BROWN of Kentucky. I yield.

Mr. O'CONNOR. Does the gentleman realize that the newspapermen made an investigation of this gallery, or claque, that applauded Dr. Wirt and his counsel, Mr. McGugin, and they found that they were Republican officeholders who had been discharged since the Democrats took over the administration. [Laughter.]

Mr. BROWN of Kentucky. I will say that if this gallery was constituted of Republican ex-officeholders, I am sorry that there were not more of them there. [Laughter.]

A MEMBER. Who pays them?

Mr. BROWN of Kentucky. I have no doubt their pay will come from some source that otherwise might have been turned to the Republican Party.

Now, there has been a lot said about the "brain trust." It would have been a good thing in this country if there had been brains in the Government before this administration got in. [Applause.]

You had the trust all right, no question about that; but this is the first illustration of brains in government.

Mr. O'CONNOR. Will the gentleman yield?

Mr. BROWN of Kentucky. I yield.

Mr. O'CONNOR. The gentleman realizes that there are a great many people in this country who know that this is a controversy between the Steel Trust and the "brain trust."

Mr. BROWN of Kentucky. No question about that. Why, the man they send in to proclaim the "brain trust" plot was for the steel industry. If this is a contest between the "brain trusters" and the "steel trusters", I am for the "brain trusters" every time. [Applause.]

Mr. MANSFIELD. How does the gentleman spell that word "steel"?

Mr. BROWN of Kentucky. You can spell it either way, and it works just the same. In this country they have been stealing what should have gone to the masses of the people, until today millions, except for the Government, would be starving.

Now, as to Dr. Wirt, I ask which one of you would be guilty of going to a private home, accepting the hospitality of the owner, enunciating your own doctrine, and then deliberately lie to serve your masters back home? Dr. Wirt accepted the hospitality of this lady, took dinner there, monopolized the conversation, and then attempts to use the occasion for political propaganda purposes solely to bring in the political philosophy of a member of the "brain trust." He has written several booklets on the subject and otherwise commercialized the friendship and hospitality of his friends. To what depths of depravity has this man sunk that he will exploit his friend of 20 years for publicity for himself and to make ammunition for the interests that he seeks to serve? What section of our people has been harmed by the "brain trust"? Farm prices are up, labor gets better wages and shorter hours, retail business is better, the hungry are fed, millions have been given jobs. What is it about the "brain trust" to which the gentlemen object?

There is one clash here—and there is only one clash—and that is between the old order of merciless exploitation of the many to fatten the few and the new order which believes that prosperity belongs to all of the people. I heard Dr. Wirt say, when they put the question to him, "What is it that the brain-trusters seem to want?" He said, "They kept talking about a richer life." Gentlemen, if you go back home you will find that the people of this country want a part of that richer life. I do not see anything wrong in that. This morning I heard the gentleman from Kansas [Mr. MCGUGIN] and the gentleman from New Jersey [Mr. LEHLBACH] ask further, What is it you would do? The lady on the stand said, "I think I would give some of the benefits of life to the rest of the people in this country." Is there anything wrong with that? You cry out for the old order. What part of it do you want? They just want you to pass around some of these benefits to the people who are hungry. It means taking the huge dividends and letting the people have a break on them. It means that labor must live and that the consumers must be considered. You talk about regimentation. I heard them cry regimentation and planned economy, and for 50 years you have had regimentation, but you have regimented the people of this country for a few big industries. The steel trust has had everything regimented for it. Your big industries have had things regimented for them, but when you start giving some of the benefits to the people of this country, you bring in Mr. FISH, with his report on communism and cry out that this thing is radical.

I do not think we ought to have waited for the gentleman from New York to come and defend the administration or for him to make the statement that the "brain trusters" are not communistic. If it is communism to give the people a break, then I am for communism; and if it is socialism to give them a break, I am for that. If it is "brain trusting" to call for a social order that gives a break to classes that have been robbed for years, I am for that; and I am not going to be scared off by their dragging Dr. Wirt across the path and saying that we are plotting revolution.

Mr. O'MALLEY. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Kentucky. Yes.

Mr. O'MALLEY. The gentleman from New York [Mr. FISH] said that there were a great many Democrats and a great many people in the administration who are out of sympathy with the economic order that we have. I want to be put down as one out of sympathy with any economic order which has starved millions for the last 8 or 10 years.

Mr. BROWN of Kentucky. I think that is generally the spirit. The people back home are not going to be misled by a red herring being dragged across the path, and I am glad to say that the gentleman from New York [Mr. FISH] recognizes today that the Wirt episode is a bust and refuses to accept responsibility for it. [Applause.]

Mr. DITTER. Mr. Chairman, I yield to the gentleman from Kansas [Mr. MCGUGIN] such time as he desires.

Mr. MCGUGIN. Mr. Chairman, I was very much amused at the statement of the gentleman from Kentucky [Mr. BROWN] in which he brings the Steel Trust into this debate and in which he implies that the Steel Trust is not satisfied with the present order as of this day. According to a recent report of the Federal Trade Commission—a commission of this administration—the Steel Trust under the N.R.A. is able to enjoy privileges which were denied to the Steel Trust under former administrations and the benefits that the Steel Trust is now obtaining under the N.R.A. will annually cost the agricultural sections of the country $50,000,000 or $60,000,000, which benefits have been denied to the Steel Trust by the previous administrations. In other words, the N.R.A., under the manner in which it is now being administered, is permitting the Steel Trust to do that which it was barred from doing prior to the enactment of the N.R.A. and the suspension of monopoly laws. So much for the Steel Trust. My objection is not to the N.R.A. as a law but the manner in which it is being administered.

Let us come now to the so-called "Wirt hearing" and let us take the history of it from its beginning. We have been holding a hearing under a resolution introduced by a Democratic Member from North Carolina [Mr. BULWINKLE], under a resolution presented to this House by a Democratic-controlled Rules Committee and passed by this House, nearly three fourths of the Membership of which are Democrats. That is the hearing which we have been holding, sired and sponsored by the Democratic membership of the House—not by the Republican membership, not by me, but by the Democratic membership. It is your hearing, it is your resolution, your Member was the author of it, and your membership passed it in this House.

The gentleman from Texas [Mr. BLANTON] a few moments ago referred to me as the wet nurse for Dr. Wirt. Very well. Let us call the roll on that. As a member of the committee, the first time I ever saw Dr. Wirt was when he appeared before the committee. I never saw Dr. Wirt again until he appeared before the committee today. Every word that I have ever uttered to Dr. Wirt I uttered to him as a member of that committee in open session.

Mr. BROWN of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. MCGUGIN. No. I do not yield. Here is what I have done. I have tried, as best I could, to stand on this floor and obtain common, simple justice for Dr. Wirt, and I will do the same thing for the most lowly citizen of the country. I have said that the committee has not played the game fairly with Dr. Wirt, because in the first place it denied to him the right to make an opening statement, and when it denied to Dr. Wirt the right to make an opening statement it denied to him a right which had been enjoyed by the hundreds and thousands of other witnesses who have appeared before congressional committees, both House and Senate.

On this floor a few days ago the chairman of this committee, the gentleman from North Carolina [Mr. BULWINKLE], made the bold statement that Dr. Wirt had served time in jail at Gary, Ind., for his pro-German activities during the war.

A few moments thereafter, at the request of Hon. James A Reed, I took the floor for 1 minute to make the statement that the charge that Dr. Wirt had been in jail for disloyalty was false and that his record was clean. I did not do that because I was a wet nurse for Dr. Wirt; I did it in common justice to a citizen of this country. When I did it the gentleman from Tennessee [Mr. BYRNS], Democratic leader, rose in his place and charged me with playing petty politics. Since when is it petty politics to stand upon the floor of the House of Representatives and make the humble suggestion that a statement that a man has been in jail for disloyalty is false when, indeed, it is false? I was not then playing the role of a wet nurse for Dr. Wirt; I was extending only common decency and common justice to a fellow citizen of my country; yes, the common justice that I would extend to a dog.

Let us go a little further. Throughout this entire proceeding we have been confronted with a reign of terror and abuse upon anyone who would rise to criticize. Not only did the chairman of the committee stand upon this floor and charge that Dr. Wirt had been in jail for disloyalty but he remained silent for 5 full days and never retracted his statement until every newspaper in this country had carried the correction and proved the falsity of that statement. Not alone that, but Secretary of the Interior Harold Ickes called a press conference, and it was reported in the press that Dr. Wirt had taken his present position because the Public Works Administrator, Mr. Ickes, had forbidden Wirt to reach into the sacred Public Works fund, for his own personal interest.

In answer to that, Dr. Wirt denied the statement, and no one has offered a scintilla of evidence that Dr. Wirt ever tried to despoil the Public Works funds for his own personal interest as the Secretary of the Interior said he did in the statement which he gave to the press.

Not alone that, yesterday the ranking member of this committee stood upon this floor and charged me with violating the rules of this House, charged me with practicing deceit and deception upon this House, and never retracted it until the documentary evidence was forced upon him and until the Speaker of the House had declared that I had obtained the right to insert my speech of last Friday.

Whatever may be said of the Dr. Wirt hearing, it has brought about another issue now, and that issue is: Can an American citizen—any American citizen—be subpenaed before a congressional committee and be compelled to give testimony under oath without his fair name being vilified and slandered on the floor of the House by the chairman of that committee; whether he can be subpenaed here without his good name being vilified and slandered, and falsely so, by a Cabinet officer of this Government?

It is now quite apparent that he who rises to criticize must face the ordeal of having his fair name defamed. Not alone Wirt; what about Lindbergh; what about Rickenbacker? What crime has either of them committed except that they rose to criticize? This is one of the issues that is now before the American people, and if this country of ours is to be a land of the free, it must be a land where a citizen can come before a congressional committee and testify without his name and character being vilified on the floor of the House or by Cabinet officers.

They did not even wait until Dr. Wirt appeared before the congressional committee to start vilifying his name. It was reported in the press that the Speaker of the House said that if Dr. Wirt did not testify he would be placed in jail. That statement was heralded to the country before he testified. What occasion was there for that statement? Dr. Wirt had not said he would not testify. That statement could serve but one purpose only, namely, to intimidate the witness before he appeared, and to discredit him before the country before he gave his testimony.

No matter what may come of the Wirt proceedings, it has disclosed that Frederick Howe, the man who is consumers' counsel in the Agricultural Adjustment Administration, is the same Frederick Howe who was commissioner of immigration at Ellis Island in 1919, the same Frederick Howe, of whom a great Representative, a great liberal, a great patriot, Mr. LaGuardia, now mayor of New York City, in substance, upon the floor of the House, said the following:

Mr. Howe has a right to believe in a law or not, as he sees fit; but as a public official he has no right to ignore it. As Com-

missioner of Immigration at Ellis Island it is his duty to deport anarchists, but instead of deporting them he is acting as their counsel.

This was the statement of Mr. LaGuardia, made upon the floor of this House. Thereafter Mr. Howe resigned. Yet that man is back in the Government service in this administration, after he had betrayed his duty in the Wilson administration.

Come what may from the Wirt investigation, this much more has been disclosed: That one Mr. Robert Bruere is now at the head of the cotton textile code, and within his clutches is the cotton industry of this country. He holds his appointment under this administration. This same man in 1919 and 1922 was writing articles for a pamphlet issued by the Civil Liberties Union, which pamphlet was in defense of the I.W.W.'s; and in his articles he severely criticized the Department of Justice under the Wilson administration for the conduct of that Department toward the I.W.W.'s during the war. Yet today that same man, that same defender of the I.W.W.'s, that same critic of the Department of Justice under the Wilson administration, holds within his hand the destiny of the cotton industry of this country.

Mr. BROWN of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. McGUGIN. No.

Mr. BROWN of Kentucky. I merely wish to say the gentleman is not correct in that statement; that was not the testimony.

Mr. McGUGIN. I have no objection to this administration's throwing Republicans out of office and placing Democrats in office, if indeed they be Democrats. I am opposed to men being thrown out of office and being replaced by men whose political philosophy is communistic and who are as far from the Democratic platform in principle as the East is from the West. Let me say that no party had a more patriotic platform, no party ever offered a better platform from the standpoint of patriotism than did the Democratic Party in 1932. [Applause.] But what do we find? An administration elected to office on that platform has appointed men to office whose philosophy of government is contrary to that platform and whose philosophy of government is in keeping with the socialistic platform. Call the roll of Rexford Tugwell, Jerome Frank, Frederic Howe, and more of them, and it would be in perfect keeping that they were in executive positions if Mr. Thomas had been elected President, but it is not in perfect keeping for any administration that was elected upon the platform of the Democratic Party of 1932. [Applause.]

Mr. BLANTON. Mr. Chairman, I yield 5 minutes to the gentleman from North Carolina [Mr. BULWINKLE].

Mr. BULWINKLE. Mr. Chairman, since the gentleman from Kansas refers again to the statement that I made on the floor last week, it might not be inappropriate for me to say that a Member of Congress, and a very reliable Member, brought a lawyer to me from Indiana who made the statement to me as a report that during the war Dr. Wirt, on account of pro-German activities, was imprisoned at Gary, Ind.; that his friends claimed he was in there for protection from a mob. I should have said this the other day, and I corrected what I said in the RECORD, by the words "whether or not that charge was true." There are quite a few charges and reports about Dr. Wirt as to which I could say "whether or not those charges were true", but again I say that we were not trying to persecute Dr. Wirt. I cared little about him.

I started this investigation with absolute honesty to see whether there were any who had made these remarks that Dr. Wirt said had been made in the Rand evidence given to the committee. The committee went into this very carefully, and I tell you it was pitiful to see, on the one hand, Dr. Wirt, and again it was pitiful to see the strain that the gentleman from Kansas was under in trying to make a mountain out of a molehill.

I do not like to talk about Dr. Wirt. I do not know whether the man has wheels in his head or wiggletails in his think tank, but I do know that here was a man who reported to the country that six people holding minor, subordinate positions in the Federal Government, and under oath gave their names, were the people who were going to destroy the Government. God pity the soul of a man who has not the manhood now, after all that has come out, to stand up and say, "I was mistaken in what I said."

I might have gone into this further. Here was a man who held this secret in his bosom and let no one know about it from the 1st of September until the 17th of March, and then he sprung it on an unsuspecting people. He could remember every word that the lady said, who had not read Dr. Tugwell's books and who had not even read any of his writings, yet for 3 hours she rehearsed it to him. Pitiful? Yes; it is. I am especially sorry that any American citizen would so attempt to detract from the character of these people serving the Government down here.

But the gentleman from Kansas needed a political issue and he needed something to make a showing in reference to this regimentation that was going on. By the way, Robert LeBruere has not control of the textile code at all. There was no evidence of that. He is in that division.

[Here the gavel fell.]

Mr. BLANTON. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. BULWINKLE. Reference was made to Lawrence Todd, who represents in the Soviet Republic what corresponds to the Associated Press, an inoffensive, meek, mild, likeable individual. Everybody loves Lawrence Todd who knows him. He was one of these "dangerous characters." He and two women were going to overthrow the Government because of their influence on the President. The gentleman from Kansas would have carried that on and on and on if he had had a chance, but now he is sore because his issue has gone up in smoke. So now he comes back to regimentation. Suppose we do have some regimentation now in order to get back to prosperity. As we heard not so long ago, during the entire time of the Hoover administration we had regimentation of unemployment lines seeking bread. It was just that. We had regimentation when this bonus army came to Washington. But, thank God, we are going to have a different kind of regimentation in this country now.

I do not like to go into what the committee is going to report. I do not know. I think and I feel that it has been absolutely improper for any Member of this House on a committee, before the committee hands down a decision and makes its report, to take the floor of the House and talk about it. Yet these things cannot be helped sometimes when you have a gentleman who is so politically minded and would like to find something down here in the Government that he could get hold of to bolster up his ideas. He cannot find a thing.

I do not care to talk about this any more.

All that happened was that six people went to a dinner and took a guest with them. For 5 hours he—Dr. Wirt—talked about the devaluation of currency or some such thing as that and let no one have a word edgewise in the entire evening. They all went away saying that they were absolutely bored to death with Dr. Wirt's talk, and Dr. Wirt's talk reminds me a great deal of the gentleman from Kansas. Both will bore you if you listen to them long enough.

Mr. BLANTON. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. O'CONNOR].

Mr. O'CONNOR. Mr. Chairman, as a member of this special committee of the House to inquire into the charges made by Dr. Wirt, which committee has been subjected to some abuse, not from the lovely old doctor from Indiana but from at least one of my Republican colleagues on that committee, I want to say that in the beginning I was not so enthusiastic that this House should dignify this school teacher by having a hearing at which he might appear and

air his views. The demand, as we interpreted it, from the public, however, became so great that the leadership of the House felt we ought to inquire into these charges, and, unfortunately for me, I was appointed a member of that special committee. Since then I have done my utmost to investigate the charges made by this scholastic gentleman from Indiana.

Somebody has said it is a close race as to whether Indiana will become famous by reason of Dr. Wirt or by reason of John Dillinger. [Laughter.]

I now have the impression that this committee will not have to report to the House, because, due to the explosive industry of the gentleman from Kansas [Mr. McGUGIN], all that has happened or might have happened before the committee has already been reported in great detail to the House. While the action of the gentleman from Kansas may have violated the proprieties of the House, it has at least saved us a lot of trouble in sitting down and writing out a report of the extraordinarily boring hearings.

My Republican colleague from Coffeyville, Kans., comes from that great State which has been heretofore famous for its cyclones, its cattle tick, its grasshoppers, the matchless, sockless Jerry Simpson, the rampant Carrie Nation, and the vigilant Mary Ellen Lease. Now its power has been broadcast to the world by one HAROLD MCGUGIN, Representative in Congress from Cherokee County, who has taken this hearing more seriously than even Dr. Wirt himself. It is an even race as to who is the "persecuted victim" of this "un-American proceeding" in the protests of the gentleman from Kansas. If it is not Dr. Wirt it must be Mr. MCGUGIN. In his autobiography in the Congressional Directory, the gentleman from Kansas emphasizes the fact that he is a member of the Inns of Court, London. This boast comes as a great surprise to me. When the O'Connors were kings of Ireland and most of the then known world, the McGugins or O'Googans were loyal subjects in the south of Ireland. How a McGugin or an O'Googan could so long forget the national antipathy of the Irish to British oppression to join the Inns of Court in London, of all places, is beyond my comprehension.

I heard the gentleman from Kansas speak about the great prosperity of the Steel Trust in the recent months under our administration. This may be true. I do not know. I pay little attention to the financial reports of this trust or any other trust, but I do know that for the first time in 70 years an administration of our Government has seen to it that that monopoly and that octopus must pay a living wage to its employees. [Applause.]

The gentleman from Kansas mentioned today that the distinguished counsel for Dr. Wirt, ex-Senator James A. Reed, of Missouri, appeared before our committee and demanded that Dr. Wirt be permitted to first make an opening statement and to then submit himself to examination. The distinguished ex-Member of the Senate from Missouri and the member of the committee from Kansas delivered several orations in which they said such a method of procedure was usual and the undeviated-from method of conducting such legislative inquiries. When the majority of the committee voted down the proposition that this Indiana scholar make first an oration before our committee, such as he had made for at least 4 hours out there in Virginia, there was a violent protest from ex-Senator Reed, the gentleman from Kansas, and a mild protest from the gentleman from New Jersey [Mr. LEHLBACH], and again today there was a great protest at the hearing.

Very seldom am I industrious; but yesterday afternoon I went over to the Senate library, and I dug out the hearings of a Senate committee, conducted in 1926, inquiring into the elections of certain Senators. One case was the election in Illinois where one Frank L. Smith claimed to have been elected. Another case was in Pennsylvania, where our ex-colleague, the Honorable William S. Vare, claimed to have been elected. This committee was presided over by the same distinguished gentleman, ex-Senator Reed, of Missouri; and today may I quote Senator Reed from many pages of that testimony where he denied any witnesses, whether they were Senators or whether they were Members of the House of Representatives, the right to make any opening statement before his own committee. You all remember a distinguished man who sat on the Republican side of the House, Mr. Allen Moore, of Chicago. Allen Moore came before Senator Reed's committee as a witness, as did also the Honorable Frank L. Smith. Both of these distinguished gentlemen desired to make a statement before Senator Reed's committee before they were submitted to examination, and the same ex-Senator, James A. Reed, presiding as chairman of that committee, said, "Why nothing like that was ever heard of in the history of investigating committees." [Laughter and applause.] Mr. Chairman, it all depends on which side of the table you are sitting.

Now, the excited gentleman from Kansas [Mr. MCGUGIN] has again referred today to the remarks that I made on the floor of this House yesterday to the effect that the gentleman had violated the rules of the House by extending his remarks in the CONGRESSIONAL RECORD without first obtaining the permission of the House. As you all know, I withdrew my remarks from the RECORD, so there is nothing now in the RECORD or before the House about which the gentleman should properly speak; but, as I said to the House yesterday, I still maintain that we are in a quandary in this House if we cannot rely upon the printed CONGRESSIONAL RECORD, in which there was not one word giving the gentleman from Kansas any permission to extend his remarks, but, finally, the reporters found page 200, which had been "dropped on the steps" between the House and the reporters' room. Well, the gentleman from Kansas may take what comfort out of that unusual explanation he sees fit. I do not feel the least bit guilty about what I said, because I had the CONGRESSIONAL RECORD before me, and every morning when I read that RECORD I feel I am entitled to rely upon it and proceed in accordance with it. This is the first occasion of which I know when that RECORD was not correct in such a particular.

The gentleman from Kansas has made a vicious attack upon our distinguished majority leader, the gentleman from Tennessee [Mr. BYRNS]. He has also made an attack upon our most distinguished Speaker, the gentleman from Illinois, whom we all love [Mr. RAINEY]. He has stated that our Speaker said if Dr. Wirt came here and refused to testify, he would go to jail. Well, that is the law. If any witness, before any of our committees, refuses to testify, we can send the witness to jail. Why should we not do so? That is the only way a legislative body can deal with a recalcitrant witness. Mr. Chairman, there were intimations in the newspapers that Dr. Wirt would stubbornly refuse to testify. When we went into that hearing on the 10th of this month, we, the majority of the committee, were given to understand that Dr. Wirt would not testify, by naming the "revolutionists" who talked to him; and he, in effect corroborated that press comment, because he was only half through his testimony when he said, in effect, "Now, gentlemen, I refuse to state any more", and thereupon he sat down. That action on the part of the doctor would not have annoyed the committee in itself, because by that time the doctor, by reason of his irresponsible monologue, had bored the press, the public in attendance; but more obviously his own counsel, ex-Senator Reed. But the committee had a duty to perform, to ascertain the truth or falsity of the doctor's charges; so with great patience we proceeded.

All you ladies and gentlemen undoubtedly read in the newspapers that Dr. Wirt had told the press before the hearing that he had carefully locked up in his office in Gary, Ind., the home of the United States Steel Trust, the names of the people to whom he had talked in Washington and who had disclosed to him this "revolution." That was stated and reiterated by Dr. Wirt; and the testimony before our committee today was especially to the effect that only the day before the hearing, to wit, on the Monday before

the Tuesday of the hearing, April 10, Dr. Wirt's wife walked up back-alleys and side streets, stating that she feared she was being followed—by whom she did not say—and then went to Miss Barrows, the lady who gave the dinner in Virginia, and asked her to give the names of those to whom the doctor had talked at Miss Barrows' home. It was therefore not until the day before the hearing that Dr. Wirt even had the names of the people who, he claimed, had divulged to him the secrets of this great "revolution", this great "overthrow" of the Government. Of course, the scholastic doctor took all that back and frankly stated that by "revolution", a word he had deliberately used to arouse the country, he did not mean a revolution to overthrow the Government by force of arms. He stated he meant only a revolution to overthrow the existing social order. No greater anticlimax was ever confessed.

The only two projects the doctor mentioned as tending to overthrow the existing social order were the housing program and the homestead program. How terrible! Those innovations are so repulsive to his Republican standpatism as to what should be the course of our national social order, after his tutelage of 25 years under the Steel Trust in Gary, that he could not possibly endure it. It became an obsession with him. One look at him would convince anyone that he was psychopathic.

The steel company's doctor admitted that there is not going to be any revolution of arms. The "revolutionists" are not going to seize the Capitol. They are not going to assassinate our President. They are rather planning at dinners in the Old Dominion to overthrow "the existing social order", whatever that is. Imagine, they are advocating the terrible housing program to take our people out of the slums and give them a decent place in which to live. Imagine, these "revolutionists" advocate the establishment of homestead developments! They really want to take care of people in the rural sections! Reds? Why anyone who would advocate such proletariat projects surely must be "red", to Dr. Wirt's mind, at least.

Now, about Mr. Bruere. Of course, Mr. Bruere has absolutely nothing to do with the cotton industry, contrary to what the gentleman from Kansas said. Mr. Bruere is connected with the cotton-textile industry, which is very much different from the cotton industry of the South. But the gentleman from Kansas [Mr. McGUGIN] attempts to interpret, as the gentleman from Kentucky [Mr. BROWN] has well pointed out, the testimony of Mr. Bruere, which testimony will be found to be absolutely not subject to any such interpretation as placed upon it by the alarmed gentleman from Kansas [Mr. McGUGIN].

Now, "flop" is a mild word to express the result of these hearings before our committee. I do not feel that I could possibly endure the ennui of another hearing. Enough is enough!

I am sure the newspapermen present in great numbers at the two hearings could not possibly endure another session. I am, moreover, positive that the audience would not attend. They have been bored to death, although that is immaterial.

Mr. Chairman, there is undoubtedly a great protest from certain big manufacturers, Wall Street brokers, and big business men of this country against what this administration proposes to do in the future as to legislation. I do not know whether the "Committee for the Nation" has supported the policies of this administration, as the gentleman from Kansas claims, but you will recall that this "pipe dream" of Dr. Wirt was first read by the chairman of the Committee for the Nation before a committee of our House—the Interstate and Foreign Commerce Committee—which committee was considering at that time the stock exchange bill. Dr. Wirt's statement was read in opposition to that bill and not in support of it, as the gentleman from Kansas would lead us to believe. I believe that every pending piece of legislation before us is now violently and vehemently opposed by this same Committee for the Nation, and that Dr. Wirt has been truly characterized at the hearings as an agent of that Committee for the Nation. That is "the nigger in the woodpile." That is why all this smoke cloud has been raised through the instrumentality of this old gentleman from Indiana, who, incidentally, came to my city of New York in 1914. At that time that distinguished gentleman, the late Mr. John Purroy Mitchel, was mayor of the city of New York. He invited Dr. Wirt to come there—of course, for very attractive pay; our committee paid him at the rate of over $1 per minute. Mayor Mitchel asked Dr. Wirt to install the Gary school system in the city of New York. That was a contract.

Of course, the people of New York City soon woke up to the fact that the Gary school system had as its sole objective not to train the student in "reading, writing, and arithmetic", but to train the child solely so that at the age of 12 or 14 he could take a tool in his or her hand and go into a factory and perform manual labor. The Steel Trust had worked it out beautifully in Gary under Dr. Wirt. That is the whole principle of the Gary system—train them for industry at the age of 14 or less, and not train them mentally. Well, Mr. Chairman, we had a municipal campaign in the city of New York in 1917. Mr. Mitchel ran for reelection. The Democratic Party nominated Mr. John F. Hylan for mayor—and, mark you, the sole issue in that campaign was the Gary school system advocated by the same Dr. Wirt upon the invitation of the then present mayor, the Honorable John Purroy Mitchel. The people of New York City then and there decided that the Gary school system could not be introduced into the city of New York. They wanted their children educated, not made the slaves of industry.

The people of the city of New York decided most emphatically that they were interested in educating their children for higher things rather than merely to use a tool and work in a factory conducted by big business at the age of 14. The people of the city of New York expressed their opinion of the Gary school system and of Dr. Wirt by electing Mr. Hylan by a plurality of 500,000. Whereupon Dr. Wirt retired to Gary and was taken off the pay roll of New York City.

Mr. Chairman, a lot of names have been mentioned here today by the gentleman from Kansas [Mr. McGUGIN] as being members of the "brain trust", to wit, Mr. Tugwell, Mr. Wallace, Mr. Richberg, Mr. Frank, and some others. He and the gentleman from New York [Mr. FISH] are trying desperately to make the country believe that these distinguished gentlemen are a menace to our Government and our Nation's progress. Well, these particular gentlemen may have ideas that may not be consonant with mine or yours. I care not for that. We can take care of that. We may have a Tugwell, we may have a Wallace, we may have a Howe, we may have a Richberg, we may have a Frank, and we may have "brain trusters", but, Mr. Chairman, thank God that this Democratic administration under Franklin D. Roosevelt has not got a Fall or a Daugherty or a Forbes or a Miller or a Postmaster General Brown. [Applause.]

Mr. BLANTON. Mr. Chairman, I yield 5 minutes to the gentleman from Oklahoma [Mr. JOHNSON].

Mr. JOHNSON of Oklahoma. Mr. Chairman, much false and misleading information, which is pure political propaganda in an effort to prejudice the people, has gone out concerning the independent offices appropriation bill recently passed by Congress.

Some Members of Congress have been charged with voting to override the President's veto in order to get an increase in salary. Others are being charged with voting to sustain the veto in order to get a salary increase.

The fact is all Federal employees, including Members of Congress, would have received a salary restoration, either way Congress voted. If Members voted to override the veto, they could be charged with voting for 10-percent restoration

of salary; if they voted to sustain the President's veto, they could be charged with voting for a 15-percent increase.

I desire, therefore, to submit some cold facts from the record. The Economy Act, passed March 20, 1933, reduced all Federal salaries 15 percent, but the provisions relating to salaries expired automatically June 30, 1934. If the independent offices bill, continuing 5 percent of the pay cut, had failed to become a law, there would have been no legislation of that nature this session, and the full 15-percent salary reduction would have been restored July 1, 1934.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Oklahoma. I yield.

Mr. BLANTON. I may say to the gentleman from Oklahoma that in my mind there is no question in the world about the matter, that if we had not passed the independent offices appropriation bill there would have been a full restoration of all salaries on July 1, because any posted man here knows that there could not have possibly been legislation passed to have stopped it.

Mr. JOHNSON of Oklahoma. I thank the able gentleman from Texas for his straightforward statement. I especially appreciate it, coming from the gentleman who consistently fights for economy. It all amounts to this: A vote to override the veto was a vote for a salary reduction, despite charges to the contrary, and not a Member of this floor today, regardless of how he voted, will deny that statement.

Another thing. The President was not opposed to salary restoration, as some seem to think. On the other hand he asked for a flat 5-percent salary increase for Federal employees, with the power to make an additional increase up to 10 percent as living costs advanced. He objected to certain provisions of the bill affecting veterans because of wrong information given him.

Again, it has been erroneously stated the bill provided increased veterans' benefits costing $228,000,000. It has been found, however, that instead of restoring veterans to the amount of $228,000,000 that the total will be $76,712,500. But the amount in controversy was $20,000,000, regardless of the propaganda broadcast to the contrary.

The independent offices bill carried the following increases for veterans:

1. For disabled Spanish War veterans	$37,400,000
2. To restore veterans with service-connected disabilities to the schedules prior to passage of the Economy Act	30,000,000
3. To restore World War presumptively service-connected cases on a 75-percent basis	9,312,500
Total	76,712,500

By an Executive order the day the bill was vetoed, the President restored the presumptives to the rolls and also the Spanish War veterans, pending a new review of their cases by the Board of Appeals. He, however, did not propose to restore full compensation to the service-connected disabled. I do not think that, in view of the rising cost of living, that Congress can be severely criticized for restoring these battle casualties to the rates they were receiving prior to March 20, 1933.

The Veterans' Administration, a direct agency of the executive branch, estimates that the plan adopted by Congress will cost about $20,000,000 more than the one proposed by the President, and not $228,000,000 as charged by those who went off half-cocked before they knew the facts.

Another thing these big dailies "forgot" to tell the public is that the same bill continues salary cuts and other economies of the Economy Act which will save around $125,000,000 annually, which means that passage of this bill cuts around $105,000,000 off the expenses of the Government for the next fiscal year. It reduces the salary of every Member of this House $500 a year.

Yet, the charge is made brazenly and with a total disregard of the facts by a big daily newspaper in Oklahoma, and one or two of the smaller ones, that Members of Congress who voted for this bill voted to raise their own salaries and to saddle additional expenses upon the Government. The editors who made those statements should have known that was not true. Perhaps they did. Perhaps they did not go to the trouble to find out what they were writing about because they wanted to stir up public resentment against me and other Members of Congress they have been unable to control and to dictate to on various matters. It is not the first attacks these newspapers have made, but so far they have been unable to fool the people, and now they resort to cheap propaganda in a desperate effort to prejudice the public against Members of Congress.

The RECORD will show that this House made every effort to separate the salary and veterans' legislation; but that after the bill we had passed to reduce our salaries $1,000 a year came back from the Senate, it had been amended to restore all of the salary cuts and included also legislation for veterans. When this House refused to strike out the Senate amendments, a proposition I voted for, it was impossible to separate the two propositions.

Mr. BYRNS. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Oklahoma. I yield with pleasure to our distinguished floor leader.

Mr. BYRNS. I may say to the gentleman from Oklahoma that I think we all realize, as the gentleman from Texas stated, and he is eminently correct in his remarks—that if we had not overridden the President's veto there would have been a full salary restoration on the 1st of July.

In the same connection I may say, if the gentleman will permit me to do so at this time, that I am sure no Member on this side of the Chamber has supported the President more loyally and more earnestly in all those measures looking to the success of his plan for recovery and restoration of our country to prosperity than the gentleman from Oklahoma. [Applause.] There is no question of his loyalty to the President and to all those things for which the President stands, and I know that the President relies upon the gentleman from Oklahoma as he does upon other leading Democrats of this House in his effort to restore prosperity to the country. [Applause.]

Mr. JOHNSON of Oklahoma. I am deeply grateful for the very generous compliment that our Democratic floor leader has been kind enough to pay me.

To clear up any misunderstanding on the salary question, it is only necessary to refer to the official record. It is one thing to make wild assertions but the record speaks for itself. I hold in my hand the CONGRESSIONAL RECORD of January 11. I turn to page 487 and I find a letter from the President of the United States to Chairman BUCHANAN of the Appropriations Committee asking that 5 percent of the Federal salary cut be restored. I call your attention to the following in the President's letter to Chairman BUCHANAN:

> I have recommended a flat restoration of 5 percent, or one third of the 15-percent reduction, this restoration to apply to the next fiscal year. I have asked also for authority to restore such portions of the balance of 10 percent as may be warranted by a possible further increase in the cost of living. I hope that your committee will go along with these suggestions.

Until so requested by the President of the United States, I had steadfastly refused to vote for any portion of pay restoration of Federal salaries under any circumstances.

The House followed the President's suggestion and passed a bill to continue 10 percent of the salary reduction next year.

My record for economy on the salary matter and on other questions during consideration of this bill speaks for itself. There were numerous roll calls on this bill from the time it was introduced January 11 until it came here for final passage. Seven times during consideration of this measure the roll was called on whether or not we would increase salaries and other expenditures, and the RECORD will show that I voted with the Democratic leaders for economy at every opportunity. Not only did I vote to follow the President on the salary question, and even voted for the "gag" rule, which we hoped would fulfill the wishes of the President on the salary question, but when the final show-down came on making a choice between having the temporary provisions of

the Economy Act expire next June 30 or helping these disabled war veterans, I voted to cut my own salary and do something for these helpless and mistreated war veterans.

When the bill came back to us from the Senate, it had been increased to the tune of $354,432,124. During consideration of the Senate amendments I voted consistently for economy and took the floor to plead for economy. I voted against the Senate amendment to restore these so-called "emergency officers" and helped kill that amendment placed in the bill by the Senate but eliminated by the House.

In speaking on this floor March 14, when the bill was pending, in opposition of the Senate amendment proposing to restore these emergency officers to the rolls, I said:

> We saw the sorry spectacle of former officers who had never posed as being disabled prior to the passage of the emergency officers' act take advantage of it and get on the Government pay roll at from $100 to $400 a month. We saw some "swivel-chair heroes" who never smelled powder nor saw the smoke of battle, but who sat at mahogany desks in Washington with as little as 13 days' service, manage to get themselves retired at from $200 to $400 a month. We saw generals who had never led an army, nor fired a gun, nor who ever were within 3,000 miles of the front lines get themselves retired at $416 a month. If you vote for the Senate amendment, you vote to place a large number of the generals, colonels, majors, and captains back on the pay roll. There seems to be some disagreement as to the number, but that is not the question. Those of us who want to do something for the disabled veterans of both wars, who are really in need, do not wish to be hog-tied to that provision of the Senate amendment which would put back on the pay roll emergency officers, many of whom are not in need and who should not, in my judgment, have any more consideration than is given the buck private who might have the same disabilities.

I helped save the House economy compromise. Had I changed my vote, the House plan would have been lost and the Senate amendment adopted, as will be shown by roll call no. 107, on March 16, when the economy plan was carried by a single vote. In short, it cost Members of Congress exactly $500 to support the House bill over the bill as passed by the Senate.

The controversy was not over the salary question, as a few newspapers would make the people believe. It was chiefly over the 29,000 presumptive veterans. Most of those attacking Members of Congress for passing this bill are frank to say they feel that private charity should take care of these helpless veterans, because they could not prove to the satisfaction of the hard-boiled Republican head of the Veterans' Administration that the poison gas they inhaled in France caused their tuberculosis or that the horrors of the front-line trenches resulted in their mental ills. There was not enough money raised by private charity in the entire State of Oklahoma last year for this purpose to take care of more than a mere fraction of the handful of presumptives living in that State.

Is it not rather striking that some of those who are so critical about 1 vote that does not suit their liking have condoned the dishing-out of millions and even billions of dollars to failed banks and shaky corporations through the Hoover Reconstruction Finance Corporation? Is it not peculiar that newspapers which assailed me for voting against the Reconstruction Finance Corporation and the Hoover moratorium, both lavish and costly subsidies, to big corporations and international bankers, should now be criticizing me for voting to assist 29,000 helpless men?

This same group declared that private charity should take care of the unemployed and the drought-stricken farmers. Congress was assailed when we proposed a Federal appropriation to feed hungry people and provide work for them. These advocates of "rugged individualism" proposed to raise $50,000,000 by private subscription to feed 25,000,000 hungry people while the Reconstruction Finance Corporation was dishing out its billions of Government money to big business.

These 29,000 veterans, whose physical and mental ills were presumed to have been caused by war service, had been cut off by the harsh and unreasonable rules of the Veterans' Administration. Physicians testified before the committee that it was impossible to tell when and how tuberculosis originated. Congress, therefore, did not feel justified in leaving to a board of laymen a final decision in such cases, because the past record revealed that some of these boards had denied compensation to men who later were able to prove they were battle casualties.

May I say here that I voted for the Economy Act a year ago in good faith, just as I have loyally supported the rest of the President's recovery program; but I must admit that I was surprised and chagrined that the Director of the Budget and the Veterans' Administration were permitted to promulgate rules under that act that cut off 300,000 service-connected veterans, including tuberculars and battle casualties. Speaking on the floor of this House on May 26, 1933, shortly after those harsh and inhumane rules had been announced, I stated in part:

> I desire at this time to enter a protest against the heartless, cruel, cold-blooded, and unreasonable manner in which those officials in charge of administering the veterans' laws propose to deal with our helpless and disabled war veterans. As one who voted for the Economy Act because of assurances given me by those in whom I had the utmost confidence, and because of my sincere desire to stand by our great President, I say here and now that I shall insist that this House remain in session until Christmas, if need be, in order to correct the wrong that is evidently about to be done to many of our disabled war veterans unless drastic action is taken before June 30.

The House amendment, for which I voted to correct these injustices, and for which abuse has been heaped upon Members of Congress, takes the matter out of the hands of appeal boards or the Veterans' Administration and gives these men a square deal under the law. But it does not place back on the rolls one non-service-connected war veteran.

Many of the appeal boards were unscientific and unreliable. Records of the Veterans' Administration show that the decisions of the special boards varied widely in the percentage of appeals allowed. The central office here allowed only 22.19 percent of the appeals; the Hines, Ill., board allowed 23.70 percent of the appeals; on up to the Charlotte, N.C., board which granted compensation to 74.68 percent of those who appealed, the highest percentage for any of the many boards scattered throughout the country. There was no rime, reason, or justice in that and no explanation why one board would allow three times as many appeals as another board.

The fight in Congress was simply a disagreement over matters of policy. No one wanted to deny compensation to any deserving veteran or to grant compensation to any undeserving one. But deserving cases were being denied and Congress proposed to remedy that and to cut out the red tape that in many cases was not unraveled until the veterans were dead or so near dead with tuberculosis that the benefits of belated compensation arrived too late to save him.

Those of us here know what red tape is. Anyone who has had any part in presenting a veteran's claim for compensation knows what red tape is. Farmers who plowed up cotton last summer and who have been trying unsuccessfully since to get their Government checks know what red tape is.

Mr. Chairman, I yield to no one in my respect and sincere affection for the President. I have supported him wholeheartedly and consistently on his recovery program, as stated a few minutes ago by our distinguished floor leader. With the single exception of this matter of veterans' legislation, I challenge any Member on this floor to show a more consistent record for having supported the President.

Some of the newspapers now attacking this Congress cannot say so much. They frequently have attacked the recovery program. Some of them have carried very unfriendly and unjustified comment on the air-mail controversy and against the stock market bill. I predict they will attack other provisions of the recovery program before this session is over.

Let me cite my record for economy during consideration of this bill. When the bill came back from the Senate increased to the tune of $354,432,124 I stood with the Speaker and leaders on the Democratic side of this aisle to vote

against those amendments, but we lost by a vote of 247 to 169, as roll call no. 103 on page 4518 of the RECORD will show. On six other roll calls during consideration of this measure I voted for economy. I cite them as follows:

On January 11, roll no. 78, page 483; January 11, roll no. 79, page 510; January 11, roll no. 80, page 511; March 16, roll no. 106; page 4690; March 16, roll no. 107, page 4699; March 22, roll no. 113, page 5180.

May I state in closing that I have given facts from the official RECORD? These facts speak for themselves. I am not disturbed by the unfair tactics employed by my political enemies. Such tactics have failed in the past and will fail in the future. The charge that in voting to restore the helpless tuberculars I was making a bid for votes is absurd. There are only a handful of these veterans affected residing in the district I represent in Congress. No one knows better than I that it was poor politics to vote for those sick men, many of whom are physically unable to get to voting places. It is no easy task to vote even once against the wishes of the President. But I voted my conscientious convictions in the interest of men who had been ruthlessly wronged by the Government they fought to defend when this Nation needed real men. They did not fail us then—and by the eternals, I cannot fail them now! [Applause.]

Mr. BLANTON. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. SEARS, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill, H.R. 9061, the District of Columbia appropriation bill, had come to no resolution thereon.

BITUMINOUS COAL INDUSTRY

Mr. WOOD of Missouri. Mr. Speaker, I ask unanimous consent to make a part of the RECORD a statement made by Mr. Forney Johnson, representing the Alabama coal operators at a hearing on code amendments for the bituminous-coal industry at Washington, D.C., on April 11, 1934.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. WOOD of Missouri. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following statement of Mr. Forney Johnston, representing Alabama coal operators, at hearing on code amendments for the bituminous-coal industry, Washington, D.C., April 11, 1934:

Mr. Administrator, I have reduced the request which I wished to make before the conclusion of this hearing to writing in order that I might condense it as much as possible. I hesitate, and I am sure and I trust you believe I am sincere, in making this statement that I resent the statement that was made that the operators whom I represent are not cooperating with the purposes of the hearing. That is not the situation. We are compelled to make this request because the hearing has now had an end. This matter will receive, undoubtedly, in due course consideration by the staffs, with the remote possibility, so far as the result is concerned, that our mines will be closed, our industry will be in utter demoralization, and a heavy and undue burden thrown upon the public relief in the State of Alabama. We made every effort we could to have this order suspended pending the orderly hearing pursuant to the code on the question of these proposed amendments. We have been unable so far to obtain any results. For that reason, I desire to request, as a matter of right under the code, the immediate assembling of the National Bituminous Coal Industrial Board provided for by article VII, section 4, of the code to consider and to make recommendations to the divisional code authority and to the President as to any amendments of (the) code or other measures which may stabilize and improve the conditions of the industry and promote the public interest therein.

I insist on behalf of the Alabama operators that no amendments be approved or imposed, whether agreed to on behalf of particular divisions or not until this board has made recommendations as to policies and has discharged the functions for which the board was intended.

Action by the Administrator in approving or imposing amendments without the recommendations of this board amount to a usurpation of the functions of the board, violate the covenant held out by the code itself and subject the policy and administration of the coal code to impulsive and irrational action, such as characterized the premature approval of the amendments proposed by certain subdivisions of division no. 1 and subject the formulation of important policies to the grave charges of manipulation that would have been pressed at this hearing by the Smokeless Association.

Until there is a policy there is no code. It is still a mere matter of medieval bargaining between so-called "representatives" of the industry and so-called "representatives" of labor, rubber-stamped by the Administrator without information, definite policy, or any reaction whatever except the line of least resistance and the prevailing pressure of the moment.

Most important of all the prevailing system of code amendments, as evidenced by the arbitrary, illegal, and unwarranted action of the Administrator released on March 31, violated every basic principle and covenant of the code as far as division III is concerned and in particular that action junked and violated every basic study of fact assembled by the administration at great expense both to the administration and to the operators.

I refer particularly to hte basic code assembled by the administration under article V (g).

I make the assertion here that the Administrator in approving the so-called "amendments" on March 31 not only did not act after recommendation by the industrial board but acted without knowledge of or reference to the data assembled under article V (g) and in both respects acted in violation of the code.

I insist that there can be no rational program under the one-man, here-one-minute-and-gone-the-next policy reflected in the so-call "amendments" of March 31, and I protest on behalf of the Alabama operators against any amendment whatsoever until policy has been defined and until the law and the code have been complied with.

These amendments combine the law of the jungle with the worst features of a military despotism and so far as the Alabama field is concerned the amendments are and will continue to be treated as null and void. Aside from that view, we are profoundly concerned with the redemption of the code system from the triumvirate rubber-stamped by the Administrator, and insist upon compliance not only with the law but with first necessity for any permanent reorganization or stabilization of the industry.

So far as we are concerned we have definitely and finally determined that we will not conform to any further one-man determination of policy and dictation in repudiation of essential basis and covenant of the code.

That conclusion on our part is final, and we are prepared to take the consequences in an effort to save this industry from a destination worse than the economic chaos of the past. As between civil war in the industry and subjection of the industry to three proconsuls working through a military ringmaster, we prefer civil war.

Before acquiescing to either alternative we demand a trial of the covenants of the code and of the President's Executive order approving the code.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. CELLER (at the request of Mr. CULLEN), for 1 week, on account of illness.

HOUR OF MEETING

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

SENATE ENROLLED JOINT RESOLUTION SIGNED

The Speaker announced his signature to an enrolled joint resolution of the Senate of the following title:

S.J.Res. 70. Joint resolution to provide for the reappointment of John C. Merriam as a member of the Board of Regents of the Smithsonian Institution.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 1 minute p.m.), in accordance with its previous order, the House adjourned until tomorrow, Wednesday, April 18, 1934, at 11 o'clock a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

409. A communication from the President of the United States, transmitting supplemental estimates of appropriations for the Department of Justice for the fiscal year 1935,

amounting to $54,224.83, for additional personnel and miscellaneous expenses of the Supreme Court (H.Doc. No. 306); to the Committee on Appropriations and ordered to be printed.

410. A communication from the President of the United States, transmitting supplemental estimates of appropriations for the Department of State for the fiscal year 1935 and prior fiscal years, amounting to $60,545.66, and three drafts of proposed provisions pertaining to existing appropriations (H.Doc. No. 305); to the Committee on Appropriations and ordered to be printed.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H.R. 5624) granting compensation to Philip R. Roby; Committee on Claims discharged, and referred to the Committee on War Claims.

A bill (H.R. 5487) for injury sustained by Robert W. Krieger; Committee on Claims discharged, and referred to the Committee on War Claims.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. BEITER: Committee on War Claims. S. 1694. An act for the relief of the city of New York; without amendment (Rept. No. 1256). Referred to the Committee of the Whole House on the state of the Union.

Mr. DEROUEN: Committee on the Public Lands. H.R. 7098. A bill validating certain conveyances heretofore made by Central Pacific Railway Co., a corporation, and its lessee, Southern Pacific Co., a corporation, involving certain portions of right-of-way, in and in the vicinity of the town of Gridley, all in the county of Butte, State of California, acquired by Central Pacific Railway Co. under the act of Congress approved July 25, 1866 (14 Stat.L. 239); without amendment (Rept. No. 1258). Referred to the Committee of the Whole House on the state of the Union.

Mr. DEROUEN: Committee on the Public Lands. H.R. 7082. A bill validating certain conveyances heretofore made by Central Pacific Railway Co., a corporation, and its lessee, Southern Pacific Co., a corporation, involving certain portions of right-of-way, in and in the vicinity of the city of Lodi, and near the station of Acampo, and in the city of Tracy, all in the county of San Joaquin, State of California, and in or in the vicinity of Galt, and Polk, in the county of Sacramento, State of California, acquired by Central Pacific Railway Co. under the act of Congress approved July 1, 1862 (12 Stat.L. 489), as amended by the act of Congress approved July 2, 1864 (13 Stat.L. 356); with amendment (Rept. No. 1259). Referred to the Committee of the Whole House on the state of the Union.

Mrs. NORTON: Committee on the District of Columbia. H.R. 7208. A bill to amend an act entitled "An act to require the erection of fire escapes in certain buildings in the District of Columbia, and for other purposes", approved March 19, 1906 (34 Stat. 70), as amended by the act of March 2, 1907 (34 Stat. 1247); without amendment (Rept. No. 1261). Referred to the House Calendar.

Mrs. NORTON: Committee on the District of Columbia. S. 2508. An act authorizing the Secretary of the Interior, with the approval of the National Capital Park and Planning Commission and the Attorney General of the United States, to make equitable adjustments of conflicting claims between the United States and other claimants of lands along the shores of the Potomac River, Anacostia River, and Rock Creek in the District of Columbia; without amendment (Rept. No. 1262). Referred to the Committee of the Whole House on the state of the Union.

Mr. MONTAGUE: Committee on the Judiciary. H.R. 4337. A. bill to amend the Judicial Code by adding a new section to be numbered 274D; without amendment (Rept. No. 1264). Referred to the House Calendar.

Mr. THOMPSON of Illinois: Committee on Military Affairs. S. 1810. An act to amend the act authorizing the issuance of the Spanish War Service Medal; without amendment (Rept. No. 1267). Referred to the Committee of the Whole House on the state of the Union.

Mr. JOHNSON of Oklahoma: Committee on Military Affairs. S. 2042. An act to establish a department of physics at the United States Military Academy, at West Point, N.Y.; without amendment (Rept. No. 1268). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. YOUNG: Committee on War Claims. S 377. An act for the relief of the Fred G. Clark Co.; without amendment (Rept. No. 1251). Referred to the Committee of the Whole House.

Mr. YOUNG: Committee on War Claims. S. 1132. An act for the relief of Stanley A. Jerman, receiver for A. J. Peters Co., Inc.; with amendment (Rept. No. 1252). Referred to the Committee of the Whole House.

Mr. YOUNG: Committee on War Claims. H.R. 8528. A bill to provide for the carrying out of the award of the National War Labor Board of April 11, 1919, and the decision of the Secretary of War of date November 30, 1920, in favor of certain employees of the Minneapolis Steel & Machinery Co., Minneapolis, Minn.; of the St. Paul Foundry Co., St. Paul, Minn.; of the American Hoist & Derrick Co., St. Paul, Minn.; and of the Twin City Forge & Foundry Co., Stillwater, Minn.; without amendment (Rept. No. 1253). Referred to the Committee of the Whole House.

Mr. YOUNG: Committee on War Claims. H.R. 2434. A bill for the relief of Meta de Rene McLoskey; without amendment (Rept. No. 1254). Referred to the Committee of the Whole House.

Mr. YOUNG: Committee on War Claims. H.R. 8210. A bill for the relief of Mrs. G. A. Brannan; without amendment (Rept. No. 1255). Referred to the Committee of the Whole House.

Mr. COFFIN: Committee on Military Affairs. H.R. 3119. A bill for the relief of Carrie McIntyre; with amendment (Rept. No. 1257). Referred to the Committee of the Whole House.

Mrs. NORTON: Committee on the District of Columbia. H.R. 6099. A bill for the relief of Alfred Hohenlohe, Alexander Hohenlohe, Konrad Hohenlohe, and Viktor Hohenlohe by removing cloud on title; without amendment (Rept. No. 1260). Referred to the Committee of the Whole House.

Mr. THOMPSON of Illinois: Committee on Military Affairs. H.R. 2033. A bill for the relief of George Fletcher Brown; without amendment (Rept. No. 1265). Referred to the Committee of the Whole House.

Mr. THOMPSON of Illinois: Committee on Military Affairs. H.R. 3775. A bill for the relief of Cora A. Snyder; without amendment (Rept. No. 1266). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BROWN of Michigan: A bill (H.R. 9175) to provide relief to depositors in closed banks; to the Committee on Banking and Currency.

By Mr. COCHRAN of Missouri: A bill (H.R. 9176) to authorize the construction of a sewage-treatment plant in the District of Columbia; to the Committee on the District of Columbia.

By Mr. CONDON: A bill (H.R. 9177) authorizing the Reconstruction Finance Corporation to make a loan for the

construction and operation of airships in overseas trade, and for other purposes; to the Committee on Banking and Currency.

By Mrs. NORTON (by request): A bill (H.R. 9178) to regulate the business of life insurance in the District of Columbia; to the Committee on the District of Columbia.

By Mr. FIESINGER: A bill (H.R. 9179) to amend the Agricultural Adjustment Act, and for other purposes; to the Committee on Agriculture.

By Mrs. NORTON: A bill (H.R. 9180) relating to the incorporation of Columbus University, of Washington, D.C., organized under and by virtue of a certificate of incorporation pursuant to the incorporation laws of the District of Columbia as provided in subchapter 1 of chapter 18 of the Code of Laws of the District of Columbia; to the Committee on the District of Columbia.

By Mr. BIERMANN: A bill (H.R. 9181) to authorize the acquisition of additional land for the Upper Mississippi River Wild Life and Fish Refuge; to the Committee on Agriculture.

By Mr. SABATH: A bill (H.R. 9182) to amend paragraph C of section 2 of the Home Owners' Loan Act of 1933; to the Committee on Banking and Currency.

By Mr. COLLINS of Mississippi: A bill (H.R. 9183) to revive and reenact the act entitled "An act granting the consent of Congress to Meridian & Bigbee River Railway Co., to construct, maintain, and operate a railroad bridge across the Tombigbee River at or near Naheola, Ala.", approved January 15, 1927; to the Committee on Interstate and Foreign Commerce.

By Mrs. JENCKES of Indiana: A bill (H.R. 9184) to authorize the Commissioners of the District of Columbia to sell the old Tenley School to the duly authorized representative of St. Ann's Church, of the District of Columbia; to the Committee on the District of Columbia.

By Mr. WEST of Texas: A bill (H.R. 9185) authorizing the International Bridge Co., its successors and assigns, to construct, maintain, and operate a bridge across the Rio Grande at Laredo, Tex.; to the Committee on Interstate and Foreign Commerce.

By Mr. SMITH of Washington: A bill (H.R. 9186) to provide for a survey of the Chehalis River from the mouth of the Skookumchuck River to the deep water of the Chehalis River at the Grays Harbor County line, Washington; to the Committee on Rivers and Harbors.

By Mr. WILLFORD: A bill (H.R. 9187) to save the farmer from bankruptcy and to increase the buying power of all agricultural producers, also to help agriculture back to prosperity; to the Committee on Agriculture.

By Mr. SUMNERS of Texas: Resolution (H.Res. 340) for the consideration of S. 752, to amend section 24 of the Judicial Code, as amended, with respect to the jurisdiction of the district courts of the United States over suits relating to orders of State administrative boards; to the Committee on Rules.

By Mr. DOUGHTON: Joint resolution (H.J.Res. 325) extending for 2 years the time within which American claimants may make application for payment, under the Settlement of War Claims Act of 1928, of awards of the Mixed Claims Commission and the Tripartite Claims Commission and extending until March 10, 1936, the time within which Hungarian claimants may make application for payment, under the Settlement of War Claims Act of 1928, of awards of the War Claims Arbiter; to the Committee on Ways and Means.

By Mr. VINSON of Georgia: Joint resolution (H.J.Res. 326) providing for a commission to study and make recommendation as to aviation in its relation to the Federal Government; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. MEAD: A bill (H.R. 9188) for the relief of Stanislaus Lipowicz; to the Committee on Claims.

By Mr. LOZIER: A bill (H.R. 9189) granting an increase of pension to Mary E. Barrick; to the Committee on Invalid Pensions.

Also, a bill (H.R. 9190) granting a pension to Ethel Kapp; to the Committee on Invalid Pensions.

Also, a bill (H.R. 9191) granting an increase of pension to Mamie F. Presley; to the Committee on Invalid Pensions.

By Mr. JENKINS of Ohio: A bill (H.R. 9192) for the relief of Ollie L. Brixner; to the Committee on Military Affairs.

By Mr. FISH: A bill (H.R. 9193) for the relief of Charles A. Manuel; to the Committee on Military Affairs.

By Mr. DIRKSEN: A bill (H.R. 9194) conferring jurisdiction upon the Court of Claims of the United States to hear, adjudicate, and render judgment on the claim of Edward Dubied & Co.; to the Committee on the Judiciary.

By Mr. COFFIN: A bill (H.R. 9195) for the relief of Ned Williams; to the Committee on Naval Affairs.

By Mr. CARTER of California: A bill (H.R. 9196) granting a pension to Ellen A. Van Hooser; to the Committee on Invalid Pensions.

By Mr. BRUNNER: A bill (H.R. 9197) authorizing the appointment and retirement of S. Meredith Strong as a major, Medical Corps, United States Army; to the Committee on Military Affairs.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3946. By Mr. BOYLAN: Petition of a copy of the resolution adopted by the board of aldermen, in the city of New York, favoring the amendment to section 301 of the Senate bill 2910, providing for the insurance of equity of opportunity for educational, religious, agricultural, labor, cooperative, and similar non-profit-making associations seeking licenses for radio broadcasting by incorporating in the statute a provision for the allotment to said non-profit-making association of at least 25 percent of all radio facilities not employed in public use; to the Committee on Interstate and Foreign Commerce.

3947. Also, resolution adopted by the Merchants Association of New York, to secure the prompt reestablishment of adequate air-mail facilities on a basis that will be fair alike to the Government, to the contractors who may successfully compete to supply that service, and to the general public, etc., to the Committee on the Post Office and Post Roads.

3948. By Mr. BRUNNER: Petition of Saint Joan of Arc's Parish, Roman Catholic Church, Jackson Heights, Long Island, N.Y., supporting the amendment to section 301 of Senate bill 2910 as submitted by a representative of Radio Station WLWL of New York City; to the Committee on Merchant Marine, Radio, and Fisheries.

3949. Also, petition of Saint Pius V Holy Name Society, 106–112 Liverpool Street, Jamaica, N.Y., supporting the amendment to section 301 of Senate bill 2910 as submitted by a representative of radio station WLWL of New York City; to the Committee on Merchant Marine, Radio, and Fisheries.

3950. By Mr. CHASE: Petition of various citizens of Minnesota, urging that the National Securities Exchange Act be greatly modified or its passage postponed until the next session of Congress; to the Committee on Interstate and Foreign Commerce.

3951. By Mr. CULLEN: Petition of the members of the Board of Aldermen of the City of New York, calling upon the Senate and the House of Representatives of the United States to support the amendment to section 301 of Senate bill 2910, providing for the insurance of equity of opportunity for educational, religious, agricultural, labor, cooperative, and similar nonprofit-making associations seeking licenses for radio broadcasting by incorporating in the stat-

ute a provision for the allotment to said nonprofit-making associations of at least 25 percent of all radio facilities not employed in public use; to the Committee on Merchant Marine, Radio, and Fisheries.

3952. By Mr. EDMONDS: Petition of the Marine Engineers' Beneficial Association, No. 13, Philadelphia, Pa., with reference to House bill 7979; to the Committee on Merchant Marine, Radio, and Fisheries.

3953. By Mr. FULMER: Resolution of the House of Representatives, of Columbia, S.C. (the senate concurring), that the Congress of the United States be, and it is respectfully, requested to enact appropriate laws to provide for a national system of old-age pensions; to the Committee on Labor.

3954. By Mr. GAVAGAN: Petition of the Legislature of the State of New York, favoring highway aid to States; to the Committee on Roads.

3955. By Mr. GOODWIN: Petition of the Woman's Christian Temperance Union of Summit, N.Y., respectfully petitioning Congress for favorable action on the Patman motion-picture bill (H.R. 6097) providing higher moral standards for films entering interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

3956. Also, petition of Schoharie Valley Star Chapter, No. 450, O.E.S., Schoharie, N.Y., respectfully petitioning Congress for favorable action on the Patman motion-picture bill (H.R. 6097) providing higher moral standards for films entering interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

3957. Also, petition of the Woman's Christian Temperance Union of Howes Cave, N.Y., respectfully petitioning Congress for favorable action on the Patman motion-picture bill (H.R. 6097) providing for higher moral standards for films entering interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

3958. Also, petition of the New York State Senate, Albany, N.Y., memorializing and petitioning the President and the Congress of the United States to enact during the present session such legislation as will provide an additional program of highway construction and improvement for 1934; to the Committee on Roads.

3959. By Mr. HOIDALE: Resolution by members of St. Patrick's Parish, Collis, Minn., supporting the amendment to section 301, Senate bill 2910, for equity for educational, religious, and other non-profit-making radio stations; to the Committee on Merchant Marine, Radio, and Fisheries.

3960. Also, resolution of members of Ave Maria Parish, Wheaton, Minn., supporting the amendment to section 301, Senate bill 2910 for equity for educational, religious, and other nonprofit-making radio associations; to the Committee on Merchant Marine, Radio, and Fisheries.

3961. By Mr. KENNEDY of New York: Petition of the Merchants' Association of New York, requesting Congress to exert every effort to secure the prompt reestablishment of adequate air-mail facilities on a basis that will be fair alike to the Government, to the contractors who may successfully compete to supply that service, and to the general public; to the Committee on Ways and Means.

3962. Also, memorial of the Legislature of the State of New York, memorializing the President and the Congress to enact during the present session such legislation as will provide an additional program of highway construction and improvement for 1934 of at least $500,000,000, to be allocated among the various States upon the same basis as was followed in connection with the apportionment made last year under the original $400,000,000 fund, the additional $500,000,000 fund to be administered under jurisdiction of the United States Bureau of Public Roads through the State highway department of the various States; to the Committee on Banking and Currency.

3963. Also, petition of the Catholic Club of the City of New York, supporting the amendment to section 301 of Senate bill 2910 providing for the insurance of equity of opportunity for educational, religious, agricultural, labor, cooperative, and similar non-profit-making associations seeking licenses for radio broadcasting by incorporating into the statute a provision for the allotment to said non-profit-making associations of at least 25 percent of all radio facilities not employed in public use; to the Committee on Interstate and Foreign Commerce.

3964. By Mr. KRAMER: Resolution adopted by the Long Beach Apartment House Association on April 6, 1934, recommending that the Home Owners' Loan Corporation be extended to apartment house properties; to the Committee on Banking and Currency.

3965. By Mr. LINDSAY: Petition of the National Woman's Party, New York City, urging the passage of House bill 3673; to the Committee on Immigration and Naturalization.

3966. Also, petition of the Brooklyn Diocesan Union of the Holy Name Society, comprising the counties of Kings, Queens, Nassau, and Suffolk, in New York State, urging the passage of the amendment proposed by Father Harney to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

3967. Also, petition of Frederick Rasmussen, Brooklyn, N.Y., opposing the passage of the stock-exchange bill; to the Committee on Interstate and Foreign Commerce.

3968. Also, petition of the National Federation of Post Office Clerks, Washington, D.C., favoring the passage of the Sweeney antifurlough bill (H.R. 9046); to the Committee on the Post Office and Post Roads.

3969. Also, telegram from Valentine & Co., New York City, protesting against the additional 3-cent process tax on various oils, including perilla-fish and other marine-animal oils or combinations thereof; to the Committee on Ways and Means.

3970. Also, petition of the Merchants' Association of New York, New York City, concerning adequate air-mail facilities; to the Committee on the Post Office and Post Roads.

3971. Also, petition of the National Customs Service Association, New York Branch, New York City, favoring the passage of House bill 7866 and Senate bill 2831; to the Committee on the Civil Service.

3972. By Mr. LUCE: Petition of the executives and members of the Farrington Manufacturing Co., of Boston, Mass., relating to the national-securities exchange legislation; to the Committee on Interstate and Foreign Commerce.

3973. By Mr. McCORMACK: Petition in the nature of a memorial of the General Court of Massachusetts, favoring direct loans to industry by the Reconstruction Finance Corporation; to the Committee on Banking and Currency.

3974. By Mr. O'CONNOR: Petition of the Board of Aldermen of the City of New York, supporting United States Senate bill 2190; to the Committee on Merchant Marine, Radio, and Fisheries.

3975. Also, petition of the Committee for the Protection of Depositors Bank of Europe Trust Co., city of New York, supporting House bill 8479, introduced by Hon. CLARENCE E. McLEOD; to the Committee on Banking and Currency.

3976. By Mr. RUDD: Petition of the Brooklyn Diocesan Union of the Holy Name Society, of the diocese of Brooklyn, N.Y., favoring the proposed amendment of Rev. John B. Harney, C.S.P., to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

3977. Also, petition of the Merchants Association of New York, favoring the reestablishment of adequate air-mail facilities; to the Committee on the Post Office and Post Roads.

3978. Also, petition of the Automobile and Vehicle Workers Local Union, No. 18065, New York City, favoring the Wagner-Connery bill and also the Connery 30-hour week bill; to the Committee on Labor.

3979. Also, petition of the National Woman's Party, New York City, committee, favoring the passage of House bill 3673; to the Committee on Immigration and Naturalization.

3980. By Mr. SADOWSKI: Petition of the Common Council, Detroit, Mich., endorsing the McLeod bill to pay off bank depositors 100 percent; to the Committee on Banking and Currency.

3981. Also, petition of the Central Citizens Committee, Detroit, Mich., endorsing the McLeod bill; to the Committee on Banking and Currency.

3982. Also, petition of the Common Council of Detroit Mich., endorsing the McLeod bill; to the Committee on Banking and Currency.

3983. By Mr. WOLCOTT: Petition of Albert Hitsman, of Millington, Mich., and 25 others, protesting against the passage of House bill 6110; to the Committee on Interstate and Foreign Commerce.

3984. By the SPEAKER: Petition of St. Mary's Council of the N.C. of C.W., Little Falls, N.Y., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

3985. Also, petition of the New York Assembly, Catholic Daughters of America, urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

3986. Also, petition of the Board of Supervisors of the County of Kauai, Territory of Hawaii, opposing the Jones-Costigan sugar bill; to the Committee on Agriculture.

3987. Also, petition of the city of Chicago, Ill., endorsing the McLeod bank bill; to the Committee on Banking and Currency.

3988. Also, petition of the Knights of Columbus, Council No. 917, regarding the treatment of radio station WLWL; to the Committee on Merchant Marine, Radio, and Fisheries.

3989. Also, petition of the Holy Name Society of Brooklyn, N.Y., regarding the treatment of radio station WLWL; to the Committee on Merchant Marine, Radio, and Fisheries.

3990. Also, petition of Charles J. Miville and others regarding the treatment of Radio Station WLWL; to the Committee on Merchant Marine, Radio, and Fisheries.

3991. Also, petition of St. Paul's Rectory, Belle Fourche, S.Dak., regarding the treatment of Radio Station WLWL; to the Committee on Merchant Marine, Radio, and Fisheries.

3992. Also, petition of the Students' Spiritual Council of the city of Yonkers, N.Y., regarding the treatment of Radio Station WLWL; to the Committee on Merchant Marine, Radio, and Fisheries.

3993. Also, petition of the Holy Name Society of Woodhaven, Long Island, N.Y., regarding the treatment of Radio Station WLWL; to the Committee on Merchant Marine, Radio, and Fisheries.

3994. Also, petition of the board of aldermen of the city of New York, urging the passage of the McLeod bank bill; to the Committee on Banking and Currency.